

## FINANCE APPENDIX

*Finance Appendix Table 1: Statewide Propositions that Affect School Finance*

Proposition	Year Passed	Description	Affected Tax/Rule	More Information
Prop 13	1978	Limits property tax rates to 1 percent of a property's assessed value at the time of acquisition, or purchase price. Provisions also capped annual increases in assessments at two percent or the rate of inflation, whichever is lower, and allowed reassessment only when the property changes ownership. The proposition also made raising taxes more difficult by requiring state tax increases to receive the approval of two-thirds of the legislature and by imposing restrictions on the taxing authority of local governments.	Revises terms relating to the assessed valuation of real property for property tax purposes.	<a href="http://www.californiataxdata.com/pdf/Prop13.pdf">www.californiataxdata.com/pdf/Prop13.pdf</a>
Prop 8	1978	Authorizes temporary reductions in assessed property value for property tax purposes to reflect substantial damages, destruction or other factors causing a decline in value, including falls in the real estate market.	Revises terms relating to the assessed valuation of real property for property tax purposes.	<a href="https://www.boe.ca.gov/proptaxes/decline-in-value/">https://www.boe.ca.gov/proptaxes/decline-in-value/</a>
Prop 4	1979	Establishes a constitutional limit on state and local government expenditures, including school districts, based on annual appropriations from the prior fiscal year. No agency's expenditures can exceed this "Gann Limit", which is adjusted annually for cost of living and population increases.	Limits state and local government spending	<a href="https://repository.uc Hastings.edu/ca_ballot_props/864/">https://repository.uc Hastings.edu/ca_ballot_props/864/</a>
Prop 3	1982	Provides that "change in ownership" for tax assessment purposes does not include the acquisition of real property as a replacement for comparable property if the person acquiring the real property has been displaced from the property replaced by eminent domain proceedings, by acquisition by a public entity, or governmental action resulting in a judgment of inverse condemnation.	Revises terms relating to the assessed valuation of real property for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/895/">https://repository.uc Hastings.edu/ca_ballot_props/895/</a>
Prop 5 & Prop 6	1982	Repeals existing Gift and Inheritance Laws and prohibits the imposition of these taxes by state or local government. This measure also required the state to levy a California estate tax equal to the maximum federal credit allowable.	Revises terms relating to tax liabilities regarding gifts, inheritances, and estates.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/901/">https://repository.uc Hastings.edu/ca_ballot_props/901/</a>

Proposition	Year Passed	Description	Affected Tax/Rule	More Information
Proposition 46	1986	Restores the ability of counties, cities, and school districts to issue general obligation bonds, with a limit on the amount of assessed valuation debt that could be issued.	Provision for local funding	<a href="https://ballotpedia.org/California_Proposition_46_Authorize_Local_Tax_Increases_for_Bond_Repayment_Amendment_(June_1986)">https://ballotpedia.org/California_Proposition_46_Authorize_Local_Tax_Increases_for_Bond_Repayment_Amendment_(June_1986)</a>
Proposition 62	1986	Requires approval of new or higher local general taxes by two-thirds of the governing body and by a majority of local voters. Also requires the tax to contain specific information, such as the method of collection or proposed use of tax revenue, and penalizes agencies that do not comply with these requirements.	New rule regarding taxes or approval of taxes	<a href="https://ballotpedia.org/California_Proposition_62_Voter_Approval_of_Local_Taxes_(1986)">https://ballotpedia.org/California_Proposition_62_Voter_Approval_of_Local_Taxes_(1986)</a>
Proposition 47	1986	Requires all revenues from taxes imposed by the Vehicle License Fee Law to be allocated to counties and cities (exempts fees on trailer coaches and mobile homes and the costs of collection and refunds).	Re-allocation of state tax revenue to localities	<a href="https://repository.uc Hastings.edu/ca_ballot_props/952/">https://repository.uc Hastings.edu/ca_ballot_props/952/</a>
Proposition 50	1986	Allows property owners whose property has been damaged or destroyed in a natural disaster to transfer their existing assessed base-year value to a comparable replacement property within the same county.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/955/">https://repository.uc Hastings.edu/ca_ballot_props/955/</a>
Proposition 58	1986	Exempts the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other real property between parents and children from property reassessment on “purchase” or “change of ownership.” This has implications for reduced property tax revenues, impacting funding to school and community college districts and shifting greater state aid to education to offset losses.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/963/">https://repository.uc Hastings.edu/ca_ballot_props/963/</a>
Proposition 60	1986	Permits the Legislature to allow persons over age 55, who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. This has implications for reduced property tax revenues, impacting funding to school and community college districts and shifting greater state aid to education to offset losses.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/965/">https://repository.uc Hastings.edu/ca_ballot_props/965/</a>

Proposition	Year Passed	Description	Affected Tax/Rule	More Information
Proposition 90	1988	Extends Proposition 60 by authorizes homeowners over the age of 55 to, under certain conditions, transfer the current assessed value of their home to a replacement dwelling of equal or lesser value located in different counties if the county of the replacement dwelling adopts an ordinance participating in the program. This has implications for reduced property tax revenues, impacting funding to school and community college districts and shifting greater state aid to education to offset losses.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1007/">https://repository.uc Hastings.edu/ca_ballot_props/1007/</a>
Proposition 98	1988	Establishes a minimum level of state funding for school and community college districts, and transfers to such districts, within limits, state revenues in excess of the state's appropriations limit.	Amends State Constitution regarding state funding	<a href="https://repository.uc Hastings.edu/ca_ballot_props/979/">https://repository.uc Hastings.edu/ca_ballot_props/979/</a>
Proposition 110	1990	Authorizes the Legislature to allow severely disabled homeowners to transfer base year values of former primary residences to replacement dwellings, and excludes from the definition of "newly constructed" the construction, installation, or modification of any component of a single or multiple family dwelling if it is for the purpose of making the dwelling more accessible to severely disabled persons. This has implications for reduced property tax revenues, impacting funding to school and community college districts.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1064/">https://repository.uc Hastings.edu/ca_ballot_props/1064/</a>
Proposition 162	1992	Grants the board of a public employee retirement system sole and exclusive authority over the system's administration and investment decisions, limiting the Legislature's authority over CalPERS and other public retirement systems, including their administrative costs and actuarial assumptions.	Change in ownership and administration of public retirement system	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1077/">https://repository.uc Hastings.edu/ca_ballot_props/1077/</a>
Proposition 171	1993	Extends Proposition 50 by allowing the Legislature to authorize county boards of supervisors to adopt an ordinance allowing property owners with damaged or destroyed property affected by a natural disaster to transfer the base year existing assessed value to another comparable replacement property in another adopting county, within three years of substantial damage or destruction.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1086/">https://repository.uc Hastings.edu/ca_ballot_props/1086/</a>
Proposition 193	1996	Amends State Constitution by not requiring new assessment of real property upon purchase or transfer between grandparents and their grandchild, subject to certain conditions. This has implications for reduced property tax revenues, impacting funding to school and community college districts.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1114/">https://repository.uc Hastings.edu/ca_ballot_props/1114/</a>

Proposition	Year Passed	Description	Affected Tax/Rule	More Information
Proposition 218	1996	Limits authority of local governments to impose taxes and property-related assessments, fees, and charges. Requires a majority of voters to approve increases in general taxes and reiterates that two-thirds must approve special tax.	New rule regarding taxes or approval of taxes.	<a href="https://ballotpedia.org/California_Proposition_218_Voter_Approval_Requirement_for_Local_Tax_Increases_Initiative_(1996)">https://ballotpedia.org/California_Proposition_218_Voter_Approval_Requirement_for_Local_Tax_Increases_Initiative_(1996)</a>
Proposition 1	1998	Authorizes Legislature to allow repair or replacement of environmentally contaminated property or structures without increasing the tax valuation of the original or replacement property. For property rendered unusable due to environmental contamination, this measure allows the transfer of the base-year, existing assessed valuation to a comparable replacement property.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1153/">https://repository.uc Hastings.edu/ca_ballot_props/1153/</a>
Proposition 1A	1998	Bond funding provides \$9.2 billion in state funding for education facilities for at least four years for the purposes of class size reduction. Also funds the construction and modernization of new classrooms in community colleges, the California State University, and the University of California.	Authorizes bond that impacts education funding	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1152/">https://repository.uc Hastings.edu/ca_ballot_props/1152/</a>
Proposition 10	1998	Imposes a 50 cent per pack surtax on cigarette distributors and equivalent increase in state tax on other distributed tobacco products to provide funding for state and county commissions and programs, primarily for early childhood development programs.	New rule regarding taxes or approval of taxes	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1162/">https://repository.uc Hastings.edu/ca_ballot_props/1162/</a>
Proposition 39	2000	Authorizes bonds for repair, construction or replacement of school facilities and classrooms, if approved by 55% of the local vote for projects evaluated by schools, community college districts, and county education offices for safety, class size, and information technology needs.  Authorizes property taxes over the 1% limit by 55% vote, rather than the current two-thirds, as necessary to pay school bonds.	Authorizes bond that impacts education funding	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1168/">https://repository.uc Hastings.edu/ca_ballot_props/1168/</a>
Proposition 47	2002	Authorizes \$13.05 billion in bonds for education facilities, to address overcrowding and repair older schools. Funds used to upgrade and build new classrooms in the California Community Colleges, the California State University, and the University of California, to provide	Authorizes bond that impacts education funding	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1205/">https://repository.uc Hastings.edu/ca_ballot_props/1205/</a>

Proposition	Year Passed	Description	Affected Tax/Rule	More Information
		adequate higher education facilities to accommodate growing student enrollment.		
Proposition 49	2002	Increases state grant funds available for before/after school programs and makes every public elementary, middle/junior high school, including charter schools, eligible for after school grants, with a required local funding match. Requires that new funding for before/after school programs not be taken from education funding, guaranteed under Proposition 98.	Increases state funding for education	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1207/">https://repository.uc Hastings.edu/ca_ballot_props/1207/</a>
Proposition 57	2007	Authorizes \$15 billion deficit-financing bond and pledges one-quarter cent of local sales tax to a special fund dedicated to the bond's repayment. In addition, property taxes would be diverted from school districts to local governments to offset the sales tax loss. The school districts' diverted funds are then offset by the state's General Fund.	New rule regarding taxes or approval of taxes  Authorizes bond that impacts education funding	<a href="https://lao.ca.gov/ballot/2004/57_03_2004.htm">https://lao.ca.gov/ballot/2004/57_03_2004.htm</a>
Proposition 1A	2004	Prohibits the State from reducing local governments' property tax proceeds and requires local sales tax revenues to remain with the local government to be spent for local purposes. In addition, the State is required to fund legislative mandates on local governments or suspend their operation.	New rule regarding taxes or approval of taxes	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1235/">https://repository.uc Hastings.edu/ca_ballot_props/1235/</a>
Proposition 55	2004	Provides for \$12.3 billion in bonds for school and college facilities, to address overcrowding and repair older schools. Funds will also be used to upgrade and build new classrooms in the California Community Colleges, the California State University, and the University of California, to provide adequate higher education facilities to accommodate growing student enrollment.	Authorizes bond that impacts education funding	<a href="https://ballotpedia.org/California Proposition 55, School and College Facilities Measure (March 2004)">https://ballotpedia.org/California Proposition 55, School and College Facilities Measure (March 2004)</a>
Proposition 1D	2006	Provides \$7.3 billion in bonds for school facilities, to address overcrowding and repair older schools. Funds will also be used to upgrade and build new classrooms in the California Community Colleges, the California State University, and the University of California, to provide adequate higher education facilities to accommodate growing student enrollment. <ul style="list-style-type: none"> <li>• Authorizes \$7.33 billion for K-12 modernization, construction, charter school facilities, and joint-use projects;</li> </ul>	Authorizes bond that impacts education funding	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1262/">https://repository.uc Hastings.edu/ca_ballot_props/1262/</a>

Proposition	Year Passed	Description	Affected Tax/Rule	More Information
		<ul style="list-style-type: none"> <li>\$3.1 billion for new construction and upgrades to community colleges, the University of California, and California State University.</li> </ul>		
Proposition 1A	2009	Prohibits the State from reducing local governments' property tax proceeds and requires local sales tax revenues to remain with the local government to be spent for local purposes. In addition, the State is required to fund legislative mandates on local governments or suspend their operation.	New rule regarding taxes or approval of taxes	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1235/">https://repository.uc Hastings.edu/ca_ballot_props/1235/</a>
Proposition 22	2010	Prohibits the State from borrowing, taking, or delaying the distribution of funds used for transportation, redevelopment, or local government projects and services. Also prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services.	Limits state funding authority	<a href="https://repository.uc Hastings.edu/ca_ballot_props/index.html">https://repository.uc Hastings.edu/ca_ballot_props/index.html</a>
Proposition 25	2010	Amends the Constitution to allow a simple majority vote for each house of the Legislature to pass a budget and spending bills (lowered from the previous vote requirement of two-thirds). However, this retains the two-thirds vote requirement for taxes.	Amends State Constitution regarding budget legislation	<a href="https://lao.ca.gov/ballot/2010/25_11_2010.aspx">https://lao.ca.gov/ballot/2010/25_11_2010.aspx</a>
Proposition 26	2010	Broadens the definition of a state or local tax to include payments previously considered to be fees or charges. At the same time, the measure specifies that any legislation resulting in higher taxes for taxpayers must be approved by two-thirds of each house of the Legislature. This measure would make it more difficult for state and local governments to pass new laws that raise revenues for the state.	New rule regarding taxes or approval of taxes	<a href="https://lao.ca.gov/ballot/2010/26_11_2010.aspx">https://lao.ca.gov/ballot/2010/26_11_2010.aspx</a>
Proposition 2	2014	Requires a minimum annual transfer of state general fund revenues to the budget stabilization account and, in particular, establishes a state education reserve fund for schools and colleges. In addition, it sets the maximum reserves that school districts can keep at the local level, leading some districts to keep smaller reserves.	Amends State Constitution regarding state funding	<a href="https://lao.ca.gov/ballot/2014/prop-2-110414.aspx">https://lao.ca.gov/ballot/2014/prop-2-110414.aspx</a>
Proposition 30	2012	Provides additional state tax revenue for schools by increasing taxes on earnings over \$250,000 for seven years and sales taxes by one-quarter cent for four years.	New rule regarding taxes or approval of taxes	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1309/">https://repository.uc Hastings.edu/ca_ballot_props/1309/</a>

Proposition	Year Passed	Description	Affected Tax/Rule	More Information
Proposition 55	2016	Extends by twelve years the temporary personal income tax increases enacted in 2012 on earnings over \$250,000 (for single filers; over \$500,000 for joint filers; over \$340,000 for heads of household), and allocates the revenue to K–12 schools (89%) and to California Community Colleges (11%) for administrative costs. The measure increased state revenues and funding for schools and community colleges of roughly half of the revenue raised by the measure.	New rule regarding taxes or approval of taxes	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1348/">https://repository.uc Hastings.edu/ca_ballot_props/1348/</a>
Proposition 51	2016	Authorizes \$9 billion in general obligation bonds to fund improvement and construction of school facilities for K-12 schools and community colleges.	Authorizes bond that impacts education funding	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1344/">https://repository.uc Hastings.edu/ca_ballot_props/1344/</a>
Proposition 19	2020	Allows homeowners who are over 55, disabled, or are victims of wildfire/disaster to transfer their primary residence’s tax base to a replacement residence.	Revises terms relating to the assessed valuation of real property and transfer of an existing assessed value for property tax purposes.	<a href="https://repository.uc Hastings.edu/ca_ballot_props/1386/">https://repository.uc Hastings.edu/ca_ballot_props/1386/</a>

**Finance Appendix Table 2: Major School Finance Litigation in California**

Lawsuit	Year Passed	Description	More Information
Allen v. City of Long Beach (The “California Rule”)	1955	<p>Public pension agreements have been protected under the “contract clause” of the constitution for over 70 years. However, in recent years, the California Supreme Court has sided with challenges to public pension agreements. In 2012, Governor Jerry Brown signed the Public Employees’ Pension Reform Act (PERPA), which restricted the compensation of new public employees. Several challenges to PERPA arose in the years following:</p> <ul style="list-style-type: none"> <li>• Marin Ass’n of Public Employees v. Marin County Employees’ Retirement Ass’n</li> <li>• Alameda County Deputy Sheriff’s Ass’n v. Alameda County Employees’ Retirement Ass’n</li> <li>• Cal Fire Local 2881 v. California Public Employees’ Retirement System</li> </ul>	<a href="https://www.calpers.ca.gov/page/about/laws-legislation-regulations/public-employees-pension-reform-act">https://www.calpers.ca.gov/page/about/laws-legislation-regulations/public-employees-pension-reform-act</a>
Serrano v. Priest (I-III)	1970s	<p>Three court cases that together determined that imbalances in school district funding -- due to inequalities in property tax revenue -- violated the Equal Protection Clause of the Fourteenth Amendment.</p>	<a href="https://edsources.org/glossary/serrano-v-priest">https://edsources.org/glossary/serrano-v-priest</a>
Williams v. California	2004	<p>The court case determined that the state should provide the level of resources necessary for each school to educate its students up to a high standard. The settlement requires the State to fund building repairs, instructional materials, and fund adequately credentialed teachers, with ongoing annual review of the conditions of schools in which plaintiffs had alleged deplorable conditions.</p>	<a href="https://www.cde.ca.gov/eo/ce/wc/wmslawsuit.asp">https://www.cde.ca.gov/eo/ce/wc/wmslawsuit.asp</a>



**Finance Appendix Table 3: Major laws that affect school finance**

Bill Number	Year Passed	Description	More Information
SB 154	1972	Establishes school “revenue limit” funding system, giving the state a significant fiscal interest in the allocation of local property tax revenue.	<a href="https://eric.ed.gov/?id=ED139068">https://eric.ed.gov/?id=ED139068</a>
AB 8	1978	State’s first law allocating property tax revenue. Allocation amounts are based on the share of property tax received prior to Proposition 13. Stipulates that the state will provide grants for some of local revenue loss.	<a href="https://lao.ca.gov/1996/082196_prop_taxes/property_tax_differences_pb82196.html">https://lao.ca.gov/1996/082196_prop_taxes/property_tax_differences_pb82196.html</a>
SB 154	1979	State changes property tax allocations and establishes a system for allocating future growth in property tax revenue. Absorbs costs of some local programs.	<a href="https://lao.ca.gov/1996/082196_prop_taxes/property_tax_differences_pb82196.html">https://lao.ca.gov/1996/082196_prop_taxes/property_tax_differences_pb82196.html</a>
ERAF I	1992	The Legislature permanently redirected a significant portion of property tax revenue from cities, counties, and special districts to schools and community colleges. The redirected revenue is deposited into a countywide account known as the Educational Revenue Augmentation Fund (ERAF). Revenue from ERAF is allocated to schools and community colleges to offset the funding they would receive from the state General Fund.	<a href="https://lao.ca.gov/Publications/Report/4193">https://lao.ca.gov/Publications/Report/4193</a>
ABX1 7 (Triple Flip)	1993	The Triple Flip is an exchange of revenues generated from 0.25% of the sales and use tax that was previously credited to the general funds of all cities and counties: <ul style="list-style-type: none"> <li>• State “flips” the sales and use tax from the counties and cities for debt service payments on State Economic Recovery Bonds</li> <li>• To compensate cities and counties for lost revenue, a direct dollar for dollar replacement is made to the county and each city in the county from the county ERAF.</li> <li>• The revenue lost from each ERAF would be replaced by direct subsidies from California’s General Fund to each school, community college, and office of the county superintendents to maintain their respective funding levels.</li> </ul>	<a href="http://www.californiacityfinance.com/ElledgePropertyTax06.pdf">http://www.californiacityfinance.com/ElledgePropertyTax06.pdf</a>
ERAF II	1993 & 1994	The ERAF shift for counties was targeted for \$1.998 billion, while cities were to shift \$288 million. A permanent shift based on population was also part of ERAF II. Counties shifted \$0.78 per person and cities \$0.99 per person.	<a href="http://www.californiacityfinance.com/ElledgePropertyTax06.pdf">http://www.californiacityfinance.com/ElledgePropertyTax06.pdf</a>
VLF Swap	2004	The state permanently “swaps” the discretionary motor vehicle license fees (VLF) from cities and counties to the State of California. To ensure	<a href="http://www.californiacityfinance.com/ElledgePropertyTax06.pdf">http://www.californiacityfinance.com/ElledgePropertyTax06.pdf</a>

Bill Number	Year Passed	Description	More Information
		that cities and counties are not financially impacted, the state permanently shifts some property tax revenue from ERAF and K-14 districts to reimburse cities and counties for the state's reductions to their VLF revenue.	
ERAF III	2004 & 2005	Increased contributions by local governments (counties, cities, special districts, and redevelopment agencies) to each county's ERAF. The increased contributions remained in effect for two years.	<a href="http://www.californiacityfinance.com/ElledgePropertyTax06.pdf">http://www.californiacityfinance.com/ElledgePropertyTax06.pdf</a>
ABX1 26	2012	Abolished redevelopment agencies. Established timeline for reverting the redevelopment agency share of the property tax to other local governments.	<a href="http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0001-0050/abx1_26_bill_20110629_chaptered.html">http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0001-0050/abx1_26_bill_20110629_chaptered.html</a>
SB 97	2013	Creates the Local Control Funding Formula which created a new funding formula for schools which included: 1) base funding dependent on average daily attendance and four student grade-levels, and 2) extra supplemental and concentration grants for districts serving high-need populations, including low-income students, English Language Learners, homeless and foster care youth.	<a href="https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201320140SB97">https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201320140SB97</a>

**Finance Appendix Table 4: Proposed Ideas to Reform Education Finance In California**

Author (year)	Type of reform	Description	Citation	Link
Affeldt (2018)	K-12 new revenue streams	Suggests reducing the tax subsidy for the highest value multi-million dollar properties from Prop 13's annual 1 percent cap on property taxes and 2 percent annual limit on increases in reassessed value. Also suggests that reinstating the 2 percent Vehicle License Fee could raise new revenues for education. Affeldt also highlights the recent proposals calling for a business and personal services tax, a tax on the extraction of oil, and the reinstatement of a California estate tax. In addition, authorizing local jurisdictions to raise new revenues outside of Prop 98 is key to long-term school funding.	Affeldt, J. (2018). <i>California needs a new master plan to close the education equity gap</i> . EdSource.	<a href="https://edsources.org/2018/california-needs-another-master-plan-to-close-the-education-equity-gap/604068">https://edsources.org/2018/california-needs-another-master-plan-to-close-the-education-equity-gap/604068</a>
Baker (2017)	K-12 Equity, adequacy	Argues that school finance systems should be progressive, providing sufficiently more resources in higher need settings to ensure adequacy and equity, particularly in various parts of the state to recruit quality teachers.	Baker, B. D. (2017). <i>How Money Matters for Schools</i> . Learning Policy Institute.	<a href="https://learningpolicyinstitute.org/sites/default/files/product-files/How_Money_Matters_REPORT.pdf">https://learningpolicyinstitute.org/sites/default/files/product-files/How_Money_Matters_REPORT.pdf</a>
Barnett & Kasmin (2018)	Early care and education finance	Suggests that pre-K benefit from the K-12 funding formula, as evident in other states, which can be determined based on the cost of meeting specific standards, and variations in the needs of children and local funding capacity. This will shift the burden on the state and require the generation of additional revenue.	Barnett, S., & Kasmin, R. (2018). <i>Fully Funding Pre-K through K-12 Funding Formulas</i> . National Association of State Boards of Education.	<a href="https://eric.ed.gov/?id=EJ1166373">https://eric.ed.gov/?id=EJ1166373</a>
Bay Area Council Economic Institute (2014)	Higher education finance	Recommends that the state stabilize and strengthen the General Fund, as well as expand public-private partnerships to fund capital projects in order to conserve public resources for educational priorities. In higher education, the council also recommends allowing varying course fees, depending on value, at community colleges.	Bay Area Council Economic Institute (2014). <i>Reforming California Public Higher Education for the 21st Century</i> .	<a href="http://www.bayareaeconomy.org/files/pdf/ReformingCAPublicHigherEdWhitePaperDec2014.pdf">http://www.bayareaeconomy.org/files/pdf/ReformingCAPublicHigherEdWhitePaperDec2014.pdf</a>

Author (year)	Type of reform	Description	Citation	Link
Brent (1999)	K-12 regional finance models	Recommends a strategic regional approach to local economic development and local school funding for long-term economic stability, as addressed through tax structure reform.	Brent, B. (1999). An analysis of the influence of regional nonresidential expanded tax base approaches to school finance on measures of student and taxpayer equity. <i>Journal of Education Finance</i> , 24(3), 353–378.	<a href="https://www.tandfonline.com/doi/abs/10.1080/01900690902952107">https://www.tandfonline.com/doi/abs/10.1080/01900690902952107</a>
Bersin, Kirst, & Liu (2008)	K-12 education finance	Proposes a reformed finance system of five components: 1) base funding, 2) special education, 3) target funding for low-income students and English learners, 4) regional cost adjustments, and 5) a hold harmless condition. Base funding is the amount per pupil to cover the basic costs of education that enables an average student to meet California’s academic performance standards, and is adjusted for regional cost differences. The hold harmless condition ensures that every district receives at least as much total revenue as it receives now. This paper laid the foundation for the LCFF formula, but some ideas in the initial proposal were not adopted.	Bersin, A., Kirst, M.W., Liu, G. (2008). <i>Getting Beyond the Facts: Reforming California School Finance</i> . The Chief Justice Earl Warren Institute on Race, Ethnicity & Diversity. <a href="https://www.law.berkeley.edu/files/GBTFissuebriefFINAL.pdf">https://www.law.berkeley.edu/files/GBTFissuebriefFINAL.pdf</a>	<a href="https://www.law.berkeley.edu/files/GBTFissuebriefFINAL.pdf">https://www.law.berkeley.edu/files/GBTFissuebriefFINAL.pdf</a>
Brunner (2001)	K-12 new revenue generation	Presents a model school finance system, based on a square footage parcel tax, that provides school districts with a flexible source of discretionary school revenue. It would consist of primary funding, or a base level of funding per pupil that can be adjusted based on need, which can be supplemented with secondary revenue raised through a square footage parcel tax.	Brunner, E. J. (2001). <i>The Parcel Tax</i> . Public Policy Institute of California (PPIC).	<a href="http://www.mikemcmahon.info/ParcelTaxReview.pdf">http://www.mikemcmahon.info/ParcelTaxReview.pdf</a>
California Forward (2015)	K-12 new revenue generation	Recommends the current tax structure under Proposition 30 be reformed to produce more stable revenues (especially during economic downturns) for K-12 and higher education. Also suggests including a diversity of revenue sources under Prop 30, including those outside the state General Fund,	California Forward. (2015). <i>Financing the Future: How Will California Pay for Tomorrow?</i>	Chapter 1: <a href="https://cafwd.app.box.com/s/izluyt12gucouf50fbvd57pwet7v98pl">https://cafwd.app.box.com/s/izluyt12gucouf50fbvd57pwet7v98pl</a>

Author (year)	Type of reform	Description	Citation	Link
	Higher education finance  Facilities	such as through specific investments, regional economies, or community-level governments, while remaining progressive.  For funding school facilities, California Forward lays out several options: 1) Reduce the size of a statewide General Obligation bond and narrow the state's role to supporting equity in school construction and facility modernization, 2) implement a lease purchase program tied to the growth on the school districts' share of the property tax to fund a lease obligation bond, or 3) levy a special tax to pay the debt service on revenue bonds or to finance construction directly.		Chapter 2: <a href="https://cafwd.app.box.com/s/wg15ym5keeismugvyjz5hw4zr3g8246p">https://cafwd.app.box.com/s/wg15ym5keeismugvyjz5hw4zr3g8246p</a>  Chapter 3: <a href="https://cafwd.app.box.com/s/5zjogpla3ahj95cmfdaxhc5ein0eapmm">https://cafwd.app.box.com/s/5zjogpla3ahj95cmfdaxhc5ein0eapmm</a>
California School Boards Association (2015)	K-12 new revenue generation	Argues that progress toward an adequate K-12 funding system requires continued Proposition 30 funding, or alternative funding sources to replace it and generate revenue. Suggests sources of new revenue.  Also suggests that in order to move toward adequacy in the Local Control Funding Formula (LCFF) system, the state should increase base grant levels and the supplemental and concentration grants to provide greater funding for high-need districts.	California School Boards Association (2015). <i>California's Challenge: Adequately Funding Education in the 21st Century</i> .	<a href="https://www.csba.org/-/media/CSBA/Files/GovernanceResources/Reports/2015CaliforniasChallenge-Adequacy.ashx?la=en&amp;rev=23c17b372cf8498d968fb1d35bb67113">https://www.csba.org/-/media/CSBA/Files/GovernanceResources/Reports/2015CaliforniasChallenge-Adequacy.ashx?la=en&amp;rev=23c17b372cf8498d968fb1d35bb67113</a>
The Campaign for College Opportunity (2021)	Higher education finance	Recommends prioritized funding to the California Community Colleges, CSU, and UC campuses that will help close racial equity gaps and improve timely college graduation rates for transfer students. Also recommends significant investment in the community college system to support student services and successful transfers, as well as funding to UC and USC in order to serve a greater number of community college transfer systems. Lastly, the report addresses potential cost savings to the state	The Campaign for College Opportunity. (2021). <i>Chutes or Ladders? Strengthening California Community College Transfer So More Students Earn the Degrees They Seek</i> . The Campaign for College Opportunity.	<a href="https://collegecampaign.org/wp-content/uploads/2021/06/Chutes-or-Ladders-final-web.pdf">https://collegecampaign.org/wp-content/uploads/2021/06/Chutes-or-Ladders-final-web.pdf</a>

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		and students if the college transfer process is streamlined.		
College Futures Foundation	Higher education finance	This framing report and accompanying appendix from College Futures Foundation, aims to support a candid, productive dialogue by presenting a comprehensive analysis of the higher education finance issue and offering a framework for reform.	College Futures Foundation (2017). <i>Securing the public trust: Practical steps toward higher education finance reform in California.</i>	<a href="https://collegefutures.org/insights/securing-the-public-trust-practical-steps-toward-higher-education-finance-reform-in-california-2017/">https://collegefutures.org/insights/securing-the-public-trust-practical-steps-toward-higher-education-finance-reform-in-california-2017/</a>
Commission on the 21st Century Economy (2009)	Tax reform New revenue generation	Recommends a broader, more stable tax base that lowers tax rates while remaining progressive. The personal income tax would be reduced and restructured to decrease the state's reliance on this source of funding. It would establish two tax brackets, eliminate credits, and curtail deductions. In addition, the proposed reforms include eliminating the corporation tax, the franchise minimum tax, and the state general purpose sales tax. To replace these revenues, the state would establish the business net receipts tax (BNRT), to be applied to all net receipts of entities doing business.	Commission on the 21st Century Economy. (2009). <i>Commission on the 21st Century Economy: Report.</i> Commission on the 21st Century Economy, State of California.	<a href="https://cotce.ca.gov/documents/reports/documents/Commission_on_the_21st_Century_Economy-Final_Report.pdf">https://cotce.ca.gov/documents/reports/documents/Commission_on_the_21st_Century_Economy-Final_Report.pdf</a>
Committee for Economic Development (2020)	Early care and education finance	Recommends implementing a sustainable finance system for child care and public pre-K through innovative public- private partnerships or employer-subsidized child care benefits. Also suggests that states adopt an early educator workforce investment tax credit.	Committee for Economic Development (2020). <i>Early Education and Child Care: The Essential Sector.</i> The Committee for Economic Development of The Conference Board (CED).	<a href="https://www.ced.org/solutions-briefs/early-education-and-child-care-the-essential-sector#section6">https://www.ced.org/solutions-briefs/early-education-and-child-care-the-essential-sector#section6</a>
Darling-Hammond (2019)	K-12 education finance	Proposes that states develop a reliable base of funding without a bevy of unreliable categorical programs, while focusing funding pupil needs/special populations, and the costs of meeting state standards.	Darling-Hammond, L. (2019). <i>Investing for Student Success: Lessons from State School Finance Reforms.</i> Learning Policy Institute.	<a href="https://learningpolicyinstitute.org/sites/default/files/product-files/Investing_Student_Success_BRIEF.pdf">https://learningpolicyinstitute.org/sites/default/files/product-files/Investing_Student_Success_BRIEF.pdf</a>
Douglass (2010)	Higher education finance	Growth in California's higher education system requires a revised funding model and the containment of costs for taxpayers and students, namely a moderate tuition and high financial aid	Douglas, J. A. (2010). <i>Re-imagining California Higher Education.</i> Center for Studies in Higher	<a href="https://cshe.berkeley.edu/sites/default/files/publications/rops.douglass.reimaginingcalhe.10.25.10.pdf">https://cshe.berkeley.edu/sites/default/files/publications/rops.douglass.reimaginingcalhe.10.25.10.pdf</a>

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		model. The institutions need an adequate revenue stream that includes fee and tuition income to offer degree-bearing programs in a timely manner. Some lawmakers have proposed a specific new tax or reform in the budget to ensure dedicated state funding for higher education, such as a tax on oil revenues. The federal government should also support greater degree completion through increased federal financial aid funding and funding support for expanding enrollment capacity.	Education, University of California, Berkeley.	
Douglass (2019)	Higher education finance - financial aid	Proposes a revised tuition pricing model with a 5-tiered tuition rates based on family income, with federal Pell Grants, university aid, and Cal Grants. Existing financial aid sources should be consolidated and then combined with additional tuition income from wealthier students to increase funding for need-based aid and academic programs. Also suggests the state pass a bond act to fund student housing and provide funding for specific capital projects.	Douglas, J. A. (2019, May 20). UC Needs to Rethink Tuition and Innovate. <i>UC Berkeley Blog</i> .	<a href="https://blogs.berkeley.edu/2019/05/20/uc-needs-to-rethink-tuition-and-innovate/">https://blogs.berkeley.edu/2019/05/20/uc-needs-to-rethink-tuition-and-innovate/</a>
Edly & Kimner (2018)	K-12 education finance	Proposes amendments to statutes and the state constitution to remove constraints on capital investment currently imposed by property values, Proposition 13, and debt limits. State funding for facilities should be adjusted for differences in local resources. For example, it has been proposed that general obligation bonds be replaced with annual, per-pupil grants to fund a minimum portion of a district's expected facility needs.	Edly, C. Jr., Kimner, H. (2018). <i>Education Equity in California: A Review of Getting Down to Facts II Findings</i> . Policy Analysis for California Education (PACE).	<a href="https://gettingdowntofacts.com/sites/default/files/GDTFII_Equity%20Review.pdf">https://gettingdowntofacts.com/sites/default/files/GDTFII_Equity%20Review.pdf</a>
Finney et al. (2014)	Higher education finance	Highlights the need for greater coordination and alignment of state appropriations, tuition setting, and financial aid across systems and with statewide priorities. Higher education finance policy in California has been developed and implemented haphazardly with little alignment of long-term goals.	Finney, J. E., Riso, C., Orosz, K., & Boland, W. C. (2014). <i>From Master Plan to Mediocrity: Higher Education Performance &amp; Policy in California</i> . Graduate School of	<a href="https://www.gse.upenn.edu/pdf/irhe/California_Report.pdf">https://www.gse.upenn.edu/pdf/irhe/California_Report.pdf</a>

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		Reform is needed to Proposition 98, which creates competition between the higher education segments and public schools, since funding for higher education is discretionary, unlike for K-12 education, which is mandated. It also often acts as a “ceiling” of funding rather than a “floor.” Recommends a statewide policy for establishing tuition, and greater cohesion between state aid policy (Cal Grants) and institutional aid.	Education, University of Pennsylvania.	
Furger, Hernández, & Darling-Hammond (2019)	K-12 education finance	Highlights the Student Equity Need Index (SENI) which can be used to guide equitable funding among schools, and the growing trend of sending funds to school sites so that staff and students can address specific needs. Equitable funding is also determined by the extent to which a district’s base grant covers its operating costs.	Furger, R. C., Hernández, L. E., Darling-Hammond, L. (2019). <i>The California Way: The Golden State’s Quest to Build an Equitable and Excellent Education System</i> . Learning Policy Institute.	<a href="https://learningpolicyinstitute.org/sites/default/files/product-files/California_Way_Equitable_Excellent_Education_System_REPORT.pdf">https://learningpolicyinstitute.org/sites/default/files/product-files/California_Way_Equitable_Excellent_Education_System_REPORT.pdf</a>
Governor’s Committee on Education Excellence (2007)	Education finance	Recommends transitioning to a more flexible, student-centered funding model that provides a base level of funding for every student, and provides additional resources for those who are most underserved, including low-income students and English learners, and consolidates categorical funding programs. The report also recommends providing financial incentives to reward schools that succeed in student improvement. The funding system should also be more stable and predictable by aligning calculations under Prop 98. The state should provide greater fiscal stability and use the same base year to calculate (1) personal income data and (2) General Fund revenues. The report also recommends establishing an education finance reserve that sets aside unexpended funds from the Prop 98 Reversion Account.	Governor’s Committee on Education Excellence. (2007). <i>Student’s First: Renewing Hope for California’s Future</i> .	<a href="https://hanushek.stanford.edu/sites/default/files/GovCommEducExcellence%202007%20California.pdf">https://hanushek.stanford.edu/sites/default/files/GovCommEducExcellence%202007%20California.pdf</a>



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Hahnel, Hough, & Willis (2020)	New revenue generation	Interviews with CA state finance experts about reform.  Recommends that the state broaden the tax base to modestly spread the tax burden and make it fairer and more stable, providing an increasing, but not volatile, revenue supply. For example, tax rates on high-income individuals and corporations can be increased, the sales tax can be expanded to services, and a “split roll” in corporate property taxes can remove the limit on increases in assessed value. The experts also propose that the state reduce tax expenditures by eliminating tax loopholes, credits, and deductions that reduce state revenues and exacerbate economic inequalities.	Hahnel, C., Hough, H. J. , & Willis, J. (2020). <i>Securing and Protecting Education Funding in California</i> . Policy Analysis for California Education (PACE).	<a href="https://edpolicyinca.org/publications/securing-and-protecting-education-funding-california">https://edpolicyinca.org/publications/securing-and-protecting-education-funding-california</a>
Herman (2013)	K-12 education finance	Uplifts Colorado’s finance reform efforts as a model, which determines a district’s funding using the average daily membership, includes a uniform, statewide base per-student amount that is adjusted based on certain district factors and includes weights for at-risk students. Under this reform, the state will determine each district’s total state and local funding allocation by subtracting the amount of funding expected to be raised locally from the district’s total allocation. The reform also requires that funding provided to students eligible for free or reduced-price lunch or ELL students follow them to their schools across a district.	Herman, J. (2013). <i>School-Finance Reform: Inspiration and Progress in Colorado</i> . Center for American Progress.	<a href="https://www.americanprogress.org/issues/education-k-12/reports/2013/06/03/64996/school-finance-reform-inspiration-and-progress-in-colorado/">https://www.americanprogress.org/issues/education-k-12/reports/2013/06/03/64996/school-finance-reform-inspiration-and-progress-in-colorado/</a>
Hillman, Nicholas (2016)	Higher education finance	Argues for a need-based funding model for higher education over a performance-based one, to focus on building the resource capacity of the lowest-performing colleges and then allocate funds according to performance-oriented needs.	Hillman, N. (2016). <i>Why Performance-Based College Funding Doesn’t Work</i> . The Century Foundation.	<a href="https://tcf.org/content/report/why-performance-based-college-funding-doesnt-work/?session=1&amp;agreed=1">https://tcf.org/content/report/why-performance-based-college-funding-doesnt-work/?session=1&amp;agreed=1</a>

Author (year)	Type of reform	Description	Citation	Link
Hinojosa (2018)	K-12 education finance	Suggests that states develop revenue streams that move the state toward adequacy and equity in funding, through a mix of stable taxes that help offset inequities between communities, which can include personal and corporate income taxes, sales taxes, business franchise taxes, motor vehicle and gasoline taxes, tobacco and alcohol taxes, lottery proceeds, and mineral taxes. Funding systems should also utilize weighted student formulas to target high-need student populations.	Hinojosa, D. (2018). <i>Essential Building Blocks for State School Finance Systems and Promising State Practices</i> . Learning Policy Institute.	<a href="https://learningpolicyinstitute.org/sites/default/files/product-files/Essential_Building_Blocks_State_School_Finance_Systems_BRIEF.pdf">https://learningpolicyinstitute.org/sites/default/files/product-files/Essential_Building_Blocks_State_School_Finance_Systems_BRIEF.pdf</a>
Hurley, Harnisch, & Nassirian (2014)	Higher education finance	Proposes the Federal-State College Affordability Partnership, which would incentivize states to increase their investment in public higher education by linking increases in the maximum Pell Grant award to state investment through an annual block grant.	Hurley, D. J., Harnisch, T.L., Nassirian, B. (2014). <i>A Proposed Federal Matching Program to Stop the Privatization of Public Higher Education</i> . American Association of State Colleges and Universities. <a href="https://www.aascu.org/policy/publications/policy-matters/federalmatchingprogram.pdf">matters/federalmatchingprogram.pdf</a>	<a href="https://www.aascu.org/policy/publications/policy-matters/federalmatchingprogram.pdf">https://www.aascu.org/policy/publications/policy-matters/federalmatchingprogram.pdf</a>
Imazeki (2018)	K-12 education finance	Suggests changes to school funding should include reforms to Prop 13 or revenue restrictions in order to increase local revenue, with careful consideration of equity across districts. Proposes a Guaranteed Tax Base (GTB) system, in which for a chosen tax rate, the state guarantees to each district the revenue it would have raised with a guaranteed tax base, giving low-wealth districts proportionately more state aid. Districts can also raise revenue by levying a tax at a rate higher than the minimum required rate, and also by implementing local income taxes.	Imazeki, J. (2018). <i>Adequacy and State Funding Formulas: What Can California Learn From the Research and National Context?</i> Policy Analysis for California Education (PACE).	<a href="https://gettingdowntofacts.com/sites/default/files/2018-09/GDTFII_Report_Imazeki.pdf">https://gettingdowntofacts.com/sites/default/files/2018-09/GDTFII_Report_Imazeki.pdf</a>
Johnson (2010)	Higher education finance	Suggests that renewed public support for higher education will help close the state's workforce gap, with increased state funding to support college enrollment and graduation. New revenue streams, such as an oil severance fee, may be necessary.	Johnson, H. (2010). <i>Higher Education in California New Goals for the Master Plan</i> . Public Policy Institute of California (PPIC).	<a href="https://www.ppic.org/publication/higher-education-in-california-new-goals-for-the-master-plan/">https://www.ppic.org/publication/higher-education-in-california-new-goals-for-the-master-plan/</a>

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Johnson, Murphy, & Cook (2019)	Higher education finance	Recommends that the state link higher education funding to clear goals and measures rather than enrollment targets or previous expenditures, through implementation of the CCC Student Centered Funding Formula. Also suggests that the system plan for and set aside a portion of the operating budget for anticipated and unanticipated capital spending.	Johnson, H., Murphy, P., Cook, K. (2019). <i>Higher Education in California: Investing in Public Higher Education</i> . Public Policy Institute of California (PPIC). <a href="https://www.ppic.org/wp-content/uploads/higher-education-in-california-investing-in-public-higher-education-october-2019.pdf">https://www.ppic.org/wp-content/uploads/higher-education-in-california-investing-in-public-higher-education-october-2019.pdf</a>	<a href="https://www.ppic.org/wp-content/uploads/higher-education-in-california-investing-in-public-higher-education-october-2019.pdf">https://www.ppic.org/wp-content/uploads/higher-education-in-california-investing-in-public-higher-education-october-2019.pdf</a>
Kirst, Goertz, & Odden (2007)	K-12 education finance	Suggests that a more coherent, less centralized state finance system that allows for local flexibility with incentives and support aligned to student performance standards, takes into account regional cost differences, and relies less on prescriptive categorical programs, could lead to greater achievement.	Kirst, W., Goertz, M., & Odden, A. (2007). The Evolution of California's State School Finance System and Implications from Other States. <i>Getting Down to Facts</i> .	<a href="https://cepa.stanford.edu/sites/default/files/3-Kirst%283-07%29.pdf">https://cepa.stanford.edu/sites/default/files/3-Kirst%283-07%29.pdf</a>
Lazarín (2013)	K-12 education finance	Finds that categorical grants can offer a relatively stable form of funding for districts and schools, but at the expense of local flexibility. Lazarín recommends that states and school districts adopt weighted student funding systems that, down to the school level and not only the district level, provide operational funding based on the needs of students.	Lazarín, M. (2013). <i>How Approaches to Stuck-in-the-Mud School Funding Hinder Improvement</i> . Center for American Progress. <a href="https://www.americanprogress.org/issues/education-k-12/reports/2013/11/18/79401/how-approaches-to-stuck-in-the-mud-school-funding-hinder-improvement/">https://www.americanprogress.org/issues/education-k-12/reports/2013/11/18/79401/how-approaches-to-stuck-in-the-mud-school-funding-hinder-improvement/</a>	<a href="https://www.americanprogress.org/issues/education-k-12/reports/2013/11/18/79401/how-approaches-to-stuck-in-the-mud-school-funding-hinder-improvement/">https://www.americanprogress.org/issues/education-k-12/reports/2013/11/18/79401/how-approaches-to-stuck-in-the-mud-school-funding-hinder-improvement/</a>
Legislative Analyst's Office (2017)	K-12 Facilities	Recommends that in 2017-18, the Legislature determine the level of bond sales in 2017-18 based on the backlog of school facility projects and debt service costs.	Legislative Analyst's Office. (2017). <i>School Facilities</i> . Presented to: Senate Budget and Fiscal Review Subcommittee No. 1 On Education Finance.	<a href="https://lao.ca.gov/handouts/education/2017/School-Facilities-033017.pdf">https://lao.ca.gov/handouts/education/2017/School-Facilities-033017.pdf</a>

Author (year)	Type of reform	Description	Citation	Link
Levin, de los Reyes, Atchison, Manship, Arellanes, & Hu (2018)	K-12 adequacy, equity	Suggests that schools and districts receive significant autonomy in how they spend their dollars, while facilitating planning to ensure resources align with the priorities of schools, districts, and the state.	Levin, J., de los Reyes, I. B., Atchison, D., Manship, K., Arellanes, M., & Hu, L. (2018). <i>What does it cost to educate California's students? A Professional Judgment Approach</i> (Getting Down to Facts II). Policy Analysis for California Education (PACE).	<a href="https://gettingdowntofacts.com/sites/default/files/GDTFII_Report_Levin.pdf">https://gettingdowntofacts.com/sites/default/files/GDTFII_Report_Levin.pdf</a>
Loeb (2001)	K-12 local revenue	Presents the income tax as a feasible alternative to the property tax in funding education. One administratively easy method would be to implement an optional local surcharge on state income taxes. "This surcharge would be equalized so that the same tax effort would raise the same supplemental funds per pupil in each district."	Loeb, S. (2001). Local Revenue Options for K-12 Education. In Sonstelie, J., & Richardson, P. (Eds.), <i>School Finance and California's Master Plan for Education</i> (125-154). Public Policy Institute of California (PPIC).	<a href="https://cepa.stanford.edu/sites/default/files/Loca%20Revenue.pdf">https://cepa.stanford.edu/sites/default/files/Loca%20Revenue.pdf</a>
Loeb, Bryk, & Hanushek (2008)	K-12 education finance	Recommends greater flexibility in state regulations and categorical funds to allow greater local resource allocation. Suggests school finance formulas should be simplified and rationalized to encourage better strategic planning by school leaders. Also dives into the implications of estimating the resources districts need to meet state goals.	Loeb, S., Bryk, A., & Hanushek, E. (2008). Getting Down to Facts: School Finance and Governance in California. <i>Education Finance and Policy</i> , 3(1), 1-19.	<a href="https://cepa.stanford.edu/content/getting-down-facts-school-finance-and-governance-california">https://cepa.stanford.edu/content/getting-down-facts-school-finance-and-governance-california</a>
Martin, Boser, & Benner (2018)	K-12 education finance	Recommends that school funding systems ensure equal access to core educational services based on a weighted student funding formula (for low-income, high-need students) and fund programs to increase teacher quality. This should also be inclusive of equitable access to early childhood programs and other child care programs.	Martin, C., Boser, U., Benner, M. (2018). <i>A Quality Approach to School Funding: Lessons Learned From School Finance Litigation</i> . Center for American Progress.	<a href="https://www.americanprogress.org/issues/education-k-12/reports/2018/11/13/460397/quality-approach-school-funding/">https://www.americanprogress.org/issues/education-k-12/reports/2018/11/13/460397/quality-approach-school-funding/</a>
Melnick et al. (2018)	Early care and education finance	Recommends that California: 1) fully fund Local Child Care and Development Planning Councils, 2) over time implement a sliding fee model in which families pay progressively more with greater incomes, which requires a smaller state investment	Melnick, H., Meloy, B., Gardner, M., Wechsler, M., Maier, A. (2018). <i>Building an Early Learning System</i>	<a href="https://learningpolicyinstitute.org/sites/default/files/product-files/Building_Early_Learning_System_Works_CA_BRIEF.pdf">https://learningpolicyinstitute.org/sites/default/files/product-files/Building_Early_Learning_System_Works_CA_BRIEF.pdf</a>

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		by capitalizing on both public and private funding from high-income families. Also suggests increased funding for the Revolving Loan Fund to support the purchase and renovation of facilities.	<i>That Works: Next Steps for California</i> . Learning Policy Institute.	
Murphy (2004)	Higher education finance	Proposes that instead of Program-Based Funding, community colleges be financed through a simplified allocation formula based on total enrollment that is adjusted for annual growth. This base funding would be supplemented by extra performance-based funds. Also suggests raising resident student tuition, offset by federal grants and tax credits.	Murphy, P.J. (2004). <i>Financing California's Community Colleges</i> . Public Policy Institute of California (PPIC). <a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_104PMR.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_104PMR.pdf</a>	<a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_104PMR.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_104PMR.pdf</a>
Murphy, Cook, Johnson, & Weston (2014)	Higher education finance	Suggests that a performance-based funding model linked to goals and outcomes would institutionalize a focus on student performance. It should articulate clear goals and be built into a substantial portion of base funding. This linking of funding and outcomes should be based in the individual systems—UC, CSU, and the community colleges—with required regular reporting to the governor and legislature.	Murphy, P., Cook, K., Johnson, H., Weston, M. (2014). <i>Higher Education in California: Performance Budgeting</i> . Public Policy Institute of California.	<a href="https://www.ppic.org/wp-content/uploads/R_1114PMR.pdf">https://www.ppic.org/wp-content/uploads/R_1114PMR.pdf</a>
Nisbet (2021)	Education finance	Through a research study on private giving on local public education, the paper addresses a proposal that private giving be aggregated across schools and shared equally across a district, particularly poor ones. Another proposal suggests reforming charitable giving tax policies toward addressing poverty and poverty-reducing organizations.	Nisbet, E. (2021). Local-level philanthropic partnerships in public education: Dilemmas for equity and public responsibility. <i>Journal of Urban Affairs</i> , 43(2), 251-269.	<a href="https://www.tandfonline.com/doi/full/10.1080/07352166.2017.1421432">https://www.tandfonline.com/doi/full/10.1080/07352166.2017.1421432</a>
Perry & Edwards (2009)	Local revenue	Summarizes two ideas to reform education finance: 1) implementing a progressive local income tax, and 2) amending aspects of Proposition 13. One amendment would reduce the two-to-one approval threshold for parcel taxes and/or sales taxes. In addition, the Legislature's Master Working Plan for Education Working Group in 2002 recommended allowing local school districts to propose a property	Perry, M., & Edwards, B. (2009). <i>Local Revenues for Schools: Limits and Options in California</i> . EdSource.	<a href="https://edsources.org/wp-content/publications/pub_LocalRevenues_2009-09.pdf">https://edsources.org/wp-content/publications/pub_LocalRevenues_2009-09.pdf</a>

Author (year)	Type of reform	Description	Citation	Link
		tax override above the limit set in Proposition 13, for the exclusive use of public schools. Finally, an amendment to Proposition 13 could reform how commercial and industrial property is taxed, through a “split roll,” “split rate,” or “split inflation rate” to increase property tax revenues.		
Public Policy Institute of California (2001)	K-12 education finance	Suggests that the state develop a cost schedule and quality model for school spending to determine a base revenue, adjusted among school districts based on assessments of resource costs, making categorical programs unnecessary. In addition, school districts should generate local revenue more easily, through revamping the property tax and parcel taxes, as well as implementing a local income tax. A supplementary state aid program would make up the difference in local supplementary revenue, with limits on the supplementary tax rate.	Public Policy Institute of California. (2001). <i>How Should California Finance Its Schools?</i> <a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/rb/RB_601JSRB.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/rb/RB_601JSRB.pdf</a>	<a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/rb/RB_601JSRB.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/rb/RB_601JSRB.pdf</a>
Public Policy Institute of California (2010)	K-12 education finance	Recommends that the finance system: 1) be equitable, with additional resources given to high-need students, 2) properly structure incentives, based on measures that can't be manipulated by districts and are highly correlated with achievement, 3) treat similar districts equitably, allocating money based on a statewide per-pupil rate, and 4) grant local districts and schools more authority.	Public Policy Institute of California. (2010). <i>At Issue: School Finance Reform.</i> <a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/atissue/AI_1110MWAI.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/atissue/AI_1110MWAI.pdf</a>	<a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/atissue/AI_1110MWAI.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/atissue/AI_1110MWAI.pdf</a>
Petek (2019)	State finance	Offers criteria for the state to consider when evaluating the risk of a future proposed loan, including the size of the loan, the duration of the loan, the dependability of repayments, and fiscal benefit.	Petek, G. (2019). <i>Managing California's Cash.</i> Legislative Analyst's Office. <a href="https://lao.ca.gov/reports/2019/4092/managing-californias-cash-090319.pdf">https://lao.ca.gov/reports/2019/4092/managing-californias-cash-090319.pdf</a>	<a href="https://lao.ca.gov/reports/2019/4092/managing-californias-cash-090319.pdf">https://lao.ca.gov/reports/2019/4092/managing-californias-cash-090319.pdf</a>
Reuben & Murray (2008)	K-12 and ECE	Recommends school-based budgeting and funding mechanisms that allocate money per pupil and take into account the higher costs of educating certain	Reuben, K., Murray, S. (2008). <i>Racial Disparities in Education Finance: Going Beyond Equal</i>	<a href="https://www.urban.org/sites/default/files/publication/32136/411785-Racial-">https://www.urban.org/sites/default/files/publication/32136/411785-Racial-</a>

Author (year)	Type of reform	Description	Citation	Link
	education finance	students or schools. Also raises the idea of investing more money on early intervention and pre-kindergarten and pre-kindergarten programs. Districts could also re-distribute teachers by targeting greater pay to high-quality teachers teaching in high-poverty or low-performing schools.	<i>Revenues</i> . Urban-Brookings Tax Policy Center.	<a href="#">Disparities-in-Education-Finance-Going-Beyond-Equal-Revenues.PDF</a>
Rose, Sonsteile, & Weston (2010)	K-12 education finance	Outlined possibilities for the state to: 1) equalize funding rates for revenue limits, 2) simulate the process of turning the flex item in revenue into a source of unrestricted aid and equalizing funding rates over time, 3) increase the Economic Impact Aid funding rate, and 4) adjust program rates to account for regional cost differences.	Rose, H., Sonsteile, J., Weston, M (2010). <i>Pathways for School Finance in California</i> . Public Policy Institute of California (PPIC).	<a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_1110MWR.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_1110MWR.pdf</a>
Sargrad et al. (2020).	K-12 education finance	Proposes the Public Education Opportunity Grants, a new framework for federal investment in education. The four main goals are to: 1) dramatically increase funding for education, with a particular emphasis on correcting for systemic disinvestment in schools that primarily serve students from families with low incomes and nonwhite students, 2) target the distribution of new investments to districts with the highest poverty rates, 3) provide incentives for states and districts to improve their funding system, including increasing the amount of state and local money spent on education and reducing inequities in funding, and 4) improving equitable distribution resources across and within school districts by supporting states and districts in conducting resource allocation reviews.	Sargrad, S., Partelow, L., Yin, J., Harris, K. M. (2020). <i>Public Education Opportunity Grants: Increasing Funding and Equity in Federal K-12 Education Investments</i> . Center for American Progress.	<a href="https://www.americanprogress.org/issues/education-k-12/reports/2020/10/08/491255/public-education-opportunity-grants/">https://www.americanprogress.org/issues/education-k-12/reports/2020/10/08/491255/public-education-opportunity-grants/</a>
Sonstelie (2001)	K-12 education finance	Proposes a model system of school finance with two levels of revenue: primary and secondary. Primary revenue is determined by a base level of funding per pupil sufficient to provide adequate resources to schools, and is pulled from a countywide primary fund financed by property tax rates and state	Sonstelie, J. (2001). Is There a Better Response to <i>Serrano</i> ? In Sonstelie, J., & Richardson, P. (Eds.), <i>School Finance and California's Master Plan for</i>	

Author (year)	Type of reform	Description	Citation	Link
		primary aid. This may incorporate cost differences across districts and by socioeconomic status. Districts may also supplement revenue with a limited secondary tax rate, subject to district power equalization through a secondary state aid program.	<i>Education</i> (155-185). Public Policy Institute of California.	
Sonstelie, Brunner, & Ardon (2000)	K-12 education finance	Outlines a model for state governance that eliminates school districts and replaces legislative rulemaking with bureaucratic control, allowing the state to allocate resources according to need. On the other hand, under local control, school districts could raise their own revenue, with the state distributing aid so that similar tax rates would produce the same revenue per pupil.	Sonstelie, J., Brunner, E., Ardon, K. (2000). <i>For Better or For Worse? School Finance Reform in California</i> . Public Policy Institute of California (PPIC).	<a href="https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_200JSR.pdf">https://www.ppic.org/wp-content/uploads/rs_archive/pubs/report/R_200JSR.pdf</a>
Taylor (2017)	K-12 education finance	Recommends that alternative education funding be allocated to districts that can develop local arrangements with county offices of education (COE) and that COEs receive funding directly for core oversight and state required activities. Also recommends shifting LCFF funding for COEs to allow districts to purchase services.	Taylor, M. (2017). <i>Re-Envisioning County Offices of Education: A Study of Their Mission and Funding</i> . Legislative Analyst's Office.	<a href="https://lao.ca.gov/Publications/Report/3547#Recommendations">https://lao.ca.gov/Publications/Report/3547#Recommendations</a>
The Think Long Committee for California (2010)	Tax reform New revenue generation	Proposes broad-based reforms to the tax code, including implementing a new sales tax on services, and reducing Personal Income Tax deductions while lowering tax rates on the PIT, the corporation tax (Corp) and the sales tax on goods. Reforms also include requiring multi-state corporations to use the single sales factor formula in calculating tax liability, as well as maintain the progressive tax structure on personal income taxes, with the top 5 percent of earners paying 62 percent of all personal income tax. One of the main priorities of these increased revenues would be to fund K-14 education at \$5 billion annually, and in exchange, eliminate the Proposition 98 maintenance factor. The Committee	The Think Long Committee for California. (2010). <i>A Blueprint to Renew California: Report and Recommendations Presented by the Think Long Committee for California</i> . Nicolas Berggruen Institute.	<a href="https://36z59wrv543qd814533ma8z-wpengine.netdna-ssl.com/wp-content/uploads/2018/10/Blueprint_to_Renew_ca.pdf">https://36z59wrv543qd814533ma8z-wpengine.netdna-ssl.com/wp-content/uploads/2018/10/Blueprint_to_Renew_ca.pdf</a>



Author (year)	Type of reform	Description	Citation	Link
		also proposes that funding be tied to school performance, including the evaluation of teachers.		
Thomas B. Fordham Institute (2006)	K-12 education finance	Makes the argument for weighted student funding, recommending that state money follow the child according to need, that districts allocate funding according to weighted student funding and provide funds as real dollars to allow school-level budget autonomy. On the federal level, the report also proposes amending funding allocation formulas that favor wealthier states, instead funding states with low wealth and a high spending “effort.” Federal funding should also allow for school autonomy, with fewer strings attached and reporting requirements.	Thomas B. Fordham Institute. (2006). <i>Fund the Child: Tackling Inequity &amp; Antiquity in School Finance</i> . Thomas B. Fordham Institute.	<a href="https://files.eric.ed.gov/fulltext/ED495066.pdf">https://files.eric.ed.gov/fulltext/ED495066.pdf</a>
Timar & Roza (2010)	K-12 education finance	Argues that funding should be tied to the desirable organizational elements of schools (with accountability structures), assess the value of specific services, and prioritize non-formal qualities of educators and principal leadership. States should monitor the distribution of resources as it relates to students’ needs, provide seed funding for districts to pilot compensation structures, and open up the market to dictate the real value of those services that could otherwise be provided by other parties.	Timar, T. B., Roza, M. (2010). “A False Dilemma”: Should Decisions about Education Resource Use Be Made at the State or Local Level? <i>American Journal of Education</i> , 116(3), 397-422.	<a href="https://www.journals.uchicago.edu/doi/abs/10.1086/651414?journalCode=aje">https://www.journals.uchicago.edu/doi/abs/10.1086/651414?journalCode=aje</a>
Venezia et al. (2005)	Education finance	Emphasizes the need for state education finance systems to become K-16 oriented, spanning and bringing together education systems to reduce territorialism and friction between the sectors.	Venezia, A., Callan, P. M., Finney, J. E., Kirst, M. W., Usdan, M. D. (2005). <i>The Governance Divide: A Report on a Four-State Study on Improving College Readiness and Success</i> . National Center for Public Policy and Higher Education.	<a href="https://files.eric.ed.gov/fulltext/ED508097.pdf">https://files.eric.ed.gov/fulltext/ED508097.pdf</a>

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## Finance Appendix Text Box 1: Why fund public education?

States have a constitutional obligation to provide education, and this means states (and taxpayers) must finance public schools to provide for a system of schooling with equal opportunities for students to learn and achieve desired learning goals and outcomes, gain the skills necessary to enter the labor market, and navigate citizenship in American life. A well-funded early care and P-16 system has both direct benefits to students as well as indirect benefits to society.

Investments in high quality early childhood education have been found to be particularly impactful for later life outcomes. When students enroll in high quality pre-K programs, research has found that students have higher test scores, less need to repeat grades or enroll in special education, and are more likely to graduate from high school, go to college, and have increased life-long earnings (Heckman, 2011; Schweinhart & Weikart, 1993; Bakken, Brown, & Downing, 2017). Importantly, early learning programs begin to address achievement gaps between students before they even arrive in kindergarten, which can lead to greater cost-savings later on in the K-12 system (Schweinhart & Fulcher-Dawson, 2012). In California, early childhood programs have the indirect benefit of providing many working parents—especially those who are single—with childcare (Thorman & Danielson, 2019). And in longitudinal studies of preschool interventions, researchers have found that early childhood programs produce other indirect benefits such as long-term savings on crime, welfare, and create a stronger tax base (Schweinhart, Montie, Xiang, Barnett, Belfield & Nores, 2005).

There are many individual and collective benefits to investing in a K-12 education as well. Success in K-12 can predict students' later life outcomes such as college attainment, adult employment, and physical and mental health (Heckman, Stixrud, & Urzua, 2006; Greenstone et al., 2012). Those with high school diplomas have been found to earn more in the labor market compared to those who do not graduate and this wage gap has widened in recent years (Heckman, Lochner, & Todd, 2008). There are important collective, societal benefits as well: those with at least a high school diploma are less dependent on social welfare programs, less likely to be incarcerated, and are less likely to engage in risky behaviors as adolescents; those with at least a high school education are also more likely to be married and to raise children outside of poverty (Greenstone et al., 2012).

Higher education serves multiple purposes in society. A well-educated populace is essential to the health of a democratic society, but also necessary for driving economic development—public investments in higher education literally pays off for the state and its residents. For example, Stiles, Hout, and Brady (2012) found that in California, college completion results in higher adult earnings of \$206k in additional revenues over a lifetime relative to an individual with just a high school diploma. In total, the authors find that every dollar spent on higher education in the state returns \$4.50 back to state coffers. Using more recent data, Winters (2020) finds that California college graduates earn on average \$108,932 versus \$55,158 for high school graduates—a 97.5 percent advantage. Beyond earnings, college graduates generally have higher levels of employment, coverage in employer retirement plans, civic engagement, and better voter turnout, among other benefits (Ma,

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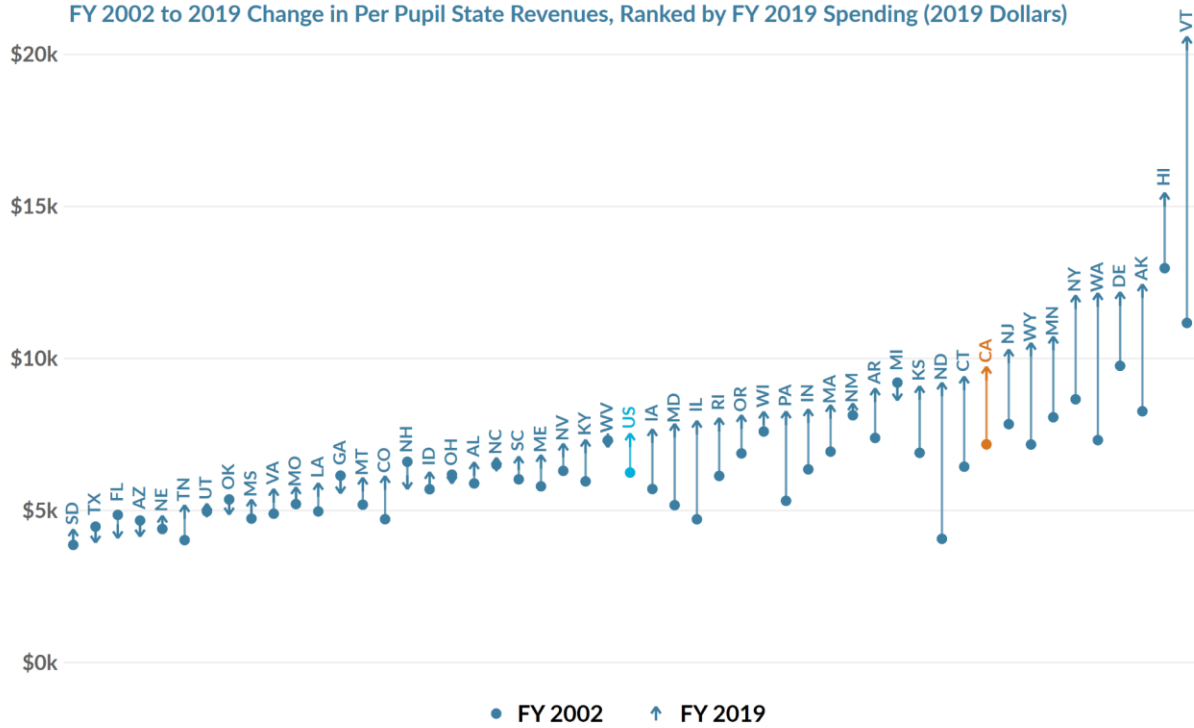
Pender, & Welch, 2019). Higher education in California also provides substantial returns from investments in research and technology that continue to benefit society by bringing research dollars, jobs, and advancements to the state that improve lives. Lastly, California's system of higher education helps spark and sustain human capital development in the state. With some of the best universities in the world, California colleges help attract some of the best and brightest from across the country and world to its economy.

## Finance Appendix Figures

Figure A1

# Trends in K-12 State Revenues

FY 2002 to 2019 Change in Per Pupil State Revenues, Ranked by FY 2019 Spending (2019 Dollars)

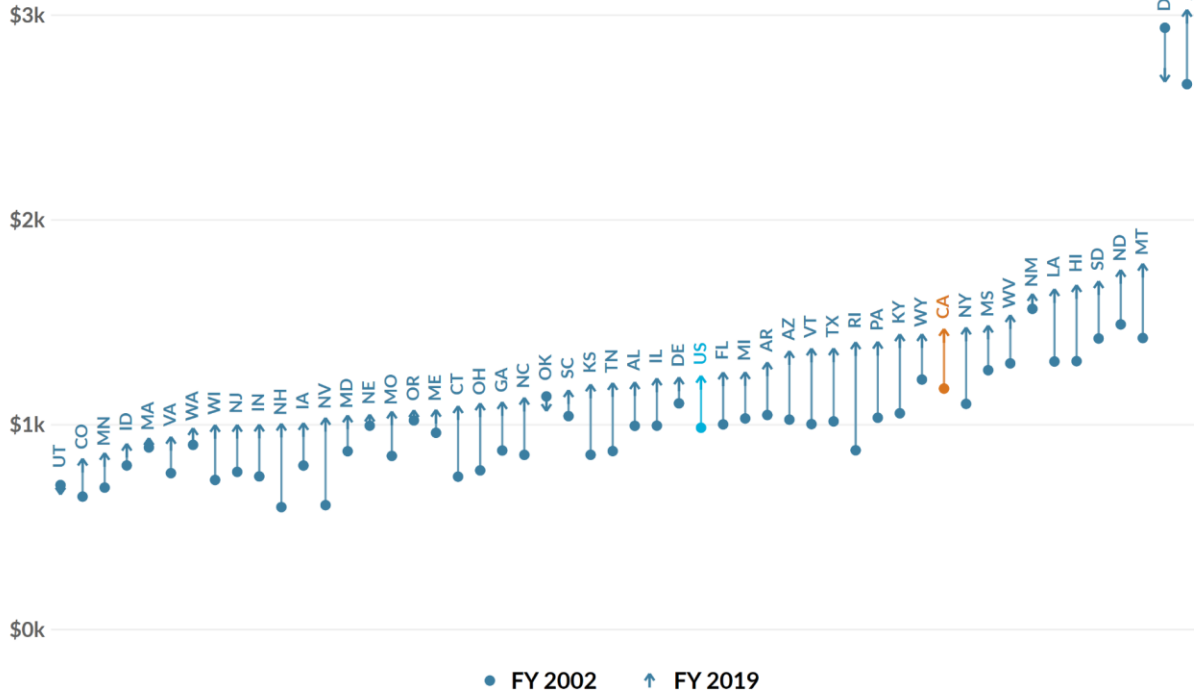


Source: Census Bureau.

Figure A2

# Trends in K-12 Federal Revenues

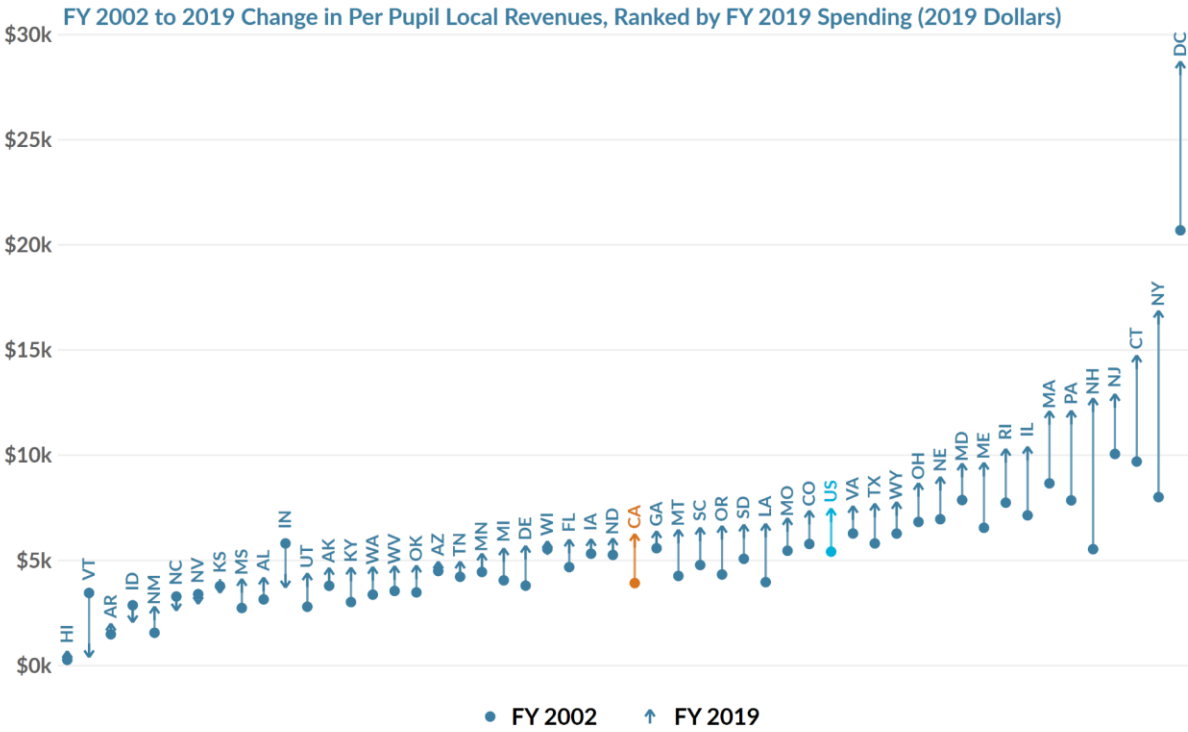
FY 2002 to 2019 Change in Per Pupil Federal Revenues, Ranked by FY 2019 Spending (2019 Dollars)



Source: Census Bureau.

Figure A3

# Trends in K-12 Local Revenues

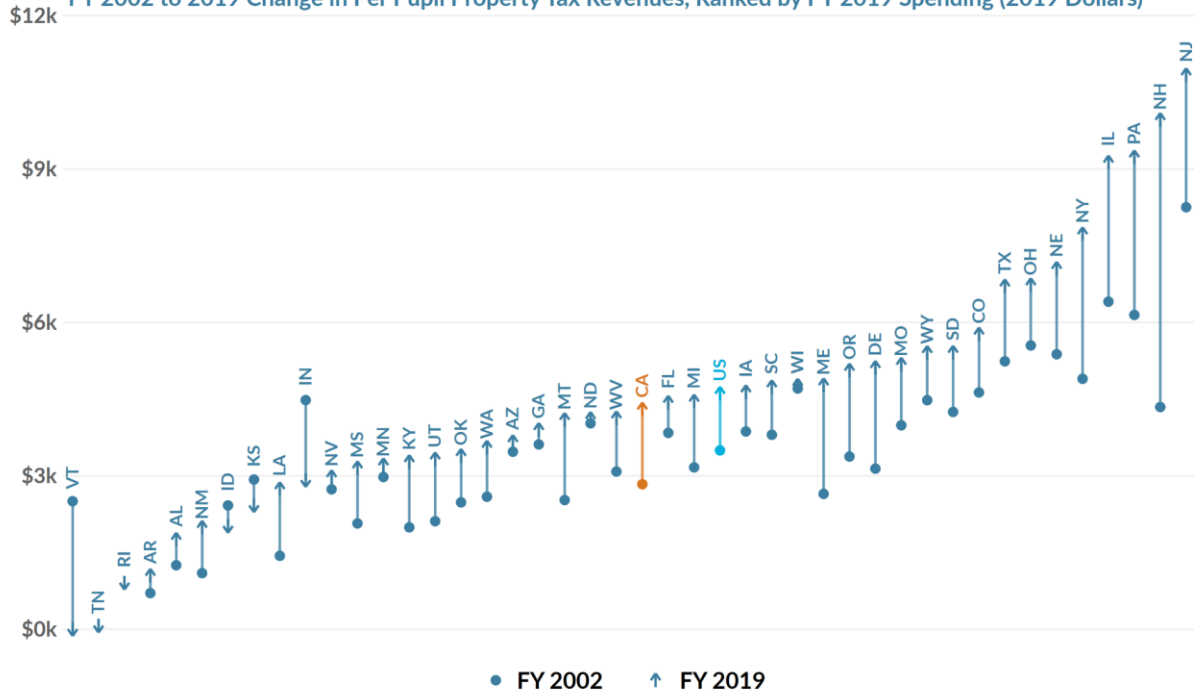


Source: Census Bureau.

Figure A4

# Trends in K-12 Property Tax Revenues

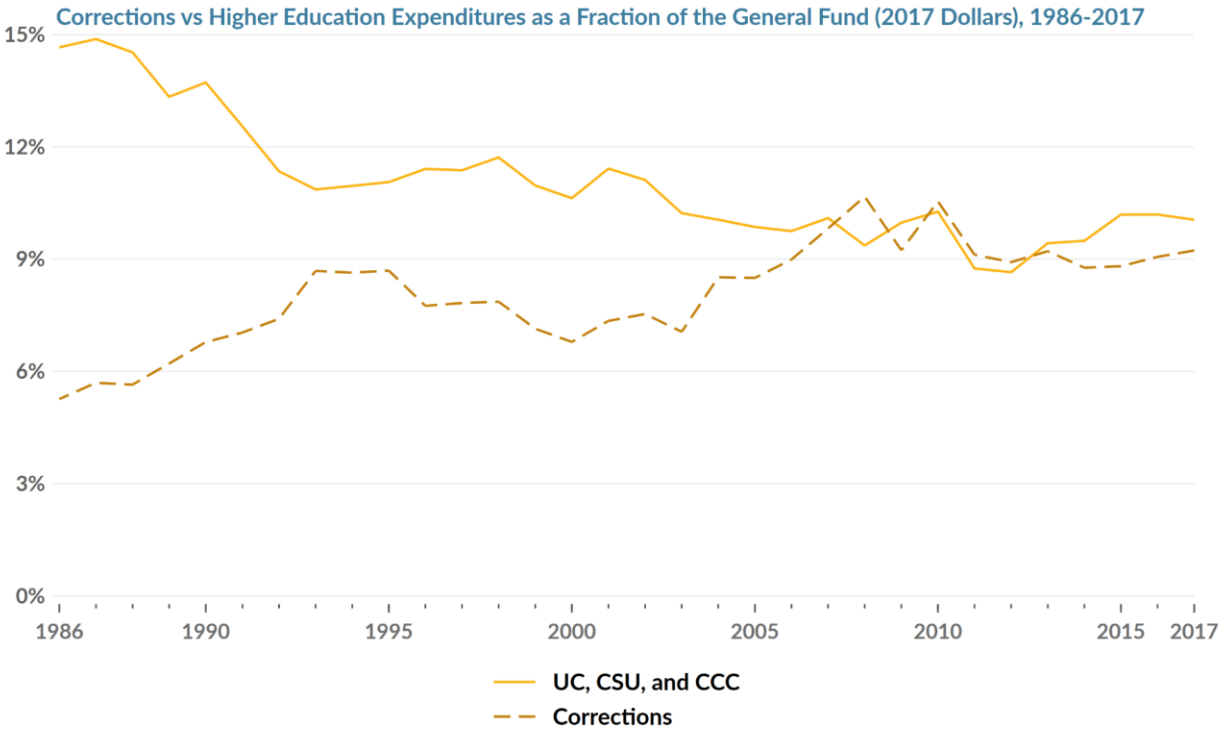
FY 2002 to 2019 Change in Per Pupil Property Tax Revenues, Ranked by FY 2019 Spending (2019 Dollars)



Source: Census Bureau.  
Notes: Incomplete data for NC, MD, AK, VA, HI, MA, CT, and DC.

Figure A5

## Trends in General Fund Expenditures since 1986



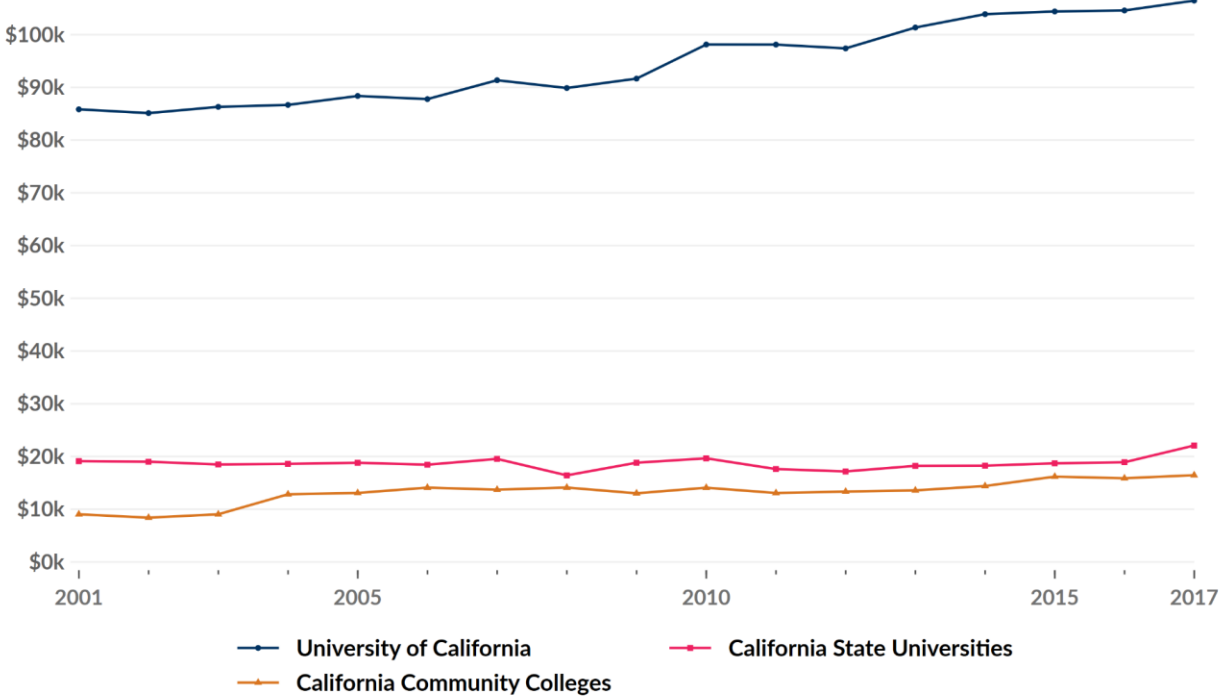
Source: LAO.



Figure A6

## Trends in Higher Education Revenues since 2001

Revenues Per FTE (2017 Dollars), 2001-2017

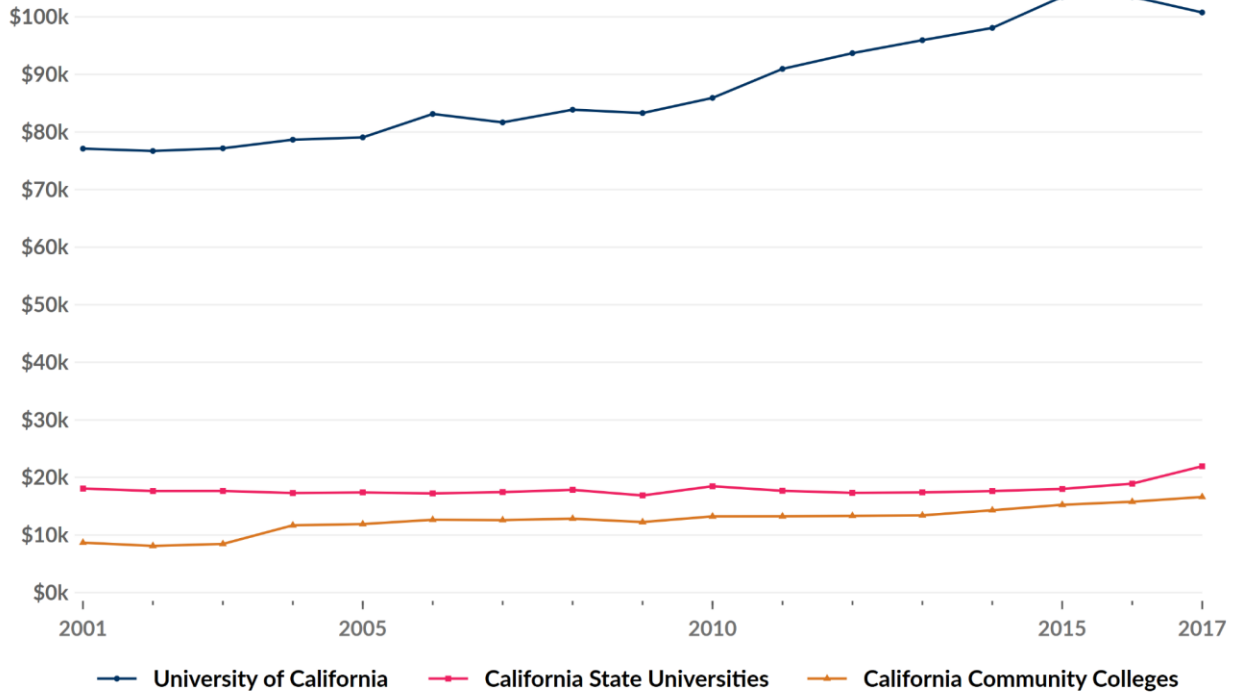


Source: IPEDS, via Education Data Portal v. 0.14.0, Urban Institute, under ODC Attribution License.

Figure A7

## Trends in Higher Education Expenditures since 2001

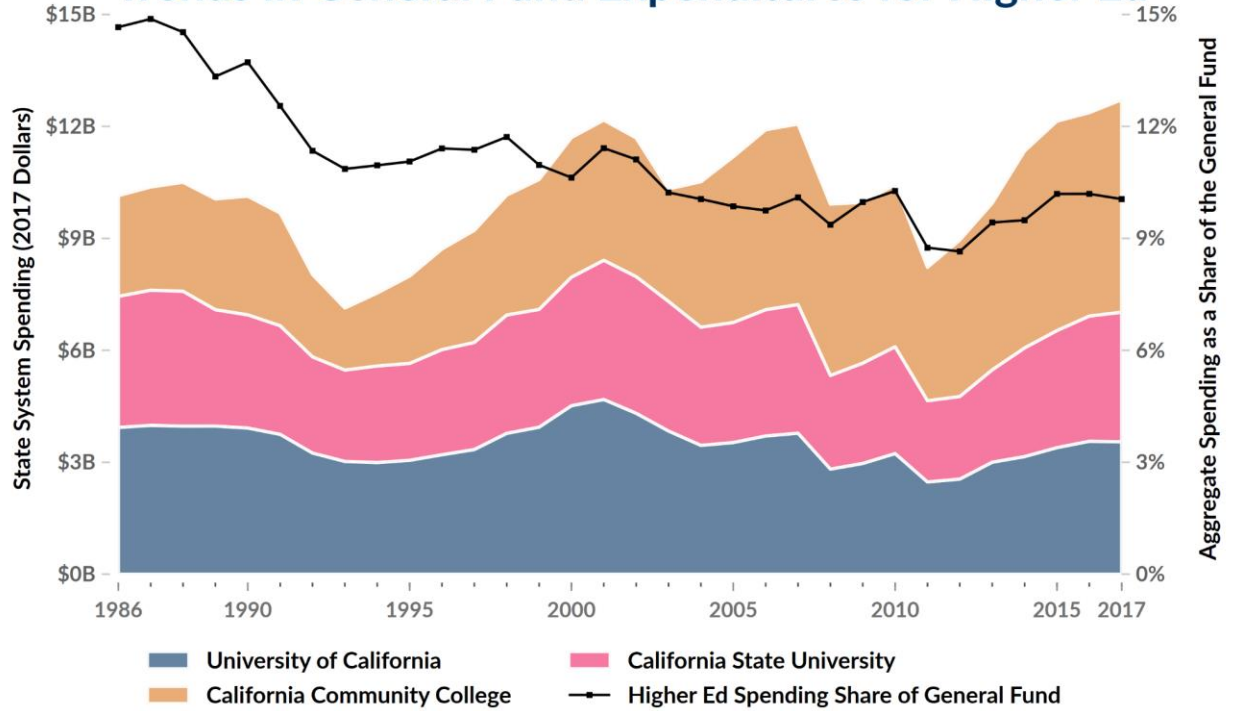
Aggregate Expenditures Per FTE (2017 Dollars), 2001-2017



Source: IPEDS, via Education Data Portal v. 0.14.0, Urban Institute, under ODC Attribution License.

Figure A8

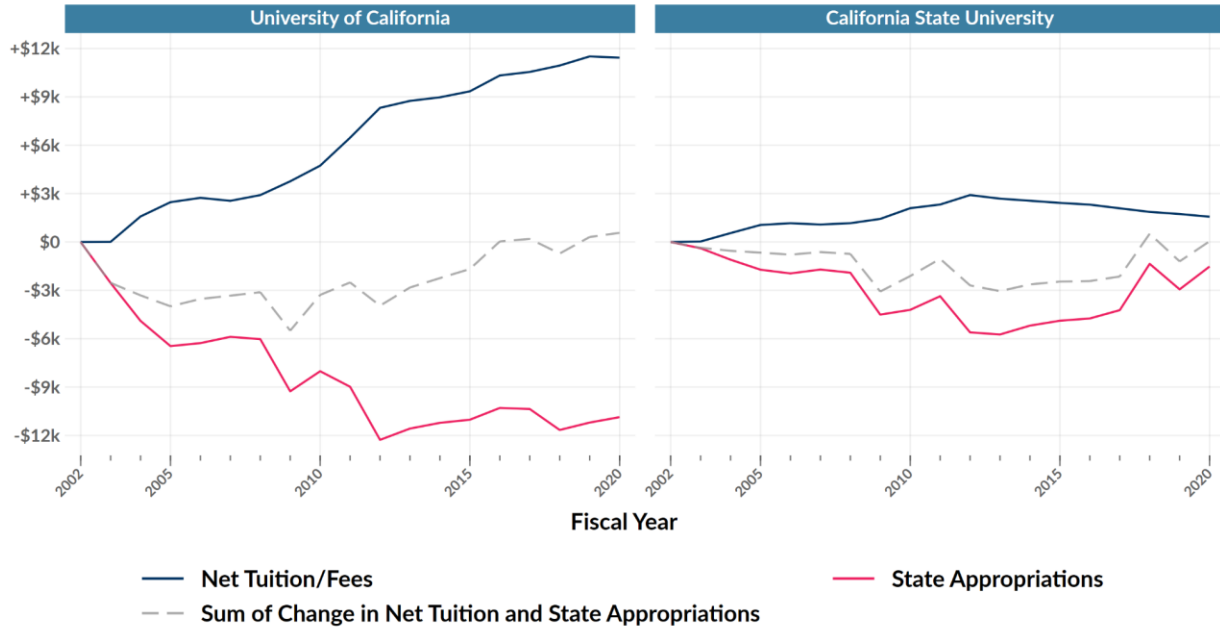
## Trends in General Fund Expenditures for Higher Ed



Source: Expenditure data from the Legislative Analyst's Office and FTE data from IPEDS, via Education Data Portal v. 0.14.0, Urban Institute, under ODC Attribution License.  
 Sample: All UC's, CSU's, and CCC's, with the exception of UC Hastings, and Madera Community College.

**Figure A9**  
**Change in Net Tuition vs State Appropriations**

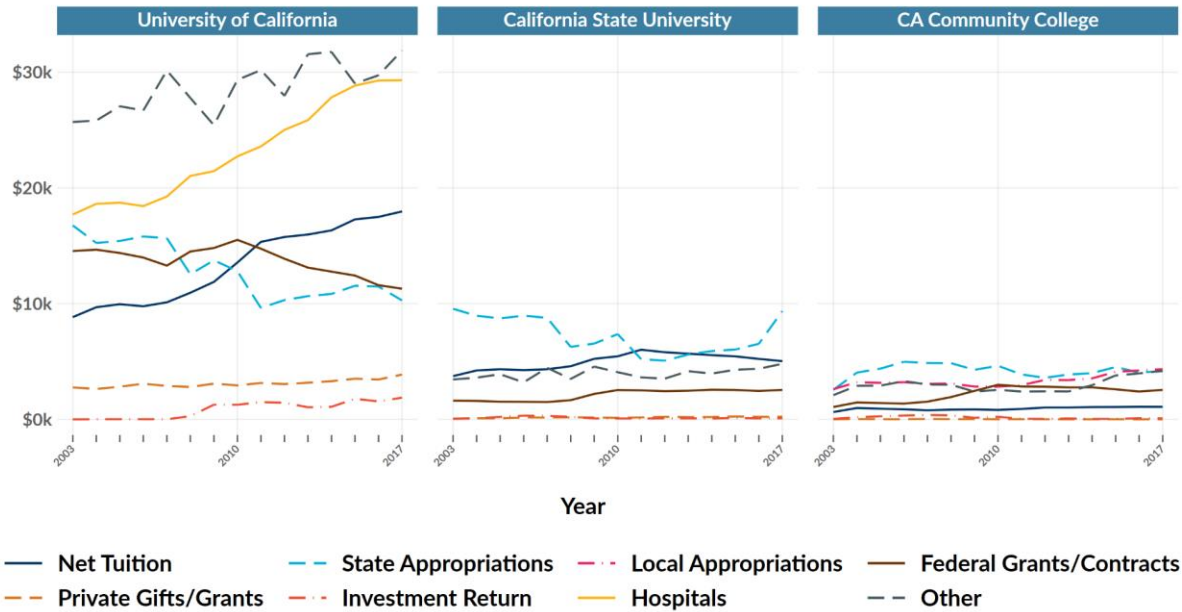
Revenue Source Per FTE Relative to FY 2002 (2020 Dollars)



Source: Data prior to 2019 from IPEDS, via Education Data Portal v. 0.14.0, Urban Institute, under ODC Attribution License, and post-2018 finance and FTE data from IPEDS.  
 Sample: All UC's and CSU's, with the exception of UC Hastings and UCSF.  
 Notes: Revenue from state appropriations excludes grants, contracts, and capital appropriations from the state. We further narrow the sample using listwise deletion to all schools with available tuition and FTE data.

**Figure A10**  
**Composition of Revenues**

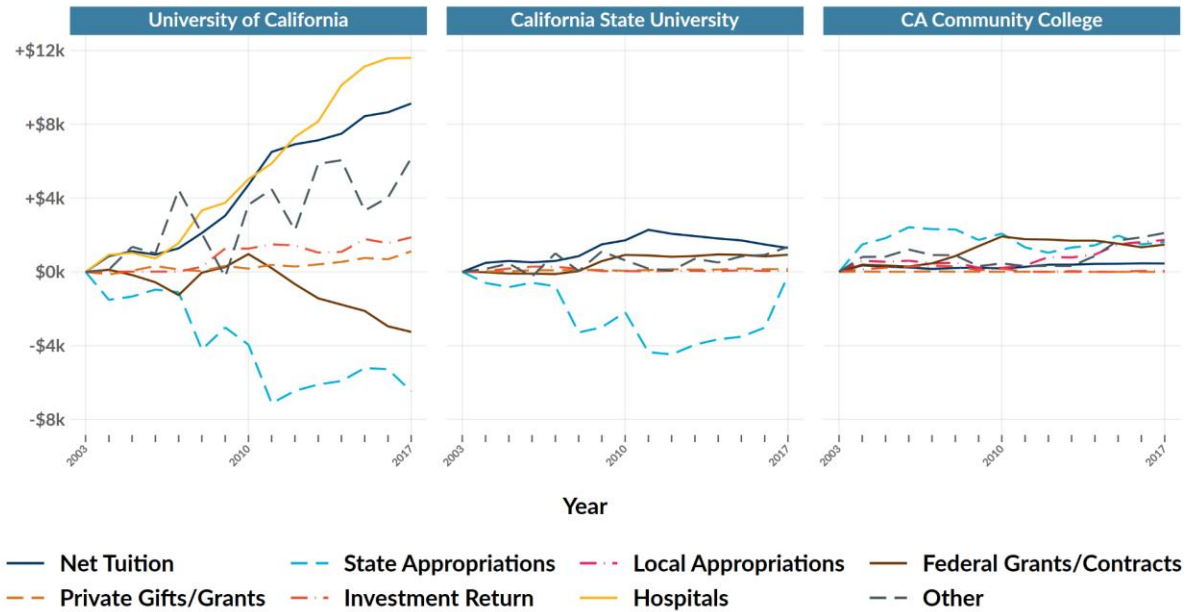
Revenues per FTE since 2003 (2017 Dollars)



Source: IPEDS, via Education Data Portal v. 0.14.0, Urban Institute, under ODC Attribution License.  
 Sample: All UC's, CSU's, and CCC's, with the exception of UCSF, UC Hastings, and Madera Community College.  
 Notes: Due to an anomaly for UC Davis where hospital revenue was captured under other operating revenue in 2006. To correct this, we replace UCD's 2006 hospital revenues with the sum of its 2005 and 2006 hospital revenues, and subtract its 2005 hospital revenues from its 2006 'other' revenues. Other revenues includes federal appropriations, state grants/contracts, local grants/contracts, affiliated entities, educational sales/services, auxiliary enterprises (net), capital appropriations, capital grants/gifts, endowment additions, and miscellaneous.

**Figure A11**  
**Change in Composition of Revenues**

Change in Revenues per FTE since 2003 (2017 Dollars)



Source: IPEDS, via Education Data Portal v. 0.14.0, Urban Institute, under ODC Attribution License.  
 Sample: All UC's, CSU's, and CCC's, with the exception of UCSF, UC Hastings, and Madera Community College.  
 Notes: Due to an anomaly for UC Davis where hospital revenue was captured under other operating revenue in 2006. To correct this, we replace UCD's 2006 hospital revenues with the sum of its 2005 and 2006 hospital revenues, and subtract its 2005 hospital revenues from its 2006 'other' revenues. Other revenues includes federal appropriations, state grants/contracts, local grants/contracts, affiliated entities, educational sales/services, auxiliary enterprises (net), capital appropriations, capital grants/gifts, endowment additions, and miscellaneous.