

# **The School Improvement Program: A Sunset Review**

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# Introduction

# Introduction

This report, submitted pursuant to the "sunset" review provisions of Chapter 1270, Statutes of 1983 (Senate Bill 1155), contains our findings and recommendations regarding the School Improvement Program (SIP). The SIP provides additional funding for participating elementary and secondary schools to spend in accordance with a plan and budget developed by local school site councils.

Chapter 1270 provided for the termination of SIP on June 30, 1986. Chapter 1318, Statutes of 1984 (Senate Bill 1858), which became operative on January 1, 1985, extended the sunset date to June 30, 1987.

As part of the sunset process, Chapter 1270 requires the State Department of Education (SDE) to review SIP and submit its findings to the Legislature by September 15, 1985. The department submitted its report in March 1986. Chapter 1270 also requires the Legislative Analyst to review the department's report and submit findings, comments, and recommendations regarding the program to the Legislature.

Specifically, SDE and the Legislative Analyst are required to address as many of the following issues as possible:

- (1) The appropriateness of identification formulas used to determine which children have special needs.

- (2) The appropriateness of formulas used to allocate funds and the adequacy of funding levels for the program.
- (3) The effectiveness of the program.
- (4) The appropriateness of local control.
- (5) The appropriateness of involvement by the state in monitoring, reviewing, and auditing to assure that funds are being used efficiently, economically, and legally.
- (6) The appropriateness of amounts spent to administer the program.
- (7) The appropriateness of having the SDE administer the program.
- (8) The interrelationships among state and federal categorical programs providing this type of assistance.
- (9) The characteristics of the target population being served by the program.
- (10) The need for the program.
- (11) The purpose and intent of the program.

The law also requires SDE's report to include, but not be limited to, all of the following topics:

- (1) A description of the program, including a description of how the program is administered at the state and local level.

- (2) The history of the program and previous legislative action.
- (3) Relevant statistical data.
- (4) Related federal programs.
- (5) Whether there is an unmet need for the intended purposes of the program and, if any, an estimated cost of serving the unmet need.
- (6) Findings regarding the program, including comments on whether any identified problems are implementation issues, or issues that require revision of law or regulations.
- (7) Recommendations of ways to improve the program while maintaining its basic purposes.

Chapter I of this report provides background information on SIP, including our findings regarding program funding, participation, and evaluation. Chapter II contains a summary of the SDE's recommendations, and our comments on those recommendations.

This report, as specified by law, is based largely on our review of the SDE report. Some information that is provided in the SDE report, such as the legislative history of the SIP, is not repeated here. We suggest, therefore, that our report be read in conjunction with the SDE report in order to obtain a more complete understanding of the program and of our comments on the SDE's findings and recommendations.

This report was prepared by Rick Pratt under the supervision of Ray Reinhard. ♦

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# **Executive Summary**

# Executive Summary

## I. Legislative Analyst's Findings

- The School Improvement Program (SIP) was established in 1977 to "encourage improvement of California elementary, intermediate, and secondary schools."
- SIP provides supplemental funding for schools to establish "school site councils," whose purpose is to (1) evaluate the overall school program, (2) develop and implement a plan to address identified weaknesses, and (3) evaluate the effectiveness of the plan via a self-review and a periodic program quality review that is conducted by external evaluators.
- In 1986-87, \$225 million was appropriated for SIP in all grade levels. About 85 percent of that amount (\$192 million) was allocated for SIP in grades K-6.
- Approximately 85 percent of all elementary (grade K-6) pupils and 20 percent of all secondary (grade 7-12) pupils attend a SIP school.
- Evaluations of SIP tend to indicate that the program has been successful in promoting schoolwide improvement in elementary schools, but that it has generally been less successful in secondary schools.

## II. Legislative Analyst's Comments on Recommendations of the Department of Education

We recommend that the SIP be continued. In addition, we offer the following comments on recommendations of the State Department of Education (SDE):

- **Complete Expansion and Equalization of Elementary School SIP.** We concur with the recommendation to continue the expansion and equalization program until all districts are funded at the current rate of \$94.99 per pupil, because (1) evaluations indicate that SIP is success-

ful at the elementary level, and (2) the expansion and equalization of SIP in elementary schools is an established legislative priority. We do not concur with the SDE's recommendation that funding for all districts be increased to \$118.74 per pupil, because the current funding level has been demonstrated to be sufficient to accomplish the program's purposes (pages 11-12). The total cost of the department's recom-

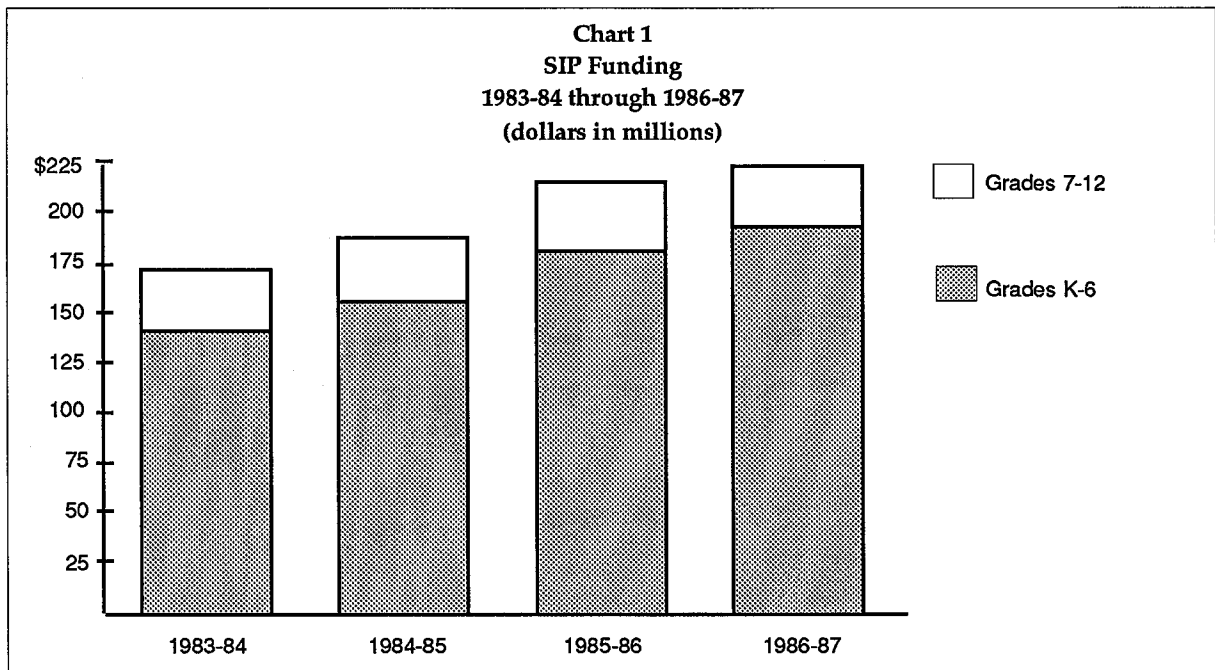
mendations for increased SIP funding at the elementary level would be \$76.4 million per year *above* the current annual cost of \$192.4 million (a 40 percent increase).

- ***Begin an Expansion and Equalization Process at the Secondary Level.*** We do not concur with this recommendation, because (1) evaluations of SIP in secondary schools have not been sufficiently positive to warrant an expansion process, and (2) low-cost alternatives to SIP expansion exist (pages 12-13). The total cost of the department's recommendations for increased SIP funding at the secondary level would be \$132.4 million per year *above* the current annual cost of \$32.5 million (a 407 percent increase).
- ***Provide a Statutory COLA for Secondary School SIP.*** We do not concur with this recommendation because, (1) the cost of SIP is not necessarily related to the
- rate of inflation and (2) a statutory COLA would reduce the Legislature's discretion in providing the level of funding increase, if any, that it deems most appropriate (pages 13-14).
- ***Provide a Guaranteed Level of Support for New Schools.*** We do not concur with this recommendation, because the manner in which districts redirect funds to new SIP schools should be (within existing statutory limitations) a local decision (page 14).
- ***Provide State Funding for School Improvement Criteria.*** We do not concur with this recommendation, because funding already exists for this activity (pages 14-15).
- ***Expand the School-Based Program Coordination Act.*** We make no comment on this recommendation, because it is beyond the scope of this report (page 15).  
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# Chapter I



## Funding

Table 1 shows funding and enrollment in SIP from 1983-84 to 1986-87. This table shows that total funding for SIP has increased 30 percent since 1983-84. Most of this increased funding has occurred at the elementary level, which has grown 35 percent, compared to a 9 percent growth in funding for grades 7-12.

The funding growth for SIP in grades K-6 reflects the current effort to expand and equalize funding at the elementary level. The expansion and equalization process, which is described below, also accounts for the sharp growth in the number of participating elementary school pupils.

In order to expand SIP participation, districts are permitted to redirect a portion of funds from participating schools to nonparticipating schools. In many cases, the per-pupil funding level in schools that are funded with redirected monies is lower than the current statutory rate. Because the participation data in Table 1 include pupils in new programs that are funded below the statutory rate, the total number of participating pupils

shown exceeds the number that the statutory funding level would appear to support.

*SIP Targeted Primarily at Elementary Schools.* Chart 1 displays the distribution of SIP funds between elementary (grades K-6) and secondary (grades 7-12) schools for the same years. As shown in these exhibits, 85 percent of total SIP funding currently goes to elementary schools. As a result, about 85 percent of all elementary school pupils participate in the program, while only about 20 percent of all secondary school pupils participate.

There are two reasons why SIP funds are targeted primarily at the elementary school level. First, SIP is the successor to the Early Childhood Education (ECE) program, which was operated only in elementary schools. Because SIP replaced ECE, schools that had participated in ECE had first priority to receive SIP funds. This naturally excluded secondary schools from initial funding priority, with the result that only a few secondary schools became participants.

# Chapter I

## Background and Legislative Analyst's Findings

### Purpose

The School Improvement Program (SIP) was established by Assembly Bill 65 (Chapter 894, Statutes of 1977) as a replacement for the Early Childhood Education (ECE) program. The purpose of the program, as declared in legislation, is to "encourage improvement of California elementary, intermediate, and secondary schools to ensure that all schools can respond in a timely and effective manner to the educational, personal, and career needs of every pupil."

More specifically, the program provides additional funds to participating schools which are, in turn, required to (1) evaluate the overall school program, (2) develop and implement a plan to address identified weaknesses, and (3) evaluate the effectiveness of

the plan via a self-review and a periodic program quality review that is conducted by external evaluators. Legislation requires that these activities be performed or monitored by a local "school site council," which is composed of parents, school staff, and (at the secondary level) students. Although the school improvement plan and budget must be developed by the school site council, it also must be approved by the district governing board.

The funds that are allocated to participating schools are used to implement the plan that is adopted by the site councils. Funds are typically used for teacher aides (at the elementary level), staff development, instructional materials, and other equipment such as laboratory supplies and musical instruments.

**Table 1**  
**Funding for the School Improvement Program**  
**1983-84 through 1986-87**  
**(dollars in thousands)**

Grade Level	1983-84		1984-85		1985-86		1986-87	
	Pupils	Funding	Pupils	Funding	Pupils	Funding	Pupils	Funding
K-6	997,666	\$142,783	1,849,197	\$157,020	2,025,353	\$182,383	NA	\$192,396
7-12	383,384	29,669	388,13	30,911	386,12	32,148	NA	32,469
<b>Totals</b>	<b>1,381,050</b>	<b>\$172,452</b>	<b>2,237,329</b>	<b>\$187,931</b>	<b>2,411,482</b>	<b>\$214,531</b>	<b>NA</b>	<b>\$224,865</b>

NA = not available

Please see text for an explanation of pupil participation data.

The second reason for the predominance of elementary schools participating in SIP is that, in 1983, the Legislature enacted a program to equalize and expand SIP funding at the elementary level (Chapter 498, Statutes of 1983). As a result of this legislation, expansion funds were provided in the Budget Acts of 1984 and 1985 for elementary school SIP. Program expansion has not occurred at the secondary level.

*Elementary School Equalization and Expansion.* Senate Bill 813 authorized a process to: (1) equalize SIP funding so that all participating schools receive the same amount of funding per pupil in kindergarten through grade 6, and (2) extend the program to all elementary schools in the state. To accomplish these objectives, the Legislature enacted a funding formula designed to bring all new and currently participating schools up to a specified funding level, while holding harmless those participating schools that are al-

ready above the funding level.

Specifically, beginning in 1984-85, all funds for cost-of-living- adjustments (COLAs) are to be allocated only to school districts receiving a SIP appropriation that is less than \$106 per pupil (as adjusted in subsequent years for inflation) times 80 percent of the district's K-6 enrollment. Any district that is eligible for a COLA on that basis may receive an amount that is equal to the lesser of: (1) the percentage increase provided in the Budget Act or (2) the amount needed to bring the district's allocation to the benchmark level of \$106 (as adjusted for inflation) per 80 percent of its K-6 enrollment. Any COLA funds remaining available after all eligible districts have received their allowed adjustments are to be used to extend the program to new districts. In addition, more expansion money may be provided through the annual Budget Act. As mentioned, this occurred in 1984-85 and 1985-86.

Table 2  
Four Evaluations of the School Improvement Program

REPORT	PRINCIPAL INVESTIGATOR	DATE	METHODOLOGY	COMMENTS
<i>Improving School Improvements</i>	Berman, Weiler Associates	January 1984	Surveyed 197 schools, field visits to 48 schools (25 elementary and 23 secondary)	Found SIP was successful at elementary level, not secondary level. "At its best, SIP has been a catalyst for change."
<i>The California School Improvement Program Study: Implications for the Reform of Secondary Schools</i>	David D. Marsh	May 1985	Reanalysis of Berman-Weiler	Reports fieldworker assessment of SIP-related improvement in secondary schools: 5 percent improved greatly, 38 percent improved somewhat, 43 percent no change, and 14 percent declined. Then concludes that SIP can improve high schools. Found that each high school implemented SIP in its own way. Used an undefined improvement index.
<i>California Local Analytic Memorandum</i>	Allan Odden	February 1985	Field visits to four schools (three elementary and one secondary)	Does not indicate how sample schools were selected (were they selected as examples of "effective" school improvement programs?) Does not indicate how outcomes were measured.
<i>California High School Principals React to Educational Reform Efforts - A Preliminary Report</i>	William E. Webster and J. Daniel McMillan	No date	Mail survey sent to 233 randomly selected high school principals, "about" half of them responded.	74 percent of respondents gave SIP a "positive rating." 3 percent gave SIP a "negative" rating.

## Evaluation

The SDE's report cites four evaluations of SIP. We have summarized these evaluations in Table 2.

**Berman, Weiler.** Of the four evaluations, the most comprehensive was performed by Berman, Weiler Associates. This was a three-year study, commencing in 1980, that involved a survey of 197 SIP schools and case studies of 48 of those schools (25 elementary and 23 secondary).

The study concludes that SIP is generally effective, but that it is more effective in elementary schools than in secondary schools. Effectiveness was measured in eight areas: educational outputs, student environment, community relations, school as a workplace, organizational health, pedagogical quality, physical resources, and overall quality. Specifically, the report makes the following findings:

*At its best, SIP has been a catalyst for change: In some schools, it has sparked new ways of planning, stimulated a spirit of schoolwide cooperation and renewal, and been instrumental in raising student performance. In other cases, SIP has had more limited, though still quite useful results: It has focused attention on curriculum and instructional problems, established planning and evaluation as legitimate school-based activities, or provided a process, and discretionary funds, which enabled better management of the multiplicity of special programs that can overwhelm schools. At worst, SIP has had either no impact or a slight negative effect: SIP funds have been frittered away in some schools, and in others the program has been used to enhance the dominance of ineffective principals to the detriment of creative change and improvement.*

*In short, SIP has worked extremely well at some times and in some places, but has not been effective in all places at all times. It would be unrealistic to expect more from a statewide program.<sup>1</sup>*

The study also found that the success of SIP appears to depend on following the state-prescribed SIP implementation model. In addition, the study made several findings with respect to the relationship between the success of SIP and various conditions existing at the school. Our review indicates, however, that these findings are based on a flawed statistical analysis and are not, therefore, supported by the data provided in the report.

**David Marsh.** David Marsh, one of the investigators on the Berman, Weiler study, conducted a reanalysis of the Berman, Weiler data in order to consider again the effectiveness of SIP in high schools. Marsh reports that, on the basis of fieldworker assessments, it was determined that 5 percent of SIP secondary schools improved greatly, 38 percent improved somewhat, 43 percent showed no change, and 14 percent declined. Although these findings do not allow Marsh to conclude that SIP is successful at the secondary level, he does conclude that SIP "can bring about moderate levels of improvement in secondary schools." We find this to be a very tentative endorsement of SIP at the secondary level.

Marsh also reported that SIP was implemented differently in different secondary schools (unlike the elementary level, where most schools follow the state implementation model), and that different implementation patterns appear to be associated with different results. Specifically, Marsh identified three implementation models, or "orienta-

<sup>1</sup> *Improving School Improvement: An Independent Evaluation of the California School Improvement Program. Volume 2: Findings.* Berman, Weiler Associates, Berkeley, California, 1983, page 1.

tions." These are (1) process, (2) program, and (3) funding.

Marsh does not specifically define these terms in his report. It appears, however, that the "process" orientation refers to the utilization of SIP as a means of initiating and maintaining a school improvement process, involving systematic program review, planning, implementation, and evaluation. This is the state SIP model. The "program" orientation appears to refer to using SIP as a supplemental program to provide either remedial or enrichment activities in specific areas. The "funding" orientation is presumably the use of SIP as a means of obtaining additional resources for the school, without reference to a particular improvement plan or program.

Marsh reports that these orientations are not uniformly effective with respect to different improvement objectives. For example, he states that the "program" orientation is superior for achieving improvement in student achievement, while the "process" orientation is best for realizing overall improvement (the areas of student achievement, school organization, and community relations).

Marsh reports the effectiveness of the three orientations with respect to different outcomes in terms of an "improvement index." This index, however, is not defined in the report, so it is not possible to determine the actual level of improvement associated with each orientation.

**Other Studies.** The SDE report also describes the results of studies by Allan Odden ("California Local Analytic Memorandum") and William Webster and J. Daniel McMillan ("California High School Principals React to Educational Reform Efforts—A Preliminary Report").

The Odden study involved field visits to four schools—three elementary and one secondary—and found that SIP is generally an effective means for improving schools. The

report does not describe how the four sample schools were selected (were they selected as examples of effective SIP efforts?) nor does it describe how improvement was defined and measured. In addition, the small sample size precludes drawing general conclusions regarding the effectiveness of SIP.

The Webster-McMillan study involved a survey of 233 randomly-selected high school principals, who were asked to rate their perceptions of 16 school reform efforts on a scale ranging from "very positive to very negative." The report states that "about half" of the principals responded, and that 74 percent of the respondents gave SIP a "positive rating," while only 3 percent gave it a "negative rating."

**Summary of Evaluations.** The four evaluations cited by SDE are unanimous in their endorsement of SIP as an effective way to improve schools. Unfortunately, these positive conclusions—for the most part—do not stand up under closer scrutiny. The Odden and Marsh studies use undefined terms and do not indicate how improvement was measured. The Odden study, moreover, was based on a small sample size—much too small for drawing inferences regarding the general effectiveness of SIP.

We mention the Webster-McMillan study only because the SDE does. It does not purport to be an objective, independent analysis of SIP. Instead, it simply surveys principals' attitudes toward the program. While attitude surveys can be valuable for many purposes, in this case the results were predictable for a program that provides \$225 million for schools.

Although we have identified some methodological flaws in the Berman, Weiler report, our analysis indicates that the basic conclusion of the report (quoted on page 8) is justified by the data presented. ♦

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## **Chapter II**

# Chapter II

## Legislative Analyst's Comments on Recommendations of the Department of Education

On the basis of our review of the School Improvement Program (SIP), we recommend that it be continued. In addition, as discussed below, we concur with the State Department of Education's (SDE) recommendation that the current program to expand and equalize SIP funding at the elementary level be continued. This chapter contains our response to this and other recommendations of the department.

The sunset legislation specifies 11 items that the SDE's report may include and seven items that it must include. As discussed below, the report addresses each of these items and makes six recommendations—one with which we concur in part, four with which we disagree, and one on which we have no position (please see Table 3).

Table 3  
Legislative Analyst's Comments on Recommendations of the Department of Education

Recommendations with which we concur in part	Recommendations with which we do not concur	Recommendations on which we have no position
<ul style="list-style-type: none"> <li>• Continue the expansion of elementary school improvement and initiate a plan to enable it to become fully funded.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand and equalize school improvement in grades 7-12.</li> <li>• Tie secondary SIP COLA to base revenue limit.</li> <li>• Establish a guaranteed level of funding for new SIP schools.</li> <li>• Provide support for the development of school improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Expand the criteria for establishing the school-based coordinated program in school settings where there is more than one categorical program.</li> </ul>

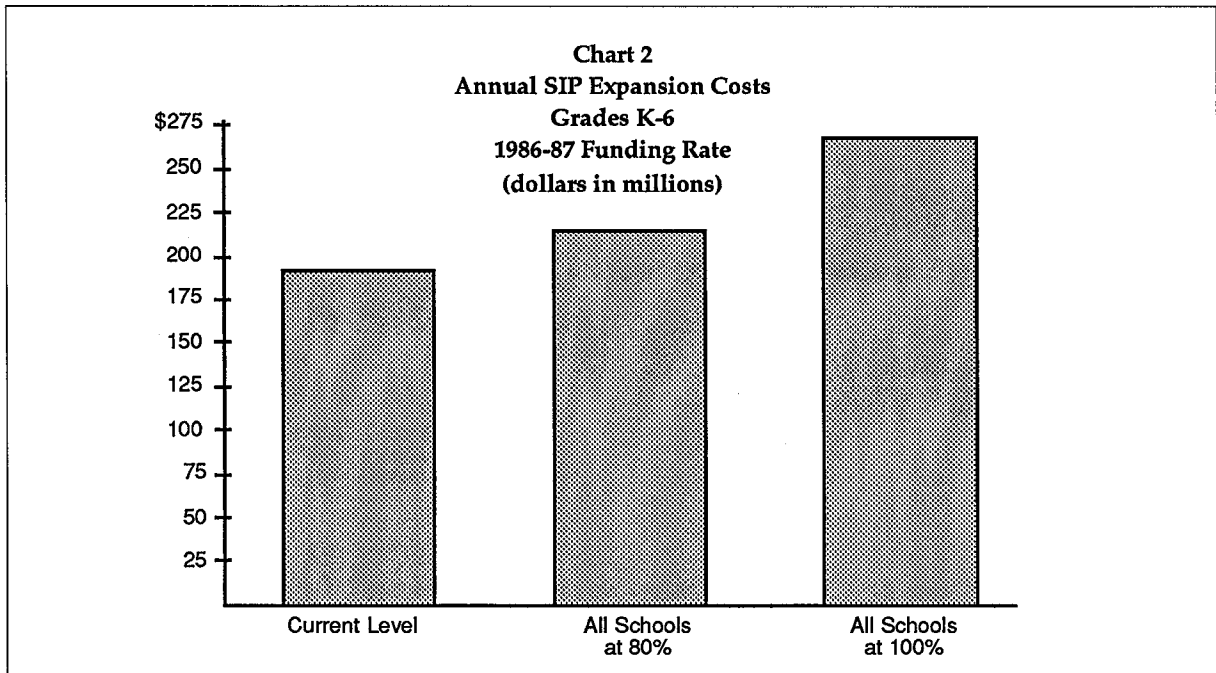


## 1. Expansion and Equalization of Elementary School SIP

Pursuant to the current expansion and equalization program, COLAs and expansion funds are allocated only to districts that receive an allocation that is less than the current per pupil statutory funding rate times 80 percent of the districts K-6 enrollment. The statutory rate in 1986-87 is \$118.74. Because of the 80-percent factor, however, the operative funding rate is equivalent to \$94.99 per pupil (times 100 percent of a district's K-6 enrollment). The SDE recommends that the expansion and equalization program be continued until all districts are funded at least at this rate (some are already higher, due to historical funding patterns). The SDE esti-

mates an additional annual cost of approximately \$22.6 million to achieve this objective, based on the 1986-87 funding rate. This would represent an 11.7 percent increase over the current annual cost of \$192.4 million for the program at the elementary level.

The SDE further recommends that, once all districts are funded at the 80 percent level, a plan be adopted to fund all districts at the 100 percent level within five years. Once achieved, we estimate a total cost of \$268.8 million to maintain that level of funding in grades K-6. This is \$76.4 million more than the current cost of the program in these grades and \$53.8 million more than the cost of total participation at the 80 percent funding level. These cost comparisons are displayed in Chart 2.



**Legislative Analyst's Comments.** *We concur with the recommendation to continue the expansion and equalization program until all districts are funded at the 80 percent level. We do not concur with the recommendation that funding for all districts be increased to the 100 percent level.*

Our review indicates that SIP has had a generally positive impact on participating elementary schools. Because of the widely-perceived benefits of the program, the Legislature has been consistent in its support for the expansion and equalization program by providing additional funds for this purpose

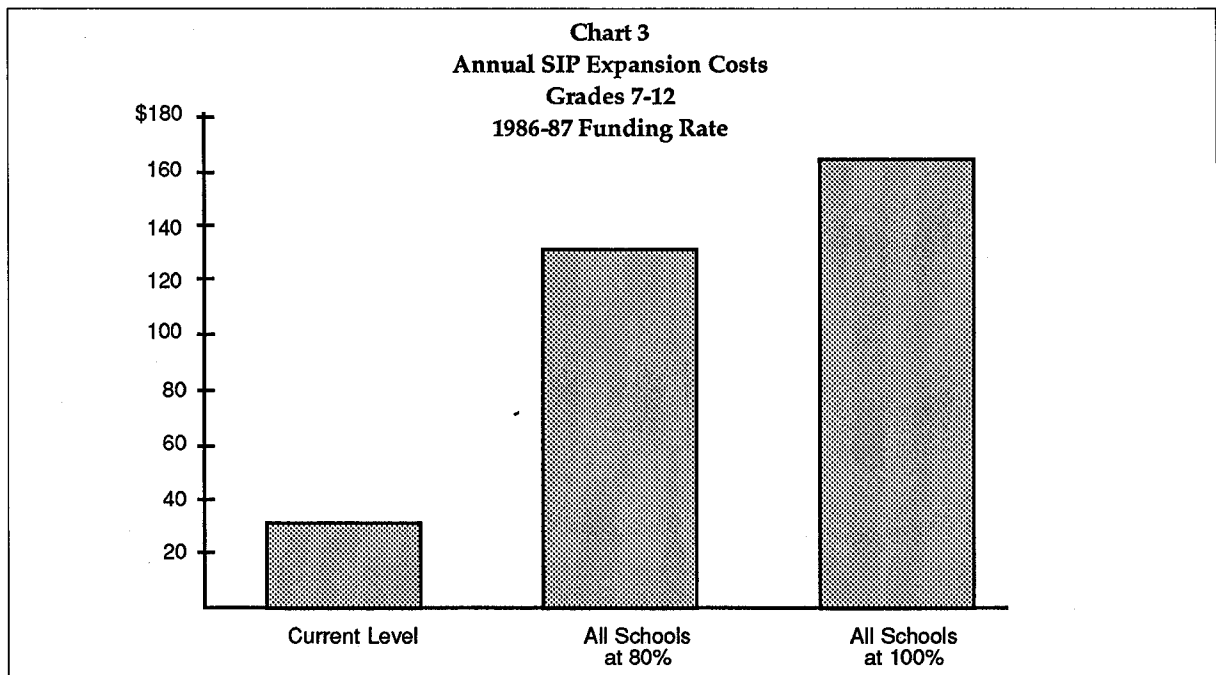
in the Budget Acts of 1984, 1985, and 1986 (the budget augmentation for the 1986-87 fiscal year was vetoed, however). For these reasons, we concur with the recommendation that it be continued.

We do not concur with the recommendation that funding be further increased to the "100 percent" level, however, because this level of funding was established in the absence of any experiential or analytical base for determining the funding requirements of the program. Subsequent experience and the results of several evaluation reports, including SDE's sunset report, lead us to conclude that the current level of funding is sufficient to generate broad-based, local school improvement activity through school site councils (which is the fundamental purpose of the program). Because the basic goal of the program is already being achieved with the current level of funding, we do not concur with

the SDE's recommendation to increase the funding rate from \$94.99 to \$118.74 per pupil in kindergarten through grade 6.

## 2. Expansion and Equalization of Secondary School SIP

As mentioned earlier, about 20 percent of secondary school pupils are in SIP schools. The SDE recommends that the state initiate an expansion and equalization program for secondary schools that parallels the program currently in place for elementary schools. At the 80 percent funding level, SDE estimates a total annual cost of \$131.9 million (based on the 1986-87 funding rate) to implement this recommendation. This is \$99.4 million above the current level of funding for the secondary school SIP. At the 100 percent funding level, the cost would rise to \$164.9 million, or \$132.4 million above the cost of the current program. (Please see Chart 3 for cost comparisons.)



**Legislative Analyst's Comments.** *We do not concur with this recommendation.* As mentioned earlier, program evaluations indicate that SIP is less successful at the secondary level than at the elementary level. Moreover,

it appears—on the basis of evaluation reports—that SIP is implemented differently at the secondary level than at the elementary level. Specifically, while at the elementary level SIP is used to accomplish schoolwide

review and improvement, at the secondary level the improvement efforts are focused on specific programs or needs within the overall school program.

Because secondary schools are organized differently from elementary schools, it may be appropriate for SIP to take a different form. The SDE has not dealt with this issue, however. Specifically, SDE assumes that the model for SIP implementation at the elementary level is appropriate at the secondary level as well, and that measurable schoolwide improvement will result. Evidence suggests, on the other hand, that SIP is implemented differently at the secondary level—and probably justifiably so—due to the departmentalized nature of the secondary school curriculum and organizational structure. Accordingly, we believe that the SDE should examine the appropriateness of existing implementation models for secondary schools and make changes where needed. We further believe that the needed changes should be made before embarking on a program of expansion and equalization at the secondary level.

In addition, we believe that the modest results of evaluation reports for secondary SIP justify a more cautious approach to expansion. For this reason, we favor an approach that does not require a large commitment of new state funds. An alternative that the Legislature may wish to consider would be to earmark existing funds for expenditure by school site councils. For example, the Legislature could require that a portion of K-12 general purpose revenues be allocated directly to school site councils for expenditure according to site-level improvement plans and budgets. In this manner, the benefits of school-based improvement efforts could be obtained without additional state expense.

### 3. Secondary SIP COLA

Under current law, SIP programs in grades K-6 receive an annual COLA that is equal to

the COLA provided to the base revenue limits for unified school districts with more than 1,500 units of average daily attendance (ADA). Current law, does not require a COLA for SIP in grades 7-12. In practice, however, a COLA is generally provided for secondary school SIP, although it is usually lower than the COLA provided for elementary school SIP.

The SDE recommends that a statutory COLA be provided for secondary school SIP and cites two reasons for this recommendation:

- To reduce the “discrepancy” between elementary school and secondary school SIP funding, and
- To maintain a “critical mass” level of funding.

**Legislative Analyst's Comments.** *We do not concur with this recommendation.* The fact that elementary school SIP receives a statutory COLA does not establish a prima facie case for providing a statutory COLA at the secondary level as well. Elementary and secondary school SIP are different programs with different funding needs. For example, elementary school SIP funds are commonly used for teacher aides, who usually receive annual salary increases equal to the percentage increases provided to classroom teachers in the same district (which are, in turn, related to revenue limit COLAs). SIP funds in secondary schools are rarely used for aides, however, and are more commonly used for staff development, materials, and equipment. Accordingly, we see no need for a statutory COLA for high school SIP. A discretionary COLA is preferable because it gives the Legislature the flexibility to determine—on the basis of program need and other budgetary priorities—what inflationary allowance to provide.

The department also indicates that a statutory COLA is necessary in order to maintain a “critical mass” level of funding. The department does not, however, define what this is.

We believe, as stated earlier, that an appropriate level of funding for SIP is the amount necessary to generate participation in the program review and improvement effort. According to the department's sunset review report and other evaluation reports, this objective has been met. On this basis, we conclude that the "critical mass" level of funding has already been achieved, if not exceeded.

#### 4. Guaranteed Level of Support for New Schools

Not all of the eligible schools in many districts currently receive SIP funding. As part of the current expansion and equalization program, therefore, a district may reallocate SIP funds among its schools, as long as the level of funding in currently participating schools does not drop below a specified amount per pupil (the current statutory rate times 80 percent of the school's K-6 enrollment—for the purpose of brevity, we will refer to this as the "hold-harmless" amount). Thus, through intradistrict reallocation of funds, new schools can participate in SIP.

The SDE reports that, in reallocating funds from existing SIP schools to new schools, some districts have attempted to spread available money among too many schools. The result is that, according to SDE, the amount of money received by the newly-funded schools was not sufficient to introduce adequate school improvement programs. Accordingly, SDE recommends that newly-funded schools be "guaranteed" the hold-harmless amount. The SDE does not indicate whether the state should provide the additional funds needed to meet this objective, or whether districts should be required to plan their own reallocation programs to ensure that the hold-harmless funding level is achieved.

**Legislative Analyst's Comments.** *We do not concur with this recommendation.* The manner in which districts reallocate available SIP funding among new schools is—

appropriately—a local decision. For example, local circumstances may favor two new schools being funded at half of the hold-harmless rate instead of only one school receiving the full rate. The ability of districts to make such determinations locally would be eliminated under the SDE's recommendation. If there are identifiable problems with "spreading resources too thin," we see nothing wrong with SDE's issuing a program advisory or providing other technical assistance to alert districts to these problems, so that districts have the best available information when making decisions. We do not believe, however, that legislative intervention is necessary.

#### 5. School Improvement Consortia

The SDE recommends that additional state funding be provided to establish school improvement consortia. Districts belonging to a consortium would cooperate in the conduct of program quality reviews. (SIP districts are required to conduct a program quality review at least once every three years, and the review must be conducted by persons not employed by the districts. Hence, members of a consortium can review each other's programs.) The SDE reports that state funding was provided for school improvement consortia from 1977 to 1980. This was discontinued, however, due to a reduction in department funding and departmental changes in priorities.

**Legislative Analyst's Comments.** *We do not concur with this recommendation.* Currently, districts are allowed to retain up to 12 percent of their SIP allocations for "centralized purposes." These include providing assistance to schools in program planning, budgeting, and implementation. In addition, many districts use some of these "centralized purpose" funds to support their participation in consortia or other informal agreements with other districts for the purpose of conducting external program quality reviews. In

other words, state funding is already available—and used—for this function. If new money becomes available, it would simply displace the funds that are already used for this purpose and allow the displaced funds to be spent on other school improvement functions. The ultimate result would be essentially to increase SIP funding. As we have already discussed, we see no justification for an increase at this time.

#### **6. Expand the School-Based Program Coordination Act**

The School-Based Program Coordination Act (Chapter 100, Statutes of 1981), permits school districts to commingle funds from up

to 11 specified categorical programs (including SIP) and allocate them according to a coordinated plan developed by a school site council. Most requirements pertaining to the individual programs are waived in order to afford participating schools maximum flexibility in developing plans and allocating resources.

The SDE recommends an expansion in the number of categorical programs that may be included in a plan. The SDE does not, however, identify any additional programs that it believes should be included.

**Legislative Analyst's Comments.** *We make no comment on this recommendation because it is beyond the scope of this report.*

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