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# Key Decisions in Restructuring the K-12 Finance System

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LEGISLATIVE ANALYST'S OFFICE

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On Education  
Hon. Marty Block, Chair





## Basic Design Decisions

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- Decide Basic Finance Structure**
  - Weighted student formula.
  - Block grants.
  
- Establish Base Rates**
  - Target base rate.
  - Grade-span adjustments.
  
- Set Supplemental Rates for Certain Student Groups**
  - Targeted student groups.
  - Identification measures.
  - Time limits.
  - Rates.
  
- Determine Concentration Funding**
  - District or school-based funding.
  - Concentration thresholds.
  - Charter school issues.



## Other Funding Decisions

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### **Decide How to Fund Special Activities**

- Class size reduction.
- Career technical education.
- Transportation.
- Facility maintenance.

### **Decide How to Address Special Characteristics**

- Necessary small schools.
- Basic aid districts.
- Regional differences.



## Additional Considerations

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- Establish Spending Requirements**
  - District spending plans.
  - Supplemental funds for supplemental services.
  - List of allowable activities.
  - Link to performance.
  
- Devise Way to Monitor Whether Requirements Are Being Met**
  - Plans, expenditures, and/or outcomes.
  - District or school-based.
  - Oversight entity.
  - Consequences.
  
- Build Transition Plan**
  - Trade-offs with other K-12 funding priorities.
  - Hold harmless provisions.
  - Allocation priorities.
  - Implementation timeline.



## Design Decisions Affect Overall Funding Levels for Individual Districts

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### **Governor's Proposal Would Change Overall Funding Levels**

- Current system benefits certain districts based on historical factors.
- Governor's proposal would benefit districts with high proportions of English learner and low-income students.



### **Changing Design Components Would Change Overall Funding Levels**

- Increasing the base rates.
- Decreasing supplemental rates.
- Raising concentration thresholds.
- Including more special activities.
- Adjusting phase-in period.