**Overview of Proposed School Finance Model**

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**For Discussion at the Stakeholder Listening and Dialogue Sessions**

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In response to multiple Legislative reviews and research studies dating back to the 2002 ***Master Plan for Education*** and affirmed in the 2008 ***Getting Down to Facts Studies,*** which found California’s current school funding mechanisms to be irrational, complex and ineffective, the Administration is proposing the development and implementation of a new school finance model which features the following principles:

* Creates a funding mechanism focused on the needs of students, that is equitable and easy to understand
* Implements this new funding mechanism in concert with funding increases for K-12 Education
* Is phased in over several years
* Pays local education agencies (LEAs) back for deferrals and foregone cost-of-living adjustments (COLAs), restores the deficit factor and fully funds annual cost-living adjustments going forward
* Allows LEAs maximum flexibility in allocating resources to meet local needs
* Holds school agencies accountable for academic and fiscal outcomes

The model includes the following key features:

* Establishes a base grant for every pupil, adjusted by grade span
* When fully implemented, the base grant will be higher than the undeficited revenue limit for all but few districts
* Collapses all existing state categorical funding, with the exception of Special Education, into this one flexible revenue stream for schools
* Provides additional, supplemental funding for each low-income student or English Learner
* Includes concentration grant funding for districts which serve 50 percent or more low income students or English Learners
* The supplemental and concentration grant funding can be spent for any purpose that benefits low-income students and English Learners