



Raising Revenues Locally Parcel Taxes in California School Districts 1983–2012

Executive Summary

Parcel taxes are one of the few ways local school districts are able to raise taxes to supplement the revenues they receive from the state and other sources. However, most school districts in the state have not taken advantage of parcel taxes as a revenue-raising option.

Community college districts, which also can levy parcel taxes, are even less likely to rely on them. Currently, only three of California's 72 community college districts, representing 112 individual colleges, have parcel taxes in place.

One major reason few school or community college districts have even tried to pass a parcel tax is the requirement that two-thirds of voters approve it in a local election. Historically, attempts in the Legislature to lower this requirement to a 55% approval threshold have failed.

But with two-thirds Democratic control of the California Legislature, the prospect of lowering the voting threshold to 55% is now a real possibility. To do so, the Legislature would have to approve a constitutional amendment by a two-thirds vote in both houses, and then place it on a statewide election ballot, where California voters could approve the change with a simple majority vote.

Governor Jerry Brown's proposal for radically revising the current school finance system—including providing substantially more funding to districts with high percentages of English learners and low-income students—may also provide an incentive for school districts with fewer of those students to seek to pass parcel taxes.

To help inform the debate that renewed efforts to reduce the parcel tax voting threshold to 55% will inevitably provoke, EdSource has analyzed parcel tax election data from 1983, when parcel taxes were first allowed, through the most recent local elections held on Nov. 6, 2012.

Despite sustained efforts to reduce unequal revenues among California school districts, inequities remain for a variety of reasons, including differences in revenues generated from federal programs and local fundraising efforts. One pitfall of the potentially greater usage of the parcel tax is that it could exacerbate these inequities.

Identifying the most successful strategies used by districts that have passed parcel taxes, and providing technical assistance to those that have never sought one, could help ensure that districts serving students from all income backgrounds benefit from a lower threshold for passage.

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PRINCIPAL FINDINGS

- Only a small proportion—about one in four—of California school districts has attempted to get a parcel tax approved, and an even smaller proportion—about one in eight—has succeeded in doing so.
- Although the total number has increased steadily over the past decade, only about one in ten (108) California school districts in 16 out of 58 counties currently has a parcel tax in place.
- If a 55% voting threshold had been in place, a significantly larger number of parcel tax measures—192 out of the 271 measures that failed to get a two-thirds vote—would have been approved. Of all 608 parcel tax elections held in California since 1983, 87% would have been passed with the lower voting threshold, compared to the just over half approved by a vote of two-thirds or more.
- Parcel taxes have been approved in districts that tend to be smaller, more affluent, and with a higher percentage of white students and those of Asian descent.
- More than half of school districts that have approved a parcel tax are districts where less than a quarter of their students qualify for free and reduced-price meals.
- At the same time, parcel taxes have been of use to some school districts with substantial low-income student populations. Nearly one in five districts that have approved a parcel tax have student enrollments where more than half qualify for free or reduced-price meals.
- If the 55% threshold had been in place, school districts with more low-income students would have succeeded in getting a parcel tax approved.
- Districts that got at least 55% of the vote but failed to reach two-thirds in one or more parcel tax elections—and never succeeded in getting one approved—had a higher proportion of low-income, African American, and Latino students compared to districts that were successful in getting a parcel tax approved.
- Districts taking advantage of parcel taxes are overwhelmingly based in the San Francisco Bay Area. Nearly half of all districts with parcel taxes are in just three Bay Area counties (Santa Clara, San Mateo, and Marin).
- More than one-third of districts with parcel taxes are “basic aid” districts, which are among the wealthier school districts in the state.
- Parcel taxes typically generate a small percentage of total spending in school districts that have parcel taxes (an average of 6%).
- Six in ten school districts sought taxes of less than \$100 a parcel, but taxes higher than \$200 a parcel were most likely to be approved, as were parcel taxes of six to nine years in duration.
- In some districts, parcel taxes generate a significant proportion of their revenues. In districts like these, parcel taxes have been essential in keeping class sizes small, especially at the K-3 levels, and providing district-wide music and other programs that many districts have been forced to terminate during the recession.

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