COMMENTARY

Prospects for School Finance Reform

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PUBLISHED: January 4, 2011

In PACE's view, one key principle for lasting reform in California's education system is policies that target resources to the students and schools who need them most. How hard is this to do? A new report from the Public Policy Institute of California (authored by Jon Sonstelie, Margaret Weston, and Heather Rose) suggests some grounds for pessimism.

The PPIC report argues that some relatively modest changes in school finance policy now could lead to increased equity and efficiency in the distribution of resources over time. The most significant of these changes is the introduction of a weighted-student funding formula, under which school districts would receive the same base level of funding for each student they enroll. The base funding level would then be weighted to reflect variation in the cost of educating different groups of students, including students living in poverty and students with special needs. Distributing new revenues under the new rules would indeed produce a substantially fairer and more transparent distribution of state education funding in the long run. In the short run though, the political requirement that districts be held harmless looms dangerously over the path to policy change.

Proposals for school finance reform almost invariably start with the promise that no school district will receive less funding as the rules for distributing resources are changed. The goal is to ensure that districts slated to receive a relatively smaller share of funds under the new system will be no worse off than they were before the new rules were adopted, in the hope of minimizing their resistance to change. In an environment where practically all California districts have lately suffered great financial losses, though, disagreements about what it means to hold districts harmless will quickly come into play, focused on the level of funding that represents an acceptable status quo. Should districts be held harmless at their current, much-reduced level of funding? Or should new revenues be used to make all districts whole at some prior level of funding? The answers to these questions lie on the far side of some hard political bargaining.

Governor-elect Jerry Brown endorsed the move to a weighted-student funding formula in his campaign platform, which greatly improves the odds that California will at least set out on the path toward a more equitable and effective finance system. The prospect that children who need the most support from their schools will finally receive it nevertheless remains a long way off.

Suggested citation

Plank, D. N.. (2011, January). *Prospects for school finance reform* [Commentary].Policy Analysis for California Education.
https://edpolicyinca.org/newsroom/prospects-school-fin-reform

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