

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2  
ON EDUCATION FINANCE**

**Assembly Member Susan Bonilla, Chair**

**MONDAY, MAY 20, 2013  
10:00 AM - STATE CAPITOL ROOM 444**

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**HEARING ATTACHMENTS**

Part 1 – Attachments

1. LAO – Proposition 98: May Revision Overview
2. LAO – May Revision: Adult Education

Part 2 – Attachments

1. LAO – Local Control Funding Formula
2. LAO – Options for Modifying the Local Control Funding Formula

May 20, 2013

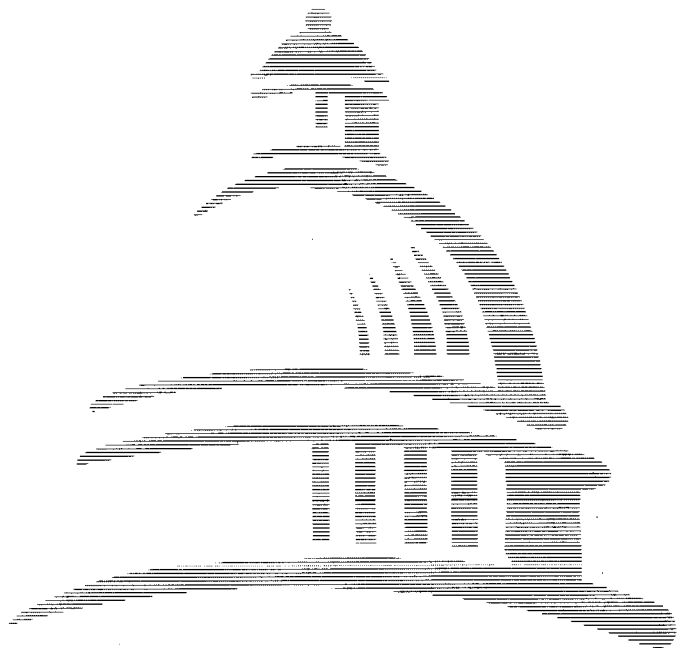
# **Proposition 98: May Revision Overview**

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LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 2 on Education Finance  
Hon. Susan Bonilla, Chair





## Updated Revenues at May Revision Affect Minimum Guarantee



**Revenues Up \$2.8 Billion in 2012-13, Minimum Guarantee Increases \$2.9 Billion.** Change caused by:

- Higher *total* 2012-13 General Fund revenues (increases guarantee \$1.1 billion).
- Higher *year-to-year* growth in revenues (increases guarantee \$1.8 billion).



**2012-13 Increase Driven by Governor's Maintenance Factor Application.** Results in all new revenue in 2012-13 going to Proposition 98. Despite an overall increase in state revenues in the May Revision, fewer resources are available for non-Proposition 98 programs.



**Revenues \$1.8 Billion Lower in 2013-14, Minimum Guarantee Drops Almost \$1 Billion.** Change primarily caused by decrease in year-to-year change in revenue (decreases guarantee \$1 billion).

Proposition 98 Funding						
(In Millions)						
	2012-13			2013-14		
	January	May Revision	Change	January	May Revision	Change
<b>Preschool</b>	\$481	\$481	—	\$481	\$482	—
<b>K-12 Education</b>						
General Fund	\$33,406	\$36,196	\$2,790	\$36,084	\$35,028	-\$1,057
Local property tax revenue	13,777	13,773	-5	13,160	13,668	508
Subtotals	(\$47,183)	(\$49,968)	(\$2,786)	(\$49,244)	(\$48,696)	(\$-548)
<b>California Community Colleges</b>						
General Fund	\$3,543	\$3,699	\$157	\$4,226	\$3,761	-\$464
Local property tax revenue	2,256	2,253	-3	2,171	2,242	71
Subtotals	(\$5,799)	(\$5,953)	(\$153)	(\$6,397)	(\$6,003)	(\$-393)
<b>Other Agencies</b>	\$78	\$78	—	\$79	\$78	-\$1
<b>Totals</b>	<b>\$53,541</b>	<b>\$56,480</b>	<b>\$2,939</b>	<b>\$56,200</b>	<b>\$55,259</b>	<b>-\$941</b>
General Fund	\$37,507	\$40,454	\$2,947	\$40,870	\$39,349	-\$1,521
Local property tax revenue	16,034	16,026	-8	15,331	15,910	579



## Summary of Proposition 98 Spending Changes

Proposition 98 May Revision Spending Changes	
<b>2012-13 Changes:</b>	
Pay down additional deferrals	\$1,783
Fund one-time Common Core implementation initiative	1,000
Make technical adjustments	156
<b>Total</b>	<b>\$2,939</b>
<b>2013-14 Changes:</b>	
Reduce deferral paydown	-\$1,024
Rescind January adult education proposal	-300
Rescind January CCC unallocated base augmentation	-197
Swap additional one-time funds	-22
Provide additional funds for Local Control Funding Formula	240
Fund CCC enrollment growth	89
Provide cost-of-living adjustment to CCC apportionments	88
Backfill special education sequestration cut	61
Fund CCC student-support program	50
Make technical adjustments	31
Fund adult education planning grants	30
Increase funds for Proposition 39 energy projects	14
<b>Total</b>	<b>-\$941</b>



### **2012-13 Spending Up \$2.9 Billion.**

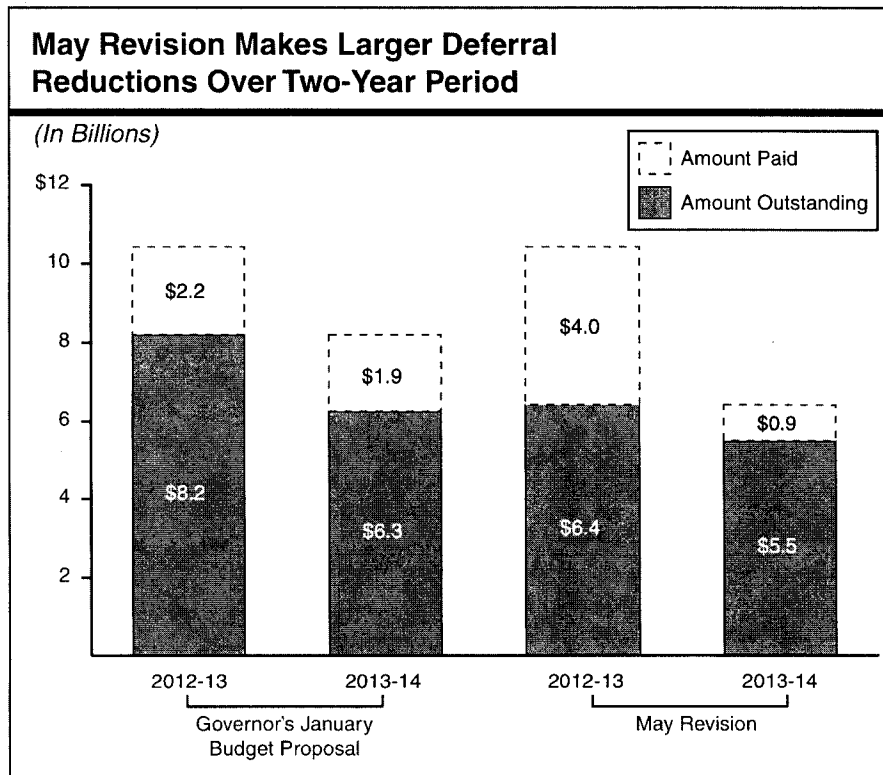
- Makes an additional \$1.8 billion in deferral paydowns (\$1.6 billion for K-12, \$180 million for the California Community Colleges [CCCs]).
- Provides \$1 billion for implementation of Common Core State Standards (CCSS).



**2013-14 Spending Decreases \$941 Million.** Governor makes \$1.5 billion in reductions, offset by a \$600 million increase in spending.



## Updates to Payment Deferrals



- ☒ **Increases 2012-13 Deferral Paydown by \$1.8 Billion.** Total of \$4 billion in deferrals would be paid down in 2012-13.
- ☒ **Reduces 2013-14 Deferral Paydown by \$1 Billion.** Total deferral paydown decreases from \$1.9 billion to \$920 million.
- ☒ **Additional \$760 Million in Paydowns Across Two Years.** Overall, the May Revision pays down an additional \$760 million in deferrals, leaving \$5.5 billion in deferrals outstanding (\$4.9 billion for K-12, \$558 million for CCC).
- ☒ **May Revision a Prudent Approach to Using One-Time Resources.** Dedicating one-time, current-year funds for one-time initiatives is good fiscal practice.



## Implementation of CCSS

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- ☒ ***Governor Provides \$1 Billion One-Time Funding for CCSS Implementation.*** Funding allocated on a per-student basis (about \$170 per student) for professional development, instructional materials, and technology.
- ☒ ***Local Governing Boards Required to Develop Plan for Spending Funds.*** Plan must be discussed at, and adopted in, a public hearing.
- ☒ ***Legislature Faces Tradeoff in Deciding How to Spend One-Time Resources.*** State has existing obligations, including payment deferrals, mandate backlog, and Emergency Repair Program. Also could consider funding other activities—such as facility maintenance—that have been reduced over the past several years.
- ☒ ***Supporting Districts in Implementing CCSS Important, but Funding Required Remains Very Unclear.*** Schools currently spend at least several hundred million dollars on professional development, instructional materials, and equipment—resources that can be used for CCSS implementation. The total cost of implementing CCSS is uncertain. As a result, determining how much state funding should be earmarked specifically for this purpose is difficult.



## Special Education Proposals

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***Provides \$61 Million State Funds to Backfill Most of Federal Sequestration Cut to Special Education.***

- Most funds would be distributed via the state's AB 602 formula.
- \$2.1 million would backfill anticipated cuts to federal funding for infant/toddler and preschool services.



***Proposes to Consolidate Additional Special Education Categorical Programs.*** Incorporates changes recommended by the LAO in January.

- Combines \$2.1 million for students with low-incidence disabilities to participate in Regional Occupational Centers and Programs into new low-incidence disabilities block grant.
- Combines two \$3 million extraordinary cost pools.



***Provides \$1.3 Million to Update Statewide Target Rate.*** Updates AB 602 funding rate to reflect the existing statewide average rate.



***Reappropriates Federal Carryover Funds to:***

- Backfill remainder of sequestration reductions (\$2.2 million).
- Backfill one-time funds used for State Special Schools in 2012-13 (\$1.8 million).



***LAO Recommends Adopting All Proposals (With Technical Clean-Up).***



## Proposition 39

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***May Revision Provides \$14 Million Increase in***

***Proposition 39 Funding.*** Assumes \$14 million increase in Proposition 39 energy-related funding due to estimated higher corporate tax revenues. Proposes to increase funding for schools by \$12.5 million (for total funding of \$413 million) and for community colleges by \$1.5 million (for total funding of \$51 million).



***Establishes Minimum Grants for Small Schools.*** Revises per-student allocation down from \$67 to \$65. Establishes a minimum grant of (1) \$15,000 for schools with less than 200 students and (2) \$50,000 for other schools that would receive less based on the per-student allocation.



***Serious Concerns Remain With Governor's Proposal.***

Revised proposal fails to address serious concerns we identified in January. Among other problems, the revised proposal still:

- Counts all Proposition 39 revenue toward the Proposition 98 minimum guarantee.
- Excludes other eligible entities from receiving funding.
- Fails to account for energy consumption differences across schools and colleges.



***LAO Recommends Alternative Approach.*** We continue to recommend the Legislature adopt an alternative approach that (1) excludes restricted revenues from the Proposition 98 calculation, and (2) awards funding through a competitive process open to all eligible entities.





## Community College Base Increases

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- ☒ ***Rescinds the Governor's January Proposal to Provide CCC With \$197 Million in Unallocated Base Increases.***
- ☒ ***Instead, the May Revision Provides a Total of \$227 Million for Three Specific Purposes.***
  - \$89 million to fund 1.63 percent enrollment growth.
  - \$88 million for a 1.57 percent cost-of-living adjustment.
  - \$50 million to augment the Student Success and Support Program (formerly known as Matriculation), of which up to \$7 million may be used to acquire statewide technology tools for students (electronic transcripts and e-planning systems).
- ☒ ***May Revision Proposal Would Fund High Legislative Priorities.***
  - Enrollment monies would fund about 18,000 additional full-time equivalent students.
  - Focus on student support services is consistent with legislative goals expressed in Chapter 624, Statutes of 2012 (SB 1456, Lowenthal).
- ☒ ***LAO Recommends the Legislature Approve the Governor's Proposed Base Increases.***



## Major Proposition 98 Issue to Address

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- ☒ ***Due to Maintenance Factor Application, Additional Revenues Provide Little Net Benefit to State's Bottom Line.*** Schools and community colleges benefit significantly from improvements in General Fund revenues, but the rest of the budget benefits little. Such a maintenance factor limits Legislature's ability to build reserves or fund non-Proposition 98 programs.
- ☒ ***LAO Alternative Maintenance Factor Approach Would Free Up At Least \$2.9 Billion.*** If the Legislature took our alternative maintenance factor approach, no additional current-year funding to schools would be necessary (saving \$2.9 billion). In 2013-14, the Legislature would have more of this funding available to meet its priorities (including building a reserve, funding non-school programs, or further augmenting school programs).
- ☒ ***Adopting LAO Revenue Estimates Increases Minimum Guarantee, Provides Some Funding for Other Programs.*** Our office forecasts \$3.2 billion in additional General Fund revenues in 2011-12, 2012-13, and 2013-14 combined. Under the LAO revenue forecast, the minimum guarantee would increase \$900 million in 2012-13 and \$1.6 billion in 2013-14. Roughly \$700 million would be available for increasing the reserve or funding other programs.
- ☒ ***If Using Higher Revenues, Many Reasons to Adopt Cautious Approach.*** Given the uncertainty and volatility of revenues, the Legislature may want to build a higher reserve if using higher revenue estimates. The Legislature also may want to be cautious in building up ongoing Proposition 98 programs to avoid having to make midyear programmatic cuts if higher revenues end up not materializing.

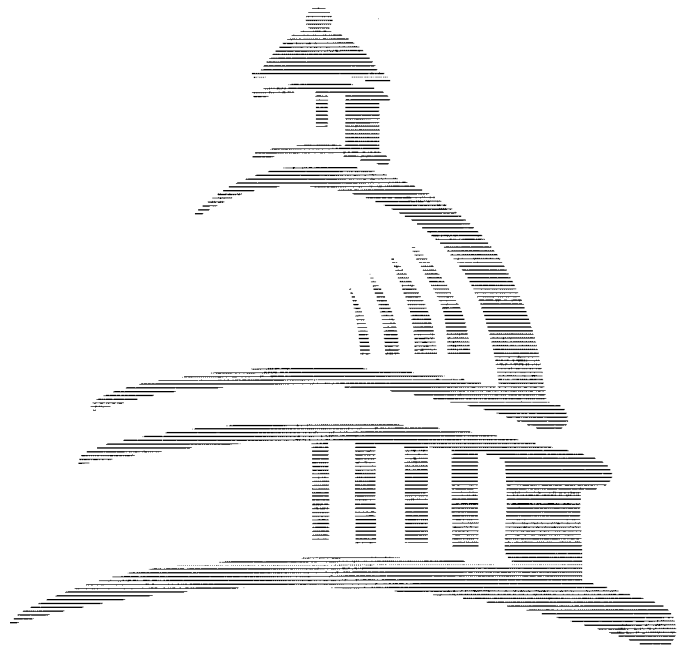
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# May Revision: Adult Education

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LEGISLATIVE ANALYST'S OFFICE

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## **Governor's May Revision Proposal**

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- ☒ **Rescinds January Proposal to Provide California Community Colleges (CCC) With \$300 Million in 2013-14 for Adult Education**
- ☒ **Retains January Proposal to Fold Adult Education Categorical Funds Into K-12 Funding Formula**
  - School districts could fund adult education using various sources, including state general-purpose funds, federal funds, and fee revenue.
- ☒ **Provides \$30 Million in Planning Grants for Adult Education Partnership Program**
  - Funding would be provided to the CCC Chancellor's Office.
  - The CCC Chancellor's Office and California Department of Education (CDE) would jointly award grants to CCC districts and school districts (through their adult schools) to form regional consortia.
  - Other providers (such as county libraries and community-based organizations) could be a part of a regional consortium.
  - Members of each consortium would have two years to use the planning monies to document existing services, identify unmet need, and develop integrated program plans.



## **Governor's May Revision Proposal (*Continued*)**

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### **Proposes to Provide \$500 Million for Adult Education Partnership Program in 2015-16**

- Each consortium would submit an application for funding to CDE and the CCC Chancellor's Office, which would jointly review the plans.
- Two-thirds of the \$500 million would be reserved for community colleges and school districts that maintain their current level of state spending on adult education in 2013-14 and subsequent years.
- All consortia would be funded at the same per-student rate—the CCC enhanced noncredit rate.
- Funds would be restricted to supporting adult education's core instructional areas (including English as a second language, high school diploma programs, and vocational education).
- Community college districts would serve as each consortium's fiscal agent.



### **Maintains January Proposal to Shift School Districts' Apprenticeship Categorical Funds to CCC Budget**

- The May Revision, however, allows school districts to use shifted apprenticeship funds for their own existing programs.
- The May Revision also removes the current CCC apprenticeship program from categorical flexibility (that is, reestablishes it as a restricted categorical program).



## **LAO Assessment of May Revision Proposal**

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### **New Proposal Has Many Notable Strengths**

- Creates a strong incentive for CCC, adult schools, and other local providers to coordinate services and better meet the needs of adult learners.
- Creates an incentive for existing providers to maintain their current level of spending on adult education.
- Allows for new providers to join consortia.
- Provides planning time and resources for transitioning to new delivery model.



### **May Revision Also Leaves Some Important Issues Unaddressed**

- Does not provide details on (1) how planning-grant funds would be divided among consortia and (2) the methodology for determining the amount of Partnership Program funds each region would be eligible to receive.
- Retains two different funding rates (credit and noncredit) for CCC's base adult education program.
- Does not address other issues such as inconsistent fee policies and gaps in data systems at CCC and adult schools.



### **Benefit of Shifting Apprenticeship Funds to CCC Is Unclear and Runs Counter to Overall Adult Education Approach**



## LAO Recommendations

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### **Approve Planning Grants, With a Few Modifications**

- Clarify how grant funds would be allocated among consortia.
- Award a small portion of grant funds for CCC Academic Senate and adult-school faculty to develop a common course numbering system.
- Consider staffing needs associated with the development and review of joint plans.
- Allow interested school districts to serve as fiscal agents for regional consortia.



### **Use Next Two Years to Tackle Implementation Details**

- Determine methodology for allocating future funds to consortia based on a combination of program need and performance.
- Provide clear and consistent delineation for CCC between adult education and collegiate instruction.
- Resolve conflicting state-level policies such as student assessment and fee policies at adult schools and CCC.
- Create comprehensive and linked data system.



### **Reject Proposal to Consolidate Apprenticeship Within CCC**

- Maintain the status quo for 2013-14 and 2014-15.
- Beginning in 2015-16, fold apprenticeship funds into Adult Education Partnership Program.

# **PART II**

# **ATTACHMENTS**



May 20, 2013

# Local Control Funding Formula (LCFF)

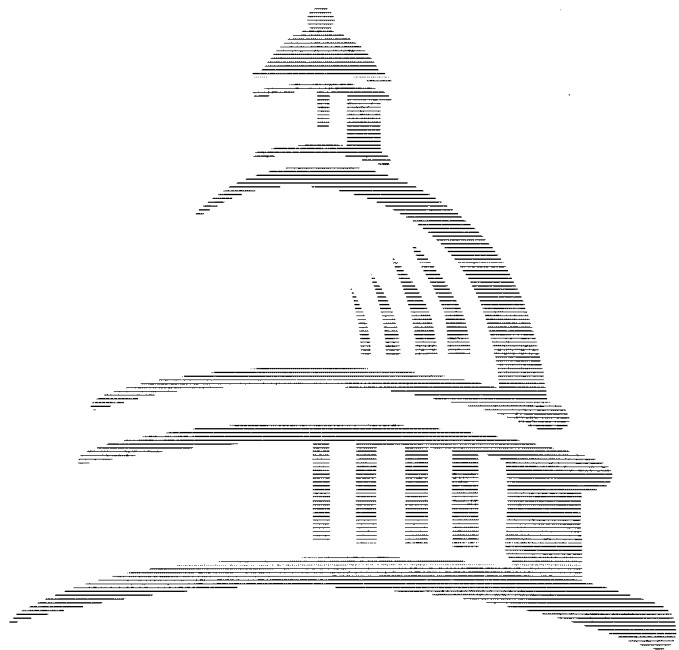
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## Overall Structure of LCFF Remains the Same

Local Control Funding Formula for School Districts <sup>a</sup>	
Formula Component	Proposal
Target base grant (per ADA)	<ul style="list-style-type: none"> <li>• K-3: \$6,342</li> <li>• 4-6: \$6,437</li> <li>• 7-8: \$6,628</li> <li>• 9-12: \$7,680</li> </ul>
Supplemental funding (per EL/LI)	<ul style="list-style-type: none"> <li>• 35 percent of base grant.</li> </ul>
Concentration funding	<ul style="list-style-type: none"> <li>• Each EL/LI student above 50 percent of enrollment generates an additional 35 percent of base grant.</li> </ul>
"Add-on" grade-span funding (per ADA)	<ul style="list-style-type: none"> <li>• K-3: 11 percent of base grant.</li> <li>• 9-12: 2.8 percent of base grant.</li> </ul>
Other add-on funding	<ul style="list-style-type: none"> <li>• Locks in existing Targeted Instructional Improvement Block Grant and Home-to-School Transportation district-level allocations and provides as permanent add-ons to new formula.</li> </ul>
<sup>a</sup> Also applies to charter schools. ADA = average daily attendance; EL = English learner; and LI = low-income.	



## **May Revision Contains a Few Minor Changes to Formula**

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### **Two Adjustments Affect English Learner and Low-Income (EL/LI) Student Funding**

- EL students would qualify for supplemental funds for seven rather than five years.
- EL/LI student counts would be based on a three-year rolling average rather than the prior-year counts.



### **Direct Funding for Joint Powers Authorities (JPAs) Provided for Two Transitional Years**

- Affects JPAs currently administering Regional Occupational Centers and Programs and Home-to-School Transportation programs.



## LAO Assessment of Revised Formula

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**May Revision Changes to Formula Are Reasonable, but January Components Were Equally Reasonable**



**Concerns Regarding Other Elements of the Proposal Remain, Continue to Recommend:**

- Including Targeted Instructional Improvement Block Grant and Home-to-School Transportation funding in new formula.
- Targeting concentration funding to districts with highest concentration of EL/LI students.
- Rejecting K-3 and high school supplements.
- Minimizing historical advantages for basic aid districts.
- Maintaining basic requirements for facility maintenance.



## **Fiscal Accountability**

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### **Categorical Programs Typically Are Subject to Annual Auditing to Ensure Districts Use Funds Appropriately**

- Since 2009, categorical flexibility removed spending and auditing requirements from about 40 categorical programs.



### **Governor's January Proposal Removed Majority of Spending and Auditing Requirements for Programs Included in LCFF**

- Stipulated that EL/LI supplemental funds had to be used for the "primary benefit" of the students generating the funds.
- Required districts to develop Local Control and Accountability Plans to outline how funds would be used.
- Continued to require districts to complete annual financial and compliance audit.



### **Governor's May Revision Would Increase Restrictions on the Use of EL/LI Supplements**

- Requires that local education agencies (LEAs) spend base, supplement, and concentration grants generated by EL/LI students for the primary benefit of those students.
- Requires that LEAs allocate supplement and concentration funds to school sites proportionally to the number of EL/LI and foster youth students at those sites.



## LAO Assessment of Fiscal Accountability

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### **May Revision Overly Cumbersome**

- Reduces flexibility in spending funds.
- Precludes strategic district wide initiatives.
- Eliminates economies of scale that could be achieved at district level.
- Departs from current policy by requiring supplemental funds to follow the student to the school site. This would require a significant overhaul of how districts report expenditures (with roughly 10,000 school sites in the state and limited existing means to track spending at school-site level).
- Requires major overhaul of audit guide and practices.



### **Recommend Legislature Reject New Restrictions on EL/LI Supplements**

- Recommend rejecting new EL/LI spending requirements.
- Recommend rejecting school-site specific requirements.



### **Recommend Legislature Adopt More Flexible Provisions**

- Recommend general requirement that EL/LI supplemental funds be used to provide supplemental services for EL/LI students.
- Consider allowances for districts that have sites with large populations of EL/LI students to enable those sites to more efficiently deliver services to students.



## Existing State and Federal Academic Accountability Systems

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### **Both Systems Evaluate Schools Based on Academic Performance**

- State system evaluates schools based on growth in Academic Performance Index (API) scores. The API scores are based on performance on standardized tests. Schools with API scores below 800 (out of 1,000) expected to meet growth targets for school and each significant student subgroup.
- Federal system evaluates schools and districts based on Adequate Yearly Progress. Schools and districts must have certain percentage of all significant student subgroups proficient on state standardized tests. Proficiency targets increase every year, such that 100 percent of students expected to be proficient in 2014.



### **Many State and Federal Programs Have Tried to Improve Schools and Districts**

- Over the last decade, state has funded various programs for low-performing schools, including the Immediate Intervention for Underperforming Schools Program, High Priority Schools Grant Program, and Quality Education Investment Act (QEIA).
- Federal programs for low-performing schools and districts have included the Comprehensive School Reform program, Program Improvement (PI), and School Improvement Grants (SIG). As part of PI and SIG, the state has created the Statewide System of School Support (S4), School Assistance and Intervention Teams, and District Assistance and Intervention Teams (DAITs).



### **Considerable Funding Dedicated to Intervention Programs**

- In 2012-13, California is spending more than half a billion dollars in state and federal funds on intervention programs (\$400 million on QEIA, \$66 million on SIG, \$10 million on S4, and \$32 million on DAITs).



## January Proposal Relied on Current Academic Accountability System

- ☒ Governor's January Proposal Left the Current Academic Accountability System in Place
- ☒ In Addition, Governor Required Plan to Describe How Districts Would Improve Student Outcomes

### Required Components of Proposed Local Control and Accountability Plan

#### Goals and Strategies for:

- ✓ Implementing the Common Core State Standards.
- ✓ Improving student achievement, graduation rates, and school performance.
- ✓ Providing services for EL students, LI students, and children in foster care.
- ✓ Increasing student participation in college preparation, advanced placement, and CTE courses.
- ✓ Employing qualified teachers, providing sufficient instructional materials, and maintaining facilities.
- ✓ Providing opportunities for parent involvement.

#### Analysis of:

- ✓ Student achievement.
- ✓ Progress made in implementing goals since the prior year.

#### Cost Projections for:

- ✓ Implementing the plan.
- ✓ Meeting needs of EL, LI, and foster students (projected costs must equal amount of supplemental funds received for those groups).

EL = English learner; LI = lower income; and CTE = career technical education.





## May Revision Increases Academic Accountability

### Governor's Proposed Academic Accountability Plan

#### Standard Annual County Review

**Applies to:** all districts.

County superintendent may:

- Seek clarification about the contents of a district's LCAP.
- Recommend changes to a district's LCAP.

#### Responding to Procedural Errors

**Applies to:** districts that do not follow the proper procedures for developing and adopting an LCAP.

County superintendent:

- Shall identify concerns and disapprove a district's LCAP.
- May assign an academic expert or assistance team to advise the school.

District shall:

- Revise and resubmit LCAP.

#### Responding to Poor Academic Performance

**Applies to:** districts that fail to meet API targets for two consecutive years or two out of the past three years and the county superintendent determines the districts' LCAPs will not lead to improved academic outcomes.

County superintendent actions and authority are the same as those for procedural errors. Similarly, districts must revise and resubmit LCAPs.

#### Special FCMAT Reviews

**Applies to:** districts subject to academic interventions listed above during two prior years and they continue to fail to meet API targets for two additional years.

FCMAT shall:

- Evaluate the academic condition of the district using standards and criteria adopted by SBE.
- Determine whether the county superintendent needs additional authority to effectively assist the district.
- Submit evaluation to the county superintendent, SPI, SBE, and district board.

#### Enhanced County Superintendent Intervention

**Applies to:** districts whose FCMAT evaluation determines the county superintendent requires greater authority to improve academic outcomes.

County superintendent may:

- Make changes to a district's LCAP.
- Revise a district's budget to align with LCAP.
- Exercise stay and rescind powers over district's local governing board.

**Intervention at SBE and SPI Discretion:** for any district with poor academic performance (as defined above), the SBE may direct the SPI to intervene directly in the district. The SPI may exercise the same authority as county superintendents under enhanced intervention.

LCAP = Local Control and Accountability Plan; API = Academic Performance Index; FCMAT = Fiscal Crisis Management and Assistance Team; SBE = State Board of Education; and SPI = Superintendent of Public Instruction.



## **LAO Assessment of Academic Accountability Proposal**

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### **May Revision Proposal Has Some Strengths**

- Uses district fiscal accountability system as a model.
- Generally makes intervention proportional to the problems identified.
- Focuses intervention at the district level, which promotes improvements across schools and leverages district capacity.
- Generally keeps reviews and intervention at local/county level.
- Addresses issues by relying on those closest to school districts.



### **Proposal Has Number of Weaknesses**

- Intervention appears limited to changes in district plans rather than changes to district instructional and operational practices.
- Assumes all counties should perform academic accountability activities. Capacity of county offices of education (COEs) likely varies significantly across the state.
- Empowers COEs and the Superintendent of Public Instruction (SPI) with duplicative authority and allows SPI to intervene much earlier compared to fiscal accountability system.
- Capacity of the Fiscal Crisis Management and Assistance Team (FCMAT) to oversee academic accountability unknown.
- Does not appear to replace, build upon, improve, or leverage existing intervention programs.



## **LAO Assessment of Academic Accountability Proposal**

***(Continued)***

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### **Many Related Issues Still in Flux**

- Reauthorization of the Elementary and Secondary Education Act.
- Changes to the API.
- Changes to state assessments.
- Role of COEs under the Governor's COE LCFF proposal.



## **Recommend Legislature Adopt Basic Structure and Refine Moving Forward**

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### **Recommend Legislature Adopt Guiding Principles for New System, Including:**

- Having tiered interventions whereby the intervention is proportional to the extent of the academic problem.
- Intervening at the district level.
- Aligning interventions with federal requirements, such that districts are subject to only one set of interventions.
- Specifying that oversight body can intervene in academic operations of a district.



### **Recommend Legislature Develop Process for Selecting Special Oversight Body**

- Direct California Department of Education (CDE) to use competitive process.
- Model after process used to select FCMAT.
- Redirect CDE resources to manage selection process.



### **Recommend Legislature Adopt More Specific Provisions as Related Issues Are Resolved**

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# Options for Modifying the Local Control Funding Formula

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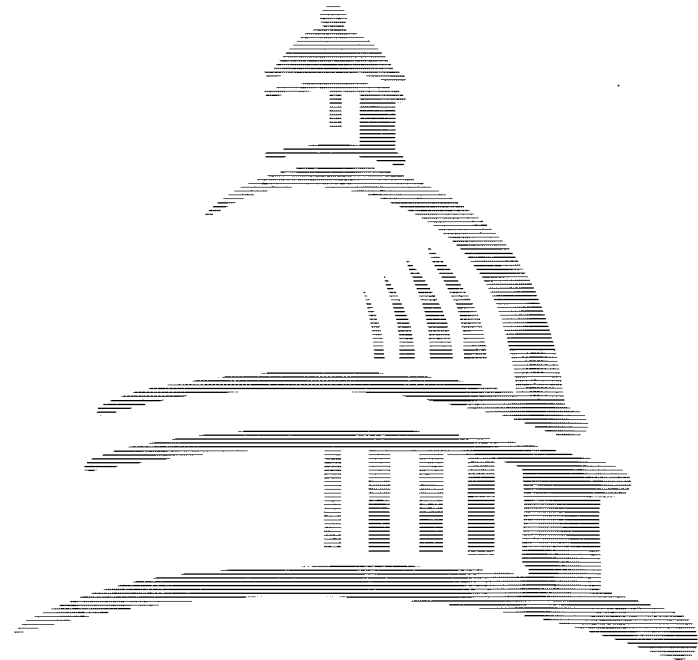
L E G I S L A T I V E   A N A L Y S T ' S   O F F I C E

Presented to:

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## Assembly Funding Scenarios

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Proposal	Average Target Base Rate <sup>a</sup>	Weighted Average Rate Total Per-Pupil (2019-20) <sup>b</sup>	EL/LI Count	EL/LI Supplement	Concentration Threshold	Concentration Supplement	Estimated Total Cost (2019-20)
Governor	\$7,781	\$10,445	Unduplicated	35%	50%	35.0%	\$62 billion
Scenario 1	9,721	12,257	Duplicated	25	75	12.5	73 billion
<i>Scenario 1 Deficited</i>	8,263	10,332	Duplicated	25	75	12.5	62 billion <sup>c</sup>
Scenario 2	9,721	12,340	Duplicated	25	75% at the school-site level	12.5	75 billion
<i>Scenario 2 Deficited</i>	8,263	10,090	Duplicated	25	75% at the school-site level	12.5	62 billion <sup>d</sup>
Scenario 3	9,317	11,666	Unduplicated	35	75	17.5	71 billion
<i>Scenario 3 Deficited</i>	7,547	10,109	Unduplicated	35	75	17.5	62 billion

<sup>a</sup> Reflects average of grade-span rates. Grade-span differentials are the same as proposed by the Governor.

<sup>b</sup> Reflects total per-pupil funding weighted by districts' average daily attendance. All rates exclude categorical funds excluded under the Governor's proposal. Depending on the scenario, certain additional categorical programs are excluded.

<sup>c</sup> Additional \$238 million would be required to ensure all districts reached or exceed their Economic Recovery Target (ERT) by 2019-20.

<sup>d</sup> Additional \$600 million would be required to ensure all districts reached or exceed their ERT by 2019-20.

EL/LI = English learners/low-income.

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### Scenario 1

- Class size reduction (CSR) supplement is 13 percent of the base grant (\$1,071 in 2013-14 grown for cost-of-living adjustment [COLA] through 2019-20).
- Career technical education (CTE) supplement is 2.6 percent (\$215 in 2013-14 grown for COLA through 2019-20).
- Excludes adult education, foster youth services, adults in correctional facilities, and apprenticeship.
- Establishes an Economic Recovery Target (ERT) for each district, based on retiring the existing deficit factor, restoring categorical cuts, and providing future COLAs.
- Funds each district based on the greater of its scenario target or ERT. Targeted Instructional Improvement Block Grant funds apply towards targets.
- *Scenario 1 Deficited* assumes about \$62 billion is available in 2019-20. Districts would receive a deficated funding rate equal to 84 percent of what they would receive once the formula was fully implemented. Districts would receive the higher of their deficated rate or their ERT in 2019-20.

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### Scenario 2

- The CSR supplement is 13 percent of the base grant (\$1,071 in 2013-14 grown for COLA through 2019-20). Does not include a CTE supplement.
- Excludes all programs excluded under scenario 1, plus Regional Occupational Centers and Program (ROC/P) and deferred maintenance.
- Establishes an ERT for each district (same as Scenario 1).
- Funds each district based on the greater of its target rate or ERT.
- *Scenario 2 Deficited* assumes about \$62 billion is available in 2019-20. Districts would receive a deficited funding rate equal to 82 percent of what they would receive once the formula was fully implemented. Districts would receive the higher of their deficited rate or their ERT in 2019-20.



### Scenario 3

- The CSR supplement is the same as the Governor's. Does not include a CTE adjustment.
- Excludes ROC/Ps and adult education.
- *Scenario 3 Deficited* assumes about \$62 billion is available in 2019-20. Districts would receive a deficited funding rate equal to 87 percent of what they would receive once the formula was fully implemented.