

\$ STATUS ✓



K-12 Education Funding— Ten-Year History

This fact sheet provides a 10-year funding history of K-12 education, updated to reflect the 1992 Budget Act and chaptered trailer legislation. The data presented here reflect actual expenditures for 1990-91, as reported by local education agencies to the State Department of Education, and reflect adjustments to 1991-92 estimated expenditures that have occurred since January 1992. The technical notes below describe the various funding categories and explain major differences between the funding estimates that appear here and those which appeared in similar tables and charts in the *Analysis of the 1992-93 Budget Bill* (Legislative Analyst's Office, February 1992).

Funding From All Sources

Table 1 and Chart 1 show 10 years of funding for K-12 education programs from all funding sources including both Proposition 98 and non-Proposition 98 funding. They show funding in the years when it was actually allocated to school programs, rather than the year in which the

funding was counted as an expenditure for budgetary purposes. (Please see the technical notes below for detailed information about funding shifts across fiscal years.) The table and chart show that funding from all sources has increased by 105 percent since 1983-84. The largest percentage increase has been in local property tax levies. The shift of \$1.2 billion in property tax revenues to K-12 school districts from other local government entities, approved in legislation related to the 1992 Budget Act, contributed significantly to the size of this increase.

Funding Adjusted for Inflation and Enrollment Growth

Table 1 and Chart 2 show funding on a per-ADA basis, both in current dollars and constant (inflation-adjusted) dollars. They show that per-ADA funding in inflation-adjusted dollars has increased by 11 percent during the 10-year period, despite reductions of 3.9 percent in 1990-91 and 2.5 percent in 1992-93.

Table 1

**K-12 Education Funding
By Funding Source and Per ADA
Current and Constant Dollars
1983-84 through 1992-93**

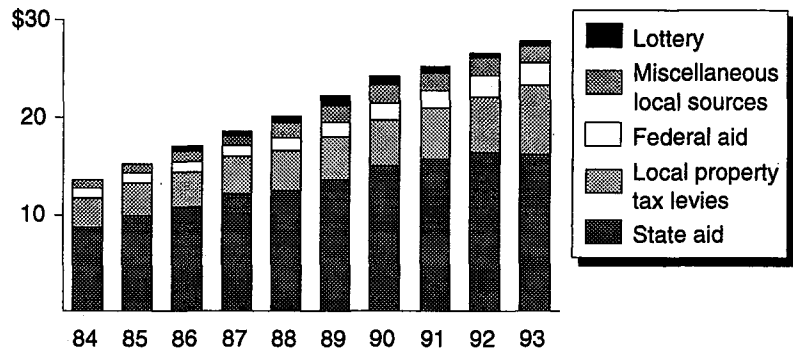
	Funding (in millions)						ADA (in thousands)	Current Dollars Per ADA	Constant Dollars Per ADA
	State Aid	Local Property Tax Levies	Lottery	Federal Aid	Other Local Income	Total			
1983-84	\$8,724	\$2,976	—	\$1,017	\$859	\$13,575	4,261	\$3,186	\$3,186
1984-85	9,940	3,298	—	1,095	918	15,251	4,353	3,504	3,339
1985-86	10,805	3,596	\$556	1,126	1,003	17,085	4,470	3,822	3,508
1986-87	12,174	3,804	411	1,167	979	18,535	4,612	4,019	3,572
1987-88	12,486	4,108	590	1,345	1,592	20,121	4,723	4,260	3,635
1988-89	13,568	4,466	911	1,517	1,767	22,229	4,872	4,563	3,737
1989-90	15,013	4,797	781	1,634	1,943	24,168	5,060	4,777	3,773
1990-91	15,770	5,252	602	1,770	1,770	25,163	5,272	4,773	3,626
1991-92 (estimated)	16,427	5,643	485	2,267	1,770	26,592	5,439	4,889	3,628
1992-93 (budgeted)	16,232	7,117	485	2,201	1,770	27,805	5,644	4,927	3,545
Cumulative change									
Amount	\$7,508	\$4,142	\$485	\$1,185	\$911	\$14,230	1,412	\$1,741	\$359
Percent	86.1%	139.2%	— ^a	116.5%	106.1%	104.8%	33.4%	54.6%	11.3%

^a Not a meaningful figure.

Chart 1

**K-12 Education Funding
By Funding Source
1983-84 through 1992-93^a**

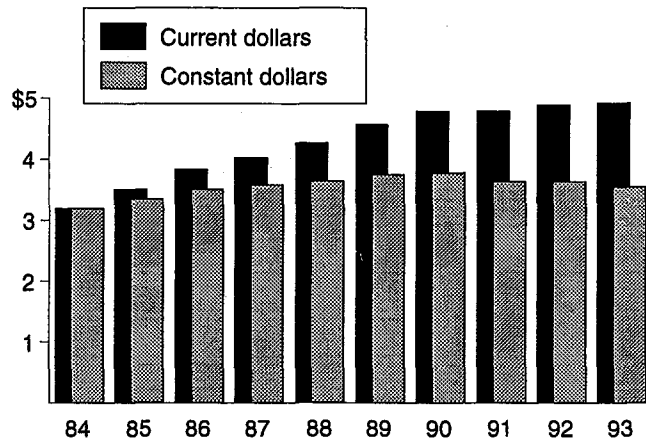
(in billions)



^aData are for fiscal years ending in years shown.

Chart 2

**K-12 Education Funding Per ADA
Current and Constant Dollars
1983-84 through 1992-93^a**



^aData are for fiscal years ending in years specified.

Technical Notes

State Aid. This category includes General Fund and special fund monies in Item 6110 for various purposes, contributions to the State Teachers' Retirement Fund, state payments on general obligation bonds and Pooled Money Investment Account loans, and support for other expenditures categorized as K-12 for purposes of Proposition 98 (mandates, deferred maintenance, Office of Criminal Justice Planning, and Department of Mental Health).

Proposition 98 funding shifts between fiscal years are reported in the following manner:

- 1990-91 figures include \$1.233 billion loaned from 1991-92.
- 1991-92 figures include \$1.083 billion loaned from 1992-93.
- 1992-93 figures include \$732 million loaned from future fiscal years.

The 1992-93 estimate is \$1.9 billion lower than our February estimate. This difference is the net effect of (1) a \$1.7 billion reduction in the Proposition 98 funds available in 1992-93 (primarily due to a larger-than-anticipated

"recapture" and revised estimates of General Fund tax revenues), (2) a larger-than-anticipated shift of property tax revenues to schools and adjusted estimates of local property tax revenues (reduces state's Proposition 98 liability by \$717 million), (3) the availability of a \$732 million loan from future-year appropriations, and (4) an additional reduction of about \$200 million in non-Proposition 98 state support (a \$153 million reduction due to the shift of child development to Proposition 98 and about \$50 million in miscellaneous other reductions).

Local Property Tax Levies. This category includes local property taxes, property taxes in excess of revenue limits, and state property tax subventions.

Federal Aid. This category includes federal funds in Item 6110 for various purposes, Petroleum Violation Escrow Account funds for the School Bus Demonstration Program, and State Legalization Impact Assistance Grant funds for 1988-89 through 1991-92. Differences from February estimates of 1991-92 and 1992-93 amounts result primarily from federal augmentations for child nutrition programs.

Other Local Income. This category includes revenue from developer fees, sales of property and supplies, cafeteria revenues, interest and lease income, and other income. The revised 1990-91 figure is significantly lower than our February estimate. Local revenues failed to grow at the 1989-90 rate, as we assumed in February. Instead, revenue from developer fees declined by \$171 million (37 percent) from 1989-90, while revenue from other local sources showed no net growth. The reduction in developer fees probably reflects the effect of the recession on residential development. Based on the continued weakness of the state's economy, we have assumed no funding growth in this category for 1991-92 and 1992-93.

Inflation Adjustments. Inflation adjustments are based on the GNP price deflator for state and local government purchases of goods and services.

Sources of Information. Data are from *Financial Transactions of School Districts*, J-41, J-73, J-200, J-400, and J-600 district and county financial reports and Governor's Budget (various years).