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Flexibility for School Districts: Recent Actions and Proposals

LEGISLATIVE ANALYST'S OFFICE

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Hon. Carol Liu, Chair





2009-10 Budget Package Offered Districts Greater Flexibility

- State made several significant policy changes to loosen restrictions and give school districts more discretion in making spending decisions.
- Most of these flexibility provisions are in effect from 2008-09 through 2012-13.

K-12 Flexibility Provisions Included in 2008-09 and 2009-10 Budgets	
<i>2008-09 to 2012-13 (Unless Otherwise Noted)</i>	
Provision	Description
Flexibility in Use of Categorical Program Funding	Creates categorical “flex item” whereby districts can use funds from roughly 40 programs for any purpose.
Lesser Penalties for Exceeding K-3 Class Size Reduction Program Guidelines	Allows districts to exceed 20 students per K-3 classroom without losing as much funding as under previous penalties.
Reduced Requirement for Routine Maintenance Deposit	Lowers the percentage districts must set aside for maintenance of school buildings from 3 percent to 1 percent of expenditures. Districts with facilities in good repair are exempt from any set-aside requirement.
Elimination of Local Spending Requirement to Qualify for State Deferred Maintenance Match	Eliminates requirement that districts spend their own funds on deferred maintenance in order to qualify for state dollars.
Access to Categorical Fund Balances	Allows districts to spend leftover categorical funding from 2007-08 or prior years for any purpose (except in seven programs). (2008-09 and 2009-10 only.)
Postponement of Instructional Material Purchase Timeline	Postpones requirement that districts purchase new instructional material packages.
Reduced Instructional Time Requirements	Provides school districts option to reduce length of school year by as many as five days.
Sale of Surplus Property	Allows districts to use the proceeds of surplus property sales for any purpose if property was purchased entirely with local funds.

- The federal American Recovery and Reinvestment Act also allowed school districts to reduce their local contributions to special education by up to half of any increase in federal Individuals with Disabilities Act (IDEA) funding.



Initial Data Show Districts Are Beginning to Take Advantage of Flexibility

- ☑ ***Flexibility Is Facilitating Local Planning Processes.*** In our statewide survey of school districts, over two-thirds of respondents reported that categorical flexibility made it somewhat or much easier to craft and implement their district's strategic plan.
- ☑ ***Facilitating Budget Decisions.*** A majority of respondents also indicated categorical flexibility made it easier to: develop and balance their budgets, focus on local priorities, make hiring and layoff decisions, and fund programs for struggling or at-risk students.
- ☑ ***Districts Reprioritizing Categorical Funds.*** Our survey data suggest districts are beginning to shift funding away from most of the "flexed" categorical programs. Data suggest funds are being redirected to classroom instruction.
 - Survey respondents reported making "major" changes to some programs, including instructional materials and deferred maintenance (about half of respondents) and professional development and supplemental instruction (about 40 percent of respondents).
- ☑ ***Increasing Class Sizes.*** Many districts are taking advantage of the ability to increase K-3 class sizes without losing all incentive funding, and indications are that even more will do so in 2010-11.
 - A statewide survey conducted by School Services of California suggests average K-3 class sizes will increase from about 19 in 2008-09 to about 21 in 2009-10 to about 23 in 2010-11.



Initial Data Show Districts Are Beginning to Take Advantage of Flexibility *(Continued)*

- ☑ ***Reducing Local Special Education Expenditures.*** About 60 percent of our survey respondents report reducing their local contributions to special education in response to increased federal IDEA funds.
- ☑ ***Accessing Prior-Year Balances.*** By close of 2008-09, districts had spent almost all funds remaining from 2007-08.
- ☑ ***Few Districts Shortened 2009-10 School Year.*** Our survey data indicate that despite the option to reduce instructional time, most districts did not shorten the school year in 2009-10.
 - School Services of California survey data suggest some districts did or plan to reduce the number of paid work days for staff in 2009-10 or 2010-11. This may be done through fewer paid professional development days and/or shortening the instructional year.



Governor Has Several Policy Proposals Related to District Flexibility

- Facilitate Contracting Out.** Proposes to ease restrictions on contracting out for noninstructional services (linked to \$300 million revenue limit reduction).
- Modify Substitute Teacher Policies.** Proposes to remove requirements that districts give laid-off teachers priority for substitute positions and pay them at pre-layoff rates.
- Streamline Teacher Personnel Processes.** Proposes a number of changes to teacher layoff, tenure, and dismissal processes. (The administration has indicated it is now proposing these changes through policy legislation rather than in a budget trailer bill.)



LAO Recommends Providing Districts More Flexibility

- Include Additional Programs in K-12 “Flex Item”**
 - K-3 Class Size Reduction.
 - Home-to-School Transportation.
 - After School Education and Safety (requires voter approval).

- Consolidate Funding From Similar Programs**
 - Shift English Learner Acquisition Program into Economic Impact Aid.
 - Combine funding from five career technical education programs. (Currently in flex item: Regional Occupational Centers and Programs and Specialized Secondary Programs. Currently stand-alone programs: Partnership Academies, Apprenticeship, and Agricultural Vocational Education.)

- Relax or Remove Local Requirements**
 - Ease restrictions on contracting out for noninstructional services (approve Governor’s policy proposal).
 - Remove requirements that districts give laid-off teachers higher priority and pay for substitute teaching positions (approve Governor’s policy proposal).
 - Allow Quality Education Investment Act (QEIA) schools qualifying for federal school improvement funding to be subject only to federal requirements (that is, free from state QEIA requirements).
 - Eliminate many K-12 education mandates.