

Local Control Funding Formula

Summary of AB 97 (Committee on Budget) and SB 91 (Committee on Budget and Fiscal Review)

The Local Control Funding Formula (LCFF) approved by the Legislature and Governor in conjunction with the 2013-14 budget, replaces the current funding system of revenue limits and categorical funding with a funding formula that allows for greater local discretion and innovation. The formula is comprised of a base grant, supplemental grant and concentration grant for school districts and charter schools and modifies the funding received by county offices of education (COE).

Funding Formula

School District and Charter School Funding Formula (ECS 42238.02)

The LCFF creates target funding amounts that provide increased funding levels to all county offices of education (COE), school districts and charters over a transition period (up to eight years). For each year during the transition, districts will receive the amount they received in the prior year, adjusted for changes in ADA, and increased by the percentage of the gap between their current funding and their targeted level of funding that the state is funding in that year.

The formula contains three components:

1. *Base Grant:* A grade-span adjusted base grant amount is provided for all students. (See chart below for funding levels.) For grades K-3, districts will receive an additional 10.4% which must be used to maintain an average K-3 class size of 24-to-1. Grades 9-12 will receive an additional 2.6%, in recognition of the additional costs of providing a high school program, including career technical education; however, this funding can be used for any educational purpose.*

The base grant targets are adjusted for a cost-of-living adjustment each year. During the transition period, this means the targets will be adjusted upward each year by a COLA, but a district won't necessarily receive a full COLA each year until after the formula has been fully implemented.

2. *Supplemental Grants:* Districts and charters will receive a supplemental grant that is equal to 20% of their base target for students that are English learners (EL), qualify for free and reduced-priced meals (LI) or foster youth (FY) (as defined in 42238.01). This count will be unduplicated and based on the districts average count over three years. For K-3 and 9-12 this would be 20% of base plus add on funding levels.
3. *Concentration Grants:* Districts will also receive a concentration grant equal to 50% of the base grant for each unduplicated EL, LI student or FY above 55%. For example if a district had 62 percent of their students qualified as EL, LI or FY then they would receive concentration funding for 7 percent of their students (difference between 55 and 62 percent).

Funding Targets –adjusted for COLA each year

Grade Spans	Base Grant	K-3 (10.4%) and 9-12 (2.6%) add-ons	Supplemental Grant (20 %)	Concentration Grant (50% more for students above 55%)
K - 3	\$6,845	\$711.88	\$1,511	\$3,788.44
4 – 6	\$6,947		\$1,389	\$3,473.50
7 - 8	\$7,154		\$1,431	\$3,577.00
9 – 12	\$8,289	\$215.51	\$1,701	\$4,252.26

Additionally, two programs are treated as add-ons to districts LCFF funding levels: Targeted Instructional Improvement Grant (TIIG) and Home-to-School Transportation. Districts will continue to receive the same funding for each as they received in 2012-13; not adjusted for COLA. Districts may spend their TIIG dollars for any purpose. For transportation there is a maintenance of effort requirement that means districts must continue provide the same level of funding for transportation as they did in 2012-13.

Key programs that remain outside of the LCFF include:

- Federal funding,
- Special Education,
- After School,
- Child Nutrition (meal program),
- Quality Investment and Improvement Act (QEIA), and
- Foster Youth Services

*Note about K-3 class size reduction and ROCs: AB 97 specifies that class sizes for K-3 must be an average of 24-to-1 across the schoolsite. This is different than the current K-3 CSR program which doesn’t allow for averaging across sites and requires that each class have only 20 students per teacher. During the transition, districts are required to make progress towards decreasing their class sizes to 24 to 1, with specified class size levels for each year. Additionally, AB 97 requires that for the next two years (2013-14 and 2014-15) districts spend the same amount for regional occupational centers and programs as they did in 2012-13.

County Office of Education Funding Formula (ECS 2574)

LCFF replaces the existing funding model for COEs with a two-part formula based on the cost of providing regional services and alternative education.

1. Provides that the regional services component of the COE funding formula consist of the following:
 - a. A base operations grant of \$655,920 per county,
 - b. \$109,320 for each school district in the county and
 - c. An additional \$70 per ADA in the counties with up to 30,000 ADA; \$60 per ADA for counties with ADA between 30,000 and 60,000; \$50 per ADA in counties with ADA between 60,000 and 140,000; and \$40 per ADA in counties with ADA above 140,000.
2. Provides that the alternative education component of the COE funding formula include:
 - a. 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
 - b. A supplemental grant of 35% for unduplicated pupils who are EL, LI or FY.

Economic Recovery Target (ECS 42238.025)

AB 97 establishes an Economic Recovery Target (ERT) for each LEA, which is intended to ensure that at full implementation of LCFF all district funding levels will be at least the same as what they received in 2007-08. The ERT will be computed by the SPI and equal to the sum of the following:

1. The districts 2012-13 undeficitated revenue limit or the charter school's undeficitated general purpose funding (2007-08 funding plus accumulated COLAs) and
2. All categorical funding in 2007-08 (before the 20 percent reduction applied to Tier 2 and 3 categoricals).

Districts whose LCFF funding target rate is less than their ERT will receive one-eighth of the difference during each year of the transition.

Fiscal Assurances

Spending Requirements (ECS 42238.07)

By January 31, 2014, the SBE must adopt regulations regarding how LEAs must allocate their supplemental and concentration grant funding. The regulations must include, but are not limited to, provisions that:

1. Require LEAs to increase or improve services for unduplicated students in proportion to the increase in funding allocated for supplemental and concentration funding and
2. Authorize an LEA to use supplemental and concentration funding for schoolwide or districtwide purposes that is no more restrictive than Title I, which means supplemental and concentration funding can be used for schoolwide efforts if 40 percent or more of the students at the school are EL, LI or FY. Because there are not similar federal restrictions on districtwide efforts, it is uncertain what restrictions will apply to such efforts.

Audits (ECS 14501)

Ensuring that districts allocated their resources in compliance with their LCAP will be one element of their annual compliance audit.

Accountability

Local Control Accountability Plan – July 1, 2014 forward (ECS 52060)

Districts must develop a Local Control Accountability Plan (LCAP) for up to three years, to be updated annually. They must be based on the template adopted by the SBE and include a description of state and local priorities for the school districts and each school site. The plan must include:

- Annual goals for students identified as a subgroup (30 or more or 15 for FY) on the state priorities and
- The specific action the district will take during each year of the LCAP to achieve the goals specified in the plan.

The following are the enumerated state priorities:

1. The degree to which the teachers in the district are fully credentialed.
2. Implementation of the content standards, including English language development.

3. Parental involvement, including efforts of the district to seek parent input in making decisions for the school district and each school site, including how the district will promote parental participation in programs for unduplicated students and special education students.
4. Student achievement as measured by state assessments:
 - a. Academic Performance Index (API).
 - b. Percentage of students who have successfully completed A-G and CTE courses.
 - c. Percentage of ELs who make progress towards proficiency on CELDT.
 - d. EL reclassification rate.
 - e. Percentage of students who have passed an AP exam with 3 or higher.
 - f. Percentage of students who participate and demonstrate college preparedness per the Early Assessment Program (EAP).
5. Pupil engagement as measured by:
 - a. School attendance rates,
 - b. Chronic absenteeism rates,
 - c. Middle school dropout rates, and
 - d. High school dropout rates.
6. School climate as measured by:
 - a. Suspension rates,
 - b. Expulsion rates and
 - c. Other local measures, including surveys of students, parents and teachers on the sense of school safety and school connectedness.
7. Extent students have access to or are enrolled in broad course of study that includes mathematics, English, social studies, science, VPA, health, PE, foreign language, applied arts and CTE.
8. Student outcomes, if available, in the subjects in number 7.

District may identify local priorities, goals in regards to the local priorities and the method for measuring the districts progress toward achieving these goals.

The data included in the plan must be reported consistent with the School Accountability Report Card (SARC). The development of the plan must also include a consultation with teachers, principals, administrators, other school personnel, parents and students.

**Annual update – July 1, 2015 forward
(ECS 52061)**

A district must review and update their plan annually and it must be based on the template adopted by the State Board of Education (SBE) and include the following:

1. Review of any changes in the applicability of the goals for student growth.
2. Review the progress toward the goals in the existing plan, an assessment of the effectiveness of the plan toward achieving the goals and a description of the changes to the specific actions the district will make as a result of the review and assessment.
3. A listing and description of the expenditures for the fiscal year implementing the specific action included in the plan based on a review of changes in the applicability of student growth.
4. A listing and description of the expenditures for the fiscal year that will serve the students to whom one or more of the definitions apply and the student is designated as fluent English proficient.

The expenditures identified in the updated plan shall be classified using the school accounting manual (41010). For 2015-16 budget year, districts must revise the plan based on needed changes in growth on indicators and include a list and description of expenditures that will serve EL, LI and FY. The update must also include the resources spent on EL, LI and FY.

Parent and Community Engagement (ECS 52062 and 52063)

Before the board adopts the LCAP or annual budget they must ensure all of the following occur:

1. The superintendent has presented the LCAP to the parent advisory committee
 - a. All districts must establish parent advisory committees that include parents or legal guardians of EL, LI or FY to provide advice to the board and the school district regarding the requirements of the LCAP.
 - b. A district isn't required to establish a new committee if one currently exists, including committees established under NCLB.
2. The superintendent has presented the LCAP to the applicable EL parent advisory committee for review and comment and must respond in writing to the comments received.
 - a. An English learner advisory committee must be established if the district has at least 15% EL and enrolls at least 50 ELs. May utilize existing EL advisory committees.
3. The superintendent has notified members of the public of the opportunity to submit written comments regarding the specific action and expenditures proposed to be included in the LCAP.
 - a. This notification must occur utilizing the most efficient method of notification, but doesn't require the district to print or mail notices.
4. The superintendent has reviewed school plans submitted as part of the single plan for student achievement in the consolidated application (ECS 64001) to ensure the LCAP is consistent with the strategies in those plans.

Public hearings

The governing board must hold at least one public hearing to seek recommendations and comments from members of the public regarding the specific actions and expenditures proposed for the LCAP.

- The agenda for the hearing must be noticed 72 hours before the hearing and must include where the plan is available for the public to review.
- The hearing must be held at the same hearing as the one discussing the proposed budget.

The board must adopt the plan at a subsequent public hearing when they also adopt the district budget.

Mid-Year Revisions to the LCAP

The board may adopt revisions to their LCAP, but must follow the same steps as they took when they originally adopted it.

Adoption of the Template by the SBE – March 2014 (ECS 52064)

The SBE must adopt templates for use by districts, counties and charter schools to meet the plan adoption requirements by March 31, 2014.

- The template must allow an LEA to complete a single plan to meet the requirements of both their LCAP and single plan for student achievement required by NCLB. And the SBE must take steps to minimize duplication of efforts to the extent possible.
- If possible, the template adopted for use by county superintendents must allow them to develop a single plan that includes the requirements for providing services to expelled students (ECS 48926).
- The SBE must follow the administrative procedures act and may adopt emergency regulations for purposes of adopting a template.
- Any revisions to the template or evaluation rubric must be done by January 31 for the next fiscal year.
- The adoption of the template by the SBE doesn't require LEAs to submit their plans to the SBE and the SPI cannot require a district or charter submit one to them.

- The SBE may authorize a school district or charter to submit to the SBE only the sections of the plan required by federal law.

**Adoption of the Evaluation Rubric by the SBE – October 2015
(ECS 52064.5)**

The SBE must adopt an evaluation rubric by October 1, 2015 to:

1. Assist LEAs in evaluating its strengths, weaknesses and areas that require improvement.
2. Assist the county superintendent in identifying school districts and charters in need of technical assistance if the county has not approved the LCAP (ECS 52071) or a charter school has not met their growth indicators (47607.3).
3. Assist the SPI in identifying districts that warrant intervention (ECS 52072).

The rubric must reflect a holistic, multidimensional assessment of the school district and individual school site performance and must include the state priorities identified in the plan. The SBE must also adopt standards for districts and school site performance and expectations for improvement regarding each of the state priorities.

**Internet posting of LCAPs and updates
(ECS 52065)**

District superintendents must post the plan on the district’s website, counties must post the plans for all districts in their county on their website and the SPI must post links to all plans on its website.

**County office of education LCAPs
(ECS 52066)**

The procedures for the development and adoption of LCAPs for county offices of education are very closely aligned. In addition to the state priorities identified for school districts, counties must also address how they will coordinate the instruction of expelled students and how they will coordinate services for FY. For FY this includes:

1. Working with the county child welfare agency to minimize changes in school placement.
2. Providing education-related information to the county child welfare agency to assist in the delivery of services including educational status and progress information required for court reports.
3. Responding to requests from the juvenile court for information and working with the court to ensure the delivery and coordination of necessary educational services.
4. Establishing a mechanism for the efficient expeditious transfer of health and education records and the health and education passport.

**LCAP Timeline
(ECS 52070)**

The timeline for reviewing LCAPs is as follows:

- Five days after adopting an LCAP or update, the district must file the plan with the county superintendent.
- By August 15, the county superintendent may seek clarification in writing from the district about the contents of the LCAP.
- Within 15 days the district must respond in writing to the clarification requests.
- Within 15 days after receiving the response from the district the county may submit written recommendations for amendments to the district LCA.
- Within 15 days of receiving the recommendations, the governing board must consider them at public meeting.
- By October 8, the county superintendent must approve a district LCAP if they find both of the following:

1. The plan adheres to the template and
2. The budget for the applicable year includes the expenditures sufficient to implement the specific actions and strategies included in the plan, based on the projections of costs in the plan.

If there is only one school district in the county then the county superintendent must designate another county superintendent to review and approve the district plan.

LCAP Timeline for Counties

(ECS 52070.5)

Follows the same timeline as for districts, but with submission to and review by the SPI.

Denial of District LCAP or Technical Assistance

(ECS 52071)

If a county superintendent doesn't approve a district plan or if the district requests technical assistance, the county superintendent must provide technical assistance, including:

1. Identification of the district's strengths and weaknesses in regard to the state priorities. This shall be provided in writing to the district and must include a review of effective, evidence-based programs that apply to the district's goals.
2. Assignment of an academic expert or team of experts to assist the district in identifying and implementing effective programs that are designed to improve the outcomes for all student subgroups. The county superintendent may also solicit another district within the county to act as a partner to the district.
3. Request that the SPI assign the California Collaborative for Educational Excellence to provide advice and assistance to the district. More on the Collaborative below.

Using the evaluation rubric the county superintendent shall provide the technical assistance described to any district that fails to improve student achievement across more than one state priority for more than one subgroup. Districts requesting the technical assistance must pay for it.

Denial of County LCAP or Technical Assistance

(ECS 52071.5)

Follows the same process as for districts, but with intervention by the SPI.

Interventions for Districts and County Offices

(ECS 52072 and 52072.5)

The SPI with the approval of the SBE may identify districts in need of interventions, if the district meets both of the following:

1. The district did not improve student outcomes for three or more subgroups for one state or local priority in three out of four consecutive years
 - a. For districts with less than three subgroups, this applies to all their subgroups.
2. The Collaborative has provided advice and assistance to the district and submits either of the following findings:
 - a. The district failed to or is unable to implement the Collaborative's recommendations or
 - b. The inadequate performance of the district is either so persistence or acute as to require the SPI's intervention.

For districts that meet these criteria the SPI with the approval of the SBE may:

1. Make changes to the LCAP.

2. Develop and impose budget revisions, in conjunction with revisions to the LCAP that the SPI determines would allow them to improve outcomes for all subgroups identified in the state priority areas.
3. Stay or rescind action – if that action is not required by a collective bargaining agreement – that would prevent the district from improving outcomes for all subgroups on state or local priorities.
4. Appoint an academic trustee to exercise the SPI’s powers and authority.

The SPI must notify the county superintendent, district superintendent and board if they are taking any of these actions.

**California Collaborative for Educational Excellence
(ECS 52074)**

The California Collaborative for Educational Excellence is created with the purpose of providing advice and assistance to school districts, county superintendents and charter school in achieving the goals in their LCAP. The SPI, with SBE approval, shall contract with individuals, LEAs, or organizations with expertise, experience, and a record of success in helping districts meet:

1. The state priorities included in the plan.
2. Improving the quality of teaching.
3. Improving the quality of school district and school site leadership.
4. Successfully addressing the needs of the of special student populations, including EL, low-income students, foster youth and special education students.

The SPI may direct the Collaborative to advise and assist a school district, county office of education or charter school in any of the following circumstances:

1. The governing board requests the assistance.
2. The county superintendent determines the assistance is necessary for the LEA to accomplish the goals in the LCAP, because the district hasn’t met the targets set forth in the plan for three out of four years.
3. The SPI determines the assistance is necessary.

Note: There is the expectation that the Collaborative will be further defined in legislation this summer.

**Complaint Procedures
(ECS 52075)**

A complaint may be filed with an LEA pursuant to the Uniform Complain Procedures (UCP) if it is believed they have not complied with the requirements of the LCAP. Anonymous complaints may be filed if evidence or information is provided to support the allegation. A complainant not satisfied with the response to their complaint by the LEA may appeal that decision to the SPI, who must respond in writing within 60 days of receiving the complaint.

Information on the complaint procedure must be provided to students, parents and employees with annual notifications provided. LEAs must also establish local procedures for implementing these complaint procedures by June 30, 2014.