

Date of Hearing: April 27, 2022

ASSEMBLY COMMITTEE ON EDUCATION  
Patrick O'Donnell, Chair  
AB 1948 (Ting) – As Amended April 19, 2022

**SUBJECT:** Education finance: local control funding formula: low-income pupils: pupils experiencing homelessness

**SUMMARY:** Requires, commencing with the 2022–23 fiscal year, numerous changes to the calculation of the Local Control Funding Formula (LCFF). Specifically, **this bill:**

- 1) Defines the following terms:
  - a) “Low-income pupil” to mean pupils whose household income level is at or below 250% of the federal poverty level as adjusted annually, instead of “eligible for free-and reduced-price meals” which means 185% of federal poverty level as adjusted annually.
  - b) “Pupil experiencing homelessness” to mean a pupil who meets the definition of “homeless children and youths” in the federal McKinney-Vento Homeless Assistance Act.
  - c) “Unduplicated pupil” to mean a pupil who is classified as an English learner (EL), a low-income pupil, a pupil experiencing homelessness, and a foster youth.
- 2) Requires, for the 2022–23 fiscal year, the grade span adjusted base grant for a school district or charter school’s LCFF entitlement to be increased by 10%.
- 3) Requires, for the 2022–23 fiscal year to the 2029–30 fiscal year, inclusive, the Superintendent of Public Instruction (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 by substituting the following definitions:
    - i) “Low-income pupil,” as defined, to replace “eligible for free or reduced-price meals,” as defined;
    - ii) “Unduplicated pupil,” as defined, to be replaced by “unduplicated pupil” to mean a pupil enrolled in a school district or a charter school who is either classified as an EL, a low-income pupil, a pupil experiencing homelessness, or a foster youth, as defined. Requires a pupil to be counted only once for purposes of this calculation if the pupil is classified as only an EL or only a low-income pupil, or only both an EL and a low-income pupil. Requires a pupil to be counted twice for purposes of this calculation if the pupil is classified as a pupil experiencing homelessness or a foster youth, or both,

- or if in addition to being classified as a pupil experiencing homelessness or a foster youth, or both, the pupil is also classified as an EL or a low-income pupil, or both;
- c) Subtract the amount computed pursuant to i) above from the amount computed ii), above. Requires school districts and charter schools with a negative difference to be deemed to have a zero difference; and
  - d) Multiply the difference computed pursuant to c) by each of the following for the applicable fiscal year:
    - i) For the 2022–23 fiscal year, by one-eighth;
    - ii) For the 2023–24 fiscal year, by one-quarter;
    - iii) For the 2024–25 fiscal year, by three-eighths;
    - iv) For the 2025–26 fiscal year, by one-half;
    - v) For the 2026–27 fiscal year, by five-eighths;
    - vi) For the 2027–28 fiscal year, by three-quarters;
    - vii) For the 2029–30 fiscal year, by seven-eighths.
  - 4) Requires, for each applicable fiscal year, a school district’s and charter school’s transition adjustment, as calculated, to be added to the school district’s or charter school’s LCFF amount, and to be continuously appropriated.
  - 5) States the intent of the Legislature to fully transition the LCFF, as specified, 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 2021-22:
  - a) \$8,935 for grades K-3, which includes a 10.4% grade span adjustment for class size reduction;
  - b) \$8,215 for grades 4-6;
  - c) \$8,458 for grades 7-8; and
  - d) \$10,057 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:** Unknown

**COMMENTS:**

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

- 1) *Base grant increase:* Requires, for the 2022-23 school year, an increase to the grade span that the inflation adjustment to the base grant for a school district or charter school of 10%, commencing in the 2022–23 fiscal year.
- 2) *Adds homeless youth:* Adds pupils experiencing homelessness, as defined by the McKinney-Vento Homeless Assistance Act, as one of the targeted disadvantaged pupil populations used to determine eligibility for a supplemental or concentration grant.
- 3) *Redefines low-income:* Redefines low-income to mean a pupil whose household income level is at or below 250% of the federal poverty level as adjusted annually, instead of eligibility for free- or reduced-price meals, as one of the targeted disadvantaged pupil populations used to determine eligibility for a supplemental or concentration grant.
- 4) *Double counts homeless and foster youth:* Requires pupils who are only ELs or low-income pupils, or pupils who only fall within both of these categories, to be counted only once when

calculating a supplemental or concentration grant. Requires pupils who are pupils experiencing homelessness or foster youth, or both, or who are also ELs or low-income pupils, or both, to be counted twice when calculating a supplemental or concentration grant.

- 5) *Targets*: Establishes targets, over the next 8 years, to gradually increase to the supplemental and concentration grant apportionments.

**Need for the bill.** According to the author, “The Local Control Funding Formula (LCFF) is a primary source of funding for school districts and charter schools, adopted to reflect the costs to meet student education needs. Unfortunately, the LCFF does not account for unhoused youth, which has risen nearly 50% in the last decade, according to UCLA’s Center for the Transformation of Schools’ 2020 report. The achievement gaps among youth of color and from disadvantaged communities significantly affects student outcomes. In order to best meet students’ needs, California must re-examine the equity and adequacy of how the state funds school districts and charter schools. AB 1948 will change the way child poverty is measured and considers a revised LCFF unduplicated pupil definition in order to provide more funds to all our schools.”

**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 2021-22 and the Governor’s proposed amounts for 2022-23:

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

Grade Span	2013-14	2021-22	2022-23 (Governor’s Proposal**)
K-3	\$6,845	\$8,935*	\$9,410*
4-6	\$6,947	\$8,215	\$8,653
7-8	\$7,154	\$8,458	\$8,909
9-12	\$8,289	\$10,057*	\$10,592*

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

*\*\*Note: Calculation based on the 2022-23 COLA estimate of 5.33%.*

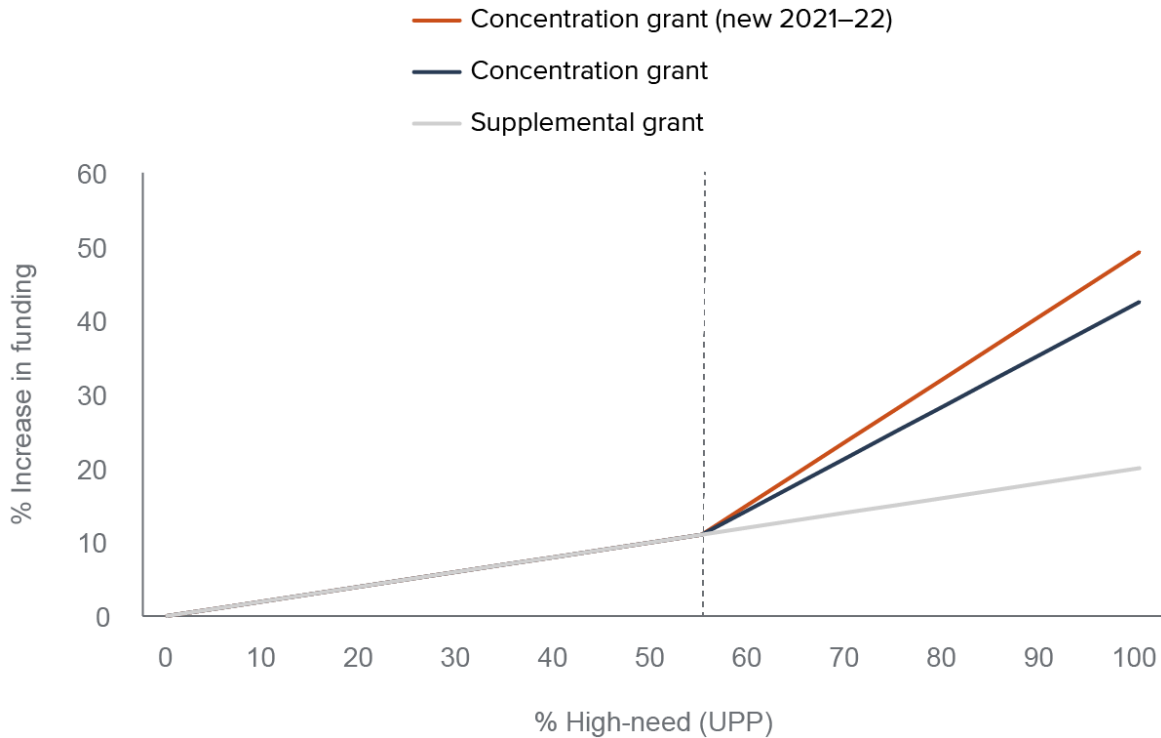
The base grant for each school district and charter school, including the grade span adjustment, is multiplied by units of ADA. For school districts, funded ADA is equal to the greater of current or prior year ADA.

In addition to the base grant, school districts and charter schools also receive funding for each enrolled pupil who is either an 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%, as demonstrated in Figure 1, below. Note that AB 130 (Chapter 44, Statutes of 2021) increased the concentration grant factor to 65%.

**Figure 1: LCFF Supplemental and Concentration Grants**



Source: PPIC, with data from the CDE.

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.

This bill increases the base grant amounts from the current levels as follows:

**Table 2: Impact AB 1948 on LCFF Base Grant**

Grade Span	2021-22	AB 1948	Change
K-3	\$9,410*	\$10,351*	\$941
4-6	\$8,653	\$9,518	\$865
7-8	\$8,909	\$9,800	\$891
9-12	\$10,592*	\$11,651*	\$1,059

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

***Low-income pupils.*** Under the LCFF, school districts and charter schools receive supplemental and concentration grant funding for each enrolled pupil who is either an EL, low-income, 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. Low-income is defined by a pupil’s eligibility for free or reduced-price meals as determined by meeting federal income eligibility criteria (130% of federal poverty level, and 185% of federal poverty level, respectively) either through completing an application for the federal 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.

The LCFF established the alternative household income form to collect the FRPM-eligibility status of students enrolled in schools that do not collect NSLP applications because they do not participate in NSLP, or because they operate an NSLP program under the Community Eligibility Provision (CEP) or Provision 2 or 3, which prohibits the collection of NSLP applications altogether or just in base-years.

This bill redefines low-income to mean a pupil whose household income level is at 250% of the federal poverty level, as adjusted annually. In 2022, this threshold for a California household of four is \$69,375. The proposed definition bifurcates household income from eligibility for the NSLP.

***Universal Free Meals Program and income verification.*** Prior to the COVID-19 pandemic, LEAs were only reimbursed by the U.S. Department of Agriculture (USDA) for feeding students who were enrolled in the NSLP. The USDA paid for school meals for all students through the 2021-22 school year as part of COVID-19 aid to states. The Budget Act of 2021 established the California Universal Free Meals Program, which will provide free breakfast and lunch to all students, regardless of income, commencing in the 2022-23 school year. California has committed to reimbursing LEAs for the additional cost of providing universal meals beyond the federal reimbursement for eligible students.

As the availability of universal free meals increased during the pandemic, many LEAs encountered significant challenges collecting eligibility forms (either the NSLP eligibility form or the alternative household income form) from families. Some of these challenges included families not being on school sites due to quarantines and social distancing policies, fear of the government, general disconnect from school communities, and a lack of incentive to complete the forms since free meals were available to all. Despite dedicated and creative efforts by school personnel, some LEAs anticipate they will not be able to verify the income of many households for both the NSLP and for providing a count of their low-income eligible pupils for determining the unduplicated pupil percentage (UPP) for the calculation of the LCFF supplemental and concentration grants.

AB 1948 proposes to remove the existing income verification requirement related to the identification of “eligible for free- and reduced-price meals “low-income pupils” for the purpose of calculating the UPP. ***The Committee may wish to consider*** that the verification of income is, now more than ever, critical to funding for the LCFF going to the appropriate local educational agency.

***Child poverty.*** Despite recent economic investments, California continues to have some of the highest child poverty rates in the nation. According to a 2017 Public Policy of California (PPIC)

report, *Geography of Child Poverty in California*, one-quarter of young children in California live in poverty. Regionally, child poverty ranges from around 20% in the Bay Area, Sacramento area, and Northern region to nearly 30% in the Central Coast and Los Angeles County. Statewide, Latino children and children with immigrant, young, or single parents are much more likely to be poor. According to a 2021 PPIC fact sheet, *Poverty in California*, poverty remains higher among children, seniors, Latinos, and less-educated adults. In 2019, adults 65 and older (18.0%) and children (17.6%) had higher rates of poverty than adults age 18–64 (15.6%). More than one in five (21.4%) Latinos lived in poverty, compared to 17.4% of African Americans, 14.5% of Asian Americans/Pacific Islanders, and 12.1% of whites.

***Approaching the 10<sup>th</sup> anniversary of the LCFF.*** This year marks the LCFF’s ninth year of implementation, although full funding for the formula began in 2018-19, and the last two 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 approaches, 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 revert 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 Local Control Funding Formula (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 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 that 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.

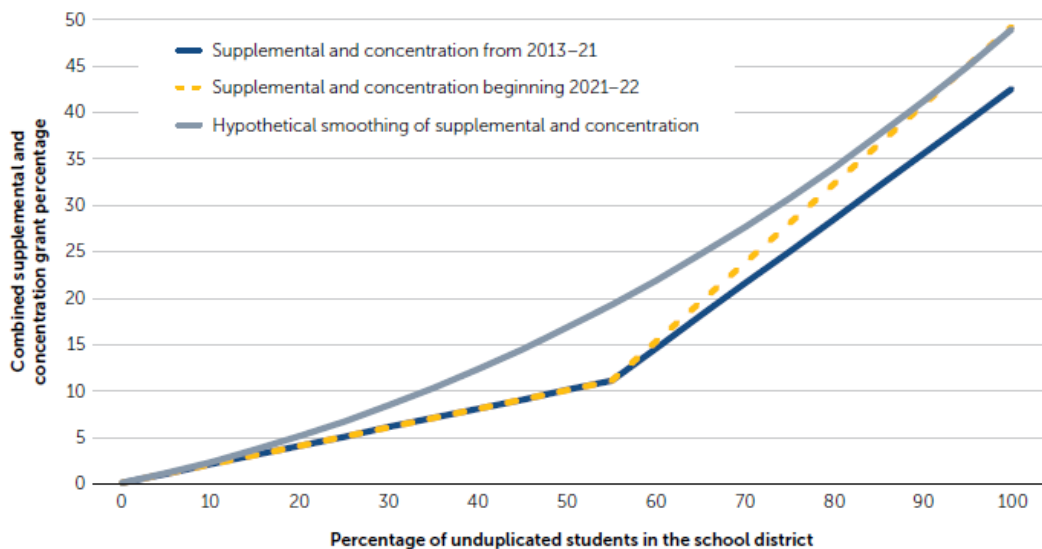
Previously, AB 1840 (Committee on Budget, Chapter 426, Statutes of 2018) required more fiscal transparency in LCAPs. Specifically, AB 1840 required the SBE to replace the existing expenditure tables within the "Goals, Actions and Services" section of the LCAP with a new summary table of planned expenditures 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.

*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 2. 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 2: LCFF Supplemental and Concentration Grant Funding as a Percentage of LCFF Funding**



Source: PACE

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.

*Theme 3 – Address rising costs that defray the impact of new dollars.* Rising costs in other areas, including healthcare and benefits, pensions, 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 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 large 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 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 percent in ELA (2.5 percentage points) and 2 percent 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.

***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 will rise, 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 targets were.

***COVID-19 impact on attendance and apportionment.*** In February of this year, the CDE released data related to the First Principal Apportionment (P-1) ADA in the current fiscal year. Attendance for apportionment was not collected for the 2020–21 fiscal year in response to the COVID-19 pandemic. Senate Bill (SB) 98 (Chapter 24, Statutes of 2020) and SB 820 (Chapter 110, Statutes of 2020) required that school districts, COEs, and continuing charter schools be funded on 2019–20 ADA, sometimes referred to as the “pandemic hold harmless.” Further, growing school districts and charter schools were authorized to request funding for growth, as specified.

The table below, “School District and Charter School ADA by Grade Level,” displays ADA prior to and during the COVID-19 pandemic. The statewide decline in ADA from 2019-20 to 2021-22 is 8.5%. P-1 ADA represents attendance for all full school months between the start of the school year and December 31, while Annual ADA (AN) represents attendance for the full school year.

Statewide ADA has declined since 2019-20 (the last prior year that ADA was reported for Principal Apportionment) for school districts, COEs and charter schools:

- School district ADA had a noticeable decline with 88% of school districts reporting lower ADA.
- Statewide COE ADA had the greatest rate of decline; 56 COEs reporting lower ADA with the greatest decline experienced in Alternative Education Grant ADA.
- Charter school ADA had the smallest statewide ADA decline of the three LEA types with 67% of charter schools reporting lower ADA.

Prior to the pandemic, charter school ADA was growing, while school district ADA was declining. The average ADA change between 2019-20 and 2021-22 is fairly consistent across school districts with 538 reporting ADA that is 5-15% lower than 2019-20 ADA.

ADA changes among charter schools vary significantly. There are 125 charter schools that had reported ADA increase of 30% or more between 2019-20 and 2021-22, including 62 classroom-based charter schools that received Senate Bill 820 growth funding in 2020-21 and 57 nonclassroom-based charter schools.

**Table 3: School District and Charter School ADA by Grade Level**

Fiscal Year	Grades TK/K-3	Grades 4-6	Grades 7-8	Grades 9-12
<b>2019-20 AN Reported ADA</b>	1,774,173	1,318,029	918,473	1,850,689
<b>2021-22 P-1 Reported ADA</b>	1,552,895	1,209,546	822,260	1,783,953
<b>2019-20 to 2021-22 Change</b>	(221,278)	(108,483)	(96,213)	(66,736)
<b>Percent Change</b>	-12.47%	-8.23%	-10.48%	-3.61%

Source: CDE

As both student enrollment and attendance decline across California, many LEAs will experience a corresponding decline in funding.

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

- For the 2022-23 school year, increase the grade span adjusted base grant for a school district or charter school’s LCFF entitlement by 15%.
- To address declining enrollment, add language that the fiscal year ADA for a school district be computed based on the greatest of current year ADA, prior year ADA, or the average of the three most recent prior fiscal years.
- Remove provisions related to establishing targets for supplemental and concentration grant apportionments.
- Remove provisions related to duplicating pupil groups for the calculation of the supplemental and concentration grants.

**Arguments in support.** Californians Together writes, “The achievement gaps among youth of color and from disadvantaged communities significantly affects student outcomes. Given the LCFF currently counts only one student characteristic, and uses a low poverty measure, the formula can mask severe poverty and impact the level of services provided to our most

vulnerable youth. This bill is a step in the right direction to provide the needed resources for our most vulnerable students.”

**Related legislation.** AB 1607 (Muratsuchi) of the 2021-22 Session would require, 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.

AB 1609 (Muratsuchi) of the 2021-22 Session would require, 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 increase the LCFF base grant amounts, as specified, commencing with the 2022-23 fiscal year.

AB 2774 (Akilah Weber) of the 2021-22 Session would redefine, 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.

SB 579 (Allen) of the 2021-22 Session would require, 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, would require 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.

SB 830 (Portantino) of the 2021-22 Session would define “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 authorize 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 require LEAs to use at least 30% of their supplemental education funding to address chronic absenteeism and habitual truancy.

Senate Bill (SB) 98 (Chapter 24, Statutes of 2020) and SB 820 (Chapter 110, Statutes of 2020) required 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.

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**

California Association for Bilingual Education (CABE)  
California Charter Schools Association  
Californians Together  
John Burton Advocates for Youth

**Opposition**

None on file

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