

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON EDUCATION  
Al Muratsuchi, Chair  
AB 1204 (Alvarez) – As Amended March 28, 2025

**SUBJECT:** Local control funding formula: school districts and charter schools: pupils experiencing homelessness: supplemental and concentration grants: regional adjustment factors: grade-span adequacy adjustments

**SUMMARY:** Requires numerous changes to the calculation of the Local Control Funding Formula (LCFF) including, increasing the eligibility for the supplemental and concentration grants, adding “pupils experiencing homeless” as an unduplicated pupil, requiring some unduplicated pupils to be counted more than once for the purpose of calculation of the supplemental and concentration grants, requiring the annual LCFF statutory cost of living adjustments (COLA) to be at least 4%, requiring the California Department of Education (CDE) to establish regional COLAs, requiring the CDE to develop recommendations for adequacy adjustments to the grade span adjustments, and requiring the Superintendent of Public Instruction (SPI) to compute and provide an annual LCFF transition adjustment for each school district and charter school. Specifically, **this bill**:

- 1) Adds “pupil experiencing homelessness” as an “unduplicated pupil” for the purposes of the LCFF.
- 2) Requires, for the purpose of calculating an unduplicated pupil, a pupil to be counted only once if the pupil is classified as an English learner (EL) and is eligible for a free or reduced-price meal (FRPM).
- 3) Requires, for the purpose of calculating an unduplicated pupil, a pupil to be counted twice if any of the following apply:
  - a) The pupil is classified as an EL and is a pupil experiencing homelessness;
  - b) The pupil is classified as an EL and is a foster youth;
  - c) The pupil is a foster youth and is a pupil experiencing homelessness;
  - d) The pupil is eligible for a FRPM and is a foster youth;
  - e) The pupil is eligible for a FRPM and is a pupil experiencing homelessness;
  - f) The pupil is classified as an EL, is eligible for a FRPM, and is a pupil experiencing homelessness; or
  - g) The pupil is classified as an EL, is eligible for a FRPM, and is a foster youth.
- 4) Requires, for the purpose of calculating an unduplicated pupil, a pupil to be counted three times if any of the following apply:
  - a) The pupil is eligible for a FRPM, is a foster youth, and is a pupil experiencing homelessness;

- b) The pupil is classified as an EL, is a foster youth, and is a pupil experiencing homelessness; or
  - c) The pupil is classified as an EL, is eligible for a FRPM, is a foster youth, and is a pupil experiencing homelessness.
- 5) Defines “pupil experiencing homelessness” to mean a pupil who meets the definition of “homeless children and youths” in subsection (2) of Section 725 of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11434a(2)).
  - 6) Requires the Controller to make corresponding changes to the audit guide.
  - 7) Requires, if the LCFF statutory COLA is less than 4%, then the grade span adjusted base grants will be adjusted by 4%.
  - 8) Requires, commencing with the 2030–31 fiscal year, the applicable COLA to be further adjusted by multiplying that calculation by the applicable regional cost adjustment factor established by the CDE.
  - 9) Requires, commencing with the 2030–31 fiscal year, the SPI to compute a supplemental grant add-on equal to 35% of the base grants, from the current rate of 20%, as specified, for each school district’s or charter school’s percentage of unduplicated pupils.
  - 10) Requires, commencing with the 2030–31 fiscal year, the concentration grant add-on to be equal to 65% of the base grants, for each school district’s or charter school’s percentage of unduplicated pupils in excess of 45%, from the current threshold of 55%, of the school district’s or charter school’s total enrollment.
  - 11) Requires, commencing with the 2030–31 fiscal year, for a charter school physically located in only one school district, the percentage of unduplicated pupils in excess of 45%, from the current threshold of 55%, used to calculate concentration grants to not exceed the percentage of unduplicated pupils in excess of 45%, from the current threshold of 55%, of the school district in which the charter school is physically located. Requires, for a charter school physically located in more than one school district, the charter school’s percentage of unduplicated pupils in excess of 45%, from the current threshold of 55%, used to calculate concentration grants to not exceed that of the school district with the highest percentage of unduplicated pupils in excess of 45%, from the current threshold of 55%, of the school districts in which the charter school has a school facility.
  - 12) Requires, on or before January 1, 2030, the CDE to do both of the following:
    - a) Establish regional COLAs in order to address regional cost differences in housing and labor; and
    - b) Publish the regional cost-adjustment factors on its website.
  - 13) Requires, on or before January 1, 2028, the CDE to do both of the following:

- a) Develop recommendations for adequacy adjustments to the grade span adjusted base grants in order to address the unique costs for each grade span and to account for the revisions to supplemental and concentration grants commencing with the 2030–31 fiscal year; and
  - b) Submit its recommendations to the appropriate policy and fiscal committees of the Legislature, in compliance with Section 9795 of the Government Code.
- 14) Requires, for the 2025–26 to 2029–30 fiscal years, inclusive, the SPI to compute and provide an annual LCFF transition adjustment for each school district and charter school as follows:
- a) Compute the amount for each school district or charter school under the LCFF entitlements;
  - b) Compute the amount for each school district or charter school under the LCFF entitlements by instead using the criteria that this bill would establish, including the changes to supplemental and concentration grants; and
  - c) Multiply the difference of the current LCFF entitlement, by the adjusted LCFF entitlement pursuant to this bill, by each of the following for the applicable fiscal year in order to calculate the annual LCFF transition adjustment:
    - i) For the 2025–26 fiscal year, by one-fifth;
    - ii) For the 2026–27 fiscal year, by two-fifths;
    - iii) For the 2027–28 fiscal year, by three-fifths; and
    - iv) For the 2029–30 fiscal year, by four-fifths.
- 15) Requires, for each applicable fiscal year, a school district’s and charter school’s transition adjustment to be added to the school district’s or charter school’s LCFF amount and to be continuously appropriated.
- 16) States the intent of the Legislature to fully fund the LCFF, as revised by the act, commencing with the 2030–31 fiscal year.

**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 2024-25:
  - a) \$11,068 for grades K-3, which includes a 10.4% grade span adjustment for class size reduction;
  - b) \$10,177 for grades 4-6;

- c) \$10,478 for grades 7-8; and
  - d) \$12,460 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 (based on eligibility for free or reduced-price meals), an EL, or in foster care (“unduplicated pupils”).
- a) Defines eligible for “free or reduced-price meals” to mean determined to meet federal income eligibility criteria, either through completing an application for the federal National School Lunch Program (NSLP), or through an alternative household income data collection form, or deemed to be categorically eligible for free or reduced-price meals under the federal NSLP. (EC 42238.01(a))
  - b) Requires the alternative household income data collection form to contain, at a minimum, all of the following information:
    - i) Information sufficient to identify the pupil or pupils;
    - ii) Information sufficient to determine that the pupil or household meets federal eligibility criteria sufficient to qualify for either a free or reduced price meal under the Federal Richard B. Russell National School Lunch Act; and
    - iii) Certification that the information is true and correct by the pupil’s adult household member. (EC 42238.01(a)(5))
- 3) A concentration grant based on the number of unduplicated pupils in excess of 55%, times 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. (EC 42238.02)

**FISCAL EFFECT:** This bill has been keyed as a possible state-mandated local program by the Office of Legislative Counsel.

**COMMENTS:**

***Need for the bill.*** According to the author, “Education is the cornerstone of opportunity, yet California’s current school funding system has neglected its most vulnerable students, particularly those experiencing homelessness. AB 1204 addresses these inequities by designating homeless students as “unduplicated pupils” under the LCFF, unlocking essential resources for support services like transportation, counseling, and shelters.

AB 1204 empowers districts to better serve high-need populations. This legislation aligns funding with equity goals, ensuring that resources are directed to those who need them most, while supporting local educators in enhancing attendance and graduation rates. Ultimately, AB

1204 is a moral imperative that seeks to fulfill California’s promise of equity and excellence for every student.”

**Key provisions of the bill.** This bill seeks to change the LCFF in nine primary ways:

- 1) *Adds homeless youth to the definition of unduplicated pupils:* Adds students experiencing homelessness, as defined by the McKinney-Vento Homeless Assistance Act, as one of the targeted disadvantaged pupil populations (unduplicated pupils) used to determine eligibility for a supplemental or concentration grant.
- 2) *Double or triple counts some unduplicated pupils for purposes of calculating supplemental and concentration grants:*
  - Counted once: EL or FRPM
  - Counted twice if the pupil meets all of the following in each category:
    - EL and homeless;
    - EL and foster youth;
    - Foster youth and homeless;
    - FRPM and foster youth;
    - FRPM and homeless;
    - EL, FRPM, and homeless; or
    - EL, FRPM, and foster youth.
  - Counted three times if the pupil meets all of the following in each category:
    - FRPM, foster youth, and homeless;
    - EL, foster youth, and homeless; or
    - EL, FRPM, foster youth, and homeless.
- 3) *Establishes a minimum COLA:* This bill requires that the COLA provided to school districts and charter schools be the greater of either the LCFF statutory COLA or 4%.
- 4) *Establishes a regionally adjusted COLA:* Requires the CDE to develop a regional COLA in order to address regional cost differences in housing and labor, and to begin using it in the 2030–31 fiscal year.
- 5) *Increases supplemental grant eligibility:* Raises the supplemental grant to 35%, from the current rate of 20%, for each school district’s or charter school’s percentage of unduplicated pupils, starting in the 2030-31 fiscal year.

- 6) *Increases concentration grant eligibility:* Raises the supplemental grant to 65% for each school district’s or charter school’s percentage of unduplicated pupils in excess of 45%, from the current threshold of 55%, of the school district’s or charter school’s total enrollment starting in the 2030-31 fiscal year.
- 7) *Recommends changes to the grade span adjustments.* Requires the CDE, on or before January 1, 2028, to develop recommendations for adequacy adjustments to the grade span adjusted base grants in order to address the unique costs for each grade span and to account for the revisions to supplemental and concentration grants commencing with the 2030–31 fiscal year.
- 8) *Establishes a transition adjustment to new calculation of the LCFF.* Requires, for the 2025–26 to 2029–30 fiscal years, the SPI to compute and provide an annual LCFF transition adjustment for each school district and charter school. The transition adjustment will be calculated by taking the difference between what would normally be received under current law, and the amount that would be received under the new requirements. One-fifth of that difference will be added as a transition adjustment in the years leading up to full implementation in 2030-31.
- 9) *Intent for full implementation by the 2030-31 fiscal year.* States the intent of the Legislature to fully fund the LCFF, as revised by the act, commencing with the 2030–31 fiscal year.

***The Committee may wish to consider*** that the bill does not propose changes to the LCFF for county offices of education (COEs). COEs are also funded through the LCFF, but their formula calculations differ from school districts and charter schools in current law. ***The Committee may also wish to consider*** that some components of the bill begin with the 2025-26 school year, which may not provide a sufficient amount of time to effectively implement.

***Local Control Funding Formula.*** The LCFF was established in the 2013-14 fiscal year to provide a more equitable distribution of funding among school districts, charter schools, and COEs. The three main components of the LCFF for school districts and charter schools are the base, supplemental, and concentration grants. The amount of the base grant is different for four different grade spans and receives a statutory annual COLA. The following table shows the base grant amounts in 2013-14 and 2024-25 and the Governor's proposed amounts for 2025-26:

**Table 1: LCFF Base Grant Targets by Grade Span and Fiscal Year (Existing Law)**

Grade Span	2013-14	2024-25	2025-26 (Governor’s Proposal**)
K-3	\$6,845	\$11,068*	\$11,337*
4-6	\$6,947	\$10,177	\$10,424
7-8	\$7,154	\$10,478	\$10,733
9-12	\$8,289	\$12,460*	\$12,767*

***\*Note:*** Includes the class size reduction and college and career readiness adjustments.

***\*\*Note:*** Calculation based on the 2025-26 COLA estimate of 2.43%.

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 supplemental funding for each enrolled pupil who is either an EL, 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 portion (if any) of UPP that exceeds 55%, times 65%. Note that AB 130 (Chapter 44, Statutes of 2021) increased the concentration grant factor to 65%.

Funding targets for the LCFF were established that, when fully funded, would restore school district purchasing power to pre-recession levels. Full implementation of LCFF required additional funding allocations over a multi-year period and a transition formula to bridge the gap between prior funding levels and the new LCFF target levels. Prior to the targets being fully funded, available funding in excess of the amount needed for the COLA were added to the formula to gradually reduce the gap between the target and actual funding. The 2018–19 Budget Act fully funded the LCFF gap, bringing all LEAs to their LCFF target level.

***The LCFF has been in place for over a decade.*** This year marks the LCFF's eleventh year of implementation, although full funding for the formula began in 2018-19, and several years were impacted by the COVID-19 pandemic. The impact of the formula on California's public education has been well studied. As the tenth anniversary was recently celebrated, advocates and policymakers alike are keen to examine the extent to which the formula has improved the equity and efficiency of California's public education, and make changes accordingly.

Three primary themes for recommended changes to the LCFF have emerged from the last several years of study and analysis of the formula: 1) remove barriers to equity by strengthening transparency, engagement and accountability, 2) make modifications to the thresholds for the supplemental and concentration grants, and 3) address rising costs that defray the impact of new dollars.

*Theme 1 – Remove barriers to equity by strengthening transparency, engagement and accountability.* When created, the creators of the LCFF envisioned a public education system with robust community engagement and increased stakeholder input. In addition to an infusion of new funds into the K-12 public education funding model, the LCFF also made significant changes to the accountability system. California established eight state priorities for student achievement and outcomes, and the Local Control and Accountability Plan (LCAP) is a three-year LEA-level plan that describes the goals, actions, services, and expenditures to support positive student outcomes that address those priorities. The California Schools Dashboard (Dashboard) is a visual representation of school and LEA progress towards meeting those priorities. Finally, the state established the three tiers of the System of Support to provide

resources and technical assistance to all LEAs, with an emphasis on those not making progress on the state priorities.

Numerous stakeholders at the state and local level have expressed concern over many LEAs' challenges to meaningfully engage with students, parents, and community members and to make changes to local practices based on public input, particularly as it relates to the use of funds from supplemental and concentration grants. According to a 2021 report by Policy Analysis for California Education (PACE), *What's Next for the Local Control Funding Formula*, policymakers must ensure that LCFF supplemental and concentration grants are appropriately used to support a district's high-need student groups, improve stakeholder access to clear fiscal data, and invest in programs that will improve meaningful stakeholder engagement. Several analyses of the LCFF, including a 2020 report from the State Auditor, and 2021 report from the Public Policy Institute of California (PPIC), *Targeted K-12 Funding and Student Outcomes: Evaluating the Local Control Funding Formula*, found that funding for unduplicated pupils, provided by supplemental and concentration grants, were not consistently used for the intended pupil populations. Barriers to equity remain, including the persistent challenge of the inequitable distribution of effective teachers across and within school districts, and the siloed funding for students with disabilities.

Several legislative proposals to improve transparency and address concerns related to supplemental and concentration grant fund spending were not ultimately chaptered, however, some of their provisions were enacted through the state budget.

AB 1835 (Weber) of the 2019-20 Session would have required that carryover supplemental and concentration grant funds continue to be expended to increase and improve services for unduplicated pupils in future years, rather than reverting to the LEA's general fund. Governor Newsom vetoed AB 1835, stating:

I deeply support the underlying goal of this bill - to ensure that unspent LCFF supplemental and concentration grant funds are expended on services for our most vulnerable students - and I applaud Dr. Weber for her continued leadership. However, I believe there are some fundamental flaws with the bill, and I am concerned that it cannot be implemented in a manner that is smooth or timely.

There is a simpler solution that allows us to address the objectives of AB 1835 much sooner and with more transparency. Therefore, I am directing the Department of Finance to propose language for your consideration as part of my budget in January.

As written, AB 1835 would necessitate that the State Board of Education (SBE) initiate a lengthy rulemaking process to amend the LCFF spending regulations to add definitions and make other necessary changes to clarify the requirements of the bill. This process would likely delay implementation for two school years. This bill would also impose new and unnecessary procedural requirements on schools that are and will be managing unprecedented challenges related to COVID-19.

We all share the same goal, and it is critical that we act quickly to ensure that funding meant to support our state's most vulnerable students is used for that purpose. I look forward to working with Dr. Weber and the Legislature to implement this requirement in next year's budget.”



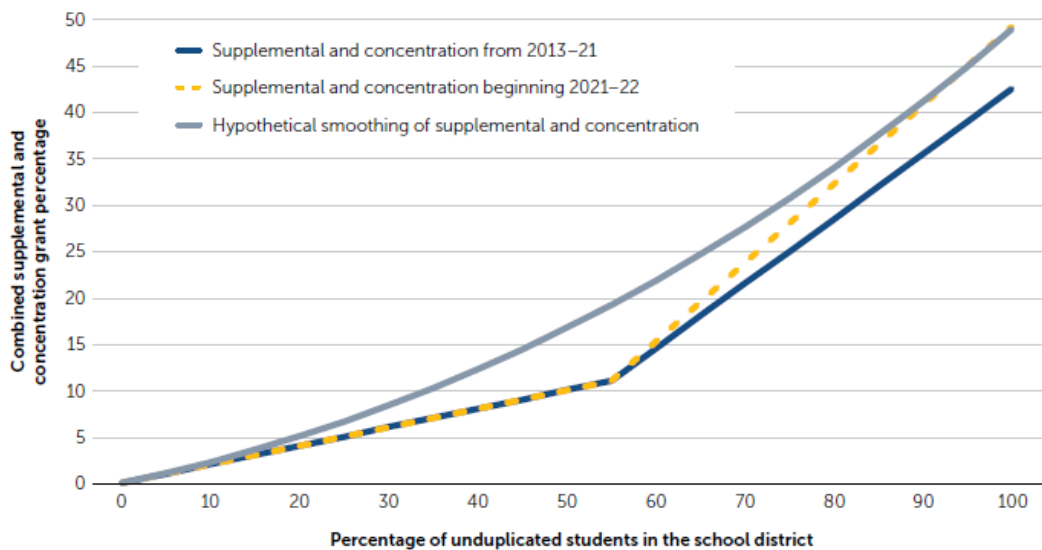
Accordingly, the Newsom Administration proposed its own language, which was adopted in AB 130 (Committee on Budget), Chapter 44, Statutes of 2021. AB 130 added additional oversight by COEs on actions that satisfy the Minimum Proportionality Percentage (MPP) for LCAPs that propose to expend less on actions to increase or improve services than their LCFF apportionment attributable to supplemental and concentration grant funds. AB 130 also required a specific justification in the LCAP of how services are improved, and that dollars associated with unimplemented actions that are counted toward meeting the MPP be used for actions that meet the needs of ELs, students eligible for free- or reduced-price meals, and foster youth in future years.

Previously, AB 1840 (Committee on Budget, Chapter 426, Statutes of 2018) required more fiscal transparency in LCAPs. Specifically, AB 1840 required the SBE to replace the existing expenditure tables within the “Goals, Actions and Services” section of the LCAP with a new summary table of planned expenditures for all actions for each goal included in the LCAP, broken out by fund source (LCFF, other state, local, and federal). It also required the total overall expenditures to be broken out by personnel and non-personnel expenditures.

Further, the SBE was required to include a summary table within the “Demonstration of Increased or Improved Services” section of the LCAP that includes a summary of the actions and planned expenditures to increase or improve services for ELs, students eligible for free-and reduced-price meals and foster youth students, and required the planned expenditures to be grouped by expenditures provided to students on a districtwide, countywide or charterwide basis, expenditures targeted to one or more student subgroups, and expenditures targeted at specific school sites. The SBE adopted a revised template in January 2020, to implement these requirements. Since 2020, the LCAP template has been further updated to reflect additional changes in state law designed to increase the accountability of LCFF funding and transparency of student outcomes.

*Theme 2 – Modify the thresholds for supplemental and concentration grants.* According to the 2021 report from the PPIC, “Districts with the highest shares of high-needs students have seen the largest benefits from the LCFF—both in terms of spending and student outcome improvement...[however] targeting additional funding increases to high-need students across a broader set of districts would further improve the formula’s ability to address gaps inequities in student outcomes, as California’s high-need students are located across a variety of districts and local contexts.” PACE’s 2021 report recommendation to revisit and redefine the funding formula contends that the concentration grant point is arbitrary, and supplemental and concentration grants may not be strong enough. Because “concentration grants are only available to districts serving 55% or more unduplicated students, the result is different funding levels for districts of otherwise similar need levels just above or below the 55% threshold” (a discontinuity further expanded by the Budget Act of 2021 that raised the concentration grant weight from 55% to 65%), as shown in Figure 1. The PACE report suggests combining the supplemental and concentration grants into a single grant in order to create a smoother relationship between a districts unduplicated population and its LCFF funding.

**Figure 1: LCFF Supplemental and Concentration Grant Funding as a Percentage of LCFF Funding**



Source: PACE

The 2025 LPI report, *California’s LCFF: Next Steps Toward Equity*, suggests, “California could use duplicated student counts to determine school districts’ supplemental grants, which would target increases in supplemental grant funding to school districts that enroll students who face multiple challenges and better align California with the majority of states that provide this type of additive funding to address the distinct needs of different student groups.” Authors of the report raise similar points as it relates to increasing funding for school districts not currently eligible for concentration grants.

Several analyses also contemplated the recognition of foster and homeless youth as unduplicated groups in the LCFF: foster youth are currently included in the unduplicated pupil percentage when calculating eligibility for a supplemental or concentration grant, but they do not automatically generate additional funding because they are already considered eligible for free meals. In the current formula, homeless youth are eligible for free meals but are not explicitly recognized by the formula. The 2025 LPI report suggests that other student groups who require additional resources may include students experiencing homelessness, newcomer and migrant students, and students with special education needs.

*Theme 3 – Address rising costs that defray the impact of new dollars.* Rising costs in other areas, including healthcare and benefits, pensions, and special education, lessen the impact of any increases to the LCFF. As funding increased for LEAs across the state during LCFF implementation, spending on teacher salaries increased significantly in districts of all levels of need, but only by slightly more in the highest-need districts. Higher-need districts increased spending on salaries for pupil services and other support staff besides teachers and administrators (e.g., nurses, counselors, teachers’ aides) more than lower needs districts. According to a 2020 analysis by Lee and Fuller, *Does Progressive Finance Alter School Organizations and Raise Achievement? The Case of Los Angeles*, the impact of the increased funding from the LCFF, in 2015-16 equaling nearly one-fifth of the Los Angeles Unified School District’s operating budget, was, “in part allocated to high schools serving large shares of disadvantaged students (United

Way, 2018). But another significant slice went to cover pension liabilities, rising health care costs, and purposes distant from the classroom.” The largest spending increase was in the category of staff benefits, due largely to recent requirements that more than doubled district’s required contribution to employee pension plans. According to the PPIC, mounting cost pressures may affect school districts’ ability to translate greater funding into improved resources and services for students. PACE recommends that long standing categorical and grant add-on programs, such as Minimum State Aid, be phased out in order for those funds to be redistributed, as well as grant greater spending flexibility at the local level.

***Impact of the LCFF on student achievement.*** The LCFF changed the way resources were distributed to LEAs, but the most critical outcome measurements are related to changes in student achievement. According to a 2021 PPIC report, *Targeted K–12 Funding and Student Outcomes: Evaluating the Local Control Funding Formula*, “Test scores have seen modest improvements, and in particular, improvements have been much greater in the state’s highest-need districts. These trends over the past five years on Smarter Balanced Assessment Consortium (SBAC) suggest that additional LCFF funding leads to higher test scores; but a more definitive statement about cause and effect requires an empirical design that can account for other changes unrelated to the funding change.”

Low-income and non-low-income students meeting or exceeding grade-level standards saw modest increases for both groups, but larger ones among low-income students. In 2014–15, the first year SBAC was administered, only 31% of low-income students met or exceeded standards in ELA, compared to 64% of non-low-income students. For math, the gap was similar but the share meeting standards was even lower: only 21% of low-income students, and 53% of non-low-income students. By 2019–20, the share of low-income students meeting or exceeding standards increased by 8 percentage points in ELA and 6.5 percentage points in math. Non-low-income students also saw progress, but at a slower rate: a 5.5 percentage point increase in ELA and a 5.9 percentage point increase in math. This implies the gap in proficiency is narrowing between low-income and non-low-income students by nearly 8% in ELA (2.5 percentage points) and 2% in math (0.6 percentage points).

Research on the first few years of LCFF documented sizable increases in 11th-grade test scores and graduation rates from the funding increases under the formula. The share of California students graduating from high school has slowly increased in recent years, rising from 82.7% in 2016–17 to 84.3% in 2019–20. However, there are notable gaps in these rates by student income and race; in 2019–20, 81% of low-income students graduated high school, compared to 91% among non-low-income students. Related to A-G completion rates, the highest-need districts that received the largest funding increases under LCFF have seen steady improvement, closing the gap in A–G completion relative to non-concentration districts by 9 percentage points. By comparison, the effect for the high-need districts (55%–80%) was 5 percentage points nine years after LCFF was first implemented.

The 2023 Learning Policy Institute (LPI) report, *School Funding Effectiveness: Evidence From California’s Local Control Funding Formula*, stated that 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, and decreased suspensions and expulsions. Improvements in student outcomes have been more pronounced for cohorts exposed to funding increases for more of their school-age years.

***Where California ranks in per pupil funding.*** The publication, *EdWeek*, issues a semi-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. California’s figures are now likely higher, 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.*** Making changes to the LCFF 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.

***Arguments in support.*** The San Diego Unified School District writes, “The equity-driven design of the LCFF provides districts with flexible funding to address the unique needs of their student populations, while the Local Control and Accountability Plan (LCAP) ensures transparency, community engagement, and accountability. This structure allows districts to prioritize resources strategically to support programs that directly improve student outcomes.

Multiple research studies over the last several years highlight LCFF’s significant positive impact since it was enacted in 2013. A 2023 study by the Learning Policy Institute found that LCFF improved students’ math and reading achievement, reduced the probability of grade repetition, increased the likelihood of high school graduation and college readiness, and decreased suspensions and expulsions. However, while we celebrate the LCFF and its contributions towards closing achievement gaps, challenges of equity and adequacy persist that are not fully addressed in by the current funding formula.

The San Diego Unified School District serves a diverse population of over 95,000 students. Seventeen percent of our students are English Learners, 7% of our students are experiencing homelessness, 18% are students with disabilities, and 58% are socio-economically disadvantaged. In total, 60% of our students are counted as “unduplicated” (i.e. students who are English Learners, low-income, or in foster care) for the purposes of LCFF funding. However, these categories alone do not capture the complexity of our students’ needs, especially those facing compounding challenges.

Additionally, the high cost of living — particularly in housing, transportation, and other essentials — places enormous strain on our families, educators, and school operations. For example, the LCFF defines a family of four as “low income” if they earn less than \$57,720

annually. Yet in San Diego County, a family of four earning less than \$132,400 is considered “low income” by HUD standards. Consequently, many of our families who do not meet the income criteria to be counted as “low income” in the LCFF still have deep and urgent needs that require additional support. Current LCFF allocations do not account for these regional economic realities.”

***Recommended Committee Amendments.*** *Staff recommends that the bill be amended as follows:*

- Remove provisions related to duplicating and triplicating pupil groups for the calculation of the supplemental and concentration grants.
- Require a demonstration that additional apportionment received under this proposal are being used to support additional services for the targeted student group.
- Require the Legislative Analyst’s Office to conduct a study in order to examine the impact of the changes to the LCFF included in this bill on within and between geographic regions of the state.
- Require that all school districts and charter schools not receive less state aid than they received in 2024-25 under the current LCFF (calculated on a per-ADA basis), a.k.a. a “hold harmless” provision.

***Related legislation.*** AB 477 (Muratsuchi) of the 2025-26 Session establishes LCFF funding target levels for the 2036-37 fiscal year with the purpose of increasing school site employee salaries.

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

SB 98 (Portantino), Chapter 442, Statutes of 2024, requires the Legislative Analyst's Office (LAO), on or before January 1, 2026, to submit a report to the Legislature on the effects of changing the pupil count methodology of the LCFF from ADA to pupil enrollment.

AB 1948 (Ting) of the 2021-22 Session would have required, commencing with the 2022–23 fiscal year, numerous changes to the calculation of the LCFF including increasing the LCFF base grant by 15%; increasing the number of low income pupils who generate supplemental and concentration grant funding by raising the household income eligibility threshold from 185% of the federal poverty level to 250% of the federal poverty level and requiring schools to use a specified data collection form to acquire household income data; would have authorized, for apportionment purposes, a school district to use the average of the three most recent years' ADA; and would have added, for apportionment purposes, "a pupil experiencing homelessness" to the definition of "unduplicated pupil." This bill was held on the Assembly floor.

AB 1607 (Muratsuchi) of the 2021-22 Session would have required, commencing with the 2022-23 school year, any calculation of ADA for school districts, COEs 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. This bill was held in the Assembly Education Committee.

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 2774 (Akilah Weber) of the 2021-22 Session would have redefined, commencing with the 2023-24 fiscal year, the definition of “unduplicated pupils” in the LCFF to include pupils who are included in the lowest performing subgroup or subgroups, as defined, based on the most recently available mathematics or language arts results on the California Assessment of Student Performance and Progress. This bill was held on the Assembly floor.

SB 579 (Allen) of the 2021-22 Session would have required, for the 2021-22 fiscal year, the CDE to use the greater of the 2019-20 or 2021-22 fiscal year ADA for purposes of apportionment under the LCFF for school districts, COEs, and charter schools. For the 2022-23 fiscal year, the bill would have required the CDE to use the greater of the 2019-20, 2021-22, or 2022-23 fiscal year ADA for purposes of apportionment under the LCFF for school districts, COEs, and charter schools. This bill was held in the Assembly Education Committee.

SB 830 (Portantino) of the 2021-22 Session would have defined “average daily membership” (ADM) as the quotient of the enrollment days for pupils in a school district or COE divided by the total number of instructional days for the LEA. Commencing with the 2023-24 fiscal year, would have authorized a COE or school district to apply to the SPI for supplemental education funding based on the difference between what LEA would have received under the LCFF based on ADM and what the LEA received under the LCFF based on ADA for that fiscal year. Would have required LEAs to use at least 30% of their supplemental education funding to address chronic absenteeism and habitual truancy. This bill was held in the Assembly Education Committee.

SB 98 (Committee on Budget and Fiscal Review), Chapter 24, Statutes of 2020, and SB 820 (Committee on Budget and Fiscal Review), Chapter 110, Statutes of 2020, requires that school districts, COE, and continuing charter schools are funded on 2019-20 ADA, as specified.

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.

AB 575 (Shirley Weber) of the 2019-20 Session would have redefined, commencing with the 2019-20 fiscal year, the definition of “unduplicated pupils” in the LCFF to include pupils who are included in the lowest performing subgroup or subgroups, based on the most recently available mathematics or language arts results on the California Assessment of Student Performance and Progress. This bill was held in the Assembly Education Committee.

AB 1015 (Gipson) of the 2019-20 Session would have required, upon appropriation by the Legislature, the SPI to make an apportionment to LEAs that would equal the amounts apportioned in the supplemental grant provisions of the LCFF that are attributable to the number of enrolled reengaged opportunity youth, and would have required that the funds be used in a

program established for this student population. Would have defined an eligible youth to include a high school pupil formerly identified as a dropout, an expelled pupil, or a pupil who has not been enrolled for at least 90 days irrespective of designation, including a pupil identified as a transfer pupil who has not reenrolled in a public elementary or secondary school for at least 90 days and a pupil who has been involved with the justice system. This bill was held in the Assembly Education Committee.

AB 1225 (Carrillo) of the 2019-20 Session would have added pupils experiencing homelessness to the categories of unduplicated pupils for the LCFF. Would have required that pupils experiencing homelessness who are also classified as foster youth be double counted for purposes of the LCFF, including the supplemental and concentration grants. This bill was held in the Assembly Education Committee.

AB 2808 (Muratsuchi) of the 2017-18 Session would have expressed the intent of the Legislature to enact legislation providing that, beginning in the 2019–20 fiscal year, the state begin to provide increases to the LCFF to address the existing inequities in per-pupil funding and fund California K–12 public schools at a level that is equal to, or above, the average of the top 10 states nationally by 2025 and, at a minimum, to maintain this level of funding indefinitely. This bill was held on the Assembly floor.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

Public Advocates  
San Diego Unified School District

##### **Opposition**

None on file

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