

Building Political Will to Overhaul California's School Finance System



A growing number of Californians are calling for changes in the state-run and complex school funding system, particularly since state leaders have raised the stakes with new student testing and accountability systems based on rigorous academic standards. A class action lawsuit, *Williams v. California*, contends that many of California's neediest students are forced to learn in rundown schools with untrained teachers and inadequate textbooks. Gov. Arnold Schwarzenegger is in the process of appointing members to a Quality Education Commission, created by legislators to examine the state's school finance system.

These concerns, as well as similar issues being raised in states across the nation, provided the backdrop for EdSource's 27th Annual Forum—"Overhauling School Funding in California: The Push for Greater Adequacy, Equity, & Accountability."

Speakers at the Forum agreed that California's school finance system needed "major surgery," said Moderator Gerald Hayward in his summation of the event, which occurred on March 18 in Manhattan Beach and on March 19 in San Ramon. "This is not a system that you can tinker to Utopia," he added.

Some speakers at the Forum also supported the need for more school funding, partly arising from schools' struggle to meet the higher goals set by California's academic content standards adopted in the late 1990s. "Accountability has played a key role in the push for adequacy [in funding]. The finances and expectations in this state don't match," said Hayward, senior partner at Management Analysis & Planning, Inc. and former

director of Policy Analysis for California Education (PACE).

Morning speakers discussed approaches for determining what would constitute adequate funding, reforms that would give more flexibility and control to local districts, accountability measures to ensure that the dollars reach the students, and ways to make the system fair to all students, particularly those most at risk to fail.

Many speakers also pointed out that funding the system adequately and improving the way funds flow from the state to the classroom must go hand in hand for change to work and be politically palatable. Otherwise, said EdVoice President Christopher Cabaldon, "you create winners and losers."

Although speakers offered a wide range of views about the issues, they all agreed that "some external push needs to occur" to change the school finance system, Hayward said. The afternoon speakers took on the issue of how to build the necessary political and public will for such an "external push" to be effective. Their comments follow. (This report highlights remarks from the afternoon speakers only. See the box on page 2 for information about the morning speakers and where to find their remarks.)

Afternoon speakers focus on how to change the system

In northern California the afternoon panel, which was moderated by Hayward, included the following:

- **Jessica Garcia**—who gave the opening presentation at the Forum's afternoon session—is statewide outreach coordinator for Campaign for Fiscal

Equity, Inc., a coalition of parent organizations, school boards, concerned citizens, and advocacy groups seeking to reform New York state's school finance system.

www.cfequity.org

- **Bob Blattner** is vice president of School Services of California, Inc., which helps California school districts, county offices, and community colleges meet their management, governance, and fiscal responsibilities. www.sscal.com

- **Christopher Cabaldon** is president of EdVoice, a nonprofit political advocacy organization seeking to influence statewide education policy in Sacramento. (**Brad Strong**, legislative director of EdVoice, spoke in southern California.) www.edvoice.org

- **Liz Guillen** is the policy advocate for Public Advocates' Educational Equity Campaign. Public Advocates, a public interest law firm, is part of the coalition of civil rights and pro bono lawyers that filed the *Williams v. California* class action lawsuit. www.decentschools.org

The speakers discussed three ways to approach change: through the Legislature, the initiative process, and the courts.

The legislative approach allows for complexity, but politics can get in the way

Bob Blattner said legislators tend to take one of two approaches toward school funding. The first approach he dubbed the "loaves and fishes model."

"That's, 'Aw heck, two fish and five loaves, that's plenty enough if we just know how to distribute it right,'" Blattner quipped. "Very few people are able to do that effectively. Many of the legislators

Well-respected researchers and educators participate in the Forum's morning session

The Forum—held on March 18 and March 19, 2004—focused on approaches to restructuring the state's school finance system. The afternoon speakers' comments are highlighted in this report.

Some of the morning speakers' thoughts and research findings are included in a May 2004 in-depth report from EdSource, *Rethinking How California Funds Its Schools*, and in the spring 2004 edition of EdSource's newsletter, *EdSource Extra!* To order the report in May, go to www.edsource.org or call 650/857-9604. Excerpts from the newsletter, information about the speakers, publications related to the Forum topic, and other material from the Forum are available online at: www.edsource.org/forum04res.cfm

The morning speakers included:

- **Lawrence Picus**, professor, Rossier School of Education, University of Southern California;
- **Jon Sonstelie**, senior fellow, Public Policy Institute of California (PPIC), and professor, UC-Santa Barbara;
- **John Mockler**, former executive director, State Board of Education;
- **Jeannie Oakes**, professor and director, UCLA's Institute for Democracy, Education & Access (IDEA), and director, UCLA's All Campus Consortium on Research for Diversity (ACCORD);
- **Michael Kirst**, professor, Stanford University, and co-director, Policy Analysis for California Education (PACE) (March 18 only); and
- **Thomas Henry**, CEO, Fiscal Crisis & Management Assistance Team (FCMAT) (March 19 only).

On March 18, state **Secretary for Education Richard Riordan** spoke briefly in the afternoon about ideas regarding school funding that might be included in an upcoming proposal from his office.

and governors up in Sacramento have said they are the ones to do it, but we really haven't seen that."

This model looks to increase efficiency through a number of methods, such as using a different management structure that funnels money directly to schools or giving more flexibility to schools by reducing the proportion of the money earmarked for specific students or programs (called categorical funds).

The second approach Blattner labels the Marshall Plan idea—"throwing copious amounts of cash at something and everything will look better. . . . If we could rebuild Europe, we can rebuild our schools."

State leaders tend to have two ways of implementing the Marshall Plan, Blattner said. Those who are friends of the education community want to give more money with no strings attached. Those

who are less trustful want to restrict how the money is spent through categorical funds. Often when legislators make overall revenue cuts to schools, they leave it to local districts to work out the details, Blattner said. But when legislators have extra funds, they tend to control the new money through categoricals.

"We trusted you to make the cuts; now we'll trust you to make the augmentations? No, no, no. We don't do consistency in Sacramento," Blattner said to appreciative laughter and applause in an audience that included many educators.

One reason legislators choose the categorical route, Blattner added, is that they don't trust that local administrators and school boards will be able to stand up to collective bargaining by teachers and other staff if categorical funds are eliminated and more money is on the bargaining table. "If they're bargainable for any purposes, are

we sure we are going to take care of facilities?" Blattner asked. "Ceiling tiles fall, but they don't march in front of buildings. They don't picket board meetings."

Losers rule

Once categorical programs become entrenched, it is difficult to eliminate the program because the people most affected by that program lobby hard to maintain its separate and dedicated funding stream, Blattner said. "In war, they say one defender can generally fend off four attackers. . . . You get people who really feel strongly about something, and they can stop it."

Christopher Cabaldon, president of EdVoice, agreed. In general, he said, it is difficult to get any legislation passed because those who would be harmed by the legislation are typically more intense and effective at lobbying than those who would benefit. One would think that something that would benefit 90% of the electorate should pass easily, but that's not necessarily true, he said. "The preference intensity is so different between the winners and the losers. . . . Psychologically we feel losses more severely than we value gains even at the same level of magnitude."

California's two-thirds requirement to pass any funding measures also makes it difficult for legislators to effect change, Cabaldon said. "Our challenge is that at least a third of the Legislature sees Proposition 98 as being more than sufficient to protect K-12 funding." (Proposition 98 guarantees minimum funding for K-12 schools and community colleges.) Further, most legislators have many other priorities, such as reforming Workers Compensation or helping the developmentally disabled, he argued. "They don't wake up each morning and say, 'The number-one thing on my agenda is how to deal with more money for schools,'" Cabaldon said.

Speakers see a legislative solution as a possible fix

But legislative solutions offer possibilities because legislators have the ability to

balance complex issues that neither courts nor initiatives can tackle, Cabaldon said.

Liz Guillen of Public Advocates said many California legislators do make schools a top priority and that the Quality Education Commission (QEC), created by the Legislature to address restructuring the state's school finance system, could be an important catalyst for change. Currently Gov. Schwarzenegger is making appointments to the 13-member commission, which is expected to identify the educational components, resources, and corresponding costs that are necessary to provide the opportunity for a quality education to every student. The QEC is expected to issue its recommendations in spring 2005. Public Advocates is educating grassroots and community organization activists about the QEC's role, responsibilities, and process.

"This is another part of our public engagement to change California's accountability system from a top-down, one-way system to a two-way system that holds all actors accountable—students at one end and state actors on the other," she said.

Initiatives can step in when legislation fails

But should those efforts fail, Californians could turn to the initiative process. Cabaldon said initiatives have an advantage over legislation because they can force the 90% who will benefit from legislation to make a choice, thereby defeating the 10% that will lose something.

Most of that 90% are not going to write to their legislator or protest, he said. "They're not going to get engaged." But with an initiative, he said, at least the portion of the 90% who vote will take a position on the issue by voting 'yes' or 'no.'

However, in any initiative to restructure school finance, it is important to "level up" resources rather than take funding from one group to benefit another, he noted. That way no one is hurt and the solution does not create "too-intensive losers," particularly around issues of equity. Otherwise, the losers "will swamp the winners because the

other psychological principle that we share, at least in this culture, is a deep commitment to fairness, especially when it's an abstract concept that doesn't deal with our own economics."

But even a well-thought-out ballot initiative has a major disadvantage, according to Cabaldon, because it is a "blunt instrument."

"An initiative makes a lot of sense for dealing with things that are kind of Amnesty International-style issues in our schools," he said. "You would not want human rights inspectors from China coming here, seeing some of the public schools that we have in California," he said. "And rats running around and toilets that don't work are evidence of those kinds of issues."

But, Cabaldon said, neither initiatives nor litigation works as well as legislation for the tougher issues, such as: How many of your teachers are fully credentialed versus partly credentialed? And what does having a credential really mean?

Many groups turn to the courts, particularly to remedy inequities

Activists frustrated with legislative deadlock have turned not only to initiatives, but also to the courts in many states. Public Advocates is one of the groups representing plaintiffs in the *Williams v. California* lawsuit, filed in 2000. In New York, Campaign for Fiscal Equity used a combination of courts and grassroots organizing to change that state's school financing system.

Williams v. California focuses on equality of basic resources

In *Williams*, plaintiffs argue that the state has a constitutional duty to ensure basic educational equality. The lawsuit contends that California has failed in that duty by not providing thousands of students in public schools with "bare minimum necessities," such as textbooks, trained teachers, and safe and uncrowded facilities.

The lawsuit further argues that low-income students and students of color are the most likely to bear the burden of inadequate resources. For example, Guillen said, researchers found that students who have the greatest educational needs are 12 times more likely to have teachers who lack full credentials.

Guillen thinks the lawsuit could create pressure that would lead to the development of an Opportunities for Teaching and Learning Index alongside the current Academic Performance Index (API) that is used to rank schools. This new index—also suggested by morning Forum speaker Jeannie Oakes, professor and director of UCLA's Institute for Democracy, Education, & Access (IDEA)—would provide a measure for each school of such basic resources as healthy and uncrowded facilities and the availability of textbooks, fully trained and experienced teachers, counselors, and rigorous courses that would prepare students for college or careers.

Currently the plaintiffs' attorneys are negotiating with the Schwarzenegger administration regarding a possible settlement. Absent an agreement, the case is expected to go to trial in fall 2004.

Public Advocates is also working to build a public consensus around *Williams*. The lawsuit, Guillen said, has been a good tool because it has encouraged many people who felt hopeless about the political process to become involved. "The knowledge that there is a lawsuit about their realities energizes them to participate in the policy process at the state level," she said.

Grassroots organizing and a lawsuit bring change to New York

Jessica Garcia's organization, Campaign for Fiscal Equity (CFE), led a 10-year effort to change New York's school finance system. Combining legal and grassroots tactics, CFE built support throughout the state of New York for both more funding and a more fair and adequate distribution of that

funding, she said. CFE managed to develop areas of common interest among underfunded New York City schools, other high-need schools in rural and urban areas of the state, and some of the more affluent schools in the suburbs. At the same time, the group filed a lawsuit that eventually reached the New York State Supreme Court, which recently ruled that the school finance system was unconstitutional. The court ordered the state to reform the system so that every school has sufficient resources to provide students the opportunity for a “sound basic education.”

Garcia said she was “amused by the change in attitude of our leaders” regarding the need for more funding for schools. “It is impressive to see what a court order can do!” she said. (According to estimates by the National Education Association, New York spent \$4,148 per pupil *more* than California did in 2001–02.)

But, Garcia immediately added, “none of the progress we’ve made so far could have been made so quickly without the public support and action around our issues. . . . We have learned by our own experience and by looking at the work in other states, like Kentucky and Maryland, that growth in the public will stems from both grassroots efforts as well as from the democratic dialogue that is an outgrowth of our public engagement.”

Reform efforts in any state—even if the litigation focuses on a single district—must ultimately show a statewide benefit, she said. The system must be fair and provide stable funding for all children.

“The Campaign for Fiscal Equity has long endorsed a non-Robin Hood approach to a remedy; that is to say, we do not support taking local tax dollars from one district to benefit another,” Garcia said. “A Robin Hood approach serves only to build contention, which can undermine the campaign.”

Will Californians embrace reform?


Is there a non-Robin Hood proposal—whether through the Quality Education Commission, the initiative process, or the courts—that will win public support in California?

Cabaldon holds out hope. There’s “an inner policy wonk in all of us,” he said, particularly when it comes to schools. “Almost everyone on the street is an intuitive Secretary of Education because, after all, we’ve all been through schools.” This familiarity and sense of expertise in the subject “creates both opportunities and challenges for the politics of getting this work done,” he added.

Schwarzenegger could be the key to hammering out a compromise that the public will endorse, Blattner suggested. He told a story he had heard about the persuasive powers of another popular governor of California—former President Ronald Reagan. As the story goes, Reagan was trying to get the budget passed and needed 12 more votes. He called in 12 legislators one by one and managed to change their minds. When asked by an observer how he had convinced these previously reluctant legislators, Reagan replied that he was mostly just saying “hi” and occasionally promising to go to a grandmother’s birthday party or some such event. However, Blattner said, Reagan told those who were tougher to convince: “You’re a great legislator and you’re an asset to Sacramento and to your district, and I would hate like heck to have to come down and campaign against you for three or four weeks.”

“Now, I don’t think [former Gov.] Gray Davis could get away with that,” Blattner said. “Legislators would say, ‘Bring it on!’ But Arnold might.”

If he chose to, Schwarzenegger might be able to tap into existing public support for schools. Californians support more money for schools, Cabaldon said, and

some of the funding reforms. But the two need to go hand in hand, he warned. “If you don’t marry the two of them together—funding levels and funding reforms, in particular around equity—then you foreclose one against the other in the long run,” he said. “It’s going to be really critical that we get all these different elements together for a smart initiative if we can’t get something from the Legislature or through the courts soon enough.” 

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