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September 7, 2007

Stuart Drown, Executive Director
Little Hoover Commission
925 L Street, Suite 805
Sacramento, California 95814

Dear Mr. Drown,

I have attached my testimony concerning the *Getting Down to Facts* project. I look forward to seeing you on September 27th.

Sincerely,

Susanna Loeb

The Impetus Behind Getting Down to Facts

Over the past seven years, the state has made great strides in establishing learning standards and developing a system of assessment and accountability for schools and students. Yet, there is overwhelming agreement that California can and should do better. California's students perform poorly on national assessments and very few high poverty schools even come close to achieving California's performance goals. Many initiatives have aimed to improve the state's K-12 system, but it has been difficult for education stakeholders to get on the same page, at least in part, because they lacked information about California's school finance and governance systems necessary to assess the effectiveness of any proposed reform.

With the sense that reform of school finance and governance was necessary to meet the new and challenging goals, Sacramento policy makers approached a group of foundations asking them to fund research to support the policy process. The policy makers included:

- Chair of the Governor's Committee on Education Excellence, Ted Mitchell
- Senate Pro Tem Don Perata
- Assembly Speaker Fabian Núñez
- Superintendent of Public Instruction Jack O'Connell
- Former Secretary of Education Alan Bersin

The foundations were:

- The Bill & Melinda Gates Foundation
- The William and Flora Hewlett Foundation
- The James Irvine Foundation
- The Stuart Foundation

These foundations came to me to help develop a research agenda, recruit research teams and coordinate the research process and the culminating synthesis of research results.

The project was not designed to recommend specific policies. Rather it aimed to provide a common ground of understanding about the current state of California school finance and governance in order to facilitate the serious and substantive conversations necessary for meaningful reform to ensue.

The project addressed three broad questions.

1. What do California school finance and governance systems look like today?
2. How can we use the resources that we have more effectively to improve student outcomes?
3. To what extent are additional resources needed so that California's students can meet the goals that we have for them?

Getting Down to Facts research took a two-pronged approach to uncovering the most valuable information for California policymakers. First, we looked broadly at California's school finance and governance system in order to identify the most important factors that facilitate or hinder the effective use of education resources in California. Second, we targeted a number of crucial areas

that *a priori* appeared particularly important to address in an in-depth exploration of school finance and governance.

The researchers aimed to make the best possible use of existing research findings, identifying important holes in existing research and determining whether there were empirical studies that could be performed in the given timeframe to fill some of these holes. The new empirical work embedded in the commissioned papers stems from this approach. Overall, this set of studies provides a strong review of the literature and offers some targeted new empirical additions.

Getting Down to Facts produced 24 reports as listed below. The individual reports, as well as summaries of the reports, are available at www.irepp.net.

I. Overviews

1. Getting Down to Facts: School Finance and Governance in California, Loeb, Susanna, Hanushek, Eric and Bryk, Anthony (2007), Stanford University
2. Equality and Adequacy in the State's Provision of Education: Mapping the Conceptual Landscape, Reich, Robert (2007), Stanford University.

II. School Finance

3. Financing K-12 Education in California: A System Overview, Timar, Thomas (2007), University of California. Davis.
4. Evolution of California State School Finance with Implications from Other States, Kirst, Michael, Goertz, Margaret, and Odden, Allan. (2007), Consortium for Policy Research In Education (CPRE).
5. Understanding the Incentives in California's Education Finance System, Duncombe, William and Yinger, John (2007), Syracuse University.
6. District Dollars: Painting a Picture of Revenues and Expenditures in California's School Districts, Loeb, Susanna, Grissom, Jason and Strunk, Katharine (2007), Stanford University.
7. Financing School Facilities in California, Brunner, Eric J. (2007), Quinnipiac University.
8. Do Non-School Resources Substitute for School Resources? A Review of the Evidence, Downes, Thomas (2007), Tufts University.

II. Governance and Structural Issues - Overall

9. Evaluating the "Crazy Quilt": Educational Governance in California, Brewer, Dominic J., and Smith, Joanna (2007), University of Southern California.
10. Charter Schools in California: A Review of their Autonomy and Resources Allocation Practices, Perez, Maria; Anand, Priyanka; Speroni, Cecilia; Parrish, Thomas; Esra, Phil; Socias, Miguel; and Gubbins, Paul (2007), American Institutes for Research.
11. School District Financial Management: Personnel Policies, and Practices, Perry, Mary; Oregón, Isabel; Williams, Trish; Miyashiro, Robert, Kubinec, Jannelle, Groff, Laurel, Wong, Philip, and Bennett, Robert (2007), EdSource (Principal) & School Services of California (Sub-Contractor).

III. Governance - Personnel Issues

12. A Review of State Teacher Policies: What are they, What are their effects, and What are their Implications for School Finance? Loeb, Susanna, and Miller, Luke (2007), Stanford University.
13. Leadership Development in California, Darling-Hammond, Linda, and Orphanos, Stelios. (2007), Stanford University.
14. California Principals' Resources: Acquisition, Deployment, and Barriers, Fuller, Bruce; Loeb, Susanna; Arshan, Nicole; Chen, Allison; and Yi, Susanna (2007), Policy Analysis for California Education (PACE).
15. Curbing or Facilitating Inequality? Law, Collective Bargaining, and Teacher Assignment Among Schools in California, Koski, William, and Horng, Eileen (2007), Stanford University.

IV. Governance - Data & Information Systems

16. Education Data in California: Availability and Transparency, Hansen, Janet (2007), RAND Corporation.
17. Bringing the State and Locals Together: Developing Effective Data Systems in California School Districts, Oberman, Ida; Hollis, Jim and Dailey, Don (2007), SpringBoard Schools.

V. Cost - Overall

18. Lessons from "Beating-the-Odds" Schools: Successful California Schools in the Context of Educational Adequacy, Perez, Maria; Anand, Priyanka; Speroni, Cecilia; Parrish, Thomas; Esra, Phil; Socias, Miguel; and Gubbins, Paul (2007), American Institutes for Research.
19. Regression-Based Cost Estimates: Assessing the Costs of K-12 Education in California Public Schools, Imazeki, Jennifer (2007), San Diego State University.
20. Professional Judgment Panel Approach: Efficiency and Adequacy in California School Finance: A Professional Judgment Approach, Chambers, Jay; Levin, Jesse, and DeLancey, Danielle. (2007), American Institutes for Research.
21. Profession Judgment Survey Approach: Aligning School Finance with Academic Standards: A Weighted-Student Formula Based on a Survey of Practitioners, Sonstelie, Jon (2007), Public Policy Institute of California.

V. Cost - Differentials

22. Special Education: Considering Special Education Adequacy in California, Harr, Jennifer; Parrish, Tom; Chambers, Jay; Levin, Jesse and Segarra, Maria. (2007), American Institutes for Research.
23. English Language Learners: Resource Needs for California's English Learners, Gándara, Patricia, and Rumberger, Russell W. (2007), University of California, UCLA & Santa Barbara, respectively.
24. Teachers: Teacher Compensation and Local Labor Market Conditions in California: Implications for School Funding, Rose, Heather, and Sengupta, Ria. (2007), Public Policy Institute of California.

Key Conclusions of *Getting Down to Facts*

Here are some of the key conclusions:

- First, the highly prescriptive finance and governance systems thwart incentives for local schools and districts in their efforts to meet the needs of their students and promote higher achievement. Extensive restrictions on local resource allocation, for example, keep administrators from responding to accountability incentives. The restrictions also lead to sub-optimal allocation of resources, in that schools spend money as the regulations demand, not necessarily to meet the needs of their students. Compliance with regulations and associated paperwork also take time away from work with students. At the same time, constant policy changes hinder planning and frustrate school and district staff.
- Second, current teacher policies do not let state and local administrators make the best use of the pool of potential teachers nor adequately support current teachers. Teacher education and professional development requirements often are disconnected from the skills and knowledge needed in the classroom. While there is some evidence that high quality teacher education can improve teaching, policies that create incentives for teachers to obtain generic credits (such as required masters' degrees) are costly for teachers and districts and show little benefit for students. Moreover, a theme that emerges over and over again in the studies is the excessive difficulty in dismissing weak teachers. The difficulty is, at least in part, driven by a lack of evaluation of teachers that could aid in professional development and course assignment as well as facilitate an effective due-process system. Although few administrators wish to dismiss large numbers of teachers, making it easier to dismiss the weakest teachers may well change the dynamics of local school reform.
- Third, the current distribution of resources across schools and school districts is complex and irrational. Currently, districts that are similar in their costs and needs can receive substantially different resources due to spending differences dating back to the 1970s and to a multitude of categorical grants. To be sure, there are good reasons for districts to receive different funds when their needs and costs differ, or even when their interest in education differs. However, the current system does not treat these differences coherently.
- Fourth, policy makers, school and district administrators, and parents all lack the information they need to make informed decisions about education policies and practices: California lags far behind other states in collecting useful information on students' learning, their teachers, and the programs and resources that they experience. Moreover, reforms have not been designed in ways that allow California's citizens and policy makers to learn from experience about how to best design and implement policy. Basic data on such things as the learning patterns of students across grades and programs are currently absent.

Meaningful reform to meet student outcome goals may well require substantial new investments. California is a relatively low spending State, reflected mainly in fewer adults per student in schools and at the district level. In addition, so few of the schools serving a high proportion of students in poverty reach state goals that investment in these schools will likely be necessary. In Investments also are often needed to support change, even if in the steady-state the reforms are not more costly. But financial investments will only significantly benefit students if they are

accompanied by extensive and systemic reforms. Without accompanying policy reforms, the substantial gains in student outcomes that Californians need are unlikely to accrue.

To the point, there is no evidence to support the idea that simply introducing yet more new programs will produce the desired achievement gains. CA already has far over 100 well-intentioned categorical programs, and there is no reason to think that adding one or two more will make much difference, no matter how carefully targeted or lavishly funded. The marginal impact of any new program will be small. Quite simply, the finance and governance system is broken and requires fundamental reform not tinkering around the edges.

Although the evidence produced by the *Getting Down to Facts* Project does not identify the specific policies that would be most beneficial for California to implement, it does point to areas in which new policies, implemented purposefully to support evaluation, are likely to be particularly beneficial. Among these areas relevant for state policy are:

- simplification and relaxation of state regulations to allow greater local flexibility for local resource allocation;
- efforts to support the recruitment and development of effective teachers through new approaches to pre-service education, in-service professional development, due-process, evaluation, and compensation;
- experimentation with alternative ways to improve the training, induction, development, and evaluation of effective educational leaders; and
- examination of the use of time focusing on instruction, and possible expansion of school time especially in schools with high concentration of disadvantaged students.

The evidence base about how best to act in these areas, however, is thin, and the issues are complicated, often requiring approaches that can continuously adapt to the needs of individual students. In this regard, it is important that whatever California does be undertaken in a way that we can rapidly and systematically learn from it. Too many times in the past, we have pursued initiatives that appeared promising only to be deeply disappointed by the ultimate results.

The extant research base to aid in designing optimal policies is shockingly weak. This is not surprising. It is true not only in California but everywhere. However, within California we have a worse situation than in many other states or nations. Our information systems are so inadequate, that even if we implemented reforms that were particularly effective, we might not realize it. Similarly, we cannot be confident that we can recognize and weed out programs that are ineffective at improving student achievement. To date, we have had very little data available on students, teachers, schools, and districts that link them together over time in ways that would allow us to assess the effects of policy interventions. In many states, good data are now becoming available. Plans to expand and improve California's data systems are underway but these need to be deepened and accelerated. When better data are combined with purposeful policy implementation so that the effects of policies can be carefully evaluated, our understanding of policy impacts can improve quickly.

Producing dramatic improvement in student learning will require the state to create the infrastructure needed to support an education system committed to continuous improvement. Such an infrastructure would include mechanisms for information collection, program and policy evaluation, and dissemination, relying on linked data for teachers, schools and districts. The state would also need to implement new policy initiatives in such a way that they could be evaluated. When all schools receive the same resources or begin the same program at the same time – as was

the case, for example, with class-size reduction – it is virtually impossible to evaluate the impact of reform. There is no way to identify whether observed improvements (or reversals) were caused by the specific reform or by other changes including other new or existing policies or economic fluctuations. Learning which reforms make a difference requires that policy changes be implemented in a controlled fashion, so that their effects can be evaluated before they are introduced statewide. Learning when and where policies work is extraordinarily important, because it is unlikely that even the best programs are universally effective in a state as diverse as California. Creating an education system that rapidly and continuously learns will also require the state to build local capacity for knowledge generation and use, through professional development, through the establishment of networks of schools or districts to allow for sharing of information, and through reducing the regulations and paperwork requirements that currently constrain schools and districts and hinder innovation.

What is Happening Now with *Getting Down to Facts*?

As described above, the goal of *Getting Down to Facts* was not to develop policy recommendations or policy options but to carve out common ground for a serious and substantive conversation that would lead to meaningful reform by providing ground-level information about California's school finance and governance systems necessary to assess the effectiveness of any proposed reform. The project did just that, trying to avoid direct policy recommendations that would combine value and preferences with information about effectiveness.

However, now that the reports have been out, it is time for that conversation and for policy development. This process is not as simple as the research process. There are multiple groups across the state working to develop policy options. Christopher Cross is coordinating one of these efforts, funded by the four foundations that supported the *Getting Down to Facts* project. He will be pulling together policy options in the areas addressed by the project – finance and governance including personnel policies. I do not know all of the groups working on this but I am part of one run by PACE (Policy Analysis for California Education) to develop policy options concerning personnel. On October 19th, EdSource will be hosting a forum in Sacramento, *Getting Down to Facts to Policy Convening*, to present and discuss policy options developed by the groups working with Christopher Cross as well as by other groups in the state that wish to submit proposals.

Direct policy development is an important part of this stage of *Getting Down to Facts*, but it is not the only part. There are numerous organizations that are working to create conversations among stakeholders – parents, voters, policy makers, teachers, other school personnel. Our hope as members of the *Getting Down to Facts* project is that these conversations will result in more effective policy and practice in the long run.