

The California State Auditor released the following report today:

New High Risk Issue

Providing a High Quality and Affordable Public Education Presents Significant Challenges

BACKGROUND

Responsible for educating over 6 million students in kindergarten through 12th grade (K–12) and over 2 million higher education students, last year California spent almost half of its General Fund on education-related expenses. Despite this significant commitment, high school graduation rates have consistently been below the national average and high school dropout rates have been above the national average. Moreover, concerns exist over the ability of California's public universities to adequately meet the postsecondary educational needs of its residents and thus, may not produce enough college graduates for the State to remain economically competitive. Therefore, we are adding California's education system to our list of high-risk issues warranting attention.

KEY FINDINGS

During our review of California's education system, we noted the following:

- Recent changes to financing public schools will establish a local control funding formula that will give each local educational agency (LEA) a base grant amount for each student along with additional funding for certain factors.
 - ✓ The State intends to invest \$25 billion in new funding to fully implement the new funding formula—which provides every LEA a target level of increased funding—over the next eight years. However, providing this new funding requires significant and sustained growth in the State's revenues.
 - ✓ Whether the new funding formula improves student achievement is unknown because the tools necessary to monitor LEAs' performance are not yet in place.
- California's recent adoption of the common core state standards (common core), which significantly change the way teachers educate K–12 students, is the largest and most complex shift in more than 15 years and will be costly—in fiscal year 2013–14 the State committed \$1.25 billion to help LEAs offset their costs.
 - ✓ Implementing common core requires extensive training for teachers and administrators, new instructional materials such as textbooks and technology-based materials, and new assessments of student performance.
 - ✓ LEAs will need to upgrade their existing technology—purchasing new computers and increasing Internet capacity—in order to integrate technology and learning.
 - ✓ The State plans to administer newly developed tests to evaluate student performance in the 2014–15 school year, and has the option of not reporting, for a two-year period, the results of certain standardized tests.
 - ✓ The U.S. Department of Education has informed the State that not administering and reporting the results of most standardized tests could cause California to lose some federal funding.
- Funding of, and access to, public higher education pose challenges to the State.
 - ✓ The governor created a new funding and performance plan because he believed the long-standing method of funding the public universities was not sustainable. However, California's public university systems claim to be receiving less funding and are concerned about future funding levels.
 - ✓ Diminishing state funding and increasing tuition have impacted residents' access to public higher education—both public university systems have taken steps to curb enrollment growth and both have increased tuition by roughly 300 percent since the 2000–01 academic year.
 - ✓ Community colleges have increased class sizes and reduced courses and programs due to reduced state funding, making it difficult for students to take the courses they need.

The California State Auditor will continue to monitor developments in education and other issues and select agencies on the high-risk list, and may undertake future projects in those areas.