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Raising Student Achievement in California Will Likely Require More Funds — But Funds Must Be Matched With Major Reforms to Achieve Results, Bipartisan-Commissioned Studies Conclude

High-Poverty Schools Will Require Additional Resources to Meet State Academic Goals

SACRAMENTO — Assuring a quality education for all of California's school-age children may take a significant infusion of funds, according to the second slate of non-partisan research studies requested by state policy-makers. At the same time, additional dollars must be accompanied by comprehensive reforms in the education governance and finance systems. Researchers found that even after adjusting for costs, California lags behind most other states, including Texas and New York, in per pupil education spending. The studies also found that because many of their students come to school less prepared, high-poverty schools will require extra funds to raise academic standards and meet state goals.

“The research confirms what many educators have long believed: High-poverty schools are struggling to meet state standards and will require additional support to get them on par with other schools,” said Senate President pro Tempore Don Perata, a research requestor. “It’s true our schools could use more resources, but these studies also show there are significant improvements we must make in how we currently use the money, not just the amount spent.”

The three independent cost analyses released today complemented yesterday's suite of related studies revealing how the state must make comprehensive reforms in how California schools are governed and financed. The nearly \$3 million research project was requested by a bipartisan group of state leaders and underwritten by four of the nation's leading philanthropic foundations.

“California's schools may require substantially more resources to meet student achievement goals,” said Susanna Loeb, an associate professor at Stanford University and the leader of the research project. “But the research findings of all 22 studies are clear: that to have an impact, increased funding must go hand-in-hand with reforms.”

Using different methodologies, the costs-analysis studies drew similar conclusions on a number of key issues:

- *California's K-12 spending is below the national average, even factoring in recent budget increases.* The Golden State's low spending relative to other states is primarily a reflection of its low staff-to-student ratios and *not* of differences in the salaries that individual teachers receive. Adjusting for regional cost differences, the research finds that Texas spends 12 percent more per pupil than California; Florida, 18 percent; New York, 75 percent, and the rest of the country, 30 percent.
- *There are substantial differences across schools and districts in educational needs and concomitant resource demands, which are driven largely by differences in poverty, special needs students and the*

cost of teachers. The research results show that schools with a higher proportion of students in poverty require additional resources to compensate for the extra needs that these students typically bring to school.

- *Among schools that serve a high proportion of students in poverty, even the most successful rarely meet state-achievement goals, according to the study by Perez et al.* Many schools categorized as successful by the *Getting Down to Facts* studies and by other similar studies do not achieve state goals for students. On average, schools with a lower proportion of students in poverty perform better on standardized tests than schools with a higher proportion of poor students.
- *Based on the responses of school personnel, a 40 percent increase in spending would still leave more than half of the California districts below the goal of an 800 on the API.* The cost study by Jon Sonstelie, a senior fellow at the Public Policy Institute of California, suggests an estimated total state budget of \$60 billion (for the 950 districts with complete data); in contrast, the total expenditure of the same districts was \$43 billion in 2003-04. This estimate is based on the assumption that district personnel would be able to make some allocations not currently permitted by today's policies. Importantly, because the budgets are limited to those allowed in the simulations, the estimates do not predict that all schools would achieve an 800 API. Instead, 5 percent of elementary schools would have predicted API scores of over 819, 50 percent of schools would have predicted scores of less than 796, and 5 percent of schools would have predicted scores of less than 736. Sonstelie predicts similar outcomes for middle schools and high schools.
- *More money in the current system without significant reforms is unlikely to result in students meeting state standards.* Deep flaws in our educational governance system mean that simply pouring more money into the system will not improve student achievement unless it is accompanied by significant reforms.

It is important to note that in the cost study by Jennifer Imazeki of San Diego State University, the researcher concluded that her cost estimates — \$1.7 billion and \$1.5 trillion — should not be considered reliable. The study takes an econometric cost-function approach, which looks at spending as a function of outcomes. The author also conducted a parallel production-function analysis of the data, which looks at outcomes as a function of spending, to test the robustness of the cost-function model. Because the study failed the test by producing two very different numbers, the cost figures produced in the Imazeki study are considered weak and unreliable.

“Taken together, the message of this research is clear. More money spent the same way in the current system will not significantly improve student academic performance,” said Ted Mitchell, Chair of the Gov’s Committee on Education Excellence. “Resources, whether they are the dollars we currently spend or additional resources that may be needed, must be utilized in a more efficient and flexible manner if we are to achieve the high goals we have set for our students. Only fundamental revision of education finance and governance will enable us to put adequate tools in the hands of our teachers and educational leaders.”

“As a UC Regent, a CSU Trustee, the parent of three public school students and someone who wants California industry to have the trained, educated workforce they need, nothing is more important to me than making sure the children of the 21st Century get the education they need to succeed in the 21st Century,” said Fabian Núñez, Speaker of the California State Assembly and a researcher requestor. “These landmark studies show there is still a troubling achievement gap in California and they make clear that the profound relationship between poverty and student achievement remains a difficult problem to untangle. As we review the substantial and substantive information in these studies and begin the appropriate dialogue on the balance of reform and funding they prescribe, all Californians who have a stake in the future of our schools need to part of the conversation.”

“This research provides the most comprehensive information to date on what it will take to improve student achievement for all students,” said Christy Pichel, president of the Stuart Foundation. “Whether policy-makers use this information to improve student achievement is something all Californians will be watching very closely.”

About *Getting Down to Facts*

Getting Down to Facts includes 22 studies by more than 30 researchers from the nation’s leading universities and research institutions. It was formally requested by a bipartisan group of state leaders, including Governor Arnold Schwarzenegger’s Committee on Educational Excellence, Assembly Speaker Fabian Núñez, Senate President pro Tem Don Perata, State Superintendent of Public Instruction Jack O’Connell and former Education Secretary Alan Bersin. Funding support was provided by The Bill & Melinda Gates Foundation, The William and Flora Hewlett Foundation, The James Irvine Foundation and The Stuart Foundation. To view the full set of studies released today, visit <http://irepp.stanford.edu/>.

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