

# FundEd: California Report

## A Detailed Look at California's Funding Policies



## California



### Funding Basics

#### Formula Type

California has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students.

The categories of students generating supplemental funding in California are students in certain grade levels; low-income students, migrant, homeless, and foster youth, and English-language learners, with additional funding support for those in districts serving high concentrations of such students; special education students; and students enrolled in certain necessary small schools. Services for students enrolled in career and technical education programs and for some students with disabilities are funded through program-specific allocations.

#### Base Amount

California has per-student base funding amounts that differ by grade level. For FY2018, the amounts ranged from \$7,193 to \$8,712.

This means that an average student with no special needs or disadvantages would be funded within that range. These base amounts correspond with specific grade spans even before other weights are applied, including a second layer of additional weighted funding for certain grade levels. For FY2018, students in kindergarten through grade 3 had a base funding amount of \$7,193. Students in grades 4-6 had a base funding amount of \$7,301. Students in grades 7-8 had a base funding amount of \$7,518. Students in grades 9-12 had a base funding amount of \$8,712. These base amounts are indexed to cost of living; the figures for FY2018 reflect a 1.56 percent cost-of-living increase from the FY2017 amounts.

### Local Revenue

## Expected Local Share

California expects school districts to contribute a minimal amount of revenue to the funding of public schools. The amount each district is expected to raise is based on that district's school funding history.

Each county collects property tax at a rate of \$10.00 for every \$1,000 of assessed local property wealth. School districts receive a portion of revenue from this property tax. The portion that each district receives is based on formulas specified in a 1979 statute and varies widely from county to county. Once the state calculates the total amount of funding necessary to educate students within a district, it estimates the value of the expected local contribution, subtracts that amount, and provides the difference in the form of state education aid. The state must contribute at least \$200 for every student to all school districts, regardless of their local ability to pay for schools.

## Property Tax Floors and Ceilings

California sets a level above which property tax rates require voter approval. In order to exceed a rate based on historical assessments, school districts require two-thirds voter approval.

Counties in California may impose a property tax of up to 1%, a portion of which is used for school districts. Each school district receives a share of the revenue from this tax based on its proportionate countywide share of property taxes during the mid-1970s, when this limit was put in place. School districts in California may exceed this limit by collecting property taxes set at a fixed amount per parcel of property, called parcel taxes. Parcel taxes may only be levied with the approval of two-thirds of voters.

The rate-based property tax is limited to 1% of the county assessment of the value of property on the 1975-76 tax bill, or the assessed value of real property if it is newly purchased, it is newly constructed, or its ownership changed after the 1975 assessment. After a property is sold, increases in its assessed value are limited to 2% per year.

## Other Local Taxes for Education

School districts in California may receive local revenue only from property taxes. Counties may impose a property tax base on property value while school districts may levy property taxes on parcels of property.

Counties in California tax property at a fixed rate of 1% of assessed valuation. School districts may not directly levy property taxes based on property value; instead, they may levy parcel taxes, which are fees set at a fixed amount per parcel of property. These taxes may be levied with the approval of two-thirds of voters in a referendum.

## District Characteristics

### Grade Level

California provides different levels of funding for students in different grade levels in two different ways. First, the state assigns different per-student base funding amounts to four different grade spans (K-3, 4-6, 7-8, and 9-12). (See "Base Amount" for these base funding amounts.) Then, it applies additional multipliers to these base amounts for students in two different grade spans (K-3 and 9-12).

For FY2018, students in grades K-3 had a base funding amount of \$7,941. Students in grades 4-6 had a base funding amount of \$7,301. Students in grades 7-8 grade had a base funding amount of \$7,518. Students in grades 9-12 had a base funding amount of \$8,939. The additional multipliers applied were 1.104 for students in grades K-3 and 1.026 for students in grades 9-12.

These additional weights are intended to cover costs for reduced class sizes in grades K-3 and to reflect the expenses of career and technical education for 9-12 schools.

## English-Language Learner

California provides increased funding for English-language learners (ELLs). It does so by applying a multiplier of 1.2 to the base per-pupil amount for these students.

This multiplier is applied to a base per-pupil amount specific to the student's grade span (K-3, 4-6, 7-8, or 9-12). This same multiplier is applied to the base per-pupil amount for students from low-income households. Students who are both ELL and low-income generate this supplemental funding allocation only once.

## Poverty

California provides increased funding for students from low-income households and for districts with high concentrations of low-income students. It does so by applying a multiplier of 1.2 to the base per-pupil amount for these students. For districts where at least 55% of students are from low-income backgrounds or are otherwise considered to be at-risk, California also provides a grant in the amount of 50% of the per-student base amount for each disadvantaged student above that threshold.

Students are eligible for supplemental funding if they qualify for free or reduced-priced lunch under the National School Lunch Program, are migrants, are homeless, are in foster care, participate in the Food Distribution Program on Indian Reservations, or are directly certified as eligible for free meals because they appear in state Supplemental Nutrition Assistance Program (SNAP, known locally as CalFresh) or county welfare (CalWORKS) records.

This same multiplier is applied to the base per-pupil amount for students who are English-language learners (ELLs). Students who are both ELL and low-income generate this supplemental funding allocation only once. The grant for districts with high concentrations of low-income and at-risk students is given in addition to the state's supplemental funding for individual students from low-income households.

## Special Education

California funds special education using a census-based system, assuming that a set percentage of students in each district will require special education services and using each district's full enrollment count to determine the amount of special education funding required.

More than three-quarters of state special education funds are allocated based on the total enrollment of each Special Education Local Plan Area (SELPA), which are regional conglomerations of districts. Each SELPA has a unique per-pupil special education funding rate consisting of both state and federal funds, based primarily on what the SELPA received before the current funding system was adopted. The SELPA develops a local plan for how to allocate funds among the districts in its region.

The remainder of state special education funding is distributed through specific program-based allocations, such as funding for mental health services for special education students.

## Gifted

California does not provide increased funding for gifted and talented students.

## Career and Technical Education

California provides increased funding for career and technical education (CTE) programs. It does so through two grant programs.

California provides funding for CTE through the Career Technical Education Incentive Grant program (CTEIG) and the California Career Pathways Trust program. CTEIG provided \$900 million between FY2016 and FY2019, with proportional local matching funds, to develop new K-12 CTE programs and maintain existing ones. The California Career Pathways Trust has provided \$500 million in competitive grants since 2013 to help develop or expand CTE curriculum.

In addition, the state provides funding at a level higher than the per-student base amount for all high school students. This funding is intended to cover the cost of career and technical education programs. (See "Grade Level" for a description of this adjustment.)

## Sparsity and/or Small Size

California provides increased funding for small schools. It does so in the form of a supplementary payment to eligible schools, the amount of which varies depending on the district's enrollment and its number of teachers or certificated employees.

"Necessary small schools" are identified based on a combination of factors, including total student enrollment, grade levels served, the number of students that would have to travel a certain number of miles to the nearest public school, and any conditions that might make travel difficult.

Only schools in districts with fewer than 2501 students may be classified as necessary small schools.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

