

AB18—Great Start But Not a ‘Weighted Student Formula’ (Yet)

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Assemblywoman [Julia Brownley \(D-Santa Monica\)](#) has been trying for several years now to implement the advice of the numerous committees, plans and studies that have said California’s school finance system needs structural reform, not just tinkering around the edges. In 2008, [AB 2159](#) passed the Assembly (70-2) but died in Senate Appropriations. In 2010, [AB 8](#) passed both the Assembly and Senate (unanimously in both) but was vetoed by the Governor. Both of those bills created a working group charged with flushing out the details of a new school finance system, one largely based on a weighted student formula. In his veto message, Governor Schwarzenegger said, “...this bill merely authorizes the convening of yet another working group that can be accomplished without statutory authorization. I am concerned that this bill provides the appearance of activity without actually translating to achievement.”

So this time around, Brownley is skipping the working group and AB 18 directly changes the school finance system, beginning in 2015-16. Specifically, it consolidates the majority of funding into three pots: base funding, ‘targeted equity’ funding and ‘quality instruction’ funding. The base amount would consolidate current revenue limits and several miscellaneous categorical programs (including GATE, Arts and Music, Instructional Materials, etc.). ‘Targeted equity’ funding would consolidate categorical programs that currently serve (at least in theory) more disadvantaged students; these include Economic Impact Aid, the Targeted Instructional Improvement Block Grant and Community-based English Tutoring. ‘Quality Instruction’ funding would consolidate several categorical programs that currently target teacher development as well as class size reduction. Base and quality instruction funding would be calculated on a per-ADA basis while targeted equity funding would be calculated per EL and economically disadvantaged student (that is, the total allocation in that pot would be divided by the sum of EL and economically disadvantaged pupils). This has led many to refer to AB 18 as a ‘weighted student formula’. However, I think it is important for people to understand that although this system is a great start, it is still a far cry from a rational weighted formula.

A weighted formula is one where districts receive additional funding for students with particular characteristics; in that sense, AB 18 is fine. But in a true weighted formula, there is a base amount for ‘regular’ students and then a specific additional amount for weighted students and both the base and the weights are the same across all districts. For example, if base per-pupil funding is \$10,000 and poor students are given a weight of 30%, then all districts receive \$10,000 for each student and \$3,000 more for each poor student. Thus, districts with more poor students receive more revenue overall but the difference can be easily explained. In contrast, under AB 18, the amounts each district receives will simply be based on what those districts received in the past. Specifically, the bill says, “For the 2016-17 fiscal year and every fiscal year thereafter, the per pupil... funding amount for each district shall be calculated to be the amount calculated pursuant to this section for the prior fiscal year.” So, say that in 2014-15, District A has \$10,000 per ADA from their revenue limit and the group of categorical programs that are to be consolidated into

base funding. Then in 2015-16 (when the new system takes effect) and every year thereafter, District A will continue to receive \$10,000 per ADA in base funding. But if District B has \$12,000 per ADA from their revenue limit and specified categoricals in 2014-15, District B will continue to receive \$12,000 in future years.* Targeted equity and quality instruction funding are similarly held harmless, so District A might have \$1000 per disadvantaged student while District B has \$1800 per disadvantaged student in targeted equity funding. Thus, the implicit 'weight' given to disadvantaged students will vary across districts for no apparent reason (with the above example, it would be 10% in District A and 15% in District B).

As I and many others have pointed out numerous times, current district allocations have no particularly rational basis and it is therefore impossible to explain most of the variation across districts; those inequities would apparently continue under AB 18. Brownley is aware of this issue and in her original bill, there was language that would have provided an equity adjustment "in any fiscal year in which funds are available for that purpose." However, that language was stricken in the most recent version. Sadly, this is not surprising; the political reality is that as difficult as it might be to change how funds are allocated, the battle to change how much districts receive will be even more difficult. I certainly do not want to diminish the importance of the structural changes that AB 18 provides – if it ultimately becomes law, the increased simplicity and flexibility for districts is a huge improvement over the status quo. But I also do not want policymakers to forget that there are incoherent inequities in district allocations that will still need to be addressed.

If anyone is wondering why District A would have \$10,000 and District B would have \$12,000, the answer is that no one can say for sure (see [Loeb, Bryk and Hanushek, 2007](#)). Also, this is obviously a very simplified example and based on my reading of the bill language. If I have misinterpreted what is (and isn't) in the bill, I certainly hope someone will comment and correct me!

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