



***Getting from Facts to Policy: An Education Policy Convening***

**School Finance Issues**

**A Policy Brief Submitted by the California Teachers Association**

**Contact Person**

Joe Nunez, Director of Governmental Relations  
California Teachers Association  
1118 10<sup>th</sup> Street  
Sacramento, CA 95814  
(916) 325-1500

## **School Finance: Recommendations from the California Teachers Association**

We want to thank the key political leaders that requested the “*Getting Down to Facts*” (GDTF) Research Project,<sup>i</sup> and the foundations that funded the project.<sup>ii</sup> Most importantly, CTA wants to thank all the staff who have worked hard to organize the project and to compile the numerous and valuable background papers. The papers provide an understanding of school finance in California. Finally, we want to thank EdSource for organizing and hosting this convening.

It is important to remember that while the research papers point to areas in which new policies might be beneficial, the research “evidence produced by the *Getting Down to Facts Project* does not identify the specific policies that would be most beneficial for California to implement.”<sup>iii</sup>

CTA concurs with many of the findings of the school finance studies. For example, we agree with the following:

- California’s K-12 expenditures are below the national average (30% below).<sup>iv</sup>
- Our school finance system is too complex.
- Our school finance system is irrational and inequitable.<sup>v</sup>
- California’s student/teacher ratio is above the national average (37% above).<sup>vi</sup>
- California’s student/administrator ratio is above the national average (57% above).<sup>vii</sup>
- Efforts are needed to support the recruitment and development of teachers.
- New investments are especially needed for those schools serving a high proportion of students in poverty, students with special needs and English Language Learners.

We do have serious concerns that the reports did not examine or reflect the recent major increase in academic achievement in California or note in sufficient depth the major personnel resource disadvantages California schools face compared to the average school in the nation. These omissions disparage the excellent work of hard working teachers and other school staff, and, to be kind, provide at best an incomplete and distorted picture of California’s K-12 schools and our 6 million students.

We would have noted the following:

- The average school in California has 30% fewer teachers, 50% fewer site administrators and 90% fewer counselors and librarians than the average school in America.
- The increase in academic achievement over the recent years has been quite dramatic. In 2006, the average Academic Performance Index for our lowest scoring elementary schools was higher than the average school achievement in 1999.
- The number of students taking high end math and science courses in secondary schools and scoring proficient and advanced has increased by more than 50% in the past 4 years.

- The percent of traditionally underperforming students scoring proficient and above on Standards tests has increased by more than 40% in the past four years. This is nearly twice the rate of all students.

Our teachers are well aware of the needs of our students. They have made great strides in increasing instructional quality especially given that they work under conditions that would be unthinkable in the majority of states and schools in America.

There is no question that we can and must improve the current school finance system. While the project reports conclude that “there is no silver bullet in School Finance,” providing fully-qualified school staff at a level of the average school in America would be a very good first step.

### Proposition 98

Proposition 98 was created to set a minimum level of school funding. It was not intended to nor does it provide fully appropriate funding for our K-12 schools or Community Colleges. This Constitutional protection stopped the major funding reductions for the public schools that began in 1972 and continued almost unabated until 1988. This minimum funding base must be maintained.

- 👉 Recommendation 1: There should be no diminution of Proposition 98, all past debts owed under Proposition 98 must be honored, and Proposition 98 must be treated as a floor not a ceiling.

### School Finance

Simplification of our complex school finance system is a worthy goal. Care must be taken as we progress towards simplification so that essential rights and needs of all students are protected. California is a complex state and needs of students and costs of programs vary greatly.

We suggest the following criteria may be useful. The finance system should:

- Provide flexibility but with essential protections for students and accountability that assures funds are spent in the intended schools.
  - Account for the special needs and costs of all students and districts.
  - Be aligned with current academic content standards.
  - Be stable and have long range consistent targets.
- 👉 Recommendation 2: Real dollar investments must be made above those required to pay for the cost of living, enrollment growth and payment of mandates. Phase one must get California to no less than the national average adjusted for cost differentials. Phase two should move California to no less than the average funding for the top ten states in our nation.
  - 👉 Recommendation 3: Basic funding should be based on student enrollment not Average Daily Attendance. Separate funding levels (revenue limits) should be established for grade spans as is currently the model for Charter Schools.
  - 👉 Recommendation 4: Current K-12 Categorical Funding needs to be reformed with some programs continued where evidence of achievement and/or logic for cost

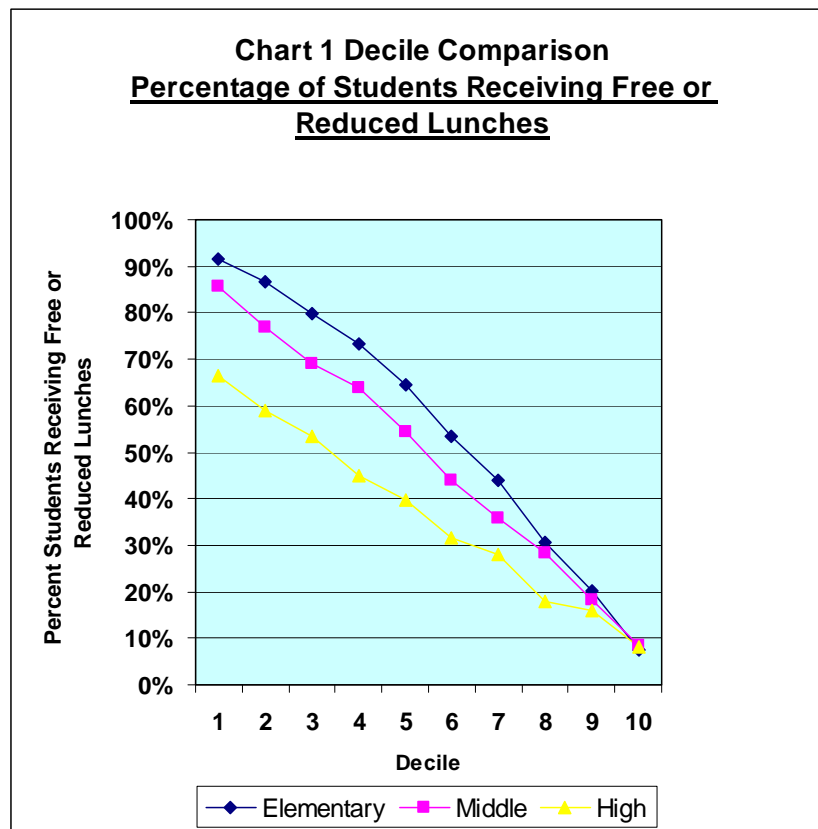
differentials are found (eg, AVID, BTSA, Peer Review for achievement and Home to School Transportation and ROC/ROP for logic of costs).

- Recommendation 5: We should be very cautious of categorical block grant proposals. We need to maintain the integrity of supporting those special programs helping students with special needs. We need first to evaluate our existing reforms under AB 825 (Firebaugh) to determine their success before proceeding with further assaults on viable categorical programs. Remember, in 2004 it took a court settlement of *Williams v. California* to ensure that the children in our neediest schools had a textbook that they could take home and a fully qualified teacher.

### High Poverty Schools - Quality Education Investment Act (QEIA – SB 1133 (Torlakson))

We were pleased to see that there was recognition by the *Getting Down to Facts Project* of substantial differences across schools and across districts in educational needs largely driven by “differences in poverty, special needs students, and the cost of teachers.”<sup>viii</sup> The study also points out that the challenges of educating the students in schools with a high proportion of students in poverty are so great that current approaches cannot bring their performance up to state standards. The Project realizes that these schools require additional resources.

We concur completely. CTA has been a leader in obtaining additional funds for these schools. Chart 1 shows that API Decile 1 and 2 schools contain the largest number of students in poverty.

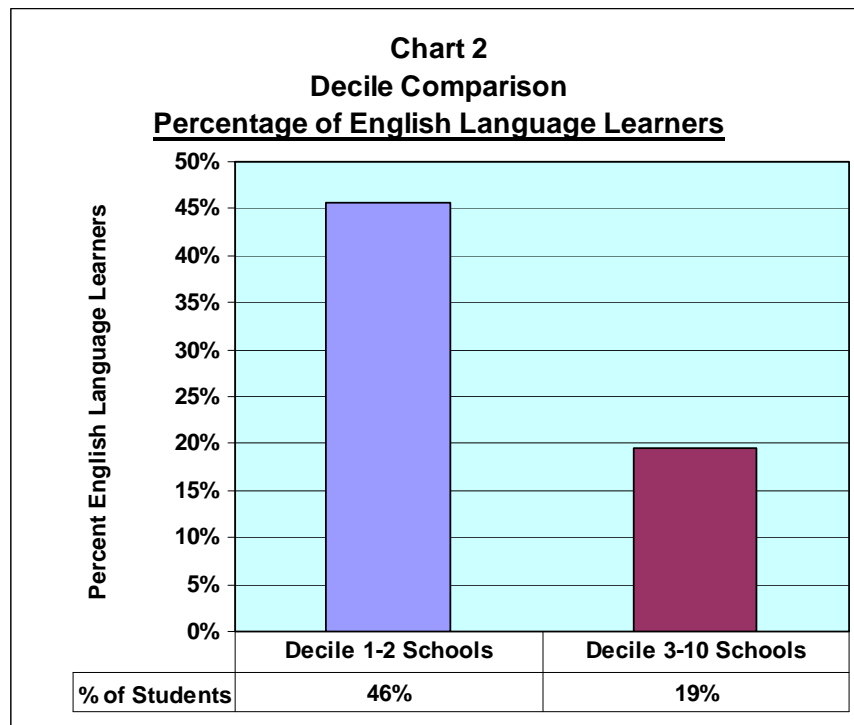


The percentage of students receiving free and reduced lunch is one of the best indicators of poverty. The high school figures are always low because many students are too ashamed

to admit that they qualify for free or reduced lunch. Decile 1 and 2 schools are the lowest 20% of the schools in terms of API scores. Eighty-nine percent of the children in decile 1 and 2 elementary schools are eligible for free or reduced lunch. The number is 82% for middle schools and 63% for high schools. There are 98% more children that are eligible for free or reduced lunches in decile 1 and 2 schools than in the other schools in the state – decile 3 through 10 schools.

Chart 2 on the top of the next page shows that these same schools contain the largest number of English learners. Forty-six percent of the students in Decile 1 and 2 schools are English learners – 134% more than the other schools in the state. Only 88% of the teachers in these schools are fully credentialed teachers. There are 270% more students attending year-round schools in these schools than the other schools in the state. Forty-three percent of the parents in these schools did not graduate from high school. The ethnic make-up of these schools is 74% Latino, 11% African-American, and 8% white.

The Quality Education Investment Act is the result of a lawsuit filed by CTA and the Superintendent of Public Instruction against the state for failing to fund Proposition 98 in 2004-05. In the settlement, CTA, the Governor, and the Legislature agreed to allocate \$2.7 billion to 40% of the Decile 1 and 2 schools over a seven-year period. The annual state cost is \$400 million. These schools will be able to reduce class size, hire new staff and counselors, and provide training for principals and teachers.



When the program is fully implemented in the year 2008-09, the funds will be distributed based on \$500 per pupil for grades K-3, \$900 per pupil for grades 4-8, and \$1,000 per pupil for grades 9-12. The program will fund 488 schools with 478,900 students.

Given the challenges and the importance of the children in the schools with the highest proportion of students in poverty, we would recommend the following:

- 👉 Recommendation 6: The funding for the QEIA program should be increased so that all Decile 1 and 2 schools can participate and current QEIA schools should not sunset after seven years provided they meet required achievement targets.

## **Conclusion**

California has the most rigorous Academic Content Standards in the nation.

- We invest less of our wealth in our schools than most states in our nation.
- We have more special needs students than most states in the nation.
- We provide our students with substantially fewer teachers, administrators, counselors, and librarians than nearly all states in the nation.
- Recent surges in academic performance provide excellent evidence that we can and are improving, and that real investments in our students will bring great dividends.

We envision a school finance reform system that:

- 1) Takes care to ensure all students are provided with not less than the personnel and services provided to students in the average state in the nation.
- 2) Provides sufficient additional resources for students and schools with the greatest number of poor, disadvantaged, and English Learner students.
- 3) Provides for unique cost differentials across our diverse and complex state.
- 4) Is based on student enrollment and the actual cost of providing services across grade levels, and
- 5) Reflects California's commitment to high quality Academic Content Standards and each student's progress towards these lofty heights.

Thank you very much for your consideration.

---

### Endnotes

<sup>i</sup> The Research Project was requested by the Governor's Committee on Education Excellence, former Secretary of Education Alan Bersin, the President pro Tem of the California State Senate Don Perata, the Speaker of the California Assembly Fabian Nuñez, and the Superintendent of Public Instruction Jack O'Connell.

<sup>ii</sup> The Research Project and this convening were commissioned and funded by The Bill and Melinda Gates Foundation, The William and Flora Hewlett Foundation, The James Irvine Foundation, and The Stuart Foundation.

<sup>iii</sup> Susanna Loeb, Anthony Bryk, and Eric Hanushek. "Getting Down to Facts: School Finance and Governance in California," *Institute for Research on Education Policy & Practice*, Stanford University: March 2007, p. 6.

<sup>iv</sup> When adjusting for cost differences, "Texas spends 12 percent more than California; Florida, 18 percent; New York, 75 percent, and the rest of the country, 30 percent." (Loeb, et al., "School Finance", p. 36)

<sup>v</sup> It is particularly disturbing that "the difference in total expenditures in a district at the 25<sup>th</sup> percentile of spending and a district at the 75<sup>th</sup> percentile of student-weighted spending is more than \$3,000 per student. Even limiting ourselves to a much more restrictive accounting that does not include capital spending, the difference between the 25<sup>th</sup> and 75<sup>th</sup> percentile of student-weighted spending is more than \$1,000 per student (Loeb, Grissom and Strunk, 2007/GDTF)." (Loeb, et al., "School Finance," p. 37) The study by Jennifer Imazeki concludes that the current variations in per-pupil spending in California school districts are not strongly connected to variations in the cost of education. These inequities need to be further examined.

<sup>vi</sup> Loeb, et al., "School Finance," p. 19, Figure 2. California is 55% above NY, 44% above TX, 19% above FL, and 37% above all other states. (Susanna Loeb, Jason Grissom, and Katharine Strunk. "District Dollars: Painting a Picture of Revenues and Expenditures in California's School Districts," *Institute for Research on Education Policy and Practice*, Stanford University: March 2007, p. 5.

<sup>vii</sup> Loeb, et al., *School Finance*, p. 19, Figure 2. California is 29% above NY, 224% above TX, 29% above FL, and 57% above all other states. Loeb, et al., "District Dollars," p. 5.

<sup>viii</sup> Loeb, et al., *School Finance*, p. 46.