



School Finance Reform CAN IT SUPPORT CALIFORNIA'S COLLEGE- AND CAREER-READY GOAL?

For decades, when California's state leaders have wanted to see local school districts respond to shifts in policy and expectations they relied on the state-controlled school finance system to leverage local change. Through the use of categorical programs and earmarked funding, they created incentives for districts that complied and penalties for those that did not. The result: a school finance system that has been roundly criticized as irrational, inequitable, excessively complicated, overly centralized, and inefficient at allocating resources.

In 2012, Governor Jerry Brown proposed to transform California's school finance policies by introducing a new funding formula that would give local districts more control over their funding and provide additional funds to school districts based on student need. Despite broad consensus that school finance reform is needed the Legislature declined to act on the Governor's proposal.

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As the 2013 legislative session begins, the governor is once again proposing K-12 finance reform. In broad strokes, his proposed Local Control Funding Formula would provide a uniform base amount for each student a school district serves, adjusted by grade span, and with extra funding based on student needs. (See box below.) Intended both to simplify the state's approach to school dis-

trict funding and to give more control and flexibility to local education leaders, the proposal raises a number of challenging questions:

- How can the state balance its need to create a school finance system that is more rational and transparent with its interest in better results for all students?

The Governor's Finance Reform Proposal

As part of his 2013-14 budget proposal, Governor Jerry Brown has called for a redesign of the system by which the state allocates funds to school districts. His recommendation for doing so includes:

A uniform amount of base funding per pupil to replace current revenue limit funding that varies widely among districts with little rational basis. The proposal includes grade-level adjustments, plus augmentations for K-3 students tied to smaller class sizes and for students in grades 9-12 through a reallocation of existing CTE funds.

A 35 percent augmentation to the base grant based on student characteristics, including English learner and low-income status, to enable districts to provide extra services to these students. It adds supplemental funding for districts where more than 50 percent of students are from those groups.

Two categorical program allocations will continue as permanent add-ons for those districts that currently receive them—Targeted Instructional Improvement Grants (TIIG) and Home-to-School Transportation. Districts would have flexibility in the use of these funds.

A phase-in schedule that will provide all districts with restoration of prior funding, but with expected increases in K-12 funding benefiting some districts more than others.

The Governor proposes to leave in place several aspects of the current system, including all federal programs and reporting requirements, local miscellaneous revenues that districts generate, and excess property tax revenues that exceed a district's funding formula allocation. The governor's budget also recommends some changes in funding for special education and for county offices of education.

Details of the governor's proposed Local Control Funding Formula are available in the 2013 Full Budget Summary at www.dof.ca.gov.

- Is it possible to provide funding with few or no strings attached and still have meaningful incentives and accountability systems that result in improved local educational practices and student outcomes?
- What changes in how state policymakers allocate funds to local education agencies would most effectively further their aspirational goals for schools?

California's policies for funding Career Technical Education (CTE) provide a useful lens for examining these questions and thinking more deeply about how a funding formula that provides greater local control might also work to support the state's goals for students. As is true with other challenges facing the public education system—such as educating English learners, strengthening teacher quality, and taking advantage of new instructional technologies—balancing local flexibility with state-level priorities and responsibilities will require thoughtful policy design.

Defining the state's academic goals is occurring simultaneously

The challenge of developing good finance policy is particularly important and pressing given that California is also in the midst of defining and assessing the full implications of a new overarching goal for the system, that *all students leave high school ready for college and career*. As in other states, a variety of policy initiatives, including the adoption and implementation of the Common Core State Standards (CCSS), have committed California to this demanding new goal for K-12 schools and high schools in particular.

Educators, researchers, and policy advocates have been working for years to define what the goal of “all students college- and career-ready” means in practice. In the process, they have designed and implemented various local high school reforms, including many that make CTE a more integral component of the high school curriculum. The state has also developed standards for CTE courses and supported regional networks devoted to creating industry-specific career pathways for students. The fact nevertheless remains that the progress the state has made

The Linked Learning Approach

This approach to high school education is based on pathways that give a unifying theme to students' high school experience and connect students to real-world learning opportunities related to that theme. The pathway will vary according to local context, but the approach is based on common guiding principles and core components.

The guiding principles:

- 1 Pathways prepare students for both postsecondary education and careers.
- 2 Pathways connect academics to real-world applications.
- 3 Pathways lead to a full range of postsecondary opportunities.
- 4 Pathways improve student achievement.

The core components:

- 1 A challenging academic component prepares students for success in postsecondary education without remediation.
- 2 A demanding technical component delivers knowledge and skills needed for career opportunities in the industry represented by the pathway theme.
- 3 A work-based learning component enables students to learn through real-world experiences.
- 4 Support services enable students to succeed in a challenging program of study.

Excerpted from ConnectEd District Guide and Toolkit (www.connectedcalifornia.org)

on these types of reforms is modest. Many places in California have not moved beyond a traditional approach that treats college-ready and career-ready as separate goals for separate groups of students.

At the same time, social justice advocates have raised concerns about these traditional high school practices because they often systematically track low-income students and students of color into CTE programs that limit these students' access to engaging, high-quality instruction in demanding academic courses. These concerns have led to a call for *all* students to have access to the a-g courses required for admissions eligibility to the state's four-year universities, a policy that has been adopted by a growing number of California school districts.

The goals of college- and career-readiness have often seemed to work at cross purposes. However, many California schools and agen-

cies have embarked on an ambitious effort to harmonize these two objectives through an approach called Linked Learning. The Linked Learning Alliance is a statewide coalition of education, industry, and community organizations that works to expand student access to programs of study that “integrate rigorous academic instruction with demanding technical curriculum and work-based learning.” (See box above.) The Linked Learning approach, which has been widely endorsed, leans heavily on decades of experience in California and nationally with career academies. In California, these small alternative programs are often referred to as partnership academies. Since 1984 they have largely been funded through a categorical program and have been required to serve at-risk students.

It would be an overstatement to say that this work has led to universal agreement about what high schools for the 21st Century should look like in California. But what has been learned so far points to a consensus on some general principles which could help guide state policies that are consistent with and supportive of the college- and career-ready goal for local schools. Those principles include the following:

1. There is an increased expectation regarding the academic skills and knowledge all students must acquire before they leave school if they are to have the capacity to succeed as 21st Century adults.
2. At the high school level in particular, student engagement and motivation play a critical part in students' success.
3. Students are more motivated to learn when they understand the relevance of schooling to their lives and their futures, and career technical education is a proven strategy for helping them see this relevance.
4. Not all young people (and their parents) need or want the same things out of their high school educations, but nearly all say they see some college (broadly defined) in their future.
5. All students need some exposure to both academics and career technical education but the balance between them should appropriately fall along a continuum, with students and their parents empowered to choose the right mix and with local schools equipped to deliver both types of instruction to a high standard of quality.

Based on these principles, the state's over-riding goal for improving performance at the high school level could be rephrased like this:

All students should have the opportunity, motivation, and support they need to successfully access and complete a high school education that provides them with an appropriate blend of challenging career technical education and demanding academic coursework consistent with their aspirations and interests.

Finance reform that supports improvement in the education system's performance, as it relates to high school, should encourage

more California high schools to provide their students with the "appropriate blend" of demanding CTE and academic classes so that more students leave high school ready for both college and career.

Success can be measured by persistence, access, and/or performance

Proposals for finance and other reforms are often justified by the claim that they will move the needle on outcome measures that currently raise concern. A trinity of data points documenting weaknesses in California's education system is often cited. Calls for policy change almost invariably include one or more of the following claims:

- **Too few students persist to graduation:** The statewide graduation rate in 2010-11 was 76.3 percent, meaning that nearly a quarter of the California students who started 9th grade in 2007 did not earn diplomas on time, four years later.
- **Not enough students have access to and complete a rigorous curriculum:** Of those who did graduate in 2011, only 40.3 percent completed the sequence of college preparatory courses (the a-g requirements) needed to be eligible for admission to the state's public four-year universities.
- **Student performance is not good enough:** Among 11th graders who took the Early Assessment Program (EAP) test of college-readiness in English in 2010-11, 23 percent tested as ready to take on college-level work at a CSU. The same was true for just 15 percent of those who were able to take the EAP in math, which requires completion of Algebra II.¹

Taken together, these three metrics are behind much of policymaker and public concern about public schooling in California. Taken separately, however, they are indicators of three very different challenges for high schools, challenges that require different programs and policies at the local level.

- The low rate of high school graduation speaks to issues of student engagement and motivation, as well as the need for more and better support services for students who are struggling.

- The low rate of course completions in rigorous classes speaks to issues of student access and readiness, and in some cases to the availability of qualified teachers.
- Lower than hoped for test scores on the EAP speak to instructional effectiveness and to the quality of what students learn in high school and its alignment with college expectations.

Each of these challenges may require a different policy response.

Outcomes and needs vary across the state

The support local schools need to improve, including funding support, depends both on community circumstances and on students' needs and aspirations. The work of improving school and student performance is complex, and the appropriate approach may differ significantly across regions and districts in our extremely diverse state. People in San Francisco or San Bernardino may not want high school programs that are identical to offerings in Los Altos or Los Angeles, in part because each community faces different issues related to students' persistence, access, and academic performance. (See Figure 1 on next page.)

In Shasta County, for example, just 23.9 percent of students in the class of 2011 completed the a-g course sequence, one of the lowest college eligibility rates in the state. But student persistence was much less of a concern, as the graduation rate was 84.3 percent, one of the highest among all California counties. And the percentage of students in the class of 2012 who tested as college-ready on the English EAP was comparable to the state average.

In Los Angeles County, student persistence to graduation is of paramount concern given a 71.5 percent cohort graduation rate in 2010-11. But among those students who did graduate, more than half completed the a-g course sequence. EAP results for the county nevertheless trail state averages, suggesting that although students' access to rigorous courses is strong, their academic performance is less so.

Just as needs and challenges vary significantly depending on where a school is located, so too will strategies for making prog-

¹EAP results for 2012, released in September, showed modest improvements across these variables among students in the Class of 2013. The earlier results used here are for the Class of 2012, a closer comparison to the available graduation and a-g completion rates from the Class of 2011.

ress on the college- and career-ready goal. The effective implementation of educational programs that address the problems of persistence, access, and performance looks different in Redding than in Riverside.

This reality lies at the heart of the argument that greater flexibility in state funding streams is necessary to support educators' ability to improve student outcomes. At the same time, targeting funding to provide incentives and "pilot funds" has proven effective at pushing local schools to innovate and experiment, a push that is definitely needed when it comes to high school reforms. The dynamic tension between these perspectives presents a particular challenge to state leaders as they ponder how to simplify the state's K-12 funding system while keeping pressure on local schools to meet the state's improvement goals

Multiple CTE funding sources and recipients create a "fragmented maze"

As state lawmakers think about implementing a new funding formula aimed at greater local control and simplifying the K-12 school finance system, advocates are concerned about what could be lost or gained. In the case of CTE, a complicating factor is that the optimal strategy for effective CTE programs is often beyond the capacity of a single K-12 school or school district. Rather, the strongest CTE programs are often regional in nature. They also depend on active participation from and collaboration with local postsecondary and business partners. As a result, CTE programs often rely on a variety of financial resources beyond K-12 funding.

In May 2008, the Center for Education Policy and Law at the University of San Diego (USD) published an analysis of California's approach to funding Career Technical Education (Galloway, 2008). The author's analysis showed that "CTE is funded through a fragmented maze of programs and funding streams with multiple applications and program requirements." Her report catalogued the extent to which CTE education programs are run by many different entities, including K-12 school districts, the state's 70-plus Regional Occupational Centers/Programs (ROCPs), adult education programs, community col-

Figure 1: High School Student Outcomes for California and Selected Counties

	Grad rate	% of Grads completed a-g courses*	% of 11th grade CST enrollment who took English EAP	% of EAP English takers rated college-ready	% of 11th grade CST enrollment who took Math EAP**	% of EAP Math test takers rated college-ready / conditionally ready
Highest						
Lowest						
Statewide	76.3%	40.3%	86%	23%	51%	15% / 43%
Selected counties						
Alameda	78.4%	41.1%	91%	29%	61%	23% / 39%
Contra Costa	82.2%	41.1%	88%	30%	54%	19% / 45%
El Dorado	87.0%	42.0%	83%	34%	52%	23% / 52%
Fresno	73.7%	35.9%	90%	17%	49%	10% / 42%
Imperial	83.4%	24.2%	87%	13%	42%	12% / 43%
Kern	73.3%	28.5%	82%	16%	41%	10% / 45%
Los Angeles	71.5%	51.3%	87%	20%	54%	15% / 39%
Merced	82.0%	23.8%	88%	15%	41%	11% / 46%
Monterey	70.5%	25.2%	85%	16%	45%	8% / 43%
Orange	85.6%	43.0%	84%	29%	56%	22% / 44%
Riverside	80.8%	31.0%	87%	19%	45%	9% / 47%
Sacramento	72.1%	33.8%	82%	22%	47%	15% / 46%
San Bernardino	74.0%	30.2%	87%	17%	43%	10% / 44%
San Diego	77.1%	42.1%	81%	26%	56%	15% / 44%
Santa Barbara	82.5%	34.1%	80%	23%	47%	13% / 47%
Santa Clara	79.7%	45.9%	91%	32%	61%	29% / 39%
Shasta	84.3%	23.9%	80%	24%	40%	11% / 49%
Solano	74.5%	28.6%	90%	22%	39%	11% / 50%

* a-g completion rates are self-reported by districts and some experts raise concerns about their accuracy.
 ** students are only eligible for this test if they are enrolled in or have completed Algebra II.
 Data: Graduation rates and a-g completions, California Department of Education, <http://dq.cde.ca.gov/dataquest/>; EAP results, Educational Testing Service, www.eap2011.ets.org. Accessed Sept. 2012.

leges, and workforce development agencies.

Based on 2007-08 information, the author also documented the sources of funding to support these efforts. A large portion came from K-12 districts' general purpose revenues (i.e., revenue limit funds). Various state and federal categorical funding streams supported CTE-related programs in K-12 agencies and/or community colleges, with the federal Carl D. Perkins Career and Technical Education Act Basic Grant being perhaps the most important. State and federal funding for adult and workforce education was largely provided to community colleges, four-year universities, and other regional entities, but a portion was also allocated to K-12 districts and ROCPs. (See Figure 2 on next page.)

In the years since the USD report was published, California's approach to funding K-12 CTE programs and its more traditional vocational education programs has changed by default more than by design. At the heart

of this change was the decision by state policymakers in 2008 to temporarily suspend the restrictions on about 40 categorical funding programs. One of the largest of these programs was for ROCPs. The portion of state adult education funding provided to K-12 districts was also made flexible. More recently, policymakers created a new set of CTE programs with the 2012 passage of SB 1070 (reflected in Figure 2 and discussed in detail in subsequent pages).

In a 2011 PPIC brief (Weston, 2011) on the subject of flexible funding, Maggie Weston keys in on the regional nature of ROCP funding as a unique situation when compared with other K-12 funding streams. Of California's 71 ROCPs,³ 40 are operated by county offices and 26 are operated through Joint Powers Agreements (JPAs) among several agencies. The remaining five are run by single school districts that, in most cases, list their local community colleges as partners. Los

³This count of ROCPs is based on information from CAROCP that was updated for 2012-13. Slightly different counts are found in other reports.

Figure 2: Funding Sources and Processes for CTE Programs

Source	Type of funding, administration	Recipients	Best estimate of funding levels	Accountability and reporting requirements
State	General Operating Funds to recipients	K-12 Districts ROCPs Community Colleges	Est. \$899M in 2007-08 in K-12; plus \$457M for ROCPs. Est. \$655M in CCCs (about 22 percent of general apportionment funding)	Locally determined uses and programs, not monitored
State special funds authorized by SB 1070 -replacing SB 70	Competitive grants and contracts, allocated by CDE and CCCCCO	K-12 Districts ROCPs Community Colleges Other organizations	\$48M in 2012-13	Must fulfill conditions of grant or contract, including reporting on outcomes
Federal Perkins Act	Earmarked for CTE, allocated by CDE and CCCCCO based on a formula	K-12 Districts ROCPs Community Colleges	\$107M in 2008 (\$119M in 2011)	Numerous requirements, including statewide plan and accountability: reporting
Federal -- Workforce Investment Act	Administered by CA Employment Development Dept.	Local Workforce Investment Boards, required to work with K-12 districts, ROCPs, & CCCs	\$131M for youth initiatives in 2008-09, out of \$426M	State must have a strategic plan that includes cross sector coordination.
State Apprenticeship programs	Administered by CA Dept. of Industrial Relations	CCC - apprenticeships K-12 districts/ROCPs - Work experience education (WEE)	\$12M in 2007-08	WEE plans submitted to CDE

Source: University of San Diego (Galloway, 2008) except for 2011 and 2012 funding levels.

Angeles County students are served by the largest number of ROCPs at 12, including all but one of the district-operated programs. In some other large counties, however, including San Diego and Sacramento, the ROCPs are county operated.

This variation in ROCP governance across the state adds another level of complexity to the question of how CTE funding should be handled in a redesigned school finance system. Concurrent with the revamping of the finance system, the state could choose to re-examine the governance structures for these regional agencies, perhaps factoring the Workforce Investment Board structure and its 49 local programs into that examination. This type of governance reform could be accomplished separately from the adoption of a Local Control Funding Formula, but adopting both simultaneously could serve the dual objectives of budget transparency and fiscal accountability.

Successful CTE funding approaches can help inform upcoming finance policy decisions

In some high schools in California, tremendous changes are underway as educators work to meet the demands of the college- and career-ready objective. These schools, districts, and communities are re-imagining how CTE and academic teaching and learning can be blended together, evaluating their progress, making corrections and refinements, and then innovating some more.

In many cases, the categorical funds provided for tightly defined pilot programs like the California Partnership Academies have proven to be a catalyst for innovation. At the same time, however, broader and more systemic change requires that local leaders have the flexibility to move beyond a pilot, in the process responding creatively to their particular circumstances and opportunities. Many of the communities in California that have scaled up their CTE and academy offer-

ings—and broadened access to them—have benefitted from being able to use funding from multiple sources that has, for the most part, not been accompanied by substantial regulatory requirements.

Decades of success for an incentive program with specific guidelines

The California Partnership Academy (CPA) grants, which began in 1984, include very specific requirements for initial funding and renewal. The available amount is limited to 90 students in grades 10 to 12, although many academies enroll additional students for whom they receive no extra funding. Payment of the state grant for each student is contingent on that student meeting minimum requirements for attendance and credits earned during the previous year, as detailed in a required annual report. The current provisions in the California Education Code (Section 54690-54697) include the following requirements:

- At least one half of the sophomore students served must meet set criteria for being “at risk”;
- The state contribution must be matched by the local school district and also by local employers, creating a two-to-one contribution from local versus state sources;
- The curriculum must be framed around one of the state’s 15 industry fields established for CTE;
- Assurances must be made regarding how the academy will operate, including teachers working in teams, student scheduling, the courses to be offered, an advisory committee, mentoring, and work-based learning opportunities; and
- Each academy must submit an annual report that includes expenditure reporting, plus student level data regarding such things as attendance, grade point averages, and passage of the California High School Exit Exam.

In 2009-10, 467 CPAs operating in 278 different high schools submitted reports to the state. In October 2011, the state also received a summary analysis based on the

academies' 2009-10 annual reports (California Department of Education, 2011). Of particular note in that summary was the reporting of a 95 percent graduation rate among academy seniors compared to an 85 percent rate among high school seniors statewide, with even larger advantages among the academies' African American and Hispanic students.

Success of district level Linked Learning approach depends on cross-sector collaboration

Educators' experiences with career academies in California and nationally have provided a foundation for broader, district level reforms specifically aimed at preparing students for both college and career. The most important of these in California has been the Linked Learning approach. With strong support from the James Irvine Foundation, several California school districts have embarked on system-wide high school reforms based on the principles and core components of Linked Learning. (See box on page 2.) The goal of the Linked Learning District Initiative, managed by ConnectEd, is to see how districts can and should move from the small, pilot model of individual career academies to systems of pathways that provide broader student access to quality programs across the district.

The experiences of Long Beach Unified demonstrate the extent to which this sort of reform works better when a district is able to bridge the traditional divides between K-12 education, postsecondary institutions, and the business community, including workforce development efforts. Long Beach has gained particular attention because of the district's success at not only providing pathway opportunities to the majority of their K-12 students but also aligning those with the experiences that await students when they finish high school.

A recent report from the California Collaborative on District Reform (Knudson, 2011) focused on the lessons other districts might take from the Long Beach experience and also touched on what changes in state policy could support similar efforts elsewhere. The report emphasized the importance of regional, cross-sector partnerships of the type Long Beach has developed.

The report included reactions from a group of California school district leaders and described the conditions they believed would support further progress in Linked Learning. They expressed the need for districts to build the capacity of their educators and school systems, including securing resources and strategically managing funding streams to "bridge many of the traditional divides in K-12 education."

They advised state policymakers to support Linked Learning, but to do so in a way that is flexible enough that districts can adapt their implementations based on what is learned so it remains a process of continuous improvement. And on funding policy specifically, the multi-agency Linked Learning Alliance urged the Legislature to alter "a finance system in which funding stovepipes make it difficult to support Linked Learning work."

California's new ROCP flexibility spurred innovation in Solano County

It is notable that despite ROCP funding being included in the list of newly flexible categorical programs in 2008, almost all of these programs continued to operate. There is also evidence that the removal of previous requirements for use of ROCP funding created opportunities for innovation that some regions of the state have embraced. One often-praised effort has been in Solano County.

As is true with the majority of the state's ROCPs, the funding for this program was allocated to the local county office of education. There were no Joint Powers Agreements. Instead the Solano COE ran the program, which served six local school districts and their students. Each of the districts also offered their own CTE courses independently.

As Solano County officials describe it, a major opportunity was created by their new-found flexibility, in particular because they were no longer restricted to using their funds only for students over 16 years of age. They leveraged the change, and local districts' financial difficulties, to set up a countywide approach to evaluating and certifying CTE courses based on a list of 11 key elements adapted from the state's CTE plan for 2008-12. They also assumed leadership to

strengthen the connection between the K-12 system, the local community college, and regional industry advisors. A key role for the latter group has been generating workplace learning opportunities for students through a collaborative that involves the local districts and employers.

"Some education initiatives are just better driven regionally," said Janet Harden, Assistant Superintendent of Human Resources and Workforce Development for the Solano County Office of Education. "If an employer moves into the county, they care about the regional workforce. For them it's not about one school district or another. We can't afford for districts to compete to get their attention and support. In our experience, county offices are part of the structure that can help with this."

Recent legislation reflects some lessons learned

The experiences described above helped to inform the 2012 passage of SB 1070, which created the Career Technical Education Pathways Program. This program takes the place of SB 70, which was passed in 2005. (See box on next page for more on SB 70.) The new program provides funding for contracts and grants that are to be jointly administered by the California Community Colleges Chancellor's Office (CCCCO) and the California Department of Education (CDE).

The legislation requires that the two state agencies must support regional efforts by working with K-12 schools, community colleges, workforce development consortia, and ROCPs. Programs that demonstrate a high level of regional collaboration, including Career Partnership Academies, are to be the first priority for funding. A second priority is for contracts and grants that "display statewide benefit." The bill cites the types of programs envisioned for support but leaves the CCCCCO and CDE to determine specifics. The two agencies are required to establish systems and indicators for evaluation and accountability, and to use the outcomes when determining eligibility for contract and grant renewal. They also have to submit an implementation strategy and expenditure plan to the Legislature and the California

Department of Finance. This program is only authorized to run through June 2015.

Total funding through the end of the program was set at \$68 million. That makes this a rather small scale effort, particularly when one considers that the funds do not go exclusively to K-12 education. However, history has shown that a small amount of marginal funding—whether in traditional categorical programs or in incentive grants such as the federal Race to the Top—can have a tremendous effect on local educational practice (Cross, 2010).

By maintaining programs such as this one outside of the main school funding allocation, the state can support CTE innovation and encourage regional and cross-sector partnerships regardless of what the larger K-12 finance system looks like. Keeping the number of such programs to a minimum, and at the same time simplifying the basic funding model, might get California a long way toward both its finance reform goals and its aspirations regarding students' college- and career-readiness. Indeed, with the structure

that has evolved, California seems to already be on a good path to a funding strategy for CTE that will both encourage innovation and give local communities greater flexibility.

CTE experiences can help inform the upcoming finance reform discussion

As California resumes the debate about finance reform and the adoption of a funding formula that delivers greater local control, one critical question ought to be:

How can funding policy in California be written in such a way that it maximizes the quality of local implementation in pursuit of the state's goal that all students leave high school ready for college and career?

In an examination of how to leverage school resources to improve performance, Jacob Adams (Adams, 2010) makes the case that maximizing the quality of local implementation involves two factors, “will and skill.” To put it more formally, it depends on local educators' motivation to meet the policy goal and also on their capacity to do so.

California's recent experiences with policies aimed at strengthening CTE efforts provide some evidence for how funding strategies can differ depending on whether the obstacle to improved performance is motivation or capacity.

When the implementation challenge is a question of motivation, a small amount of funding on the margin can create an incentive for change, overcome inertia, and compel local action, as has occurred with the California Partnership Academies. When the implementation challenge is more related to capacity or skill, the state should provide funding, guidance, and flexibility, giving local leaders the resources they need to create programs that suit local circumstances and challenges. The state could therefore choose from among a variety of policy options as it identifies the specific strategies that would best support the development of high school curricula that offer an “appropriate blend” of academic and CTE courses. (See box on next page.)

A number of other educational objectives present comparable challenges for would-be finance reformers. Examples include educating English learners, leveraging technology to improve teaching and learning, and strengthening educator evaluation and support in ways that produce positive outcomes for students. In each case, it would behoove state leaders to consider how much progress toward a given objective depends on the will versus the skill of local educators. If their conclusion is that the *will* to change is lacking, either because of political realities or plain intransigence, the state should try to find the most strategic, least intrusive, and least costly way to motivate local school systems to share its goals. To the extent that the main obstacle is instead a lack of *skill* to change, the state can justify a more flexible approach. It can perhaps do the greatest good by identifying capacity building programs, such as professional development and data systems, and determining what combination of central, regional, and local action and control would produce the best results in terms both of quality and of cost effectiveness.

As the CTE case also illustrates, federal programs often play a critical role in the fund-

SB 70 and its Replacement, SB 1070

The purpose of SB 70, passed in 2005, was to encourage the development of local and regional CTE pathway systems that integrated K-12 efforts into a larger network. Its initiatives were organized around six themes:

- 1 Career pathways and articulation for CTE students in K-12, community colleges and universities.
- 2 Career planning and development, including more work-based learning opportunities.
- 3 Programs to increase the enrollment of underserved students in CTE programs.
- 4 Business and industry engagement in CTE.
- 5 CTE teacher recruitment and professional development.
- 6 Capacity building, research and evaluation.

An evaluation of the program, developed by WestEd and published by the CCCCO (California Community College Chancellors Office, 2011) in November 2011, found that the initiative had resulted in greater access to CTE courses within California's public education systems; growing business interest and support for work-based learning opportunities; and increased teacher interest in “the integration of career and industry-related material in academic subjects.”

The report also stressed that more time was needed for the initiative to fully realize its potential. The programs set up in 2012 as part of SB 1070 build on the SB 70 goals and programs, albeit with less funding going forward.

Policy Options to Support Career Tech Education

As California policymakers redesign the state's K-12 finance system, they can choose one or more funding options that would to varying degrees support two important goals: greater local spending flexibility and continuous improvement in the implementation of CTE. The options include:

Rolling all CTE funding into districts' base allocation. Consistent with the governor's 2013 proposal, the emphasis here is on flexibility. The recommendation that high school students be funded at a higher level could help provide the extra funding often needed for CTE courses but local districts would choose whether to use it that way. The state could include measures of career-readiness in its accountability system.

Using a block grant approach to set aside some district funding for CTE programs. This could assure that districts spent some of their funding on CTE programs but would leave to local districts the decision about how precisely to use the funds.

Setting funds aside to support a cross-sector, regional approach to CTE. This would be consistent with the funding strategy used in SB 1070 and also align with the federal approach under the Perkins Act.

Rewarding innovative proposals with "Race to the Top" style grants. Districts, schools, county offices, ROCPs or other agencies could compete for funding based on new educational approaches they would like to try.

Similar options can likely be identified across other areas—such as professional development and the use of technology—where the state has an interest in supporting ongoing improvement and innovation.

ing of the same strategic initiatives the state is pursuing. As state leaders think about the relationship between the K-12 finance system and their objectives for schools, it makes sense to take a realistic look at federal funding streams and to understand how they affect schools and districts. If any state categorical programs or accountability reports that are deemed necessary align well with federal strictures, guidelines, and reporting requirements, the administrative burden on school districts would be substantially reduced.

Further, it is important to ask where leverage points for change exist both within the education system and beyond its boundaries. In the case of CTE, many of the challenges are best tackled when the K-12 system works at a regional level and with partners outside of K-12. The more restrictive and complex state regulations are, the more difficult that becomes.

Conclusion

The passage of Proposition 30 in November 2012 provides hope that the downhill slide in funding for public education has finally stopped after five long years. The prospect of greater financial stability coincides with a host

of new challenges for schools and school districts, however, including the implementation of Common Core State Standards, the redesign and reauthorization of the state's accountability system, and the accelerating proliferation of digital tools and resources in schools and classrooms. Behind all of these changes lies a dramatic increase in expectations for California's young people, as schools seek to ensure that *all* of their students leave high school ready for college and careers.

In the face of these challenges, the introduction of a new Local Control Funding Formula presents a dilemma for state policymakers: how can the state increase local

educators' authority and responsiveness to local circumstances while simultaneously ensuring that they commit resources to such state priorities as high-quality CTE, technological innovation, and effective support for teachers? Finding the appropriate balance between these competing goals will require careful policy design if schools and school districts are to truly have more flexibility and to use it to accomplish the ambitious educational objectives that the state has set for them.

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