Massive Study Shows California Schools Face Bleak Financial Future.

Study concludes that California needs to raise overall school spending by 32 percent.

A team of researchers managed by Stanford University and Policy Analysis for California Education (PACE) recently released a massive study of California schools' successes and shortcomings.

It concluded that for California's elementary and secondary schools to reach academic performance goals, the state should expand education into early childhood, prior to kindergarten, and raise overall school spending by 32 percent.

The report said that "while public schools in California spent about $69.7 billion on school operations in 2016-17, an additional $22.1 billion — 32 percent above actual spending — would have been necessary for all students to have had the opportunity to meet the goals set by the state Board of Education."

One could question the premise that spending more — a lot more — would have the desired effect. Nationwide school finance and academic data reveal almost no correlation between the level of per-pupil spending and outcomes as measured by the federal government's nationwide testing.

States that spend less than California often do better on those tests. Those that spend more — even much more — don't appear to be doing any better than California, indicating that money is not a panacea for this state's low performance. More money would make a difference only if it reaches the classroom in the form of better instruction.

Getting such an increase, moreover, would be a very heavy political lift.

A $22.1 billion increase in annual school support would require a 100 percent increase in state sales taxes, a 25 percent increase in income taxes or a more than one-third increase in property taxes.

If anything, the financial future of the state's school districts is headed the other way, as a new report from Moody's Investors Service, which charts trends in public and private finance and rates debt-worthiness, catalogs.

Moody's sees California schools facing "a confluence of financial complications over the next decade," to wit:

Schools have seen sharp increases in state and local revenue — averaging 13.8 percent a year for the last half-decade — thanks largely to a booming economy, rising taxable-property values and a state income-tax increase. Going forward, however, Moody's sees school spending rising by less than 3 percent a year, just about the rate of inflation.

· Enrollment has dropped slightly over the past decade, even as the state's population increased, thanks to declining birth and immigration rates. Over the next decade, state officials expect a steeper decline, which will impact district financing largely based on enrollment.

· School-district pension costs are escalating rapidly as both the California Public Employees Retirement System and the California State Teachers Retirement System seek more money to attack their large “unfunded liabilities.” The rising pension bills will largely consume the lower level of state aid also being projected.

We’re already seeing real-world examples of the trends in Moody’s report. Despite the large increases in school revenue over the last half-decade, many districts, especially those with declining enrollments, are struggling to balance their books.

Sacramento Unified, for example, just saw its budget rejected by the county superintendent of schools because it dipped into reserves meant to cover pension costs to finance a hefty raise for its teachers.

Los Angeles Unified faces immense deficits, in part because it is seeing a steep decline in enrollment due to both demographic factors and a strong shift of students into charter schools.

The next governor and the Legislature will have to stabilize current school finances before giving any thought to the 32 percent increase advocated in the Stanford/PACE report.

SAN JOSE MERCURY NEWS

by DAN WALTERS, CALMATTERS

PUBLISHED: September 30, 2018