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Examining the Reach of California's Targeted School Funding.

Key Takeaways

Now entering its second decade, the Local Control Funding Formula (LCFF) fundamentally shifted school finance in California. Under LCFF, the robust state revenue growth of the past decade led to even greater increases for the state's highest-need districts. LCFF also brought about more flexible funding—along with concerns about whether additional funding is reaching the high-need students and schools for which it was intended. In this report, we provide comprehensive new evidence on the targeting and efficacy of LCFF funding for high-need students.

- **Spending on concentration grants improved test scores in high-need districts.** Concentration grants add funding above the LCFF base grant to districts with higher shares of high-need (English Learner, low-income, and/or foster youth) students. For these districts, the additional funding led to higher math and ELA scores, with the largest impact among 11th graders, who have had the longest exposure to increased LCFF funding. →
- **Local Control and Accountability Plans (LCAPs) show incomplete targeting of funds to high-need students.** Nearly 60 percent of districts in 2021-22 reported plans to spend less on high-need students than the additional funding they received for high-need students. The extent of targeting varies widely across districts, and gaps between spending on high-need students and the additional funding intended for them tend to be greater in higher-need districts. →
- **Districts spend funds more evenly across schools than schools generate funds.** Schools with more high-need students generate more funding, but most districts do not spend these additional dollars in the same proportion. In 2020-21, spending at high-need schools was 75 cents higher per dollar of extra funding, compared to roughly 45 cents on the dollar in the two prior school years. However, districts vary in this proportion, with nearly 80 percent of concentration districts spending dollars more evenly across schools than LCFF would imply if districts allocated additional funding in proportion to a school's high-need share. →

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