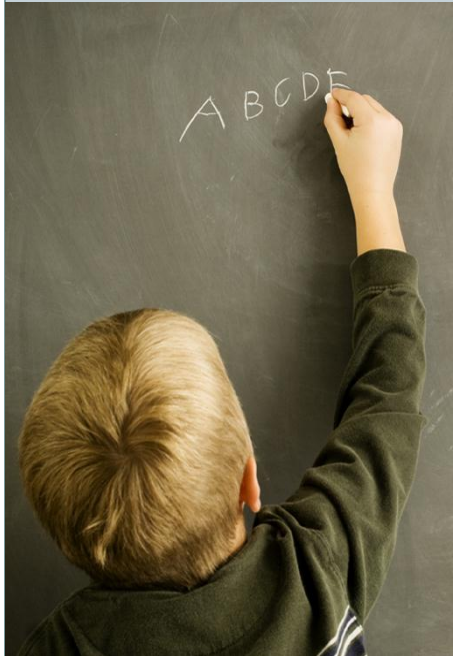


# Reforming the Finance System: A Guide to Get There



**PRESENTED TO: ASSEMBLY  
EDUCATION COMMITTEE  
MARCH 23, 2011  
ROBERT MANWARING**

# Why Finance Reform is Needed



- Equity
- Efficiency
- Transparency
- Flexibility



# Differing Minds End in Similar Place



- Three different groups recommend similar new funding model:
  - Governor's Committee on Education Excellence
  - Bersin, Kirst, and Liu Getting Beyond the Facts
  - Public Policy Institute of California
- These models are build upon the findings of:
  - Getting Down to Facts
  - Legislative Analyst's Office

# How the New System Would Look



- Create Base Grant – Revenue Limit, categoricals targeted at general population
- Create Targeted Grant – Economic Impact Aid, Targeted Instructional Improvement and programs targeted at disadvantaged students.
- Improve Special Education programs

# Transition Plan - Base Grants

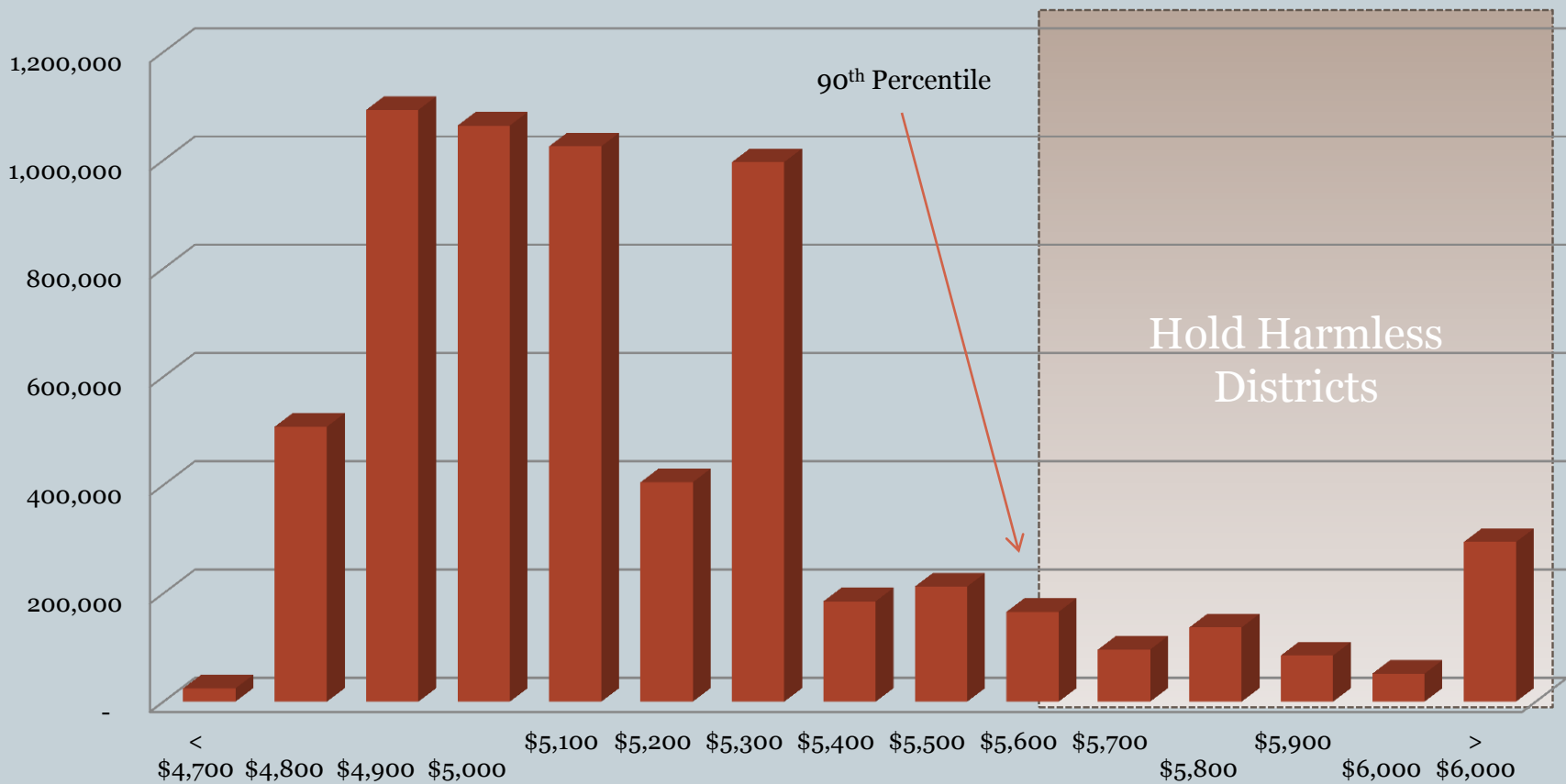


- Identify programs to consolidate into Base Grant.
- Determine current distribution of these programs on a per pupil basis.
- Equalize funding per pupil over time through growth in Prop 98.
  - Establishing a statewide equalization goal of Base funding – 90<sup>th</sup> percentile (approx. \$3.4 Billion) or 95<sup>th</sup> percentile (\$5.2 billion)
- Hold harmless districts above the equalization goal

# Current Distribution of “Base Funding”



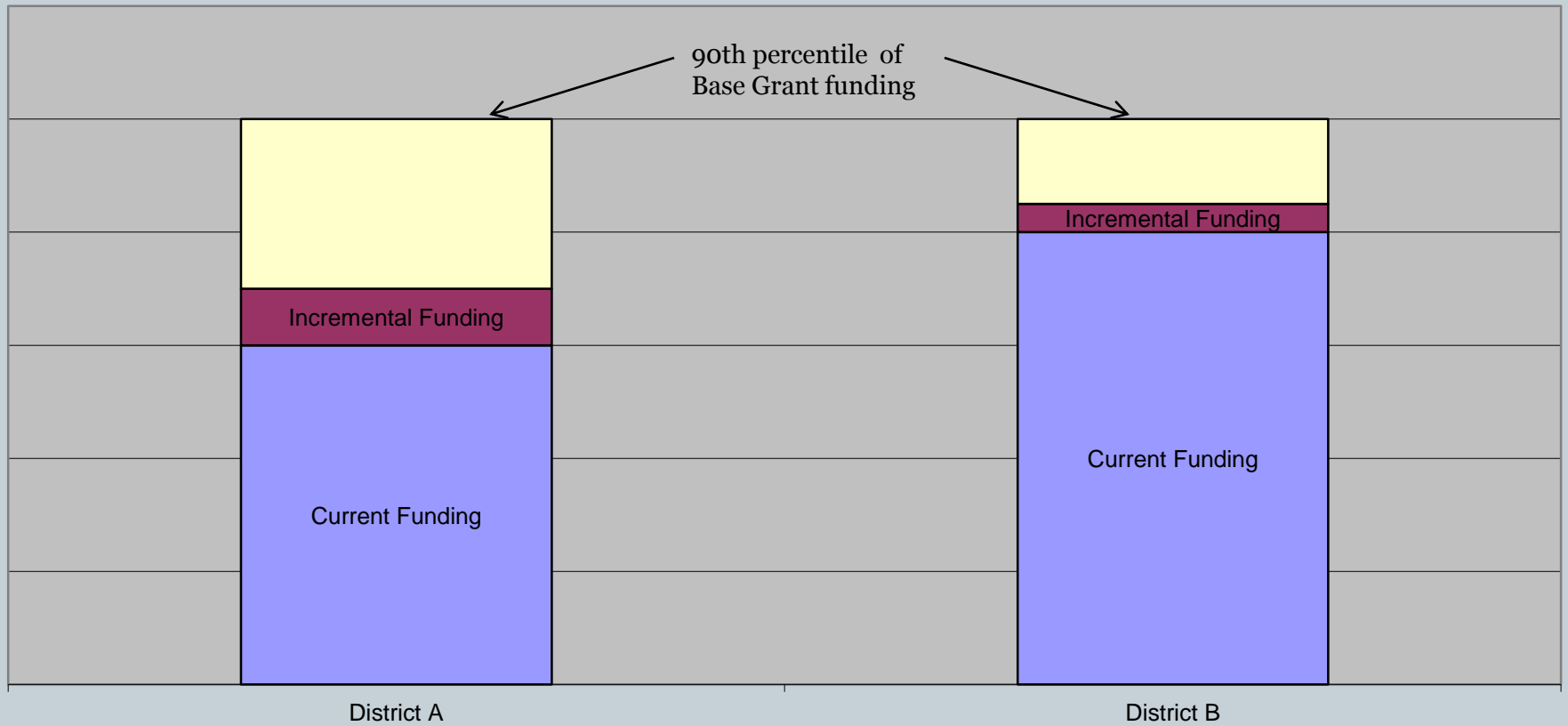
## Base Funding per Grade Adjusted Pupil



# Equalize Base over Time



## Funding Model Transition Proportional Equalization Method



# Base Grants – Sweating the Details



- Grade level adjustments – develop “weights” for grade ranges to reflect differential costs.

Grades	Weight
K-3	1.18
4-6	1.0
7-8	1.03
9-12	1.20

- Establish continuous appropriation for new Base Grant.
- Transition outstanding deficit factor (\$7.8 billion) to new Base grants.



# Base Grant – Sweating the Details (cont.)



- Provide declining enrollment provisions for new Base grants.
- Review finance of small/geographically isolated district.
- Determine conforming changes to funding deferrals.
- If providing additional funding to the base, may consider consolidating reimbursable mandates into the base grants.

# Transition to Targeted Grants

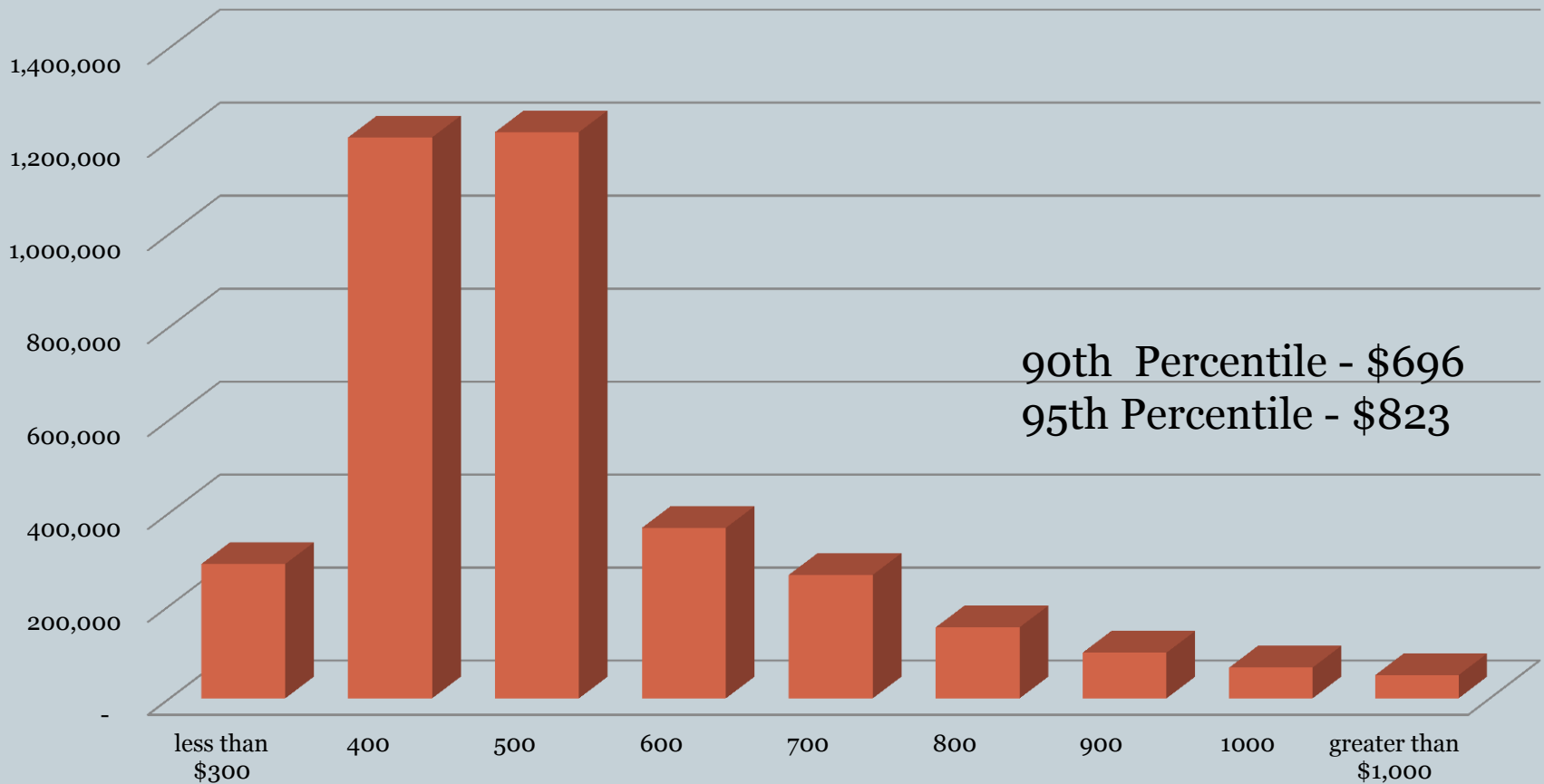


- Build off of the work done to improve the Economic Impact Aid formula
- Identify and consolidate program funding targeted at economically disadvantaged students or English learners
- Determine “Targeted Grant” funding per “Targeted Pupils”
- Targeted Pupils is some combination of English learners, economically disadvantaged and high concentrations of these students.

# Distribution of Targeted Funding



## Targeted Funding per Targeted Pupil



# Determine the Funding Goal for Targeted Grant



- Two options for setting funding goal for Targeted Grants:
  - Equalize to 90<sup>th</sup> or 95<sup>th</sup> percentile of current funding similar to Base Funding equalization above.
  - Establish a funding goal linked to some proportion of the Base Grant funding level.
- Goals should reflect additional costs of educating targeted students.

# Example of Targeted Student Counts



- Establish the relative “Cost” of educating students with varying needs
- Use these relative costs to determine weights for different types of students similar to example below.

	English Learner	
Poverty	Non-EL	EL
Not Poor		
Free/Reduced Eligible		
Title I eligible		
High Concentration pupils		

# Targeted Grant – Sweating the Details



- There is no right answer on how much more Targeted students need, but it is clearly more than currently being provided. Encourage setting a high Targeted goal even if it takes a long time to get there.
- Determine if any restrictions are needed for Targeted Grants.
- Addressing the incentive to “over-classify” English Learner counts.

# Equalize Special Education Funding



- **Maintain current structure for the Special Education funding model.**
- **Increase Funding in three ways:**
  - Equalize special education across SELPAs
  - Augment base rates to reflect the increase in high cost students.
  - Improve mechanism for cost sharing for extremely high cost students.

# Improve Fiscal Transparency and Accountability



- Intra-district inequities are as much a problem as inequities across districts.
- As Districts are provided greater flexibility, it is critical to begin to collect school level accounting data to ensure that dollars generally get to the students that generate them.
- Strengthen accountability by incorporating a growth measure and college and career readiness measures into the API.



# Issues Still to Solve



- Developing a new funding model for county offices of education and regional occupation centers
- How to address reimbursable mandates moving forward.
- Should there be some regional cost adjustment?
- Developing a rational distribution of adult education funding whether an adult is served by a school district (adult ed) or community college (non-credit)