

Date of Hearing: June 27, 2018

ASSEMBLY COMMITTEE ON EDUCATION  
Patrick O'Donnell, Chair  
SB 1321 (Monning) – As Amended March 22, 2018

**SENATE VOTE:** 39-0

**SUBJECT:** School finance: necessary small schools

**SUMMARY:** Expands eligibility for the necessary small schools funding allowance to include specified schools in districts with average daily attendance (ADA) of up to 5,000. Specifically, **this bill:**

- 1) Expands eligibility for the necessary small schools funding allowance to include schools in districts with an Average Daily Attendance (ADA) of more than 2,500 and fewer than 5,001 if as many as 15 pupils residing in the school district and attending kindergarten and grades 1 to 8, inclusive, excluding pupils attending the seventh and eighth grades of a junior high school, in the elementary school with an ADA of less than 97 pupils would be required to travel more than 30 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.
- 2) Makes additional technical, nonsubstantive changes.

**EXISTING LAW:**

- 1) Defines a “necessary small school” as an elementary school with an ADA of less than 97 pupils, excluding pupils in grades seven and eight, in a school district to which any of the following applies:
  - a) If as many as five pupils in grades kindergarten to eight, excluding pupils attending a junior high school, in the elementary school with an ADA of less than 97 pupils would be required to travel more than 10 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.
  - b) If as many as 15 pupils in grades kindergarten to eight, excluding pupils attending a junior high school, in the elementary school with an ADA of less than 97 pupils would be required to travel more than five miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.
  - c) If topographical or other conditions exist in a school district that would impose unusual hardships if the number of miles specified above were required to be traveled, or if during the fiscal year the roads that would be traveled have been impassable for more than an average of two weeks per year for the preceding five years, the governing board of the school district may, on or before April 1, request the Superintendent, in writing, for an exemption from these requirements or for a reduction in the miles required. The request shall be accompanied by a statement of the conditions upon which the request is based, giving the information in a form required by the Superintendent of Public Instruction (SPI). The SPI shall

cause an investigation to be made, and shall either grant the request to the extent he or she deems necessary or deny the request.

- 2) Establishes a funding allowance for school districts with fewer than 2,501 units of average daily attendance (ADA) for each necessary small school. The funding allowance is based on a combination of ADA and the number of full-time teachers for the elementary schools and is in lieu of the per-pupil base grant amount that the school would otherwise generate from the Local Control Funding Formula.

**FISCAL EFFECT:** According to the Senate Appropriations Committee: "This bill could result in additional Proposition 98 General Fund costs in the low hundreds of thousands of dollars each year for increased funding provided to the Atascadero Unified School District for a necessary small schools funding allowance. Depending on whether other school districts meet the bill's eligibility requirements, this amount could be higher."

**COMMENTS:**

*Reason for the bill.* According to the author:

"The existing eligibility requirements for the NSS [Necessary Small School] grant mandate that a school fall within specified distance requirements, and additionally limits grant-eligibility to schools residing in districts with less than 2,500 ADA.

The statute additionally allows for a district to apply for a waiver from these eligibility requirements through the SPI. However, because the language defining the waiver process is vague and focuses primarily on distances to the school, it is unclear if a district can seek a waiver from the SPI for the ADA requirement.

Atascadero Unified School District (AUSD) is an example of a school district that has a large and urban geographic center which results in a student population over 2,500 ADA but its district boundaries cover a large swath of rural San Luis Obispo County.

AUSD provides education to the rural Carissa Plains Elementary School, which is more than 50 miles away from the nearest large city in the school district. AUSD and Carissa Plains should, by all accounts, qualify for a waiver from the eligibility requirements of the NSS grant due to its unique topographical circumstances, but because of the vagueness of the waiver language it is unclear if AUSD would qualify."

***Necessary Small School Funding and Eligibility.*** The funding calculations for necessary small schools under the Local Control Funding Formula (LCFF) are similar to calculations under previously existing law, with school districts having the option of selecting either the necessary small school funding or the LCFF base grant, whichever generates more funding. As demonstrated by the tables below, comparing the necessary small school allowances to the LCFF base grants in 2017-18 results in most elementary schools receiving more total funding from the LCFF base grant, with limited exceptions.

The necessary small elementary school funding targets for 2017-18 are:

Number of Teacher(s)	Avg. Daily Attendance	2017-18 Funding
1	1 to 24	\$153,050
2	25 to 48	\$306,100
3	49 to 72	\$459,150
4	73 to 96	\$612,200

The Local Control Funding Formula (LCFF) elementary school base grant targets for 2017-18 are:

Grade Span	2017-18 Funding (per-pupil)
Kindergarten to Grade 3	\$7,942
Grade 4 to Grade 6	\$7,301
Kindergarten to Grade 6 (avg.)	\$7,622

***No Immediate Funding Advantage for Atascadero Unified.*** As the author states, Atascadero Unified School District (AUSD) is an example of a school district that covers a large and rural area, but has an average daily attendance that exceeds 2,500. Therefore, even though Carissa Plains Elementary appears to be a school that is both necessary and small—the school serves 23 students that travel 6 miles on average, but would otherwise travel 32 miles on average to the next closest public school—the school does not generate the necessary small school funding allowance because AUSD exceeds the 2,500 student cap.

However, even if the necessary small school funding allowance was applied to AUSD for the 23 students attending Carissa Plains Elementary, the district would not receive any additional funding. This is because in 2017-18, AUSD's LCFF base grant for these 23 students totals about \$175,000, whereas the necessary small school funding allowance would only provide \$153,050. The necessary small school funding allowance would only increase AUSD's revenues if enrollment at Carissa Plains Elementary increased by two or more students (and one additional full-time teacher was hired). For example, if Carissa Plains elementary's enrollment was 25 students, their LCFF base grant would total about \$190,000 and their necessary small school funding allowance would total \$306,100. Even for this example, however, the additional \$116,100 of revenue from the necessary small school funding allowance would be offset by the additional cost for AUSD to hire an additional full-time teacher.

Even though this bill would not result in an immediate increase in funding, AUSD states that qualifying for the necessary small school funding allowance means the district "will have a floor of NSS funding to protect them if their ADA continues to drop."

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Atascadero Unified School District  
San Luis Obispo County Office of Education

**Opposition**

None received

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