

Will LCFF Meet Your Needs Moving Forward?

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The concurrent timing of the implementation of the Local Control Funding Formula (LCFF) with the economic recovery from the Great Recession dramatically changed the landscape for public education in California. The LCFF is a vast departure from the prior funding mechanism that included revenue limits plus more than forty categorical programs, which often competed or even conflicted in priority and goals across schools. The largest source of funding for public schools in California, the LCFF was designed to simplify the funding and accountability processes and empower communities with local control by providing additional resources to local educational agencies (LEAs) with the highest concentration of students who have historically struggled academically. Local control allows LEAs to determine how best to meet the needs of their students. Fully implemented with the 2018–19 Budget Act, the LCFF now transitions from a period of rapid funding restoration to a pure cost-of-living adjustment (COLA) environment.

Now eleven years into the longest economic recovery on record, some segments of the economy continue to thrive, but there are persistent concerns that an economic recession is on the horizon as cracks in the dam start to materialize. The yield curve, which compares the ten-year and three-month treasury yields, has inverted, which has been the precursor to the last three recessions. Add tariffs from a trade war between the United States and China to the mix and economists struggle to model the likely future (for more information, see “UCLA Lead Economists Highlight Warning Signs,” in the October 4, 2019, Fiscal Report). Even with modest economic growth, many LEAs find themselves in a silent recession as operating costs grow at a faster pace than revenues. In addition, the Department of Finance projects declining enrollment at the statewide level through 2027–28, which will have a dramatic impact on per-student funding under the projected Proposition 98, Test 1 environment.

Recent efforts to address the growing imbalance between operating costs and revenues, and restore California education funding to the top ten in the nation, have once again been delayed as the Legislature failed to send Assembly Bill 39 (Muratsuchi, D-Torrance) to Governor Gavin Newsom for consideration. Instead, the author elected to engage in substantive discussions with the Administration about raising targets for LCFF in the future.

With so many factors at play, we are left with questions. What is in store for K–12 education now that the LCFF has been fully implemented and legislative efforts to set new higher funding targets have been put on hold? Will COLA-only increases be all that we can expect? Will school funding continue to be a priority for the new governor? Will state revenues merely slow growth in Proposition 98 or are we standing at a precipice wearing blinders?

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