

California's Local Control Funding Formula: Next Steps Toward Equity

FACT SHEET

Enacted in 2013, California's Local Control Funding Formula (LCFF) created a simpler and more equitable education finance system by distributing state grants to local education agencies based on student needs. The LCFF comprises roughly \$4 out of \$5 that K–12 schools receive from the state budget and local property tax revenue, and nearly all LCFF dollars are allocated through three per-pupil grants:

- **Base grant.** Approved annually by the legislature, this is the main source of funding for California schools and accounts for approximately 80% of LCFF dollars.
- **Supplemental grant.** Districts receive a supplemental grant equal to 20% of their base grant for each student from a low-income family, English learner, or foster youth. Students in more than one category cannot be counted multiple times—in other words, the count of students is “unduplicated.”
- **Concentration grant.** Districts enrolling more than 55% of students from low-income families, English learners, or foster youth receive an additional 65% of their base grant.

The LCFF is over a decade old: What have we learned?

Research indicates that the LCFF has helped to improve student outcomes, especially in K–12 school districts that receive larger concentration grants. Studies also point to challenges in the formula's fiscal design and opportunities to strengthen it.

LCFF successes

Analyses in California indicate that, among the successes, LCFF-induced increases in per-pupil spending have:

- Improved students' math and reading achievement
- Reduced the probability of grade repetition
- Increased the likelihood of high school graduation and college readiness
- Contributed to decreases in suspensions and expulsions

LCFF challenges

The LCFF was not designed to solve all the challenges California's schools and students face, and goals for equitable opportunity and improved outcomes remain unmet. Challenges in the LCFF's fiscal design include:

- Students in school districts that fall just below the concentration grant's 55% high-need student enrollment threshold show smaller gains in math and reading achievement than students in districts above the threshold.
- One in five California students eligible for the supplemental grant is enrolled in a school district that is not eligible for the concentration grant. In these districts, the grant weight of 20% does not provide enough funding to adequately support students with greater needs.
- Because students from low-income families, English learners, and foster youth are the only student groups identified for additional funding, the supplemental grant does not provide resources to support other students who likely require greater support, such as students experiencing homelessness.
- Even if the LCFF identified additional groups of students for support, using unduplicated counts to calculate supplemental grants means students with multiple needs may not receive the support they require to achieve desired outcomes.

How can California policymakers strengthen the LCFF?

[LPI's report](#) compares California K–12 school spending before and after LCFF was enacted and examines how that spending compares to other states. The findings show that among the 27 states that provide flat rate funding weights for either English learners or at-risk students, California's 20% supplemental grant weight is among the lowest. In addition, California is 1 of just 5 states that provide funding based on the *unduplicated* number of students in the English learner and at-risk student groups. Insights such as these help inform potential adjustments to the LCFF to achieve greater equity. Policymakers could consider the following actions:

- **Support students the LCFF does not currently target.** Additional groups of students (i.e., students experiencing homelessness, newcomer and migrant students, and students with special education needs), in addition to those from low-income families, English learners, or foster youth, require more resources to help them achieve state standards for learning.
- **Increase the weight of the supplemental grant.** Based on five adequacy studies conducted in other states, California's LCFF supplemental grant weight of 20% is at the lower end of the recommended range of 15%–40% for English learners and below the recommended range of 30%–81% for at-risk students. After translating weights to per-pupil amounts, these studies recommended \$6,500–\$9,900 in additional funds per pupil for students who are *both* English learners and at-risk. California's 20% supplemental grant weight translates into about an additional \$2,100 per student, substantially below the recommended level in these other states.
- **Duplicate counts of students with multiple areas of need.** Increasing the supplemental grant weight alone would not account for students who are categorized into multiple groups requiring additional support and the compounded challenges they experience. If policymakers changed the LCFF's fiscal design and implemented this additional funding for students who meet the criteria of multiple groups, it would join the majority of states that provide this type of additive funding to address the distinct needs of different student groups.
- **Increase funding to support students with greater needs in school districts not currently eligible for concentration grants.** To do this, policymakers could:
 - **Lower the eligibility threshold for districts receiving concentration grants.** For example, concentration grants could be allocated to school districts that enroll more than 45% of their students with greater needs.
 - **Strengthen the supplemental grant.** This could be done by increasing its weight or by allowing duplicated counts for students categorized within multiple eligible student groups, or both.
 - **Increase the base grant.** Boosting support for students with greater needs enrolled in school districts ineligible for concentration grants could also be achieved by increasing the LCFF base grant. This approach would not improve LCFF equity as much as funding that is targeted through supplemental or concentration grants.

Learn more

This resource highlights information from the report [California's Local Control Funding Formula: Next Steps Toward Equity](#). Read the full report for further information.

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