

Thoughts on State Categorical Programs in California



Legislative Analyst's Office

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New Categorical Block Grants (AB 825)

- Pupil Retention Block Grant
- Teacher Credentialing
- Professional Development
- School Safety
- Targeted Instructional Improvement
- School and Library Improvement
- Transferability among blocks

Current Reform Effort Will Need Clean-up (AB 825)

➤ Pupil Retention Block Grant

- Interaction with mandate causes problems (schools must serve students at risk of failing exit exam or being retained).

➤ Professional Development Block Grants

- Governor proposes further consolidations.

➤ School Safety

- Do current grant recipients get grand fathered?

Why California Created Categorical Programs

- Address incentive problems to under serve.
- Force specific education reform in school districts.
- Ensure that “bad agent” school districts do the “right thing.”
- Keep funding off the collective bargaining table.
- Political credit for addressing an educational problem or changing distribution of resources.

Categorical Share of K-12 Education Revenues

(Dollars in Billions)

Year	K-12 Education	Categorical Programs	Percent
1976-77	\$6.8	\$0.7	10.3%
1981-82	10.4	2.2	21.2
1988-89	17.2	3.9	22.7
1991-92	21.0	5.2	24.8
1996-97	26.8	7.2	26.9
2001-02	39.3	12.1	30.7
2005-06	44.7	12.2	27.3

Prop. 13

Prop. 98



Top Ten K-12 Proposition 98 2005-06 Expenditures (Proposed)

- ▶ Revenue limits—\$ 32 billion (72 percent)
- ▶ Special education—\$2.9 billion (6 percent)
- ▶ Class Size Reduction—\$1.7 billion (4 percent)
- ▶ Child care—\$1.2 billion (3 percent)
- ▶ Targeted Instructional Improvement Grant—\$1.0 billion (2 percent)
- ▶ Adult education—\$646 million (1 percent)
- ▶ Transportation— \$567 million (1 percent)
- ▶ Economic Impact Aid—\$585 million (1 percent)
- ▶ School Improvement—\$421 million (1 percent)
- ▶ Regional Occupation Centers/Programs \$419 million (1 percent)

Summary of Top 10 Programs

- **Top 10 programs represent \$41.5 billion—93 percent of K-12 Proposition 98 Budget.**
- **The 60 to 70 other K-12 programs account for only about \$3.2 billion.**

Categorical Programs Distract Both Districts and the Legislature

- **School districts focus significant attention on the other 60 to 70 programs instead on their core mission.**
- **The Legislature may also spend a lot of its time and energy on these smaller programs.**

Most Categorical Programs Have Problems

- **Programs with equity issues -- Targeted Instructional Improvement Grants, revenue limits, school improvement program, special education, adult education, transportation, 9th grade CSR, mandates**
- **Outdated formulas -- transportation, Economic Impact Aid, special education incidence, year-round schools**

Categorical Program Problems (cont.)

- **Create wrong incentives -- deferred maintenance, instructional materials, alternative education programs, mandates**
- **Over specify program model - Math and reading professional development, supplemental instruction**
- **Numerous small programs, create state and local administrative burden.**

Benefits of Categorical Reform

- **Focus on Student Learning
Instead of process and
compliance.**
- **Transparency.**
- **Aligns with accountability.**

LAO Vision of the State's Role

- Focus on outcomes (Accountability).
- Create the right incentives.
- Assist districts that are not getting in done on their own.

Action Steps To Improve State Role

- **Improve Quality of Data to Monitor School Districts**
 - Provide school-site accounting information
 - Student Longitudinal Data (CALPADS)
 - Teacher Data
- **Transform Coordinated Compliance Review Process to Focus on Outcomes not Compliance**
- **Focus on the District Intervention (AB 2066)**