# Getting Down to Facts III 2026

## Successes, Challenges, and Opportunities in California Education Finance

Webinar
September 3, 2026

# Welcome

GDTF III Objective:

Provide the best possible evidence on where CA's education system is, where it can go, and how to get there so that CA can be a model of excellence for all of our students

Across the studies, researchers found that California faces three systemwide challenges:

- Accountability and Alignment
- Balance Between State Guidance and Local Control
- Capacity

# Thank you!

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# Today’s Speakers

**Jonathan Kaplan**
*Learning Policy Institute*

California Schools’ Revenue Sources and Constraints

**Paul Bruno**
*University of Illinois Urbana-Champaign*

District Dollars 3: Recent Patterns in California School District Finances, Trends in Teacher Compensation, and Within-District, Between-School Spending

**Cory Koedel**
*University of Missouri*

Pensions and California Public Schools, 2026

**Sara Hinkley**
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California's School Facilities in a Changing Climate: Funding, Equity, and Resilience

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# California Schools’ Revenue Sources and Constraints

Jonathan Kaplan

Learning Policy Institute

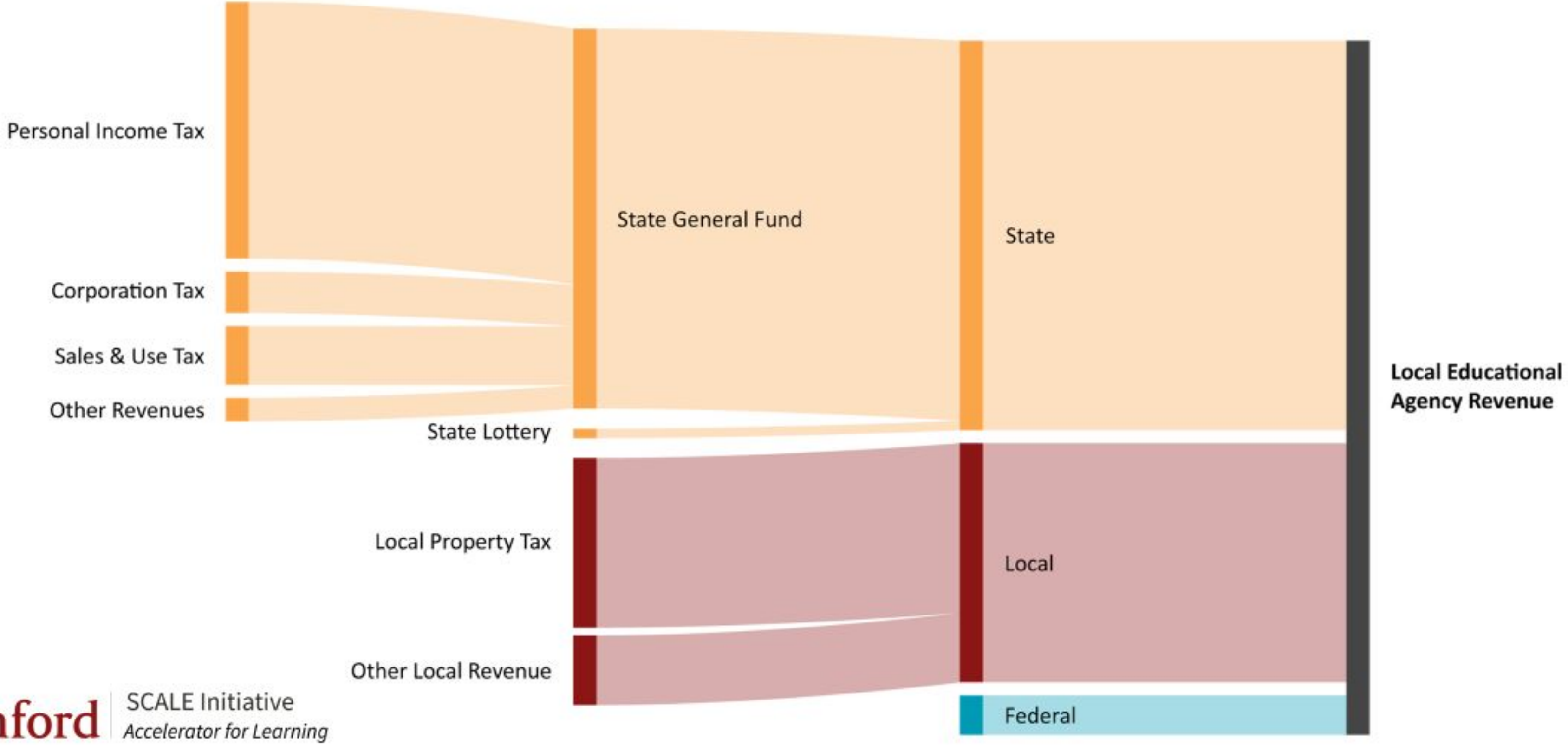
# Constraints Limit Revenue and Fiscal Flexibility

- **Constitutional and statutory constraints** approved over decades restrict state and local revenue raising and flexibility, including:
  - **Prop. 13 (1978) caps local property tax rates** and limits reassessments of local property value for tax purposes.
  - **Prop. 26 (2010) tightens supermajority vote requirements** to adjust taxes.
  - **Prohibitions on levying sales taxes** on services or digital goods.

# The Impact of Revenue Constraints

- Revenue constraints **negatively impact** TK-12 schools, students, and their families
  - **Restricts funding levels for TK-12 school districts**
  - **Contributes to large student-to-staff ratios**
  - **Limits investments in** programs that support **students' families,** such as child care

# Where Does TK-12 School Funding Come From?

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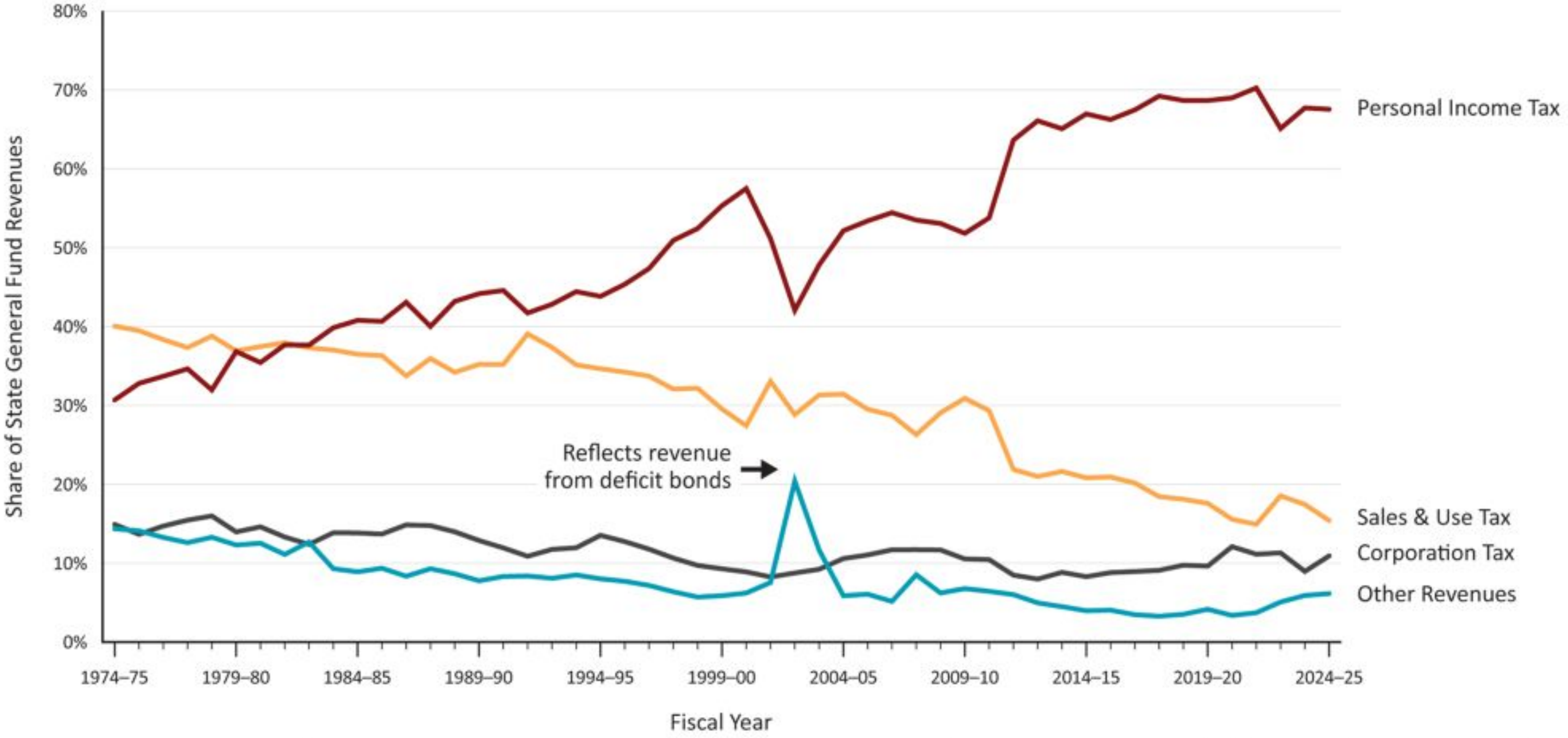
# Share of General Fund Revenue Has Changed Over Time




Excludes loans and transfers. Personal income tax and corporation tax revenues are adjusted in fiscal years 2021-22 through 2024-25 to reflect California Department of Finance estimates of the impact of tax credits related to the Pass-Through-Entity-Elective Tax (PTET).

# Revenue Instability Creates Uncertainty and Challenges

- **General Fund instability** can limit legislature's ongoing TK-12 spending
  - One-time spending prioritized over sustained investments (e.g., educator salaries)

# Principles of High-Quality Revenue Systems

- Adequacy
- Reliability
- Fairness
- Neutrality
- Simplicity
- Accountability

# Options for Improving California's Revenue System

- **Employ equitable revenue sources that focus on long-term adequacy**
  - Sustain progressive personal income tax rates
  - Establish graduated corporation tax rates
- **Diversify and stabilize revenue sources**
  - Broaden the sales tax base (e.g., taxing digital products)
  - Limit inequitable tax expenditures
- **Improve adequacy and fairness of property taxes**
  - Tax commercial and industrial property based on market value
  - Establish statewide tax on commercial and industrial property

*Each option has tradeoffs — the point is there ARE choices.*

# The Bottom Line

- California is the 4th largest economy in the world — many resources exist
- Constraints are real but not immovable — voters and legislators have acted before
- The cost of inaction: schools in fiscal distress, overcrowded classrooms, unequal opportunity
- Policymakers and advocates have tools — there are many options for addressing revenue constraints

***What constraints should we tackle first?***

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# District Dollars 3: Recent Patterns in California School District Finances, Trends in Teacher Compensation, and Within-District, Between-School Spending

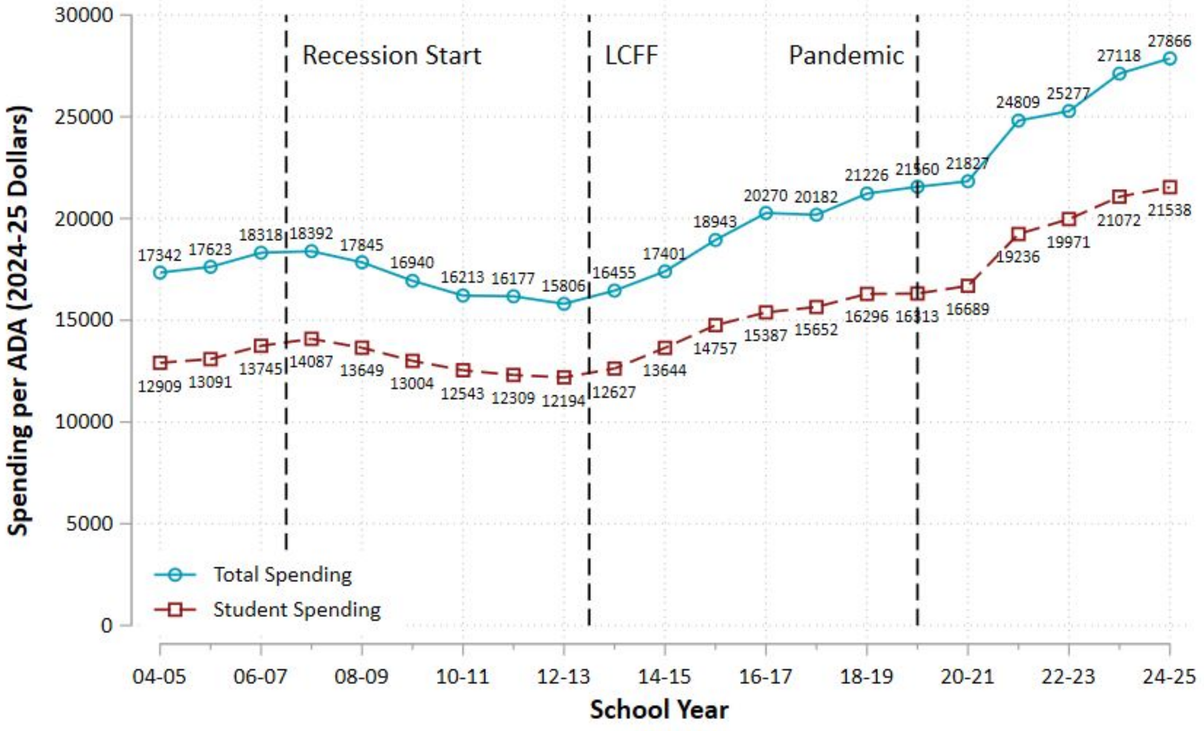
Paul Bruno

University of Illinois Urbana-Champaign

# California Districts Have Historically High Funding

Per-ADA Spending:

- Fell 13% in Recession
- Up 32% since pandemic
- Up 77% since LCFF

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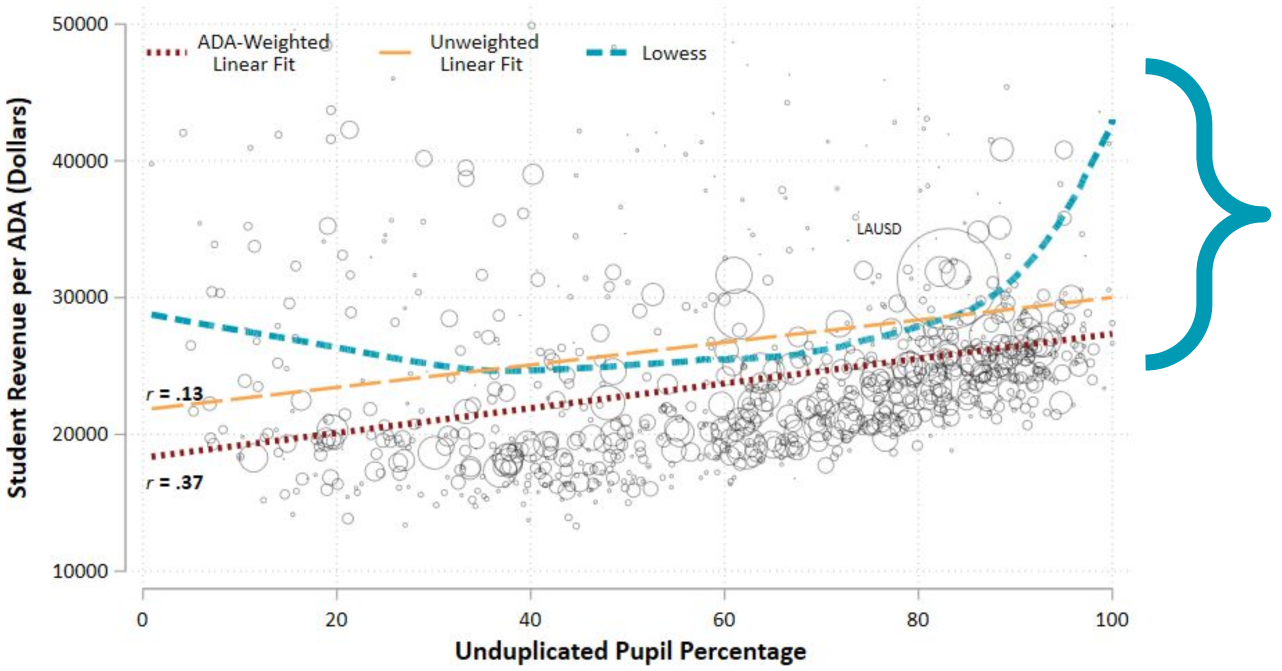
# High-Need Districts Tend to be Better Funded

Especially districts getting concentration grants

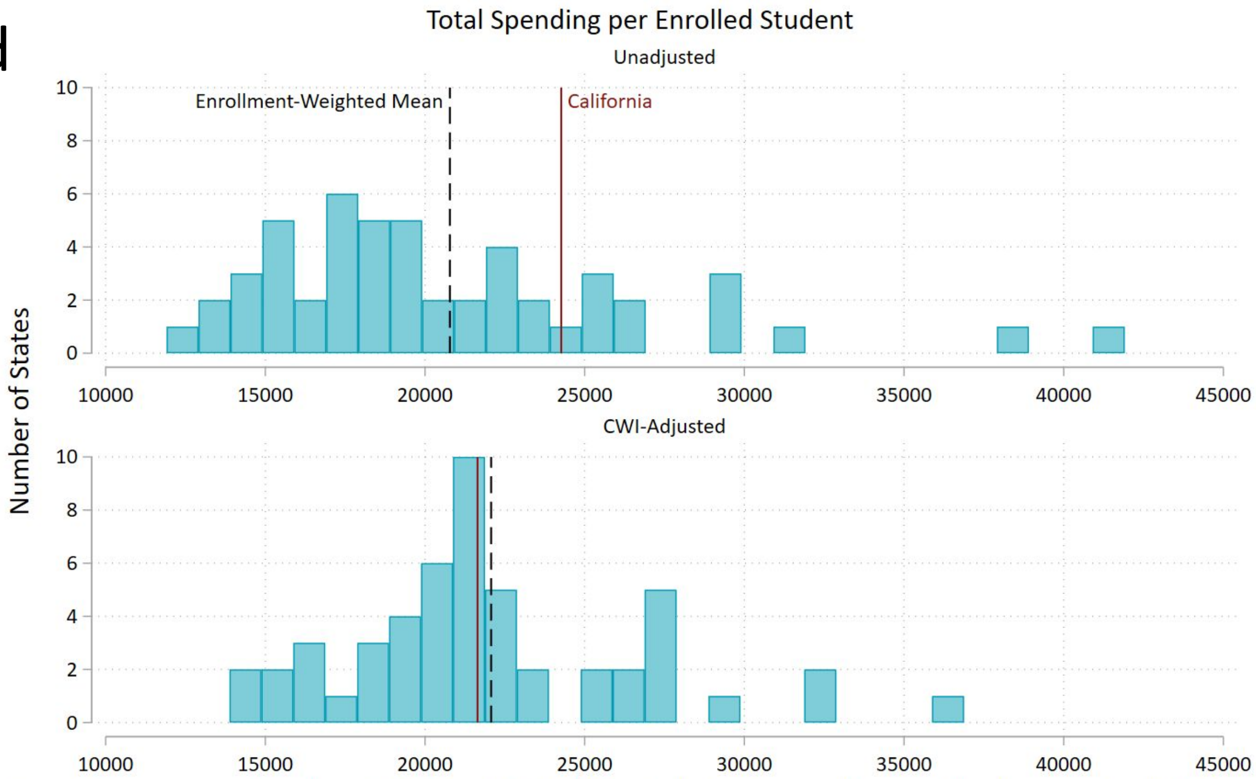


# Why Might Districts Still Feel Financially Strained?

# California is an Expensive Place to Hire Staff

CA districts now spend substantially more than average nationwide…

…but is only average when adjusted for labor costs.



# Districts are Spending a lot More on Special Education

Since 2004–05, operational spending is up:

- 67% total
- 123% for SPED

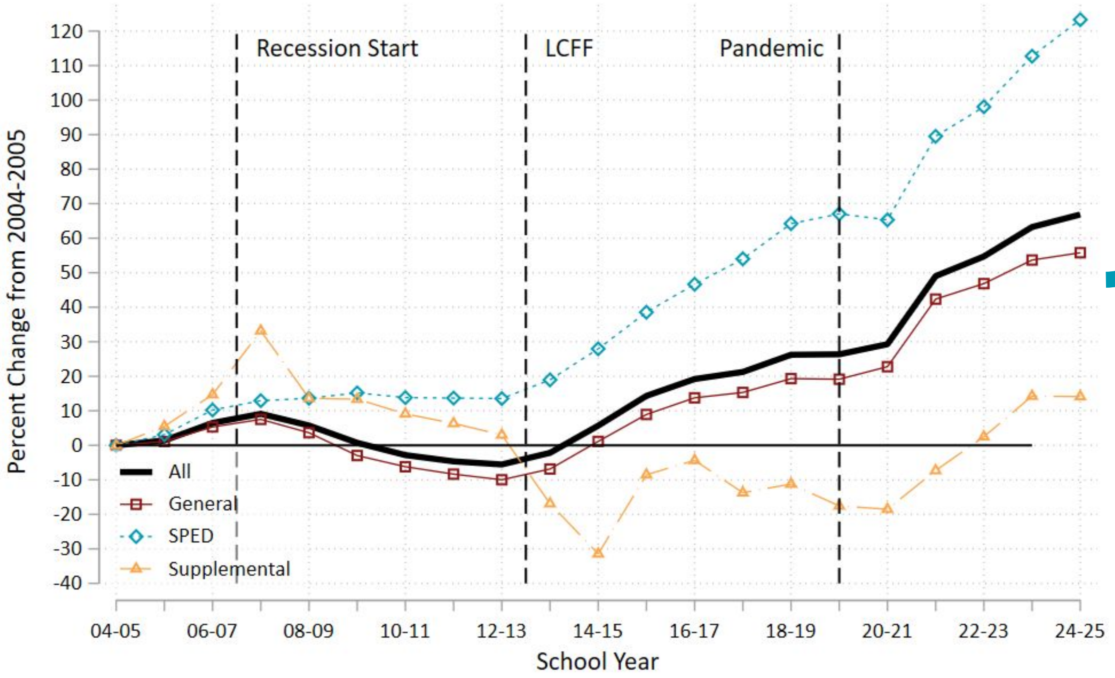



*Figure 11.* Inflation-adjusted changes in student spending per ADA on educational goals in California districts.

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# Districts are Spending a lot More on Staff Benefits

Since 2004–05, operational spending is up:

- 67% total
- 107% for benefits

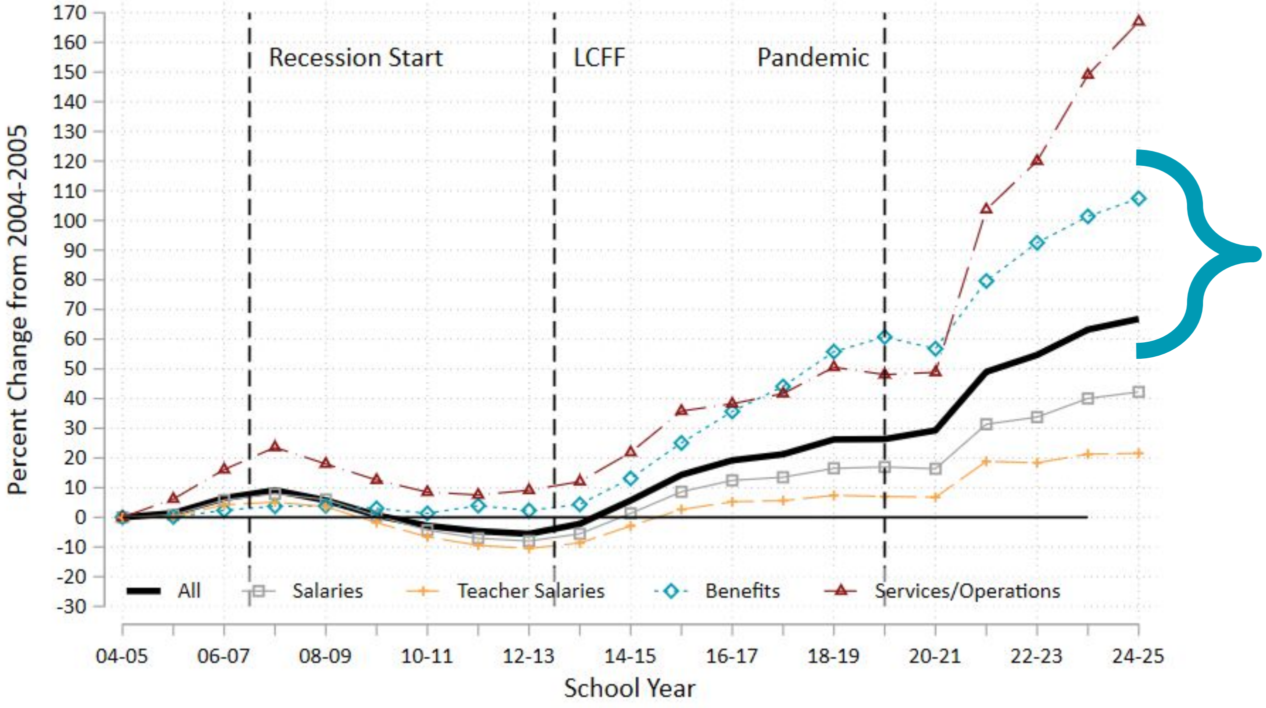


*Figure 13.* Inflation-adjusted changes in student spending per ADA on objects in California districts.

# Each Teacher's Health Benefits Cost More

Per-teacher medical benefit costs: up 52%

Districts are responsible for about 85% of those costs.

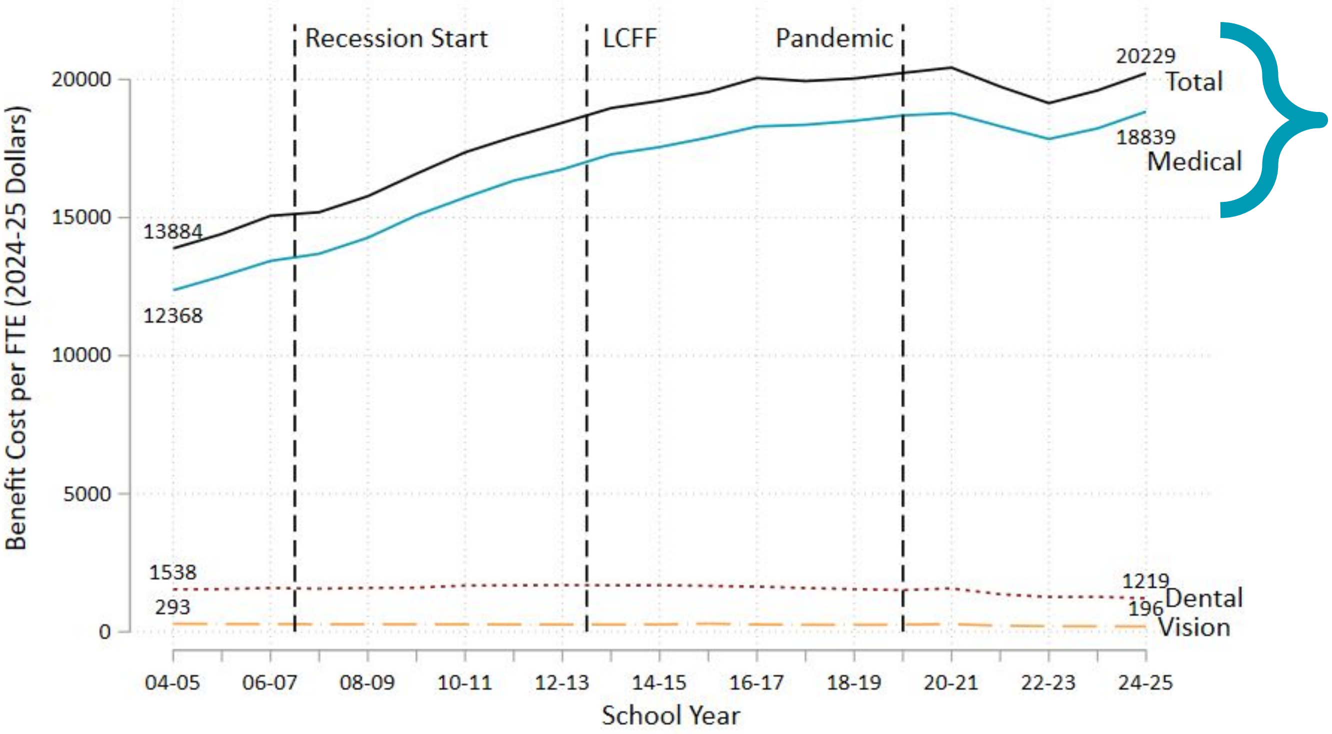


*Figure 15.* Benefit cost per full time-equivalent (FTE) teacher in California districts. Author's calculations from J-90 surveys.

# Bargained Teacher Salaries are About Where They Were 20 Years Ago

Collectively-bargained salary schedules up just 1–3%.

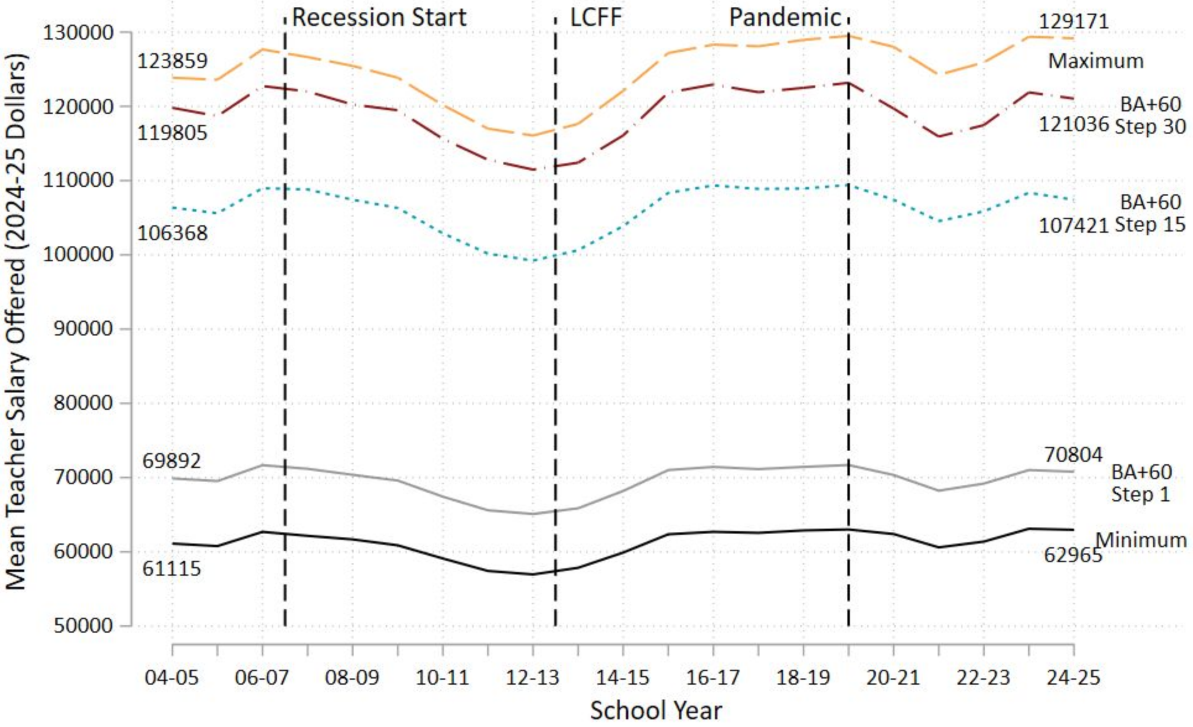


*Figure 17.* Mean salaries on California district salary schedules. Weighted by district FTE. Author's calculations from J-90 surveys.

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# Districts Should Be Worried About Declining Attendance and Prop. 55's Expiration

Enrollment is down about 7% since 2016–17.

- Attendance down 11%.
- May lead to funding declines and higher per-student costs.

Prop. 55 raises income tax revenue for education.

- About $10 billion per year, about half for education.
- Expires 2030.

Thank you!

Paul Bruno
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# Pensions and California Public Schools, 2026

Cory Koedel, Sawyer Burgess
University of Missouri

# Pension expenditures in California schools are substantial

- The total contribution rate to CalSTRS, the pension plan for certified teachers, is just over 37 percent of salaries. Districts pay 19.1 percent.

- This is a very high contribution rate.
  - In the early 2000s to 2014, the total contribution rate was 18 percent.

- In 2004-05, districts spent $700 per student (ADA) on pension contributions. By 2024-25 that figure had more than tripled, to $2,371. (Note: this includes CalSTRS and CalPERS costs.)

# Pension expenditures in California schools are substantial

- The high pension costs do not reflect better benefits for teachers. They reflect debt. The pension a new teacher in California receives today is less generous than for a teacher hired before 2013.
    - Of the current 37-percent-of-salaries paid to CalSTRS, only about 20 percent is to pay for current teachers’ benefits (normal cost).

- Research indicates the high cost of maintaining CalSTRS cannot be justified based on its workforce incentives or teacher preferences.

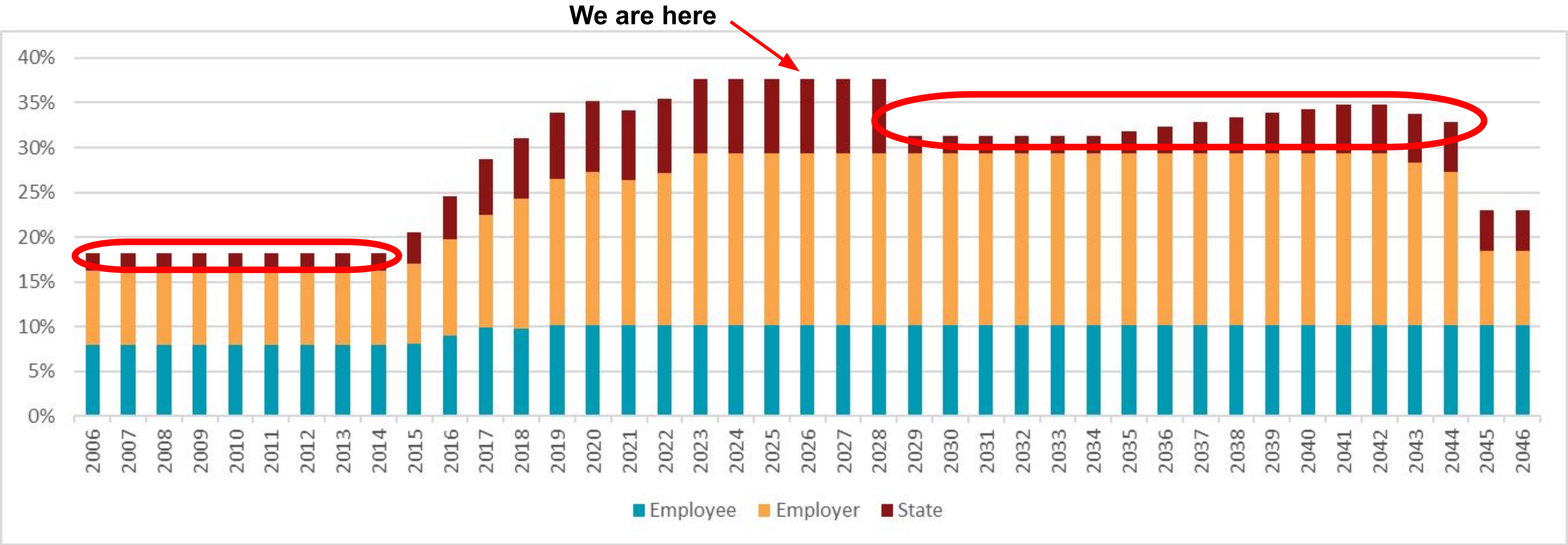
# Why is there so much pension debt?

- California paid less than CalSTRS actuaries indicated was required for many years.
- The actuarial assumptions are too optimistic, which leads to additional debt accumulation.

# Assembly Bill 1469

- AB 1469, passed in 2014, is designed to pay down the debt CalSTRS had accumulated up to that point in time.
  - This is the law that ushered in the new, higher contribution rates.
  - The law governs rates through 2046.

# Assembly Bill 1469



# What can be done?

- The pension debt in CalSTRS, and CalPERS, is not unique.
  - Similarly structured plans across the U.S. are saddled with debt.
    - This is not a coincidence–it is a structural issue.
  - More and more states are reforming their plans.

- Reforms that control costs and make teachers no worse off, or even better off, are possible.

# What can be done?

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California's School Facilities in a Changing Climate: Funding, Equity, and Resilience

# California's School Facilities in a Changing Climate: Funding, Equity, and Resilience

Sara Hinkley, Jeff Vincent
University of California, Berkeley

# School facilities: the other side of education finance

California's 5.7 million K–12 students attend 10,000+ schools—yet the state has:

- No systematic information about facility conditions
- No equalized funding system for facilities
- No statewide planning framework for investment

**The facility finance system is effectively the inverse of LCFF:** districts with the greatest needs are least able to address them.

# 1 | Demographic shifts create divergent pressures

## Enrollment Decline

The state has lost **550,000 students since 2004** and most areas are projected to decline further. Shrinking districts must maintain aging buildings, driving up per-pupil costs.

## Wealth Disparity

Shrinking districts are the wealthiest; growing districts are lower-wealth districts with **less local bond capacity** (many majority-Hispanic inland communities)

## Universal TK Expansion

**Lower- wealth districts are less able to meet facility requirements,** reinforcing the same inequities TK expansion was designed to address.

## CTE & Career Pathways

Expansion of these pathways favors districts with existing **capital funds and administrative capacity**, leaving under-resourced districts further behind.

# 2 | Climate disruptions are a systemic threat to learning

**79%**
of emergency closure records caused by climate events

**~11K**
emergency days lost to climate events (2015–25)

**26%**
of submissions involve power disruption (PSPS or outages)

- **Wildfire alone accounts for ~half of all emergency days.**
- **Climate risk is unevenly distributed:** extreme heat is concentrated in Riverside and Imperial counties; wildfire exposure is concentrated in rural/foothill districts
- **There is no dedicated state funding for climate resilience.** Climate adaptation is permitted in the SFP, but there is no specific funding for HVAC upgrades, energy resilience, and other urgent needs.

# 3 | Facility funding is fundamentally wealth-driven

**77%**

of K–12 facility revenue comes from local GO bonds—tied directly to local property wealth

**5:1**

ratio of local bond revenue: wealthiest vs. poorest quintile of districts

- Wealthier districts raise more per pupil while taxing residents at **lower rates.**
- The state's program matches local funds, reinforcing these inequities.
- **Proposition 2 (2024) made only marginal reforms:** a sliding scale that shifts the state match by at most 5 percentage points.
- **The system is now being challenged as unconstitutional** (Miliani R. v. California, 2025) because facility funding is fundamentally tied to property wealth.

# 4 & 5 | The SFP deepens disparities; lack of data hides the disparate impacts

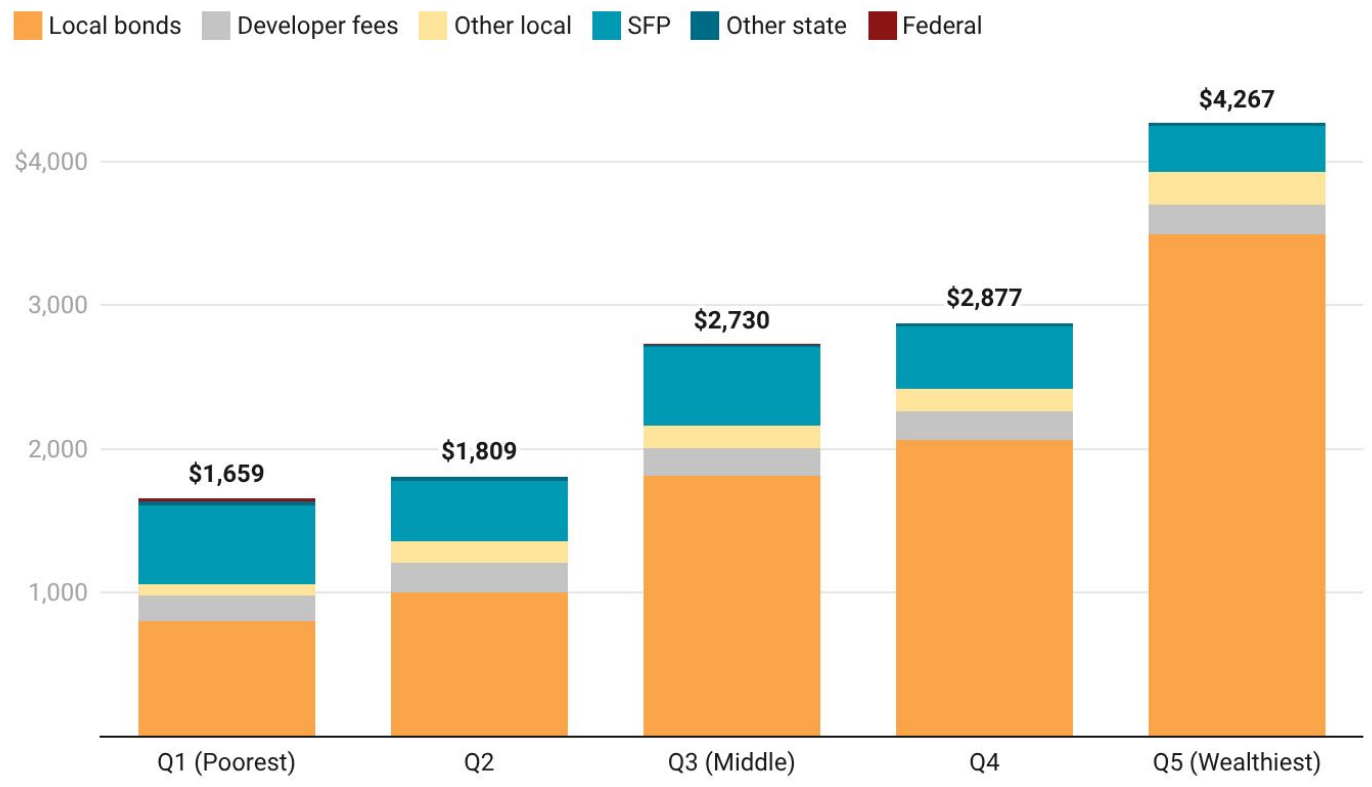
## Finding 4: The School Facility Program

- Modernization funding flows disproportionately to wealthier districts that can provide the required local match and wait for reimbursement
- New construction funding flows better to lower-wealth districts because they are more likely to be growing, but does not help improve existing schools in those districts

## Finding 5: The data vacuum

- No state agency systematically collects data on facility quality.
- Reporting on local facility conditions is minimal—the State Auditor found the Facility Inspection Tool (FIT)—self-reported by districts—to be inadequate and unreliable

# Per-pupil capital spending by wealth quintile




*Quintiles are based on assessed value per student in 2023-24. Each quintile contains the same # of districts.*
*Capital revenues are from 2004-25, adjusted to 2025$ using Turner Construction Index*

Created with Datawrapper

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# Policy opportunities

### 1. Explore equity-based approaches to facility funding

E.g.: wider matching ranges, formula-based allocations, priorities based on need assessments

### 2. Build a data infrastructure to support planning

Leverage Prop 2's FMP requirement to build a genuine statewide facility inventory.

### 3. Plan for climate priorities

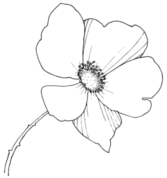
Standardized climate vulnerability assessments could inform state funding decisions

### 4. Align funding and facility planning

Design programs for different enrollment realities to ensure resources meet actual student needs

# Q and A

# Learn More



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