

California faces the challenge of improving outcomes for high-need students

California educates more than 6 million children in its K–12 public schools. More than half of these students are economically disadvantaged. About one in five are English Learners (ELs), compared with one in ten nationwide. In 2013, the state created the Local Control Funding Formula (LCFF) to simplify school funding and significantly increase funding for high-need students (those who are low-income, EL, homeless, and foster youth). California’s school system has also adopted new educational standards in math, English, and science, and the state has revamped its assessment system accordingly.

Given the pivotal role of education in California’s future, improving the academic outcomes of high-need students remains the central challenge facing California’s schools. State test scores have seen modest improvements over the past five years, but high-need students still score at much lower levels than other students do. The LCFF provides additional funding for districts with large numbers of high-need students, with the goal of helping these students succeed.

Expanding preschool is one strategy for boosting long-term student outcomes. Governor Newsom is developing a multiyear early childhood education plan that includes enrolling more low-income children in high-quality preschools. Policymakers are also exploring fiscal, governance, and program reforms that improve outcomes for disabled students. And, although school funding has risen in recent years, it remains a challenge—in part because districts are facing increased costs. In November, voters may decide the fate of a ballot measure that would increase K–12 funding.

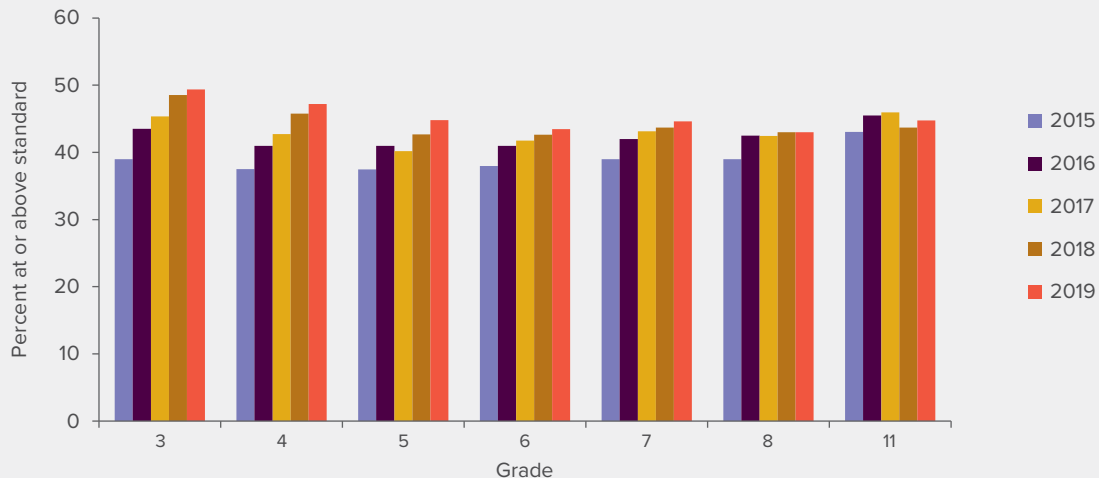
Student performance data show a long road ahead

Policymakers are increasingly interested in the efficacy of recent reforms. Given the LCFF’s focus on high-need students, districts face twin goals of raising the overall level of student performance and shrinking gaps among student groups. LCFF performance measures show that districts are finding mixed success in achieving these goals.

- **State test scores are slowly improving, but major gaps persist.**

In 2018–19, about 51 percent of California’s students met or exceeded state standards in English, compared with 40 percent in math. The shares of students meeting standards have risen 5 to 10 percentage points since new state tests were first administered in 2015, depending on the grade. Proficiency rates in math are lower for African American (21%), Latino (28%), low-income (27%), EL (13%), and disabled (13%) students.

AVERAGE TEST SCORES ARE SLOWLY IMPROVING IN MOST GRADES



SOURCES: Smarter Balanced Assessment Consortium (SBAC) and California Department of Education.

NOTE: Data represent the average share of students who score at or above the state standard in English language arts and mathematics.

- **Chronic absenteeism can cause performance problems—with equity implications.**

Reducing chronic absenteeism, defined as being absent at least 10 percent of the school year, is a critical step in improving student achievement. Simply put, students are not learning when they are not in class. In 2017–18, 11 percent of students were chronically absent. Rates are higher among African American (20%) and Latino students (12%) and lower among Asian American (4%) and white students (10%). These rates are mostly unchanged compared with 2016–17, when the state began collecting this data.

- **Graduation and college preparation rates have steadily improved, but disparities persist.**

The statewide graduation rate for the class of 2018 was 83 percent—up 2.6 percentage points since 2013. In addition, nearly half of graduates completed college preparatory coursework—known as the A–G requirement—that makes them eligible for admission at the University of California (UC) and California State University (CSU), an increase of 6 percentage points since 2013. During this period, A–G completion improved significantly among African American students (from 29% to 40%) as well as Latino students (from 29% to 43%), though both remain below the state average.

- **The state is making efforts to accelerate progress.**

While the early evidence shows student outcomes are slowly improving, the state is pursuing several strategies to spur improvements in performance. Because early learning opportunities are linked with school success, expanding public child care and preschool programs is a state budget priority. In addition, the state is developing technical assistance programs to help districts implement reforms and improve student outcomes. This assistance is important—only seven in ten districts have implemented the Common Core State Standards, nine years after they were adopted by the state.

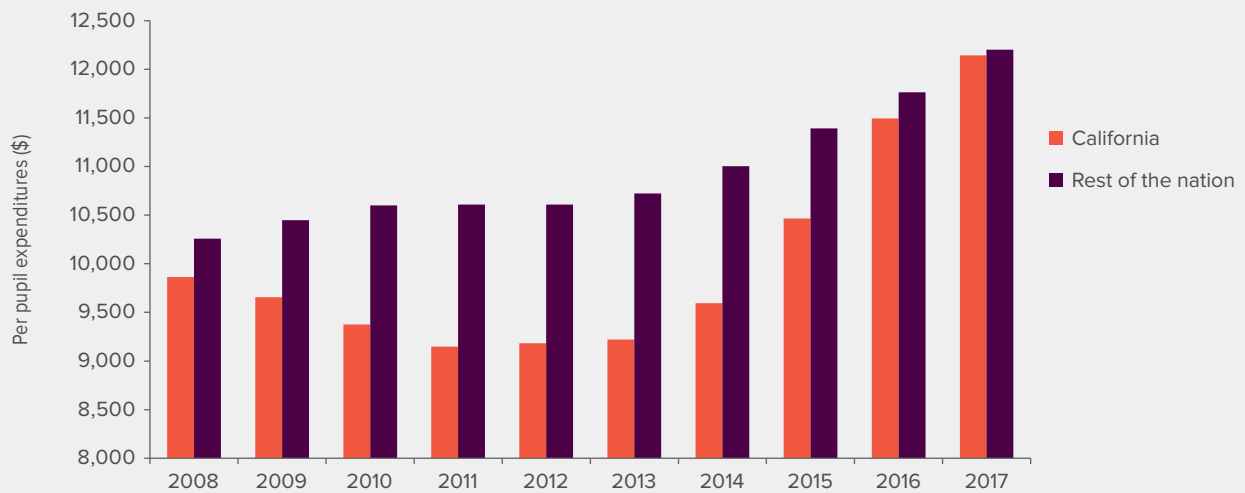
K–12 funding remains a central issue

K–12 funding has risen dramatically from its low point in 2011, but district costs are also rising. Several studies have concluded that current funding levels are insufficient for preparing all students to meet the state’s academic standards.

- **Funding levels have risen to just below the national average.**

California has long spent less per pupil than other states, and it made steeper funding cuts to education during the recession. The most recent data available show that, after increasing steadily over the past eight years, California’s K–12 spending averaged \$12,143 per student in 2017—only \$62 less than the average amount in the rest of the nation. These data do not account for California’s higher cost of living, however. About 60 percent of Californians think that state funding for K–12 schools is not sufficient, according to the April 2019 PPIC Statewide Survey.

STATE FUNDING HAS RISEN FROM RECESSION LOWS AND IS NOW CLOSE TO THE NATIONAL AVERAGE



SOURCE: United States Census Bureau.

NOTE: Data are per pupil expenditures for current educational costs (not including capital outlay and interest costs).

- **Declining enrollment is forcing districts to cut budgets.**
Falling birth rates in California and the relocation of families out of high-cost areas are contributing to falling enrollment in over half of the state's K–12 districts. Enrollment in these districts dropped about 6.7 percent between 2013–14 and 2018–19, on average. Funding is tied to the number of pupils, but district costs typically do not fall as quickly as enrollment. As a result, many districts are facing difficult budget and operational challenges even as per pupil funding rates increase.
- **Rising pension and special education costs are also putting pressure on district budgets.**
District costs have risen as a result of legislation passed in 2014 to shore up the California State Teachers' Retirement System, the state's primary teacher pension fund. The district contribution has been gradually increased; it will be 19 percent in 2020–21, more than double the 8 percent district share in 2013–14. In addition, local costs for special education have risen in recent years, while state funding has remained relatively flat. The 2019–20 state budget included \$3.15 billion in onetime funding to cover some of the pension increases and \$646 million to ease local special education budgets. But these actions only reduce the funding pressure, and districts will continue to be responsible for the higher costs in these areas.
- **Two ballot initiatives could increase K–12 funding significantly.**
An initiative has qualified for the fall 2020 ballot that would tax commercial and industrial property based on current value rather than purchase price (residential property taxes would not be affected). This would generate between \$3 billion and \$4.5 billion annually for K–12 and community college districts. A second initiative would authorize \$15 billion for the building and repair of K–12 and college facilities (\$9 billion for K–12 schools and \$6 billion for the public universities and community colleges).

Looking ahead

California's public education policies have changed significantly over the past decade, and there are many questions about how they will continue to evolve. The state has challenges and opportunities in several areas.

Expanding preschool and early childhood education. The enacted 2019–20 budget includes more than \$1 billion to expand child care and preschool to more low-income four-year-olds and build more child care facilities. To guide decisions in the coming years, the administration is developing a Master Plan for Early Learning and Care that would offer preschool to all three- and four-year-olds. Expanded training for early childhood educators is also a priority, as the state faces a critical shortage of early childhood educators.

Addressing issues in special education. Special education represents the largest remaining state funding program outside of the LCFF. While growth in costs is a major concern, the budget also calls for more substantial reforms to be incorporated in the 2020–21 budget. This could include significant modifications to the state's special education funding formula and other governance or program changes that would improve services to students.

Balancing local control and state oversight. The LCFF reforms allow local districts substantially more spending leeway than the previous state funding programs. But limited improvement in test scores and test score gaps have prompted many to call for increased transparency and accountability—in particular, better information on school-level spending for high-need students. This lack of transparency has been a central issue in recent complaints and lawsuits over improper use of LCFF funding. Federal policy now mandates such reporting; making these data publicly available may lead to a better understanding of how LCFF funding is being distributed within districts.

Improving academic success for all English Learners. Educators are hoping that the implementation of English Language Development standards and new guidance for ELs who have special needs will help boost EL achievement. There are also ongoing discussions about accountability, tracking spending on ELs, and expanding the bilingual teacher workforce. Over the next few years, districts will need to standardize reclassification requirements in compliance with the federal Every Student Succeeds Act. Specifically, districts will need to implement new state policies on the use of English basic skills data and teacher recommendations in the reclassification process.

Using data to improve student success. The Newsom administration has begun the planning for a database that follows the progress of California's students from preschool through K–12 schools, higher education, and beyond. Separate data systems currently exist for K–12 and higher education, but following the progress of students from one system to the next

is fraught with technical and logistical problems. Connecting existing databases across school, employment, and social service systems and making the data more accessible could help policymakers coordinate, assess, and improve K–12 and higher education programs.

Building a system to support the implementation of new state policies. As they enact multiple reforms, state policymakers are taking steps to support local implementation. Helping the nearly 30 percent of districts that have not yet implemented the new math and English standards is an important step toward better student outcomes. More policy changes are in the offing—UC and CSU are considering requiring students to take more quantitative reasoning and science in high school. The LCFF calls for county offices of education and a new state agency—the California Collaborative for Educational Excellence (CCEE)—to assist schools and districts in implementing better programs for students. This new support system has focused on developing resources that respond to local needs. The CCEE and the county offices of education have much to learn about how best to help local educators boost student outcomes.

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