

Targeted K–12 Funding and Student Outcomes

Evaluating the Local Control Funding Formula

October 7, 2021

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Supported with funding from the Bill and Melinda Gates Foundation and the Stuart Foundation



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The LCFF brought two major reforms

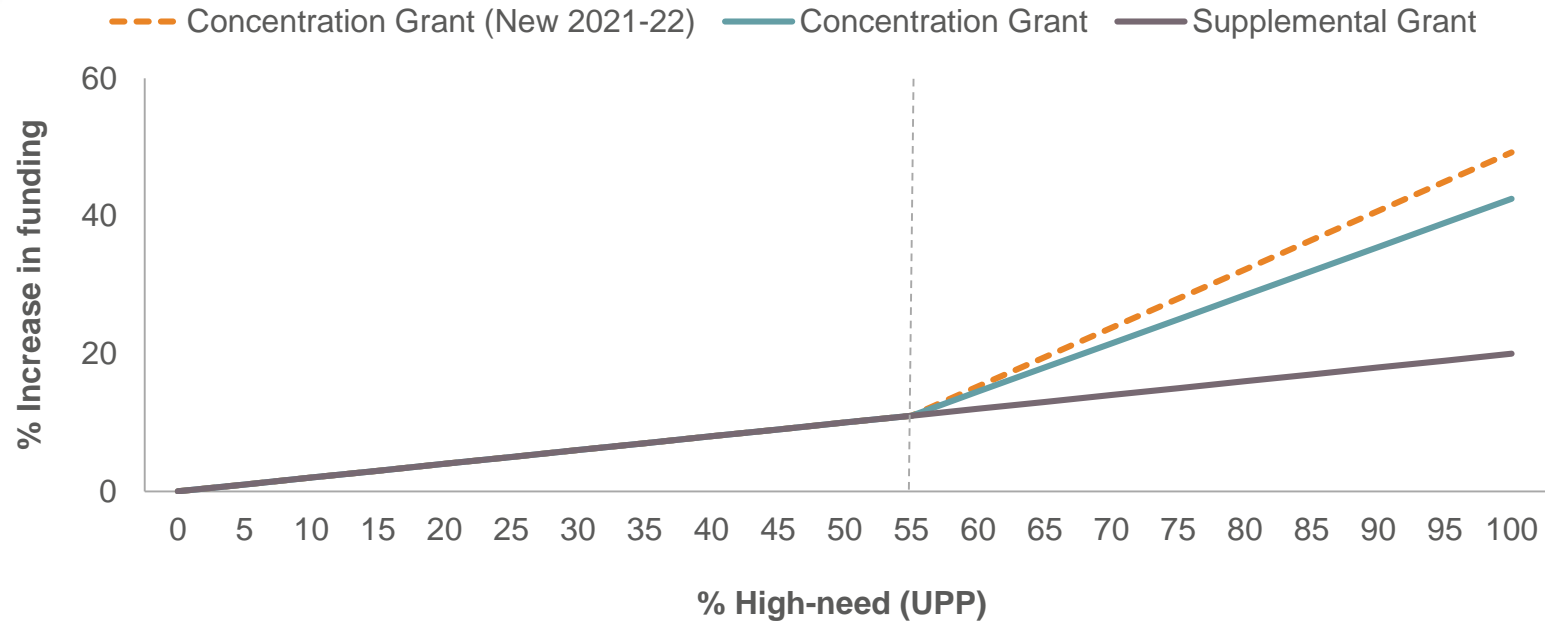
- **Weighted funding formula**
 - Additional funding for districts with more high-need students—low-income, English Learners, and/or foster youth
- **Local control**
 - Fewer restrictions on spending
- Enacted in 2013–14, LCFF now in 9th year
 - Fully funded in 2018–19

LCFF boosts funding for high-need students

Three components to the weighted funding formula:

- **Base grant:** per student; varies with grade level
- **Supplemental grant:** 20% on top of base grant X district share high-need
- **Concentration grant:** 50% (65% in 2021–22) on top of base grant X district share high-need *above 55% threshold*

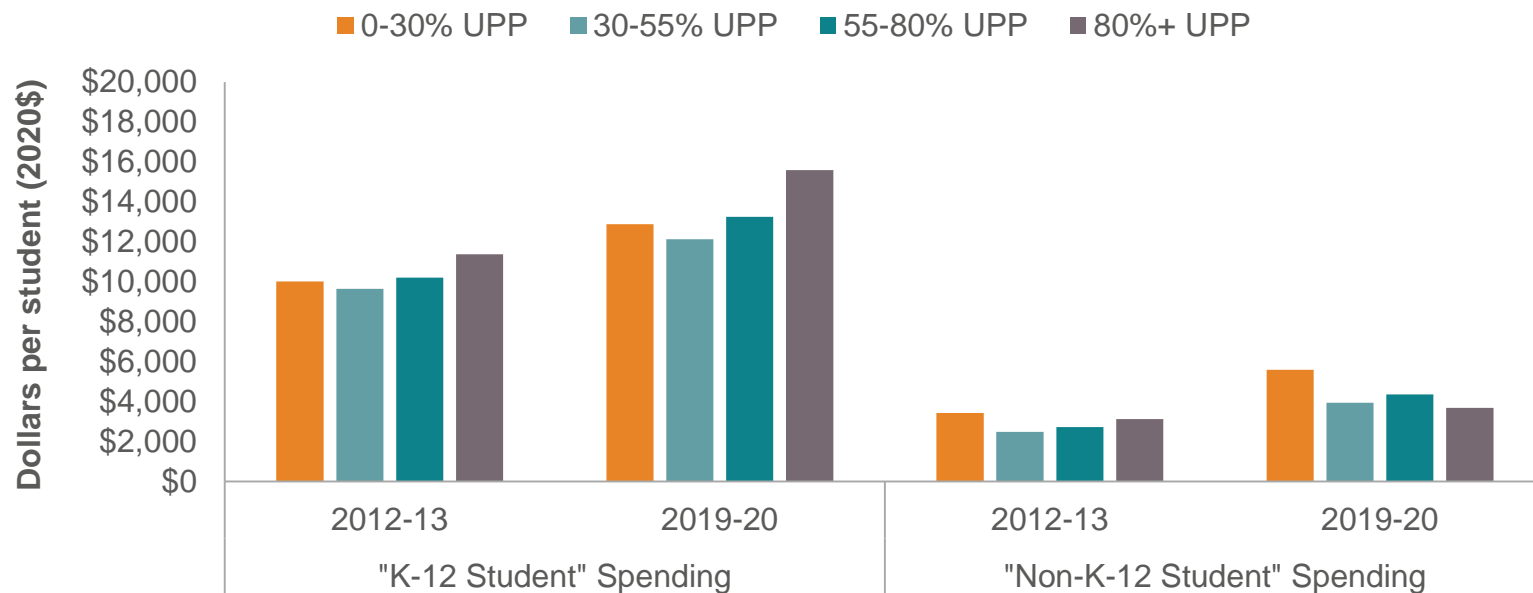
LCFF directs additional funding based on district share of high-need students



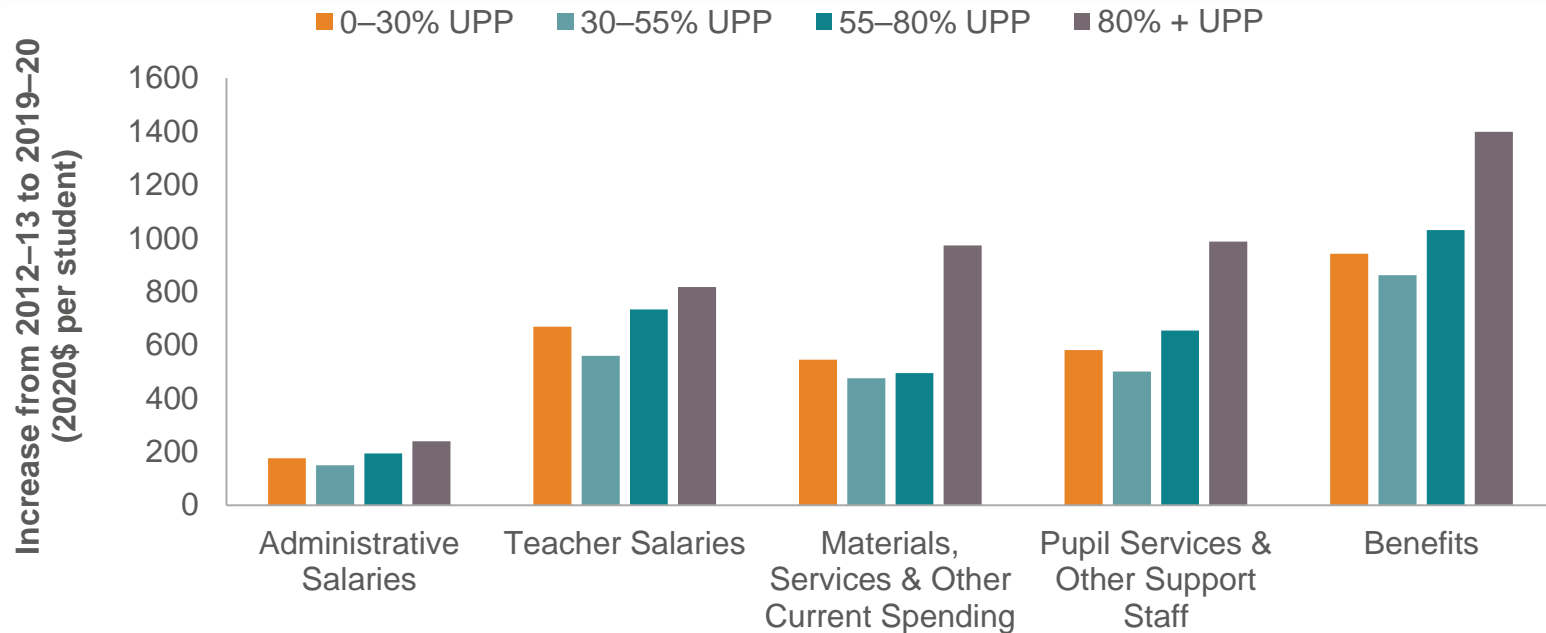
Ongoing questions about LCFF efficacy

- How has LCFF affected resource levels for schools and districts of varying need?
- Has increased funding led to improved student outcomes, in districts targeted by the formula?
- Is LCFF funding reaching the schools and students with the highest need *within* districts?

LCFF led to larger spending increases in highest-need districts



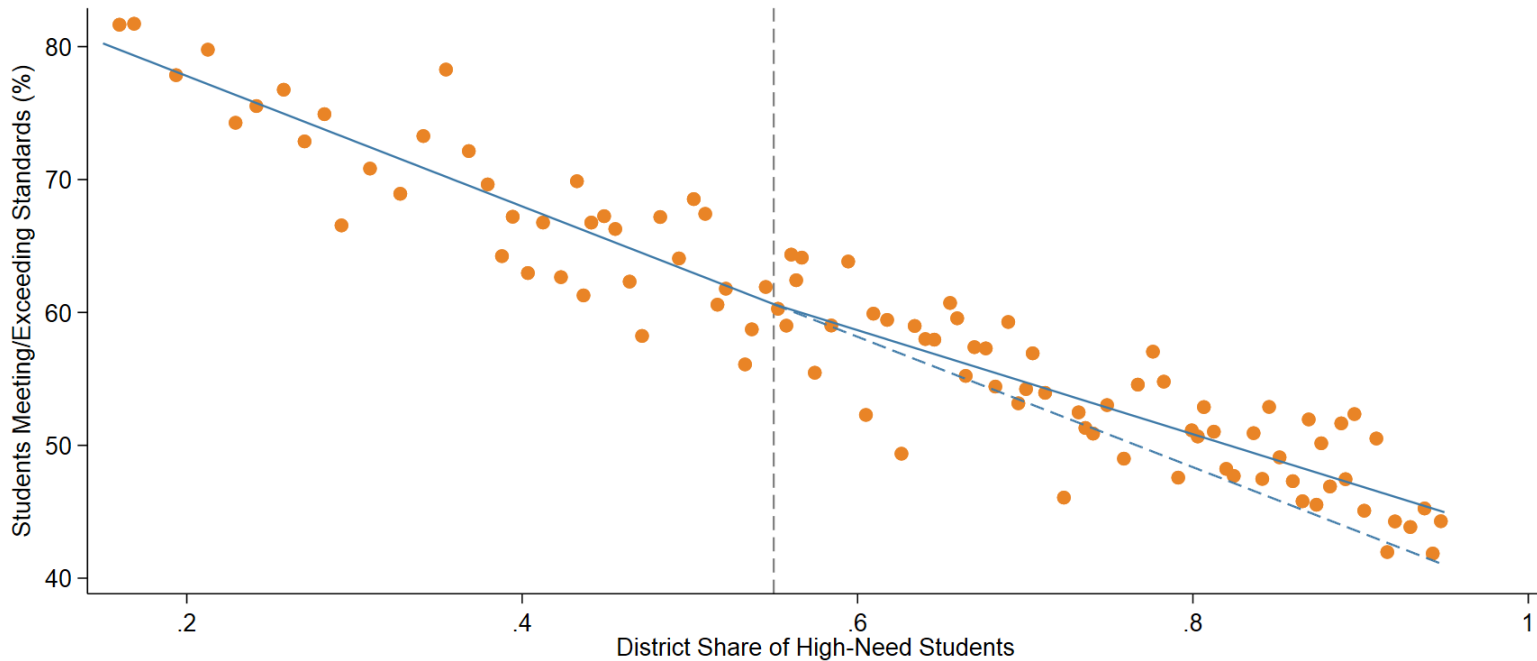
Largest spending increases went to staff benefits and salaries



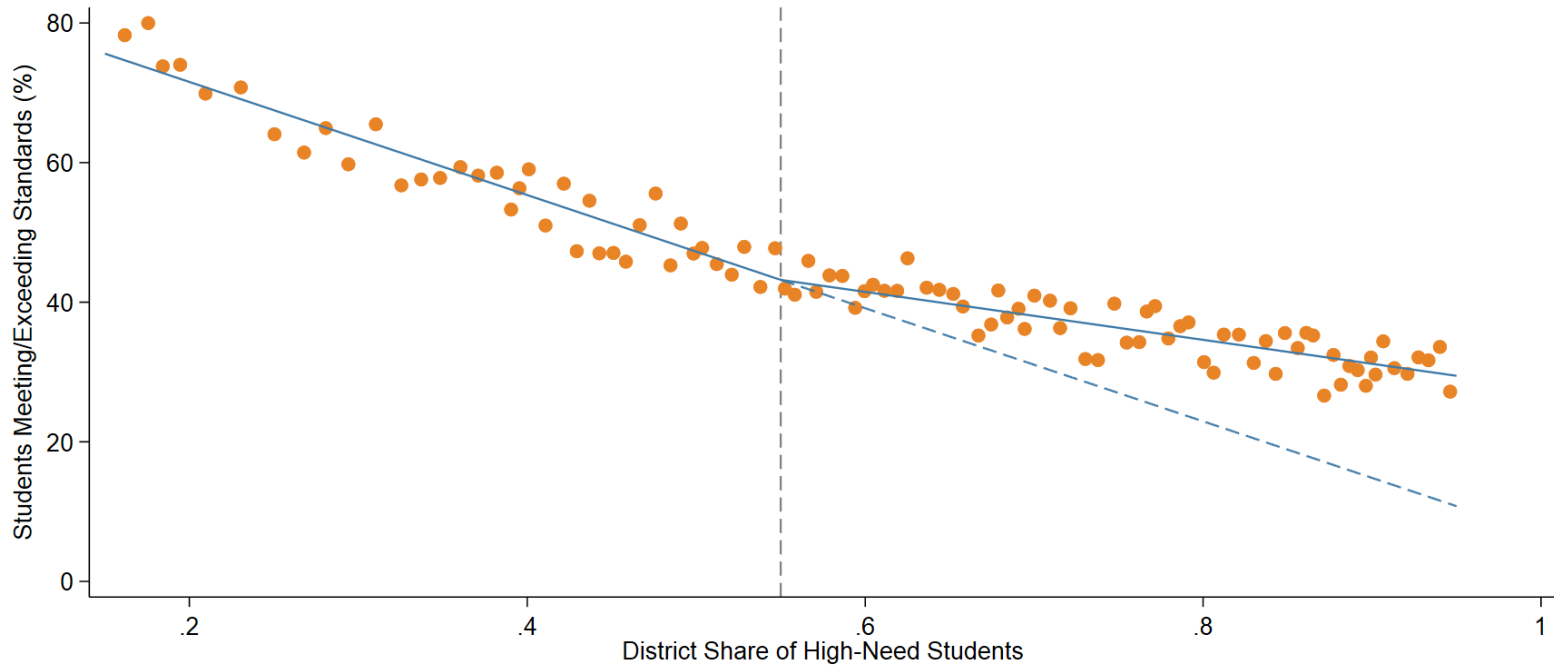
How do we know whether increased funding is “working”?

- Improvements in test scores, graduation, A–G completion—larger in higher-need districts
 - This may or may not be due to LCFF; need a more careful comparison
- Formula has “kink” at 55%
- Does relationship between *share high-need* and *student outcomes* become more “kinked” over time?
 - Only funding changes at 55% → no “kinks” in other characteristics or inputs besides funding!

No evidence of change for students around 55% threshold in 2012–13 test scores



“Kink” in student test scores emerges by 2018–19



Big picture: student effect findings

- \$1,000 per year in additional concentration grant funding led to 5pp rise in share meeting or exceeding standards
- ***If effects continue at same pace:***
 - Concentration grant funding could close test score gaps between highest- and lowest-need districts in 14 years
 - *Note:* estimated pre-COVID
- Concentration grants may improve A–G completion

How districts target funds also determines LCFF efficacy

- LCFF shows benefits at the *district* level...
- ...but trends show test score gaps shrink more when measured by *district-* than *student-level* need
- Why? Two reasons:
 - LCFF targets highest-need districts, while high-need students more dispersed
 - Districts control how to distribute funding to their schools, students

High-need students are in districts with varying levels of need

District Percent High-Need (UPP)

	0%–30%	30%–55%	55%–80%	80%+
Number of schools	1,020	2,428	3,780	3,317
Average share of schools that are concentration	3.7%	21.3%	82.8%	97.3%
Share of state's concentration schools	0.7%	10.9%	42.1%	46.0%
Share of state's high-need students	3.4%	16.0%	37.8%	42.8%

Spending at schools can indicate how districts target funding

- How are districts targeting school sites?
 - Difficult to assess with districtwide financial records or LCAPs
- Federal *Every Student Succeeds Act (ESSA)* requires districts to provide site-level spending data, starting in 2018–19
- For each additional dollar in supplemental and concentration “generated” by students at a school, **how much does school-site spending increase?**
 - Partial measure; can’t assess how central expenditures are distributed (1/3 of per-student spending)

Targeting within-district varies considerably

	Overall	Non-concentration Districts	Concentration Districts
Mean	\$0.55	\$0.93	\$0.32
<i>Distribution:</i>			
25th Percentile	-0.23	0.11	-0.30
Median	0.34	1.07	0.14
75th Percentile	1.28	1.80	0.92

Most LCFF funding for high-need students reaches school sites that generate it

- Substantial differences across districts—many spend *less* in schools with more high-need students
 - May reflect unique circumstances or nuances not in data
 - ESSA data only provide snapshot for one year
- Concentration districts show more “even” spending
 - Less concern? District spending same at 80% and 90% high-need sites would show up as no targeting

Policy implications

- Need more systematic information to assess whether spending is consistent with LCFF intent
 - Site-level transparency would be challenging, but not impossible
- Consider lowering threshold for concentration grants or increasing supplemental grants
 - 54% of high-need students in districts between 30-80% high-need
 - smaller increases under LCFF
 - 12% of “concentration schools” in non-concentration districts

Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.

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