

# What's Next for the Local Control Funding Formula?

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The original goals of the Local Control Funding Formula (LCFF) that was passed in 2013 included improving funding equity, increasing local control and engagement, and simplifying an outdated and complex funding formula by eliminating most categorical grants. The policy also reshaped its school accountability system. Eight years after its passage, to what extent has LCFF progressed towards its goals, and how might LCFF be further refined to improve equitable funding, opportunities, and outcomes for students in California?

## LCFF Implementation Has Generally Been Positive but Has Room for Improvement

- Prior research shows that LCFF has made state resource allocation more equitable between districts, but it has not fundamentally changed the distribution of resources to schools within districts.
- Prior research has found that LCFF has contributed to better educational outcomes, especially in higher need districts.
- Prior research has also found that LCFF enjoys substantial support from educators, who view the LCFF as an improvement over the previous system; but public awareness of the LCFF is relatively low.

## More Can Be Done to Improve Equity and Outcomes Through LCFF

Based on interviews with education leaders and policy observers, reviews of the research on LCFF implementation, analyses of school funding data, and analyses of recent legislation, this report identified four areas in which improvements to LCFF are warranted:



RECOMMENDATION

1

### Revisit and refine the funding formula

- Combine the supplemental and concentration grants into a single grant that grows in proportion to the concentration of unduplicated students within the district, eliminating the discontinuity at the 55-percent threshold.
- Increase existing weights and funding streams for students in foster care or experiencing homelessness.
- End or phase out programs that conflict with LCFF's equity and coherence goals (i.e., TIIG, ERT, MSA).



RECOMMENDATION

2

### Modernize funding for students with disabilities

- Create a more aligned system for integrating funding for students with disabilities into the LCFF. Such revisions to the LCFF should reflect these two guiding principles:
  1. All students are general education students first.
  2. Inclusive education is critical to improving education for students with disabilities.



RECOMMENDATION

3

### Equitably distribute effective teachers

- Increase transparency and accountability around how effective teachers are distributed.
- Sustain and grow policies and programs that increase equitable access to effective teachers and improve teacher working conditions.



RECOMMENDATION

4

### Strengthen transparency, engagement, and accountability

- Ensure that LCFF supplemental and concentration grants are appropriately used to support a district's high-need student groups.
- Improve stakeholder access to clear fiscal data.
- Give the Local Control and Accountability Plan (LCAP) a focused purpose and make it easier to explore and improve annual reporting of expenditures.
- Allow districts to use supplemental and concentration grants to improve services for student groups who are the lowest performing, even those who may not be included in unduplicated counts (e.g., Black students, Native American students, or other student groups that have unique needs).
- Invest in programs that will improve meaningful stakeholder engagement.

## BACKGROUND

### Current Components of the Local Control Funding Formula

- Districts and charter schools are entitled to a **base grant** for each student.
- Districts and charter schools are entitled to a **supplemental grant** of 20 percent of the base grant for each student who is an English learner, in foster care, or eligible for free or reduced-price meals. (The state calls these students "**unduplicated**" pupils.)
- Districts that have more than 55 percent of unduplicated students are entitled to a **concentration grant** of 65 percent of the base grant for each unduplicated student above the 55-percent threshold.
- Some districts and charter schools receive "**add-on funding**" equal to the Home-to-School Transportation and Targeted Instructional Improvement Block Grant funding received in 2012–13.
- The state pays the difference between a district or charter school's total LCFF entitlement and its local property tax revenues. Districts that have tax revenues that exceed the LCFF entitlement keep the excess. (These districts are called "**basic aid**" or "**excess tax**" districts.)
- Supplemental and concentration grants must be used to increase and improve services for the student who generated them.

### Current Accountability and Support Provisions of LCFF

- The Local Control and Accountability Plan is intended to support local planning, transparency, and accountability. Each Local Education Agency (LEA) adopts a new plan every three years and adopts annual updates to the plan.
- The California School Dashboard reports on the performance of the state, each LEA, and each school site across six state and five local indicators for a variety of student groups.
- The System of Support is designed to provide tiered levels of assistance to LEAs based on their performance on the Dashboard.

LCFF only distributes revenues and governs their spending—it does not generate resources. The ability to fully realize LCFF's equity goals will be aided by adequate and sustained investments in education.