This document was designed to help the California Legislature address long-term and short-term concerns in K-12 legislation. Part 1, which focuses on a suggested K-12 master plan, presents some preliminary conclusions from the governor's office about the role of the state in education. This section outlines governance changes since 1970 and discusses the constitutional provisions that affect K-12 education. The text details reform principles, such as allowing local control over most decisions, and summarizes the state's governance responsibilities, while also taking care to delineate site roles, district roles, and state roles. The last section refines the state's role in funding, in creating flexibility, in providing information on school and district success, and in intergovernmental issues. Part 2 addresses immediate issues in education. These include clear goals and measures, clear lines of accountability, and the right incentives for school success. This section also analyzes teacher quality and training, examining such concerns as ensuring that institutions and individuals are held accountable, providing resources and incentives to achieve success, removing unnecessary barriers to entry into teaching, making quality and training career-long priorities, and promoting competition among training institutions. Categorical program reforms are the last components discussed. (RJM)
A Special Session Guide to

K-12 Reform

January 1999
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Guide To

K-12 Reform

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January 1999
Contents

Introduction ........................................................................................................... 3

Part 1: A K-12 Master Plan
Governance Changes Since 1970 .............................................................. 7
Constitutional Provisions Affecting K-12 Education .......................... 8
Reform Principles ................................................................................................. 9
Governance Responsibilities ................................................................ .......... 10
Refining the State’s Role ............................................................................... 12

Part II: Immediate Issues
Overview ........................................................................................................... 15
Accountability ................................................................................................... 16
Teacher Quality and Training ....................................................................... 23
Categorical Program Reform ......................................................................... 33

Conclusion ........................................................................................................ 37
Introduction

The Governor has called a special session of the Legislature to focus on education issues. As the Legislature begins the special session, we believe it should consider both the long-term and the more immediate needs of the K-12 system.

In our view the long-term needs of the system revolve around developing a state strategy for improving schools. We discussed these long-term issues in our Analysis of the 1998-99 Budget Bill, where we suggested that the Legislature develop a K-12 Master Plan, similar to the plan developed for higher education. The plan would create a framework for governing the system and determining the appropriate state role in K-12 decision making.

At the same time, we believe there are specific changes the Legislature could make to improve the operation of the K-12 system in the near term.

This document is designed to assist the Legislature in addressing both of these tasks. In Part I we discuss the reform principles underlying our suggested K-12 Master Plan and our preliminary conclusions about the role of the state. In Part II we discuss immediate issues the Legislature faces in trying to improve the K-12 system. Specifically, we review program principles to guide decision making in three policy areas—accountability, teacher quality and training, and categorical program reform.
Part 1:
A K-12 Master Plan
The Serrano v. Priest (1971) decision required state action to equalize district base funding levels.

Collective bargaining authorized by the state (1975) required governing boards to share with employee unions decision making over district spending priorities.

Voters approved Proposition 13 (1978), which resulted in the state assuming responsibility over K-12 finance (and, over time, policy).

The state role in K-12 education has changed significantly over the last 25 years—from a system that was primarily local in nature to one that is heavily controlled by state decision making.

In this process, however, the state did not evaluate the impact of these changes on districts’ ability to foster high-quality schools. As one district superintendent observed, “California has an education system with no conceptual framework.”

The value of developing a Master Plan for K-12 education is in creating a framework for the governance of the system. To accomplish this, the state must understand what schools, districts, and the state can do well; and how best to design education programs that take advantage of these strengths. When complete, a Master Plan would constitute a strong guide for coordinated K-12 policy making in California.
Constitutional Provisions Affecting K-12 Education

- Grants broad state authority over K-12 issues. No protection for local control.
- Creates the Superintendent of Public Instruction and the State Board of Education.
- Restricts local property tax rate increases (Proposition 13).
- Establishes minimum annual funding levels for schools and community colleges (Proposition 98).

The Constitution gives state government substantial freedom in defining the nature of the K-12 system. As a result, the Legislature and Governor for the most part can restructure the K-12 system through legislation. The flip side to this freedom is that the Constitution does not guarantee local decision-making powers. Consequently, in acting on educational issues, it is important for the state to be mindful of local autonomy.

Another constitutional issue is the restriction on property taxes established by Proposition 13. The initiative resulted in separating financial responsibility (held by the state) and program responsibility (held by school districts). This separation has led to a much larger state role in financial and policy making for K-12 education and a corresponding diminution of local control.
Reform Principles

- Allow local control over most decisions.
- Reconnect financial and program responsibility.
- Pay attention to incentives.
- Foster a learning environment.
- Create a long-term commitment to reforms.

In developing reform principles, our review focused on answers to two questions. First, what are the general principles of program design? Second, how does the governance of the K-12 system affect the system’s productivity and student outcomes?

The answers to these questions in academic and policy studies were very similar. Local control over program decisions is important because it takes advantage of the information available to principals and teachers to identify and satisfy the needs of students.

To make a policy of local control work effectively, other principles must also come into play. Local decision makers must have responsibility for fiscal policies because of the close interrelationship with program control.

Understanding the incentives that influence local decision making is a key part of creating effective state policies. In addition, the state needs to develop a long-term commitment to any governance reforms so that districts have the stability and time needed to implement and refine the reforms.
Governance Responsibilities

- Schools (or “sites”) should focus on the question of “how” to provide the best education to students.
- Districts should focus on site needs for flexibility, data and evaluation, and support services. School accountability is a critical district responsibility.
- The state should be responsible for oversight of the overall system. District accountability, funding adequacy, research and evaluation, and district support services are all important state roles.

A central part of a K-12 Master Plan is an identification of the roles that each level of governance—schools, districts, and the state—should play. From our literature reviews and discussions with educators and others from around the state, we have developed a broad outline of governance roles that allows each level to take advantage of its natural strengths.

**Site Roles.** The responsibility of school sites is to determine how best to deliver services to the students attending the school. This site role requires a cooperative effort by principals, teachers, and parents to, among other things, develop and analyze data that lead to more effective practices. It also requires considerable program and financial flexibility so that schools can realistically implement appropriate services.

**District Roles.** Districts have two critical roles in creating a flexible yet accountable environment in school sites. First, districts must support school sites in the school improvement process. District support includes creating needed site flexibility, supplying staff development resources, assisting site cur-
riculum and instructional development, and providing evaluation and data analysis.

Second, district governing boards also must fulfill their duties as the public’s representative. This includes creating accountability mechanisms that hold school sites and employees accountable for success or failure. Providing easily understood outcomes data to voters and parents constitutes another important district responsibility.

State Roles. Like districts, the state’s role also has support and oversight dimensions. First, the state should establish a state structure that ensures funding adequate to meet state goals, local flexibility, and information and data for the school improvement process. Providing a flexible support structure implies a streamlined state Education Code and a simplified K-12 budget, with the state intervening in local decision making only when districts and schools have little incentive or ability to address a particular problem.

Second, the state should monitor the operation of the K-12 system. In its monitoring role, the state would “fix” problems that result from a local control policy. For example, the state would emphasize the importance of student outcomes by establishing an outcome-based accountability system that encourages districts to improve the performance of all schools. In addition, the state would regularly examine other issues of statewide importance, such as local governance issues and the optimal size of schools and districts.
Refining the State’s Role

- **Governance.** Strengthen local school boards and ensure adequate “checks” on local governance.

- **Funding.** Provide sufficient state funding to permit schools to reach state standards.

- **Flexibility.** Create a stable policy and funding base that ensures needed local flexibility.

- **Information.** Provide information on school and district success and on policies that are most effective in improving student achievement.

- **Intergovernmental Issues.** Address K-12 issues that interact with higher education, health, welfare, and criminal justice programs.

The state role in our suggested K-12 Master Plan differs from the state’s current role in K-12 education. Specifically, the Master Plan returns fundamental decision-making power to districts and schools. The state would only be responsible for policies that local boards cannot address effectively.

We are continuing our work on a K-12 Master Plan. We plan to develop a more detailed assignment of responsibilities to schools, districts, and the state. This will constitute the heart of our suggested Master Plan.

With this assignment of the roles of schools, districts, and the state, we will then review state statutes and the budget to illustrate the types of changes that would be consistent with such a K-12 Master Plan.
Part II: Immediate Issues
Overview

While the Legislature considers a long-range strategy for school improvement, there also are several areas in K-12 education where the Legislature could begin reform efforts immediately, including:

- Accountability.
- Teacher training and quality.
- Categorical program consolidation.

In the following pages, we discuss fundamental principles we believe would help the Legislature in its decision making in these areas. These principles are consistent with the governance principles discussed in Part I, especially in placing significant emphasis on local responsibility for the day-to-day operations of schools and implementation of programs.
Accountability

- Define clear goals.
- Set clear lines of accountability.
- Make districts the state’s point of contact.
- Ensure the right incentives are in place.
- Ensure that institutions and individuals have the “tools” to achieve what is expected of them.

The central purpose of accountability is to improve the quality of education provided to students. The need for effective accountability in California’s public schools has become increasingly apparent over the last several years, based on a wide range of evidence of poor student achievement. We believe the fundamental principles discussed below will help the Legislature in designing an effective accountability system in the 1999 special session.
Accountability:
Define Clear Goals and Measures

- Set goals based on student achievement.
- Use multiple measures.
- Measure progress as well as absolute achievement.
- Disaggregate data to ensure progress for all groups of students.

As stated above, the ultimate purpose of accountability is to improve student achievement. To realize this purpose, an accountability system must have clearly defined goals for student achievement.

In order to determine the extent goals are being met, reasonable measures of achievement are needed. These measures should be comprised of a mix of indicators including standardized test scores, attainment of recently approved state standards of proficiency, and graduation rates. Measurements should include both absolute levels of achievement and assessments of progress, such as “value added” or gains in achievement. Measures of progress are important in their own right, and also important for fairly assessing schools that face special problems, such as schools with high proportions of students in poverty and/or high proportions of students with limited English proficiency.

Finally, measures should be disaggregated to ensure that improvements are being made for all students.
Accountability:
Set Clear Lines of Accountability

- Determine who is accountable to whom.
- Provide accountability at all decision-making levels.

For accountability to work, it is important to establish who is accountable to whom. An effective system should have clear lines of accountability that reach all levels of decision making. The figure on the next page displays a basic, yet fairly comprehensive scheme of accountability relationships. The state is the ultimate trustee of public education under the state Constitution. The key state players—the Governor, Legislature and Superintendent of Public Instruction—are accountable to the voters for this public trust role. School districts, as the main point of contact between the state and schools, are accountable to the state. Like the state, districts also are accountable to the voters and parents, through locally elected boards.

Important as the state and districts are, the actual instruction of children takes place at the school sites. Principals—the managers of the site—play a pivotal role. Ultimately, they are accountable for the performance of the school to the district, as well as to students and parents. Teachers are accountable to the principal. Finally, teachers and pupils are accountable to each other, as we depict in the figure.

To be effective, any accountability system must preserve an unbroken “chain” of accountability.
Clear Lines of Accountability

State
- Governor
- Legislature
- Superintendent
- State Board

Districts
- Board
- Superintendent

Schools
- Principals
- Teachers
- Students

Citizens
- Voters
- Parents
Accountability:

Make Districts the State’s Point of Contact

- State holds districts accountable; districts hold schools accountable.
- State provides guidance, not prescriptions, for local aspects of accountability.

Consistent with the governance principles outlined in Part I of this report, the state should hold districts accountable and empower districts to hold schools, principals, teachers, and students accountable. Districts should implement local accountability systems, but the design of these local systems should be left to the districts. They are in a better position than the state to determine how best to motivate their own schools, administrators, and teachers to improve performance.

In addition, the state should collect data on, and report the progress of, individual schools. The state also should offer the districts guidance on “best practices,” particularly with regard to low-performing schools.
**Accountability:**

**Create the Right Incentives**

- Reward success and progress, using fiscal and market-based incentives where appropriate.
- Provide consequences (interventions/assistance) for lack of progress or failure.
- State determines incentives to motivate districts.
- Districts, with advice from state, determine incentives to motivate schools.

An accountability system needs well-understood consequences (both positive and negative) for institutions and individuals. For example, districts (and schools) should receive fiscal rewards, as well as public recognition, for high achievement or substantial improvement. On the other hand, districts (and schools) that fail to improve must be held responsible. Consequences would depend upon the specific nature of the problem, and could range from assistance from outside teams of experts to, in the extreme case, complete "reconstitution" of a district or school under new management.

The state should develop strategies for rewards and interventions for districts. The state should advise districts on reward/intervention strategies for school sites and staff but—consistent with the governance principles in Part I—should give districts broad discretion over specifics.
Accountability:
Give Institutions and Individuals the Tools to Achieve Success

- Resources.
- Flexibility.
- Authority.
- Training.

For an accountability system to be effective, individuals and institutions need to have the resources, flexibility, and authority to make necessary changes and improvements in programs and operations.

Under current funding mechanisms and state law, schools and districts often lack the flexibility needed to substantially improve student achievement. (Later in this report, we discuss reforming state categorical program funding to give districts more flexibility in that area.)

Adequate resources, flexibility, and authority matter on the individual level, as well. For example, if principals are to be held accountable for “turning a school around,” they should be able to (1) assemble a quality team of teachers and staff, (2) reward those teachers and staff who make extraordinary contributions to the school, and (3) sanction those who consistently fail to help children learn.

Also, teachers and administrators may need additional staff development to acquire needed skills to implement standards and improve student learning. In the next section of this report, we address the issue of teacher quality and training—a matter intimately linked with effective accountability for student success.
Teacher Quality and Training

- Hold institutions and individuals accountable for developing quality teachers.
- Give institutions and individuals the resources, flexibility and incentives to improve results.
- Remove unnecessary barriers to entry into the teaching profession.
- Make quality and training career-long priorities.
- Promote competition among training institutions (public and private).

A key ingredient of any plan to increase student achievement includes ensuring that quality teachers are in every classroom. Conventional measures of a “quality” teacher have included possession of a California teaching credential, a major or minor in the subject area taught, and passage of state or national standardized tests. These are input measures, and relatively limited ones at that. The true quality of a teacher becomes apparent in the classroom and, given proper support from the system, is shown by the progress achieved by the teacher’s pupils. Thus, quality teaching should be seen as a matter of outcomes more than inputs.

In trying to ensure California has quality teachers, the state has relied heavily on one input approach—highly prescriptive credentialing requirements. This approach is designed to produce proficient teachers. As our expectations for students and their teachers increase, it becomes clear that proficiency is not enough. The state must work with school districts, teacher-training programs, and teachers to create a
framework for teacher training and staff development that assures proficiency at a minimum, but also creates excellence on a large scale.

We believe the principles outlined in this section will help the Legislature craft effective measures to improve both the quality and the number of teachers in California's public schools. In addition, we believe they will assist the Legislature in deciding how to better spend the over $600 million currently spent on teacher training each year.
Teacher Quality and Training:
Hold Institutions and Individuals Accountable

- Accountability should include clear standards, methods for constructive evaluation, and incentives for excellent performance.
- Institutions are accountable for providing relevant and quality teacher training.
- Student improvement should be the ultimate measure of teacher quality.

As we discussed in the preceding section of this report, accountability must involve teachers. It should also include the institutions responsible for preparing and training teachers—teacher preparation programs and the K-12 schools themselves.

An accountability system for teachers and institutions should include a clear statement of standards, methods of constructive evaluation, and incentives for excellent performance. For example, an important part of the recently established Beginning Teacher Support and Assessment (BTSA) program is an evaluation designed to identify areas of strength as well as areas where further work is needed. This type of feedback is important to teachers because it provides them with concrete ways to improve.

In addition, using student improvement as the ultimate measure of teacher quality is essential to foster linkages between effective teaching and effective learning.
Teacher Quality and Training:

Give Resources, Flexibility, and Incentives to Achieve Success

- The state should ensure that districts have the resources and flexibility to meet staff development needs.
- The state and districts should develop incentives for improvement and excellence.

The state should expect institutions and individuals to "deliver" better teaching. To translate those expectations into real improvement, the state needs to ensure that local districts have the resources and flexibility commensurate with what is asked of them. In turn, districts need to ensure the same conditions for their principals and teachers. In addition, the state and districts should develop incentives for improvement and excellence. In designing incentives, the state and districts must keep in mind the special recruitment/retention problems faced by schools with high proportions of students in poverty.

Much of the state's effort to improve teaching quality has come in the form of statewide programs. These programs may benefit schools, but sometimes unduly limit the options schools have with their resources. For instance, the state has recently allocated resources to specific areas for staff development—math and reading. The specificity of such allocations places resources in schools in ways that may not match up with local needs and priorities. We believe these categorical funds would better meet staff development needs if "folded" into a larger staff development block grant. (See our write-up on reforming categorical programs later in this report.)
Teacher Quality and Training:  
Remove Unnecessary Barriers to Entry

- Expand alternative routes to teaching and reevaluate preservice requirements in order to increase the number of talented people brought into teaching.
- A strong accountability system should diminish the need for some of the current preservice requirements.

Alternative credentialing programs and internships have broadened the pool of talented teacher candidates, but the extensive preservice requirements to become a teacher may still deter many talented people from teaching in our public schools. For example, because of the rigidity of the current preservice requirements, it is easier for an accomplished scientist, author, or artist to become a college or university instructor than to teach in a public K-12 classroom.

Expanding alternative routes to teaching and reevaluating preservice requirements for becoming a teacher will increase the number of talented people interested in careers in teaching.

In addition, the implementation of a strong accountability system—which includes teachers and training institutions—should diminish the need for some of the current preservice requirements. As we discussed in the introduction to this section, these requirements focus entirely on input measures. Accountability for teachers would focus on what really matters—outcomes.
Teacher Quality and Training:
Make Quality and Training Career-Long Priorities

- Teachers need ongoing support, evaluation, feedback, and training throughout their careers.
- Districts are primarily responsible for providing ongoing staff development.
- Training must be relevant to classroom needs.

Teachers need ongoing support, evaluation, feedback and training throughout their careers: For instance, teachers that received training ten years ago may not be current on the best methods to teach reading, science, and math according to current state standards. If we expect students to meet the newly adopted standards, their teachers must be prepared to teach to these standards.

The state needs to set appropriate standards for teacher training that are consistent with state adopted academic standards. Districts need to be responsible for ongoing training. This includes ensuring that these teacher-training standards are met throughout a teacher’s career. The state should assist by providing flexible resources so districts can choose the type of training that best prepares their teachers. Districts must make sure ongoing training is relevant to classroom needs. One way districts could accomplish this is to specify, through collective bargaining, the types of course credits it will recognize for salary increase purposes.
A strategy to improve teacher quality and increase teacher numbers must make use of all available training resources.

- Competition will increase the quality of the "product" delivered by teacher training programs.
- Competition permits prospective teachers to choose the teacher preparation program that will best meet their individual needs.

A strategy to improve teacher quality and increase teacher numbers must make use of all available resources. For example, CSU is only one of many institutions preparing teachers. By remembering this, the Legislature not only can bring more resources to bear upon the problem of a shortage of well-trained teachers, but can motivate CSU and other training institutions, through competition, to provide a better product.

In addition, policies based on competition permit prospective teachers to choose the teacher preparation programs that will best meet their individual needs. The state can facilitate this choice by making information about the quality of training programs—performance on standardized tests, job placements, job retention rates, and accreditation findings—widely available. It can also offer grant and local repayment programs which allow choice. For instance, the CalGrant "T" program, enacted by the Legislature in 1998, allows prospective teachers to use their grants at both private and public institutions.
Teacher Quality and Training:

Ending Note on Recent Legislation

The Legislature has already acted on several fronts in response to the need for more and better teachers. The summary below identifies programs created or expanded by recent legislation. Additional resources and programs still may be needed. Before investing additional resources or creating new programs to improve teacher quality, however, the Legislature should consider the following:

- The effect of new and expanded programs may not be seen for several years. For instance, undergraduate students enrolled in recently authorized “blended” teacher training programs will not become teachers for another four to five years.
- Instead of creating new—and possibly overlapping—programs, it may be enough to improve existing programs.
- Some of the best opportunities to improve quality may be to eliminate existing barriers and “red tape” for local schools, rather than create new programs.

Teacher Training: Recently Enacted Bills
Teacher Preparation and Credentialing

- Pre-Intern Program—expands existing program (1998-99 Budget Act, $11.8 million).
- Teacher Preparation—changes teaching credential qualifications and process including encouraging blended programs. (Ch 548/98 [SB 2042, Alpert].)
• Reading Instruction Competency Assessment (RICA)—1998 begins implementation of new standardized testing requirement for teachers. (Ch 919/96 [AB 1178, Cunneen].)

• Out-of-State Teachers—reciprocity agreement with comparable states. (Ch 547/98 [AB 1620, Scott].)

Staff Development

• Beginning Teacher Support and Assessment—expands program to all first and second year teachers (1998-99 Budget Act, $67 million).


• Math Staff Development—math tuition reimbursement. (Ch 316/98 [AB 2442, Mazzoni]—$40 million one-time appropriation.)

• Math Staff Development—in-service math staff development. (Ch 373/98 [SB 1331, Knight]—funding shared with AB 2442.)

• Education Technology Training—technology in-service training. (Ch 844/98 [AB 1339, Knox].)

Grants and Loan Forgiveness Programs

• National Board Certification—provides $10,000 for each teacher that achieves national board certification. (Ch331/98 [AB 858, Davis]—$5 million one-time appropriation.)

• Assumable Program of Loans for Education (APLE) Grants—increases number of APLE grants for students intent on becoming math teachers. (Ch 545/98 [AB 496, Lempert]—$1.6 million.)

• CalGrant “T”—creates educational grants for people interested in careers in teaching. (Ch 336/98 [SB 2064, O’Connell]—$10 million.)
Making Sure Children Read by the End of Third Grade

In addition to accountability and teacher quality/training, a third issue area identified by the Governor for the education special session is the challenge of teaching all, or nearly all, of the state’s children to read by the end of the third grade. That such a straightforward expectation should be a challenge was highlighted by California’s showing in the National Assessment of Educational Progress (NAEP) in reading, last conducted in 1994. Of 39 states that participated in the tests of reading proficiency of public school fourth-graders, California tied with Louisiana for last place in average score. Only 18 percent of the public school fourth-graders tested in California scored at or above what the NAEP defines as “proficient” skill level. Of those tested, 56 percent scored below what the NAEP defines as “basic” level.

There is no quick and easy “fix” to this problem. The fact that a large proportion of children in the state are not native speakers of English adds to the challenge. One thing is clear. California’s reading problems are closely entwined with problems of accountability and of teacher quality and training. Thus, the Legislature should address the problem of poor reading as part and parcel of its strategies for accountability and improved teacher quality.
Categorical education programs are programs funded to address specified needs. The 1998-99 Budget Act allocated approximately 30 percent of K-12 Proposition 98 funds, or about $9.5 billion, for over 60 categorical programs. (The remaining 70 percent of funding consists of general purpose revenues.)

The main rationale for categorical programs is to address program areas where local school boards may have incentives to under-invest. An example is special education, where high per student costs could lead districts to provide less service than needed. Some categorical programs lack a compelling rationale, however, and simply reflect the preferences of the state as to how monies should be spent.

In this special session the Legislature undoubtedly will be asked to consider many new categorical program proposals. To assist the Legislature in evaluating these proposals, in the rest of this section we:

- List some of the problems with existing categorical programs.
- Provide some suggested principles for reforming these programs.
- Offer examples of how categorical programs could be grouped into block grants.
Categorical Program Reform:
Problems With California’s Categorical Programs

- State rules restrict needed local flexibility.
- Local programs get fragmented.
- Funding formulas create negative incentives.
- Accountability is blurred for meeting student needs.
- Lower priority purposes receive funding.

The proliferation of categorical programs has created several unintended problems, some of which we describe below. For example, complex and detailed program requirements reduce the flexibility needed by schools to maximize the impact of funds on improving student achievement.

The proliferation of programs makes it difficult for districts and schools to integrate them with their basic education programs into a coherent educational strategy. As a result, administrative and fiscal “process requirements,” rather than the needs of students, often shape local implementation.

Some categorical programs create financial incentives that encourage schools to act in ways that are not in the best interests of students. Also, the existence of many separate programs for specific student needs sometimes creates confusion about who is responsible for improving student achievement. Finally, categorical programs sometimes can reduce the impact of educational spending by allocating funds for purposes that are not the highest priority local needs.
Categorical Program Reform: Principles for Reform

- Consolidate and simplify funding, so funds flow more readily to where they’re needed.
- Maximize local control as much as possible.
- Clearly identify program goals.
- Hold districts accountable for program outcomes.

In keeping with our conclusions in Part I that districts and schools need greater flexibility and authority, we recommend replacing many categorical funding “pots” with a block grant approach. This would provide funding for state-identified needs while at the same time giving districts and schools greater fiscal flexibility and more productive incentives.

In order to hold districts accountable for the outcomes of programs funded by these block grants, program goals and outcome measures must be clearly identified. Districts should be held accountable for the academic progress of the students targeted by the specific block grants. The block grant approach increases the ability of districts and schools to meet identified program goals because it provides them greater flexibility to (1) match funding with local educational needs and (2) choose program models that meet school site needs.

The next figure gives some examples of possible block grants. (A more detailed discussion of a similar categorical program reform can be found in our Analysis of the 1997-98 Budget Bill, beginning on page E-68.)
Block Grants: Examples of What Can Be Done

- **School Improvement Block Grants.** This block grant could consolidate over $750 million currently provided through at least nine programs to districts and school sites to meet a range of school improvement needs.

- **Staff Development Block Grant.** The funding from at least seven existing programs could comprise this block grant of more than $400 million to support staff development needs.

- **Compensatory Education Block Grant.** At least four programs could be consolidated to provide over $1 billion for school district compensatory programs to assist low-income and limited-English-proficient students.

- **Alternative Education Block Grant.** Six dropout prevention programs supporting alternative education settings could be consolidated into a block grant of over $200 million.
Conclusion
This report is intended to help the Legislature address K-12 issues during the 1999 special session. Rather than describing detailed program suggestions, however, we have outlined the following principles for K-12 education reform:

- Clearly identify the state’s educational goals.
- Maximize local control over decisions.
- Use the state’s power to support and improve local incentives for good decision-making.

From a long-term perspective, these principles point to a change in the state’s role in K-12 education. The state would, over time, transfer control over major decisions to school boards. A major state presence, however, would be needed to correct problems over which districts have little incentive or ability to resolve. Many of these problems result from fiscal or program incentives that steer districts away from acting in the best interests of children. The state can change many of these incentives to work in children’s interests.

In Part II of the report, we apply these principles to three K-12 policy areas of immediate interest—accountability, teacher quality and training, and categorical program reform. Setting goals, protecting local flexibility, and improving incentives are part of the framework we outline for each policy area. Holding institutions and individuals accountable is a central feature in all three areas.
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