
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair
2017 - 2018 Regular

Bill No: AB 2808 **Hearing Date:** June 27, 2018
Author: Muratsuchi
Version: April 2, 2018
Urgency: No **Fiscal:** Yes
Consultant: Ian Johnson

Subject: Education finance: local control funding formula: funding increase.

SUMMARY

This bill increases the per-student base grant funding targets for school districts and charter schools under the Local Control Funding Formula (LCFF), as specified.

BACKGROUND

In 2013, the LCFF was enacted. The LCFF establishes per-pupil funding targets, with adjustments for different student grade levels, and includes supplemental funding for local educational agencies (LEAs) serving students who are low-income, English learners, or foster youth. The LCFF replaced almost all sources of state funding for LEAs, including most categorical programs, with general purpose funding including few spending restrictions.

The largest component of the LCFF is a base grant generated by each student. Current law establishes base grant target amounts for the 2013-14 fiscal year, which are increased each year by the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States.

The base grant target rates for each grade span for the 2018-19 fiscal year are as follows:

- 1) \$8,236 for grades K-3 (includes a 10.4% class size reduction adjustment);
- 2) \$7,571 for grades 4-6;
- 3) \$7,796 for grades 7-8;
- 4) \$9,268 for grades 9-12 (includes a 2.6% career technical education adjustment).

For each disadvantaged student, a district receives a supplemental grant equal to 20 percent of its base grant. A district serving a student population with more than 55 percent of disadvantaged students receives a concentration grant funding equal to 50 percent of the base grant for each disadvantaged student above the 55 percent threshold.

ANALYSIS

This bill increases the Local Control Funding Formula (LCFF) per-student base grant funding targets for school districts and charter schools for the 2019-20 fiscal year up to the following:

- 1) \$13,026 for grades K-3 (includes a 10.4 percent class size reduction adjustment);
- 2) \$11,975 for grades 4-6;
- 3) \$12,332 for grades 7-8;
- 4) \$14,661 for grades 9-12 (includes 2.6 percent career technical education adjustment).

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “In 2013-14, California enacted the Local Control Funding Formula (LCFF), replacing the state’s categorical grant education funding model. LCFF was designed to provide districts with greater discretion over how funds are utilized to educate students at the local level, with an emphasis on providing additional resources to students with the greatest needs. The new funding formula promised to return districts to their 2007-08 funding level, over the course of seven years, fully funding targets by 2020-21.

In the 2018-19 budget, the Governor has proposed to fully fund LCFF 2 years ahead of schedule, dedicating \$3 billion in new funding to the formula. However, at full implementation of LCFF, California will still retain among the lowest per pupil funding rates in the nation. California school districts will continue to face a dilemma: the inadequacy of base funding to cover rising fixed costs imposed since the creation of the LCFF.

AB 2808 establishes new, higher LCFF base rate targets funded by growth in the Proposition 98 guarantee to address districts’ fixed cost needs and to set forth goals for California to attain, at the very least, the national average in per pupil funding. In its 2018-19 Proposition 98 Education Analysis, the LAO noted that, “Increased base rates would provide both high- and low-poverty districts additional general purpose funding to accommodate these cost pressures.”

All districts would benefit from increased investments to public education for a variety of purposes, including: scaling up high school programs to offer a full range of college and career preparation options; additional support for special education; additional support for English language learners; providing a broad range of professional development opportunities for new and veteran teachers; and implementing other strategies designed to enhance student achievement and close the achievement gap.”

- 2) ***Does this bill provide more funding for education?*** While the LCFF establishes the formula by which local educational agencies (LEAs) receive state funding, the Proposition 98 minimum guarantee constitutionally governs the amount of state funding provided to public schools (including community colleges). Supporters of this measure argue that new funding targets will help

ensure that local educational agencies (LEAs) can meet existing cost pressures and allow for future growth of instructional programs. However, because this bill would not impact Proposition 98 or the amount that the Legislature must appropriate for education in subsequent budgets, it would have no impact on the total amount of funding provided to schools now or in the future.

- 3) ***Do new targets provide some other benefit to LEAs?*** Even though this bill will not provide any additional funding for education, the California Teachers Association states that “This important measure would establish the Legislature’s continued commitment to the ideals espoused in the local control funding formula while setting a road map for future funding targets. While this measure does not include a funding mechanism, CTA believes increasing the base funding targets would encourage the state to move closer to the top quartile in per-pupil funding...”

While increasing the base grant targets could be interpreted by some as the beginning of a second, multi-year transition to a new targeted level of funding for LEAs, significant uncertainties about the future political and fiscal climate remain. To the extent that increasing the base grant targets would discourage LEAs from managing their multi-year budgets prudently—by signaling that these targets will be funded in the near future—this bill could result in less fiscal stability among LEAs (not more).

- 4) ***Opponents cite Local Control Funding Formula (LCFF) fiscal transparency and proportionality concerns.*** Opponents of this bill have raised concerns that it would return the state to an implementation period for LCFF funding, during which LEAs are guided by the “proportionality calculation” to determine the amount that must be spent to increase or improve services for unduplicated students. Further, the opponents claim that “parents and community members have had a difficult time with budget transparency under the LCFF....AB 2808 would resume the implementation period and set back various efforts to improve transparency.”

The LCFF spending regulations adopted by the State Board of Education provide a calculation that LEAs use to determine their minimum proportionality percentage. LEAs must describe within their Local Control and Accountability Plan (LCAP), reviewed by county offices of education, how they will meet this percentage of increased or improved services for unduplicated pupils over what is provided for all other students using qualitative and/or quantitative measures. This is a snapshot of services that an LEA must provide in a given year, and would not change as a result of this bill. Moreover, given that all LEAs are now funded equitably—with every district receiving the same base grant amount per-pupil—transitioning to the targets established by this bill would not recreate any prior fiscal transparency challenges.

SUPPORT

Alameda County Office of Education
Alameda Unified School District
Albany Unified School District

Alta Loma School District
Association of California School Administrators
AVID
Big Sur Unified School District
Brentwood Union School District
Cabrillo Unified School District
California Association of School Business Officials
California Association of Suburban School Districts
California Federation of Teachers
California Retired Teachers Association
California School Boards Association
California School Funding Coalition
California State PTA
California Teachers Association
Central Union School District
Central Valley Education Coalition
Chula Vista Elementary School District
Clovis Unified School District
Colton Joint Unified School District
Compton Unified School District
Cupertino Union School District
Cyprus School District
Elk Grove Unified School District
El Segundo Unified School District
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Pierce Joint Unified School District
Pixley Union School District
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Placer Union High School District
Redondo Beach Unified School District
Riverside County Office of Education
San Benito High School District
San Bernardino City Unified School District
San Bernardino County District Advocates for Better Schools

San Marcos Unified School District
Sanger Unified School District
Savannah School District
School Employers Association of California
Scotts Valley Unified School District
South Bay Union School District
South Pasadena Unified School District
State Superintendent of Public Instruction, Tom Torlakson
Sundale Union Elementary School District
Temecula Valley Unified School District
Tipton Elementary School District
Torrance Unified School District
Tulare Joint Union High School District
Tustin Unified School District
One individual

OPPOSITION

Children Now
The Education Trust—West

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