Examining the Reach of Targeted School Funding

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Ten years ago, **Local Control Funding Formula (LCFF)** fundamentally shifted school funding

- Increased funding for high-need students (low-income, English Learner, foster youth)
  - “*Weighted*”: districts with more high-need students get more $$$
  - Supplemental and concentration (S&C) $$$ for high-need students

- Simplified funding formula
  - **Greater flexibility**: less reliance on restricted funding items
Additional funding targets high-need students under LCFF

Per-pupil funding

Notes: LCFF funding for a district with grade-level distribution equivalent to statewide average. Only base, supplemental, and concentration grant funds included.
Spending has risen most in highest-need districts

Increase from 2012–13 to 2021–22 ($$ per pupil)
We examine two research questions:

1. What is the impact of additional dollars for high-need districts on student test score outcomes?
   – Measure the impact *where dollars land*

2. How is funding distributed within districts?
   – Do districts spend on high-need students in proportion to how students generate funds under LCFF?
Test scores increased post-LCFF due to concentration grant funding

- Formula has “kink” at 55% concentration threshold—does same pattern emerge for test scores?
  - Gains on test scores emerge post-LCFF, persist post-COVID

- **Magnitude**: in 95% high-need districts, proficiency rates are up 13pp due to concentration funding
  - **Cost**: additional $16,000 per student over first 9 years of LCFF
  - Consistent with other research (Johnson 2023; Lafortune 2021)
How funding is targeted can dilute the impact of LCFF on gaps

- LCFF funding increases are largest in highest-need districts
  - Increases especially large at 80%, 90%+ high-need

- Concentration $$ are based on district shares of high-need, not school shares
  - S&C funding generated by 100% high-need school varies from $1,200 to $4,000 per student in 2021–22
  - High-need students, schools “worth more” in some districts
How funding is targeted can dilute the impact of LCFF on gaps

- 81% of high-need students are in concentration districts
  - But only 44% of high-need students are in 80%+ high-need districts
  - 43% of non-high-need students are in concentration districts

- Expect smaller impact on student-level than district-level gaps, depending on targeting within district
Under hypothetical $2,000 grant per high-need student, impact depends on targeting
We measure district targeting in two ways

1. Local Control Accountability Plans (LCAPs)
   - Extract spending plans from nearly 700 districts (81% of students)
   - Proportionality: compare planned LCFF spending on high-need students to amount received in S&C funding

2. School-level spending data
   - Non-federal spending at school sites, 2018–19 thru 2020–21
   - Compare spending and S&C funding generated by site → does $1 higher funding yield $1 higher spending?
Most districts report less spending for high-need students than those students generate

- On 2021–22 LCAPs:
  - 28% of spending towards any high-need student group
  - 64% targeted for “all” students

- High-need spending not always proportional to S&C funding:
  - 59% report less $$ for high-need than their S&C funding
  - Lower share in concentration districts
  - One-quarter of districts spend above S&C amount on high-need
School-level targeting varies significantly across districts

- For $1 more in S&C funding generated at a school, how much more spending at that school?
  - Statewide average: 63 cents more per dollar

- Lots of variation by district:
  - Most concentration districts target less than 1:1
  - Many spend evenly across all schools (no targeting)...
  - ...but some spend more than formula implies at high-need schools

- Caveat: excludes central spending (30–40% in typical district)
Policy implications and recommendations

- We find that concentration $$ improved test scores
- Better targeting would improve ability of LCFF to affect achievement gaps by student group
- (Lack of) transparency limits ability of stakeholders to understand how, where, to whom S&C dollars go
- Streamline LCAPs to improve spending transparency for local stakeholders and statewide analysts
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.