



## School Funding Undergoes Major Reform An Essential EdSource Guide

### Key Questions & Answers

*The way California's public education system is funded is changing dramatically as a result of a law signed by Gov. Jerry Brown in July, 2013. Its centerpiece is the Local Control Funding Formula, designed to send additional funds to districts where Gov. Brown believes "the need and the challenge is greatest." For the first time, the law requires that parents, students, teachers, and other community members be involved in the process of deciding how new funds are spent. This EdSource guide provides an explanation of the essential elements of the new system.*

#### **Q. What is the Local Control Funding Formula?**

**A:** The Local Control Funding Formula represents the most significant change in California's funding system for K-12 schools in four decades. It is the central feature of landmark legislation—Assembly Bill 97—currently being implemented in every California school district. It will affect every school in the state, including charter schools.

One goal of the new law is to improve academic outcomes by providing more money to school districts that serve high-needs students. Another goal is to give local school districts more authority to decide how to spend education dollars, and hold them accountable for getting results.

#### **Q. When does it start?**

**A:** The transition to the Local Control Funding Formula—education experts refer to it simply as LCFF—begins in the current school year, 2013-14, and will be phased in gradually. Based on revenue projections, districts will reach what is called "full funding" in eight years—in 2020-21. Until full funding is reached, each year districts will get additional funds based on student attendance and the percentage of a district's children who are low-income, English learners, and foster youth. This projection assumes that the state's economy will improve each year at a healthy rate. If the economy falters, it could take longer to reach full funding. If the state's recovery accelerates, it could be sooner.

#### **Q. How will state funds be allocated to districts?**

**A:** Funding will go to districts rather than individual schools. Most of the funds will consist of a *base grant* that districts will receive for every student in attendance. The base grant will be higher for younger elementary school students and highest for high school students. The base

grant—when full funding is achieved—will be \$7,675 for students in grades K-3, \$7,056 for students in grades 4-6, \$7,266 for students in grades 7-8, and \$8,638 for students in grades 9-12. These figures include a cost-of-living adjustment for 2013-14. The base grants will be adjusted upward each year to reflect cost-of-living increases.

Districts will also receive a *supplemental grant* based on the number of high-needs students enrolled in the district. Those with more than 55% high-needs students will get even more funds through what are called *concentration grants*.

The new law effectively eliminates 32 “categorical” programs—dedicated funding for everything from summer school and school counselors to building maintenance and principal training—that for decades were intended to serve specific needs. Instead, the categorical funds will be folded into the grant districts will get. Districts will have the option to provide the services funded by categorical funds, but they won’t be required to do so.

**Q. How much in additional funding will districts get based on their enrollments of low-income students, English learners, and foster children?**

**A.** Once full funding is achieved in 2020-21, each district will get a *supplemental grant* of 20% of the base grant for every English learner, foster youth, and low-income student. If a student is in more than one of these categories—if he or she is both a low-income student and an English learner, for example—districts will still receive only one supplemental grant of 20 percent for that student.

The new system also recognizes that districts with large numbers of high-needs students face extra challenges and costs. So if more than 55% of a district’s students fall into the high-needs category, the district qualifies for an additional *concentration grant* for each high-needs student over the 55% threshold.

**Q. So will my district get more or less money?**

**A.** As a result of an improving state economy and funds generated by Proposition 30 approved by voters in 2012, most districts should receive significantly more money over the next eight years than they are currently receiving. During the 2013-14 school year, no district will receive less than it received in 2012-13. When the formula is fully funded, the vast majority of districts should receive at least as much as they received before the start of the Great Recession (in 2007-08) adjusted for inflation since then.

*I’m signing a bill that is truly revolutionary. We are bringing government closer to the people, to the classroom where real decisions are made and directing the money where the need and the challenge is greatest. This is a good day for California, it’s a good day for school kids, and it’s a good day for our future.*

– GOV. JERRY BROWN, JULY 1, 2013



**Q. What about funding for special education students?**

**A.** The new formula makes no changes in how special education is currently funded. A dozen other programs, including child nutrition, foster youth services, and after-school education funded by Proposition 49, a voter-approved initiative, will also continue as before.

**Q. Does a district have to spend the additional funds it will receive on low-income and other high-needs students?**

**A.** The new law gives districts flexibility to spend their base grants as they choose. But districts must use the additional state funds—the supplemental and concentration grants—to “increase or improve services” for low-income students, English learners and foster children “*in proportion* to the increase in funds” they receive for these students. By early 2014, the State Board of Education must write regulations spelling out what exactly that means. It will have to decide, for example, whether a district can spend its extra funding on services that benefit all students or whether the funds must be spent on just high-needs students.

**Q. How will districts be held accountable for how they spend state funds?**

**A.** The new law requires that information on how funds are spent be provided in a transparent way to the public. By July 1 2014, each school board must adopt a Local Control and Accountability Plan (LCAP) that sets out its goals and priorities, with special attention to high-needs students bringing additional funds to the district as a result of the law. The district must adopt a three-year plan and update it annually.

The law requires that spending be aligned with eight state priority areas, which include test scores, graduation rates, the Common Core State Standards, measures of career and college readiness, parent involvement, school climate, and student engagement. County offices of education will review districts’ accountability plans and approve them when appropriate.

**Q. Will there be consequences for school districts that do not improve sufficiently?**

**A.** Instead of the punishment-oriented approach of the current accountability system, the thrust of the new system is to provide support to schools and school districts that fail to show improvement. The state will establish a new entity—the California Collaborative on Educational Excellence—to help school districts improve.

School districts will have to show progress in the state’s priority areas. The State Board of Education will draw up evaluation guidelines or “rubrics” that districts will use to assess their strengths and weaknesses. County offices of education will use a “support rubric” to determine if a district, or even one of 12 student sub-groups, has failed to improve in any one priority area. In that case, the county office of education would be required to provide some form of support, such as assigning a team of experts to help the district. In cases of “persistently failing” school districts, the State Superintendent of Public Instruction, with the approval of the State Board, can intervene directly, and even place the district under supervision of a state trustee or administrator.

### Q. How can I get involved?

**A.** School districts must provide opportunities for input from teachers, principals, administrators and other school personnel, the district's unions, parents, and students so that funds are spent appropriately and equitably. The primary vehicle for them to provide input is through the Local Control and Accountability Plan. At a minimum, school boards must hold a public hearing on the plan before adopting it at a later public meeting. In addition, the new funding law requires that districts reach out to parents through a parent advisory committee. Districts where English learners comprise at least 15 percent of enrollment must also consult with an English learner advisory committee.

The State Board of Education will provide more details in the spring of 2014 when it creates an outline or template for what should be in the Local Control and Accountability Plan. In the meantime, parents can become involved in other ways, asking questions about how their district is planning to implement the new funding system, what the timeline will be for developing the Local Control and Accountability Plan, and participating in discussions with their school site councils.

*The responsibility is on parents and communities to get much more involved in their schools and in their school budgets. We used to rely on the state to have regulations and auditors. Now we're relying on community local action. I would turn the challenge over to parents and say, "You've got to get out there and get involved."*

– MICHAEL KIRST  
PRESIDENT, CALIFORNIA STATE BOARD OF EDUCATION



### *Want to use this guide in your school and community?*

We encourage you to place a link to this guide on other organizations' websites, or to download it at [edsource.org/10-questions](http://edsource.org/10-questions). Please make as many copies as you would like, and distribute them to parents, teachers and others in your school and community.

### *Want to know more?*

EdSource is bringing together a wide range of materials to help explain how the Local Control Funding Formula works. Visit our website at [www.edsource.org](http://www.edsource.org). For regular updates on these and other education reforms, [subscribe](#) to our free online service, *EdSource Today*.

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