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COMMENTARY

Financial Crisis and Budget Cuts

Education Finance Reform Opportunity?

AUTHOR
William Perez | Loyola Marymount University

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Concerns about budget cuts seem to be triggering unconventional measures to access or secure education funds. On February 17 the Orange County Register reported that in the Anaheim Unified School District, students with more than four unexcused absences have to carry a handheld GPS device that receives an automated phone message to remind the students that they need to get to school on time. Overall, this truancy prevention program costs about $8 per day for each student. Although the district contends that the program is intended to keep students in school and away from negative influences, there is also a financial incentive for the schools because they lose about $35 per day for each absent student.

A few days later the Mercury News reported that a growing number of traditional neighborhood schools are looking to operate as charters because they can get increases in funding as well as flexibility in how they use these funds. The article notes that although this a national conversion involving about 10 percent of new charters, according to the California Charter School Association charters in California are also on the rise. For public school districts, every student enrolled in a charter means a loss of funding, and the possible defections of teachers and administrators.

Will these new initiatives lead to increased academic outcomes for students? Will they help protect students from the possible negative impact of further budget cuts? Is the school finance system efficient and effective enough? Maybe this is the time to engage in a comprehensive discussion about school finance reform.

A report on K–12 education spending released last month by the Pepperdine University Davenport Institute highlights the need to examine California's education finance system. The study suggests a wide disparity in per-student expenditures as well as with the percentage of money spent directly on education. The researchers—Steven B. Frates, Michael A. Shires, and Ian S. Rudge—found that from the 2003–04 to the 2008–09 school year, overall spending increased by 22 percent, but that the percentage of money spent on the classroom declined from 59 percent to 57.8 percent. Whereas some districts spent at least 70 percent of their funds directly on classrooms, including spending for teachers' salaries, books, supplies and instructional materials, other districts spent less than half of their funds directly on the classroom. Despite concerns about the study's methodology, the study does raise important questions about the effectiveness and efficiency of California's school financing structures and policies.

When schools are increasingly asked to do more for less, better policies may be able to generate better results as well as minimize the negative impact during economic down times. School finance reform is not a new concern, there is an extensive and growing body of research on the topic. As part of California's ongoing policy discussion about budget cuts, education policy scholars should also engage in the topic of school finance reform with the public and with elected officials. I would hate to see a ballot initiative requiring a budget allocation to purchase GPS devices to track all truant students so schools can get their daily attendance funds.

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Policy Analysis for California Education

Stanford Graduate School of Education
520 Galvez Mall, Suite 444
Stanford, CA 94305
Phone: 650.576.8484

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