



THEMES in the NEWS

IDEA's weekly commentary on education news

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Facebook IPO Windfall Won't Bail out California Schools

by UCLA IDEA

Two weeks after Gov. Jerry Brown announced that California was “on the mend,” news surfaced that the state will run out of money by March. On Wednesday, state Controller John Chiang said California needed to borrow \$3 billion just to keep priority programs running. It was discouraging news after a brief sigh of relief. But is there another lifeboat being floated?

Immediately after Facebook announced it would go public, some folks got to work and figured out how many tax dollars the IPO sale would bring in. The Menlo Park social-networking giant's massive transaction would generate a one-time tax windfall for the state—very rough estimates are \$500 million. Some Republican legislators, who oppose raising taxes, have suggested that the capital gains revenue could fill budget gaps and stem cuts to public education.

What are voters to make of the bad-news/good-news rollercoaster? Although an unexpected boost in tax revenues is welcome, it could become a misleading distraction from Brown's tax-hike initiative designed to prevent, according to Brown, billions in additional cuts to education. In other words, if voters believe that a crisis has been averted, will they vote for a more significant (albeit still temporary) solution?

California needs to approve additional taxes this fall, but it also needs comprehensive tax reform for sustained, long-term revenue for public sectors such as k-12 education. Across the state, the public education system continues to show signs of strain from underfunding. Districts will not be funded for transitional kindergarten—an especially serious blow now that California moved up the date of eligibility for kindergarteners. School bus transportation got a reprieve from immediate cuts—but that was a narrow escape from huge mid-year disruptions. Some are proposing that the state requirement for students to take two years of high school science be reduced to one year. In response, Santa Rosa School Board member Frank Pugh commented, “I hope the public really understands — they are dismantling, day-by-day, public education.”

An indicator of how desperate finances are comes from Los Angeles Unified School District. The entire early childhood education, adult education, and elementary arts education programs are on the cutting block in order to close a \$600 million deficit. Well-meaning private efforts to fill the gaps highlight the depth of the shortfall. The Wasserman Foundation donated \$4 million for gift cards that parents and community members could use to fund basic classroom supplies and needed high-tech equipment through DonorsChoose.org. The money was meant to last two years. It lasted 12 weeks.

While millions of schoolchildren attend California classrooms lacking the most basic necessities, a fortunate few stand to reap millions when Facebook goes public. The real lesson from Facebook's IPO is not that our schools will be saved from an unexpected windfall. Rather, the lesson is that California is home to enormous wealth. We need not educate our students amidst a climate of scarcity.

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