

Backgrounder: The Local Control Funding Formula & Accountability at School Districts

School districts throughout San Diego County and across California rely on the state for funding education and programs. Categorical funding, which gives school districts money in addition to the general funds they already receive from the state, had been limited to specific, narrow purposes.

As part of the fiscal year 2014 budget package, Governor Brown signed Assembly Bill (AB) 97, which made major changes to the way the state allocates funding to school districts. The bill introduced the Local Control Funding Formula (LCFF) and the Local Control and Accountability Plan (LCAP) to the education lexicon. The adopted budget package established an eight year phase-in timeline to incrementally increase funding levels. A total of \$25 billion is estimated to be allocated during this period, and no district will be receiving less annual funding than it did during fiscal year 2013. On average, districts and charter schools within San Diego County are expected to see an increase in per-pupil funding of \$3,314 or 46.7 percent when fully implemented.

This document provides a brief background about the new funding formula and accountability measures for taxpayers as well as recommendations for holding school districts accountable for the expenditure of taxpayer dollars.

Local Control Funding Formula

AB 97 and the introduction of the LCFF was the culmination of more than a decade of research and policy work on California's K-12 funding system. The LCFF consists primarily of base, supplemental and concentration funding that focuses resources on a school's student demographics.

Per-Pupil Base Grant

Each school district and charter school will receive a per pupil base grant to support the basic costs of instruction and operations. The amounts given will differ among four grade ranges: K-3; 4-6; 7-8; and 9-12. Additionally the amounts will be based on average daily attendance among the four grade spans. Beginning in fiscal year 2014, these base rates will be updated for Cost of Living Adjustments (COLAs). Table 1 outlines the current amounts for districts within San Diego County as given by the San Diego Unified School District.

FY 2013 "Local Control Funding Formula" Potential Per-Pupil Funding Target

Grade	Adjusted Grade-Span Base Rate	Supplemental Funding		Concentration Funding		Maximum* Per-Pupil Funding
K - 3	\$7,675	20%	\$1,535	30%	\$2,303	\$11,513
4 - 6	\$7,056	20%	\$1,411	30%	\$2,117	\$10,584
7 - 8	\$7,266	20%	\$1,453	30%	\$2,180	\$10,899
9 - 12	\$8,638	20%	\$1,728	30%	\$2,591	\$12,957
	Reflects: a) Typically higher cost of education at higher grades b) Cost of smaller class sizes in K - 3 c) Cost of Career Tech in high school	A district qualifies for more funding for pupils that fall into at least one of the following categories: a) English Learner (EL) b) Low Income (LI) c) Foster Youth (FY)		A district in which the EL/LI/FY population exceeds 55% of enrollment gets an additional 30% of the Adjusted Base Rate for each EL/LI/FY student above the 55% threshold.		*This is the most a district can get in funding for an additional student. In addition to this potential per-pupil funding, districts can get other school-wide funding.

In addition to these base rates, the LCFF includes certain adjustments to the K-3 and high school base rates. The K-3 adjustment increases the base rate by 10.4 percent; and the 9-12 adjustment increases the base rate by 2.6 percent.

The California Legislative Analyst's Office has stated the high school rate adjustment is related to the costs of providing career technical education in high school.

Supplemental Funding for English Learners and Low-Income (EL/LI) Students

Under the formula, each student qualifying under the EL, LI, or foster youth criteria generates an additional 20 percent of the qualifying student's adjusted grade-span base rate. For example, a LI K-3 student generates an additional \$1,033 for the district, which is 20 percent of the adjusted \$7,675 base rate.

Those districts whose EL/LI populations exceed 55 percent of their enrollment receive concentration funding in the amount of an additional 30 percent of the adjusted base grant for each EL/LI student for each student above the 55 percent threshold.

New Economic Recovery Target (ERT)

Under the proposal, the state will calculate an ERT for each school district with the intent that districts are restored to fiscal year 2008 funding levels by the end of the eight year rollout. The ERT consists of:

- The district's funding level in fiscal year 2008
- Revenue COLAs through fiscal year 2021 (estimated)
- The district's categorical funding in fiscal year 2008

For a majority of districts the LCFF target will be higher than the ERT. For approximately 130 districts, the LCFF will be smaller than the ERT and thus are eligible to receive the ERT add-on. The ERT is intended to provide additional funding to ensure that virtually all districts are at least restored to fiscal year 2008 state funding levels (adjusted for inflation) by the end of the eight year rollout.

Other Add-Ons

Funds from two existing programs – the Targeted Instructional Improvement Block Grant and Home-to-School (HTS) Transportation program – are treated as add-ons to the LCFF. Districts that received funding from these programs in fiscal year 2013 will continue to receive the same amount of funding in addition to what the LCFF provides each year.

Were the state to fully implement the LCFF in fiscal year 2014, the costs would be \$18 billion more than the state spent on K-12 education in fiscal year 2013.

Spending Restrictions

Approximately three-quarters of categorical programs were eliminated under the new law. In their place, a more limited set of spending restrictions (14 categorical programs) were established.

As a condition of receiving the K-3 base-rate adjustment, districts must maintain a K-3 average class size of 24 or fewer students, unless collectively bargained otherwise.

Districts receiving the HTS add-on must spend the same amount of those funds for HTS transportation as they did in fiscal year 2013.

Role of County Office of Education

The LCFF replaces the existing funding model for County Offices of Education (COE) with a two-part formula based on the cost of providing oversight responsibilities and instructional activities. The oversight responsibilities are funded through a COE operations grant, with amounts based on:

- A minimum grant per county
- The number of school districts in the county
- The Average Daily Attendance in the county attributable to school districts, charter schools and schools operated by the county superintendent

Category	Amount
Per County	\$655,920
Per School District	\$109,320
Per ADA (up to 30,000)	\$70
Per ADA (between 30,000 and 60,000)	\$60
Per ADA (between 60,000 and 140,000)	\$50
Per ADA (over 140,000)	\$40

The LCFF also provides that the alternative education component of the COE funding formula include:

- An unspecified base grant, per eligible pupil, equal to the sum of the 2012-13 per-pupil undeficitated statewide average juvenile court school base revenue limit (eligible pupils are incarcerated, on probation, probation-referred or mandatorily expelled) and
- A supplemental grant of 35% for unduplicated pupils who are EL, LI or foster youth.

Local Control and Accountability Plans

Under the new rules, districts are required to adopt LCAPs that disclose how funds will be spent to provide high-quality educational programs. Each district is required to develop, adopt, and annually update a three-year LCAP beginning on July 1, 2014 using a template provided by the California State Board of Education. The State must adopt this template on or before March 31, 2014.

Annual Goals

Each LCAP must include annual goals within the eight areas outlined in Table 3.

Student Achievement	Student Engagement
School Climate	Basic Services
Implementation of Common Core Standards	Course Access
Parental Involvement	Other Student Outcomes

Guidelines are provided to districts to measure the success in each of these eight areas, with districts required to include associated data within their LCAP. In addition to these state identified priorities, LCAPs can include annual goals in self-selected areas of local priority.

Community Input

During the development of the LCAP, districts are required to consult with school employees, parents and students. As part of this process, districts must present their proposed plans to a parent advisory committee and a separate EL advisory committee if 15 percent or more of students are English learners. Districts must respond in writing to the comments of advisory committees.

In addition to at least one public hearing by the governing board, the superintendent must also notify members of the public that they may submit written comments regarding the specific actions and expenditures proposed in the LCAP. The plan and any updates or revisions must be posted on the district website for community access and review.

Role of County Office of Education

Within five days of adopting (or updating) its LCAP, a district must submit its plan to its County Office of Education. County offices must not only post their own LCAP, but links to those of all districts that submit plans to them for review. County office plans are submitted to the state Department of Education for review.

Under the law, the COE must approve districts' plans by October 8 of each year. The county must determine that the plan adheres to the state template and the budget includes expenditures sufficient to implement the actions proposed in the district's LCAP. If the COE does not approve of the LCAP, districts are required to receive additional support to assist in improving outcomes in the eight areas identified by the state.

Timeline of Relevant State and Local Actions

A number of important decisions are expected over the next two years. The amount of funding that will be allocated to school districts will not be known until approximately June 2014. Before that, the state is required to adopt a template for the development

of LCAPs by districts. Once that template is released, districts will have three months to hold at least two public hearings and adopt their respective LCAP.

SDCTA Recommended Principles

1 - LCAPs Need to Include Measurable Objectives

During the development of annual goals to be met by districts, it is imperative proper objectives are developed to determine how districts will achieve the goals outlined within the LCAP. The District must ensure the objectives adopted are measurable and linked to student success.

2 - Districts Need to Adopt Metrics to Measure Level of Success

Within each objective, the District should adopt metrics by which they can determine the level of success. Each metric used should be clearly measurable by the district, as well as outline the goal needed to determine achievement of the respective objective.

3 - Transparency in Measuring Outcomes

The metrics used by districts should be transparent in that the data used to determine the level of success for a metric is readily available to the public. Districts should create specific websites for the LCAP and provide regular updates regarding how they are doing in terms of reaching their goals.

Table 4: Important LCFF & LCAP Deadlines	
By 1/31/2014	State Board of Education must adopt regulations for use of supplemental and concentration funds.
By 3/31/2014	State Board of Education must adopt LCAP template.
By 7/1/2014	Districts must adopt budgets and LCAP for FY2015.
By 10/8/2014	County Offices of Education must approve or reject district LCAPs