



Hearing on Local Control Funding Formula: Fiscal Design & Outcomes Oversight Testimony for Budget Subcommittee No. 3 on Education Finance & Assembly Education Committee

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Panelist Background

- Education economist with over 20 years of experience performing education finance research
- Focus on state school finance reform with specialization in studies examining K-12 funding formula adequacy and equity in the following states:
 - California, Colorado, Delaware, Hawaii, Kansas, Maryland, Nevada, New Hampshire, New Mexico, New York, Oregon, Pennsylvania, Texas, and Vermont
- Native Californian educated in the state's public K-12 schools and universities
- Dedicated to serving California public education:
 - Currently serve on the CDE Technical Advisory Group
 - Previously served on the CDE California Practitioner Advisory Group
 - Previously served as school board trustee in Pacifica School District

Goals of Public School Funding Formulas

- Two Key Goals
 - Adequacy – Provide sufficient funding to allow all students an opportunity to meet the state's educational goals regardless of their needs or where they attend school
 - Equity – Distribute funding that appropriately accounts for the differential costs of providing all students an equal educational opportunity
- Meeting these goals requires accurate estimates of the cost of producing educational outcomes for students with different backgrounds learning in different environments.

Cost Factors

- Cost factors are characteristics of students or schools/districts they attend that influence the cost of producing educational outcomes and are outside of district control.
- Important categories of cost factors include Student Needs, Scale and Sparsity, Grade Range, and Price Levels of Inputs

Student Need	Scale and Sparsity	Grade Range	Price Level of Inputs
<ul style="list-style-type: none">▪ Economic disadvantage▪ English learners▪ Students with disabilities	<ul style="list-style-type: none">▪ District or school enrollment▪ Population sparsity or extent of rurality	<ul style="list-style-type: none">▪ Differences in shares of students served at different grade levels	<ul style="list-style-type: none">▪ Geographic differences in the prices of personnel and nonpersonnel

LCFF Was Revolutionary in California

- Introduced a weighted funding formula aligned with modern school funding mechanisms used across many states:

$$\textit{Per-Pupil Funding} = \textit{Base Per-Pupil Amount} \times \textit{Weighted Number of Pupils}$$

- Provides funding adjustment (weight) for three key traditionally underserved groups:
 - Economically Disadvantaged (Students Eligible for Free- or Reduced Price Meals)
 - English Learners
 - Foster Youth
- Greatly increased local control over resources

How LCFF Might Be Improved: Two Important Questions to Ask

- **Question 1: Are the components of LCFF cost based, do they represent the true differential costs of producing outcomes for students with different backgrounds learning in different locations?**
 - Is the base rate high enough and do the grade span funding adjustments correctly account for differences in cost associated with grade level?
 - Is the LCFF funding adjustment for student needs (unduplicated count of students) appropriate?
 - Economic disadvantage, English learners and foster youth represent different needs that correspond to different costs.
 - The funding adjustments for the unduplicated count of students provided under the supplemental and concentration grants may not be high enough.
 - Research by Levin et al. (2018) suggests that funding under LCFF was not aggressive enough to cover the differential costs of serving students who are economically disadvantaged, English learners, with disabilities, in middle school grades, or learning in smaller districts.

Levin, J., Brodziak de los Reyes, I., Atchison, D., Manship, K., Arellanes, M., & Hu, L. (2018). *What Does It Cost to Educate California's Students? A Professional Judgment Approach*. Stanford, CA: Policy Analysis for California Education. https://www.gettingdowntofacts.com/sites/default/files/GDTFII_Report_Levin.pdf

How LCFF Might Be Improved: Two Important Questions to Ask

- **Question 2: Are there important cost factors that LCFF does not take into account?**
 - Data from the 2021 National Center for Education Statistics (NCES) *Comparable Wage Index for Teachers* (Cornman et al., 2019) shows that the price levels of teaching staff vary widely across California districts.
 - In the lowest price district in the state (Bellevue Elementary) it cost 27 percent less than the state average.
 - In the highest price district in the state (San Francisco Unified) it cost 21 percent more than the state average.

Cornman, S.Q., Nixon, L.C., Spence, M.J., Taylor, L.L., and Gevert, D.E. (2019). Education Demographic and Geographic Estimates (EDGE) Program: American Community Survey Comparable Wage Index for Teachers (ACS-CWIFT) (NCES 2018- 130). U.S. Department of Education. Washington, DC: National Center for Education Statistics.

https://nces.ed.gov/programs/edge/docs/EDGE_ACS_CWIFT_FILEDOC.pdf

Note: The Comparable Wage Index for Teachers data is available at the NCES website here: <https://nces.ed.gov/programs/edge/economic/teacherwage>.

Additional Considerations: Desirable Properties of Funding Distribution Mechanisms

- The report by Chambers & Levin (2009) lists several desirable properties of funding formulas that should be taken into account when considering changes:
 - Provide funding that is adequate and equitable
 - Be transparent, understandable and accessible
 - Include funding adjustments that are cost based
 - Minimize any incentives to increase funding through overidentification of student needs or manipulation of enrollment levels
 - Have costs of maintaining and updating the formula that are reasonable
 - Provide funding that is predictable, stable and timely
 - Maximize flexibility in terms of how districts are allowed to use funding
 - Be coupled with a system that holds districts accountable for both outcomes and spending
 - Be politically acceptable so as not to cause any significant losses to funding or disruptions to educational programming

Chambers, J. and Levin, J. (2009). Determining the cost of providing an adequate education for all students. Washington, DC: National Education Association.



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