

# Examining the Reach of Targeted School Funding

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**PPIC**

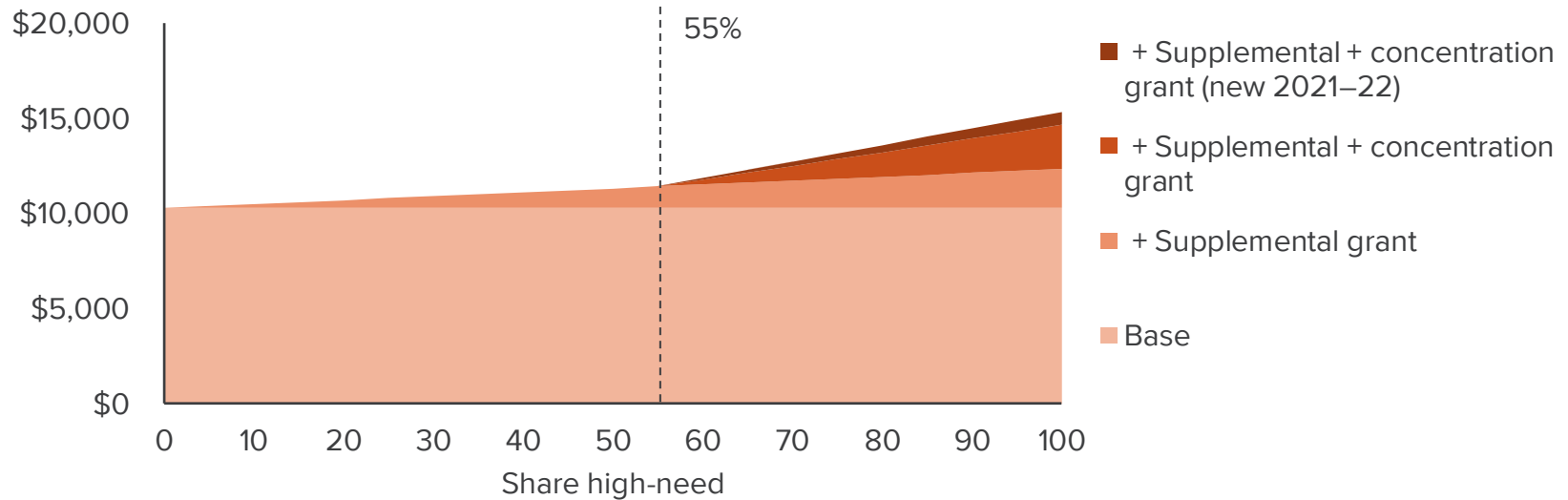
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## Ten years ago, **Local Control Funding Formula (LCFF)** fundamentally shifted school funding

- 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

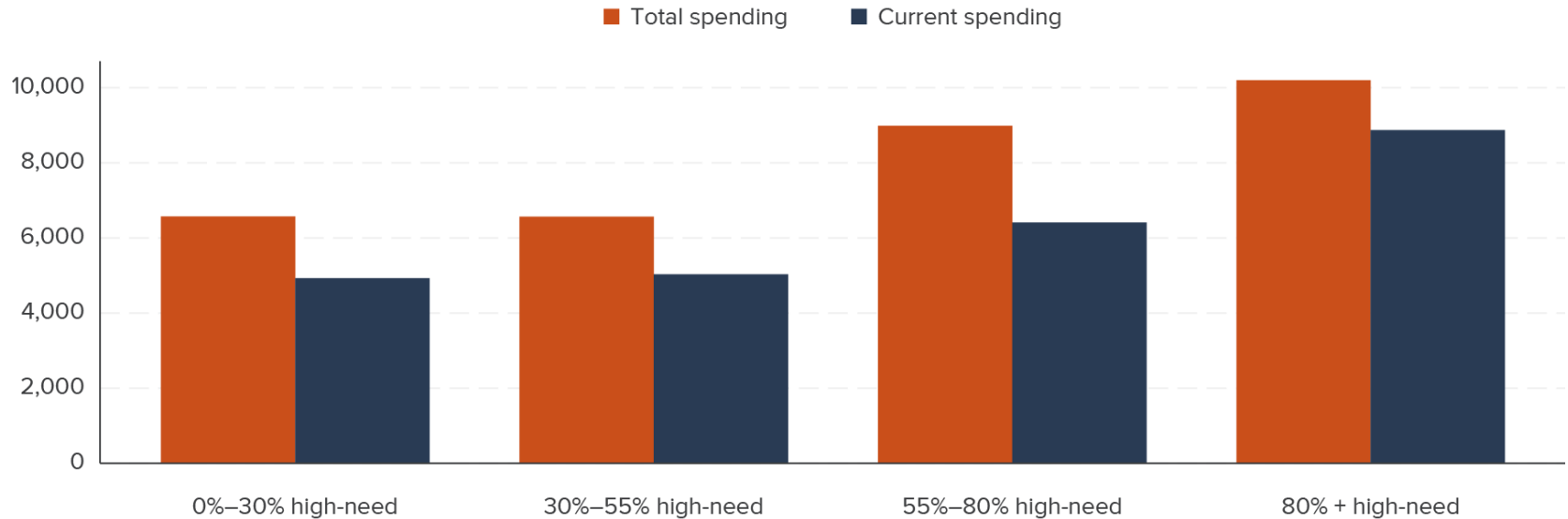
Per-pupil funding



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?
  - Examined the impact of *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

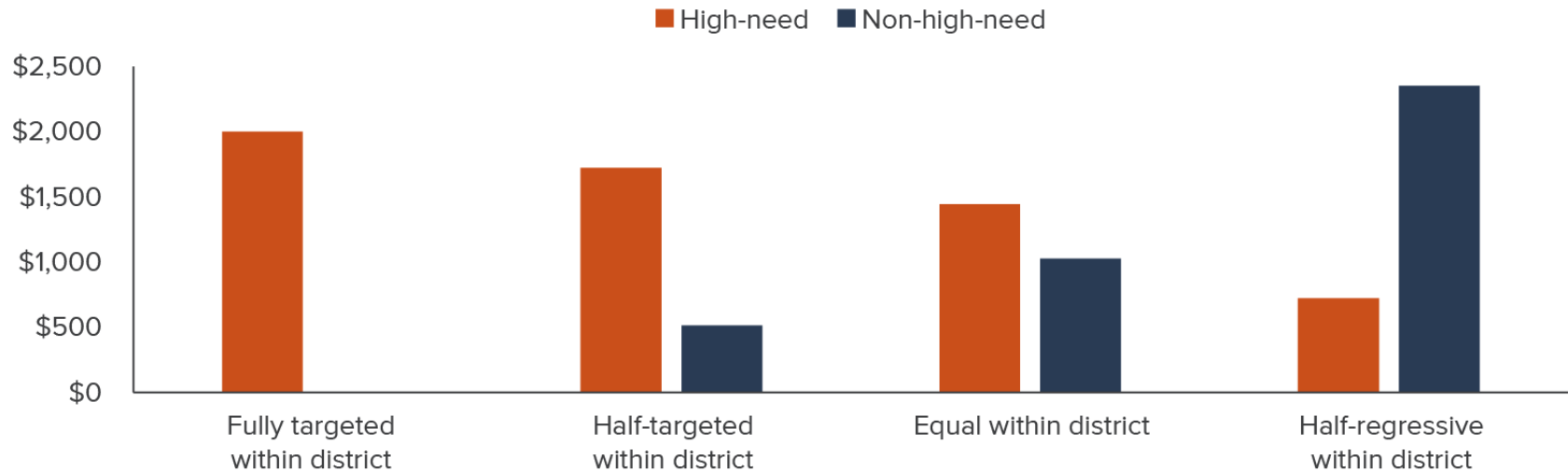
- LCFF funding increases are largest in highest-need districts
  - Increases especially large at 80%, 90%+ high-need
- Concentration \$\$ are based on district shares of high-need, not school shares
  - S&C funding generated by 100% high-need school varies from \$1,200 to \$4,000 per student in 2021–22
  - 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 (80% 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.