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NEWS

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California's Local Control Funding Formula Is Increasing Student Achievement and Graduation Rates

New study shows that investments in schools based on the Local Control Funding Formula improve achievement and attainment, reduce racial and economic disparities in graduation rates

SACRAMENTO, CA— California's Local Control Funding Formula (LCFF), the school finance overhaul enacted in 2013, is having a measurable positive impact on students' academic achievement and graduation rates, improving outcomes and narrowing gaps, according to a study released today by the Learning Policy Institute. The findings were discussed at a meeting of Policy Analysis for California Education in Sacramento. LCFF reallocated school finances based on students need and gave school districts significantly more flexibility in spending. Schools receive greater funding for each student who is low-income, an English learner, or in foster care. The new formula has come with an increase in k-12 funding—a total of $18 billion by the time LCFF is fully implemented. This is one of the first studies on the impact of LCFF on students' academic achievement and graduation rates.

The study, *Money and Freedom: The Impact of California's School Finance Reform*, examines high school graduation rates, and student achievement by grade and subject (mathematics and reading) in the years before and after the implementation of LCFF for all public schools in California. The study authors found significant increases in all of these areas that track the implementation of LCFF. They also found that students who received higher "dosages" of LCFF (that is, attend school in highest-poverty districts, which receive greater funding under the formula) showed greater academic gains.

Not only did LCFF improve student achievement across the board, the formula—which provides greater funding for high-poverty schools than for low-poverty schools—helped to reduce the achievement gap for low-income students and students of color. The authors found that a $1,000 increase in per-pupil revenue for students in grades 10 – 12 increased graduation rates by 5.3 percentage points for students overall, and by 6.1 percentage points for low-income children.

The study's authors also examined the areas in which school districts increased their investments under LCFF. Those increased investments resulted in lower student-to-teacher ratios, increased per-pupil expenditures, increased teacher salaries, and increased instructional expenditures. A significant proportion of districts' expenditures under LCFF were focused on the classroom. The authors hypothesize that higher teacher salaries may help schools and districts attract and retain better-prepared, high-quality teachers. Recruitment and retention of a high-quality teacher workforce is associated with greater student academic success.

The study concludes that, "Money targeted to students' needs can make a significant difference in outcomes and narrow achievement gaps." More succinctly, "Money matters."

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About the Learning Policy Institute

The Learning Policy Institute conducts and communicates independent, high-quality research to improve education policy and practice. Working with policymakers, researchers, educators, community groups, and others, the Institute seeks to advance evidence-based policies that support empowering and equitable learning for each and every child. Nonprofit and nonpartisan, the Institute connects policymakers and stakeholders at the local, state, and federal levels with the evidence, ideas, and actions needed to strengthen the education system from preschool through college and career readiness.
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