

May 17, 2012

May Revision Weighted Student Formula Proposal

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:

Senate Budget and Fiscal Review Subcommittee No. 1 on Education

Hon. Carol Liu, Chair





Notable Changes to Weighted Student Formula (WSF) Proposal

Overview of Revisions to Governor's Weighted Student Formula (WSF) Proposal		
Formula Component	January	May
Amount of base grant	<ul style="list-style-type: none"> • \$4,920 	<ul style="list-style-type: none"> • \$5,421 (average across grades)
Grade span adjustments	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • K-3: \$5,466 • 4-6: \$4,934 • 7-8: \$5,081 • 9-12: \$5,887
Supplemental funding for disadvantaged students	<ul style="list-style-type: none"> • 37 percent of base grant. • No spending requirements. 	<ul style="list-style-type: none"> • 20 percent of base grant. • Requirement that districts spend supplemental funding to provide services for disadvantaged students.
Treatment of existing categorical programs	<ul style="list-style-type: none"> • Excludes Home-to-School Transportation (HTS) from WSF, provides funding only in 2012-13. • Eliminates existing spending requirements from seven additional programs. • Incorporates all currently flexed programs plus seven additional programs into new formula. 	<ul style="list-style-type: none"> • Also excludes Targeted Instructional Improvement Grant (TIIG) from WSF. • Locks in existing HTS and TIIG district-level allocations, provides as permanent "add-ons" separate from WSF with no spending requirements. • Maintains January approach for other programs.
Phase-in period	<ul style="list-style-type: none"> • Six years (5 percent via new formula in 2012-13, full implementation in 2017-18). 	<ul style="list-style-type: none"> • Seven years (5 percent via new formula in 2012-13, full implementation in 2018-19).
Implementation of new formula contingent upon:	<ul style="list-style-type: none"> • No contingencies. 	<ul style="list-style-type: none"> • Passage of Governor's tax initiative in November 2012. • Adoption of legislation in 2013-14 to revise the state's K-12 accountability system. • Annual increases in Proposition 98 funding above predetermined growth levels. • Full restoration of existing revenue limit deficit factor (by 2017-18).
Priorities for future growth in Proposition 98 funds	<ul style="list-style-type: none"> • First priority: Retiring deferrals. • Second priority: Increasing the WSF base grant. 	<ul style="list-style-type: none"> • Half for retiring deferrals. • Half for making comparable increases to both base revenue limits and the WSF base grant.



Recommend Legislature Adopt Some Version of Governor's Proposal



Most of Governor's Proposed Modifications Reasonable

- Persuasive rationale for making revisions to base grant amount and supplemental weight, as well as adding grade span adjustments.
- Spending requirements for supplemental grants would help ensure disadvantaged students receive needed services.
- Extending phase-in period and adopting contingencies is reasonable given districts' budgetary uncertainty.



Recommend Against Excluding Two Large Programs From WSF

- Excluding Home-To-School Transportation and Targeted Instructional Improvement Grant counteracts the goals of moving towards a more equitable, rational system. Existing funding formulas are antiquated, and locking in allocations further delinks funding from future needs.



Block Grants Remain an Alternative Option

- In lieu of a WSF—under which funds typically are general purpose in nature—the state could restructure K-12 funding into a few thematic block grants with broad programmatic objectives and spending requirements.



Continue to Recommend Initiating Reform Now

- Long criticized for being overly complex and inefficient, recent changes have rendered the existing system even more irrational and inequitable. Now is the time to begin laying the groundwork for a new K-12 funding system.