

Date of Hearing: April 9, 2025

ASSEMBLY COMMITTEE ON EDUCATION  
Al Muratsuchi, Chair  
AB 477 (Muratsuchi) – As Amended March 24, 2025

**SUBJECT:** Local control funding formula: funding targets: schoolsite employee salaries

**SUMMARY:** Establishes Local Control Funding Formula (LCFF) funding target levels for the 2036-37 fiscal year with the purpose of increasing school site employee salaries. Specifically, **this bill:**

- 1) Establishes new LCFF base grant targets for Fiscal Year (FY) 2036-37 and states the intent of the Legislature to fully fund the LCFF target base grants in the years preceding the 2036–37 fiscal year and to spend those funds to increase school site staff salaries at school districts, county offices of education (COEs) and charter schools, as follows:
  - a) \$14,879 for average daily attendance (ADA) in kindergarten and grades 1 to 3, inclusive;
  - b) \$15,104 for ADA in grades 4-6, inclusive;
  - c) \$15,551 for ADA in grades 7-8; and
  - d) \$18,023 for ADA in grades 9-12, inclusive.
- 2) States that it is the intent of the Legislature to establish new LCFF target grade span-adjusted base grant funding levels for school districts, charter schools, and COEs to raise wages in recognition that the LCFF funding targets established in AB 97 (Committee on Budget), Chapter 47, Statutes of 2013, that were met in the 2018–19 fiscal year did not provide the funding necessary to close the pay gap for educators and schoolsite staff. States that these aspirational funding levels will continue to support local educational agencies’ (LEAs) efforts to improve recruitment and retention of schoolsite staff and improve educational opportunities for pupils.
- 3) States that it is the intent of the Legislature to fully fund the LCFF target base grants over ten years, with full implementation in the 2036–37 fiscal year. States the intent of the Legislature to use the funds in order to increase salaries for classified and certificated staff working at schoolsites in school districts, COEs, and charter schools.

**EXISTING LAW** establishes the LCFF, which, for school districts and charter schools, is comprised of the following components:

- 1) A base grant of the following amounts per average daily attendance (ADA) in 2023-24:
  - a) \$10,951 for grades K-3, which includes a 10.4% grade span adjustment for class size reduction;
  - b) \$10,069 for grades 4-6;
  - c) \$10,367 for grades 7-8; and

- d) \$12,327 for grades 9-12, which includes a 2.6% grade span adjustment for college and career readiness.
- 2) A supplemental grant equal to 20% of the base grant for each pupil identified as either low income, an English learner, or in foster care (unduplicated pupils).
- 3) A concentration grant based on the number of unduplicated pupils in excess of 65% of the district or charter school total enrollment.
- 4) Requires, upon full implementation of the LCFF, as a condition of receiving funds, school districts to maintain an average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, of not more than 24 pupils, unless a collectively bargained alternative ratio is agreed to by the district. (Education Code 42238.02)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

***Need for the bill.*** According to the author, “In countries such as Finland, Australia, Canada, and Singapore, teaching is a highly competitive profession. Teacher salaries are comparable to those in fields like engineering, law, and business. In Finland, teaching is the most sought-after profession, with intense competition for entry. Only 1 in 4 applicants is accepted into teacher training programs overall, and for primary school teacher preparation, the acceptance rate is just 1 in 10. AB 477 will increase school staff salaries to help close the growing wage gap between teachers and similarly educated professionals in other fields. Over the past decade, this gap has widened, and raising school employee salaries is a necessary step toward correcting this long-standing inequity.”

***What does this bill do?*** This bill creates new LCFF funding targets to increase both classified and certificated school site staff salaries by 2036-37 at school districts, COEs and charter schools.

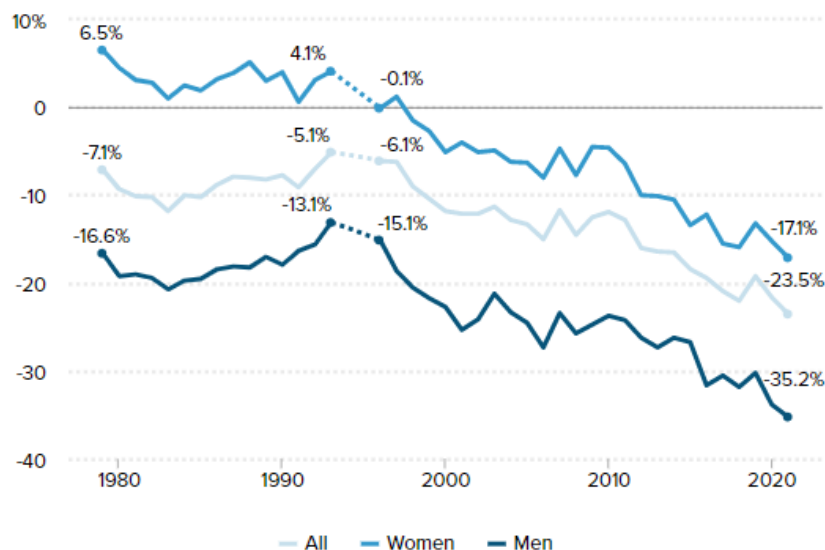
***The wage gap.*** Research indicates that teachers earn 23.5% less than comparable college graduates. This percentage represents the wage gap between teachers and similarly educated peers. Over time, this wage gap has increased, and as a result, teacher salaries are falling further and further behind. This bill is intended to close the school employee wage gap. Below are key findings from research published by the Economic Policy Institute in 2022:

- *Inflation-adjusted average weekly wages of teachers have been relatively flat since 1996.* The average weekly wages of public school teachers (adjusted only for inflation) increased just \$29 from 1996 to 2021, from \$1,319 to \$1,348 (in 2021 dollars). In contrast, inflation-adjusted weekly wages of other college graduates rose from \$1,564 to \$2,009 over the same period—a \$445 increase.
- *The relative teacher wage penalty grew to a record high in 2021.* It was 23.5% in 2021, up from 6.1% in 1996. The penalty for men rose from 15.1% to 35.2% over that period. Women had a negligible wage penalty of 0.1% in 1996 but faced a wage penalty of 17.1% in 2021.

- *The benefits advantage for teachers has not been enough to offset the growing wage penalty.* The teacher total compensation penalty was 14.2% in 2021 (a 23.5% wage penalty offset by a 9.3% benefits advantage).

### Teachers earn 23.5% less than comparable college graduates

Public school teacher weekly wage penalty (or premium) for all teachers and by gender, 1979–2021



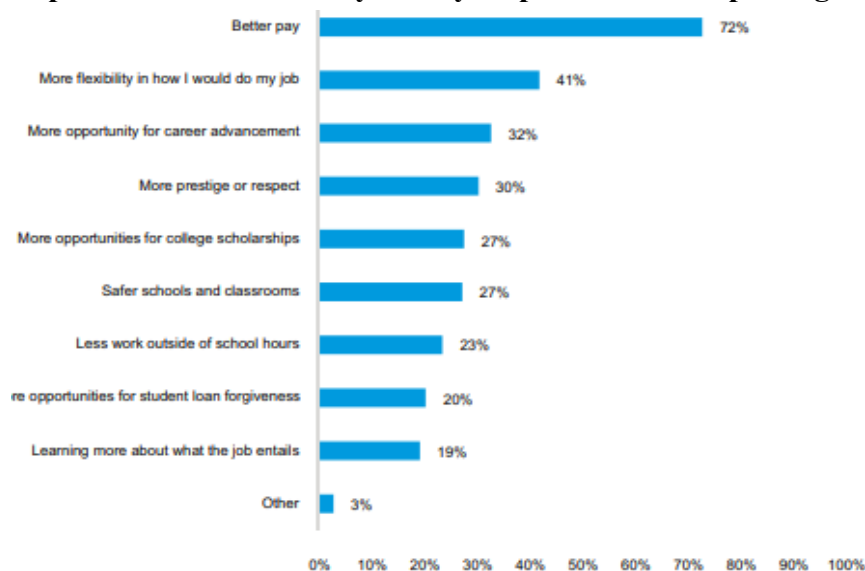
(Source: Allegretto, 2022)

The bottom line is that the teacher total compensation penalty grew by 11.5 percentage points from 1993 to 2021.

- *The relative teacher wage penalty exceeds 20% in 28 states.* Teacher weekly wage penalties estimated for each state range from 3.4% in Rhode Island to 35.9% in Colorado. In 28 states, teachers are paid less than 80 cents on the dollar earned by similar college-educated workers in those states.

**Salary deters people from entering the teaching profession.** Research indicates that the most significant reason that students are not interested in teaching is salary. Nearly two-thirds (63%) of those not interested in teaching cited pay as one of the top three reasons they were not interested in teaching. Other frequently cited reasons included limited opportunity for career advancement (43%) and concern that they would not be good at teaching (40%). The concern about salary was also expressed by those “potentially” interested in teaching. When asked what would increase their interest, 72% of this group cited better pay as one of their top three reasons. (Croft, Guffy, and Vitale, 2018)

### Top three reasons cited by survey respondents for reporting a lack of interest in becoming a K–12 teacher.



Teacher salary has long been a focus of debate in the U.S. In 1996, the National Commission on Teaching and America's Future (NCTAF) recommended reforming the teacher

compensation system to reward them for their knowledge and skills demonstrated through a National Board certificate or licenses in multiple subject areas (NCTAF, 1996). In 2003, the NCTAF further pointed out the low salary level of teachers compared with that of the other professions with similar education and training levels and recommended a flexible compensation system that rewards teachers for improved practice, for teaching in shortage subject areas and hard-to-staff schools, and for taking on additional roles and responsibilities (NCTAF, 2003).

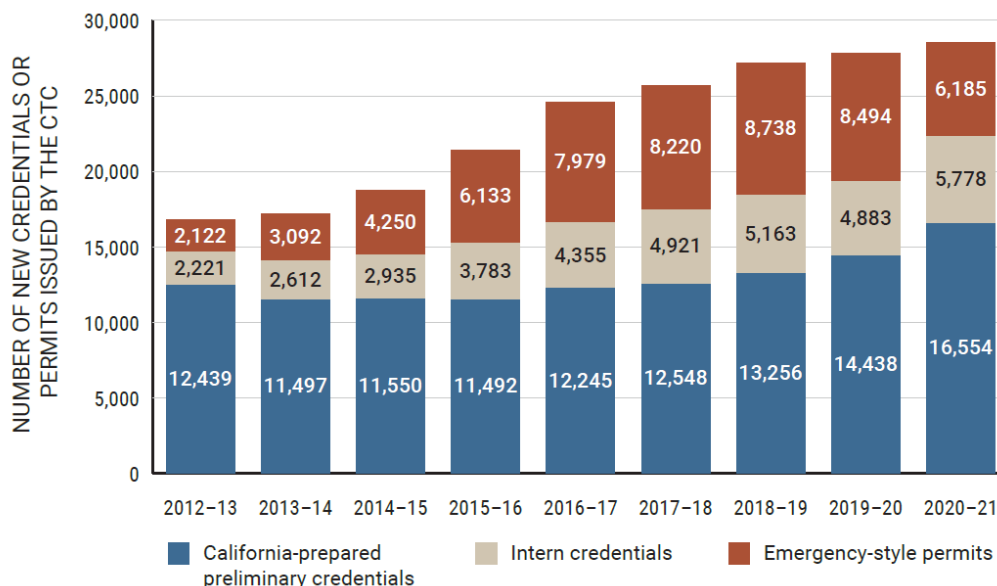
In the U.S., empirical studies found that higher salary is associated with lower attrition rates in Wisconsin (Imazeki, 2005), New York State (Brewer, 1996), Texas (Kirby et al., 1999), and across the country based on national data (Kelly, 2004; Stockard & Lehman, 2004). Using data from the 1990-1991 Schools and Staffing Survey (SASS) and the 1992 Teacher Follow up Survey (TFS), Kelly (2004) found that increasing teacher salary by \$4,000 leads to a 3.8% increase in the probability of staying in the same school for at least 10 years. These studies conducted both in the U.S. and abroad, support the importance of teacher salaries for teaching effectiveness and retention. If low teacher salary affects their motivation and teaching quality, and increases teacher attrition, it also is likely that low teacher salary eventually affects student learning opportunities. (Akiba, Chiu, Shimizu, Liang, 2012)

***What are other countries doing regarding teacher salaries?*** In Finland, preparation is fully funded by the government, and candidates earn a living stipend or a salary while they are in training. All candidates receive uniformly high-quality preparation. Among young Finns, teaching is the most desired profession, and competition for slots is intense, with only 1 in 4 applicants for teacher training accepted overall, including only 1 in 10 for primary school teacher preparation.

Similarly, in Singapore, generous support for teaching candidates (the equivalent of \$30,000–\$50,000 per year in salary, plus tuition, books, and laptop computers) is part of an agreement with the government to teach for 3–5 years, depending on the type of program completed. If the service requirement is not fulfilled, this funding must be repaid. This structure, along with the supportive induction program, enhances retention as well as recruitment. Salaries are commensurate with those in other fields such as engineering, law, and business.

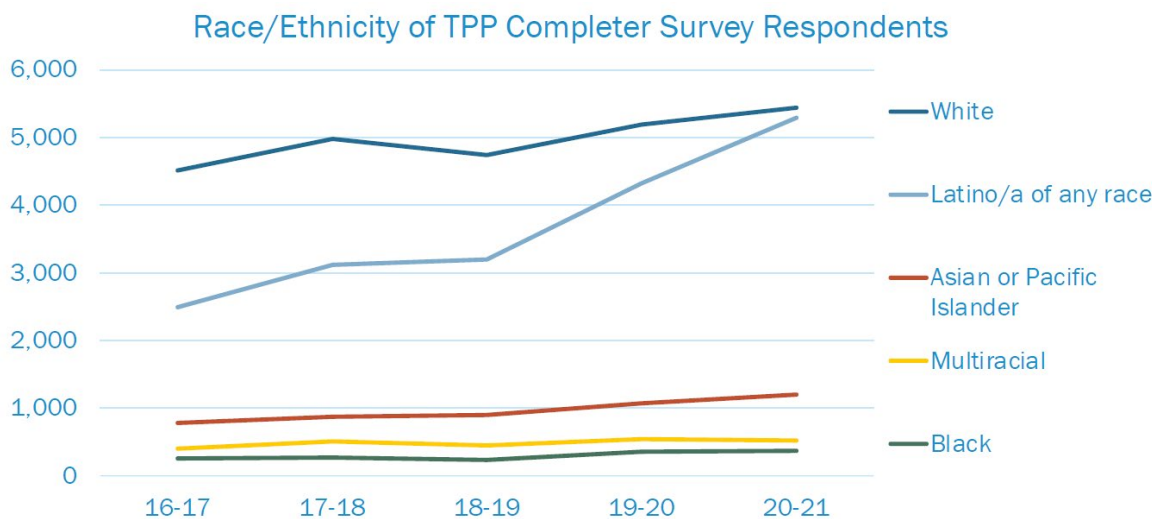
In Australia and Canada, a major portion of candidates' cost of teacher preparation is underwritten by the government. Canadian applicant numbers are so high that there is a strong demand for places in teacher education programs, which has enabled teacher education institutions to maintain high admission requirements. Virtually all require a high grade point average, and some also require interviews, portfolios, and volunteer work in schools. (Darling-Hammond, 2017)

***Impact of recent state investments on the teacher workforce.*** A March 2023 LPI report shows, “In the two years following 2018–19, when many of the new state investments were beginning to be implemented, the number of fully prepared new entrants increased by about 3,300, while the number of emergency-style permits decreased by about 2,500. This increase represents a break from prior trends, in which the number of newly credentialed teachers had been dropping for over 10 years. Nationally, the number of individuals completing teacher preparation programs decreased by 22% between 2012–13 and 2018–19, and California was one of only eight states with increases during that period. The chart below illustrates these data.”



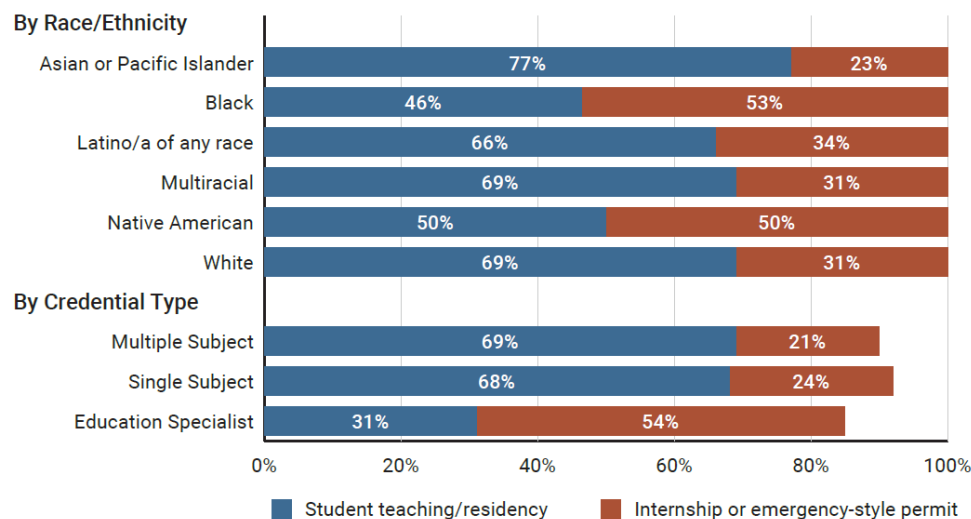
Note: This figure includes all preliminary credentials for California-prepared teachers, intern credentials, and emergency-style permits issued annually by the Commission on Teacher Credentialing. Emergency-style permits include short-term staff permits, provisional intern permits, limited assignment teaching permits, and waivers.  
Source: California Commission on Teacher Credentialing. (2022). *California Educator Supply*.

**Statewide data on the diversity of teacher candidates.** According to the LPI’s March 2023 report *Educating Teachers in California*, which analyzed teacher credentialing program completer surveys, the number of Latino/a candidates has more than doubled between 2016–17 and 2020–21, as shown in the table below. As of 2020–21, 53% of survey respondents were teachers of color, compared to 39% in 2016–17. Nationally, just 27% of recent completers identified as people of color.



Source: Learning Policy Institute analysis of Commission on Teacher Credentialing Program Completer Survey data (2023).

### Clinical Pathway by Credential Type and Race/Ethnicity



Source: Learning Policy Institute analysis of Commission on Teacher Credentialing Program Completer Survey data (2023).

The LPI report further noted, “not all completers reported equal access to the preparation experiences associated with higher ratings of program effectiveness and more positive perceptions of preparedness. Notably, access to preservice clinical experiences (i.e., student teaching or

residency programs) varied considerably by race/ethnicity and credential type. As shown in Figure 3, only 46% of Black and 50% of Native American completers reported participating in student teaching or residencies, compared to at least two thirds of all other racial/ethnic groups. Fewer than one third of education specialists (i.e., special education teachers) participated in student teaching or residencies, as compared to about 7 in 10 multiple subject completers (i.e., elementary teachers) and single subject completers (i.e., secondary teachers). Education specialists were also more likely to report limited student teaching hours or low levels of clinical support from their TPPs.”

**Local Control Funding Formula.** This bill increases the LCFF base grants by 2036-37. The LCFF was established in the 2013-14 FY to address the achievement gap by providing more equitable funding among LEAs by providing a higher level of funding to LEAs that enroll larger numbers of unduplicated pupils so they could provide those pupils with additional services and support. The LCFF consists of a base grant for school districts and charter schools of the following amounts in 2023-24:

- \$10,951 for grades TK-3, which includes a 10.4% grade span adjustment for class size reduction;
- \$10,069 for grades 4-6;
- \$10,367 for grades 7-8; and
- \$12,327 for grades 9-12, which includes a 2.6% grade span adjustment for college and career readiness.

The base grant for each school district and charter school, including the grade span adjustment, is multiplied by units of ADA. For school districts, funded ADA is equal to the greater of current or prior year ADA.

In addition to the base grant, school districts and charter schools also receive funding for each enrolled pupil who is either an English learner, low income (as determined by eligibility for free- or reduced-price meals), or in foster care. These are referred to as "unduplicated" pupils because pupils who fall into more than one of these categories are counted only once for LCFF purposes. Districts and charter schools receive an additional 20% of the base grant amount for each unduplicated pupil.

The concentration grant is provided to districts and charter schools that have a significant concentration of unduplicated pupils. The concentration grant is provided whenever the enrollment of unduplicated pupils exceeds 55% of total enrollment. For each grade span, the grant is calculated by multiplying the base grant per ADA, times the total funded ADA, times the portion (if any) of unduplicated pupil percentage that exceeds 55%, times 65%. AB 130 (Chapter 44, Statutes of 2021) increased the concentration grant factor to 65%.

***Where California ranks in per pupil funding.*** The publication *EdWeek* issues an annual ranking of per-pupil spending that adjusts for regional differences in cost-of-living. In the 2021 report, California's regionally adjusted per pupil ranking was 21<sup>st</sup> of all states and Washington, D.C., up from 44<sup>th</sup> in the 2018 report. Due to lags in data, and the COVID-19 pandemic, the 2021 report is based on data from 2018. In that year, California's regionally-adjusted per pupil spending was \$11,269, which was \$2,410 below the national average of \$13,679. For 2022, this figure rose, given the increases to K-12 public school spending during the COVID-19 pandemic.

***What is the funding goal for public education?*** Although most advocates for public education believe additional funding is needed to support schools, there is little consensus regarding the ultimate goal. Is the goal for California to be one of the top 10 states in K-12 education funding? Is the goal for California to provide funding for K-12 at the national average? Is the funding goal related to adequacy? According to the technical report, *Getting Down to Facts II: Adequacy and State Funding Formulas: What Can California Learn From the Research and National Context?* "The cost of an adequate education is...the minimum cost to achieve a targeted outcome that has been deemed adequate by analysts, policymakers or, in some cases, a state constitution." ***The Committee may wish to consider*** these policy questions.

***Total school funding is determined by Proposition 98, not by the LCFF.*** Increasing the LCFF funding targets does not increase school funding. Rather, school funding is determined by Proposition 98, which requires a minimum level of funding, but has also, in practice, served as a funding ceiling. Accordingly, the increased targets established by this bill are aspirational, just as the original LCFF targets were.

***Competing demands for ongoing funding.*** One objective of increasing the LCFF targets is to help ensure that funding increases generated by Proposition 98 that are in excess of what is needed to fully fund the statutory cost-of-living adjustments will be applied to the formula. However, there are other demands for increased funding, such as pensions, special education and home-to-school transportation programs. Competing demands for on-going K-12 funding will continue to be determined through the annual budget process.

**Arguments in support.** The California Federation of Teachers states, “California is experiencing a severe school workforce crisis among both certificated and classified employees. Education workers constantly are providing support and services for California’s students - the next generation of leaders, entrepreneurs, and the backbone of our economy. The work performed by education workers is often back-breaking, emotional, and runs workers through a gauntlet of challenges. Educators not only must pass certification and other licensing challenges, but also step into other roles for student safety and success. These roles are similar to therapists, mentors, emergency health providers, public safety officers, and now have been pushed to the limits in political defense of academic freedom and providing non-secular education. Today’s workforce crisis is exacerbated by the lack of interest in the workforce to pursue a career in education.

AB 477 creates a new funding goal for the State of California to work towards in funding our public education system at a level that can sustain a workforce that is deserving of our students and future generations. The bill simply sets a goal, leaving the budget process and will of the Legislature and Governors of the future to meet the moment. Granted, there will be years of plenty and years of restraint when it comes to the state budget; however, without a goal for the budget to work towards, our students will remain in a funding limbo.”

**Related legislation.** AB 938 (Muratsuchi), Chapter 345, Statutes of 2024, requires schools to report certificated and classified staff salaries annually; and requires the California Department of Education (CDE) to report the changes in school staff wages over time to the Legislature.

AB 1607 (Muratsuchi) of the 2021-22 Session would have, commencing with the 2022-23 school year, required any calculation of ADA for school districts, COE and charter schools to be based on the quotient of the sum of the ADA for the current fiscal year and each of the previous two fiscal years, divided by three. This bill was held in the Assembly Education Committee.

AB 1609 (Muratsuchi) of the 2021-22 Session would have required for the 2022-23 school year, the CDE to use the greater of the ADA from fiscal years 2019-20, 2020-21, 2021-22, or 2022-23 for purposes of apportionment under the LCFF for school districts, COEs, and charter schools.

AB 1614 (Muratsuchi) of the 2021-22 Session would have increased the LCFF base grant amounts, as specified, commencing with the 2022-23 fiscal year. This bill was held in the Assembly Education Committee.

AB 1948 (Ting) of the 2021-22 Session would require, commencing with the 2022–23 fiscal year, numerous changes to the calculation of the LCFF. This bill was held in the Senate Education Committee.

AB 39 (Muratsuchi) of the 2019-20 Session would have increased the school district and charter school LCFF base grant funding targets, and would have created a new grant-add on. This bill was held on the Senate Floor.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California State Council of Service Employees International Union (seiu California)  
Cft- a Union of Educators & Classified Professionals, Aft, Afl-cio



**Opposition**

None on file

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