

## CALIFORNIA’S PUBLIC SCHOOL SYSTEM IS UNDERGOING MAJOR CHANGES

California educates more than six million children in its K–12 public schools. More than half of these children are economically disadvantaged, and almost a quarter are not native English speakers (compared to less than one in ten nationwide). Despite these challenges, and despite years of constrained budgets, test scores have mostly risen over the past decade (with a slight dip in 2013).

Now, with the passage of Proposition 30 and the easing of the recession, funding is increasing again in most school districts. This turnaround coincides with two major changes to the K–12 system. In 2013, the legislature approved the Local Control Funding Formula (LCFF) that simplifies school funding and provides long-term increases for districts with more low-income, English Learner, and foster youth students. A strong majority of Californians favor this new formula, and most believe it will improve the academic outcomes of disadvantaged students, according to the April 2013 PPIC Statewide Survey. Also, as part of the implementation of the Common Core State Standards, the state is preparing to replace its current K–12 tests with new assessments in 2015.

## EDUCATIONAL OUTCOMES ARE IMPROVING, BUT GAPS REMAIN

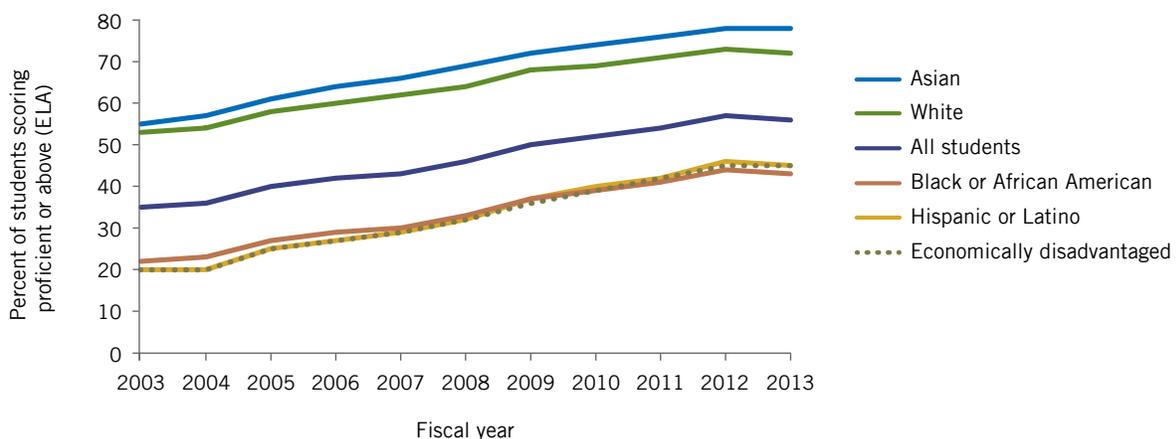
- **Proficiency in both math and English Language Arts (ELA) has risen over the past decade.**

Shares of students scoring at the proficient level and above increased by 16 percentage points in math and 21 percentage points in English Language Arts since 2003. By these measures, California schools appear to be heading in the right direction. But the state is not on track to meet the No Child Left Behind targets of 100 percent proficiency by 2014. Most other states have sidestepped this mandate by participating in the Obama administration’s waiver program, and nine California districts recently received waivers—this is the first time the U.S. Department of Education has granted waivers to individual districts. It is not yet clear what impact the failure to meet NCLB targets will have on the rest of the state.

- **There is still a significant achievement gap.**

ELA proficiency levels for white and Asian students are higher than those for Latino and African American students. Gaps in math proficiency are similar, with a few notable exceptions: proficiency rates for Asian students are dramatically higher than those for whites (78% versus 62%, in 2013), and African American students have the lowest math proficiency rates.

### PROFICIENCY IN ENGLISH LANGUAGE ARTS VARIES BY GROUP



SOURCE: California Department of Education (2003–2013).

NOTE: A multiracial category was added in 2010, which ranges between 2 to 3 percent of all students.

- **English Learners have made gains but are still lagging; former ELs outperform native speakers.**

Test scores for California’s 1.3 million EL students have risen steadily, but their ELA scores are the lowest in the state. The best-performing ELs leave the group—they improve their mastery of English and are reclassified as English proficient—and often have better academic outcomes than native English speakers on standardized tests and graduation. In 2013, 64 percent of former ELs scored proficient or above on the state ELA test, compared with only 23 percent of EL students.

- **Graduation rates have risen, but there are large disparities.**

In 2012, 79 percent of California high school students graduated within four years, a slight increase over the previous year. Notably, there are large gaps in graduation rates among California’s students: 87 percent of white and 91 percent of Asian American students graduate from high school, compared with 74 percent of Latino and 66 percent of African American students. California ranks 29th out of the 50 states (plus Washington, DC) in the most recently available national graduation rate data (class of 2009–10). Each state sets its own graduation requirements, so it is possible that California’s low ranking is due partly to its high standards. It is also due to the relatively high proportion of disadvantaged students in California schools.

- **Gaps in school readiness and academic skills are evident in kindergarten.**

Some students struggle more than others. On average, low-income, African American, Latino, and EL students begin school less prepared. So do those whose parents have low levels of education. These groups score lower on the standardized tests that begin in second grade, and the achievement gaps persist into later grades.

## THE FISCAL PICTURE IS IMPROVING BUT THERE ARE UNRESOLVED ISSUES

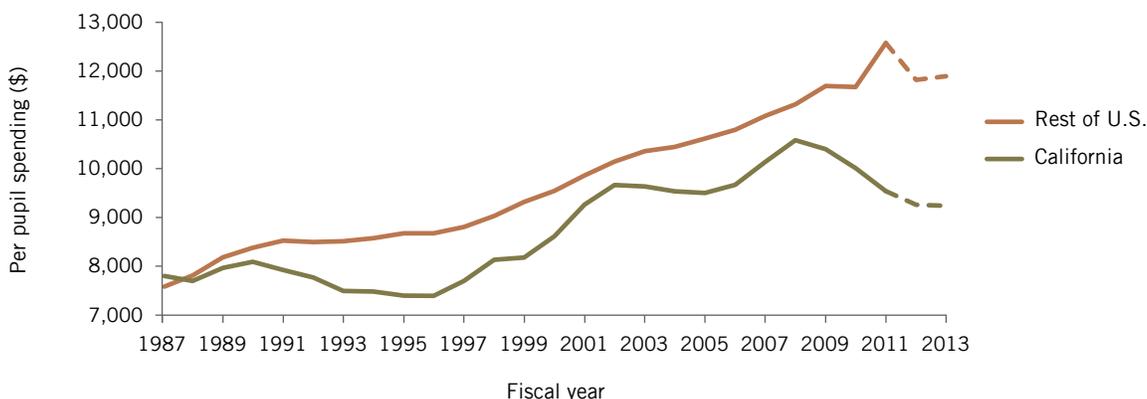
- **The Local Control Funding Formula addresses some long-standing critiques of the school finance system.**

In July 2013, Governor Brown signed into law an overhaul of California’s school finance system, which has long been criticized for being inequitable, inadequate, and overly complex. The new Local Control Funding Formula (LCFF) dramatically increases the state’s investment in districts serving large numbers of disadvantaged students, in a more transparent and equitable manner. The LCFF provides base funding for general purposes and supplemental funding for disadvantaged students (low-income, English Learner, or foster youth). Districts in which more than 55 percent of students are disadvantaged will receive even more funding.

- **Adequacy remains an issue.**

Even though the PPIC Statewide Survey finds that Californians view K–12 education as a top budget priority, California has long spent less per pupil than other states, and it made steeper funding cuts during the recession. The Department of Finance projects that funding will increase by \$1,800 per pupil between 2013–14 and 2016–17. This would probably bring per pupil spending up to its peak pre-recession levels. But several adequacy studies of pre-recession funding concluded that it was not high enough to prepare all students to meet the state’s standards.

### DEEP RECESSION-ERA CUTS PUT CALIFORNIA EVEN FURTHER BEHIND IN PER PUPIL SPENDING



SOURCES: National Center for Education Statistics, National Education Association.

NOTES: Inflation-adjusted spending (2013 dollars). Funding is not adjusted for regional costs across states. The dashed lines represent estimated spending from the NEA since government data are not yet available.

- **Key aspects of LCFF implementation are still in question.**

The LCFF is expected to be implemented over the next eight years with revenue increases generated by Proposition 30 and an improving economy. But this plan depends heavily on sustained economic growth over these years, which would be a departure from historical trends. The state Board of Education has been charged with issuing key LCFF regulations—including setting any spending restrictions on supplemental funds for disadvantaged students and creating a template for local accountability plans—by early 2014.

## STANDARDS, ASSESSMENT, AND ACCOUNTABILITY PROGRAMS ARE IN FLUX

California's subject matter standards and accountability measures have been in place for more than a decade. The existing standards were adopted in 1998, the accountability measure—the Academic Performance Index (API)—was developed in 1999, and the California Standards Tests (CSTs) were mostly completed in 2003. All of these programs will change in the next few years.

- **New standards create challenges for teachers.**

Starting in 2014–15, the Common Core State Standards (CCSS) will replace the current standards in mathematics and English. California also adopted new science standards, known as the Next Generation Science Standards (NGSS). A review of the CCSS concluded that they are very similar to California's current standards, with two important differences. First, the sequencing of standards is somewhat different, so teachers may be covering new material. Also, CCSS places a greater emphasis on conceptual understanding and problem solving, and some teachers may be unprepared to convey these higher-level skills and concepts.

- **New state tests will differ from CSTs in important ways.**

New tests will replace the CSTs in grades 3–8 and 11 in the spring of 2015. These new tests were developed by the multi-state Smarter Balanced Assessment Consortium to align with the CCSS. The new tests will differ from the CSTs in important ways: they are designed to be administered on computers, and they will include fewer multiple-choice questions and more questions that require short or extended responses. The consortium is also developing “formative” assessments—tests that teachers can administer during the year to determine how to better help students master the material.

- **With most CSTs eliminated, there will be almost no testing in 2014.**

Legislation enacted in 2013 eliminated most of the CSTs. This means that in 2014 there will be no state testing in most grades, and therefore no new performance data—or API—for most schools. The federal government has raised the possibility that this lack of testing could trigger federal funding reductions. State law requires the superintendent of public instruction to recommend in 2016 whether any of the high school tests should be reestablished.

- **New accountability programs are being created.**

The state established the Local Control Accountability Program (LCAP) to complement the LCFF. The program measures school district performance using a variety of data, including state tests, indicators of readiness for college and employment, student expulsions and suspensions, attendance rates, graduation rates, and parental involvement. The Board of Education is charged with adopting standards for school and district performance in these areas by October 2015. In addition, the federal waivers granted to nine California districts include a new accountability measure that applies only to these districts. Like the LCAP, this measure incorporates test scores and other indicators of student and school success.

## LOOKING AHEAD

To improve the state's economic well-being and to ensure that California's children are equipped to succeed in the 21st century, policymakers need to take steps to help the state's school systems maintain and build on recent improvements.

- **Use testing transition to clarify and improve the accountability system.**

As California implements major changes to its K–12 system, major elements of its new testing and accountability programs remain under development. With the suspension of most CSTs in 2014, for instance, the direction of the state's testing program in high school subjects is not clear. In addition, the new LCAP broadens the definition of accountability, and how the state implements the new program will affect district decisions about spending and policy priorities in the coming years. Thus, the transition to new standards, tests, and accountability measures offers the state an opportunity to refine and improve its approach, emphasizing the growth in student achievement and other key indicators of student success.

- **Improve outcomes for English Learners.**

California is poised to reconsider the policies for reclassifying EL students as proficient in English. New policies should be informed by an understanding of long-term academic outcomes of ELs and former ELs under various reclassification scenarios and instructional settings, and will need to be flexible enough to incorporate the new state standards.

- **Continue developing the state's educational data system and use the data to improve local programs.**

The state has made considerable progress in building its educational data system. Unfortunately, the system remains unfinished and there are no plans to complete it. A large amount of data has been collected, but K-12 and higher education data are not linked, and educators do not have access to most of the data. By linking K-12 and higher education data and creating useful reports for local educators, the state could begin to generate a return on its investment by using the database to improve its educational system.

## Contact a PPIC expert:



Laura Hill  
hill@ppic.org



Margaret Weston  
weston@ppic.org



Patrick Murphy  
murphy@ppic.org



Paul Warren  
warren@ppic.org

## Read more:

- CLIMATE CHANGE
- CORRECTIONS
- ECONOMY
- HEALTH CARE
- HIGHER EDUCATION
- HOUSING
- K-12 EDUCATION
- POLITICAL LANDSCAPE
- POPULATION
- SOCIAL SAFETY NET
- WATER

This series is funded by PPIC's Donor Circle and the S. D. Bechtel, Jr. Foundation.



**PPIC**

PUBLIC POLICY  
INSTITUTE OF CALIFORNIA

The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research. We are a public charity. We do not take or support positions on any ballot measure or on any local, state, or federal legislation, nor do we endorse, support, or oppose any political parties or candidates for public office. Research publications reflect the views of the authors and do not necessarily reflect the views of the staff, officers, or Board of Directors of the Public Policy Institute of California.

Public Policy Institute of California  
500 Washington Street, Suite 600  
San Francisco, CA 94111  
T 415 291 4400 F 415 291 4401  
www.ppic.org

PPIC Sacramento Center  
Senator Office Building  
1121 L Street, Suite 801  
Sacramento, CA 95814  
T 916 440 1120 F 916 440 1121