Resources, Incentives, and Accountability

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In 1992, the average California 4th grader read at the 36th percentile of the nation and the 20th percentile of New Hampshire.

In 2007, the average California 4th grader read at the 38th percentile of the nation and the 20th percentile of Massachusetts.

In 1992, the average California 8th grader did math at the 42nd percentile of the nation and the 22th percentile of Iowa.

In 2007, the average California 8th grader did math at the 38th percentile of the nation and the 21st percentile of Massachusetts.

Relative Performance of All California Students, 1992-2007

	Ranking	Percentile of average CA student in US	in best state
Math grade 8			
1992	29 of 42	41.8%	22.3%
2007	45 of 51	38.1%	21.3%
Reading grade 4			
1992	40 of 42	36.2%	19.7%
2007	48 of 51	37.8%	19.9%

California Performance by Subgroups
8th grade math, 2007

		Percentile of average CA student	
	Ranking	in US	in best state
all students	45 of 51	38.1%	21.3%
white	35 of 50	45.2%	28.8%
black	38 of 50	41.6%	29.8%
Hispanic	37 of 43	39.8%	24.0%
college educated	38 of 50	44.1%	27.1%

Kentucky and National NAEP Trends for White Students, 1992 to 2007

Kentucky and National NAEP Trends for Black Students, 1992 to 2007

New Jersey and National NAEP Trends for Black Students, 1992 to 2007

New Jersey and National NAEP Trends for Black Students, 4th grade reading, 1992 to 2007

New Jersey and National NAEP Trends for Hispanic Students, 1992 to 2007

Underlying Principles

- Cannot separate financing from policy
- Must get incentives right
- Cannot do piecemeal policies

Performance-Based Funding

- ***1. Standards, Assessment, and Accountability***
- ***2. Empower Local Decision Making***
- ***3. Direct Rewards and Incentives***
- ***4. Information, Evaluation, and Continuous Improvement***
- ***5. Rational and Equitable Funding***

1. Standards, Assessment, and Accountability

- Clear standards and reliable assessments
- Value-added focus
- Strong accountability
  - Reward growth
  - Don’t reward failure

2. Empower Local Decision Making

- Local decision making on “how”
- Involve parents and local citizens
  - Equalized local funding opportunities
  - Choice options
- Relief from categorical handcuffs

3. Direct Rewards and Incentives

- Performance based rewards
  - Teachers
  - Administrators
  - Schools
- Pay to relieve shortages
  - Hard-to-staff schools
  - Math, science, special education, language
  - Effective teachers

4. Information, Evaluation, and Continuous Improvement

- “the answer” is not there
- Must link data on schools, programs, and teachers to performance
- Introduce programs to facilitate evaluation

5. Rational and Equitable Funding

- Needs-adjusted base funding
- Compensate for exogenous costs without distorting prices
- District as fiscal focus

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California Budgets

- Deficit leading to “all stop”
- Many of the school matters require little budget
- Need leadership and commitment

Solving the Funding-Achievement Puzzle in America's Public Schools
Schoolhouses, Courthouses, and Statehouses
Eric A. Hanushek and Alfred A. Lindseth