

## EdSource's 33rd Annual Forum on California Education

# California at a Crossroads: Crisis & Opportunity

The 2010 EdSource Forum, held on March 19 in Santa Clara, focused on the obstacles and opportunities in the road ahead for public schools and community colleges. The Forum included four sessions. Two are covered in this report:

- A sobering discussion of California's fiscal crisis by Legislative Analyst Mac Taylor, and
- A lively Q&A session with candidates Larry Aceves and Tom Torlakson, who are running for state superintendent of public instruction.

A brief on a community colleges session—which features California Community Colleges Chancellor Jack Scott and U.S. Department of Education Senior Policy Adviser Hal Plotkin—is available at: [www.edsource.org/forum2010cc.html](http://www.edsource.org/forum2010cc.html)

The remaining session described the findings of EdSource's research study—*Gaining Ground in the Middle Grades: Why Some Schools Do Better*. It was presented by Trish Williams, study project director and EdSource executive director, and Michael Kirst, principal investigator and Stanford University emeritus professor of education. A summary of that study can be found at: [www.edsource.org/middle-grades-study.html](http://www.edsource.org/middle-grades-study.html)

For a video of the entire Forum, plus background information, see: [www.edsource.org/event\\_forum10.html](http://www.edsource.org/event_forum10.html)

### Legislative Analyst puts education funding in context



When Legislative Analyst Mac Taylor began his talk at the EdSource Forum, he did his best to present some good news. The California economy is turning around, and revenues will likely be a little higher than expected, he said. But the report on the good news lasted only a few minutes. The rest of his talk centered on the \$20 billion shortfall state leaders must grapple with in the third year of this protracted recession—about \$6 billion in the current year and \$14 billion in the 2010–11 fiscal year.

In his 31-year career in the Legislative Analyst's Office, Taylor said, "I would say these last two years have easily been the most difficult times, not only because of the depth of the recession, but we really never resolved our problems from the 2000 dot-com bust."

"We went into the recession in very poor shape," Taylor explained. "We had no reserves. We had an underlying budgetary operating deficit of probably \$8 billion or \$9 billion."

Then the recession hit. The state lost about a fifth of its revenue base for both the

2008–09 and 2009–10 years, leading to a \$60 billion budget shortfall for those years.

"For some perspective, the state's General Fund budget is only about \$90 billion now," Taylor said. "So I think the Legislature and the governor did a remarkable job of coming together...to at least try to address this incredibly large problem."

California is still faced with the \$20 billion deficit because many of the budget solutions did not work out, while others relied on one-time funding. Temporary tax increases will end in 2010–11, and the state will need to make a large loan repayment to local governments in 2011–12. "We have this ongoing structural program that we still have not addressed," Taylor said. "If we're not either permanently increasing revenues or permanently reducing spending, the problem bounces back."

In addition, many of the solutions that helped reduce the \$60 billion deficit now appear to be off the table, he said. Any sort of significant tax increase is unlikely, and federal stimulus dollars have mostly been

spent. In addition, some cutbacks legislators were considering in areas such as education and health and social services have been forbidden by the courts or by agreements made when the state accepted federal help. Finally, it's an election year. Taylor predicts that a budget resolution is likely to once again drag late into the summer.

### *Schools have been cut more than many other parts of the budget*

Despite being subject to the Proposition 98 minimum funding guarantee, schools and community colleges have faced larger cutbacks than many other parts of the budget, Taylor said. "The so-called protection that many people talk about certainly hasn't worked out in the past three years."

Under the governor's proposed budget, in 2010–11, schools will be receiving 11.3% less per pupil than in 2007–08, he said. And community colleges will be getting 4.8% less based on a formula that underestimates enrollment. By comparison, the California State University system will be receiving

3.8% more than in 2007–08 and the University of California 5.2% more, primarily because they have raised their fees. (See Figure 1.)

Typically, under Proposition 98, schools receive what they did the year before plus adjustments for changes in statewide attendance and per capita personal income. When schools do not get what they are entitled to because of a particularly difficult budget year, the state must get funding back on track in later years. The state currently owes \$11.3 billion to schools, Taylor said. If the Legislature approved a tax increase that would bring in, say, \$8 billion, essentially all of the increase would go to schools instead of reducing the \$20 billion budget deficit. Although this would be great for schools, he said, it is impractical for legislators.

“I think it is just not workable because of the pain you’d have to go through to raise that kind of money and not be able to address any piece of your budget deficit problem,” he said.

The state has recently taken action that also has Proposition 98 implications, Taylor said. The Legislature and governor agreed to swap the state’s sales tax on gas (the revenues from which are counted toward Proposition 98) with a higher excise tax on gas (which are not counted). As a result, there may be differences of opinion as to the level of the minimum guarantee, he said.

### Is Proposition 98 still good for schools?

When Proposition 98 was passed in 1988, it was fairly straightforward, Taylor said. But since Proposition 111 amended it in 1990 and other changes have been made, Proposition 98 has become very complicated and difficult for all but a handful of people to understand. Budgetary formulas should be “transparent, fairly easy to understand, so you know the implications of your decisions,” he said. “From a budgetary perspective, Proposition 98/111 is now a disaster in my view.”

The goal of Proposition 98 was to provide a stable funding source for schools. But under Proposition 98/111, school funding is tied to the General Fund, which has become much more volatile. More than half of General Fund revenues come from personal income taxes.

figure 1 | Programmatic Per-Student Funding by Education Area

	2007–08	2010–11	Change from 2007–08 to 2010–11
K-12 Education	\$8,364	\$7,417	-11.3%
California Community Colleges	5,591	5,321	-4.8%
California State University	11,289	11,722	3.8%
University of California	21,778	22,920	5.2%

DATA: LEGISLATIVE ANALYST’S OFFICE, 3/10

EDSOURCE 4/10

“It’s highly dependent on high-income people—about 1% of taxpayers pay over 40% of the personal income tax,” Taylor told the Forum audience. “They have a lot of capital gains, stock options income that’s very volatile. So basically what you’ve done is hitched your wagon to a very volatile funding source.”

However, Taylor did warn that it is important to take a longer-term view of Proposition 98. “In the near term, you are clearly worse off,” he said. “In the longer term, you may still be able to make a case that you’re better off under Proposition 98. We haven’t really done enough to explore that issue and come to a conclusion about it. But I think it is worth some discussion.”

### The LAO has proposed some solutions for schools and community colleges

But changes in Proposition 98 are not likely to occur any time soon. Meanwhile, Taylor suggests suspension of the guarantee may be the most direct way of dealing with the situation. To help schools cope with significant cutbacks in funding, the Legislative Analyst’s Office in its 2010–11 budget analysis has come up with a number of ideas. At the Forum, Taylor highlighted the following proposals for schools. He says the state should:

- Make more than \$1 billion in specific cuts to categorical aid programs before other types of reductions. This would include using federal, rather than state, funds to finance the Quality Education Investment Act (QEIA) intervention program.
- Let schools in the QEIA and other intervention programs be subject to only federal rules, not state rules.

- Give school districts more flexibility in a number of areas, such as being able to recombine career tech programs to reduce programmatic rules and treating class size reduction as a fully flexible program.
- Eliminate about two-thirds of the state mandates imposed on districts, modify others, and fully fund a limited number of them.

For community colleges, Taylor suggested the state should:

- Fund enrollment growth in community colleges by raising fees from \$26 to \$40 a semester unit. The federal government offers tax credits that essentially would hold most students harmless, Taylor said. “The federal government almost bribes us to have fees of \$2,000 a year.... We are not taking advantage of these federal funds.”
- No longer require a 75% full-time/25% temporary faculty split at community colleges, and amend the so-called 50% rule of instructional versus noninstructional staff so that librarians and counselors count as instructional staff.

### To Learn More

- To see the Legislative Analyst’s Office’s entire 2010–11 budget analysis, go to: [lao.ca.gov](http://lao.ca.gov)
- For a breakdown on Proposition 98 and K-12 education, see: [lao.ca.gov/laoapp/PubDetails.aspx?id=2208](http://lao.ca.gov/laoapp/PubDetails.aspx?id=2208)
- To see the LAO’s review of education mandates, go to: [lao.ca.gov/laoapp/PubDetails.aspx?id=2193](http://lao.ca.gov/laoapp/PubDetails.aspx?id=2193)

## SPI candidates Aceves and Torlakson focus on funding and policy issues

At EdSource's Forum, candidates for the office of state superintendent of public instruction Larry Aceves and Tom Torlakson managed to draw some applause and some laughter. They also responded to tough questions from Moderator Greg Lucas and the audience on Proposition 98, the federal Race to the Top grant competition, local control of revenues, and merit pay for teachers.

### Reform Proposition 98

Legislative Analyst Mac Taylor had made it clear to the EdSource Forum audience that schools would continue to face cutbacks next year and beyond despite Proposition 98, the minimum funding guarantee for schools. So what can the superintendent of public instruction (SPI)—who occupies the bully pulpit for public schools—do? Aceves and Torlakson said they would consider using that bully pulpit to promote reforms in Proposition 98.

"I led the charge when I was first in the Legislature 14 years ago...to protect cities and counties from getting their property taxes stolen," Torlakson said. "We need a similar protection for schools."

Torlakson proposes reforming Proposition 98 so that if there's a fiscal emergency in the state of California, schools get repaid everything that's borrowed within three years, with interest, "and you can't take another hit at schools" until they are repaid, he said. "That's what we do with cities and counties. Why aren't schools on the same page?"

Aceves agrees that Proposition 98 needs to be changed. The Legislature and governor are playing a shell game with Proposition 98, he said, shifting money out of the General Fund to lower the base for determining how much schools should receive under the guarantee. "If we really want to have guaranteed funding for our schools, we need to come up with something else that clearly replaces it, that is very easy to read, and that doesn't take 400 people to interpret it to make it work."

### Race to the Top: Is it worth it?

Both candidates also were skeptical about pursuing federal Race to the Top dollars as a way to help schools during this ongoing fiscal crisis.

"I'm concerned with many of the elements of Race to the Top because, first of all, many of them are not research-based," Aceves said. He gave the example of shutting schools down and restarting them. "There's no evidence that worked anywhere," he said.

He also takes issue with the notion that "somehow charter schools are a panacea. They are a good alternative—and I will not speak against charter schools—but they are not a cure-all. The idea that we open it up and do as many as the traffic will bear, I think, is a mistake." He referred to a national study of charter schools by Stanford University researchers. Of all the charter schools in the study, 17% have done better than their counterparts, 37% have done worse, and the rest are the same. "That doesn't sound like a panacea to me," Aceves said.

"I'm not sure Race to the Top, as it's now put together, serves California," he concluded.

Torlakson, as a state Assembly member, voted against the Race to the Top legislation that finally went to the governor. "Race to the Top was premised on partnerships. The way it came out, it was more top down: 'We're going to dictate from Sacramento how it's going to work out in the field.'"

Torlakson says he also opposes another part of the Race to the Top legislation—open enrollment, which allows students to leave their neighborhood school to enroll in another school of their choosing.

"I just fundamentally think that that's the wrong direction to go because it abandons our neighborhood schools," he said. "The people I talk to in California—the parents and teachers—want to see that strong neighborhood school. If you have 100 students leave a 600-student school, you've

## Voters could elect a new superintendent of public instruction (SPI) on June 8

EdSource invited three of the candidates for SPI to a Q&A session at the Forum. State Senator Gloria Romero was unable to attend. Larry Aceves and Tom Torlakson took part in the session, which was moderated by state capitol reporter Greg Lucas.



Retired Superintendent Aceves, who worked as an educator for 32 years in low-income communities, is a former teacher, principal, and superintendent. He is also a past president of the Association of California School Administrators (ACSA).



Assembly Member Torlakson, who has worked as a state assembly member and senator for the past 14 years, also teaches at a community college and is a former public school teacher at a Title I school.

Voters will be able to choose from one of 12 candidates for the nonpartisan SPI office on the June 8 primary ballot. If no one gets a majority vote, the top two vote-getters will face off in the general election on Nov. 2. (For more on the June election, go to: [www.edsource.org/sys\\_election\\_june2010.html](http://www.edsource.org/sys_election_june2010.html))

diminished the budget considerably and left the remaining students—usually in ZIP codes with high poverty, lack of literacy in the homes, English learner challenges—without the resources to deal with that."

"The other problem with Race to the Top," Torlakson concluded, "it was a distraction. It was a lot of fanfare about going after \$500 million to \$600 million while the governor is proposing a \$2.7 billion reduction to schools."

### Raising revenues locally

Aceves puts the blame on Sacramento for not doing more to support schools.

“The public is very clear: protect our schools,” he said. “But they are not interested in passing taxes that are managed by Sacramento. They’re interested in passing taxes that will go to their local schools.”

Torlakson said that he too would like to restore local control and that he had a bill that would empower school boards to be able to again raise their own revenues with a 50%+ voter majority, instead of the current two-thirds required for parcel taxes.

“But that shouldn’t abrogate the responsibilities of the Legislature and the governor for actually providing what’s needed,” he said.

### *Merit pay for teachers?*

Moderator Greg Lucas asked a provocative question from an audience member: Should you pay teachers more if their students perform better?

“I have a concern with anything that smacks of merit pay,” Aceves responded. “Schools that have the lowest socioeconomic level and the highest need are never going to be at the top. If you’re a teacher and you work as hard as teachers do, or a principal and you work as hard as principals do, how are we going

to attract you to those high-need schools, those high-need districts, if the incentive is going to the high-performing districts that tend to be on the other side of the tracks?”

“I have worked my entire career in districts that were high-poverty, high-second language, high-need for one very real reason—and that was to bring up all of the kids, to make sure all of the kids survived,” he said. “And I’m concerned that any kind of a merit system...would continue to reward those districts that already are doing well.”

Torlakson also opposes a merit pay approach. He says he thinks, beginning with the federal No Child Left Behind law, that everyone has gotten too focused on one measurement of success. “I think we’ve gone too much on a model of defining failure instead of looking at the ingredients for success,” he said. “I have a bill that says, along with the API [Academic Performance Index], we should be looking at other measurements of success, not just bubble-test results for language arts and mathematics. We should look at graduation rates, civic and community involvement, innovative teaching styles, team learning.”


### *How can the superintendent influence policy?*

The SPI heads the California Department of Education, but it’s the State Board of Education, the Legislature, and the governor that control education policy. So what does it take to be an effective superintendent who can influence policy?

Torlakson promotes his “skill set of bringing people together.” He wants to rethink priorities, encourage innovative ideas, and rebuild public confidence in the schools so that voters will support more taxes for education.

“We need to organize in the community at a political level,” he said. “We need to have the spotlight on what’s going well and then on the legislators who aren’t up to performing their duties to match their speeches.”

Aceves emphasizes his experience working with tough budgets. “My district was one of those very poor districts where there were not a lot of things for students, and I believe that that experience will help me tremendously as we move through these next very tough four years in our budgeting.

“There has to be someone in this position who understands how we operate when all the bells and whistles are gone,” he said. 

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## EdSource's 33rd Annual Forum on California Education

# Community Colleges: Their crucial role in public education

*This brief covers one of four sessions at EdSource's 33rd Annual Forum on California Education—California at a Crossroads: Crisis & Opportunity—which took place in Santa Clara on March 19, 2010. For more information and to view a video of the Forum, go to: [www.edsource.org/event\\_forum10.html](http://www.edsource.org/event_forum10.html)*



On a recent flight from Washington D.C. to the West Coast, California Community Colleges Chancellor **Jack Scott** was asked by the young African American man seated next to him what he did for a living. When Scott responded, the man “became rhapsodic about community colleges,” Scott told the audience at EdSource’s Forum. After graduating from high school with a 2.3 grade point average, the young man got a job bagging groceries. He decided he wanted more from life and enrolled at Mount San Antonio Community College. The college, he said, turned him around. After a few years, he transferred to UCLA, graduated, and is now in his first year at University of Chicago Law School. His brother also went to Mount SAC and is now in medical school at the University of California–Davis.



**Hal Plotkin**, who shared the Forum stage with Scott, had a similar, though more personal, story about the impact of community colleges. Plotkin, a senior policy adviser in the U.S. Department of Education, had to leave high school at age 14 to work to help support his family. After an encouraging encounter with a local

newspaper editor, he decided to put himself through Foothill Community College while working full-time. He earned an associate’s degree, transferred to San Jose State University, graduated, and launched a successful career as a writer and media producer. He was also a member of the Foothill-DeAnza Board of Trustees when the college district’s then-Chancellor Martha Kanter—currently U.S. Under Secretary of Education—tapped him to join her in Washington.

But the ability of community colleges to continue to transform lives depends on the colleges themselves undergoing a transformation, Plotkin said.

### *The federal government is supporting “transformational” change*

President Barack Obama’s main proposal for implementing transformational change, the American Graduation Initiative, was tacked onto the recent Health Care Reconciliation Bill and, in the process, substantially scaled back. The portions that survived the negotiations included a major reform of the student loan process plus \$2 billion for job training programs at community colleges and another \$2.5 billion for historically black and minority-serving colleges and universities. Because community colleges often serve high numbers of minority students, Plotkin said, they would be eligible for both sets of funds.

One way community colleges could do a better job of serving their communities would be to create career programs that reflect the changing marketplace, Plotkin said. A survey was done recently to determine the fastest-growing, well-paying jobs in the nation, he said. “A couple of them popped out: Drupal and Ruby on Rails programmers.” These are

### **The state’s fiscal problems are affecting community college access**

The community college “is the branch of higher education that really has to do with the dream of equality that we proclaim in our Declaration of Independence,” said California Community Colleges Chancellor Jack Scott. “We don’t turn anyone away. As I say sometimes, ‘We educate the upper 100%.’”

Under current state budget constraints, Scott says, that is getting harder to do. “Right now we are educating 200,000 students for which we receive no remuneration,” he said. “So we’re going to have to continue to cut our course sections.”

This year, about 5% to 10% of course sections were cut, he said, and many colleges had to dip into reserves to continue to offer as many classes as they did. In addition, the colleges have laid off counselors and tutors and will likely need to completely eliminate peripheral courses, such as aerobics for seniors.

Scott said he was encouraged by Gov. Arnold Schwarzenegger’s proposed budget, which calls for funding 2.2% enrollment growth.

programming languages necessary to build social-networking applications.

“A high school student with these skills could make \$80,000 a year in their underwear,” he said. “And yet, when I did a scan of community college course catalogs looking to find out who’s offering these courses, they are very hard to find—almost nonexistent.”

Another truly transformative change would be to reward “competency-based

education and proficiency-based education as opposed to the seat-time model,” Plotkin said.

“All of us, in this room, know that everybody learns at a different rate and a different pace,” he told the audience. “And yet our fiscal models here in California are based on essentially WSCH (weekly student contact hours). How long has a student been sitting in a seat? That’s what we’re going to pay you for. Yet, there is data and research emerging from around the world that performance-based models, where what institutions are rewarded for is learning rather than time in seat, are much more efficient.”

### *Better communication and articulation is needed*

Better communication and articulation between community colleges and both high schools and four-year universities would help reduce redundant seat time for students, said Scott, who before becoming chancellor also served as a state senator and as president of Pasadena Community College. “We don’t want somebody who, let’s say, took machine shop in high school, and when they enroll in community college they have to take Introductory Machine Shop.”

In Florida, Scott said, community colleges and public universities have common course numbering. “The average community college student who transfers to a University of Florida campus graduates with 138 units.” That compares with California, where “our students are now graduating with 162 units.”

Ensuring that high school graduates are college-ready and do not need to take remedial courses is another way to not only reduce seat time, but also make it more likely those students will finish college. Making it clear what students need to know before entering college is key.

“We have too many disparate assessment instruments. We ought to move toward a common assessment in community

college,” Scott said, which caused the audience to erupt in applause. “Some of you seemingly recognize that need,” he quipped.

During the Q&A session, an audience member suggested that all 112 community colleges have the same date for high school students to apply for fall admission so students don’t miss that date. “Every district has a different date,” she said, “and so it makes it very difficult for counselors and for those of us working with the schools to figure that out.”

“Well that makes absolute sense,” Scott responded. “But let me tell you that one of the strengths of the community college is one of its weaknesses. Its strength is, it’s decentralized, and that means that it can immediately respond to the needs of a community. The weakness is, it’s decentralized, and that means I can’t give out an order and say, ‘You shall all have a common application date as of whatever.’ Now, I can use my bully pulpit, and I will try to do that.”


Scott said he had never heard the complaint about needing a common application date. Both speakers stressed the need to improve communication between high schools and their local colleges.

“As a former trustee, I think that every community college ought to do an assessment of where most of its freshmen come from and then a representative of each school ought to be present on the agenda at every board meeting,” Plotkin said. “If the most important thing that we’re trying to do is graduate students, and we know the districts where those students are coming from, then simply getting together once a quarter or once a year is probably not enough.

“If the systems are not tied together by the state Legislature, they ought to knit themselves together by their own volition,” he told the Forum audience, adding that “all of you who are district officials don’t need to wait for permission.... It’s an opportunity just waiting there.”

Plotkin added that ideas such as a uniform application date could be candidates for grants from the federal government because coordinated efforts often require planning funds to bring people together.

But, he added, there are many opportunities to make important changes that don’t require grants. He recalled when then Foothill-DeAnza College Chancellor Kanter tried to get funds to provide low-income students with computers. None were available, so Kanter gathered old computers from Silicon Valley that were headed for landfills and set up a program where students learned how to refurbish them. After completing the program, the students received a certificate in computer repair so they could work as repair technicians, and college students who could not afford a computer got one.

“That’s leadership,” Plotkin said. 

### **Many California students are not taking advantage of Pell grants**

USDE Senior Policy Adviser Hal Plotkin urged high school and community college counselors and administrators to encourage students to apply for federal Pell grants, which support part-time as well as full-time students. A recent study, Plotkin said, determined that only 33% of California’s community college students who were eligible for aid applied for it, compared with 46% nationally.

“In 2007 and 2008, 500,000 California community college students did not apply for financial aid for which they were eligible,” he said. “If those students had been encouraged to apply for that aid, and had they applied, it would have resulted in an infusion of \$1 billion of federal money into California’s higher-education system and students—money just left on the table....”