

- 2) Establishes a funding allowance for school districts with fewer than 2,501 units of average daily attendance (ADA) for each necessary small school. The funding allowance is based on a combination of ADA and the number of full-time teachers for the elementary schools and is in lieu of the per-pupil base grant amount that the school would otherwise generate from the Local Control Funding Formula.

ANALYSIS

This bill expands eligibility for the necessary small schools funding allowance to include schools in districts with ADA of more than 2,500 and fewer than 5,001 if as many as 15 pupils residing in the school district and attending kindergarten and grades 1 to 8, inclusive, excluding pupils attending the seventh and eighth grades of a junior high school, in the elementary school with an ADA of less than 97 pupils would be required to travel more than 30 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "The existing eligibility requirements for the NSS grant mandate that a school fall within specified distance requirements, and additionally limits grant-eligibility to schools residing in districts with less than 2,500 ADA.

The statute additionally allows for a district to apply for a waiver from these eligibility requirements through the SPI. However, because the language defining the waiver process is vague and focuses primarily on distances to the school, it is unclear if a district can seek a waiver from the SPI for the ADA requirement.

Atascadero Unified School District (AUSD) is an example of a school district that has a large and urban geographic center which results in a student population over 2,500 ADA but its district boundaries cover a large swath of rural San Luis Obispo County.

AUSD provides education to the rural Carissa Plains Elementary School, which is more than 50 miles away from the nearest large city in the school district. AUSD and Carissa Plains should, by all accounts, qualify for a waiver from the eligibility requirements of the NSS grant due to its unique topographical circumstances, but because of the vagueness of the waiver language it is unclear if AUSD would qualify."

- 2) ***Legislative Analyst's Office Report.*** In May 2011, the Legislative Analyst's Office (LAO) released a report on small school districts entitled, "*How Small Is Too Small: An Analysis of School District Consolidation.*"

The LAO report concluded "small districts still tend not to pursue consolidation. In large part, this is because the state provides both fiscal incentives for districts to remain small and certain disincentives for districts to consolidate. Specifically, the state encourages districts (and schools) to remain small by providing them

substantial funding advantages. These benefits are especially evident in very small school districts, which on average receive more than twice as much funding per pupil compared to midsize and large districts. "

Furthermore, the Legislative Analyst's Office indicates "...presumably, the goal of the NSS supplement is to enable exceptionally small schools to operate in remote areas of the state so that children do not have to spend excessive time in transit. These funds, however, also are subsidizing very small schools that qualify not because they are geographically isolated, but simply because the local community has chosen to maintain a small single-school district."

- 3) **Exemption Requests to the Superintendent of Public Instruction.** According to the Department of Education, to date, the department has received two requests for exemption to the necessary small school requirements. One was granted to a small school operated at a hospital facility based on the inability of students to travel to the nearest other public school. The other request was denied based on the school's failure to show that travel to the nearest other public school would impose unusual hardship.

Necessary small high school funding statutes have parallel provisions to those applying to elementary schools. All seven of the exemption requests from small high schools have been approved. These requests have been related to topographical conditions that result in frequent road closures due to snow or result in roads that are considered highly dangerous based on the number of fatal accidents.

Typically, applicants (a school district with approval of the county office of education) submits maps, route descriptions, California Highway Patrol records of road closures, or traffic incidents for prior years as evidence of hardships of traveling to the nearest other public school. The department investigation includes review of documentation submitted by the school district.

- 4) **Necessary Small School Funding and Eligibility.** The funding calculations for necessary small schools under the Local Control Funding Formula (LCFF) are similar to calculations under previously existing law, with school districts having the option of selecting either the necessary small school funding or the LCFF base grant, whichever generates more funding. As demonstrated by the tables below, comparing the necessary small school allowances to the LCFF base grants in 2017-18 results in most elementary schools receiving more total funding from the LCFF base grant, with limited exceptions.

The necessary small elementary school funding targets for 2017-18 are:

Number of Teacher(s)	Avg. Daily Attendance	2017-18 Funding
1	1 to 24	\$153,050
2	25 to 48	\$306,100
3	49 to 72	\$459,150
4	73 to 96	\$612,200

The Local Control Funding Formula (LCFF) elementary school base grant targets for 2017-18 are:

Grade Span	2017-18 Funding (per-pupil)
Kindergarten to Grade 3	\$7,942
Grade 4 to Grade 6	\$7,301
Kindergarten to Grade 6 (avg.)	\$7,622

- 5) ***No Immediate Funding Advantage for Atascadero Unified.*** As the author states, Atascadero Unified School District (AUSD) is an example of a school district that covers a large and rural area, but has an average daily attendance that exceeds 2,500. Therefore, even though Carissa Plains Elementary appears to be a school that is both necessary and small—the school serves 23 students that travel 6 miles on average, but would otherwise travel 32 miles on average to the next closest public school—the school does not generate the necessary small school funding allowance because AUSD exceeds the 2,500 student cap.

However, even if the necessary small school funding allowance was applied to AUSD for the 23 students attending Carissa Plains Elementary, the district would not receive any additional funding. This is because in 2017-18, AUSD's LCFF base grant for these 23 students totals about \$175,000, whereas the necessary small school funding allowance would only provide \$153,050. The necessary small school funding allowance would only increase AUSD's revenues if enrollment at Carissa Plains Elementary increased by two or more students (and one additional full-time teacher was hired). For example, if Carissa Plains elementary's enrollment was 25 students, their LCFF base grant would total about \$190,000 and their necessary small school funding allowance would total \$306,100. Even for this example, however, the additional \$116,100 of revenue from the necessary small school funding allowance would be offset by the additional cost for AUSD to hire an additional full-time teacher.

Even though this bill would not result in an immediate increase in funding, AUSD states that qualifying for the necessary small school funding allowance means the district "will have a floor of NSS funding to protect them if their ADA continues to drop."

SUPPORT

Atascadero Unified School District (sponsor)
San Luis Obispo County Superintendent of Schools

OPPOSITION

None received

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