



## K-12 Local Control Funding

*The State's Approach Has Not Ensured That Significant Funding Is Benefiting Students as Intended to Close Achievement Gaps*

### **Background**

With nearly six million students in the K-12 grade levels in public schools, the State provides billions of dollars each year to local educational agencies: county offices of education, school districts, and charter schools. In fiscal year 2013–14, the State began funding K-12 education in part through the Local Control Funding Formula (LCFF) to provide more local control over the spending of state funding and to improve educational outcomes among certain groups. In addition to base funding that districts can use for any local educational purpose, LCFF also provides districts supplemental and concentration funds based on the proportions of students they serve who are English learners, youth in foster care, and those from households with low incomes (intended student groups). We reviewed the effectiveness of this funding approach at three unified school districts in Clovis, Oakland, and San Diego.

### **Key Findings**

- The State's approach to LCFF has not ensured that supplemental and concentration funds are benefiting students as intended and closing achievement gaps. Although oversight responsibilities fall almost entirely on local entities, the State lacks adequate information to assess the impact supplemental and concentration funds have on the outcomes of intended student groups.
  - » The State does not require districts to spend all those funds on the intended student groups or track how they spend those funds.
  - » Districts can treat any unspent supplemental and concentration funds in a given year as base funds in the following year and therefore can use those funds for general purposes that do not directly serve intended student groups.
- Because the State deferred full implementation of the supplemental and concentration funding formulas, the three districts we reviewed identified approximately \$320.6 million since fiscal year 2013–14 as being part of their base funds rather than supplemental and concentration funds.
- Even when districts reported how they planned to use funds to benefit intended student groups in their local control and accountability plans, it was unclear how a district would demonstrate that it increased or improved services for those students.

### **Our Key Recommendations**

To ensure that intended student groups benefit from the supplemental and concentration funds, the Legislature should amend state law to:

- Require districts and other local educational agencies to identify those unspent funds by annually reconciling and reporting on estimated and actual spending.
- Specify that such unspent funds retain their designation and are used to increase and improve services for intended student groups, and report the amounts of unspent funds in their accountability plans.

Further, the Legislature should require the State to develop a tracking mechanism for districts and other local educational agencies to report the types of services on which they spend their supplemental and concentration funds.