Targeted K–12 Funding and Student Outcomes
Evaluating the Local Control Funding Formula

October 7, 2021

Julien Lafortune

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

- Dollars per student (2020$)

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2019-20</th>
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</thead>
<tbody>
<tr>
<td>&quot;K-12 Student&quot; Spending</td>
<td></td>
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<tr>
<td>0-30% UPP</td>
<td>$12,000</td>
<td>$14,000</td>
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<td>55-80% UPP</td>
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<tr>
<td>80%+ UPP</td>
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<tr>
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<tr>
<td>&quot;Non-K-12 Student&quot; Spending</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-30% UPP</td>
<td>$2,000</td>
<td>$4,000</td>
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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
$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

<table>
<thead>
<tr>
<th>District Percent High-Need (UPP)</th>
<th>0%–30%</th>
<th>30%–55%</th>
<th>55%–80%</th>
<th>80%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of schools</td>
<td>1,020</td>
<td>2,428</td>
<td>3,780</td>
<td>3,317</td>
</tr>
<tr>
<td>Average share of schools that are concentration</td>
<td>3.7%</td>
<td>21.3%</td>
<td>82.8%</td>
<td>97.3%</td>
</tr>
<tr>
<td>Share of state’s concentration schools</td>
<td>0.7%</td>
<td>10.9%</td>
<td>42.1%</td>
<td>46.0%</td>
</tr>
<tr>
<td>Share of state’s high-need students</td>
<td>3.4%</td>
<td>16.0%</td>
<td>37.8%</td>
<td>42.8%</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Non-concentration Districts</th>
<th>Concentration Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean</strong></td>
<td>$0.55</td>
<td>$0.93</td>
<td>$0.32</td>
</tr>
<tr>
<td><strong>Distribution:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25th Percentile</td>
<td>−0.23</td>
<td>0.11</td>
<td>−0.30</td>
</tr>
<tr>
<td>Median</td>
<td>0.34</td>
<td>1.07</td>
<td>0.14</td>
</tr>
<tr>
<td>75th Percentile</td>
<td>1.28</td>
<td>1.80</td>
<td>0.92</td>
</tr>
</tbody>
</table>
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
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:

lafortune@ppic.org; 415-291-4473

Thank you for your interest in this work.
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