

Prop 98 for Dummies People Who Have a Life

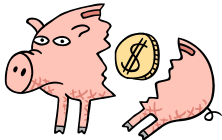
Proposition 98 determines the minimum funding amount for K-14 schools according to the three formulas, but it is important to remember:

- Prop 98 calculates how much money is guaranteed for education, but not how it is spent.
- Prop 98 determines the funding floor – not the ceiling.
- It uses a ratchet-up formula – each year builds on the prior-year funding.
- The Prop 98 guarantee can be suspended – either politically by a two-thirds vote of the Legislature, or automatically, for fiscal reasons, under Test III.



Test II – “The Pocketbook”

Under Test II, which is the Prop 98 norm, K-14 schools do as well as Californians in general. Per-student funding from year to year is adjusted by the % change in the state’s per capita personal income. State General Fund tax revenue doesn’t affect Test II. However....



Test III – “The Piggy Bank”

When growth in the state’s General Fund tax revenue lags behind the Test II factor, Prop 98 gets only this lower amount, with a promise (“The Maintenance Factor”) to get back on track down the road, according to formula. But the dollars lost in the intervening years are never recovered.



Test I – “The Pie”

K-14 Schools are guaranteed a certain percentage (currently about 40%) of the State’s General Fund revenue, plus public schools’ share of local property taxes, regardless of enrollment. Test I years are uncommon. After Prop 98 was approved in 1988, the very first year was Test I; the second Test I year wasn’t until 2010.