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INEOUALITIES IN CALIFORNIA'S PUBLIC SCHOOL SYSTEM: THE UNDERMINING OF SERRANO V. PRIEST AND THE NEED FOR A MINIMUM STANDARDS SYSTEM OF **EDUCATION**

I. INTRODUCTION

Over seventy years have passed since United States Supreme Court Justice Oliver Wendell Holmes stated that "Ithree generations of imbeciles are enough." Yet, left uncorrected, the inequalities in California's public school system will result in more than three generations of imbeciles in some districts.

The California public school system, in its present form, is fundamentally undesirable and socially intolerable due to the inequalities amongst the school districts as to amounts available for direct educational expenditures such as books and teacher salaries. Despite the California Supreme Court holdings in the 1971 case of Serrano v. Priest² ("Serrano I"), and the 1976 case of Serrano v. Priest³ ("Serrano II"), that the California Constitution requires equal funding for public schools, this Comment will show that inequalities persist in school funding and in the quality of education provided to students within the various districts.

Serrano I, as affirmed by Serrano II,4 held that the school funding system violated the Equal Protection Clause of the United States Constitution and of the California Constitution,⁵ that education is a fundamental interest, 6 and that wealth is a suspect class. 7

^{1.} Buck v. Bell, 274 U.S. 200, 207 (1927).

^{2. 5} Cal. 3d 584, 487 P.2d 1241, 96 Cal. Rptr. 601 (1971).

 ¹⁸ Cal. 3d 728, 557 P.2d 929, 135 Cal. Rptr. 345 (1976).
See id. at 776, 557 P.2d at 958, 135 Cal. Rptr. at 374.

^{5.} See Serrano I, 5 Cal. 3d at 618, 487 P.2d at 1265, 96 Cal. Rptr. at 625.

^{6.} See id. at 608-09, 487 P.2d at 1258, 135 Cal. Rptr. at 618.

^{7.} See id. at 597, 487 P.2d at 1250, 135 Cal. Rptr. at 610.

decision squarely denounced the then present system, whereby the state delegated a lion's share of educational funding to the school districts, while the only local source of revenue for such districts was property taxes.⁸

This Comment contends that Serrano I and Serrano II have failed to achieve their intended purpose and discusses the current causes of inequality in California's public school system. Additionally, this Comment focuses on wealth-related deficiencies which affect not only minorities, but people of all races.

Section II reviews the historical development of educational inequalities, as reflected in both Federal and California case law. It concludes by examining the structural underpinnings which are necessary to understand the nature of these inequalities.

Section III offers examples of discrepancies which presently exist in California's public school system. It then highlights the lack of equality in the quality of education provided by the public school system to California students. Such discrepancies are evident upon visiting the different schools and observing the great disparities in facilities. Equally revealing are the types of materials dispersed to the students and the resources available to those schools for expenditures, such as teacher salaries.

Section IV identifies the causes of the inequalities that persist in California's public school system despite the mandates of *Serrano I* and *Serrano II*. Specifically discussed are the passage of Proposition 13, the Gann limits in Proposition 4, the ability of local districts to raise funds through their own initiatives, and the unequal amount of funds various school districts expend for books, teacher salaries, maintenance, and security.

Section V sets forth a legislative proposal to minimize the inequalities in California's public school system. This proposal acknowledges that true equality can never be achieved in a democratic and capitalistic political system. Moreover, it rejects the theory that there should be equality in funding amongst the school districts, focusing instead on minimum standards of education. The proposal directs the legislature's attention to implementing a minimum standard

^{8.} See id. at 599-601, 487 P.2d at 1251-53, 96 Cal. Rptr. at 611-13.

of education required of all public schools, and to providing the appropriate funding necessary to achieve these minimum standards.

Section VI concludes by advocating that unless the legislature implements corrective measures to accomplish the goals of *Serrano I* and *Serrano II*, California's schools may continue to create more than three generations of poorly educated students. Initially, this condition will affect the poorer sections of our communities, which consist of people from all races, but it will ultimately impose tremendous costs on society as a whole.

II. THE HISTORICAL DEVELOPMENT OF INEQUALITY IN PUBLIC SCHOOLS IN BOTH FEDERAL AND CALIFORNIA COURTS

Given the importance and complexity of the current problems plaguing the California public school system, it is necessary to trace the foundational structure of these problems through an examination of federal and state authorities.

A. Equality of Education in the Federal Courts

In 1896, the United States Supreme Court announced its infamous holding of "separate but equal" in *Plessy v. Ferguson*. In *Plessy*, the Court considered whether a Louisiana statute, which founded a distinction upon race, destroyed the legal equality of the races concerned. Affirming the Louisiana court's holding that the statute requiring separation of blacks and whites in a railcar was constitutional, the United States Supreme Court paved the road for the proposition of "separate but equal." The Court reasoned that "we cannot say that a law which authorizes or even requires the separation of the two races in public conveyances is unreasonable, or more obnoxious to the Fourteenth Amendment than the acts of Congress requiring separate schools for colored children." Hence, the Court concluded that the statute did not violate the Fourteenth Amendment of the United States Constitution. 13

^{9. 163} U.S. 537 (1896).

^{10.} See id. at 543.

^{11.} See id. at 552.

^{12.} Id. at 550-51.

^{13.} See id.

However, the only part of the *Plessy* holding that held true was "separate." as the portion that required "equality" was mere fiction. This proposition is evidenced by lower court cases such as Corbin v. County School Board. 14 In Corbin, the plaintiffs claimed that the school board engaged in racial discrimination by failing to provide equal facilities for segregated elementary and high schools.¹⁵ Also, they claimed that the Board's failure to arrange equal transportation to and from school for the minority students and its refusal to enforce compulsory school attendance laws of the State of Virginia against minorities, while enforcing them against white students, constituted racial discrimination. ¹⁶ The court held that the deviations appeared to be inconsequential and not discriminatory, and that the facilities provided to the black students were comparable to those provided to the white students.¹⁷ In doing so, the court seemed to imply that the standard was "separate but comparable," rather than "separate but equal."

Finally, in *Brown v. Board of Education*, ¹⁸ the United States Supreme Court overruled the *Plessy* doctrine of "separate but equal" and held that racial segregation of students was unconstitutional. ¹⁹ In *Brown*, the Court answered affirmatively the question of whether segregation of children in public schools solely on the basis of race, even if physical facilities and other "tangible" factors are equal, deprives minority children of equal educational opportunities. ²⁰ This holding marked the elimination of statutory segregation in the public school systems.

As a result of the Supreme Court's decision in *Brown*, mandatory school desegregation programs gave rise to the phenomenon of "white flight," whereby Caucasians would abandon inner city areas and move to the suburbs.²¹ The white population that fled to the suburbs feared that their children would be forced to attend schools

^{14. 84} F. Supp. 253 (W.D. Va. 1949).

^{15.} See id. at 254.

^{16.} See id.

^{17.} See id. at 258.

^{18. 347} U.S. 483 (1954).

^{19.} See id. at 495.

^{20.} See id. at 493.

^{21.} See JoAnn Grozuczak Goedert, Comment, Jenkins v. Missouri: The Future of Interdistrict School Desegregation, 76 GEO. L.J. 1867, 1878 (1988).

with minorities, whom they saw as inferior, and whom they felt would adversely affect their children's education.²² White flight undermined desegregation because inner city schools became even more identifiably black.²³ Such migration eroded the tax base of districts, drained the school systems of their financial resources, and exacted further inequalities between districts.²⁴ An article in the *Los Angeles Times* noted that

[w]hite flight is a major reason why Los Angeles public education is in a financial crunch. With their children securely enrolled in private schools, middle-class whites are joining with childless adults, especially the elderly, to make it more difficult for the public-school system to obtain additional funds through bond issues or outright tax increases. Partly as a result, the educational needs of students who have no alternative but the public system are imperiled.²⁵

In *Missouri v. Jenkins*, ²⁶ the United States Supreme Court held that federal courts lacked jurisdiction to order state allocation of financial resources to urban districts in an attempt to lure white students back to those schools. ²⁷ Apparently, courts could mandate desegregation within a district, but were powerless to enforce desegregation between two districts.

The United States Supreme Court, in 1973, dealt a severe blow to the proponents of equality amongst the public school systems in San Antonio Independent School District v. Rodriguez. In Rodriguez, the plaintiffs claimed that Texas's system of financing public education, which relied principally on local property taxes, violated the Equal Protection Clause of the Constitution. In a five to four decision, the Court held that there is no fundamental right to equality

^{22.} See id.

^{23.} See id.

^{24.} See id.

^{25.} Mark A. Neubauer, *None Dare Call Year-Round 'Racist*,' L.A. TIMES, Feb. 14, 1990, at B7.

^{26. 515} U.S. 70 (1995).

^{27.} See id. at 92.

^{28. 411} U.S. 1 (1973).

^{29.} See id. at 5-6, 9-10.

in public school education.³⁰ Of course, the first thought that comes to mind is "Did they really say that?"

The Court was reluctant to eliminate local taxation for local expenditures as an unconstitutional means of financing education. Through its holding, the Court intended to foreclose similar arguments by future plaintiffs with respect to other services customarily financed through local property taxes, such as police, fire protection, hospitals, and various other public utilities.³¹ In his concurring opinion, Justice Stewart recognized that "[t]he method of financing public schools in Texas, as in almost every other State, has resulted in a system of public education that can fairly be described as chaotic and unjust."³² He did not, however, conclude that the financing method lacked constitutional muster.³³

Despite the financial disparities that exist between the school districts, federal courts have endorsed as constitutional the various methods adopted by the states in funding public schools primarily through local property taxes. The current position of federal case law on the issue of inequality in public school systems has shifted the matter to the state courts, with each state's respective constitution providing the basis for such litigation.³⁴

B. Equality in Education in the California Courts

1. California's constitutional provisions

California's constitution contains various sections concerning education.³⁵ Article IX, section 1 of the California Constitution provides that "[a] general diffusion of knowledge and intelligence being essential to the preservation of the rights and liberties of the people, the Legislature shall encourage by all suitable means the promotion of intellectual, scientific, moral, and agricultural improvement."³⁶

^{30.} See id. at 37.

^{31.} See id. at 54.

^{32.} Id. at 59 (Stewart, J., concurring) (citation omitted).

^{33.} See id. (Stewart, J., concurring).

^{34.} See John Dayton, An Anatomy of School Funding Litigation, 77 EDUC. L. REP. 627, 627 (1992).

^{35.} See CAL. CONST. art. IX.

^{36.} *Id.* art. IX, § 1.

The state legislature bears the responsibility of providing public education as well as financial support to the public school system.³⁷ In addition, the California Constitution specifically provides that "[t]he State Board of Education shall adopt textbooks for use in grades one through eight throughout the State, to be furnished without cost as provided by statute."³⁸

Additional sections of the California Constitution which have been utilized in litigation over inequalities in the public school system include the Equal Protection Clause³⁹ and the right to safe schools.⁴⁰

2. Serrano I

The landmark California Supreme Court decision addressing inequalities in public school funding is *Serrano I.*⁴¹ In *Serrano I*, the plaintiffs asserted that California's public schools were maintained by a financing plan that violated the Equal Protection Clause of the Fourteenth Amendment of the United States Constitution as well as various provisions of the California Constitution. Specifically, the plaintiffs contended that the schools' reliance on local property taxes caused substantial disparities between school districts as to the amount of funding available per pupil.

Plaintiffs' primary allegations were that the financing scheme

"A. Makes the quality of education for school age children in California, including Plaintiff Children, a function of the wealth of the children's parents and neighbors, as measured by the tax base of the school district in which said children reside, and

"B. Makes the quality of education for school age children... a function of the geographic accident of the school district in which said children reside, and

^{37.} See id. art. IX, §§ 5-6.

^{38.} Id. art. IX, § 7.5.

^{39.} See id. art. I, § 7(a).

^{40.} See id. art. I, § 28(c).

^{41. 5} Cal. 3d 584, 487 P.2d 1241, 96 Cal. Rptr. 601 (1971).

^{42.} See id. at 589-90, 487 P.2d at 1244, 96 Cal. Rptr. at 604.

^{43.} See id.

- "C. Fails to take account of any of the variety of educational needs of the several school districts (and of the children therein) of the State of California, and
- "D. Provides students living in some school districts of the State with material advantages over students in other school districts in selecting and pursuing their educational goals, and
- "E. Fails to provide children of substantially equal age, aptitude, motivation, and ability with substantially equal educational resources, and
- "F. Perpetuates marked differences in the quality of educational services, equipment and other facilities which exist among the public school districts of the State as a result of inequitable apportionment of State resources in past years.
- "G. The use of the 'school district' as a unit for the differential allocation of educational funds bears no reasonable relation to the California legislative purpose of providing equal educational opportunity for all school children within the State.
- "H. The part of the State financing scheme which permits each school district to retain and expend within that district all of the property tax collected within that district bears no reasonable relation to any educational objective or need.
- "I. A disproportionate number of school children who are black children, children with Spanish surnames, [and] children belonging to other minority groups reside in school districts in which a relatively inferior educational opportunity is provided."

The California Supreme Court reviewed the statistics presented by the plaintiffs and acknowledged that in the 1968-69 school year, disparities existed among districts.⁴⁵ For example, during that school year, Baldwin Park Unified expended only \$577.49 per pupil for education, whereas Beverly Hills Unified spent \$1,231.72 per

^{44.} Id. at 590 n.1, 487 P.2d at 1244-45 n.1, 96 Cal. Rptr. at 604-05 n.1.

^{45.} See id. at 594, 487 P.2d at 1247-48, 96 Cal. Rptr. at 607-08.

pupil.⁴⁶ Furthermore, the court noted that during that time, the real property assessed valuation per child in Baldwin Park was only \$3,706.00, whereas in Beverly Hills, the corresponding amount was \$50,885.00, a ratio of 1 to 13.⁴⁷ The court concluded that the plaintiffs' contention, that the school financing scheme classified on the basis of wealth, was irrefutable.⁴⁸

In addition to noting the obvious statistical discrepancies, the court recognized that due to higher assessed property values, wealthier districts could offer a higher level of education for their children than poorer districts, while imposing a lower tax rate. ⁴⁹ Meanwhile, poorer districts were financially crippled from raising tax rates high enough to match the educational levels provided by wealthier districts. ⁵⁰ As the court put it, "affluent districts can have their cake and eat it too: they can provide a high quality education for their children while paying lower taxes. Poor districts, by contrast, have no cake at all." Thus, the court concluded that "the school financing system discriminates on the basis of the wealth of a district and its residents."

Having recognized wealth-based discrimination, the court in Serrano I focused its attention on whether education was a fundamental interest. The court stated that "first, education is a major determinant of an individual's chances for economic and social success in our competitive society; second, education is a unique influence on a child's development as a citizen and his participation in political and community life." The court compared the right to an education with the rights of defendants in criminal cases and the right to vote. The court described the latter two of these rights as fundamental interests to which the court affords protection against

^{46.} See id.

^{47.} See id.

^{48.} See id. at 598, 487 P.2d at 1250, 96 Cal. Rptr. at 610.

^{49.} See id.

^{50.} See id. at 599-600, 487 P.2d at 1251, 96 Cal. Rptr. at 611.

^{51.} Id. at 600, 487 P.2d at 1251-52, 96 Cal. Rptr. at 611-12.

^{52.} Id. at 604, 487 P.2d at 1255, 96 Cal. Rptr. at 615.

^{53.} See id.

^{54.} Id. at 605, 487 P.2d at 1255-56, 96 Cal. Rptr. at 615-16.

^{55.} See id. at 607, 487 P.2d at 1257, 96 Cal. Rptr. at 617.

wealth-based discrimination.⁵⁶ The court recognized that education has greater social significance than simply providing criminal defendants with free transcripts or a court-appointed attorney.⁵⁷ Additionally, the court reasoned that education makes voting rights more meaningful.⁵⁸ Therefore, the court concluded that education is a fundamental interest.⁵⁹

After determining that education is a fundamental interest and that wealth is a suspect class, the California Supreme Court applied the strict scrutiny test to the California public school financing system. The court found that the financing system was not necessary to achieve any compelling state interest, thereby failing the strict scrutiny test. Accordingly, the court held that the system violated the Equal Protection Clause of the United States Constitution and of the California Constitution. However, the court's decision was not a final judgment on the merits because it held only that the plaintiffs' allegations were legally sufficient to reverse the trial court's judgment. As such, the court remanded the case with directions to overrule the demurrers and allow the defendants time to answer.

3. Serrano II

Between Serrano I and the time that the California Supreme Court revisited the issue of inequalities in California's public schools in Serrano II, 65 the United States Supreme Court rendered a contrary decision in a case strikingly similar to Serrano I. 66 In that decision, which concerned the financing of public education in Texas, the Court held that education is not a fundamental right. 67 Reaffirming its decision in Serrano I, the California Supreme Court carefully pointed out in Serrano II that it based its prior decision in Serrano I

^{56.} See id.

^{57.} See id. at 607, 487 P.2d at 1258, 96 Cal. Rptr. at 618.

^{58.} See id. at 608, 487 P.2d at 1258, 96 Cal. Rptr. at 618.

^{59.} See id. at 608-09, 487 P.2d at 1258, 96 Cal. Rptr. at 618.

^{60.} See id. at 614-15, 487 P.2d at 1263, 96 Cal. Rptr. at 623.

^{61.} See id.

^{62.} See id.

^{63.} See id. at 618, 487 P.2d at 1266, 96 Cal. Rptr. at 626.

^{64.} See id. at 619, 487 P.2d at 1266, 96 Cal. Rptr. at 626.

^{65. 18} Cal. 3d 728, 557 P.2d 929, 135 Cal. Rptr. 345 (1976).

^{66.} See San Antonio Indep. Sch. Dist. v. Rodriguez, 411 U.S. 1 (1973).

^{67.} See id. at 37.

not only on the Equal Protection Clause of the Federal Constitution, but also on similar provisions of the California Constitution. The court unequivocally indicated that *Serrano I* was still the law in California despite the contrary decision by the United States Supreme Court. 69

In Serrano II, the California Supreme Court noted that the legislature, after the court's decision in Serrano I, had implemented two bills, Senate Bill No. 90 (S.B. 90) and Assembly Bill No. 1267 (A.B. 1267), which mandated important changes in California's public school financing system. Recognizing that these changes were significant, the court nevertheless held that they did not alter the basic concept underlying the California public school system known as the foundation approach. This approach insures a certain guaranteed dollar amount for the education of each child in each school district. The most influential change brought about by S.B. 90 and A.B. 1267 was the dramatic increase in the foundation level. The dollars per average daily attendance (ADA) rose from \$355 per ADA to \$765 per ADA for elementary school students, and from \$488 per ADA to \$950 per ADA for high school students, as implemented for the fiscal year 1973-74.

Additional changes resulting from S.B. 90 and A.B. 1267 concerned revenue limits, whereby more affluent districts were bound by a maximum amount they could spend on a per pupil basis.⁷⁶ These wealthier districts were also restricted in the amounts they could levy through permissive overrides, which do not require voter approval, as additional taxes to pay for subsequent years' increases in expenditures.⁷⁷ The districts could, however, counter the restriction

^{68.} See Serrano II, 18 Cal. 3d at 776, 557 P.2d at 958, 135 Cal. Rptr. at 374.

^{69.} See id.

^{70.} See id. at 736, 557 P.2d at 931, 135 Cal. Rptr. at 347.

^{71.} See id. at 741, 557 P.2d at 935, 135 Cal. Rptr. at 351.

^{72.} Id.

^{73.} See id. at 742, 557 P.2d at 935, 135 Cal. Rptr. at 351.

^{74.} ADA is computed by adding the daily attendance for the whole year and then dividing that sum by the number of school days in the year. See id. at 738 n.8, 557 P.2d at 932 n.8, 135 Cal. Rptr. at 348 n.8.

^{75.} See id. at 742, 557 P.2d at 935, 135 Cal. Rptr. at 351.

^{76.} See id. at 742-43, 557 P.2d at 935, 135 Cal. Rptr. at 351.

^{77.} See id. at 743-44, 557 P.2d at 935-36, 135 Cal. Rptr. at 351-52.

imposed on permissive overrides by a majority vote.⁷⁸ Moreover, permissive overrides were available for special purposes such as capital outlays.⁷⁹ Finally, S.B. 90 and A.B. 1267 left undisturbed the basic aid, via which each district received \$125 per ADA, regardless of its needs.⁸⁰

Although S.B. 90 and A.B. 1267 reorganized the financing scheme of the California public schools, the three main elements of the system after the changes regarding basic aid, equalization aid, and tax rate limitations and overrides, precluded the elimination of the unconstitutional features identified in *Serrano I.*⁸¹ In reaching this conclusion, the court found that the revenue limit feature of the new law was replete with severe defects.⁸² By taking the 1972-73 revenues as its base figure, the law perpetuated inequities resulting from property tax base differentials.⁸³ The court stated that under the new law, even after twenty years, "there will continue to be a substantial inequality between . . . districts" and that "the system will continue to generate school revenue in proportion to the wealth of the individual district."

The court in *Serrano II* discussed various workable, practical, and feasible alternative methods of financing California's public school system which included:

(1) full state funding, with the imposition of a statewide property tax; (2) consolidation of the present 1,067 school districts into about five hundred districts, with boundary realignments to equalize assessed valuations of real property among all school districts; (3) retention of the present school district boundaries but the removal of commercial and industrial property from local taxation for school purposes and taxation of such property at the state level; (4) school district power equalizing[,] which has as its essential ingredient the concept that school districts could choose to

^{78.} See id. at 743, 557 P.2d at 936, 135 Cal. Rptr. at 352.

^{79.} See id. at 743-44, 557 P.2d at 936, 135 Cal. Rptr. at 352.

^{80.} See id. at 744, 745 n.17, 557 P.2d at 936, 937 n.17, 135 Cal. Rptr. at 352, 353 n.17.

^{81.} See id. at 744, 557 P.2d at 936-37, 135 Cal. Rptr. at 352-53.

^{82.} See id., 557 P.2d at 937, 135 Cal. Rptr. at 353.

^{83.} See id.

^{84.} Id. at 744-45, 557 P.2d at 937, 135 Cal. Rptr. at 353.

spend at different levels but for each level of expenditure chosen the tax effort would be the same for each school district choosing such level whether it be a high-wealth or a low-wealth district; (5) vouchers; and (6) some combination of two or more of the above.⁸⁵

Despite implementation of S.B. 90 and A.B. 1267, the court ultimately concluded that California's public school financing system violated the Equal Protection provisions of the United States and California Constitutions. Reaffirming its prior decision in Serrano I and incorporating the trial court's judgment, the California Supreme Court "set a period of six years from the date of entry of judgment as a reasonable time for bringing the system into constitutional compliance." Additionally, the court preserved the operation of the existing system until compliance had been achieved. Initially, the court required wealth-related disparities between school districts in per-pupil expenditures to be reduced to insignificant differences. According to the court, this meant amounts considerably less than \$100 per pupil. Plant is public school in the court of the court is meant amounts considerably less than \$100 per pupil.

4. Serrano II revisited

In 1982, a group of plaintiffs again filed the *Serrano* case in the California Superior Court in Los Angeles County. The plaintiffs claimed that California's school financing system still did not comply with the earlier order of *Serrano II*. Superior Court Justice Lester Olsen, however, ruled that the system did comport with the judgment in that case. The court reasoned that the \$100 band referred to in *Serrano II*, if to be used at all, must be adjusted for inflation. The court stated that absolute equality is neither practically

^{85.} Id. at 747, 557 P.2d at 938-39, 135 Cal. Rptr. at 354-55.

^{86.} See id. at 776, 557 P.2d at 958, 135 Cal. Rptr. at 374.

^{87.} See id. at 776-77, 557 P.2d at 958, 135 Cal. Rptr. at 374.

^{88.} Id. at 749, 557 P.2d at 940, 135 Cal. Rptr. at 356.

^{89.} See id.

^{90.} See id. at 749 n.21, 557 P.2d at 940 n.21, 135 Cal. Rptr. at 356 n.21.

^{91.} See id.

^{92.} See Paul M. Goldfinger, Revenues and Limits: A Guide to School Finance in California 9 (1997).

^{93.} See id.

^{94.} See id.

^{95.} See id.

possible, nor is it required under Serrano II.⁹⁶ Therefore, the court held that no further reduction in funding differences was constitutionally required.⁹⁷

Due to this decision, the state eliminated the revenue limit squeeze it had imposed on the wealthier districts, and provided equal inflation increases for all districts of the same type. The Court of Appeal affirmed the Superior Court decision. However, the plaintiffs pursued their appeal of the decision. In 1989, the parties entered into a settlement agreement dismissing the plaintiffs' appeals.

In the early 1990s, ABC Unified School District, joined by more than 100 other California school districts, filed a new lawsuit against the State of California. Unfortunately for the students of those districts, the plaintiffs withdrew their action in 1993 due to a lack of funds. These subsequent cases suggest that the California courts are now of the opinion that the state's public school system is in conformity with the decision rendered in *Serrano II*.

Based on the decisions in the aforementioned cases, it appears that the California judiciary's purpose was to narrow disparities in educational expenditures between the various districts so as to comport with the Equal Protection Clause.

III. CURRENT STATUS OF EQUALITY IN CALIFORNIA'S PUBLIC SCHOOL SYSTEM

Prior to Serrano II, California ranked 18th in the nation for its expenditures on education per ADA during the 1975-76 school year. Since then, California's ranking has declined to a record low of forty-first out of the fifty states during the 1994-95 school year. 105

^{96.} See id.

^{97.} See id.

^{98.} See id. at 11.

^{99.} See id.

^{100.} See id.

^{101.} See id.

^{102.} See id.

^{102.} See id.

^{104.} See id. at 8 tbl.1-1.

^{105.} See id.

Table 1 below illustrates a comparison of the 1995-96 revenues and expenditures per ADA of various schools in Los Angeles County. The data presented in the table indicate that the difference of more than \$100 between districts, defined as a significant disparity in *Serrano II*, 106 has not yet been eliminated irrespective of any adjustments for inflation.

TABLE 1.¹⁰⁷

		····	
DISTRICT NAME	1995-96 ADA	1995-1996	1995-1996
		REVENUES PER	EXPENDITURES
		ADA	PER ADA
ABC	21,570	4,443.49	4,414.99
Acton-Agua Dulce	2,078	4,174.89	3,772.98
Baldwin Park	15,776	4,159.83	4,027.42
Beverly Hills	5,138	6,228.89	6,014.06
Bonita	9,963	4,620.36	4,589.63
Claremont	6,446	4,878.94	4,770.88
Compton	27,381	4,653.09	4,379.03
Culver City	5,494	4,832.26	4,750.70
Downey	18,058	4,516.51	4,166.42
Duarte	4,555	4,313.74	3,960.52
Los Angeles	624,350	5,464.34	5,282.76
Lynwood	15,110	4,337.17	4,098.94
Manhattan Beach	4,958	4,933.96	5,087.01
Pasadena	21,735	5,038.54	4,944.54
Pomona	29,784	4,482.38	4,027.28

^{106.} See Serrano II, 18 Cal. 3d 728, 749 n.21, 557 P.2d 929, 940 n.21, 135 Cal. Rptr. 345, 356 n.21 (1976) (defining "insignificant differences" as "amounts considerably less than \$100.00 per pupil") (emphasis added).

^{107. 1995-96} LOS ÅNGELES COUNTY OFF. OF EDUC. ÅNN. FIN. REP. 20-29 tbl.4 (1997) [hereinafter LOS ANGELES COUNTY, 1995-96 REPORT].

The numbers presented in this table clearly demonstrate the existence of inequalities amongst the various school districts. For example, the Beverly Hills District's expenditures per ADA during the 1995-96 school year were 159% greater than those of the Acton-Agua Dulce District. In addition, revenues per ADA of the Beverly Hills District were 150% higher than those of Baldwin Park District.

Conditions of overcrowding and violence in the Los Angeles public schools have induced numerous parents to enroll their children in private schools. Notwithstanding the high cost of private education, applications are at an all time high. 109

Despite California's constitutional guarantee, 110 book shortages caused by inadequate funding plague a number of needy districts including Los Angeles Unified. 111 Moreover, students in urban districts fare worse than their suburban counterparts. 112 Although text-books can cost \$45 or more, Los Angeles Unified reserves only \$26 per student each year for textbooks. 113 This amount falls far below even the low statewide average of \$33. 114 Reasons cited for book shortages include the failure to adjust for inflation the levels of state funding for education, lost books, evolving educational methods, and individual school discretion in the allocation of funds. 115

While many states apportion 2% of funding to book purchases, California districts devote a mere 0.75%. Moreover, Los Angeles Unified spends only 0.5% of its funds on books. In addition, broad differences persist as to the amount each school within a district allocates to book purchases. For example, San Fernando High School allots only \$13 per student in contrast to the \$66 per student

^{108.} See Lois Timnick, Public School Woes Prompt Parents to Consider Options, L.A. TIMES (Westside ed.), Jan. 24, 1993, at J1.

^{109.} See id.

^{110.} See CAL. CONST. art. IX, § 7.5.

^{111.} See Amy Pyle, Book Shortage Plagues L.A. Unified, L.A. TIMES, July 28, 1997, at A1.

^{112.} See id.

^{113.} See id.

^{114.} See id.

^{115.} See id.

^{116.} See id.

^{117.} See id.

expended for North Hollywood High School's magnet program for the highly gifted. 118

Due to public criticism and outrage, Los Angeles Unified recently approved a \$6 million budget increase for textbooks. However, this amounts to merely \$4 more annually for each elementary school student, \$8 for each middle school student, and \$13 for each high school student. Even the school district acknowledged that the increase was insufficient to offset the \$40 average cost of textbooks. 121

These indicators plainly evidence that the underlying goals of *Serrano I* and *Serrano II*, to equalize funding among public school districts and to improve the quality of education, have not yet been achieved.

IV. CAUSES OF INEQUALITIES IN CALIFORNIA'S PUBLIC SCHOOL SYSTEM DESPITE THE MANDATE OF SERRANO V. PRIEST

Numerous factors have affected the holding of *Serrano II*. The primary factors which are discussed in this section include Proposition 13,¹²² the Gann limits in Proposition 4,¹²³ the ability of individual sponsors to contribute funds to their children's schools, and the varying amounts expended by districts for items such as security and maintenance. Other influences, such as parental income and education level, local crime statistics, and general local economic conditions may likewise affect the quality of education provided to students. However, these issues will not be examined in this Comment.

A. Proposition 13

In September of 1977, Governor Jerry Brown signed Assembly Bill No. 65 (A.B. 65) in an effort to comply with the \$100 allowable discrepancy range delineated in *Serrano II*. Targeting school

^{118.} See id.

^{119.} See Amy Pyle, L.A. Unified OKs \$6 Million for Textbooks, L.A. TIMES, Oct. 21, 1997, at B1.

^{120.} See id.

^{121.} See id.

^{122.} See infra Part IV.A.

^{123.} See infra Part IV.B.

^{124.} See William A. Fischel, How Serrano Caused Proposition 13, 12 J.L. & POL. 607, 611 (1996).

financing procedures, A.B. 65 was scheduled to take effect in 1978-79. The bill afforded aid to property-poor districts by transferring a portion of the property taxes collected from more affluent districts to the state. In turn, the state would distribute these funds to the property-poor districts. 127

Prior to implementation of A.B. 65, however, California voters passed a ballot initiative called Proposition 13 by a two-to-one margin. Proposition 13 permanently restricted property tax rates to a maximum of 1% of the assessed property value of individual properties and mandated a rollback in all property assessments to 1975 levels. Page 41 Also, reassessment to market value was only permitted upon sale of the property. In addition, Proposition 13 limited the annual increase of assessed property value during non-sale years to a maximum of 2%. In addition, Proposition 13 limited the annual mum of 2%.

Further curtailing the state's and the districts' abilities to garner educational funding based on property values, "Proposition 13 required a two-thirds majority of local voters to adopt special, non-property local taxes, and it forbade any statewide property taxes, which had earlier been discussed as a remedy for *Serrano [II]*." Since Proposition 13 was a constitutional amendment, it superseded A.B. 65, which was merely a legislative bill. 133

Scholars have noted that "the passage of Proposition 13 in 1978 definitely put education into a financial straightjacket." Proposition 13 slashed property taxes by an average of 60%, which caused many school districts to become dependent on state aid. In addition, "revenue limits" funding was drastically reorganized by

^{125.} See Lawrence O. Picus, Cadillacs or Chevrolets?: The Evolution of State Control over School Finance Reform in California, 17 J. EDUC. FIN. 33, 42 (1991).

^{126.} See Fischel, supra note 124, at 611.

^{127.} See id.

^{128.} See id. at 612.

^{129.} See id.

^{130.} See id.

^{131.} See id.

^{132.} Id.

^{133.} See id.

^{134.} GOLDFINGER, supra note 92, at 7.

^{135.} See id. at 5.

^{136.} Revenue limits are defined as "[t]he amount of revenue that a district

Proposition 13.¹³⁷ As a result, 100% of a school district's marginal income and all subsequent increases in its revenue limit must be derived from state aid.¹³⁸

Consequences of Proposition 13 included the transfer of the burden of inflation related educational cost increases from the local property taxpayers to the state, as well as instability in educational funding caused by increased dependency of the school districts on state aid. ¹³⁹ In addition, school budgets are currently affected by judicial and federal mandates concerning welfare, Medicare, and/or Social Security which compete for the state's budget. ¹⁴⁰ Meanwhile, few counties have succeeded in obtaining more than two-thirds of its voters to approve a special tax designed to fund education. ¹⁴¹

By design, A.B. 65 sought to aid property-poor school districts, pursuant to *Serrano II*, through redistribution of the funds generated by property-rich districts. In actuality, A.B. 65 compromised both the impoverished and affluent districts by providing voters with an incentive to pass Proposition 13 which reduced the property tax revenues generated by all of the districts.

B. Gann Limits in Proposition 4

Proposition 4, an initiative authored by Paul Gann, the co-author of Proposition 13, fueled the taxpayer revolt spawned by Proposition 13 by establishing constitutional limits on permissible increases in state and local government spending. Proposition 4 imposed an unreasonable constraint on government funding by initially fixing the Gann limit inflation factor to the smaller of the annual percentage change in either the United States Consumer Price Index (CPI) or

can collect annually for general purposes from local property taxes and state aid. The revenue limit is composed of a base revenue limit — a basic education amount per unit of ADA computed by formula each year from the previous year's base revenue limit — and any of the number of revenue limit adjustments that are computed anew each year." *Id.* at 222.

^{137.} See id. at 5.

^{138.} See id. at 6.

^{139.} See id.

^{140.} See id.

^{141.} See id. at 6-7.

^{142.} See Fischel, supra note 124, at 611.

^{143.} See GOLDFINGER, supra note 92, at 12.

California per capita personal income. ¹⁴⁴ Under this "whichever is smaller" provision, the Gann limit allowed inflation growth of only 84% from the 1978-79 base year through the 1989-90 fiscal year. Yet, California per capita personal income increased by 113% during that same period. ¹⁴⁵ Even though the public school system was financially destitute, California elected to rebate surplus state funds to taxpayers in the 1986-87 fiscal year pursuant to the limits imposed by Proposition 4. ¹⁴⁶

Fortunately, the problems inflicted on the public school systems by Proposition 4 were eliminated in 1988 by Proposition 98, an initiative sponsored by the educational community. Proposition 98 provided the public schools with "a constitutionally protected portion of the State Budget." Moreover, it specified that any future state fund surplus in excess of the Gann limits would be redirected towards education, instead of being refunded to taxpayers. ¹⁴⁹

Proposition 98 nullified the constraints that the Gann limits had placed on state spending. To counteract this effect and to reestablish a realistic Gann spending limit, the Legislature placed Proposition 111 on the June 1990 ballot. Proposition 111 authorized the sole use of California per capita income percentage fluctuations to compute inflation changes for future years. As such, the state's Gann limit could grow faster, thereby increasing funding for education and all other state funded programs. 153

Although Proposition 4 does not presently impact the state's educational budget, it did affect it during the ten-year period prior to the passage of Propositions 98 and 111. Accordingly, the goals of *Serrano II* during this period were further undermined.

^{144.} See id.

^{145.} See id.

^{146.} See id. at 12-13.

^{147.} See id. at 13.

^{148.} Id.

^{149.} See id.

^{150.} See id.

^{151.} See id.

^{152.} See id.

^{153.} See id.

C. Individual School District's Ability to Solicit Private Donations and Approve Special Taxes

Inequalities amongst the school districts are also fostered by the ability of the more affluent districts to raise additional funding through the parents of children attending their schools. Since this luxury cannot be afforded by the poorer districts, the gap between districts in monies available for educational purposes is further widened. This fund-raising ability of affluent schools creates further inequalities across district lines as well as amongst schools within the same district. 155

For example, Corona Del Mar High School's Parent-Teacher Association (PTA) normally raises approximately \$50,000 by sponsoring a public tour of glamour homes in Newport Beach. ¹⁵⁶ In contrast, Costa Mesa High School's PTA typically raises only \$6,000 through its annual 5K run. ¹⁵⁷ Although both schools are governed by Newport-Mesa Unified School District, they are obviously not equal with respect to monies raised through these extraneous sources. ¹⁵⁸

More apparent are the inequalities in the curricula offered by schools within the same district. For instance, Corona Del Mar elementary schools supplement their regular faculty with additional staff that is available throughout the school year. These individuals are paid through parent fund-raisers for subjects such as art, science, and music. Yet, compare this situation to that in Costa Mesa, where an art teacher at Adams Elementary School is also compensated by parent fund-raisers. She visits only six times a year at a cost of \$3,000. This funding inequality has officials concerned because of the direct correlation between the amount of money spent on students and their future success. This correlation is supported by the fact that the students attending Corona Del Mar

^{154.} See Hope Hamashige, State Cuts Create O.C. School Inequalities, L.A. TIMES (Orange County ed.), Apr. 8, 1996, at A1.

^{155.} See id.

^{156.} See id.

^{157.} See id.

^{158.} See id.

^{159.} See id.

^{160.} See id.

^{161.} See id.

^{162.} See id.

schools rank higher than students attending Costa Mesa schools on standardized tests at all grade levels. 163

In addition, only a few districts are prone to vote for special assessments for supplemental educational funding, which require a two-thirds voter approval under Proposition 13.¹⁶⁴ San Francisco County exemplifies a district achieving the benefits of special taxes approved by two-thirds or more of its constituency.¹⁶⁵ As such, this county garnered "a 74% 'YES' vote in 1993" to a 1/4-cent sales tax increase for schools.¹⁶⁶

D. Disparate Amounts Spent by the School Districts for Non-Educational Purposes

The annual financial report prepared by the Los Angeles County Office of Education indicates that enormous disparities exist amongst the schools concerning expenditures for items such as maintenance and security. Table 2, infra, illustrates that these disparities have resulted in inequalities amongst the districts with respect to the amount of funds available for direct educational expenses such as textbooks and teacher salaries. The data in Table 2 demonstrate that a smaller portion of the budget remains available for educational purposes in the neediest and most disadvantaged districts. ¹⁶⁷

For example, the Acton-Agua Dulce District allots \$422.17 per ADA for books and supplies, but only \$21.83 for capital outlay. These spending inequalities are demonstrated by comparing the Acton-Agua Dulce District with the Long Beach District, which allocates only \$212.71 per ADA for books and supplies, and \$344.86 per ADA for capital outlay. 169

^{163.} See id.

^{164.} See GOLDFINGER, supra note 92, at 6-7.

^{165.} See id. at 7.

^{166.} *Id*.

^{167.} See generally LOS ANGELES COUNTY, 1995-96 REPORT, supra note 107, at 138-39, 146-51 tbls.19, 23-25 (ranking the amounts spent by the schools in Los Angeles County for teachers' salaries, books and supplies, contracted services, and capital outlay).

^{168.} See id. at 146, 150 tbls.23, 25.

^{169.} See id.

TABLE 2170

D	AVERAGE	EXPENDITURES	EXPENDITURES
DISTRICT	TEACHERS'	FOR BOOKS	FOR CAPITAL
NAME	SALARIES PER	AND SUPPLIES	OUTLAY PER
	ADA	PER ADA	ADA
Beverly Hills	\$2,820.50	\$241.34	\$67.70
Santa Monica - Malibu	\$2,196.73	\$165.82	\$92.21
Acton - Agua Dulce	\$1,672.44	\$422.17	\$21.83
Long Beach	\$1,863.78	\$212.71	\$344.86
Claremont	\$1,958.94	\$153.67	\$67.45
Hacienda - La Puente	\$1,765.12	\$199.93	\$294.30
Baldwin Park	\$1,682.76	\$220.60	\$70.82
Compton	\$1,539.31	\$194.63	\$185.89

V. LEGISLATIVE PROPOSAL TO MINIMIZE THE INEQUALITIES IN CALIFORNIA'S PUBLIC SCHOOL SYSTEM

As the foregoing sections suggest, California's current public school system is in desperate need of restructuring to ensure equality in education. The following is a proposal to reduce the impact of the current crisis revolving around educational inequalities.

The first step in achieving this solution is to accept the fact that complete equality can never be achieved in any aspect of our lives. Once we concede that we live in a democratic country that promotes capitalism, we have no choice but to acknowledge that the wealthier constituents will always be capable of spending more on their children's educations by placing them in private schools or by supplementing their public education through independent programs. This Comment rejects the solutions proposed by *Serrano I* and *Serrano II*, which sought to equalize funding amongst the various school

districts, and instead focuses on establishing minimum standards of education.

As such, our goal should be to provide each and every student with an education that satisfies the minimum standards promulgated by the people of the state. This goal can be achieved by passing an initiative that includes the following provisions:

- (1) Creation of a state-wide educational Committee, comprised of thirteen members, including and headed by the Governor. The size of the Committee is designed so as not to vest too much power in a few individuals, and yet to be small enough to reach decisions efficiently and effectively. The twelve members other than the Governor will be nominated and approved by the state legislature so as to ensure that persons of varied political views are represented.
- (2) The Committee members shall be comprised of persons from various professions, including education, the two United States senators from California, and at least two lay persons whose children currently attend the public schools in California. The diverse educational and professional background of the Committee's members will assist it in reaching an informed decision on each issue deliberated upon. Meanwhile, the Governor's function will be limited to attending the meetings without voicing his opinion to ensure that the other members will not be influenced by it, and to casting the tiebreaking vote when necessary.
- (3) The Committee shall create a uniform educational curriculum for kindergarten through the twelfth grade which meets the new minimum standards set forth by the Committee. This curriculum shall include requirements such as the math classes each student must enroll in at each grade level and will state how many years of chemistry, physics, English, and biology are to be completed by each student in order to graduate. The implementation of such a uniform curriculum in the public schools will ensure that when two students from different schools graduate, both will have completed the core classes that the Committee determines are essential for the students' success in their college years.

The lack of a standardized curriculum was pointed out by E. D. Hirsch, Jr., 171 who noted that the existence of a coherent curriculum

^{171.} See E. D. HIRSCH, JR., THE SCHOOLS WE NEED AND WHY WE DON'T

is a myth in the public schools.¹⁷² Hirsch recalls that a school "district superintendent . . . [informed him that] he had mistakenly assumed each of his schools was determining what would be taught to children at each grade level, but was shocked to find that assumption entirely false."¹⁷³ The superintendent "discovered that no principal in his district could tell him what minimal content each child in a grade was expected to learn."¹⁷⁴ The severity of the problem was demonstrated by an example where Hirsch had "received a letter from a distraught mother of identical twins in which she complained that her children had been placed in different classes at the same school and were learning totally different things."¹⁷⁵

- (4) The Committee will provide a list of textbooks and materials for each subject from which the school boards can choose. The school boards must provide the Committee with a finalized list of classes, books, and materials that it will furnish to each student in its district. This will allow the local school boards a certain degree of flexibility while at the same time ensuring that only approved textbooks and materials are used.
- (5) In conjunction with the State Education Board, the Committee shall organize standardized testing, which should encompass the minimum curriculum adopted by the Committee. These standardized tests shall be administered by independent agencies to all students of the public schools. No student may proceed to the next grade level without passing the test administered for their present level and each teacher will be paid a bonus based on the number of students in their class that graduate to the next level. The standardized tests will ensure that students are not being allowed to move on to the next grade without having achieved an appropriate degree of proficiency for their current grade level. Also, the use of independent agencies in administering the standardized tests will ensure that the tests are not administered by those who have a vested interest in

HAVE THEM (1996). E. D. Hirsch, Jr. is a professor at the University of Virginia, a renowned author, and the "president of the nonprofit Core Knowledge Foundation, whose grade-by-grade curriculum is followed by more than two hundred schools in thirty-seven states." *Id.*

^{172.} See id. at 26.

^{173.} Id.

^{174.} Id. at 26-27.

^{175.} Id. at 27.

the outcome of the results. Finally, by tying teachers' compensation to the test results of their students, teachers will have an incentive to focus on the weaknesses of their students during the school year to ensure that such students perform well on the standardized tests.

(6) The Committee shall make recommendations as to the level of funding to be provided to each district. Rather than attempting to equalize funding among the districts, the Committee will focus on providing each district with the level of funding necessary to achieve the minimum educational standards. Therefore, a school district with older facilities in a high crime area requiring more maintenance and security will be provided with a higher level of funding than a school district with newer facilities in a lower crime area.

For example, school district A may require \$3 million for capital outlay and security, whereas school district B may require only \$1 million for the same purposes. Yet, both districts may require \$2 million for direct educational expenses in order to achieve the minimum standards. Therefore, in this example, school district A would receive \$5 million of total funding, while school district B would receive only \$3 million.

The Committee, rather than being fixated on equalizing the total dollars allocated to the school districts, will focus on providing sufficient amounts to each district in order to implement the minimum standards. This proposed funding system, while unequal in total funding per district, is equitable because it attempts to equalize funds allocated to each district which are actually used for direct educational expenses, such as books and teacher salaries.

Although this proposal will not completely equalize the standard of education provided by all public schools, it will nevertheless ensure a minimum standard of education for students seeking a public education in California. Through this minimum standards system, the state can graduate students who will be equally qualified to take advantage of the many exceptional public colleges and universities available to them.

Though the costs of establishing this proposed solution may seem initially daunting, the indirect costs associated with not implementing such a program will be far greater. For example, the California Supreme Court in San Francisco Unified School District v.

Johnson¹⁷⁶ recognized that "[u]nequal education . . . leads to unequal job opportunities, disparate income, and handicapped ability to participate in the social, cultural, and political activities of our society." The court further noted that "the attainment of equal educational opportunity . . . is beneficial to all students," and that "education is perhaps the most important function of the state and local governments It is required in the performance of our most basic public responsibilities, even service in the armed forces." "¹⁷⁹

VI. CONCLUSION

The primary goal of Serrano I and Serrano II, to achieve equality in education, has been undermined by a well-intentioned but misguided attempt to equalize funding amongst the various school districts. To achieve true equality in the quality of education provided to each child, it is imperative that the state returns its focus to a determination and implementation of the minimum standards of education that are acceptable to us as a state. In our democratic society, which values capitalism, equality in the amount of money spent on each child's education will never be achieved. Only by establishing and implementing minimum educational standards can we avoid the tremendous costs associated with the increasing number of poorly educated students our school systems are generating. Unless such corrective measures are enacted by the California Legislature, the public can expect to shoulder the cost of more than three generations of poorly educated students that will be produced by California's public school system.

Hanif S. P. Hirji*

^{176. 3} Cal. 3d 937, 479 P.2d 669, 92 Cal. Rptr. 309 (1971).

^{177.} Id. at 950, 479 P.2d at 676, 92 Cal. Rptr. at 316.

^{178.} *Id.* (quoting Lee v. Nyquist, 318 F. Supp. 710, 714 (W.D.N.Y. 1970)). 179. *Id.* (quoting Brown v. Board of Educ., 347 U.S. 483, 493 (1954)).

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