

May 20, 2013

# 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:

Assembly Budget Subcommittee No. 2

On Education Finance

Hon. Susan Bonilla, Chair



## 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.