

# A CHRONOLOGY OF SCHOOL FINANCE: LEGISLATION, COURT CASES, AND INITIATIVES

## 1972 - Senate Bill 90

The Legislature established "revenue limits," a ceiling on the amount of general purpose money each district can spend per pupil. The 1972-73 spending level became the base amount in determining each district's annual revenue limit. This was the beginning of the shift from local to state control of school finance.

## 1977 - *Serrano v. Priest*

In the case filed originally in 1968, the California Supreme Court eventually ruled the system of school finance inequitable and ordered the Legislature to draft a plan to equalize per-pupil expenditures for all districts.

## 1977 - Assembly Bill 65

The Legislature initiated a "long term" solution to the *Serrano v. Priest* decision through a complicated reallocation of taxes. It also established the School Improvement Program (SIP) and several other programs.

## 1978 - Proposition 13

This constitutional amendment approved by the voters limits the property tax rate to 1% of the assessed value and annual property tax increases to 2%. Any new taxes must be approved by two-thirds of the voters.

## 1979 - Assembly Bill 8

In response to Proposition 13, the Legislature established a formula for dividing property taxes among cities, counties, and school districts. To comply with the *Serrano* decision, more money was allocated to lower-spending

districts while higher-spending districts were "squeezed."

## 1979 - Gann Limit

Voters approved a constitutional limit on governmental spending at every level in the state, including school districts. No agency's expenditures can exceed its Gann limit, which is adjusted annually for changes in the population and the lesser of U.S. CPI or California per capita personal income. (Index was changed by Proposition 111, 1990.)

## 1983 - Senate Bill 813

This major "reform" legislation added many categorical programs, more rigorous graduation requirements, longer school day and year, and statewide curriculum standards.

## 1984 - Lottery Initiative

Approved by a strong majority of voters, the lottery distributes a minimum of 34% of its revenues to all educational institutions (elementary through college) on a per-pupil basis. Proceeds from the lottery add about 2% to school district revenues.

## 1988 - Proposition 98

Narrowly passed by voters, this initiative guarantees a minimum funding level for schools; other provisions established school "report cards," a "prudent" state reserve, and changes in the distribution of state revenues that exceed the Gann limit.

## 1990 - Proposition 111

Included in this legislative ballot measure was a change in the

inflation index for the Gann limit calculation, effectively raising the limit. Additionally, the funding guarantee for education (Prop 98) was adjusted downward for years of low revenue growth.

## 1991 - Assembly Bill 1200

This legislation put county offices of education in charge of reviewing districts' financial statements and certifying their financial viability. It also created the state Fiscal Crisis & Management Assistance Team (FCMAT). Assembly Bill 2756 (2004) required the state to update oversight standards and strengthen the district budget review process.

## 2000 - Proposition 39

This ballot measure changed existing law that required school districts to win two-thirds voter approval for school construction bonds. The new law authorizes 55% voter approval (with added requirements involving financial and performance accountability) as an option to two-thirds approval.

## 2004 - *Williams v. California*

This lawsuit, originally filed in 2000, charged that the state had failed to give thousands of children the basic tools necessary for their education. The 2004 settlement included accountability measures, extra financial support, and other help for low-performing schools. It also required all schools to report the condition of their facilities, teacher misassignments and vacancies, and textbook availability.