



LAUSD
UNIFIED

Public Education Revenue Task Force

June 26, 2026

Agenda

Welcome and Introductions

Special Remarks (Recorded)

Selection of Task Force Chair

State Funding Landscape

Revenue-Generation Proposals and Discussion

Next Steps

Public Comment

Welcome and Introductions

Remarks by Acting Superintendent Andrés Chait

Remarks by Board Member Tanya Ortiz Franklin



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Task Force Creation and Goals

- On May 12, 2026, the LAUSD Board of Education unanimously passed “Public Schools Over Private Loopholes: Working Together for the Revenue Our Students Deserve,” a resolution calling for urgent state-level action to strengthen public education funding.
- This resolution directs the creation of a Public Education Revenue Task Force to identify and advance strategies for increased public education revenue in California.
- The resolution directs the task force to be led by the LAUSD's Office of Governmental Relations and composed of an equal number of representatives appointed by our labor partners and representatives (staff, experts, and/or community partners) appointed by the District.
- Through this task force and other advocacy efforts, LAUSD will continue to collaborate with labor and community partners to raise revenue for our public education system.
- This task force is intended specifically for external advocacy for more overall funding for public education – not advocacy on LAUSD's internal budgeting decisions and policies.

Task Force Members

- **Maria Nichols**, President, Associated Administrators of Los Angeles/Teamsters Local 2010
- **Letetsia Fox**, Senior Financial Manager/Chapter President, California School Employees Association Chapter 500
- **Eddie Alvarez**, Council Representative, L.A./Orange Counties Building & Construction Trades Council
- **Jen Baca-Beltran**, Government Relations Director, SEIU Local 99
- **Adriana Salazar Avila**, President, Teamsters Local Union 572
- **Jennifer Albright**, Teacher, Taper Avenue Elementary, United Teachers Los Angeles
- **Michael Nailat**, Director of Budget Analysis, Catalyst California
- **Mayra Lara**, Greater Los Angeles Region Director, EdTrust-West
- **Yolie Flores**, President & CEO, Families in Schools
- **Ana Ponce**, CEO, Great Public Schools Now (GPSN)
- **Victoria Ruan**, Rockdale VAPA Magnet PTA President, 10th District Parent Teacher Student Association (PTSA)
- **Pedro Salcido**, Deputy Superintendent, Business Services and Operations, Los Angeles Unified School District

Key Brown Act Requirements

- Agenda and materials posted 72 hours in advance.
- Provide opportunity for members of the public to attend and address the legislative body.
- Only discuss and deliberate on items on the agenda.
- Publicly report any action taken and vote of each member present.
- Limitations on remote participation for a task force member.
 - "Just Cause": A member may join remotely if they are dealing with a contagious illness, a family medical emergency, caregiving needs, official agency travel, or an immunocompromised family member. If the body meets once per month or less, members can only remotely participate in up to two meetings per year.
 - Disability Accommodation: The Brown Act allows members to participate remotely as a reasonable accommodation for a disability.

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Meeting Roadmap and Logistics

- The task force will continue for at least a year, with annual assessments to determine whether it shall continue into the next school year in its current form. The task force will sunset after no later than three years.
- Meetings will include discussion of revenue-generation proposals and coalition-building ideas, with the aim of collaborating on joint advocacy activities on legislation and state budget proposals as well as establishing a shared set of advocacy priorities related to state funding that can be communicated with the new Governor before the end of this year.
- Meetings will take place:
 - Every other month.
 - In person meetings only.
- If a task force member is unavailable, they may designate an alternate from their organization to attend a meeting in person on their behalf.

Questions?

Selection of Task Force Chair

Chair Selection Process

1. Role and responsibilities of the chair.
 - a. Assist with establishing meeting agendas.
 - b. Facilitate meeting discussions.

2. Interested task force members self-nominate.
 - a. If no one self-nominates: open to nominations of other members.
 - b. If no one nominates another member: push to end of meeting or to second meeting.

3. If multiple members are nominated: members will vote privately; staff will collect the votes and announce the new chair.
 - a. If there is a tie: re-vote on only the tied nominees.
 - b. If it remains a tie: random draw of the tied nominees.

State Funding Landscape

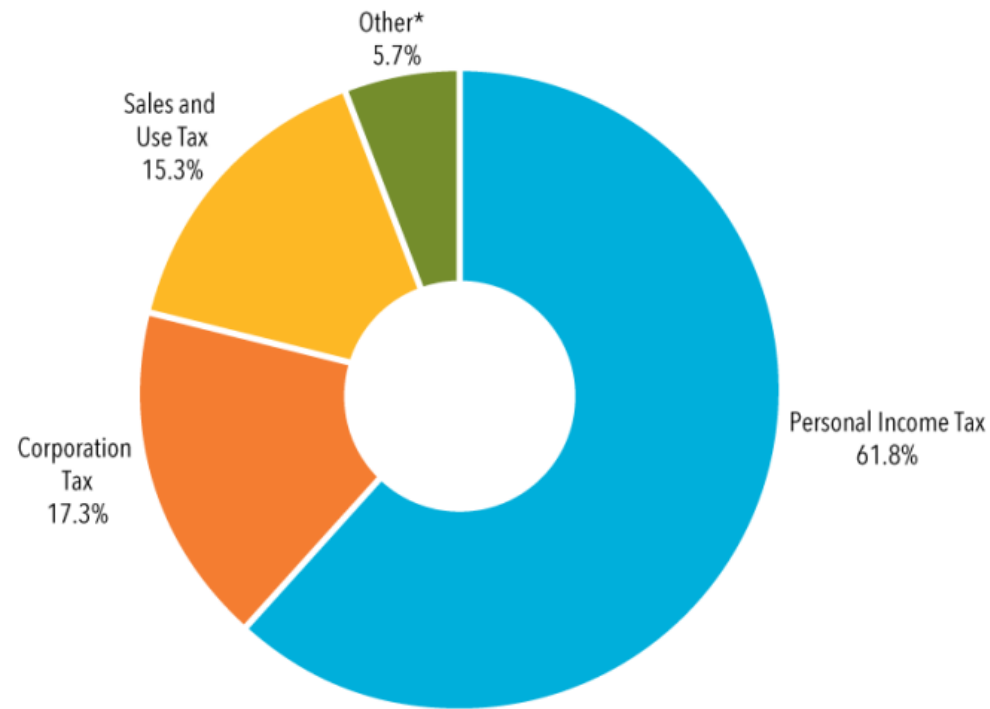
Ongoing Challenges Facing Public Education

- Declining enrollment
- Costs rising faster than investments
- Federal uncertainty
- Immigration enforcement activity
- End of COVID-19 funds

How Does the State Get Its Revenue?

The Personal Income Tax, Corporation Tax, and Sales and Use Tax Provide Nearly 95% of California's General Fund Revenues

Enacted 2022-23 General Fund Revenues = \$222.7 Billion



* Includes Insurance Tax, Alcoholic Beverage Taxes and Fees, Cigarette Tax, Motor Vehicle Fees, and other sources of revenue.
Note: Enacted revenues exclude unspent funds carried forward from 2021-22 to 2022-23. Figures do not sum to 100 due to rounding.
Source: Department of Finance



California Budget
& Policy Center

Barriers and Limitations

- **Gann Limit**
 - Constitutional spending cap approved by voters via Prop. 4 in 1979.
 - If state revenues exceed the limit based on 1978-79 budget year, adjusted for inflation, the state must provide half of the revenue over that limit to taxpayers and the other half to K-14 education on a per-pupil basis.

- **Prop. 13**
 - Caps property taxes at 1% of a property's assessed value and fixes a property's assessed value to its purchase price.
 - ➔ This reduced the property tax revenues available for school districts. As a result, school budgets have become dependent on more volatile state revenues.
 - Requires local and state governments to get two-thirds of the vote to introduce new taxes.
 - Changing Prop. 13 would require a constitutional amendment (citizen initiative or two-thirds legislative referral to ballot, followed by voter ratification).

- **Federal Law**
 - Due Process Clause of the Fourteenth Amendment restricts state taxation of out-of-state assets.

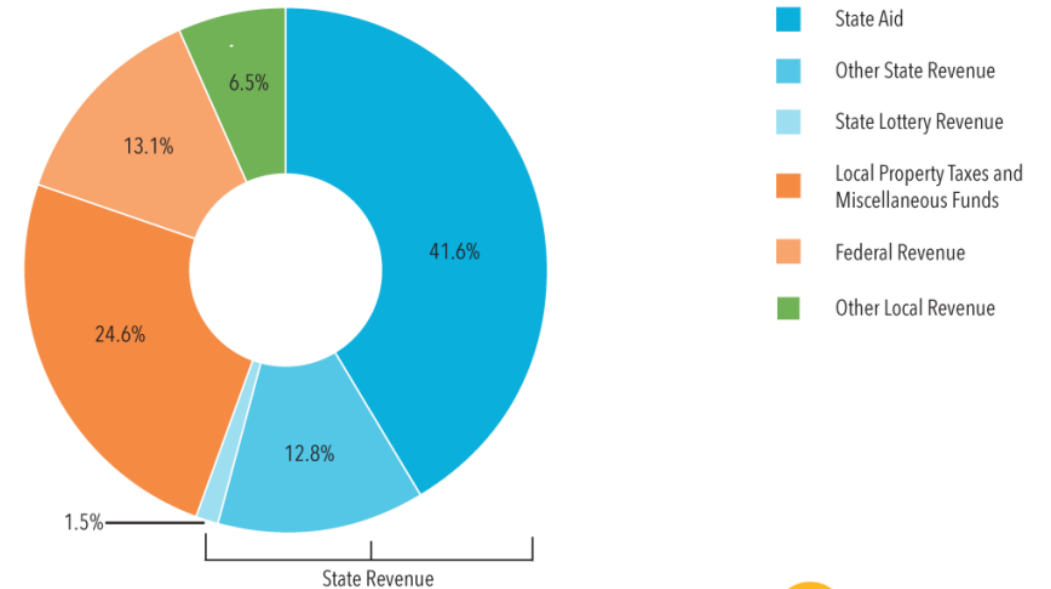
- **What else?**

Where Does LAUSD Get Its Funding?

- Approximately 90% from the State of California.
- Approximately 10% from the federal government.

The Majority of K-12 Education Funding Comes From the State

Revenues for K-12 School Districts and County Offices of Education, 2020-21

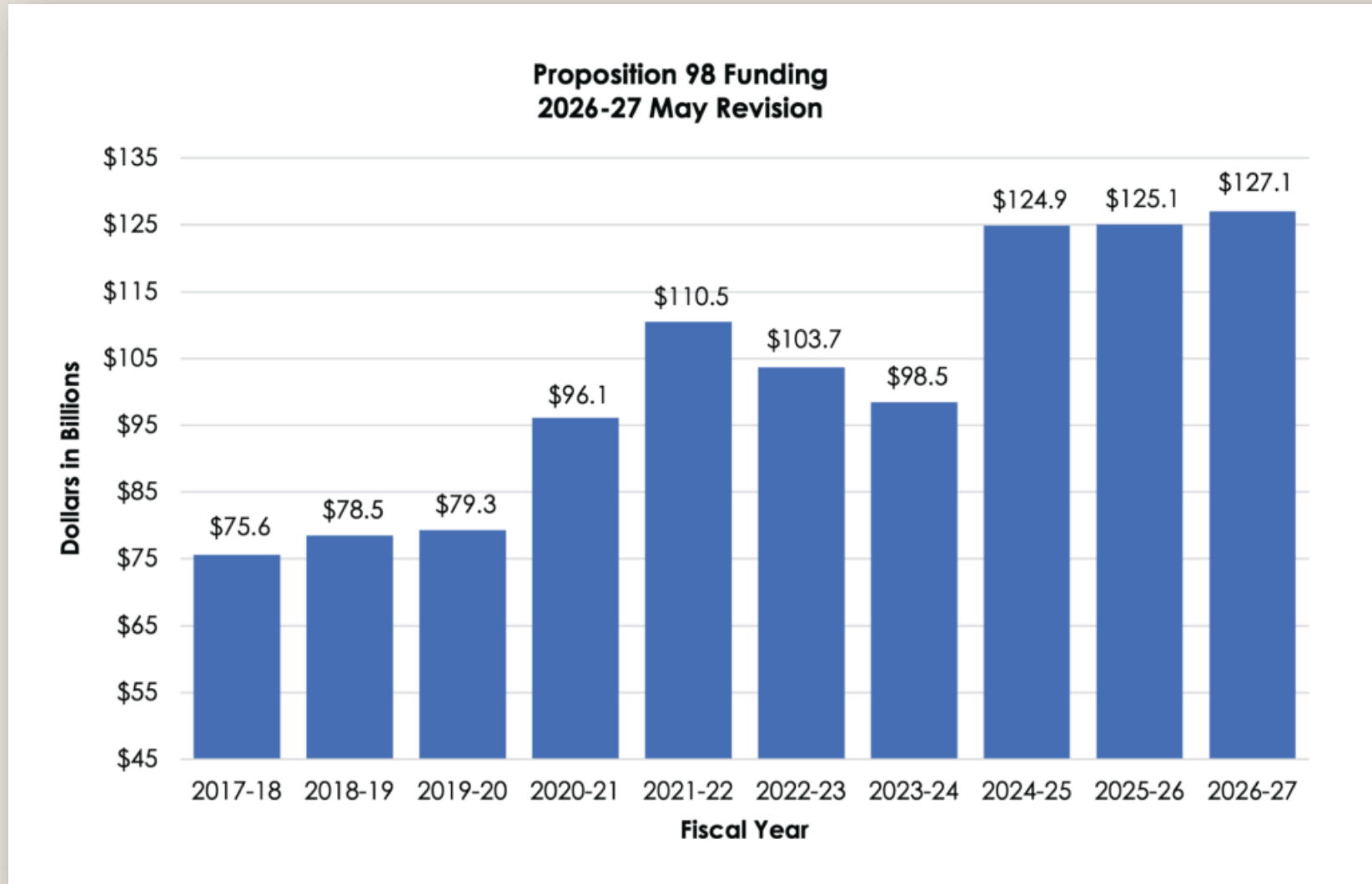


Note: Includes child development and general funds for school districts and county offices of education. Figures do not sum to 100 due to rounding.
Source: California Department of Education

State Education Funding

- **Prop. 98**
 - K-12 and community colleges receive approximately 40% of the state's revenue.
- **Local Control Funding Formula (LCFF)**
 - New school funding formula enacted in 2013 that collapsed over 40 different categorical/earmarks.
 - The LCFF distributes roughly \$4 out of every \$5 that K-12 schools receive from the state budget and local property tax revenue.
 - Core principles of local control, accountability, and equity.
- **Examples of Other State Funding Sources**
 - School meals
 - Home to school transportation
 - Special education (AB 602)
 - Before- and after-school care and summer school (ELOP)
 - Teacher preparation programs

Proposition 98 Funding



Source: California Department of Finance

Where We Are Today:

Overall State Revenue Picture

- Legislative Analyst's Office:
 - "Both our office and the administration have estimated the state faces structural deficits ranging from \$20 billion to \$30 billion annually."
 - "While recent revenue gains—driven by a strong stock market and investor enthusiasm surrounding artificial intelligence—have buoyed the state's near-term budget picture, long-term imbalance will likely persist without significant policy changes."

Where We Are Today:

2026–27 State Revenue Provisions in State Budget

- **Large Corporation Tax Credit Limitation –**
 - Extends the 2024–26 business tax credit cap through 2029 to limit claimed business tax credits from exceeding \$5 million in any of the next three taxable years.
 - New permanent business tax credit limit starting in 2030, limiting a company's tax credit usage to \$5 million per year or 70% of the company's tax liability, whichever is greater.
 - Estimated revenue increase of a \$1 billion in 2026–27, \$3.3 billion in 2027–28, and growing to over \$4.5 billion through 2029.
- **Digital Software Sales Tax Changes –**
 - Applies sales tax to sales of digital prewritten software, regardless of how the product is delivered to the purchaser (i.e., whether on a disc or physical medium, electronic transmission, download, or remote access through the internet).
 - Estimated revenue increase of \$450 million in 2026–27, \$900 million in 2027–28, and annually thereafter.

Where We Are Today:

2026 State Pending Legislation

- **AB 1204 (Alvarez)** – Proposes changes to the Local Control Funding Formula to increase funding for districts, including establishing a regional COLA and new LCFF funding targets.
- **AB 1790 (Connolly)** – Increases funding for public schools by closing the Water's Edge tax loophole used by multinational corporations.
- **SB 1349 (Gonzalez)** – Directs the Legislative Analyst's Office to evaluate the costs and benefits of existing major state tax expenditures.
- **AB 2526 (Muratsuchi)** – Adds students who qualify for the California Alternative Assessment as eligible recipients of funding for the low-incidence disability SELPA funding plan.

Where We Are Today:

November 2026 Ballot

- **Provides permanent funding for schools and healthcare by extending existing tax on high incomes***
 - Makes permanent Prop. 30 (2012)/Prop. 55 (2016) income taxes on high income earners.

- **Limits ability of voters to raise revenues for local government services***
 - Increases the vote threshold needed to pass voter-proposed local special taxes from a simple majority (over 50%) to two-thirds (over 66.6%).
 - In charter cities, such as Los Angeles, prohibits voters from approving real estate transfer taxes other than the existing 0.11% transfer tax.

- **Imposes one-time tax on certain individuals and trusts (Billionaire's tax)***
 - One-time tax of up to 5% on taxpayers and trusts with covered assets valued over \$1 billion.
 - 90% of funds allocated to health care, and 10% for food assistance or education-related programs
 - No guaranteed funding for schools; new revenues excluded from meeting Prop. 98 requirements.

- **Requires new state taxes be subject to existing voter-approved school funding requirement and state spending limit. Initiative constitutional amendment****
 - Prohibits new state taxes that exclude their revenues from meeting Prop. 98 requirements. Applies to taxes that are enacted or take effect on or after January 1, 2026.

* *Eligible for November 2026 ballot*

** *Not yet qualified for November 2026 ballot*

Questions?

Revenue-Generation Proposals

State Advocacy Buckets

- **Education-Specific Policy Ideas**
- **Statewide Taxation Policy Ideas**
 - Due to Prop. 98, K-12 and community colleges would automatically receive 40%.

Path to Enactment

Legislation

- LAUSD can advocate

Ballot Initiatives

- LAUSD can inform only

Education-Specific Policy Ideas

Proposal	Explanation	Path to Enactment	Impact to Public Education Revenue
LCFF reform	Public Policy Institute of California estimates \$7.5 billion in "excess" Prop. 98 funds by 2030 due to declining enrollment. Revisions to the Local Control Funding Formula (LCFF), such as establishing a regional COLA, could present a funding opportunity for LAUSD. Read more here .	Legislation	Restructure the pie
Enrollment-based funding	California schools are currently funded according to student attendance, while 45 other states are funded based on student enrollment. Switching to an enrollment-based system would increase K-12 funding by \$6 billion annually; the largest increases would go to districts with more higher need pupils. Read more here .	Legislation	Restructure the pie
Parcel tax threshold	In California, parcel taxes must be passed by two-thirds of voters (unless they are citizen-initiated). Changing the state constitution to reduce the passage threshold for parcel taxes to 55% would make it easier for school districts to win passage of this revenue source. Read more here .	Legislative bill first, then a ballot initiative	Increase the pie
Equalization formulas	One option to address the funding disparity caused by local property tax revenue surpassing LCFF entitlements in basic aid school districts would be to employ equalization formulas that recapture property tax revenue from school districts that receive local property taxes in excess of their LCFF entitlements and redistribute it to school districts with less property wealth. Read more here .	Legislation	Increase the pie

Statewide Taxation Policy Ideas

Path to Enactment: Ballot Measure*

Proposal	Description	Estimated State Revenue Raised
Split roll property tax	This option would increase the share of property tax revenues going toward schools by reforming Prop. 13 to tax commercial property on its market value instead of its assessed value. Note: Prop. 15 attempted this in 2020 and lost with 52% of voters opposed. Read more here .	\$7-13 billion annually
Statewide commercial property tax rate	An alternative to the split roll property tax is establishing a flat, a statewide property tax rate on the taxable value of all commercial and industrial property. This could be paired with addressing provisions in the tax code that allow commercial and industrial properties to avoid reassessment even after change of ownership.	\$9 billion for each 0.5% increment of property tax the state levies
Pied-à-terre tax	A pied-à-terre tax is a property tax on high-value homes not used as a primary residence. A new pied-à-terre tax on vacant luxury second homes in New York City is expected to raise \$500 million annually. Read more here .	Potentially billions annually (if statewide)

*Due to Prop. 13's restrictions on property tax

Statewide Taxation Policy Ideas

Path to Enactment: Legislation or Ballot Measure*

Proposal	Description	Estimated State Revenue Raised
Income tax increase for millionaires	This option creates an additional 1 percent surcharge on personal income over \$1 million. This would increase the tax rate on this income from 13.3% to 14.3%.	\$1-3 billion annually
Estate or inheritance taxes	California repealed its inheritance tax in 1982 and its estate tax in 2005. Sixteen states have either an inheritance or an estate tax, which typically include exemptions for properties below certain values. Read more here .	\$1-3 billion annually
Eliminate stepped-up basis rule for taxation of inherited property	As an alternative to estate taxes, California could eliminate the income tax exemption for inherited assets. Currently, in state and federal tax code, the capital gain on a sold inherited asset is calculated by comparing the sale price of the asset to its value when the heir received it, instead of the original purchase price.	\$1-3 billion annually

*Due to Prop. 13's two-thirds vote threshold for new taxes

Statewide Taxation Policy Ideas

Path to Enactment: Legislation or Ballot Measure*

Proposal	Description	Estimated State Revenue Raised
Graduated corporate income tax	California’s corporate tax lacks graduated tax rates even though a small share of highly profitable corporations accounts for a majority of profits. 12 other states have established graduated tax rates that increase at specific income levels. In 2023, the Senate proposed increasing the state’s 8.84% tax rate for some C corporations to 10.99%, which they estimated would raise approximately \$6 billion annually. Read more here .	\$6 billion annually
Revenue recapture for personal income tax	California’s graduated-rate income tax system requires taxpayers to pay increasing tax rates only on the portion of their income that falls within each tax bracket. Tax benefit recapture requires high-income earners to pay at the highest tax rate on all their income above the tax bracket for which their income falls. New York and Connecticut use this system.	Potentially in the billions annually
Sales tax on services	California’s sales tax generally does not apply to services. Options to extend the sales tax include digital products and various services primarily purchased by households, such as maintenance, entertainment, recreation, and/or transportation. Read more here and here .	\$10–15 billion annually

*Due to Prop. 13’s two-thirds vote threshold for new taxes

Statewide Taxation Policy Ideas



Path to Enactment: Legislation

Proposal	Description	Estimated State Revenue Raised
Water's Edge tax loophole	The water's edge election allows multinational corporations with significant offshore profits to shift profits to foreign jurisdictions with low tax rates and avoid state taxes. AB 1790 was introduced this session to close the loophole. Read more here .	\$1-4 billion annually
Tax credit accountability	The legislature could require periodic review of tax expenditures to assess whether they are achieving their objectives and establish sunset dates for those that are not.	Up to \$9 billion annually
R&D tax credit limit	The Research and Development Tax Credit is by far the state's largest business tax credit, and its spending is highly concentrated among a relatively small number of large corporations. This credit could be reformed to receive more oversight and evaluation, limit annual credit claims, or make structural changes to how the program operates. Read more here .	Up to \$3.5 billion
Limitations on net operating loss (NOL) deductions	An NOL occurs when a business experienced losses in prior years. Those losses can be used to reduce the company's taxable income in future years. Temporary suspensions of NOL deductions for medium and large businesses have been instituted in prior years due to budget shortfalls; these limits could be made permanent. Read more here and here .	\$200 million - 2 billion annually
Replace some tax deductions with a credit	This option would replace an existing income tax deduction, for example charitable giving, with a smaller income tax credit for the same purpose. The credit would provide a smaller tax benefit but would be available to all taxpayers, not just those who itemize.	\$1-3 billion annually

Before Discussion: Questions? Feedback?

Guiding Questions: Discussion on Ballot Measures

1. What are the potential fiscal impacts of these ideas?
2. What are the legal or implementation considerations?
 3. What further research might be needed?
 4. Are there any ideas we are missing?

GROUP DISCUSSION ON STATEWIDE TAXATION IDEAS

Path to Enactment: Ballot Measure*

Split roll property tax

Statewide commercial property tax rate

Pied-à-terre tax



What are the potential fiscal impacts of these ideas?



What are the legal or implementation considerations?



What further research might be needed?



Are there any ideas we are missing?



Guiding Questions: Discussion on Legislation

1. Does your organization already have a position on any of these proposals?
2. What ideas seem most promising to you?
3. What next steps could be taken to help move these ideas forward?
4. Do you have any additional ideas?

GROUP DISCUSSION ON STATEWIDE TAXATION IDEAS

Path to Enactment: Legislation or Ballot Measure*

Income tax increase for millionaires

Estate or inheritance taxes

Eliminate stepped-up basis rule for taxation of inherited property

Graduated corporate income tax

Revenue recapture for personal income tax

Sales tax on services



Does your organization already have a position on these ideas?



What ideas seem most promising to you?



What next steps could be taken to help move these ideas forward?



GROUP DISCUSSION ON STATEWIDE TAXATION IDEAS

Path to Enactment: Legislation

Water's Edge tax loophole

Tax credit accountability

R&D tax credit limit

Limitations on net operating loss (NOL)
deductions

Replace some tax deductions with a credit



Does your organization already have a position on these ideas?



What ideas seem most promising to you?



What next steps could be taken to help move these ideas forward?



Do you have any additional taxation policy ideas?



GROUP DISCUSSION ON EDUCATION POLICY IDEAS

Education-Specific Policy Ideas

LCFF reform

Enrollment-based funding

Parcel tax threshold

Equalization formulas



Does your organization already have a position on these ideas?



What ideas seem most promising to you?



What next steps could be taken to help move these ideas forward?



Do you have any additional education policy ideas?



**Questions or comments?
Additional ideas?**

Advocacy and Partnership Opportunities

Looking Ahead: State Calendar

June 15, 2026	State budget bill must pass in the Legislature
June 23, 2026	Ballot initiatives must qualify for the November election
July 1, 2026	State fiscal year begins
August 31, 2026	Final day of legislative session
Sep. 30, 2026	Last day for Governor to sign or veto bills
Nov. 3, 2026	General election
January 1, 2027	New laws go into effect
January 10, 2027	Governor must submit their budget
February 19, 2027	Last day for bills to be introduced

Coalition-Building Ideas

- Education policy agenda
- Letter to new Governor
- Other joint advocacy letters
- Joint advocacy or informational briefings for legislators
- Joint meetings (lobby days in Sacramento or local meetings)
- School visit invitations

Discussion:

What Are Your Ideas for
Coalition-Building or Calls to Action?

Next Steps

Tentative Next Meeting Dates

- Thursday, August 20, 2026
- Thursday, October 15, 2026
- Thursday, December 3, 2026

**Final questions or
comments?**

Thank You!