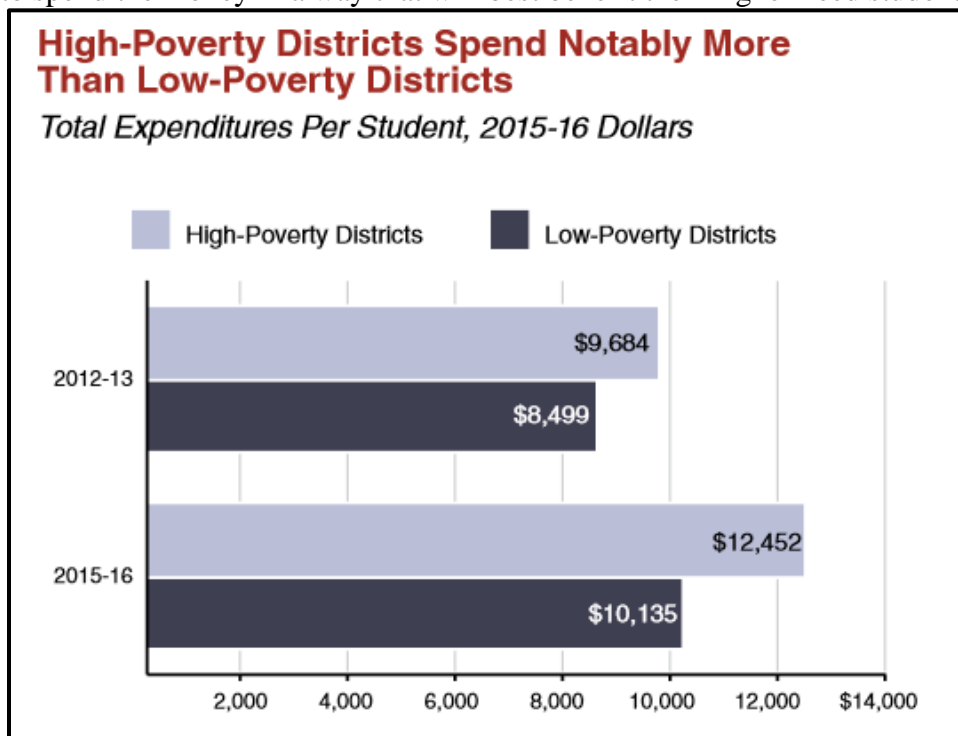


California's Local Control Funding Formula, Explained

The achievement gap in K-12 schools has been a constant issue in the U.S. public education system. The achievement gap refers to the disparity in academic performance between subgroups of students. Specifically, minority and low socio-economic subgroups. The effects of this disparity are evident in high school graduation, college acceptance, and unemployment rates. In 2013, California enacted the Local Control Funding Formula (LCFF) to narrow this gap, but after 7 years, its effectiveness is being called into question.

What is the Local Control Funding Formula?

The LCFF changed how state funds are allocated to school districts, focusing on equitable funding for school districts with more “higher need” students. Students considered to be higher need are English learning, in poverty, or in foster care. Funds are allocated based on a three-tiered system. The first is called a base grant, which is given to every district based on the number of students it has. The second tier is supplemental funding. This is an additional 20% of the base grant per higher need student. The third tier is concentration funding which is aimed at providing additional funding to districts with a high concentration of higher need students. For districts with more than 55% higher need students, the district will receive an additional 50% of the base grant for each student that is beyond the 55% threshold. The LCFF has substantially increased spending for high poverty school districts compared to low poverty districts. This law also gives local districts more autonomy to spend the money in a way that will best benefit their higher need students.



Graph of High and Low Poverty District Spending from the [Legislative Analyst Office](#)

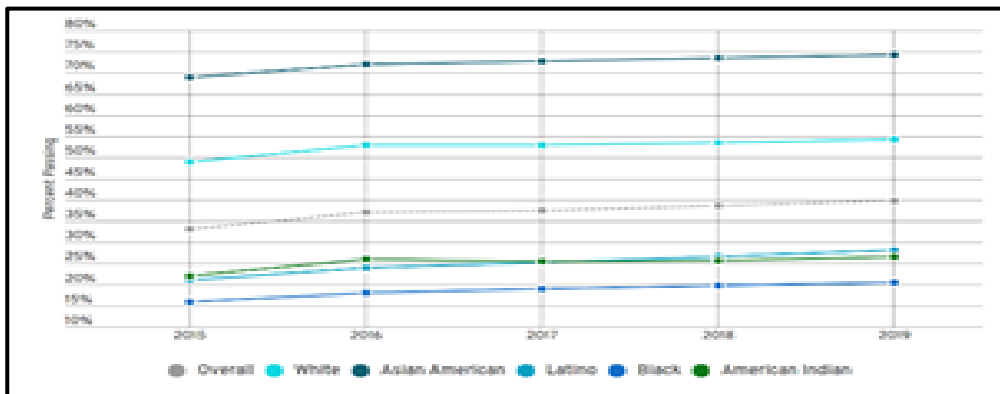
So, the LCFE determines how much is allocated to each district, but how do the districts decide what to spend the money on?

Each district is responsible for creating a Local Control Accountability Plan (LCAP) which is a budget plan detailing what their goals are, how they will achieve these goals and how much money will be spent on each goal. The districts are required to work with parents and community members to create the LCAP, ensuring that the local community has input on how the funds will be used to better serve the high need students. The idea of the LCAP is that it provides measurable standards to dictate whether the district’s financial decisions are benefitting the groups they were intended to help.

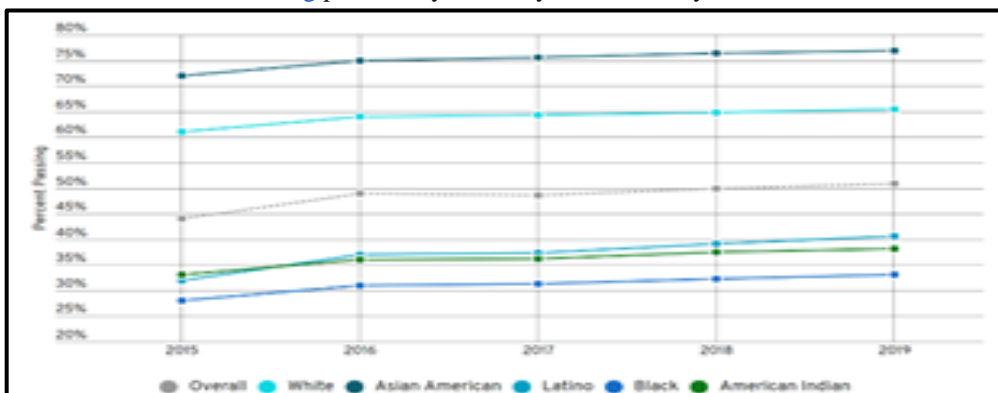
Did this narrow the achievement gap?

This did not narrow the achievement gap. When looking at standardized testing, Black and Latinx students still have consistently scored lower for math and reading proficiency than White and Asian students. In 4 years, Black students narrowed the gap for reading scores with white students by only 0.6%. Latinx students narrowed this gap by a marginally higher number at 4.14 %, but given the influx of funding, this is an underwhelming statistic. Test scores are not the only way to measure achievement. Black students also continue to have the highest rates of absenteeism, lowest graduation rates, highest suspension rates, and are the least prepared for college compared to all other ethnic groups.

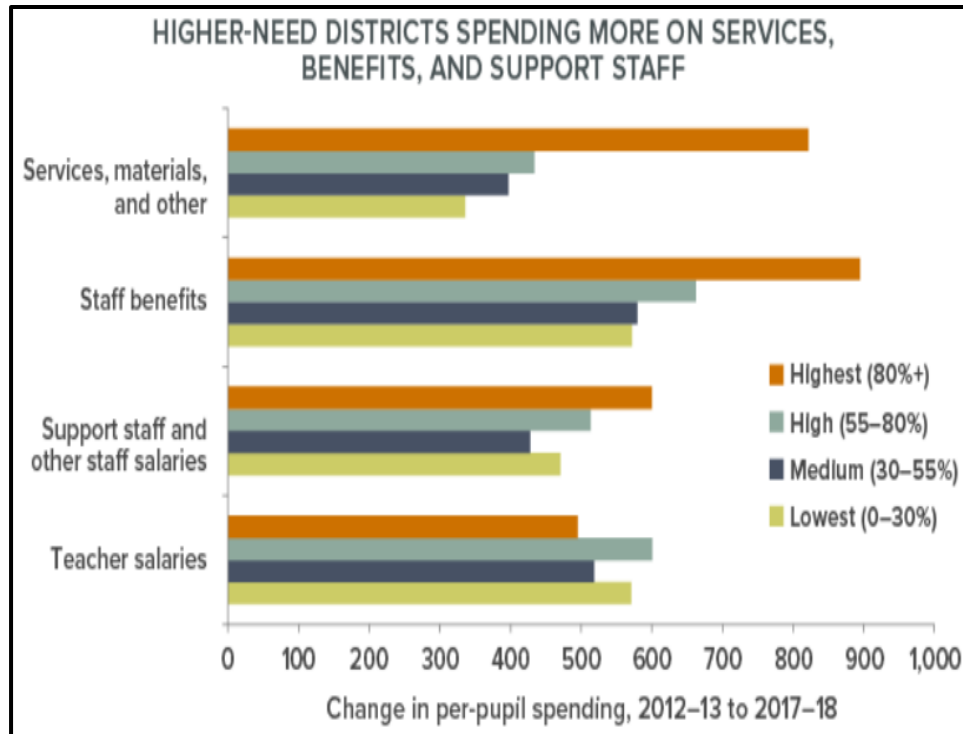
Math proficiency in CA by race, ethnicity 2015-2019



Reading proficiency in CA by race, ethnicity 2015-2019



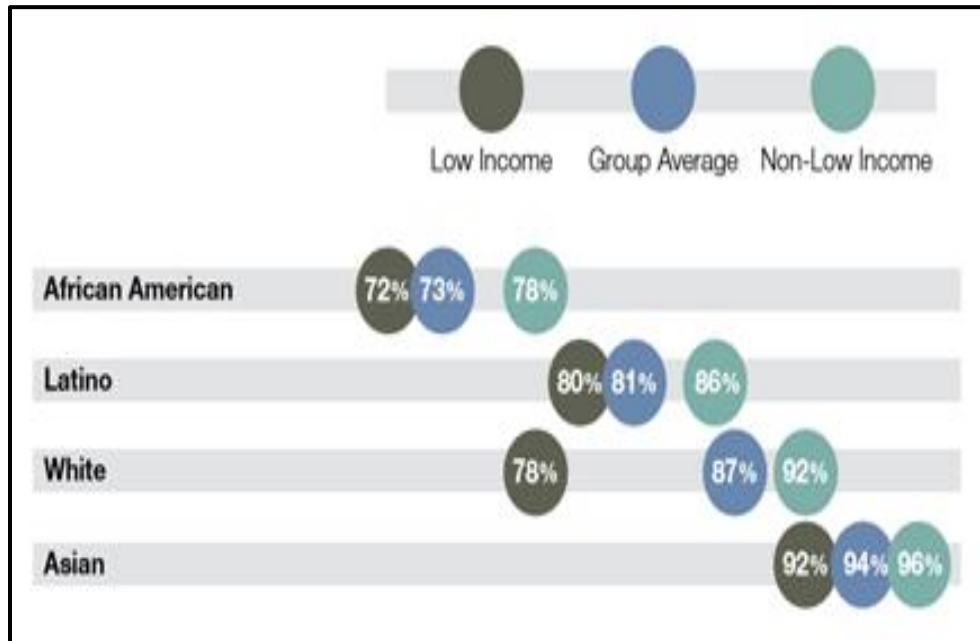
Why did it fail?



Graph of per-pupil spending from the Auditor of the State of California

Increased funding without accountability and clear direction has led to misuse of funds. The LCFF does not include any language in their legislation about how the leftover supplemental and concentration funds should be spent the following [year](#). This allows school districts to roll over their funds and add them into the general funds the next year. Los Angeles Unified School District, for instance, was recently sued by the Community Coalition and a local parent for mispending up to \$450 million of its supplemental and concentration funding on general operations rather than its high need [students](#). The LCFF provides districts a lot of freedom to determine the best use of their funds, as long as it benefits the intended students. But higher need districts have spent more on services, materials, support staff, and staff benefits, without evidence that these expenditures will benefit the targeted [groups](#).

Who has been the most affected by this legislative failure?



Graph of California State Graduation Rates in 2018

Black students have been the most affected by this. The problem is that the LCFF does not acknowledge the racial factors that contribute to the achievement gap. Even though Black students are consistently the lowest achieving group, the LCFF does not specifically name Black students as a targeted group. They have the highest suspension rates and the lowest test scores. And this is not just a socio-economic issue, but a racial issue as well. As seen in this graphic of the California graduation rates in 2018, regardless of socio-economic status, Black students are graduating at significantly lower rates than any other ethnic [group](#).

If Black students are the lowest achieving group, why doesn't the LCFF consider them to be higher need?

This is due to Proposition 209 which prohibits discrimination on the basis of race, sex, or ethnicity in public employment, public contracting, and public education. Although intended to protect minority groups, it is preventing legislation from being enacted that would include Black students as a high need group. Assembly Bills 2635 and 575, proposed in 2018 and 2019, respectively, would have provided supplemental funding to benefit the lowest performing pupil subgroup in each [district](#). As Black students are consistently the lowest performing subgroup, districts would be allocated additional funds to be spent on the specific needs of this racial group of students. But both of these bills were denied over concerns that it would violate Proposition 209.

What are the next steps?

There needs to be more accountability and transparency in spending funds. Assembly Bills 1834 and 1835 were introduced in January and if enacted, will prevent districts from using unspent supplemental or concentration funds on general expenditures the following year and require districts to track how the spent funds are benefiting the high need [students](#). This will ensure that the funding will actually go to the targeted students. Additionally, funding needs to be allocated for the specific needs of Black students. Assembly Constitutional Amendment 5, proposed in 2019, will repeal Prop 209 so that legislation can be enacted to target Black students in providing additional state funding. With these bills, California is proving that it will take the necessary steps to narrow the achievement gap.

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