

Great Expectations: Reconciling California's Academic Standards and School Resources

In 1997, California's State Board of Education adopted content standards for K–12 schools in five academic areas. The state is also developing a comprehensive program to hold schools accountable for teaching this content to their students. Taken together, these standards and the program have convinced even the harshest critics of California's public schools that the state is on its way to developing a credible accountability system. The greater hope, of course, is that such a system will be instrumental in improving student outcomes. But do California schools have the resources to do the job these new standards require?

To help the state tackle this question, PPIC has launched a three-part project to examine links among school resources, costs, and student outcomes in California. The first product of that research—*High Expectations, Modest Means: The Challenge Facing California's Public Schools*—provides background information on the state's academic standards, resources, and funding mechanisms. Its findings point to a large gap between academic standards and school resources, relatively low levels of school spending in California, a finance system based on previous funding levels rather than actual school resources and their costs, and questions about the most efficient uses of the state's already modest school funds.

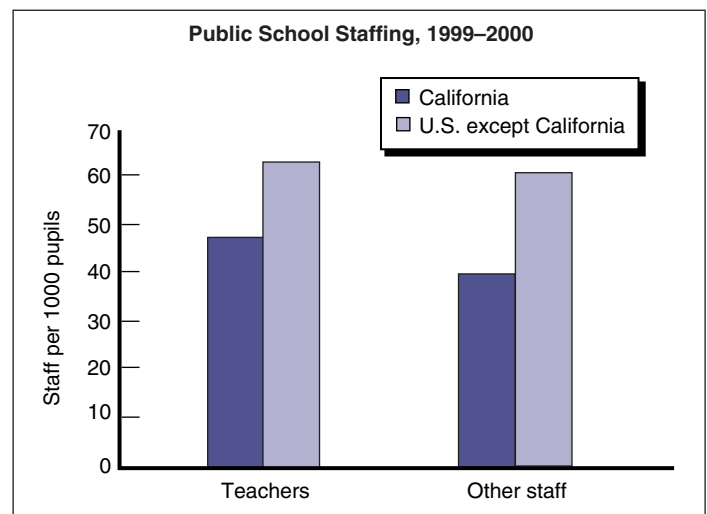
A Mismatch Between Standards and Resources?

The report notes that California has high expectations for its public schools. The Fordham Foundation, one of the nation's leading proponents of rigorous academic standards, has rated California's standards as the best in the nation. In addition to setting high content standards, the state expects its students to perform well on standardized tests. Every year since 1999, the state has assigned an Academic Performance Index (API) to individual schools based on the performance of their students on a battery of tests. The index ranges from 200 to 1000. For all schools, the goal is an API of 800. According to the authors' calculations, this goal is equivalent

to 70 percent of a school's student body exceeding the median performance of students throughout the country.

The authors also note that California schools lack resources available to students in other states. For example, California has 25 percent fewer teachers per pupil than the rest of the United States, and the same pattern holds for other public school staff (see the figure). This gap can be traced to two chief factors: California's high teacher salaries and low school budgets. In occupations requiring a college degree, employees in California earned a salary in 2000 that was 14 percent higher on average than similar employees in the rest of the country. This premium is reflected in teacher salaries as well. In the same year, California teachers earned an average annual salary that was 16 percent higher than the average for teachers in other states.

Yet even with higher teacher salaries, California schools spent about 9 percent less per pupil than schools in the rest



NOTE: Compared to the rest of the nation, California has fewer teachers and school staff per student. The difference can be traced to California's younger demographic profile, its higher teacher salaries, and its lower school spending—both per pupil and as a share of overall state spending.

of the nation. This is not, however, a by-product of low state spending generally. In 1999–2000, for example, state and local government spending per capita in California exceeded the average of all other states by 9 percent. Two key factors have led to the lower per pupil spending on education in California. First, public school spending made up 22 percent of total state and local government spending, compared with 25 percent in the rest of the nation. Second, California had 8 percent more pupils per capita than the rest of the United States.

The Effects of Proposition 98

California addressed some of its school finance problems when it passed Proposition 98, the 1988 constitutional amendment establishing a minimum guarantee for public school revenue. Since the proposition was enacted, however, spending per pupil has fallen in California relative to spending in other states. Noting that trend, some observers have concluded that Proposition 98 has acted as a ceiling for public school revenue instead of a floor.

Although the authors acknowledge that possibility and provide a clear, authoritative description of Proposition 98 and its origins, they note that California's growth in public school revenue was also affected by two other factors. The first was the recession of the early 1990s, which had a larger effect on state and local revenue in California than in other states. The second factor is the rise in the number of pupils per capita in California. After considering both factors, the authors doubt that California schools would have fared any better without Proposition 98. They maintain, however, that Proposition 98 has had at least one unfortunate consequence: It has tempted the legislature to satisfy the Proposition 98 guarantee rather than ask what schools need to meet the state's academic content and performance standards.

Class Size Reduction and High-Poverty Schools

California's school funding problems are also aggravated by spending restrictions, which may diminish the effectiveness of the revenue schools do receive. An example is K–3

Class Size Reduction (CSR), the 1996 initiative to reduce class sizes to 20 students in kindergarten through third grade. After a 10 percent decline in real revenue per pupil in the first half of the 1990s, that spending rose just over 20 percent by the end of the decade. Much of that additional revenue, however, was directed only to the primary grades, leaving other areas below the pre-recession levels of the early 1990s.

The authors note that CSR raises the question of the efficient allocation of public revenue. Given the strong, negative relationship between a school's API and the percentage of its students from low-income families, many believe that additional revenue will be more beneficial if allocated to districts with high percentages of low-income students. In fact, the state and federal governments do allocate additional funds to such districts. In 2001–2002, unified districts received an average of about 17 percent more for low-income students than for other students. The question now is whether even larger supplements are needed for schools with low-income students to meet the state's standards.

The Quality Education Commission

Answering such questions is the mandate of the Quality Education Commission. Last year, Governor Davis signed Assembly Bill 2217, calling for a commission to develop prototypes for California's public schools. To create these prototypes, the commission will review the relationship among resources, costs, and state performance standards. The prototypes will specify the school resources that would allow the vast majority of California's students to meet the state's academic performance standards. Because the commission is also required to estimate the cost of those resources, the prototypes are expected to provide a benchmark for the legislature as it determines the annual budget for public schools. This estimate, which is based on actual costs instead of an extrapolation of past revenue levels, will serve as an alternative to the Proposition 98 guarantee. The results of this PPIC report and the ones to follow will provide relevant information for the commission in developing the prototypes and the estimate.

This research brief summarizes a report by Heather Rose, Jon Sonstelie, Ray Reinhard, and Sharmaine Heng, High Expectations, Modest Means: The Challenge Facing California's Public Schools (2003, 160 pp., \$15.00, ISBN 1-58213-077-9). The report may be ordered by phone at (800) 232-5343 [U.S. mainland] or (415) 291-4400 [Canada, Hawaii, overseas]. A copy of the full text is also available on the Internet (www.ppic.org). The Public Policy Institute of California is a private, nonprofit organization dedicated to independent, objective, nonpartisan research on economic, social, and political issues affecting California.
