

Date of Hearing: May 6, 2020

ASSEMBLY COMMITTEE ON EDUCATION
Patrick O'Donnell, Chair
AB 1835 (Weber) – As Introduced January 6, 2020

SUBJECT: Education finance: local control funding formula: supplemental and concentration grants

SUMMARY: Requires each local educational agency (LEA) expend unspent supplemental and concentration Local Control Funding Formula (LCFF) grant funds toward services for unduplicated pupils in future years. Specifically, **this bill:**

- 1) Requires each LEA to identify unspent supplemental and concentration grant funds by annually reconciling and reporting to the California Department of Education (CDE) its estimated and actual spending of those moneys.
- 2) Requires unspent supplemental and concentration grant funds to be expended to increase and improve services for unduplicated pupils, and each LEA to report the amounts of unspent funds in its local control and accountability plan (LCAP).
- 3) Defines LEA as a school district, county office of education (COE), or charter school.

EXISTING LAW:

- 1) Establishes the LCFF, which provides school districts, charter schools, and county offices of education with a base level of funding plus additional funding based on the enrollment of pupils who are either English learners, low income, or in foster care. Pupils who fall into more than one category are counted only once for LCFF purposes, hence the term "unduplicated pupil."
- 2) Establishes supplemental grants, which are equal to 20% of the adjusted LCFF base grant multiplied by average daily attendance (ADA) and the percentage of unduplicated pupils in a school district or charter school.
- 3) Establishes concentration grants, which are equal to 50% of the adjusted LCFF base grant multiplied by ADA and the percentage of unduplicated pupils exceeding 55 percent of a school district's or charter school's enrollment.

FISCAL EFFECT: Unknown

COMMENTS:

Need for the bill. According to the author, "In the aftermath of COVID-19, California students will be facing a learning loss unlike anything we have ever seen in our State. During this critical time, it is more important than ever to ensure that funding meant to support our most vulnerable students will be used for that purpose. In a state where only 31.3% of black students and 37.3% percent of Latino students meet standards in English, we must make sure that the supplemental and concentration funds meant to assist these students retain their designation. AB 1835 will

provide the safeguards necessary to protect the critical educational support that these funds provide.”

Local Control Funding Formula. The LCFF was established in the 2013-14 fiscal year to address the achievement gap by providing more equitable funding among LEAs by providing a higher level of funding to LEAs that enroll larger numbers of unduplicated pupils so they could provide those pupils with additional services and support. The LCFF consists of a base grant of the following amounts in 2019-20:

- \$8,503 for grades K-3, which includes a 10.4% grade span adjustment for class size reduction;
- \$7,818 for grades 4-6;
- \$8,050 for grades 7-8; and
- \$9,572 for grades 9-12, which includes a 2.6% grade span adjustment for college and career readiness.

In addition to the base grant, school districts and charter schools also receive funding for each enrolled pupil who is either an English learner, low income (as determined by eligibility for free- or reduced-price meals), or in foster care. These are referred to as "unduplicated" pupils, because pupils who fall into more than one of these categories are counted only once for LCFF purposes. Districts and charter schools receive an additional 20% of the base grant amount for each unduplicated pupil.

The concentration grant is provided to districts and charter schools that have a significant concentration of unduplicated pupils. The concentration grant is provided whenever the enrollment of unduplicated pupils exceeds 55% of total enrollment. The amount received is one-half of the district or charter school's total base grant multiplied by the amount by which the district's enrollment of unduplicated pupils exceeds 55%. For example, if a district's total base grant is \$1 million and its unduplicated pupils enrollment is 70% of total enrollment, then its concentration grant would be \$500,000 (one-half of its base grant of \$1 million) times 15% (70% minus 55%), or \$75,000.

Under current law, unspent supplemental and concentration funds carryover to a LEA's general fund in subsequent years. This bill proposes to require that carryover supplemental and concentration funds continue to be expended to increase and improve services for unduplicated pupils in future years, rather than revert to the LEA's general fund.

LCFF audit. In 2020, the California State Auditor completed an audit of the LCFF at the request of the Joint Committee on Legislative Audit. Three large districts were reviewed—Clovis Unified School District, Oakland Unified School District, and San Diego Unified School District. The State Auditor examined whether these districts used supplemental and concentration funds to provide services to the intended student groups and whether those services improved the intended student groups' educational outcomes.

The audit finding included:

- The State's approach to LCFF has not ensured that funding is benefiting intended student groups and closing achievement gaps.
- The State does not explicitly require districts to spend their supplemental and concentration funds on the intended student groups or to track their spending of those funds. Districts can treat any unspent supplemental and concentration funds in a given year as base funds in the following year and can use those funds for general purposes.
- Since fiscal year 2013–14, the deferral of full formula implementation to LCFF has caused the three districts we reviewed to identify \$320 million as being part of their base funds rather than supplemental and concentration funds.
- Districts do not always include clear information in their LCAPs regarding their use of supplemental and concentration funds.
- Policymakers and stakeholders lack adequate information to assess the impact of supplemental and concentration funds on the educational outcomes of the intended student groups.

The audit report included the following recommendations for the Legislature:

To increase the transparency of LCAPs and ensure that stakeholders can provide an adequate level of oversight, the Legislature should amend state law to require districts and other LEAs to specify in their LCAPs the specific amounts of budgeted and estimated actual supplemental and concentration expenditures for each service that involves those funds.

To ensure that intended student groups receive the maximum benefit from supplemental and concentration funds, the Legislature should take the following actions:

- Amend state law to require districts and other LEAs to identify any unspent supplemental and concentration funds by annually reconciling the estimated amounts of these funds included in their LCAPs with the actual amounts of these funds the CDE reports having apportioned to them.
- Amend state law to specify that unspent supplemental and concentration funds at year-end must retain its designation to increase and improve services for intended student groups and be spent in a following year. The Legislature should also require districts and other LEAs to identify in their LCAPs for the following year the total amounts of any unspent supplemental and concentration funds. In addition, it should direct the State Board of Education to update the LCAP template to require districts and other local educational agencies to report in their LCAPs how they intend to use any previously unspent supplemental and concentration funds to provide services that benefit intended student groups.

To provide additional data for the State and other stakeholders and to align spending information with the dashboard indicators or other student outcomes, the Legislature should take the following actions:

- Require the CDE to update its accounting manual to direct districts and other LEAs to track and report to it the total amount of supplemental and concentration funds they receive and spend each year.
- Require the CDE to develop and implement a tracking mechanism that districts and other LEAs must use to report to it the types of services on which they spend their supplemental and concentration funds.

The Committee may wish to consider that the language in this bill is aligned to the final legislative recommendations of the State Auditor.

Local Control Funding Formula eligibility for Differentiated Assistance. Under the LCFF, LEAs including districts, COEs, and charter schools are eligible for differentiated assistance based on their performance on the California School Dashboard (Dashboard). The 2019 Dashboard was released on December 12, 2019, and based on results of state and local indicators, 333 districts and COEs are eligible for differentiated assistance. The districts and COEs that are eligible for differentiated assistance are geographically diverse and are located in 54 of California's 58 counties. The three student groups that continue to be in the greatest need of support are:

- Students with disabilities: 187 districts and COEs are eligible for differentiated assistance
- Foster youth: 101 districts and COEs are eligible for differentiated assistance
- Homeless students: 98 districts and COEs are eligible for differentiated assistance

The achievement gap. Studies show that the achievement gap has persisted, but changed over time. It narrowed in both reading and math from the early 1970s to the late 1980s, then widened in the early 1990s, but has been narrowing consistently since 1999 (Reardon, et al, 2014). According to Reardon, et al.:

A relatively common question addressed in studies of racial/ethnic achievement gaps (particularly the black-white gap) is the extent to which the observed gaps can be explained by socioeconomic differences between the groups. [Research shows] that socioeconomic factors explain almost all (85 percent) of the black-white math gap, and all of the reading gap at the start of kindergarten...By the third grade, however, ...the same socioeconomic factors account for only about 60 percent of both the math and reading black-white gaps. This finding suggests that socioeconomic factors explain, in large part, the black-white differences in cognitive skills at the start of formal schooling, but do not account for the growth of the black-white gap as children progress through elementary school.

The Getting Down to Facts II studies report: "Difference between black and white students, and Latino and white students, are...greater in California than in most other states. However...family income is more predictive of achievement differences than race/ethnicity. The size of the [achievement] gap shrinks noticeably when student socioeconomic status is considered—and California's white-Latino gap become smaller than in other states. But the black-white gap persists and exceeds the gap in other states."

Low-Performing Students Block Grant. The Budget Act of 2018 established the Low-Performing Students Block Grant as a state education funding initiative with the goal of providing grant funds to LEAs serving pupils identified as low-performing on state English-language arts or mathematics assessments who are not otherwise identified for supplemental grant funding under the LCFF or eligible for special education services as defined in Education Code section 41570(d). For the 2018-19 school year, \$300,000,000 in one-time funds was appropriated to establish the block grant, available for expenditure or encumbrance during fiscal years 2018-19, 2019-20, and 2020-21.

Related legislation. AB 1834 (Weber) of this Session would require, on or before January 1, 2021, the CDE to develop a tracking mechanism for LEAs to use to report the types of services on which they spend their supplemental and concentration and grant funds. Would further require each LEA to annually report to the CDE the types of services on which it spends its supplemental and concentration grant funds using the CDE-developed tracking mechanism.

AB 575 (Weber) of this Session would have changed the definition of "unduplicated pupil" for LCFF purposes by adding a pupil who is classified as a member of the lowest performing subgroup or subgroups, as defined.

AB 1015 (Gipson) of this Session would have established the Opportunity Youth Reengagement Program as a grant add-on to the LCFF, based on the number of reengaged opportunity youth enrolled in the LEA, as defined.

AB 1215 (Carrillo) of this Session would have added pupils experiencing homelessness to the categories of unduplicated pupils for the purposes of the LCFF. The bill also required that pupils experiencing homelessness who are also classified as foster youth be counted twice for purposes of the LCFF.

AB 2635 (Weber) of the 2017-18 Session. Would have augmented the definition of "unduplicated pupil" for LCFF purposes by adding a pupil who is classified as a member of the lowest performing subgroup or subgroups, as defined.

AB 1840 (Committee on Budget), Chapter 426, Statutes of 2018, established the Low-Performing Students Block Grant as a state education funding initiative with the goal of providing grant funds to LEAs serving pupils identified as low-performing on state English-language arts or mathematics assessments who are not otherwise identified for supplemental grant funding under the LCFF or eligible for special education services. For the 2018-19 school year, \$300 million was appropriated to establish the block grant.

REGISTERED SUPPORT / OPPOSITION:

Support

Abriendo Puertas/opening Doors

Alliance for a Better Community

Asian Americans Advancing Justice - California

California Association for Bilingual Education (CABE)

California Association for Health, Physical Education, Recreation & Dance

California Charter Schools Association Advocates (CCSAA)

California State PTA

Californians Together
Children Now
Children's Defense Fund-California
County of Los Angeles Board of Supervisors
Dolores Huerta Foundation
EdVoice
Families in Schools
Go Public Schools
Great Public Schools Now
Green DOT Public Schools California
L.A. Coalition for Excellent Public Schools
Los Angeles County Office of Education
Parent Organizing Network (PON)
Parent Revolution
Seal
Speak Up
Teach Plus
The Center for Juvenile Law and Policy
The Education Trust - West
The United Way of Greater Los Angeles
United Parents and Students

Opposition

None on file

Analysis Prepared by: Marguerite Ries / ED. / (916) 319-2087