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Newsletter

Are Regressive Spending Decisions Undermining This Progressive School Finance Reform?

By almost any measure, it was an ambitious reform: In 2013, the state of California, which educates one in eight U.S. students, implemented the Local Control Funding Formula, which allocates school funding on the basis of student need rather than local property tax wealth while also removing many of the strings attached to state funds under the prior approach. These changes in the allocation method were accompanied by a significant funding increase of $23 billion annually in a state where per-pupil spending had declined by nearly 14 percent during the Great Recession (2007-2011).

Past research clearly indicates that with schools, as with so many other things in life, money does matter. Yet so far, the results of California's reforms have been disappointing in that it has had little if any impact on reducing learning disparities.

Now, a new study attempts to explain why by examining how the additional funding was spent.

Conducted by JoonHo Lee of the University of Alabama, NEPC fellow Bruce Fuller of the University of California, Berkeley, and Sophia Rabe-Hesketh, also of Berkeley, the study was just published in the *American Educational Research Journal*, a peer-reviewed publication. They find that, although California's new funding formula was progressive in nature in that it funneled larger amounts of money to districts serving larger proportions of students with higher levels of need, it was too often used at the local level in ways that did not necessarily benefit the very students it was supposed to serve.

For example, where new state funding was spent on hiring teachers, it too often went to hiring novices, probationary teachers, and/or long-term substitutes. As a result, the researchers identified increases in the overall share of novice and probationary teachers and teachers new to their districts. This new hiring was not sufficient to enact more than a very modest decrease in class size (from 24.4 to 23.3 in high-poverty elementary schools), which remain larger than they were pre-Recession and also bigger than research would suggest is necessary to generate maximum benefits. Many districts used their new funds to reinstate or introduce electives at the high school level. As a result, the share of college preparatory courses declined from 70 to 64 percent in low-poverty schools and from 53 to 49 percent in high-poverty schools. Post-reform, English learners, also known as Emergent Bilinguals, were less likely to enroll in college prep courses and more likely to have inexperienced/novice teachers.

"Overall, we discovered how inequities in teacher assignment and curricular structure persisted from the [pre-reform] period, then widened in high-poverty schools after the reform," the study authors write.

> Our results suggest that reliance on less experienced teachers, who are then assigned to classes with higher shares of EL pupils, fails to address inequities in their opportunity to learn. It's a ripe example of how gains in dollars or raw inputs are variably mediated by the allocation decisions of school-level actors.

The study's findings do not suggest a need to return to the tired, settled debate of whether money matters in education. Rather, the findings point to the importance of studying other key equity questions: where additional funding is actually spent and whether it is spent in ways that actually increase opportunities to learn.

"[S]tate policymakers should not be satisfied with pumping additional funding into an institution too often beset by regressive habits," the study authors conclude. "When the political stars do align to progressively fund schools, we must rigorously dig into whether these initiatives truly advance fairness and, if so, through what changes in staffing and the social organization of schools."

NEPC Resources on School Finance and Funding

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