

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON EDUCATION
Al Muratsuchi, Chair
AB 1062 (Hoover) – As Introduced February 20, 2025

SUBJECT: Local control funding formula: concentration grants: charter schools: waiver

SUMMARY: Authorizes a charter school to apply to the Superintendent of Public Instruction (SPI) for a waiver from the current calculation of the Local Control Funding Formula (LCFF) concentration grant, and requires a granted waiver result in the calculation of the charter school LCFF concentration grant to be based on the charter school's unduplicated pupil percentage (UPP) in excess of 55% of the charter school's total enrollment. Specifically, **this bill:**

- 1) Authorizes a charter school either physically located in one school district, or a charter school physically located in more than one school district, to apply to the SPI for a waiver from the current required calculation of the LCFF concentration grant, and to instead have the charter school's LCFF concentration grant calculated based on the charter school's UPP in excess of 55% of the charter school's total enrollment.
- 2) Requires the SPI to develop guidelines and procedures for charter schools to apply for the authorized waiver.
- 3) Requires the SPI to approve a charter school's waiver application if the charter school waiver application complies with the SPI developed guidelines and procedures and sufficiently demonstrates both of the following:
 - a) That the implementation of current law as it relates to the calculation of the LCFF concentration grant for a charter school physically located in one or more school district would result in a significant funding shortfall that negatively impacts the charter school's ability to serve its pupils; and
 - b) That granting the waiver for the charter school would result in a direct material benefit to pupils enrolled in the charter school.

EXISTING LAW:

Establishes the LCFF, which, for school districts and charter schools, is comprised of the following components:

- 1) A base grant of the following amounts per average daily attendance (ADA) in 2024-25:
 - a) \$11,068 for grades K-3, which includes a 10.4% grade span adjustment for class size reduction;
 - b) \$10,177 for grades 4-6;
 - c) \$10,478 for grades 7-8; and

- d) \$12,460 for grades 9-12, which includes a 2.6% grade span adjustment for college and career readiness.
- 2) A supplemental grant equal to 20% of the base grant for each pupil identified as either low-income (based on eligibility for free or reduced-price meals), an EL, or in foster care (“unduplicated pupils”). (Education Code (EC) 42238.01)
 - a) Defines eligible for “free or reduced-price meals” to mean determined to meet federal income eligibility criteria, either through completing an application for the federal National School Lunch Program (NSLP), or through an alternative household income data collection form, or deemed to be categorically eligible for free or reduced-price meals under the federal NSLP. (EC 42238.01(a))
 - b) Requires the alternative household income data collection form to contain, at a minimum, all of the following information:
 - i) Information sufficient to identify the pupil or pupils;
 - ii) Information sufficient to determine that the pupil or household meets federal eligibility criteria sufficient to qualify for either a free or reduced price meal under the Federal Richard B. Russell National School Lunch Act; and
 - iii) Certification that the information is true and correct by the pupil’s adult household member. (EC 42238.01(a)(5))
- 3) A concentration grant based on the number of unduplicated pupils in excess of 55%, times 65%, of the district or charter school total enrollment. (EC 42238.02)
- 4) Requires, for a charter school physically located in only one school district, the UPP in excess of 55% used to calculate the LCFF concentration grants to not exceed the UPP in excess of 55% of the school district in which the charter school is physically located. (EC 42238.02)
- 5) Requires, for a charter school physically located in more than one school district, the charter school’s UPP in excess of 55% used to calculate the LCFF concentration grants to not exceed that of the school district with the highest UPP in excess of 55% of the school districts in which the charter school has a school facility. (EC 42238.02)
- 6) Requires the concentration grant to be expended in accordance with the regulations adopted by the State Board of Education (SBE) for this purpose. (EC 42238.02)

FISCAL EFFECT: Unknown

COMMENTS:

Need for the bill. According to the author, “The LCFF provides base, supplemental, and concentration grant funding to school districts and charter schools based on the percentage of unduplicated pupils they serve. However, current law caps the concentration grant funding for charter schools at the unduplicated pupil percentage of the school district in which they are physically located. This restriction disproportionately affects charter schools in high-need areas, particularly in districts where the unduplicated percentage is lower than that of individual charter

schools. This results in fewer resources for vulnerable student populations, hindering their educational opportunities and access to necessary support services. AB 1062 allows charter schools with unduplicated pupil percentages exceeding that of their local district to apply for a waiver from the Superintendent of Public Instruction. If approved the waiver permits the charter school's concentration grant funding to be calculated based on its actual unduplicated pupil percentage rather than the district's average. This bill ensures that state funding follows students equitably, particularly benefiting charter schools in high-need communities."

Key provisions of the bill. This bill would authorize a charter school to apply to the SPI for a waiver from the current calculation of the LCFF concentration grant. The granted waiver would result in the calculation of the charter school's concentration grant being based on the charter school's UPP in excess of 55% of the charter school's total enrollment. Current law specifies that for the calculation of the concentration grant charter schools, the UPP that is used by the CDE is the lesser of either: 1) the charter school's own UPP, or 2) the UPP of its determinative school district. A charter school may serve a high percentage of unduplicated pupils, but the charter may be physically located within a school district with a low UPP. In those instances, the charter school would not be eligible for a concentration grant under current law. This bill would create a waiver process for a charter school to become eligible for a concentration grant if the school served enough unduplicated pupils to meet the 55% threshold in current law, even if the charter was located within a school district with a low UPP.

For school districts, the LCFF calculates apportionment amounts based on district-level data. This includes the calculation of concentration grants, which utilize the school district's UPP, rather than the percentage of EL, foster youth, and low-income students at individual schools. A long-standing criticism of the LCFF is that a school district may have a UPP below the eligibility threshold for concentration grants, but if the LCFF were calculated based on school-level calculations, some individual schools within the district would have enough unduplicated pupils to qualify for a concentration grant for their school. For example, in a school district of four schools ineligible for a concentration grant, there may be one school that if the school were its own school district, the single school would be eligible for a concentration grant.

The Committee may wish to consider that both charter schools and schools operated by school districts have expressed an interest in re-evaluating how the UPP is used to determine concentration grant eligibility in order to receive a higher LCFF apportionment. It is unclear why this bill would only authorize a change for charter schools. The fiscal, administrative, and student impacts of this potential change of moving concentration grant eligibility and funding from current law to a school-based calculation are unknown. Such a change would likely increase the amount of funding the state spends on concentration grants, and the Legislature would need to either provide more funding for the LCFF to ensure the higher level of funding needed for the concentration grants (a hold harmless), or funding would need to be redistributed among school districts and charter schools if the state were not to increase total LCFF spending.

Local Control Funding Formula. The LCFF was established in the 2013-14 fiscal year to provide a more equitable distribution of funding among school districts, charter schools, and COEs. The three main components of the LCFF for school districts and charter schools are the base, supplemental, and concentration grants. The amount of the base grant is different for four different grade spans and receives a statutory annual COLA. The following table shows the base grant amounts in 2013-14 and 2024-25 and the Governor's proposed amounts for 2025-26:

Table 1: LCFF Base Grant Targets by Grade Span and Fiscal Year (Existing Law)

Grade Span	2013-14	2024-25	2025-26 (Governor's Proposal**)
K-3	\$6,845	\$11,068*	\$11,337*
4-6	\$6,947	\$10,177	\$10,424
7-8	\$7,154	\$10,478	\$10,733
9-12	\$8,289	\$12,460*	\$12,767*

***Note:** Includes the class size reduction and college and career readiness adjustments.

****Note:** Calculation based on the 2025-26 COLA estimate of 2.43%.

The base grant for each school district and charter school, including the grade span adjustment, is multiplied by units of ADA. For school districts, funded ADA is equal to the greater of current or prior year ADA.

In addition to the base grant, school districts and charter schools also receive funding for each enrolled pupil who is either an EL, low-income (as determined by eligibility for free- or reduced-price meals), or in foster care. These are referred to as "unduplicated" pupils, because pupils who fall into more than one of these categories are counted only once for LCFF purposes. Districts and charter schools receive an additional 20% of the base grant amount for each unduplicated pupil.

The concentration grant is provided to districts and charter schools that have a significant concentration of unduplicated pupils. The concentration grant is provided whenever the enrollment of unduplicated pupils exceeds 55% of total enrollment. For each grade span, the grant is calculated by multiplying the base grant per ADA, times the total funded ADA, times the portion (if any) of UPP that exceeds 55%, times 65%, as demonstrated in Figure 1, below. Note that AB 130 (Chapter 44, Statutes of 2021) increased the concentration grant factor to 65%.

Funding targets for the LCFF were established that, when fully funded, would restore school district purchasing power to pre-recession levels. Full implementation of LCFF required additional funding allocations over a multi-year period and a transition formula to bridge the gap between prior funding levels and the new LCFF target levels. Prior to the targets being fully funded, available funding in excess of the amount needed for the COLA was added to the formula to gradually reduce the gap between the target and actual funding. The 2018–19 Budget Act fully funded the LCFF gap, bringing all LEAs to their LCFF target level.

Arguments in support. California Pacific Charter Schools writes, “At California Pacific Charter Schools, we serve a diverse student population across 15 counties in California, many of whom are historically underserved in traditional school settings. A significant percentage of our students are from low-income households, are English learners, or are part of the foster care system. AB 1062 would ensure that the state’s funding formula accurately reflects the needs of our student body, allowing us to provide more robust academic and social-emotional support. Without this waiver opportunity, charter schools like ours are unable to access the full funding our students deserve, despite serving high concentrations of unduplicated pupils.

Moreover, AB 1062 more clearly aligns California’s funding policy with the foundational goals of the LCFF. The LCFF was designed to ensure that resources are allocated where they are most needed, particularly for disadvantaged students. By enabling charter schools to calculate their

concentration grants based on their unique student populations, this bill strengthens the LCFF's focus on equity and targeted funding. It ensures that schools are empowered to use funding to meet the specific needs of their students, making the allocation process more transparent and directly aligned with the needs of the communities they serve."

Arguments in opposition. The California Federation of Teachers writes, "CFT — A Union of Educators & Classified Professionals, AFT, AFL-CIO, respectfully opposes AB 1062 (Hoover)."

Recommended Committee Amendments. *Staff recommends that the bill be amended* as follows:

- Replace the contents of the bill and instead require, on or before January 1, 2027, the Legislative Analyst's Office (LAO) to submit a report to the Legislature on the effects of changing the calculation of the LCFF concentration grant add-on based on the percentage of unduplicated pupils for school districts and charter schools from current law to being calculated based on each school's percentage of unduplicated pupils.
- Requires the report to analyze the following, to the extent data is available:
 - The legislative history of changes to the K-12 public school funding formula calculations, as it relates to school-based funding or local educational agency-based funding;
 - The methods used by other states to calculate school funding, specifically related to either school-based funding or local educational agency-based funding;
 - A review of research regarding evidence-based approaches to improving student outcomes based on either local educational agency or school-based funding, and the extent to which a state's method of funding affects pupil achievement and other outcomes;
 - If the state were to change the calculation of the concentration grant add-on of the local control funding formula based on the percentage of unduplicated pupils for school districts from the school district level to the percentage of unduplicated pupils at the individual school level, and for charter schools from the method prescribed pursuant to EC 42238.02(f) as it read on June 30, 2025, to percentage of unduplicated pupils served by the charter school, including the effects as it relates to:
 - Fiscal impacts on the state, school districts, and charter schools;
 - Programmatic impacts on the state, school districts, and charter schools;
 - Administrative impacts on the state, school districts, and charter schools;
 - Pupil grade level and pupil subgroups, as described in EC 52052, impacts on the state, school districts, and charter schools; and
 - Impacts on school districts and charter schools of varying sizes, locations, and pupil demographics.

- Alternative methods of changing the calculation of the concentration grant add-on that would have a similar effect on individual schools serving a higher percentage of English learners, low-income pupils, and foster youth; and
 - Approaches to implement the cost of calculating and funding the concentration grant add-on based on the percentage of unduplicated pupils at the school level that does not reduce the funding received by any school district or charter school.
- Requires the report to include input from relevant stakeholders, as determined by the Legislative Analyst's Office.

Related legislation. AB 477 (Muratsuchi) of the 2025-26 Session would establish LCFF funding target levels for the 2036-37 fiscal year with the purpose of increasing school site employee salaries.

AB 1204 (Alvarez) of the 2025-26 Session would require numerous changes to the calculation of the LCFF including, increasing the eligibility for the supplemental and concentration grants, adding “pupils experiencing homelessness” as an unduplicated pupil, requiring some unduplicated pupils to be counted more than once for the purpose of calculation of the supplemental and concentration grants, requiring the annual LCFF statutory cost of living adjustments (COLA) to be at least 4%, requiring the California Department of Education (CDE) to establish regional COLAs, requiring the CDE to develop recommendations for adequacy adjustments to the grade span adjustments, and requiring the SPI to compute and provide an annual LCFF transition adjustment for each school district and charter school.

AB 938 (Muratsuchi), Chapter 345, Statutes of 2024, requires schools to report certificated and classified staff salaries annually; and requires the CDE to report the changes in school staff wages over time to the Legislature.

SB 98 (Portantino), Chapter 442, Statutes of 2024, requires the Legislative Analyst's Office (LAO), on or before January 1, 2026, to submit a report to the Legislature on the effects of changing the pupil count methodology of the LCFF from ADA to pupil enrollment.

AB 1948 (Ting) of the 2021-22 Session would have required, commencing with the 2022–23 fiscal year, numerous changes to the calculation of the LCFF including increasing the LCFF base grant by 15%; increasing the number of low income pupils who generate supplemental and concentration grant funding by raising the household income eligibility threshold from 185% of the federal poverty level to 250% of the federal poverty level and requiring schools to use a specified data collection form to acquire household income data; would have authorized, for apportionment purposes, a school district to use the average of the three most recent years' ADA; and would have added, for apportionment purposes, "a pupil experiencing homelessness" to the definition of "unduplicated pupil." This bill was held on the Assembly floor.

AB 1607 (Muratsuchi) of the 2021-22 Session would have required, commencing with the 2022-23 school year, any calculation of ADA for school districts, COEs and charter schools to be based on the quotient of the sum of the ADA for the current fiscal year and each of the previous two fiscal years, divided by three. This bill was held in the Assembly Education Committee.

AB 1609 (Muratsuchi) of the 2021-22 Session would have required, for the 2022-23 school year, the CDE to use the greater of the ADA from fiscal years 2019-20, 2020-21, 2021-22, or 2022-23 for purposes of apportionment under the LCFF for school districts, COEs, and charter schools. This bill was held in the Assembly Education Committee.

AB 1614 (Muratsuchi) of the 2021-22 Session would have increased the LCFF base grant amounts, as specified, commencing with the 2022-23 fiscal year. This bill was held in the Assembly Education Committee.

REGISTERED SUPPORT / OPPOSITION:**Support**

Ace Charter Schools
Alliance College-ready Public Schools
Alpha Public Schools
Aspire Public Schools
California Charter Schools Association
California Pacific Charter Schools
Charter Schools Development Center
Education for Change Public Schools
Excel Academy Charter School
Families in Action for Quality Education
Green DOT Public Schools
Griffin Technology Academies
Ingenium Schools
John Muir Charter Schools
Kipp Public Schools Northern California
LA Educ Corps
Siatech High School
Vista Charter Public Schools
Youthbuild Charter School of California
Yu Ming Charter School

Opposition

CFT- a Union of Educators & Classified Professionals, AFT, AFL-CIO

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