

Local Control Funding Formula



Legislative Analyst's Office

Strengths of Governor's Proposal

- **Is Simple and Transparent**
- **Links Funding to Costs**
- **Sets Reasonable Base Rates**
- **Sets Reasonable Supplemental Rates for English Learners/Low-Income (EL/LI) Students**

Strengths

(Continued)

- **Funds Similar Students Similarly**
- **Progresses Toward Uniform Rates**
- **Provides Flexibility in Addressing Local Priorities**
- **Places Emphasis on Students, Not on Complying With Spending Rules**

Concerns With Governor's Proposal

- **Excludes Two of the Largest, Most Outdated Categorical Programs**
- **Has Unnecessary K-3 and High School Supplements**
- **Has No “Supplement, Not Supplant” Provision**
- **Spreads Concentration Funding Too Thinly**

Concerns

(Continued)

- **Maintains Historical Advantages for Basic Aid Districts**
- **Does Not Protect Investments in Facilities**

LAO Recommendations

- **Include TIIG and HTS Transportation in New Formula**
- **Reject K-3 and High School Supplements**
- **Require EL/LI Funds Be Used for Supplemental Services**
- **Provide Concentration Funds to Districts With Highest EL/LI Concentrations**

LAO Recommendations *(Continued)*

- **Minimize Historical Advantages for Basic Aid Districts**
- **Retain Basic Requirements to Maintain Facilities**

Options for Change

- **Governor's Formula**
- **Revised Formula**
- **A Few Block Grants**

Inaction Is Poor Option

- **Existing System Is Widely Recognized as Overly Complex, Irrational, Inefficient, and Highly Centralized**
- **Resurrecting 40 Categorical Programs Now Flexed Likely Untenable**

Other Considerations

- **Timing Could Be As Good As It Gets**
- **Not Fixing Everything Isn't Good Reason Not to Fix Anything**
- **Realistically, Refinements Will Be Needed As New System Rolled Out**