RECOVERY AND RENEWAL

How California Schools Set Budget Priorities and Innovate to Lift Students

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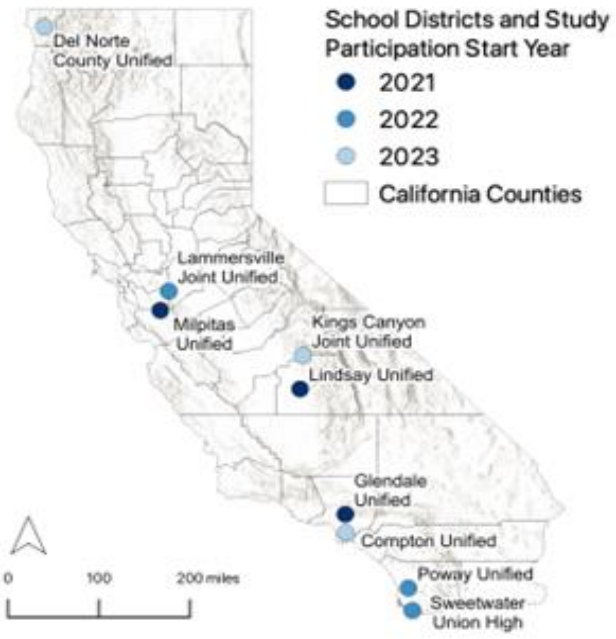
The vital signs pulsating from within California's public schools have grown stronger 4 years since the COVID-19 pandemic shuttered school doors in March 2020. Recent reports suggest that the learning curves of many students are turning upward, for example, in Los Angeles Unified.[1] Although the end of pandemic-era funding brings fresh challenges to school leaders, stories of fiscal calamity in California remain rare. We felt a spirit of renewal in many schools we visited.

We have much to learn regarding how district leaders and school principals managed their way out of the pandemic. Unanswered questions remain around the external pressures that persist for districts, from declining enrollment to proliferating state-regulated programs and the way district leaders now attend to the holistic growth of students in addition to academic outcomes. And whether, with new digital tools, are teachers enlivening classroom learning via new pedagogical methods?

These questions motivated our research when we began visiting local leaders and schools in three California districts in the spring of the 2020–21 school year. This brief includes data from six districts—our original three plus an additional three—across the state during 2022–23. Exhibit 1 maps the location of districts included in this brief. In Exhibit 2, we highlight some characteristics of these six districts.

When visiting, we met with district leaders, principals, and teachers over a span of 2 or 3 days. We learned about each district's internal culture, the way they set budget priorities, and how they as leaders and educators designed program innovations.

Exhibit 1. Nine Districts Participating in the Field Study Through 2023–24



[1] See recent reports by the *Los Angeles Times*.

Exhibit 2. Basic Student Characteristics in Participating Districts, 2022–23

District	Enrollment	Percentage eligible for free and reduced-price meals	Percentage English learners	Percentage proficient, ELA	Percentage proficient, math
Glendale	24,456	46	21	62	52
Lammersville	7,520	12	12	73	70
Lindsay	3,976	83	34	49	24
Milpitas	9,967	27	22	70	62
Poway	34,900	15	8	75	67
Sweetwater	37,642	67	23	49	26

Note. ELA = English language arts.

In this brief, we detail three major findings from our year of interviews and observations.

1. We describe how the external contexts of schooling shifted throughout the pandemic and how many of these outside pressures persist today.
2. We look internally at how district leaders make sense of external pressures and weigh their internal values to set budget priorities, arrive at defining problems, then remedy these concerns. Districts displayed three ways of emerging from the pandemic after the return to in-person learning.
3. We compare the different solutions or innovations that districts pursued to reengage students and support their well-being. We compare large and small structural innovations as well as pedagogical and organizational innovations.

Our findings help to understand what motivated district leaders as they scanned their environments, deliberated internally, and decided on conventional routines or inventive programs, or perhaps a combination of the two.

Shifting External Demands

We first turn to a much-talked-about topic in all six districts: the flurry of unrelenting demands and challenges originating from outside school districts (Exhibit 3). District leaders shared with us how evolving revenue streams and surrounding pressures posed challenges as students returned to in-person learning. Superintendents, district staff, and school principals commonly detailed their challenging context: the return of "categorical aid programs"[2] passed by state legislators, labor shortages and ongoing pressures from unions, demographic shifts and uncertain attendance numbers

[2] In 2013, California adopted a Local Control Funding Formula, distributing funds more equitably to districts based on the students they serve. It also allowed district leaders and community members to make decisions for their students, because the funds were flexible (a process called the Local Control Accountability Plan). Prior to 2013, California had categorical funding streams. When district leaders discuss a return to "categorical aid," they mean less flexibility to make decisions for their students, because they must adopt programs that legislators deem important.

(with implications for state dollars), uneven levels of local civic support for schools, and negotiating teaching tools and support programs offered by for-profit firms or local nonprofits.

Rapidly evolving state programs and uncertain revenues proved especially frustrating for district leaders in 2022–23. Federal stimulus dollars were largely unrestricted and set to last through September 2024.[3] All six districts strategically planned to avoid the feared "fiscal cliff." However, the state revenue picture became confusing, even burdensome, tied to specific program designs and activities, limiting the discretion of district staff and local school boards. State policymakers legislated free meals for all students, a 9-hour school day with summer programs for select student groups,[4] expanded transitional kindergarten to serve all 4-year-olds, and new requirements for arts and music education.

Each of these novel state initiatives required new staff, most often instructional aides, who were already in short supply given a tight labor market. State officials mandated new plans to be drafted by already busy district staff and school-level administrators. Meanwhile, overall school funding surged, fueling demands from labor groups for higher wages. All of these concerns arrived with an uncertain future for California's economy, a hazy funding outlook in the years to come. Furthermore, all six districts experienced high rates of student absences, and four districts faced declining enrollment numbers—tandem factors that reduce what dollars districts receive from the state.[5]

Lindsay leader discusses the lack of flexibility in new state programs:

ELO-P, for example, . . . it's so restricted to the after-school program. . . . We may have great stuff going on during the day that I have to reduce staffing in. Meanwhile, I have this great after-school program that serves maybe 60% to 70% of the kids. But my core program that serves 100% of the kids is taking cuts. If you . . . give us flexibility to use that money during the day, we can have this continuous, comprehensive program that goes on from 7:00 in the morning until 6:00 at night.

Against this backdrop, district leaders and principals emphasized two external forces that shaped priorities throughout the pandemic. Civic cohesion played an important role in weathering the pandemic. District leaders reported varying levels of civic support or divisive contention in their local communities. Some districts, for example, Lindsay, became major hubs of economic and social support during the pandemic, improving trust and credibility among families and the community. Other districts, for instance, Glendale, struggled with contention over cultural issues or political tensions that at times fractured the community.

[3] California received approval to extend spending for 14 months. The extension applies to state education agency reserve, which was allocated to local districts through the Expanded Learning Opportunities Grant.
[4] California legislators require that all unduplicated pupils—students who are eligible for free or reduced-price meals, English learners (ELs), and foster youth—have access to expanded learning.
[5] For example, a 4- or 5-percentage-point decline in attendance could erode district revenues by millions of dollars.

A principal in Glendale discusses challenges in maintaining civic cohesion:

Cultural conservatives gained traction in spring 2023 when Glendale's school board voted to acknowledge June as Pride Month. Protests turned violent outside the board's chambers, as former students and parents spoke in favor of the measure. Teachers and students in the queer community reported episodes of harassment and hate on certain school campuses. At the end of the 2022–23 school year, a contentious one, Glendale's superintendent retired.

A Glendale principal noted:

> My senior teacher here. He started the lesson [on sex education], and then the next day, he had a student email him who said, "One of the girls was recording you today." And so, we called the girl over and this sweet, sweet girl, like she's never been in trouble before. Nothing. A sweet girl. And she said, "Well, my parents told me to record because they just want to know." And it's like, the teacher's heart was broken. It's hard when teachers give their all.

Faced with labor shortages, educator burnout, the one-time nature of stimulus dollars, and impeding spending deadlines, districts contracted with private sector and nongovernmental organizations (NGOs) throughout the pandemic. District superintendents and senior staff mounted a variety of new efforts, from online tutoring and psychological services to new early childhood and after-school programming. Novel demands from the state – requiring short implementation timelines – often led to contracting with local nonprofits or private companies. This array of outside organizations evolved rapidly in COVID-19's wake, especially as the state pressed new programs that invited private contracting. While outsourcing provided a few advantages, such as avoiding long-term costs, the quality of services varied significantly.

Contracting with HeyTutor in Sweetwater

Rejecting online tutoring, Sweetwater contracted with HeyTutor to design an "embedded tutoring" approach. This required placing tutors at each school and marrying their work with topics covered by lead teachers. Tutors devised their own lesson plans and created materials alongside the lead teacher. Tutors could assist during the regular lesson, as well as pull together small groups for targeted intervention in the back of the room. The tutor's lesson plans had to synchronize with the core curriculum. District coordinators told us that tutors participated in teachers' meetings and reported on student engagement and progress. For many special education students, the embedded tutors designed project-based learning activities.

Districts' Internal Sensemaking

As the external context of schooling was shifting throughout the pandemic, district leaders scanned the environment and weighed their internal values. This internal sensemaking led to a variety of adaptations and innovations. Many of these decisions relied on the prior culture within the district and leaders' historical commitments. District leaders also reported working closely with principals to understand challenges and formulate remedies.

Our team discovered three ways (Exhibit 3) that district leaders responded to these pressures. It is important to note that districts didn't always prioritize only one of these adaptations. They often tried to balance multiple adaptations to shifting environments. The first response was to strengthen fiscal health. The second adaptation focused on adding new programs or expanding activities outside of

classrooms. The final way to rebound centered on enriching the technical core of schooling, invigorating classroom activities and pedagogy.

District culture – the "Lammersville Way"

The culture and values of district offices continue to shape budgeting strategies, even as external demands evolved. The "Lammersville Way" offers one example: the districtwide belief that, for each new program, the district staff "study it, we vet it, we get feedback, and then we do it, and we do it until it is implemented, or it proves unworthy for implementation." These district leaders remained confident about their budget outlook. Despite the one-time nature of stimulus dollars, a district leader said, "I think we're in good fiscal health."

Leaders in each district discussed their focus on budgetary stability, using federal and state stimulus dollars in ways that avoided long-term, unaffordable costs. This included tracking revenue streams and moving staff to accommodate new activities. In 2020–21 and 2021–22, staff roles were more flexible and at times uncertain, as districts and schools responded to a rapidly changing environment. As students returned to in-person learning by 2022–23, districts again adjusted daily routines to track funding streams, find staff for state-mandated programs, and attend to social and emotional challenges surfacing among students and staff.

As federal stimulus dollars are set to expire, each district discussed their plan to maintain successful programs from the pandemic while prioritizing fiscal health. For example, when discussing social-emotional programming, a Poway leader stated, "We strategically said we're spending ESSER I and ESSER II in the first 2 years, then ELO [Expanding Learning Opportunity] the next 2 years, and then the Learning Recovery Grant." A Lindsay leader discussed a similar budget strategy with "minor tweaks" to avoid a "huge cliff." Lindsay invested a portion of their stimulus funds in reducing class sizes. Although the district had initially used federal stimulus dollars, leaders would use "the Learning Recovery Emergency Block Grant, the state funds, to sustain a lot of that staffing over the next 4 years." Lindsay plans to "slowly phase that [reduced class sizes] out as that money starts to decrease, and then, we'll get back to normal [pre-pandemic] staffing ratios."

The second pattern of adaptation involved adding new programs or expanding support activities on the edge of school organizations. Most district leaders explained the value of offering free meals to all students, extending school to 9 hours per day, and expanding art and music classes.[6] However, many districts struggled to find staff for these expanding efforts. When this happened, Glendale, Lindsay, and Milpitas contracted with community nonprofits to run their after-school program. These initiatives provided more instructional time for students, but minimally engaged classroom teachers or advanced day-to-day relationships inside schools.

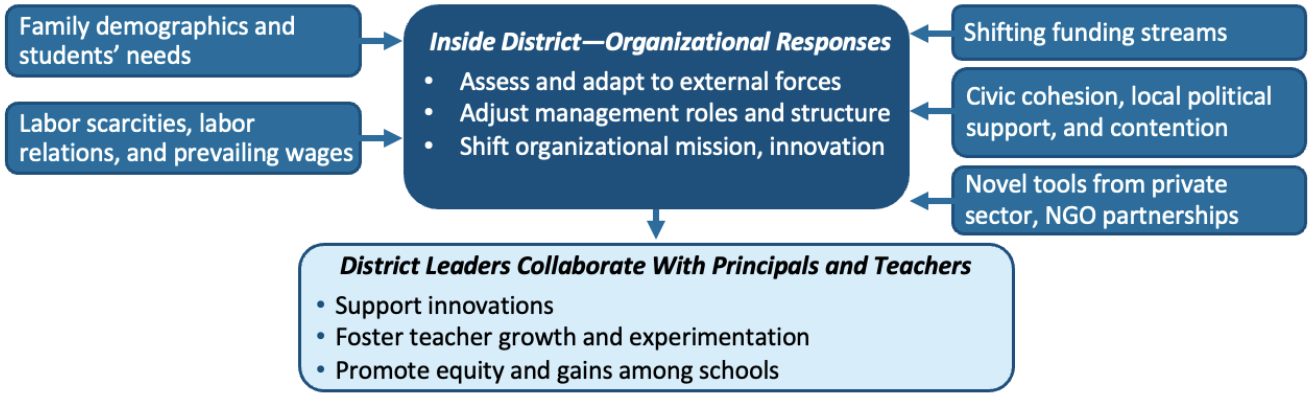
With multiple new demands from the state and uncertain revenue flows, these districts attached new efforts to the periphery of their school system. This helped in staffing up quickly and hedged against long-term budget commitments. This meant these efforts would not impose on core work, could be

[6] All three programs were required by state leaders in the wake of the pandemic.

staffed by nontenured aides, and possibly severed when an initiative became unaffordable. These peripheral, yet mandated, programs did not always align with districts' efforts to reengage students and enliven classroom teaching, which led to the third major adaptation exercised by districts.

This third response was to enrich pedagogical practices in classrooms or nurture student-adult relationships, aiming to lift students' social-emotional well-being. Lindsay and Milpitas sharpened efforts to define the learning competencies fostered by teachers, moving away from curricula detached from real-world issues or career paths. Poway enlarged its digital learning office, then deployed staff to coach teachers on ways to blend and enliven classroom instruction with technology. Principals in Glendale and Lammersville redesigned the advisory period – to reengage kids, surface emotional worries, and explore facets of ethnic and language identities. These novel initiatives strike at the core of everyday teaching, learning, and social development inside schools because they purposefully engaged teachers in these efforts.

Exhibit 3. External Forces and Internal Organizational Responses



Note. NGO = nongovernmental organization.

Overall, three organizational strategies reflect district pathways toward recovery and renewal. Although internal sensemaking is an imperfect process, it allowed districts to mull over core priorities in an environment where outside information often felt blurry, state funding continued to shift in uncertain ways, and leaders juggled multiple fiscal or political demands. These three adaptations also help to explain districts' varying capacity and inventive spirit in lifting the well-being of students.

Comparing Innovations

As districts set their budget priorities, senior staff and principals talked about a variety of innovations. These inventive programs stemmed from logics of reform that circulated among educators, associations, and policy circles. In light of the pandemic's lingering impacts, we heard about a shifting mindset toward student well-being, along with a variety of innovative programs to engage and motivate students. These innovations focused more on renewal than on recovery, only partially meant to address "learning loss."

To compare innovations, our team first compared larger and smaller structural reforms. Second, we compared organizational and pedagogical innovations. By organizational innovations, we mean shifts in organizational arrangements and job roles (of the adults within districts and schools). Organizational innovations often remained more distant from the daily work that occurs between students and teachers. Pedagogical innovations, in contrast, focus on enriching pedagogy or student-teacher relationships.

One larger structural reform surfaced in most districts: the investment in social-emotional learning and student well-being. Prior to the pandemic, district leaders said student well-being was secondary to instruction and academic achievement. However, the pandemic forced social-emotional health to be integrated into instruction. District leaders described that in order for students to learn, the district must first tackle overall well-being. This meant investing in new program materials as well as moving resources to hire mental health counselors and social workers, then increasing student access at school sites. A second example is the state mandate to offer a 9-hour school day.

An example of a smaller-scale, yet key, reform is Milpitas's investment in career pathways. Although not all students within the district would opt to focus on career pathways, a small subset of students now have access to innovative classrooms, with curricular pathways tied to on-the-job internships. The district offers a wide variety of pathways, from digital technology and computer science to early education and social welfare. Other smaller-scale innovations include incorporating digital tools into classrooms, which varied within and between districts, and adding adults (e.g., embedded tutors or instructional aides) in classrooms.

Districts were not as likely to describe larger structural reforms that impact all students, given that these innovations are expensive and require long-term financial investments. District leaders did often discuss smaller structural reforms targeting groups of students. We heard some districts describe a less coherent renewal strategy comprised of smaller structural reforms, in part because of episodic categorical funding from the state. Thinking about local contexts, these six districts discussed the way their renewal strategies were shaped by local contexts and internal values. Milpitas rooted their investment in career pathways in a changing job market and emphasized the need for their students to graduate with ties to local employers.

Moving to organizational versus pedagogical innovations, we compare how districts innovated both in terms of the structure of schooling (organizational) and classroom practices (pedagogical). Glendale's expansion to a seven-period block schedule offers a ripe case of organizational reform. Adding a seventh period when students returned to in-person learning allowed for middle and high school students to add an elective course that sparked their interests.[7] Describing the program, a district official said, "We knew coming back from COVID-19 that we've got to get our kids more engaged in

[7] Prior to the pandemic, middle and high school students were limited to just one elective course within a six-period day. ELs could not enroll in any electives because of their required language course. Stimulus dollars allowed for an increase in teacher salaries for those working an additional period.

school." The shift to block scheduling allowed the district to provide "more opportunities for interventions during the day."

An example of a pedagogical innovation is "What I Need" or WIN time in a Poway elementary school. Teachers at this school described how small groups of students met with teachers and classroom aides to focus on specific skill areas. "We're basically all having a small group with very intentional, specific strategies that we're working on," one second-grade teacher told us. "The goal is [that the small groups] are really targeted and really trying to close those gaps." Small groups of students at similar learning levels met, for example, to practice phonics or language fluency.

While comparing innovations (Exhibit 4), we see how schools implemented both innovations organized by district leaders and smaller-scale changes promoted from inside schools. Pedagogical innovations might not offer visible structural changes, but many districts discussed a new desire to view students as more active learners aided by supportive adults. Modest organizational and pedagogical adjustments, as discovered in all six districts, offered incremental steps toward engaging students and enlivening their learning.

Recommendations Going Forward

Given the expiration of federal stimulus funding and fluctuations in state funding, one of our main questions when we return to the field for the 2024–25 school year is, what will persist? Here, we outline potential considerations for local leaders as well as state policymakers.

For District Leaders and Local Educators

- District superintendents might consider their renewal activities—especially when setting budget priorities—strategically, with an eye toward coherence. Some superintendents have built from core commitments; yet, internal educational missions at times compete with external demands and novel initiatives from principals and teachers. This remains a delicate balancing act.
- Weighing budgetary attention to learning recovery against the wider aim of advancing pupils' social and emotional vitality remains a challenge. How districts can effectively shape the holistic development of students remains a major question going forward.
- District staff could devise feasible ways of discerning which innovations lift students and teachers and which ones fall short. Some of our districts attempted several organizational or pedagogical innovations at once. A process of continuous improvement, however, requires both experimenting and monitoring innovations.

Exhibit 4. Listing of Innovations, by District, 2022–23

District		Organizational innovations	Pedagogical innovations
Glendale	Small structural	• Outdoor classrooms • Hiring of Equity Access and Parent Engagement Office staff	• Wellness centers • Advisory period • Lunchtivities • Peer tutors
	Large structural	• Seven-period day • Block scheduling • Childcare expansion	• 1:1 devices
Lammersville	Small structural	• Hiring of Education Services staff • *New Hire Academy* • Parent Project (adult education)	• Advisory period • Wellness centers • Flipped classroom instruction • *Blended Learning Academies* • Impact teams (type of professional learning community)
	Large structural	• SUCCESS! period • School psychologists	
Lindsay	Small structural	• Data summits • Mental health counselor for after-school program	
	Large structural	• Hiring of social and emotional learning coordinator	• Instructional aides
Milpitas	Small structural	• Professional learning communities • Career and technical education campus and pathways	• Common rubrics
	Large structural	• Restorative justice policies	• Competency-focused formative assessments
Poway	Small structural	• Mental health–monitoring application • Keystroke-monitoring application • Learning management system training	• What I Need (WIN) time • Extended independent study
	Large structural	• Mental health counselors • Hiring of Technology and Innovation staff	
Sweetwater	Small structural	• Professional learning communities • Curriculum website repository	• Saturday Academy • Second adult online • Google Classroom
	Large structural		• Social and emotional learning curriculum • Embedded tutors

For State Policymakers and Administrative Agencies

- The return to centrally regulated programs (categorical aid) by the governor and state lawmakers offers welcome opportunities and costly constraints. All six superintendents expressed frustration at state policymakers requiring a separate plan and monitoring report for each of the half-dozen new programs—on top of the Local Control Accountability Plan. Regulatory simplicity would free district staff to focus on school improvement priorities.
- California's economy remains strong overall, leading to severe labor shortages for many school districts. The macroeconomic dynamic buoys workers as wages rise; however, it leaves districts scrambling to find new teachers, classroom aides, and support staff for programs created in the state capital. The current slowdown in education spending will ease labor shortages. The state must realize that quality will likely suffer when aspirations outpace available teachers and staff.
- The state department of education might share information statewide on promising innovations—from reshaping district offices to classroom and schoolwide efforts that buoy students. Other districts and schools could learn much from one another.

Next Steps

Our research team returns to participating districts—now totaling nine—in the 2024–25 school year. At the top of our list of questions: How did districts move beyond the September 2024 ending of federal relief? Are external demands shifting, evolving? Will the mindset shift toward social and emotional growth persist beyond the pandemic era? What pedagogical innovations will be sustained, and how do district leaders prioritize these innovations? Was COVID-19 "the mother of all inventions" or a momentary jolt to an otherwise durable institution?

Our complete report is available. Special thanks to the six California superintendents who generously hosted our field visits, weathered interviews, and patiently responded to endless questions. Equally candid and gracious have been their district colleagues, school principals, and teachers. This project is supported by the Institute of Education Sciences, U.S. Department of Education, through grant R305X230002 to the American Institutes for Research (AIR). Any errors or misinterpretations belong to the authors and do not reflect the views of AIR or the Department of Education.

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