
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair
2019 - 2020 Regular

Bill No: SB 729 **Hearing Date:** April 10, 2019
Author: Portantino
Version: March 27, 2019
Urgency: No **Fiscal:** Yes
Consultant: Ian Johnson

Subject: Local control funding formula: school districts and charter schools.

SUMMARY

This bill dedicates additional funding to the Local Control Funding Formula (LCFF) by increasing the applicable cost-of-living adjustment for the LCFF in 2019-20.

BACKGROUND

In 2013, the LCFF was enacted. The LCFF establishes per-pupil funding targets, with adjustments for different student grade levels, and includes supplemental funding for local educational agencies serving students who are low-income, English learners, or foster youth. The LCFF replaced almost all sources of state funding for LEAs, including most categorical programs, with general purpose funding including few spending restrictions.

The largest component of the LCFF is a base grant generated by each student. Current law establishes base grant target amounts for the 2013-14 fiscal year, which are increased each year by the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States.

The base grant target rates for each grade span for the 2018-19 fiscal year are as follows:

- 1) \$8,236 for grades K-3 (includes a 10.4 percent class size reduction adjustment);
- 2) \$7,571 for grades 4-6;
- 3) \$7,796 for grades 7-8;
- 4) \$9,268 for grades 9-12 (includes a 2.6 percent career technical education adjustment).

For each disadvantaged student, a district receives a supplemental grant equal to 20 percent of its base grant. A district serving a student population with more than 55 percent of disadvantaged students receives a concentration grant funding equal to 50 percent of the base grant for each disadvantaged student above the 55 percent threshold.

ANALYSIS

This bill dedicates additional funding to the Local Control Funding Formula (LCFF) by increasing the applicable cost-of-living adjustment for the LCFF in 2019-20 up to 5.16 percent.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “Existing law specifies the amount of the base grant in the 2013–14 fiscal year, as provided, and requires that amount to be adjusted for inflation increased by a specified cost-of-living adjustment in subsequent fiscal years. SB 729 would, notwithstanding that specified cost-of-living adjustment, require the amount of the base grant for the 2019–20 fiscal year to be increased by a 5.16 percent cost-of-living adjustment.

Many school districts have long stressed that the base funding level in Local Funding Formula (LCFF) was set too low from the outset. This proposal is an attempt to increase the base level for this fiscal year and will become a permanent part of the funding formula moving forward. The funding will help with local cost pressures that the local educational agencies (LEAs) are facing with rising operational cost in areas like retirement, health care, and special education.”

- 2) ***Components of the LCFF.*** School districts receive the bulk of their funding under the LCFF based on average daily attendance in four grade spans, with each grade span having a unique base rate. Each year, the base rates are increased by a cost-of-living adjustment. The K-3 and high school base rates are further increased to recognize the costs associated with class size reduction in the very early grades and career technical education offerings in high school. The differences among the grade span rates are largely based on historical funding factors, and are intended to recognize the generally higher costs of education at higher grade levels.

The LCFF provides additional funds for particular student groups. Under the formula, each English-learning, low-income, and foster youth student in a district generates an additional 20 percent of the qualifying student’s grade span base rate. Districts whose English-learning, low-income, and foster youth student populations exceed 55 percent of their enrollment receive an additional 50 percent of the adjusted base grant for each student above the 55 percent threshold. For the purposes of generating supplemental and concentration funding, a district’s student count is based on a three-year rolling average, and students that meet more than one category (e.g. low-income and foster youth) are counted only once.

- 3) ***How does this bill generate more funding for schools?*** As mentioned above, current law specifies that the base grants under the LCFF receive a cost-of-living adjustment, equal to the annual change in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States. Because supplemental and concentration grant funding is calculated from the base grants, cost-of-living adjustments generate additional base, supplemental, and concentration grant funding for LEAs.

The cost-of-living adjustment due to the Local Control Funding Formula (LCFF) in 2019-20, per the Governor's proposed budget, is 3.46 percent. This bill would increase that percentage up to 5.16 percent, which would generate an estimated additional \$1 billion in funding for local educational agencies relative to the Governor's Budget.

SUPPORT

AVID Center
California Teachers Association

OPPOSITION

None received

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