



Getting from Facts to Policy

California's schools face tremendous challenges. While there is widespread agreement that education is critical to the state's future, California lags the nation with respect to student achievement as measured by a number of indicators. Moreover, the share of students from groups that have historically had lower levels of academic achievement is on the rise. Estimates suggest that by 2013-14, for example, 61 percent of California's school-age population will be Latino or black and a sizeable minority will be English language learners. Boosting the achievement of these students will require an infusion of resources and a commitment to rigorous evaluation to ensure that dollars are well-targeted and that resources – both human and financial – are put to their most effective and efficient use. Fulfilling this commitment will, in turn, require the state to develop and maintain state-of-the-art data systems and to invest in training so that educators, administrators, parents, and stakeholders understand how to use data to improve instruction and program effectiveness.

Challenges Facing California's Schools

Demographic trends shape the challenges facing California's public schools. Specifically:

- Education provides a pathway to economic well-being. In 2006, the typical or median worker with less than a high school degree earned just over half (55.3 percent) of the median hourly wage earned by California workers as a whole and slightly more than one-third (38.7 percent) of the median hourly wage of workers with a bachelor's degree.¹ The 2006 median hourly wage earned by workers without a high school diploma is sufficiently low that full-time, year-round work translated into an income of \$20,051, less than the federal poverty line for a family of four.
- A persistent achievement gap means many of California's black and Latino students have lower levels of educational attainment at all grade levels than whites and Asians. For example, the summary results from the 2005 Standardized Testing and Reporting (STAR) Program – the standardized tests given to California students in

grades 2 through 11 – report that only 25 percent of Latinos and 27 percent of blacks scored at the “proficient and above level” in English, compared to 58 percent of whites and 62 percent of Asians.²

- Forecasts project that nearly three in 10 jobs added in California between 2004 and 2014 (29.8 percent) will require at least a bachelor's degree.³ However, according to the California Department of Education, less than seven in 10 students who enrolled in ninth grade in 2002-03 graduated from high school in 2005-06.⁴ Despite the projected growth in higher education enrollment, a recent study suggests that the demand for skilled labor, particularly college-educated labor, will outpace its supply.⁵ This mismatch results, in part, because the population of groups with relatively lower levels of postsecondary educational attainment is growing faster than those with higher levels of educational attainment.

At the same time, California lags the nation with respect to investment in the state's schools by a number of measures.⁶ In 2005-06 – the most recent year for which data are available – California's schools:

- Ranked 34th among the 50 states in K-12 spending per student, spending \$959 less per student than the US as a whole. To reach the US level of spending per student, California's schools would have had to spend an additional \$5.9 billion in 2005-06, an increase of 11.1 percent.
- Ranked 34th in education spending as a percentage of personal income – a measure that reflects the size of a state's economy and the resources available to support public services. To reach the national level, California would have had to spend an additional \$4.8 billion on education in 2005-06, an increase of 9.2 percent.
- Ranked 48th in the nation with respect to the number of students per teacher in the country in 2005-06. Only Arizona and Utah had more students per teacher. California averaged 19.1 students for each teacher, while the US as a whole averaged 14.7 students per teacher in 2005-06.

Moving from Facts to Policy

Ensuring That All Students Have Access to a Quality Education Will Require Additional Resources

The recent “Getting Down to Facts” (GDTF) studies document the need for a substantial increase in resources to support public education in order to meet high academic standards and ensure that all of California’s students have access to a quality education. Studies suggest that California would need to increase spending to a level that is 40 percent to 71 percent above recent levels to enable students to meet the state’s achievement standards.⁷

While additional dollars alone will not boost student achievement, California’s schools are unlikely to meet the state’s rigorous performance goals absent increased funding. Moreover, in the real world of politics additional resources will increase the odds of making much needed changes to funding formulas, governance structures, and other policies. Additional funding would enable policymakers to avoid “robbing Peter to pay Paul,” by using new resources to boost funding for low-wealth schools and to reflect the cost of educating students who may require more intensive services in order to meet academic goals and standards.

Securing adequate funding for California’s public schools will require tough policy choices. Forecasts suggest that California will continue to face structural budget shortfalls – an imbalance between the revenues raised by current tax policies and spending obligated by current policies adjusted for population growth and inflation – through the end of the decade and, potentially, beyond.⁸ Education spending increases of the magnitude estimated by GDTF researchers are likely to face opposition from many lawmakers and, potentially, voters in the face of ongoing budget shortfalls on other pressing budgetary demands, such as health care and infrastructure. Researchers’ estimates provide a goal that policymakers can aspire to, but do not envision or outline a plan for phasing in progress over time. Additional research is needed to identify how best to allocate new resources as they become available. Research can also guide debate over whether to target resources at the state level on initiatives that show the most promise of success,

or whether local districts should be given the flexibility to select among a number of potential approaches.

The Method of Allocating School Funding Needs Fundamental Change

Improving student performance will require not only additional resources, but also changes to the system for allocating resources to districts and, within districts, to school sites. The summary GDTF report concludes, “The current distribution of resources across schools and school districts is complex and irrational.”⁹ GDTF research findings also document the need to target resources to schools that enroll disproportionate numbers of students that may require more intensive attention, including English language learners (ELLs) and students from low-income families.¹⁰

The Legislature currently allocates general purpose funding for schools based on enrollment and designated or “categorical” funding based on a variety of formulas that are often outdated and may not reflect the actual cost of providing specific services or achieving program goals. Current formulas represent decades of legislation that all too often have not responded to changes in the distribution of the state’s population, student demographics, or underlying cost structures.

The cost of providing a quality education varies based on student characteristics and labor market conditions. Current funding formulas fail to take these differences into account. The cost of housing and other necessities vary significantly around the state with direct implications for school operating costs and salary structures. Current funding formulas do not fully address these cost differentials. While potential changes should avoid exacerbating disparities between low- and high-wealth schools, they should also reflect the differing needs of individual districts and provide incentives for districts that successfully meet academic improvement goals and other standards.

Boosting the Academic Achievement of English Language Learners Deserves Immediate Attention

Students from households where English is not the primary language spoken account for one of the largest segments of California’s school age population.¹¹ In the 2004-05 school year, 25 percent of California’s public school students were classified as ELLs.¹² These students lag their English only peers in academic performance. For example, 15 percent of ELL third graders and 4 percent of ELL tenth graders scored at the “proficient and above” level on the 2005 STAR English language arts test, compared to their English only peers who scored 47 percent and 43 percent, respectively.¹³

California lacks sufficient data to identify which strategies do, and do not, show the most promise of boosting performance of ELL students. Additional research is needed to understand where and how programs that address the needs of ELL students have succeeded and where and how they have failed so that educators and policymakers can learn from those practices that show promise of success. Recent research suggests that the state should re-evaluate policies that limit access to bilingual education, finding that use of bilingual educators may be a more cost-effective approach for teaching students with limited English language skills.¹⁴ The same researchers suggest that meeting the needs of at least some ELL students may be a question of resource allocation, rather than the amount of resources available per se.¹⁵ However, current research fails to disaggregate the compounding impacts of poverty and limited English proficiency and the specific program and resource demands posed by students with multiple barriers to academic success.

Policy Debates Over the Source of “New Money” Should Take Equity into Account

Research shows that low-income Californians pay the largest share of their income in state and local taxes, while the highest-income households pay the smallest share of their income in state and local taxes.¹⁶ With the exception of personal and corporate income taxes, the state’s major revenue sources – including the sales tax and various excise taxes – impose larger burdens, measured as a percentage of income, on lower-income households. Moreover, as noted by GDTF researchers, the need for additional resources is greatest in districts with large shares of low-income students. These districts generally have a more limited capacity to generate local resources. Resource disparities are compounded by the ability of higher-income parents and communities to supplement state and local dollars with donations of time and money.¹⁷ Despite efforts to equalize funding disparities between high- and low-wealth school districts, significant

disparities remain. Ignoring the highest and lowest spending districts, GDTF researchers found disparities in excess of \$3,000 per student in total expenditures.¹⁸ These findings point to the importance of a continued and potentially increased role for state dollars to level the playing field among communities with disparate resources.

California Lacks the Data Needed to Evaluate Student Performance Effectively

California currently has multiple data systems that collect information ranging from demographic profiles of students and staff to student achievement and school district revenues and expenditure data. However, the state cannot track the progress of individual students over time, nor can it provide teachers with individual student histories and performance indicators.¹⁹ Similarly, while the state provides access to a substantial amount of data on school revenues and expenditures, these data are available at the district, rather than school site, level and thus may mask significant disparities within districts. Moreover, complex of funding formulas, particularly those for so-called categorical programs, makes it difficult for policymakers and the public to understand and track the flow of funds from the state to the classroom and to link the allocation of resources to progress or lack of progress on measures of academic performance. Without better data systems, teachers, administrators, and policymakers will continue to lack information necessary to improve student performance and ensure accountability.

While large amounts of data are available, much of the information produced can be difficult to interpret and the multiplicity of data sources can be confusing to even sophisticated observers and data users. GDTF researchers note, "Policy makers, school and district administrators, and parents all lack the information they need to make informed decisions about education policies and practices."²⁰ California has failed to allocate resources to local districts to train staff with the goal of ensuring that data are accurately captured and reported to state accountability systems. Absent adequate funding for training, the state risks making a substantial investment in an infrastructure that fails to accurately capture critical information on student achievement

Recommendations

Education is critical to the future of California and Californians in an increasingly global economy. Education will ensure that the state's future workers have the skills they need to succeed in California's technology-driven economy and the knowledge to participate fully in civil society. In order to face the challenges facing public education:

- The state must ensure that adequate resources are available to provide every California student with access to a quality education. While additional resources alone will not be sufficient to boost the performance of those students who lag furthest behind, significant improvement is unlikely absent adequate funding. New resources should be targeted to those students with lower levels of educational attainment, including those from low-income families.
- Policymakers should consider the equity implications of potential revenue sources for boosting education funding. The choice of new revenues should reflect the fact that low-income Californians pay a disproportionate share of their income in state and local taxes, as well as the limited revenue-raising capacity of districts with large numbers of students most in need of additional assistance. State dollars should be used to mitigate resource disparities between high- and low-wealth districts.
- California's system of allocating financial resources requires a comprehensive review and fundamental change. While a weighted student formula that allocates funding to schools based on the needs of individual students may be the best approach for ensuring that financial resources are matched to students based on need, additional study is needed. New approaches to resource allocation should be guided by need and should strive to provide flexibility within a context of accountability.
- California must move quickly to address the needs of English language learner students. Boosting the

academic achievement of English language learners is critical to the state's future and is fundamental to ensuring that all students have access to a quality education. Achieving this goal will require both additional resources and using existing resources more effectively.

- California's education data collection and analysis systems must be improved with the goal of informing education reform efforts and ensuring that any additional resources are well spent. Specifically, California should develop data systems that track individual student achievement from year to year and track resource allocation to the school site level. The state must also invest resources at the local level so that teachers and administrators at both the school site and district levels understand how to use data to inform instructional practices and program effectiveness. If data cannot be easily accessed and understood, teachers, parents, students, and staff will not use it, thereby compromising critical reform efforts.

END NOTES

- ¹ California Budget Project, *A Generation of Widening Inequality: The State of Working California, 1979-2006* (August 2007), pp. 17 and 23.
- ² California Department of Education, *2005 Standardized Testing and Reporting (STAR) Program: Summary of Results*, downloaded from <http://www.cde.ca.gov/nr/ne/yr05/documents/star1.pdf> on August 18, 2005.
- ³ California Budget Project, *A Generation of Widening Inequality: The State of Working California, 1979-2006* (August 2007), p. 14-12.
- ⁴ California Department of Education data downloaded from <http://dq.cde.ca.gov/dataquest/CompletionRate/CompRate1.asp?cChoice=StGradRate&cYear=2005-06&level=State> on September 5, 2007.
- ⁵ Ellen Hanak and Mark Baldassare, eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), pp. 75-76.
- ⁶ California Budget Project, *How Does California Compare? Funding California's Public Schools* (October 2007).
- ⁷ Jon Sonstelie, *Aligning School Finance with Academic Standards: A Weighted-Student Formula Based on a Survey of Practitioners* (Public Policy Institute of California: March 2007), p. 112 and Jay Chambers et al., *Efficiency and Adequacy in California School Finance: A Professional Judgment Approach* (American Institutes for Research: December 2006), p. 44.
- ⁸ See, for example, Legislative Analyst's Office, *Major Features of the 2007 California Budget* (August 31, 2007).
- ⁹ Susanna Loeb, Anthony Bryk, and Eric Hanushek, *Getting Down to Facts: School Finance and Governance in California* (Institute for Research on Education Policy and Practice: March 2007), p. 5.
- ¹⁰ Jon Sonstelie, *Aligning School Finance with Academic Standards: A Weighted-Student Formula Based on a Survey of Practitioners* (Public Policy Institute of California: March 2007), p. 89 and Jay Chambers et al., *Efficiency and Adequacy in California School Finance: A Professional Judgment Approach* (American Institutes for Research: December 2006), pp. 31 and 56.
- ¹¹ Patricia Gandara and Russell W. Rumberger, *Resource Needs for California's English Learners* (University of California Linguistic Minority Research Institute: December 30, 2006), p. 2.
- ¹² Patricia Gandara and Russell W. Rumberger, *Resource Needs for California's English Learners* (University of California Linguistic Minority Research Institute: December 30, 2006), p. 4.
- ¹³ Legislative Analyst's Office, *Analysis of the 2007-08 Budget Bill* (February 21, 2007), p. E-128.
- ¹⁴ Patricia Gandara and Russell W. Rumberger, *Resource Needs for California's English Learners* (University of California Linguistic Minority Research Institute: December 30, 2006), p. 18.
- ¹⁵ Patricia Gandara and Russell W. Rumberger, *Resource Needs for California's English Learners* (University of California Linguistic Minority Research Institute: December 30, 2006), p. 31.
- ¹⁶ California Budget Project, *Who Pays Taxes in California?* (April 2007).
- ¹⁷ Susanna Loeb, Anthony Bryk, and Eric Hanushek, *Getting Down to Facts: School Finance and Governance in California* (Institute for Research on Education Policy and Practice: March 2007), p. 38.
- ¹⁸ Susanna Loeb, Anthony Bryk, and Eric Hanushek, *Getting Down to Facts: School Finance and Governance in California* (Institute for Research on Education Policy and Practice: March 2007), p. 37.
- ¹⁹ Janet S. Hansen, *Education Data in California: Availability and Transparency* (November 2006), p. 12, downloaded from [http://irepp.stanford.edu/documents/GDF/STUDIES/15-Hansen/15-Hansen-\(3-07\).pdf](http://irepp.stanford.edu/documents/GDF/STUDIES/15-Hansen/15-Hansen-(3-07).pdf) on September 5, 2007.
- ²⁰ Susanna Loeb, Anthony Bryk, and Eric Hanushek, *Getting Down to Facts: School Finance and Governance in California* (Institute for Research on Education Policy and Practice: March 2007), p. 5.

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