
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair
2021 - 2022 Regular

Bill No:	AB 2774	Hearing Date:	June 30, 2022
Author:	Akilah Weber		
Version:	February 18, 2022		
Urgency:	No	Fiscal:	Yes
Consultant:	Ian Johnson		

Subject: Education finance: local control funding formula: supplemental grants: lowest performing pupil subgroup or subgroups

SUMMARY

This bill expands the definition of "unduplicated pupil" for Local Control Funding Formula (LCFF) purposes by adding a pupil who is classified as a member of the lowest performing subgroup or subgroups, as defined, commencing with the 2023-24 fiscal year.

BACKGROUND

In 2013, the LCFF was enacted. The LCFF establishes per-pupil funding targets, with adjustments for different student grade levels, and includes supplemental funding for local educational agencies (LEAs) serving unduplicated pupils—students who are low-income, English learners, or foster youth. The LCFF replaced almost all sources of state funding for LEAs, including most categorical programs, with general purpose funding including few spending restrictions.

The largest component of the LCFF is a base grant generated by each student. Current law establishes base grant target amounts for the 2013-14 fiscal year, which are increased each year by the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States.

The base grant target rates for each grade span for the 2021-22 fiscal year are as follows:

- 1) \$8,935 for grades K-3 (includes a 10.4 percent adjustment for class size reduction);
- 2) \$8,215 for grades 4-6;
- 3) \$8,458 for grades 7-8;
- 4) \$10,057 for grades 9-12 (includes a 2.6 percent adjustment for career technical education).

For each unduplicated pupil, a district receives a supplemental grant equal to 20 percent of its adjusted base grant. A district serving a student population with more than 55 percent of unduplicated pupils receives concentration grant funding equal to 50

percent of the adjusted base grant for each unduplicated pupil above the 55 percent threshold.

ANALYSIS

This bill:

- 1) Requires, for school districts, charter schools, and county offices of education (COEs), the LCFF definition of "unduplicated pupil" to include a pupil who is classified as a member of the lowest performing subgroup or subgroups.
- 2) Requires the Superintendent of Public Instruction (SPI) to annually identify the lowest performing subgroup or subgroups based on the most recently available mathematics or English language arts results on the California Assessment of Student Performance and Progress (CAASPP).
- 3) Excludes the following subgroups from being identified pursuant to this calculation:
 - a) A subgroup already identified for LCFF supplemental funding (English learners, low-income pupils, and foster youth); and
 - b) Any subgroup specifically receiving supplemental funding on a per-pupil basis through state or federal resources received from a source other than LCFF (pupils with disabilities).
- 4) Provides that a subgroup identified in the 2023–24 fiscal year as a lowest performing subgroup shall continue to receive supplemental funding until its performance meets or exceeds the highest performing subgroup of pupils in the state.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “2019 statewide testing data shows that African American students are the lowest performing subgroup with 67% not meeting English Language Arts Standards and 79% not meeting Math Standards. The achievement gap for African American students is pervasive whether they are low-income or not. Low-income White students outperform non-low income Black students in math and science.

“80,000 African American students, or just over a quarter are not receiving additional supplemental funding or accountability through the LCFF. Unfunded African American students are the only subgroup performing below the statewide average on ELA and Math that is not already receiving an LCFF supplement. That is to say that while the entirety of the current subgroups in the unduplicated pupil count receives supplemental funding, only a portion of the lowest-performing subgroup realizes this benefit.

“A recent UC Berkeley study found that ‘schools in districts receiving concentration grants during the initial two years of Local Control Funding did

engage in organizational change that parallels gains in pupil achievement, compared with schools in almost identical districts not receiving concentration grants. These benefits were largely experienced by Latino students and not by other groups at significant levels.’ (Lee & Fuller 2017, 2) The authors also note that their ‘inability to detect gains for Black students is worrisome.’ (Lee & Fuller 2017, 24) These early findings suggest that while LCFF supplements may be improving outcomes for Latino students, as intended, a notable gap remains for African American students.

“AB 2774 would create a new supplemental grant category in the LCFF to include the lowest performing subgroup of students statewide (currently African American students) that is not already receiving supplemental state or federal funding. This would ensure that every student in the lowest-performing subgroup as defined in AB 2774, is generating additional supplemental funding to provide resources to increase their academic performance. AB 2774 would additionally ensure that local educational agencies (LEAs) including county offices of education, school districts, and charter schools are held accountable to provide additional services and improve academic performance for these students through their Local Control Accountability Plan where the LEA will describe how they plan to assist these high needs students in order to elevate their performance.”

- 2) ***What does this bill do?*** This bill adds a pupil who is classified as a member of the lowest performing subgroup, excluding any subgroups that already receive supplemental funding on a per-pupil basis (from the LCFF or other state and federal programs). Based on the bill as currently drafted, the only pupil subgroups not meeting the exclusion are ethnic subgroups.

The California Department of Education (CDE) reports test scores for the following subgroups:

- a) Black or African American
- b) American Indian or Alaska Native
- c) Asian
- d) Filipino
- e) Hispanic or Latino
- f) Native Hawaiian or Pacific Islander
- g) White
- h) Two or more races

According to data provided by the California Department of Education (CDE) and the author's office, the lowest-performing ethnic group is Black/African American.

Therefore, this bill would add Black/African American pupils to the unduplicated pupil count for LCFF purposes.

- 3) ***The Black-White achievement gap.*** Studies show that the Black-White achievement gap has persisted, but changed over time. According to a 2014 Handbook of Research in Education Finance and Policy article, *Patterns and Trends in Racial/Ethnic and Socioeconomic Academic Achievement Gaps*, it narrowed in both reading and math from the early 1970s to the late 1980s, then widened in the early 1990s, but has been narrowing consistently since 1999. Tables 1 and 2 (below) show that the scores of Black/African American pupils are the lowest among the reported racial subgroups. In addition, even though the Black/African American subgroup includes pupils at all income levels, its scores are below the scores of economically disadvantaged pupils, which suggests that poverty alone does not explain this outcome. According to the 2014 Handbook of Research in Education Finance and Policy article,

“A relatively common question addressed in studies of racial/ethnic achievement gaps (particularly the Black-White gap) is the extent to which the observed gaps can be explained by socioeconomic differences between the groups. [Research shows] that socioeconomic factors explain almost all (85%) of the Black-White math gap, and all of the reading gap at the start of kindergarten....By the third grade, however, ...the same socioeconomic factors account for only about 60 percent of both the math and reading Black-White gaps. This finding suggests that socioeconomic factors explain, in large part, the Black-White differences in cognitive skills at the start of formal schooling, but do not account for the growth of the lack-White gap as children progress through elementary school.”

The academic achievement gap has consequences beyond school. According to a 2018 report from the Equality of Opportunity Project at Stanford University, *Race and Economic Opportunity in the United States*, “Black children born to parents in the bottom household income quintile have a 2.5% chance of rising to the top quintile of household income, compared with 10.6% for Whites,” and “American Indian and Black children have a much higher rate of *downward* mobility than other groups [emphasis in original].”

- 4) ***Low-Performing Students Block Grant.*** The Budget Act of 2018 established the Low-Performing Students Block Grant (LPSBG) as a state education funding initiative with the goal of providing grant funds to LEAs serving pupils identified as low-performing on state English-language arts or mathematics assessments who are not otherwise identified for supplemental grant funding under the LCFF or eligible for special education services as defined in Education Code section 41570(d). For the 2018-19 school year, \$300 million in one-time funds was appropriated to establish the block grant, available for expenditure or encumbrance during fiscal years 2018-19, 2019-20, and 2020-21. The final per pupil allocation was \$1,998.02.

LEAs were required to use LPSBG funds for evidence-based services that directly supported pupil academic achievement, including professional development activities for certificated staff; instructional materials; and additional supports for pupils. According to the CDE's legislative report on the LPSBG,

"The CDE reviewed submission data from 10 LEAs that were allocated the largest amount of LPSBG funding. Below is a summary of findings regarding their LPSBG plan implementation, the strategies used, and whether or not those strategies increased the academic performance of the pupils identified.

"LEAs reported on the comprehensiveness of their LPSBG plan and the integration of multiple supports and evidence-based strategies for students and staff. However, once the pandemic began and schools closed, LPSBG plan implementation waned primarily because students became virtual learners, yet most of the planned services and strategies required in-person attendance for both staff and students.

"Even with these challenges and the return to in-person learning in the 2020–21 school year, LEAs reported improvements in culture and climate (increased attendance and a reduction in referrals and suspensions), while others discussed increases in student achievement related to English language arts and mathematics based on LEA local assessment data, reports from computerized programs, and other anecdotal information collected by LEAs. Additionally, LEAs also reported on increased and improved competencies and instructional delivery relating to core subjects and culturally-responsive teaching amongst their staff.

"However, the overarching theme from the submission data was that due to the COVID-19 pandemic and the impact that it had on the implementation of the LPSBG plans, there is little to no comparable assessment data or analyses to truly determine the effectiveness of this block grant on student achievement. Since student eligibility was determined based on the CAASP, comparative data from the 2020–21 school year is not available as the CDE received a waiver from the U.S. Department of Education waiving the requirement to administer the state-wide assessment to all eligible students."

- 5) **Arguments in support.** The California State Parent Teachers Association (CAPTA) writes, "The California State PTA has a long history of supporting legislation and public policies that improve academic achievement for all students and eliminate the achievement gap. We believe this bill will move us closer to adequate funding for every student."
- 6) **Fiscal impact.** According to the Assembly Appropriations Committee, this bill would create ongoing annual Proposition 98 General Fund costs of about \$662 million to provide additional LCFF funding for the lowest performing subgroup or groups. Additional ongoing funding in the hundreds of millions of dollars if multiple subgroups qualify for funding in future years.

7) **Technical amendments.** The CDE has expressed concerns that this bill, as currently drafted, does not adequately define “lowest performing” and “highest performing” pupil subgroup. To address these concerns, the author has requested, and staff concurs with, amending the bill as follows:

- a) Amend subparagraph (A) of paragraph (7) of subdivision (b) of Section 42238.02 as follows:

(7) (A) Commencing with the 2023–24 fiscal year, “unduplicated pupil” shall also mean a pupil who is included in the lowest performing subgroup or subgroups, as defined in Section 52052, based on the most recently available ~~mathematics or language arts~~ results ~~on~~ of the California Assessment of Student Performance and Progress (CAASPP) Smarter Balanced Summative Assessments for English language arts (ELA) and mathematics. “Lowest performing” shall be defined as the subgroup with the lowest percent of students who scored in level 3 and 4 on the CAASPP Smarter Balanced Summative Assessments for ELA and/or mathematics. In the event that a different subgroup is the lowest performing in ELA than in mathematics, a pupil belonging to either subgroup shall be considered an unduplicated pupil. For purposes of this paragraph, the Superintendent shall annually identify the lowest performing pupil subgroup or subgroups. For the 2023–24 fiscal year, the Superintendent shall use the 2019 assessment results.

- b) Amend subparagraph (C) of paragraph (7) of subdivision (b) of Section 42238.02 as follows:

(7) (C) A subgroup identified in the 2023–24 fiscal year as a lowest performing subgroup shall continue to receive supplemental funding under this section until its performance meets or exceeds the highest performing subgroup of pupils in the state. “Highest performing” shall be defined as the subgroup with the highest percent of students who scored in level 3 and 4 on the CAASPP Smarter Balanced Summative Assessments for ELA and/or mathematics. In the event that a different subgroup is the highest performing in ELA than in mathematics, for the purposes of this section, the lowest performing subgroup shall be compared to the highest performing subgroup in each specific subject area.

SUPPORT

Alpha Community Education Initiative
 Alpha Kappa Alpha Sorority, Inc., Omega Upsilon Omega
 Black Parallel School Board
 Black Students of California United
 BLU Educational Foundation
 California Alliance of Child and Family Services
 California Charter Schools Association
 California State Parent Teacher Association
 Center for Powerful Public Schools
 Circle of Life Development Foundation

Diversity in Leadership Institute
Elite Public Schools
Fortune School of Education
Greater Sacramento Urban League
Los Angeles County Office of Education
Los Angeles Urban League
National Action Network
National Coalition of 100 Black Women
Public Advocates INC.
Rex and Margaret Fortune School of Education
Sacramento County Office of Education
Seneca Family of Agencies
ShePower Leadership Academy
State Superintendent of Public Instruction Tony Thurmond
The Education Trust - West
United Way California Capital Region
University of California Student Association
Vista Del Mar Child and Family Services
Willie J Frink College Prep

OPPOSITION

None received

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