

## COST AND BUDGETARY IMPLICATIONS

### INTRODUCTION

The expansion of multiple pathways in California would offer services and activities that have not traditionally been available broadly to high school students across the state. These services would provide a wide range of benefits for students and high schools; they would also require additional start-up and on-going costs at the school level. This chapter examines existing information about such costs and discusses revenue sources available to the state and to local educational agencies (LEAs).

### THE COSTS OF PATHWAYS PROGRAMS

Program evaluations of career academies and other existing pathway programs have focused primarily on outcomes for students and have seldom estimated costs. Therefore, little information is available about the additional resources required to start and operate multiple pathway programs. The most relevant information comes from a 2009 study by Policy Analysis for California Education (Parsi, Plank, and Stern), which is used for this analysis. To estimate costs of multiple pathways programs, the PACE study

1. Estimated actual resources used, rather than relying on budgets
2. Focused on incremental rather than total costs
3. Distinguished between start-up and ongoing costs

To determine true costs, PACE did not rely on budget documents, but rather estimated actual time spent on multiple pathways components. In schools, the main costs incurred to “produce student learning” (including counseling, other student support and experiences, and leadership and administration, in addition to classroom instruction) are represented by the time spent by teachers, principals, counselors, and other school personnel. The time of school staff and teachers is budgeted and paid for, but budgets and expenditures are often not available for particular programs *within a school*, or even for particular schools within a district. In addition, many teachers working in multiple pathways programs donate additional hours, as do external work-based partners who work with students; while these contributions do not appear on school district budgets, they represent real costs.<sup>1</sup>

Once the amount of time is known, its monetary value can be calculated using the teacher’s rate of pay, which is what Henry Levin has called the “ingredients” method for determining program cost (Levin and McEwan 2001; Chambers 1999). For instance, given an estimate of how many

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<sup>1</sup> Even if budgets were available, they are not necessarily accurate accounts of actual use of resources. For example, a California Partnership Academy might submit a budget to the state with a line item of \$10,000 to buy 20 percent release time for a teacher whose annual salary is \$50,000. This \$10,000 allocation is what economists call an accounting cost estimate. It represents a *claim* on the teacher’s time, but not necessarily the amount of time actually spent. The true resource cost is the actual amount of the teacher’s time spent on the program.

hours the teacher spends on the program during a year, multiplying this by the average teacher's hourly wage gives the estimated cost in dollars.

The PACE study also focused on incremental rather than total cost. The incremental cost is the amount of additional resources required to operate multiple pathways, compared with a traditional high school program. Examples of incremental costs are the additional time required for school staff to provide work-based learning opportunities for students and the additional cost of special equipment or facilities needed at the school to teach the pathway theme (for example, health professions, performing arts, or manufacturing technology). The PACE study also tried to account for cost savings that may accrue. For example, if teachers in pathways programs can spend less time writing referrals for misbehaving students, that would be a real saving. Incremental costs (and savings) are most relevant for policy makers, because they reveal the resources required to expand the program.

PACE distinguished two main kinds of incremental costs: start-up and ongoing. Whereas ongoing additional costs recur every year and are primarily based on staff and teacher time, start-up costs include planning time, program development, equipment purchases, and cost of new or remodeled facilities, if any.

### **Ongoing Annual Costs at Program Sites**

The PACE study based its findings on cost information obtained from ten pathways sites that included three kinds of approaches: (1) career academies, (2) self-contained, stand-alone high schools, and (3) semi-autonomous high schools sharing a campus with others.

### **Methodology**

The methodology is presented here because it highlights the activities required to implement multiple pathways programs, as described in previous chapters, in addition to explaining how cost estimates were arrived at. PACE asked teachers, counselors, and principals how much additional time, if any, they spent on specific activities related to pathway programs, compared to what they would do in a traditional high school. These activities included recruiting or selecting new students for the program; participating in professional development specifically related to this program; planning curriculum and instructional activities; working on the master schedule; providing extra academic support, personal support, or guidance to students outside of

#### **Adjusting for FTE in Career Academies**

Career academy students typically take about half of their classes in the academy, and the other half (such as languages other than English, advanced science or math, physical education, and various electives) outside the academy. A previous study analyzed student transcripts and found that academy courses typically comprised 45 percent of all courses taken by academy students (Stern et al. 2007). As a result, when PACE calculated cost per student in an academy, the number of academy students was multiplied by 0.45 to convert to fulltime equivalents (FTE). That is, if an academy enrolls 200 students, the total number of academy classes that need to be taught is equivalent to the number of classes taken by 90 full-time students. Since the other multiple pathway programs enroll students full-time, this adjustment makes the per-pupil cost estimates for academies comparable with those for the other programs.

class; planning, monitoring, or evaluating students' work-based learning; interacting with employers or other community partners about the program; interacting with students' families about the program or about their students; purchasing curriculum, materials, equipment, or software; writing proposals for additional funding for the program; compiling, recording, analyzing, or reporting data about the program; talking with other teachers or school staff about particular students; and supervising student activities after school. Principals also were asked how much time community partners spent providing work-based learning opportunities for students. All respondents were also asked whether they spent less time on any activities, compared to what they would do in a traditional high school program.

PACE added up the extra hours per week each respondent reported spending on pathway-related activities during the school year, subtracted the number of hours per week reportedly saved as a result of being in the pathway program, and divided the resulting net additional hours by 40 to express the extra time as a fraction of a full-time equivalent (FTE) person.

To calculate the cost of additional time spent during the school year, the study multiplied the FTE for teachers, principals, and counselors by the average salary paid to each of those positions in California. For lead teachers, PACE used the average salary for teachers with more seniority; and for work-based learning partners, the overall average wage in the state was used.<sup>2</sup>

The additional cost includes time spent during the summer as well as during the school year. This cost was calculated from the reported amounts of time spent during the summer, multiplied by average hourly wage for teachers or administrators in California.

## **Findings**

PACE found that the annual additional cost of operating pathway programs, excluding the cost of work-based learning partners' time, ranged from \$505 to \$1,937 per student at the ten program sites. Teachers' extra time spent on pathway activities was the largest component of additional cost at all sites except one. Staff time during the summer was the next largest additional cost.

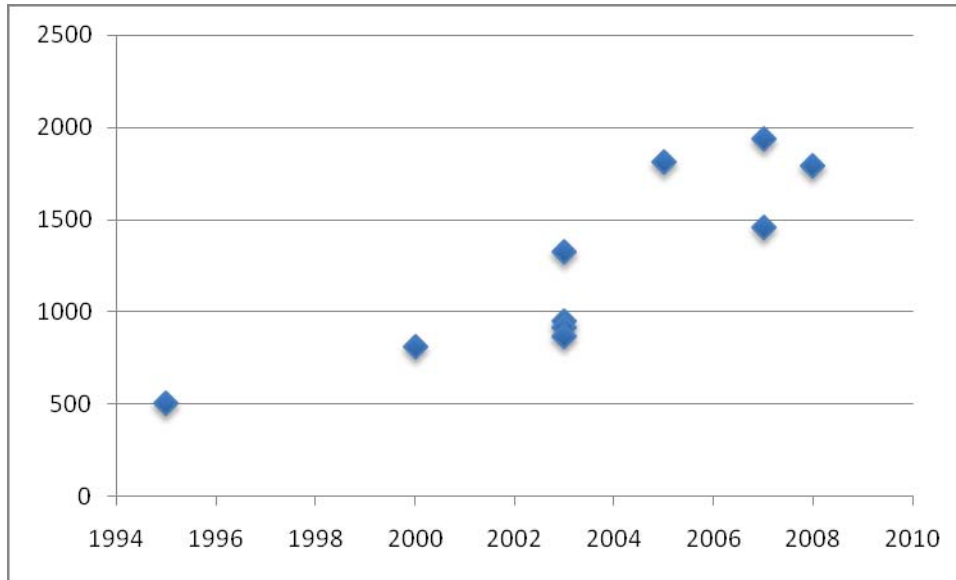
Among these ten programs, the additional operating cost per student appears to be related to the year the program started. The four programs that started after 2003 have the highest estimated additional cost per student (see figure below). The two programs that started before 2003 have the lowest cost. This cost suggests that as staff gain experience with the pathway program, they

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<sup>2</sup> Statewide averages are more relevant than compensation paid because the purpose was to inform state policy makers about the cost of expanding multiple pathways. The average salary for teachers was \$65,808 (from 2007-08 J90 reports summarized at <http://www.cde.ca.gov/ds/fd/cs/index.asp>). For teachers, the study distinguished between lead teachers, who had extra responsibilities for coordinating the pathways program, and non-lead teachers. For lead teachers, PACE used the state average of the "highest schedule salary offered," which was \$78,925. Salaries for high school principals in 2006-07 were obtained from the CDE 2008 *Fact Book* at <http://www.cde.ca.gov/RE/pn/fb/documents/factbook2008.pdf>. The average salary for high school principals was \$110,020. The average counselor salary was \$69,682, from the Association of California School Administrators, *Salaries and Wages in California Public Schools 2008-09*. The average hourly wage for civilian full-time workers, used to calculate the cost of work-based learning partners' time, was \$20.44, from the 2008 National Compensation Survey, <http://www.bls.gov/ncs/ocs/sp/nctb0161.txt>. Fringe benefits are not included in calculations.

spend less additional time on curriculum and professional development specifically related to the program, and annual routines such as recruiting students and constructing the master schedule become more streamlined. It may be that if these costs related to curriculum and professional development can be supported at the state level through infrastructure development, then ongoing local costs can be held to the lower end of the spread.

### Additional Operating Cost per Student (in \$), by Starting Year of Program



In addition, the three self-contained high schools were the most expensive to operate, and this estimate does not include the cost of additional facilities. The three semi-autonomous high schools on shared campuses had lower costs per student than the self-contained high schools. Two career academies had higher costs per student than the semi-autonomous high schools, and two had lower costs.

### Start-up Costs at Program Sites

Of the ten programs studied, PACE obtained retrospective reports on the resources required for start-up at the seven programs that started recently. These resources are grouped into three categories:

1. Time of teachers, administrators, and other staff for planning and design (translated into dollars by using the California average hourly wage for each type of participant)
2. Purchases of equipment, curriculum, instructional materials, software, technical assistance, or professional development specifically required for the pathways program (not including spending on general-purpose materials or equipment such as desks)
3. Spending on facilities or remodeling specifically related to the pathway program (not including spending on general-purpose facilities, such as classrooms or cafeteria)<sup>3</sup>

<sup>3</sup> Two new programs had not yet reached their target enrollments. In calculating start-up costs per student, PACE divided by the total enrollment they eventually expected to reach, not by the smaller number of students actually enrolled in 2008-09.

The PACE study converted start-up costs to an annual basis by assuming that facilities last 30 years, equipment lasts five years, and the results of initial planning and program development also last five years. The total start-up cost per student, not annualized, ranged from \$219 to \$8,854. On an annualized basis, it ranged from \$36 to \$624. Annualized start-up cost per pupil was under \$200 except in two sites with large expenditures on new facilities or equipment.

### **Total Cost at the Site Level: Start-up Plus Ongoing Operation**

An estimate of the total cost per student at pathway sites is represented by combining annualized start-up costs and ongoing costs. For the seven sites where PACE could estimate start-up costs, the total cost per student ranged from \$1,111 to \$2,436. Because these are the most recent start-ups, they also have relatively high ongoing costs. The ongoing cost of operating these pathway programs far exceeds the annualized start-up cost. Ongoing cost ranges from 72 to 98 percent of total cost, depending on the site.

### **District-Level Information**

The PACE study does not provide estimates of district-level costs for multiple pathways programs. Although it provides information about start-up activities at the district level, it does not quantify these data. PACE analyzed proposals submitted by five districts to ConnectEd for multiple pathways implementation grants from the Irvine Foundation. The proposals described extensive planning and design activities, including:

- Creating local coalitions to engage stakeholders, including parents, community partners, and higher education partners
- Assessing community needs and resources
- Visiting pathway programs in other districts
- Organizing subcommittees of school and district employees to plan specific multiple pathways components
- Writing proposals for additional funding
- Planning new facilities

Since there are not yet examples of district-level multiple pathway systems in operation, no information is available on these ongoing district-level costs. However, the ongoing operational costs at the district level would primarily include:

- A process for assigning students to pathway programs at various school sites, based on students' preferences and available space
- Transporting students who attend school sites other than their neighborhood high school (unless this is considered the responsibility of students and families)
- Collecting and analyzing data on performance of students in pathway programs

### **Statewide Infrastructure**

Research for this report uncovered that, while districts, schools and teachers want to implement multiple pathways programs in ways suited to their own communities' needs, they also need and want support. In fact, given teachers' and counselors' time constraints and other challenges faced by districts and schools, access to tools and resources could "tip" districts and schools toward

adoption.

As described in previous chapters, support needed includes such things as integrated curricula, tools, models, and technical assistance to facilitate high quality implementation. A State Advisory Board is needed to help establish and champion a vision for postsecondary and career preparation for all students. Finally, ongoing research and evaluation will inform continuous improvement and help ensure a high return on the state's investment. Specifically, the following kinds of statewide infrastructure were identified in this study as important to support multiple pathway expansion at the local level. While some of these could be handled locally, statewide support would facilitate implementation and signal the importance of this initiative.

1. A State Advisory Board to deliberate upon college and career readiness indicators, and promote policies and practices — across sectors — that would facilitate multiple pathways' implementation
2. Curriculum, in all 15 industry sectors, for adaptation by teachers to the needs of their particular students and schools, including complete course series, with at least some classes meeting a-g approval, linking career and technical education, academics, and work-based learning, and with professional development to support implementation; licenses or other forms of access to existing materials
3. Tools to facilitate a broad range of work-based learning opportunities; effective advisory boards, community and employer outreach, and partnerships with third party organizations; and teacher externships; software to organize employer information and facilitate work-based learning placements
4. Further dissemination of career exploration and "planning" tools in both middle and high schools, coupled with tools to ensure that information and portfolios travel with the student from middle to high school and across teachers/grades
5. Linking of curriculum and tools to existing web sites and/or expanding one or more existing websites to accommodate the various functionalities needed to facilitate multiple pathways' implementation
6. Establishment of a "virtual high school" or a plan for provision of online courses, to expand access to pathway courses, enhance academic support, assist in credit recovery, and address the needs of students who leave school temporarily or move from district to district
7. Scheduling software that addresses' both counselors' needs at a site (for cohort scheduling) and administrators' needs to move students as needed to high schools throughout a district, based on their pathway interests.
8. Expansion of the University of California Transcript Evaluation Services (TES), to include CTE courses and for more widespread implementation as a counseling tool.

9. Establishment of a coaching network, or a "preferred provider" list of technical assistance providers and coaches knowledgeable about multiple pathways; linking of this network to DAIT/SAIT providers with appropriate training, to harness the power of multiple pathways in helping to turn around underperforming schools.
10. Statewide professional development institutes
11. A certification tool and process for identifying high quality implementation, with consideration for linking this certification to existing accreditation processes
12. Ongoing research and evaluation to inform "continuous improvement"
13. Continued support for the development and implementation of longitudinal data systems to assess the growth of students in each local pathway program, as well as in schools as a whole; provision of templates and training, so districts can do this routinely; with appropriate tools and training districts could use existing data to compare growth in attendance, credits, grades, test scores, and discipline, as well as attrition from each local program
14. Development and dissemination of fiscal models that will enable LEAs to create and support pathway programs within existing funding structure

These components vary in their degree of direct connection to “on the ground” implementation of multiple pathways, and some could be absorbed through existing state capacity, or existing plans. For example, the suggested Advisory Board could be linked to the Superintendent’s ongoing P-16 initiative or be otherwise incorporated into the ongoing work of the Superintendent’s office, as well as that of the Workforce Investment Board, the California Chamber of Commerce, and others. Similarly, efforts such as statewide professional development institutes, technical assistance, and development of longitudinal databases to measure student growth over time are currently underway. This study has therefore identified the components *numbered two through six above* as being of highest priority to facilitate “on the ground” district and school implementation of multiple pathways programs — those without which high quality implementation would be very difficult — and has estimated costs for these.

To facilitate costing, these were clustered into three categories:

1. Development or refinement of curriculum and tools in all 15 industry sectors, and/or licenses to obtain access to existing curricula and materials
2. Expansion and linking of web-based applications to both house, and facilitate the use of, curriculum and tools.
3. Development of a “virtual high school” to enable students to flexibly take all the courses needed to complete a rigorous multiple pathways program

## **Development or refinement of curriculum and tools by industry sector**

Currently, integrated curricula exist in seven of the 15 industry areas. In three areas, curricula have been developed by the National Academy Foundation (NAF): Finance, Hospitality and Tourism, and Information Technology. NAF also partners with Project Lead the Way (PLTW) in implementation of the PLTW Engineering curriculum. However these are only available to NAF network schools and, in the case of Engineering, to those who independently work with PLTW. In addition, ConnectEd has developed curriculum in Health, Law and Justice, and Arts, Media and Entertainment.

Needed is a comprehensive set of four courses for each of the 15 industry sectors that teachers could adapt to the needs of their classrooms and communities and that would serve as a point of departure for teachers to develop other courses in a given industry area, utilizing CTEOnline, the CTE Model Curriculum Standards and Framework, and other supportive resources. It is estimated that the development of a single course costs \$300,000-350,000. Development of a sequence of four courses (one per high school grade) in each of eight priority industry areas would cost approximately \$11 million. This figure includes development, research, alignment with industry standards, alignment with academic content standards, a-g approval as appropriate, writing and editing, and pilot testing. This figure does not include assessments. It also does not include dissemination, training, and upgrades, functions that would be carried out through the websites, as described below, institutes, and other ongoing efforts.

Priority would be placed on the development, acquisition, or expansion of STEM-related curricula, including Engineering and Information Technology, and the highlighting of STEM subjects in all pathway courses.

Development of work-based learning tools for teachers, students and, employers, as well as teacher externship materials, are not included in this cost. Some of these materials already exist and are being developed further. Additional costs to be considered include writing, editing, piloting, production, dissemination, training and technical assistance.

## **Expansion and linking of web-based applications to both house, and facilitate the use of, curriculum and tools.**

As described in this report, a number of web sites currently exist to support the development of high quality CTE courses, to promote peer-to-peer learning, to share grant-specific information, and to promote career exploration. These include CTEOnline for the development and sharing of standards-based integrated curriculum; the University of California's a-g Guide to disseminate a-g courses and guidelines for a-g approval of courses; Brokers of Expertise for sharing of knowledge among teachers and fostering of collaboration among districts; Statewide Career Pathways, an infrastructure and processes for the articulation of secondary (high schools and ROCPs) CTE classes with community college courses; and Who Do U Want 2Be to encourage career exploration and postsecondary education and offering access to a variety of other career-related web sites such as the California CareerZone and Road Trip Nation. In addition, WestEd, as evaluator of the Governor's CTE Pathways Initiative (SB 70), has developed CTECentral.org to facilitate sharing and learning among SB 70 grantees, and ConnectEd is developing an

interactive web site that will link schools with employers to facilitate “real world” projects and other exchanges of knowledge and resources. Finally, many other organizations, such as NAF, the ACME Network and others have web sites to connect and promote learning among their members.

Lacking currently, however, is a site that targeted to a broad academic and CTE audience that could serve as the repository for the integrated curricula and tools described above.

Also lacking is a website that maintains an up-to-date statewide inventory of pathways by industry, to facilitate peer-to-peer learning across disciplines and across funding streams, employer linkages with schools, provision of technical assistance by industry sector, and monitoring the expansion of pathways with various sources of funding. (As mentioned, CTE Central has been targeted to a CTE audience, and only includes SB 70 grantees.) Such a website could also organize employer information by industry and geographic location and facilitate work-based learning by providing tools for employers to engage with districts and schools in their local areas.

In addition, no website exists statewide that allows for the posting of digital portfolios that can be created and accessed by students, educators and employers, beginning in the middle grades and spanning high school and beyond. Such a central site could ensure that career exploration and planning begun in the middle grades will inform counseling and guidance in high schools, and would enable students to maintain a digital record of their accomplishments irrespective of the school they attend.

It has been suggested that the existing web sites should be linked and that, beyond linking, the state should consider expansion of existing websites or development of a web structure that would serve as a portal to all of these sites. New functionalities would further enhance multiple pathways implementation.

Cost elements of a “super site” to link other sites, plus additional functionalities include the following:

1. Planning, discovery, engagement of stakeholders, design: \$250,000-\$400,000 (outcome: plan for a unified system with development timeline, costs, and priorities)
2. Portal or “super site”: \$5-10 million (with the higher figure encompassing development over a number of years as the needs of practitioners and others evolve)
3. New functionalities: \$500,000-5 million (depending on functionality needed; these can be costed out individually as needs and priorities are identified; existing web sites such, the ConnectEd site, CTE Central, or others could be used as platforms for expansion to contain costs)

## **Development of a “virtual high school” to enable students to flexibly take all the courses needed to complete a rigorous multiple pathways program**

Online instruction has become a key component in K-12 education throughout the United States. Some research organizations are predicting that as much as 50% of instruction may be offered online within ten years. An Education Week article, published March 18, 2009, concluded that educators throughout the United States are currently looking at the cost savings of virtual education as a cost-effective way to get high-quality coursework to more students.

Implementation of multiple pathways programs could be greatly facilitated and enhanced by access to a robust and cost effective on-line delivery system, for several reasons. The first of these is that pathways expansion will be incremental and in some geographic areas, a full range of pathways will not be available for a number of years. In some rural communities, a full complement of pathways may never be available. Given limited job options in some of these communities, concern for equitable access to opportunities suggests that on-line approaches should be explored.

Another set of reasons for use of online options in multiple pathways programs pertains to the rigor of multiple pathways programs and the need for content mastery and credit recovery for students so that they can succeed in their pathway programs and graduate on time. From the programmatic perspective, there is a need to maintain a complete and coherent cohort of students — maintaining the integrity of the pathway itself — over all three to four years of the pathway. Student support is considered one of the four key components of multiple pathways programs, and, conversely, in the 2006 CTE Needs Assessment, double blocking of students into remediation classes was cited as a reason for low CTE enrollments. Online programs can offer some of the remediation that students need without taking valuable and limited time out of their schedules, enabling them to keep up with their pathway cohort in both CTE and academic coursework. It would also serve as a cost effective alternative to afterschool programming. Courses taken for credit recovery that may or may not be in the pathway would, again, allow students to maintain connection with their pathway peers while acquiring the credits that they may be behind on.

A third set of reasons for offering on-line options pertains to the need to meet diverse student needs, including those of pregnant and parenting teens and foster youth, among many others. Online courses would enable students to stay connected with their pathway cohort and/or with the pathway course content even if they are away from school or transferring from school to school. Again, equity of access for these most vulnerable youth suggests a need for online alternatives to traditional programs.

The focus of a California online and distance learning system could be on academically-aligned CTE and career-themed academic courses, as well as basic prerequisite courses in the four core academic areas — English language arts, math, social science, and science. A centralized approach could facilitate a-g approval of at least some of the courses, if the online program had “program status”, as Project Lead the Way and agriculture courses have. The University of California has developed a policy for approving online course providers; currently Education

Programs for Gifted Youth at Stanford, National University Virtual High School, PASS/Cyber High School, and UC College Prep have UC-approved online courses.

The state could either develop the infrastructure and online course offering on its own or contract with other providers to expand their offerings.

The State Superintendent of Public Instruction (SSPI) would appoint an advisory board representing LEAs, higher education, career technical organizations, charter schools, and other stakeholders to provide advice to the SSPI in the development and implementation of a California online and distance learning system.

In a 2006 report prepared by the BellSouth Foundation, based on interviews with numerous providers, including Florida Virtual School, University of California College Prep Online and the Southern Regional Education Board (SREB), among others, found that costs fall into two categories, start-up costs and ongoing costs. Results from the panel suggest that a new program will require about \$1.6 million to adequately fund start-up activities in year one before providing instruction, and then between \$3650 and \$8300 per FTE student depending on program type, size, and quality, and level of investment into research, development, and innovation.

### **Estimating Total Additional Cost to California Taxpayers**

Before considering the implications of these cost estimates, it is important to note that they do not take into account the long-term savings that may accrue from the expansion of multiple pathways. Pathway programs may cause more students to complete high school, attend postsecondary education, and eventually find more stable and well-paid employment. If so, the additional taxes they pay, and the public costs they do not generate for crime, illness, and welfare could substantially exceed the cost of the program. Clive Belfield and Henry Levin (2007) computed benefit-cost ratios for California taxpayers of six programs that have been demonstrated to reduce high school dropout rates, and another eight programs that showed promising evidence of dropout reduction. Belfield and Levin classified career academies in the latter category and found that academies had the second-highest benefit-cost ratio among all 14 programs they considered. If these benefits occur when larger numbers of students enroll in career academies and other forms of multiple pathway programs, the cost to California taxpayers will be more than fully repaid.

The cost estimates from the PACE study are approximations, subject to measurement error and possible unknown bias. It may be that asking respondents how much time they spent on various activities compared with the time they would spend on similar activities in a traditional high school caused an overestimate of the extra time required, because respondents may have underestimated the time needed in a traditional setting.<sup>4</sup> In addition, the estimates may be high because they do not account for additional supports or infrastructure at the state level to assist districts and schools in implementing multiple pathways, which might lower local costs. On the other hand, the estimates from the PACE study omit district-level costs, which may be

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<sup>4</sup> The PACE researchers tried to avoid this overestimation by emphasizing to respondents that the questions were asking only for the additional amounts of time spent. PACE also capped reported additional time demands at 0.5 FTE for any respondent except lead teachers.

substantial.

With these caveats, the PACE study found that the median additional ongoing cost per student is \$1,138 among the ten programs. Among the seven more recent start-ups, the median yearly cost, including annualized start-up cost, is \$1,899. The PACE researchers conclude that the typical annual cost at the site level, including both start-up and ongoing costs, would be about \$1,500 per student once programs are past the steep part of their learning curve.

The incremental cost of implementing multiple pathways can be compared with current per pupil expenditures in California's K-12 school system. In 2006-07, these expenditures amounted to about \$9,000 per pupil.<sup>5</sup> The PACE estimates suggest that implementing multiple pathways would increase expenditures by about 15 to 20 percent for students who enroll in these programs.

It is also relevant to compare this estimate of additional per-pupil cost with the amount the state gives districts to pay the additional costs of California Partnership Academies, currently about \$800 per student. If each academy student is considered as 0.45 of a full-time student, this translates to \$1,778 per FTE student, which is comparable to the \$1,500 estimate of the typical total incremental cost for students in multiple pathways programs.

## **FUNDING THE EXPANSION OF MULTIPLE PATHWAYS**

In the short-term, given the current fiscal crisis in California, it is unlikely that new resources will be made available to fund multiple pathways expansion. However, existing resources are available to support modest initiatives today, both at the state and federal levels, targeted at improving secondary instruction, including efforts to improve high school completion, high school graduation, and career and technical education. Among the recent key state level policy changes was the passage of SB 70, which initially allocated \$20 million targeted at career and technical education. SB 1130 expanded on this commitment by allocating \$20 million in additional funding, plus \$32 million each year through the 2013-14 fiscal years. This funding has allowed K-12 districts and California community colleges to expand programs aimed at improving secondary education outcomes and career opportunities for students.

Furthermore, when California recovers economically and pays back the approximately \$11 billion in Proposition 98 Maintenance Factor,<sup>6</sup> existing programs can provide models for how the state can support the expansion of multiple pathways.

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<sup>5</sup> See <http://www.census.gov/govs/school>, *Public Education Finances, 2007*, Table 16.11 (Washington, DC: U.S. Census Bureau, 2009). With recent reductions in state appropriations for K-12 education, current per pupil expenditure is now lower.

<sup>6</sup> Under the provisions of Proposition 98, funding is adjusted upward or downward based on growth or decline in per capita personal income or state general funds. In years where state general fund growth lags personal income growth, the formula provides for a tracking of this difference (referred to as Maintenance Factor), which is repaid in years in which the state economy exhibits strong growth.

## The Future of Funding for Multiple Pathways

Fiscal years 2008-09 and 2009-10 have been challenging for California and for LEAs. The state has reduced education funding by approximately \$20 billion during these years, which translates to a 20 percent reduction in most program resources. In addition, the state has provided flexibility to LEAs related to the use of many funding programs that had previously been restricted.<sup>7</sup> Among the categorical programs that are affected by the flexibility are programs that have been used by LEAs to support career and technical education and other high school programs. Included are Regional Occupational Centers and Programs (ROCPs), Specialized Secondary Programs, and AB 1802 Secondary Counselor grants. It is not yet known to what extent LEAs have exercised available flexibility to alter funding provided in support of such programs.

The categorical flexibility that is now available is just the latest change in the funding landscape for programs that target high school-age youth. Over the past decade, California has launched a few short-term initiatives with a focus on secondary education. These initiatives have generally occurred during robust fiscal years. These initiatives included AB 1802 Supplemental Counseling, career technical education professional development, increases for California Partnership Academies, and CAHSEE intervention. A career and technical training initiative followed, launched by the Governor in 2005, which provided one-time funding to both the CDE and the California community colleges for new programs, equipment, and supplies.<sup>8</sup>

The potential costs for expanding multiple pathways in California school districts, as noted earlier, would be on the order of \$1500 per student annually. Considering the current structures for providing funding to LEAs, many options should be considered as the state and LEAs plan to support the expansion of multiple pathways. Following is a description of the options that are currently available for LEAs with examples of specific resources.

### Existing Funding Sources

The state has sustained and, in recent years, expanded the amount of funding available to LEAs to create or expand upon multiple pathways. For instance, the passage of SB 70 provides a major increase in available state funding with a specific mention of multiple pathways. Other state resources, such as AB 1802 Secondary Counselor grants, and ROCP have been used to fund key multiple pathways components — counseling and integrated CTE, respectively. California Partnership Academies are themselves primary examples of multiple pathways programs already supported by the state. In addition, there are several existing federal funding sources including, but not limited to Perkins grants, and Smaller Learning Communities (SLC). The American Recovery and Reinvestment Act (ARRA) includes some support for workforce development targeted at youth ages 14 to 24, through the Workforce Investment Act (WIA). Such funding flows from the state to WIA Local Workforce Investment Boards (WIBs) that have in place

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<sup>7</sup> The State Budget Act enacted in February 2009 included provisions that eliminate the rules and requirements for 42 categorical programs. LEAs are allowed to use such funding for any educational purposes from 2008-09 through 2012-13.

<sup>8</sup> Funding for this initiative (SB 70) has declined by \$5.2 million in 2008-09. This program was subject to reductions in 2008-09 and 2009-10. Funding may not be shifted to other purposes.

structures for supporting youth. A portion of this funding was used in the summer 2009 for youth job creation, but there is a potential to collaborate between agencies (specifically K-12 education, community colleges, and Local WIBs) to leverage remaining funding to support existing education initiatives aimed at improving secondary educational and career-focused outcomes.

Most of the options noted above require an LEA to apply for funding with a plan for how the funds will be used to meet the program requirements, which may include infrastructure or program activities consistent with the implementation of multiple pathways.

A variety of funds are also available to LEAs as entitlement grants based on need, generally tied to the level of students that are low income and/or low achieving in a school agency. Examples of this type of funding include, but are not limited to Title I and Economic Impact Aid. LEAs are directed to use this type of funding to meet the needs of their at risk (e.g., lowest performing and lower income) students through supplemental services, which could certainly include activities related to multiple pathways.

### **New Funding Sources**

While it is unlikely due to the state's fiscal crisis that any new state resources will be provided to LEAs in the coming years, the state and LEAs can use new federal programs to the extent funding is provided to support multiple pathways expansion. Among these new opportunities is Race to the Top funding, supported by the American Recovery and Reinvestment Act (ARRA). It is anticipated that California's Race to the Top application will include requests to fund both district efforts and statewide infrastructure for multiple pathways implementation. Another ARRA grant category that can support multiple pathways implementation includes the \$650 million Investing in Innovation Fund. Multiple pathways is consistent with its intention to "support local efforts by school districts and partnerships with nonprofits to start or expand research-based innovative programs that help close the achievement gap and improve outcomes for students."

The \$3.5 billion in Title I School Improvement Grants to support states in efforts to reform struggling schools and focus on implementing turnaround models in the lowest-performing schools can also be used for schools implementing multiple pathways as a turnaround strategy in eligible schools.

The state is also applying for funds through the Statewide Longitudinal Data Systems program. While not directly tied to multiple pathways efforts, a longitudinal database was cited in this study as vital to monitoring the progress of multiple pathways efforts and several data elements identified in this report are included in California's grant application.

### **Philanthropic Support**

Another resource that a handful of LEAs have used to develop and/or operate multiple pathways has been from foundations and other philanthropic support. For example, the Irvine Foundation awarded grants to LEAs and universities to promote the implementation and expansion of

multiple pathways. Other foundations, while not explicitly supporting multiple pathways, have significant initiatives to support college preparation.

### **Matching Funds: Contributions from the Business Community**

Matching funds have been a critical part of several of the existing funding sources. The matching requirements have provided an incentive for LEAs to reach out to their business communities to leverage resources and forge partnerships. For example, state funding of California Partnership Academies requires:<sup>9</sup>

- An amount equal to a 100 percent match of all funds received from the state, in the form of direct and in-kind support provided by the district
- An amount equal to a 100 percent match of all funds received from the state, in the form of direct and in-kind support provided by participating businesses or other community organizations

Likewise, 21<sup>st</sup> Century After School Safety and Enrichment for Teens (ASSETs) requires a match by the district and/or business partners. In addition, in many instances where matches are not required for programs, but business and community partners contribute time, facilities, equipment, funding, and other resources. Aside from the California Partnership Academy business and community match, the level of business and community contribution is not tracked by the state. In 2008-09, over \$20 million in California Partnership Academy Grants were awarded with commitments of at least an equal amount in matching funds from local districts and from businesses and other community organizations. Thus, the state leveraged \$20 million into a \$60 million contribution.

### **School District Allocation Decisions: Contribution from Other Resources**

The amount of money that any school district receives through direct grants or partnerships is a small part of its overall operations. Most of a district's funding is in support of its general operating needs for schools. The resources described above are considered supplemental programs that add to the general education program, but in the ideal implementation model there is seamless integration of multiple pathways projects into the operations of high school programs. As a result, it is important to recognize the role that local districts and schools have in their management of local resources to support the educational needs of all students, which may include multiple pathways.

The state can approach local district support for multiple pathways in the manner it has to date — that is, the state can simply allow for the option — or it could move toward requiring contributions from districts. An example of this is the matching requirements in place for California Partnership Academies and ASSETs, which enforce a designation of support for such projects. The current fiscal crisis that local districts face will make it difficult in the short-term to encourage or require local district contributions to multiple pathways, but such contributions should not be overlooked in planning for the future.

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<sup>9</sup> See Partnership Academy Request for Application 2009-10, page 42, Section VIII.

## **State Policy and Budget Choices**

The state can affect the level and type of support that is available for multiple pathway activities in a variety of ways. Following are key policy and budget choices that merit consideration when evaluating how to move forward with expanding multiple pathway activities.

### **State Initiative or Local District Choice**

LEAs have discretion over whether or not to pursue activities that meet the definition of multiple pathways. A few resources have been made available as incentives to develop and implement multiple pathways, but the existing resources for the most part rely on LEAs to identify how they would like to approach high school reform, which may or not include a multiple pathways approach. As the state evaluates how it will support the expansion of multiple pathways, it must determine, to the extent that funding is available, whether to provide LEAs with direct incentives for the implementation of multiple pathways or whether to allow such programs as an option.

Regardless of the approach the state takes, it must develop a statewide infrastructure that assists LEAs in implementing multiple pathways, as described above. For example, in providing and sharing examples of fiscal models that allow LEAs to create and support pathways programs within existing funding structures, the state would assist districts in determining whether they can support and sustain such projects.

### **Matching Funds and Industry Incentives**

The experience of California Partnership Academies has shown that matching funds are not an impediment to program participation, provided that the program is of interest to those who must make the match. The ability to generate matching funds multiplies the state's contribution and transforms the state from sole investor to catalyst. Future initiatives and investments should consider the role that matching funds may have in growing support for multiple pathways initiatives.

### **State CTE and WIA Plans**

The state must develop a long-term vision and multiyear plan to use Perkins and WIA funding. While federal Perkins funding has been relatively stable in recent years compared to state funding, the manner in which state resources are used has changed dramatically. The state's Perkins and WIA plans outline activities based on the expectation that programs like ROCPs, California Partnership Academies, and AVID were receiving substantially more funding than they are receiving in 2009-10. In addition, as the state clarifies its priorities with respect to multiple pathways and career and technical education in general, collaboration among programs at the state level, and leveraging of resources at the local level, could enhance implementation of high quality multiple pathways programs.

## **CONCLUSION**

The expansion of multiple pathways in California offers a wide range of benefits for students and

high schools — and these benefits may yield long-term savings to California taxpayers in the form of reduced costs associated with health, crime, incarceration, and welfare. By reaching higher skill levels, California students will be more competitive in a national and global economy. In the short-term, the expansion of multiple pathways does bring additional costs to the state and to LEAs. At the local level, the major cost of multiple pathways implementation involves the extra staff and teacher time required for the core pathway components, as compared with traditional high schools. Based on the results of a limited study of ten sites by PACE, it appears that the ongoing costs of multiple pathways may decline as staff gain experience and as supportive processes become more streamlined. In addition, infrastructure costs at the state level could, over time, reduce costs at the local level by providing improvements and supports for LEAs. While the level of funding available to support multiple pathway activities has been reduced with the budget reductions of 2008-09 and 2009-10, a sizeable number of programs still exist that may provide a structure for future investments in multiple pathways.

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