

## COMMENTARY

# Why Funding California Schools Is Crucial to the State's COVID-19 Recovery

CASBO Adventures in Ed Funding



## AUTHOR

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**Paul Richman:** Heather, [you've written](#) that a priority for California's recovery must be significant investment in our schools. Can you share more about that?

**Heather Hough:** Absolutely. There's lots of evidence across time—and growing in recent years—that education is important. It's important for the well-being of individual students, but it's also important for the well-being of society. We know that when more students get a high-quality education and pursue higher levels of education, [everybody wins](#). And it's important to know that because California for many years has been underinvesting in our public education system. I think that it's no surprise to anyone who regularly listens to this podcast that California schools were already below the national average in terms of per pupil funding. In fact, we're ranked [39th in the country](#) in education spending if we adjust for the cost of living. Recent research has also concluded that California would need to spend an additional [\\$26.5 billion](#) above 2016–17 levels on K–12 education if we're to meet our high and ambitious goals for student achievement.

**Heather Hough:** And so now we're looking at a situation in which our students are going to need a lot more support—even more than they got before—in order to thrive when they re-enter schools. Now is the time to invest in education as a way of both raising up what that level was before and also supporting students, supporting families, and, over the medium term, supporting the economy. So making an investment in education is, I think, the smart thing to do for California.

**Paul Richman:** And as we know, even before this crisis, school district budgets were already under a lot of pressure.

**Heather Hough:** That's right. We did a number of studies on school funding as part of the [Getting Down to Facts project](#), which was released in September of 2018—that's where the \$26.5 billion number came from. But also, in that set of studies, we identified many other budget pressures that are crippling district budgets. One of those is escalating [pension costs](#), which to a large extent are being absorbed by districts. Many districts are also experiencing [escalating costs associated with healthcare](#). We have [growing student need in special education](#), but [not growing revenues](#).

And [facilities](#) have become a financial burden on districts as well. So when we take the low level of funding plus these rising costs, it has already put districts into a very financially delicate place. And what's happening now with COVID-19 might be the straw that breaks the camel's back—if we're not really proactive in helping to solve it. If we let things play out the way that they might normally—or that they did in the Great Recession in 2008—what we would see is that schools take a lot of the hit of the economic crisis; we need to try to fight that back.

**Paul Richman:** So, what are some of the ways that we could be proactive?

**Heather Hough:** Researchers working with PACE have been doing a lot of work right now in order to try to get some of those things out on the table. But I think the most important thing to note at this moment is that the ways that we distribute funding for education are very constrained by a patchwork of policies that we've introduced over a number of years, and all of those things can be changed and can be modified if we, as a state, decide that California is going to invest in public education.

So one really important thing here is that our funding systems in California are highly volatile. We're [more dependent on state funds](#)—particularly income taxes—than most other states, in large part due to the funding restrictions on property tax that were introduced as a result of Prop 13 in 1978. We also could, as a solution, look towards diversifying the education tax base.

In the short term, there are a few easy things that we could do to protect education funding for California while we lay the groundwork for some larger structural changes to our funding system. The first is that state leaders could fund education above the constitutionally guaranteed minimum funding level. This would ensure that [Prop 98](#) is used as a floor and not a ceiling, and we could, without any changes to law, invest more money in education. The other is that we could come together and [demand federal aid for education](#). A lot of the support for states and for organizations within states like schools is going to come from the federal government and from stimulus money, and so that's a place where we could advocate for ourselves.

We could also, as a state, if we have one-time funds, make sure that those funds are being directed to schools that are serving the highest proportions of vulnerable students. We know that right now, as a result of the crisis, we have huge inequities in terms of what students are experiencing—and the best way that we can make sure that we attack that inequity head on during re-entry is by making sure that the schools that need the money the most are schools that are getting the money to serve kids.

**Paul Richman:** Those are some critical steps. What else?

**Heather Hough:** I also think that there are a couple of other lessons that we can look back to the Great Recession to learn for what we might experience in this next recession—one is that we need some flexibility in terms of what districts and schools can spend their money on. So some of the things that we've highlighted in [our research](#) are that we can remove incentives for small class sizes to give more flexibility to how we design the school day and design instruction. We can offer flexibility around school calendars and seat time requirements, which can shift us from thinking schools get paid by having students in them to thinking more creatively about how schools get funding to support students. And we also need to take a serious look at our staffing structures here in California.

**Paul Richman:** I want to probe a little more on several of the topics that you have brought up. One of the shorter to medium-term solutions that you talked about was that the legislature needs to look at funding Prop 98 as a floor and not a ceiling, but I think the pragmatists would say we're most likely going to have some significant cuts in revenue. How is that going to be possible unless the state is able to start printing money?

**Heather Hough:** That's a great question. I'm under no illusions that our state will be incredibly hard hit in every area and that we're going to have to make some really hard choices between what we invest our money in. There is no doubt that every sector—every public sector in California—is going to experience a hit.

I don't think there's any way that our education systems in California won't experience cuts in the next year and into the years that experts are saying we will experience—years of both recession and then recovery. This isn't saying all of the money should go into education at the expense of everything else. It's saying that, however big the pie is, we make decisions about how we want to invest that money, and how we invest that money is an enactment of the things that we value. And in California, compared to other states in the nation, we currently invest a [smaller proportion](#) of that money in education. And we have done that for many years. There is a policy decision and a public decision that we could all make that says: We know that everything has competing values, but education is the bedrock of our state. It's what ensures that we stay on top in the economy, that we continue to be a center of innovation. And so let's put money towards schools as a way of showing that that's where our values lie.

**Paul Richman:** And it seems that this COVID-19 crisis has only further revealed just how vital schools are to our communities.

**Heather Hough:** I absolutely think that that's true. I mean, I think in the most basic way what we've seen is that when kids don't go to school, parents can't work. So in the most basic sense, schools are essential to our economy thriving. We know that schools are a place where all kids are served. And many kids go to school and it's the only place where they're able to receive a reliable meal; it's a place where they receive physical health or mental health services; it's a place where they can feel safe and supported. And so I think, for many Californians who maybe were taking school for granted before, when you try to instruct your kids at home, you realize that the work that teachers do every day with your kids is hard and powerful and that it can't be replaced.

**Paul Richman:** The pandemic has even really opened up people's eyes to the inequities that are existing both in our schools and in our society, and I know that's a topic that PACE and you have done a lot of research on. Are there some ways that you're thinking ... this is a moment, now, where we can really address this broader recognition, coming out of the crisis?

**Heather Hough:** I think that there's a recognition that every crisis also provides an opportunity, and I think that that's true in education in California as well. We have made [significant efforts](#) to close our achievement gap, for example (to eliminate some of the difference between high-income and low-income students, or White students and African American students and Latinx students). However, despite those efforts, our achievement gaps have [remained steady](#). What that tells us is that there are some systemic changes that we need to make in the ways that we serve our kids. And I think that we're in this moment where we do need to reimagine school. The Governor just last week announced that, when we come back to school—if that's in the fall—[we're going to have to change the way that instruction is delivered](#), perhaps with social distancing or changes with scheduling. We're at a point where we do need to reconsider what school is and how it's serving kids.

The good news is that the public is invested in this idea of diversity and equity and closing the achievement gap. Every year [PACE does an annual poll](#); we had [our most recent poll](#) in January 2020, and we found that 47% of voters felt that closing the racial achievement gap in education was a high or top priority, with an additional 29% reporting it as a medium priority. What that shows us is that voters, before the crisis, saw that this was an issue that's worth investing in. And I think we have to build on that public motivation to address the inequities that we have in our systems.

**Paul Richman:** We'd like for our state leaders to make research-based decisions about public schools. And, as we mentioned earlier, the mission of Heather's organization is to help bring more research and evidence into decision-making in California. So I put the question to her in a slightly different way. If you were able to put the top-line evidence base for what needs to happen in the recovery coming out of COVID-19 for our state leaders, what would you highlight?

**Heather Hough:** In addition to education funding, which is, I think, in the first position, we need to make sure that we build the conditions for local educators to make the best possible use of those funds. And that's difficult in this current situation where a lot is unknown about the current moment and going into the future. For this reason one important investment that we need to make as a state is around being able to understand student needs at re-entry.

We generally have tests in the spring that help us, as a system, know how our kids are doing. [We won't have those assessments this year](#). And, in fact, many students haven't had any assessments of their learning since school closed in March. It will be imperative in the months ahead that we have some way of understanding how students are doing and what they need to learn. And that's true at an individual level, so that teachers can adapt their instruction and so that schools can adjust how they organize to support those kids. But it's also true at a system level, so that across our systems we can understand what the levels of student need are and the kinds of investments that we need to make—the kinds of capacities that we need to build—to serve those kids.

**Paul Richman:** And I'm glad you brought that up, since the Governor, just on April 23rd, [issued a new executive order](#) delaying the updating of local control and accountability plans by districts, and [California School Dashboard](#) data won't be updated. Those are also some key components of the state's overall system. Any early thoughts on where we're headed with all of that?

**Heather Hough:** I mean, those decisions feel appropriate. It's hard to have a Dashboard with accountability measures if we haven't been able to collect that data. I think that we really do need to take a step back, though, and instead of saying we're going to pause the LCAP and reintroduce it in some number of months to really say what the structures are that we need to build not only to hold our schools and districts accountable but also to provide the kinds of support that they need for us to see the improvements in student outcomes that we want to see at scale? And now, again, is a really good opportunity to step back and evaluate what we're actually trying to accomplish. Because, similar to some of the research and data that I mentioned earlier [showing that our schools had already been under funded](#), our [achievement gaps were already very large](#). We also recently did some research, just before the first of the year, that demonstrated that [our accountability and support systems have a lot of weaknesses](#), and we need to look at those weaknesses head on. Instead of replicating a system that already wasn't working or wasn't serving every educator or every child, let's take this opportunity to build a system that does reach every student and support every school and district.

**Paul Richman:** This System of Support brings up another challenging issue because there always seems to be a push-pull between local and state decision-making. And we know that our system has tried to move towards more local control in recent years, but in times of crisis like this, do you think there's perhaps a need for more clear directives from the state? Where's that sweet spot between state and local decision-making and authority?

**Heather Hough:** I mean, that's probably the hardest question in all of this, but I know that many of the districts that I work with very closely have requested more specific state guidance on many of the issues that they have faced throughout this whole process on things like distance learning; what types of programs they should implement and what types of platforms; also grading policies; [and] how they serve students with disabilities. These are all places where, if every district is developing programs and solutions independently, we're wasting a lot of collective energy because these are problems that every district is experiencing at this time. That's a place where the state can step in and say: Here is what we believe will be effective for students that's based on evidence, that's built with stakeholder engagement. And you can locally determine how you implement this, so enough flexibility that people can adapt a particular set of policies or directives to meet their needs. But there are some things that we've seen throughout this crisis that are non-negotiable and, getting some help centrally, I think, would really streamline that decision-making process locally.

**Paul Richman:** I always appreciate so much how thoughtful you are. I always learn so much from listening to you.

**Heather Hough:** Thank you, Paul.

**Paul Richman:** Is there anything else that we didn't have a chance to talk about that you wanted to highlight?

**Heather Hough:** No, I think we pretty much covered everything and then some.

**Paul Richman:** And then some. We always have to throw in some bonus questions.

**Heather Hough:** Yeah, I love it.

**Paul Richman:** Well, there are always more questions to ask, but that's where we're going to have to leave things for now. We hope that this has helped better inform your understanding of the fiscal implications and opportunities ahead as California prepares to recover from the COVID-19 crisis.

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