

In this paper, CASBO examines the recent performance of California's state-driven public education efforts, and makes suggestions for operational and structural changes that need to be made to reach whatever educational goals are next established. This paper will identify key resources that must be *added* to the current system (such as a comprehensive data system and adequate funding), and will identify the current barriers to effective operation that must be *eliminated* (including outdated funding formulas, unnecessary accounting requirements, overly-prescriptive, one-size-fits-all state requirements for the delivery of educational services).

The 4,000-plus members of California Association of School Business Officials are responsible for the operational management of the California's public schools, overseeing all areas of school business management and operations, including finance, accounting, payroll, human resources, risk management, transportation, school nutrition, maintenance and operations, information technology, purchasing, school safety and school facilities. CASBO believes that the public school system's highest priority is educational delivery, and also that the highest degree of academic success in California's K-14 schools is consistently found in the best-administered and most financially sound districts, county offices of education and community colleges.

WHERE WE ARE TODAY

California's recent track record of state-driven educational delivery has been inconsistent, unpredictable and destabilizing.

There was California's hasty decision to implement K-3 class-size reduction at virtually a moment's notice in 1996, despite the cautions of independent analysts engaged by the state Legislature who warned that CSR's results in other states were ambiguous, that California's proposed model was flawed, that the huge scale of the proposed rapid ramp-up was likely to lead to problems, and that the resources that would be committed to CSR would have more effective uses elsewhere. The warnings proved prescient. Six years after the frenzied debut of the K-3 CSR program, a multi-million dollar, multi-year, state-funded assessment of California's K-3 program found no measurable impact on student achievement and no effect on special education identification or placement, but did identify harmful effects on funding and facilities for other programs and services such as music and the arts, libraries, education technology and professional development.⁽¹⁾

Despite that study, a decade later the state rushed in 2006 to commit \$2.7 billion in one-time dollars to expand class-size reduction to all grades in certain schools under the Quality Education Investment Act. The QEIA program was replete with flaws, including fiscal disincentives to implement at the neediest and most-overcrowded school sites. And despite the earlier study's recommendation to increase flexibility in the K-3 CSR model, the QEIA version was – and is – equally rigid.⁽²⁾

In addition to these high-profile cases, the past decade alone provides dozens of other, less publicized examples of state-driven reform efforts that were random in genesis, uncoordinated in delivery, unaccounted for in effectiveness, sporadic in continuity, uncertain in funding, and unsatisfactory in results.

The long menu of scattershot one-time or short-term, highly prescriptive, categorical programs that presumed to identify areas of local need and to dictate appropriate remedies has claimed billions of dollars in funding. These individual programs targeted, among other things, science laboratory equipment, elementary school classroom libraries, incentives to teachers and schools

for performance on state tests, block grants to low-performing schools, arts & music equipment block grants, digital and high-tech high schools, tolerance education, and even awards for schools whose students read a certain number of books. *None of these programs are still in place.* And while well-intentioned, the dollars could have been far better utilized under local control. The patchwork and highly prescriptive nature of these state initiatives usurped local efforts at developing coherent local programs, and the fact that many of these program dollars are still sitting, unused, in district budgets years later is hard evidence of the misguided nature of this approach.

At the same time that these new programs were being rolled out year after year only to be terminated after a short test flight, other programs that had proven their value were being hamstrung or abandoned altogether by lack of funding. Two of the supplemental/hourly programs that funded schools for offering additional instruction to students were either eliminated altogether (Elementary Intensive Reading) or deficit-funded to a drastic degree (Grade 2-6 Academically Deficient), leading schools to terminate their efforts just as they had learned to operate them and the programs were becoming effective. Home-to-school transportation, a critical first step in the education process, was being funded at less than 50 cents on the dollar for approved costs and the distribution of funding continued to be based on a snapshot from the late 1970s, meaning that many fast growing districts received only a fraction of the state average. Most categorical programs – even the politically popular class-size reduction programs – suffered from at least one year of deficits or unfunded Cost of Living Adjustments, or both, which are carried forward year-after-year, exacerbating the structural funding shortfalls that afflict most categorical programs.

The history above is not intended to argue against any state role in the California public education system, but rather as a reminder of the shortcomings that are always likely to result when education policy is driven top-down across the state, with great specificity, through a decision-making process that is above all else political.

The most effective state policies of recent years have been those that impose statewide standards and goals, that do so without specifying how local education agencies are to meet those goals, and that stick to the goals without scrambling the targets every few years.

The award-winning EdSource study “Similar Students, Different Results: Why Do Some Schools Do Better?” noted last year, “We believe that the overarching message from the findings is that the state policymakers and local educators need to stay the course in terms of explicit expectations for student achievement and a process of accountability that keeps those efforts at the forefront of schools’ efforts.”⁽³⁾

General George S. Patton, who learned in the most unforgiving of classrooms – battlefields – once wrote, “Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.” CASBO concurs, believing that the optimal design for state guidance of the California’s public education system would be for the state to decide standards and goals for local education agencies to meet as they see fit.

But given the political nature of California’s public education system, and the post-*Serrano* reality that Sacramento is the source of any incremental increase in funding, it is unlikely that the state will ever step away completely from earmarking dollars for specific purposes and prescribing in detail how those dollars are to be utilized. Nor would it be realistic to expect the state to suddenly become unerring in choosing how to design its educational initiatives, or how to fund those efforts. For that reason, it is essential that California’s public education system support

a management system that can optimize policy decisions through effective execution, measurement and evaluation of performance, and continuous improvement based on that feedback.

Whatever policies are chosen at the state or local level, however, it is the role of California's school business officials to implement them – fiscally and operationally – as effectively and efficiently as possible. The rest of this paper will address CASBO's priorities for operational and structural changes that must be made in order to most effectively implement whatever policies are adopted and to meet whatever educational goals are established.

REFORM PRIORITY #1: DATA

CASBO recommends that the state's first and highest education priority be to invest in an integrated and comprehensive data system at both the local and state levels.

In "Management," Peter Drucker's groundbreaking 1974 magnum opus, he noted that service institutions such as schools are "equally in need of management" as the private sector, although with different challenges, largely because they do not benefit from the market pressures that force private endeavors toward optimal performance. For that reason, since the absence of a "market test" does not impose an independent assessment of performance, it is particularly incumbent on service institutions to honestly and accurately measure their own performance.⁽⁴⁾

Service institutions, Drucker wrote, "need to derive *clear objectives and goals*, from their definition of function and mission. They then have to think through *priorities* of concentration which enable them to select targets, set standards of accomplishment and performance, that is, to define the minimum acceptable results.

"They need to define *measurements of performance*.

"They need to use these measurements to *feed back* on their efforts, that is, to build *self-control from results* into their system.

"Finally, they need an organized audit of *objectives and results*, so as to identify objectives that no longer serve a purpose or have proven unattainable. They need to identify unsatisfactory performance and activities that are either obsolete, or unproductive, or both, and they need a mechanism for *sloughing off* such activities rather than wasting their money and their energies where the results are unsatisfactory."⁽⁵⁾

Essential to each of these tasks enumerated by Drucker is the ability to collect and analyze data.

CASBO proposes that the first and highest priority for any major reform effort in public education be to invest in a comprehensive data system at both the local and state levels, to ensure local and state decision-makers, as well as local educators and consumers, access to an integrated system that includes data on a broad range of information including student performance, local and state expenditures on educational programs and practices, and personnel practices that may impact student achievement. This needs to be accomplished *prior* to embarking on yet another round of educational program reforms. Without data, we are likely to continue – as was delineated above – spending our limited resources on programs that may not produce optimal educational benefits to students.

The “Getting Down to Facts” studies clearly articulated California’s lack of appropriate student-level data for accurately determining how students are performing and which interventions work with what students. But we also lack the ability to track and integrate student level data with school fiscal and personnel practices, so any expansion of a statewide data system needs to:

- Be fully accessible to local agencies to better inform local decision making.
- Ensure full reporting and integration of all local data, including student-level data related to academic progress, business and financial data, and data systems that track personnel and hiring. Currently, those three separate data systems exist in many districts at a basic level. But the three systems are generally rudimentary in that they cannot talk to each other or integrate information to allow cross-cutting analyses of local and state decisions.
- Include a parallel investment in local data systems; without a significant investment in local data systems, we cannot have a robust state data system. ⁽⁶⁾

REFORM PRIORITY #2: BUSINESS PRACTICES

CASBO recommends that the state reform a number of current business practices that increase costs and decrease operational efficiency for local school agencies, including:

MANDATES – The current system for paying schools to perform mandated state activities is hopelessly broken, requiring significant school site staff time to over-document the performance of even the most minor activities, and requiring districts to perform new statutory duties for as long as five to seven years before knowing whether a new statutory activity is even reimbursable. Nor does the current system provide timely payment even after an activity is deemed reimbursable, while subjecting districts to after-the-fact audits based on parameters and guidelines that weren’t available to the district when they initially performed the activities, heightening the risk of audit findings and denial of funding.

FUNDING TIMELINES – Since the state’s fiscal crisis in 2003, the school apportionment schedule has not been followed and apportionments have not been timely. We recommend publishing a payment schedule and holding to it, thus allowing districts to better manage cash flow, borrowing, and investing, thereby freeing up resources that should be going to educational programs. As an example, multiple new programs included in the 2006-07 state budget were not apportioned until the fourth quarter of that fiscal year.

CATEGORICAL FLEXIBILITY – It is absurd to think that the state knows exactly the right funding mix for categorical programs, and that this mix is equally appropriate for all 1,000-plus LEAs. The state should expand current transfer flexibility provisions between categorical programs to help meet local needs while maintaining some accountability for the intent of the original funding source. Additionally, the state should expand the practice of freeing up categorical funding once specific appropriate benchmarks are met, such as is the case currently with the Instructional Materials Funding Realignment Program, which allows for a significant increase in flexibility once core textbooks have been provided for all students.

PERSONNEL PRACTICES – The current statutory March 15 deadline for layoff notices to certificated school employees is too early to make informed staffing decisions, given the state’s budget cycle. As a result, in the interests of fiscal prudence, LEAs must currently issue initial layoff notices that later prove to be unnecessary, at a devastating cost to staff and school morale while driving away potential new teacher candidates.

CLASS SIZES – Given the state’s increasingly mobile student population, school districts must be able to accommodate changes in student population all year long. The current overly strict constraints and penalties for both regular and CSR classes limit schools’ ability to make mid-year placement decisions in the best interests of student education. And as was noted above, increasing flexibility was one of the key recommendations of the CSR Research Consortiums Capstone Report.

ATTENDANCE ACCOUNTING – The state should switch to a funding model based on enrollment, not attendance. The current ADA reporting process requires significant personnel, tracking, and monitoring, and is no longer necessary given academic accountability requirements which now give districts incentive to ensure students are in school and achieving. Using a system of “average monthly enrollment” would significantly reduce local reporting and accounting while still ensuring that schools are paid only for those students actually being served.

STATE SCHOOL FACILITIES PROGRAM – Like the mandate reimbursement system, this state program should be thoroughly reviewed to eliminate state-mandated requirements that are excessive, impose significant delays, and drive up local school construction costs. Key concerns include:

- Insufficient funding to meet school construction requirements.
- Complex state requirements for building and modernizing schools that defy rationality and common sense, while driving up costs.
- The annual addition of new school construction requirements that are insufficiently funded, and add to the time it takes to complete facility projects, further driving up costs.
- A school construction oversight and monitoring process that is shared by multiple state agencies, several divisions within some of these agencies, and local government agencies. The sheer weight of these multiple layers of government oversight is a significant factor in increasing the costs of school construction.

REFORM PRIORITY #3: FINANCE

CASBO recommends that the state establish a state and local system of funding education that recognizes the real costs of, and sufficiently funds, the world class academic standards adopted by the state in a straightforward and equitable manner.

Efficiency can only go so far; there comes a time when additional resources need to be provided, and that time is long overdue. California public schools, by any measure, are underfunded given the performance expectations and the system’s challenges. In addressing this underfunding, it is essential that:

- Schools are “held harmless” – that is, the new funding model levels up current funding, as opposed to “Robin Hood” models that merely redistribute dollars between LEAs.
- The base is made whole – that is, that the core programs be fully funded for their real costs and that prior deficits be addressed.

REFORM PRIORITY #4: GOVERNANCE

CASBO recommends that the state’s role in school governance be redefined to move more control to the local level.

California needs to move away from what has become a costly system of state micromanagement of school practices and procedures that asks schools to focus not on the overarching goal of raising student achievement, but on compliance with required state inputs. CASBO recommends the state's role in education be redefined to include only the following:

- Setting the student achievement goals districts must achieve.
- Ensuring funding sources are available and sufficient to meet those goals.
- Developing, discovering and disseminating best educational and fiscal practices.
- Establishing state sanctions and rewards that give districts incentives to meet state education goals, rather than tying sanctions and rewards to meeting state mandated inputs.

REFERENCES

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⁴ Peter F. Drucker, *Management: Tasks, Responsibilities, Practice* (New York: Harper & Row, 1974), 138.

⁵ *Ibid.*, 158-159.

⁶ Institute for Research on Education Policy & Practice, Stanford University "Getting Down to Facts: A Research Project Examining California's School Governance and Finance Systems" (2007)