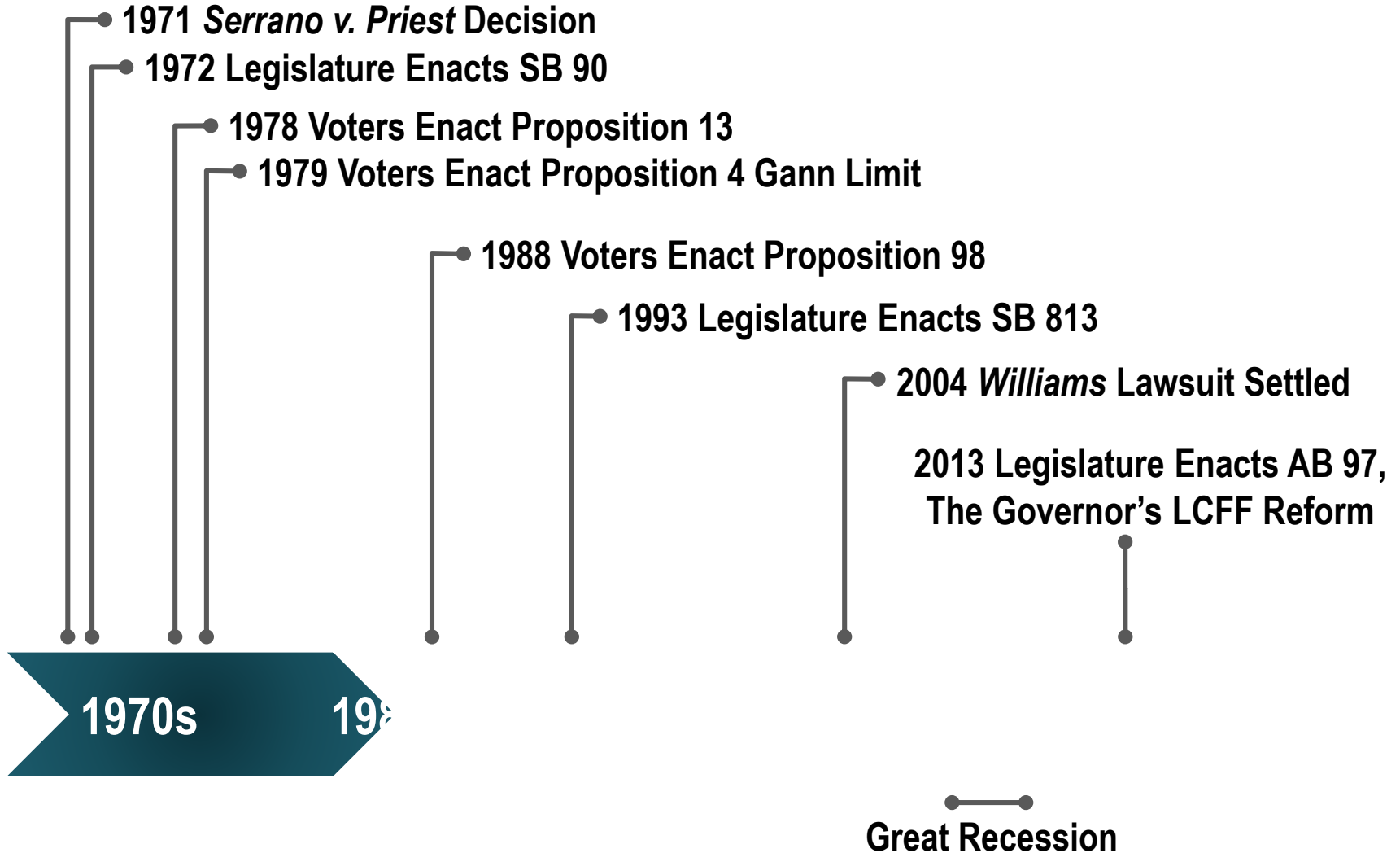# Local Control Funding Formula (LCFF)
&
Local Control Accountability Plan (LCAP)

Parent Advisory Committee Presentation
April 4, 2014

With Information Provided by School Services of California (SSC)

School Finance Timeline

1971 *Serrano v. Priest* Decision

1972 Legislature Enacts SB 90

1978 Voters Enact Proposition 13

1979 Voters Enact Proposition 4 Gann Limit

1988 Voters Enact Proposition 98

1993 Legislature Enacts SB 813

2004 *Williams* Lawsuit Settled

2013 Legislature Enacts AB 97,
The Governor's LCFF Reform

1970s   **198**

Great Recession

LCFF Overview

- Starting point for LCFF calculation in 2013-14 is funding received in 2012-13
  - Revenue limits
  - More than 40 state categorical programs included in LCFF

- The funding is no longer unrestricted and restricted, revenue limit and categorical

- This is simply the reference point for determining LCFF funding and progress toward the LCFF target entitlement in 2013-14

3

LCFF Overview

- Base grants by grade level
  o Transitional Kindergarten-3
  o 4-6
  o 7-8
  o 9-12
- Adjustments for Class-size Reduction (CSR) and Career & Technical Education (CTE)
  o CSR requires progress toward maximum site average of 24 students enrolled in grades K-3 as of 2020-21
    - *Failure to meet the annual enrollment target at any site results in the loss of the TK-3 funding for the entire district*
  o CTE is unrestricted
- Supplemental Grants
  o Socio-economic disadvantaged
  o English learners
  o Foster youth
- Concentration Grants
  o Unduplicated count of students identified in supplemental grants over 55% of student enrollment

LCFF Overview

- Average Daily Attendance (ADA) still drives funding
  - Same as before with three counts taken during the school year
    - P-1, P-2, Annual
  - ADA reported by grade span: TK-3, 4-6, 7-8, 9-12
  - New legislation now grants greater of current year ADA or prior year ADA
  - Grade span ADA applied to four different grant amounts, one for each grade span

- Pupil counts used to determine eligibility for supplemental and concentration grants
  - The percentage of pupils eligible for supplemental and concentration grants is based on a three-year rolling average

LCFF
Hold Harmless 2013-14

- LCFF funding will not be less than state aid received in 2012-13
  - Transportation
    - Maintenance of Effort (MOE) requirement
  - Targeted Instruction Improvement Grants (TIIG)
    - Can be used for any educational purpose
- Hold harmless not applicable to non-LCFF programs such as special education, Quality Education Investment Act (QEIA), Child Nutrition, and Prop 49 after school programs
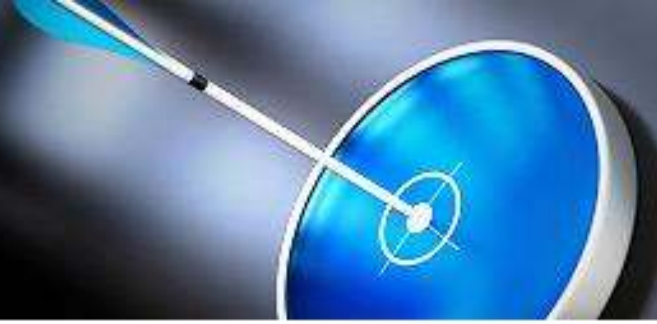
Under the LCFF, base grants are adjusted annually by the same U.S. Department of Commerce index previously used to adjust revenue limits (E.C. 42238.02[d][2])

> Because all of the LCFF adjustments – K-3 CSR, CTE, supplemental/ concentration grants – are tied to the base grant, these funds are increased annually by the COLA as well

However, during the eight-year implementation phase of the LCFF, the change in the statutory COLA will not necessarily correspond to the change in funding received by each district

> Though not explicitly identified, LCFF funding includes both COLA and funding to restore prior-year cuts

> A district's annual change in funding will depend primarily upon (1) its % of eligible students and (2) its funding level in the 2012-13 base year

LCFF
Future Funding Target

- By 2020-21, base amounts will be the same for all Local Education Agencies
  - o Revenues may be different based on demographics and add-ons for transportation and TIIG
  - o This addresses equalization as originally addressed in Priest vs. Serrano

- Multi-year Projection (MYP) of LCFF
  - o The statutory Cost Of Living Adjustment (COLA) no longer determines out-year funding increases
  - o There is no statewide standard for expected revenue growth
  - o Individual districts will need to project demographic composition of ADA
  - o State budget projections can change from year to year with no guarantee LCFF growth will be fully funded

LCAP Accountability

- Local Control Accountability Plan (LCAP)
  - Three year plan which must be adopted in conjunction with the annual budget
    - Public hearing regarding plan must take place at a separate public meeting before approval
  - Based on state priorities (see next slide)
  - District annual goals recorded
  - Specific actions or programs identified
  - Description of expenditures
    - List and describe expenditures serving socio-economic disadvantaged, english learners, and foster youth
- Other accountability plans could be done in concurrence
  - Technology plan
  - Common Core implementation plan
  - Title I (Single Plan for Student Achievement, LEA Plan)
  - English Learner support plan (Title III Accountability)
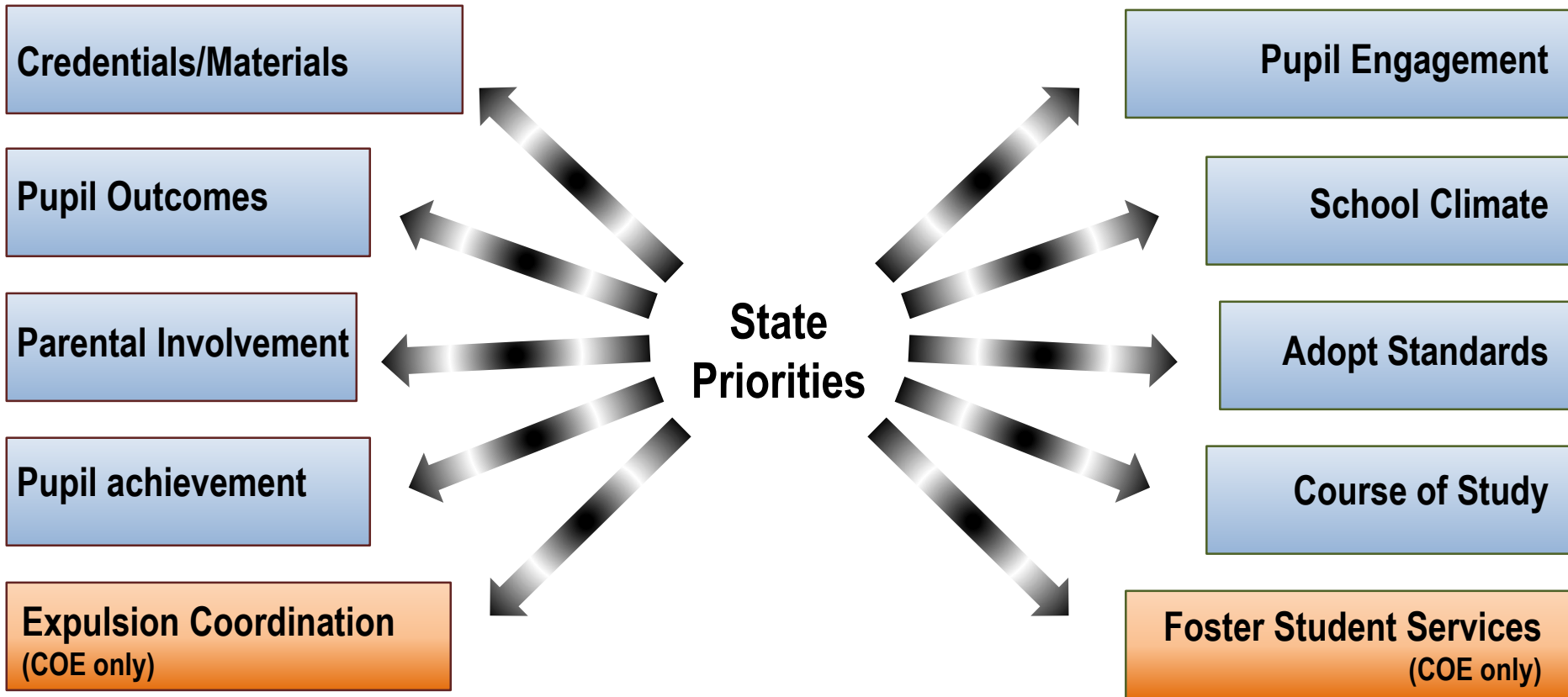
Adopting and Updating the LCAP

1

Consultation with:
  Teachers
  Principals
  School personnel
  Pupils
  Local bargaining
  units

2

Present for review and comment to:
  Parent advisory committee
  English learner parent advisory committee
  The superintendent must respond in writing to comments received

3

Opportunity for public input:
  Notice of the opportunity to submit written comment
  Public hearing
 The superintendent must respond in writing to comments received

4

Adoption of the plan:
  Adopted concurrent with the LEA's budget
  Submitted to COE for approval
  Posted on district website
  COE posts LCAP for each district/school or a link to the LCAP

LCAP Accountability

- Oversight of LCAP by County Office's of Education (COE's)
  - Responsibility will begin for the 2014-15 school year
  - COE's will review and approve the plan by October 8th
  - Criteria for approval
    - The LCAP or annual plan adheres to the template adopted by the State Board of Education (SBE)
    - The budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP
  - If not approved
    - Identify strengths and weaknesses in regards to state priorities
    - Assign an academic expert or team of experts
    - Request the SPI assign the California Collaborative for Educational Excellence (CCEE) to provide advice and assistance
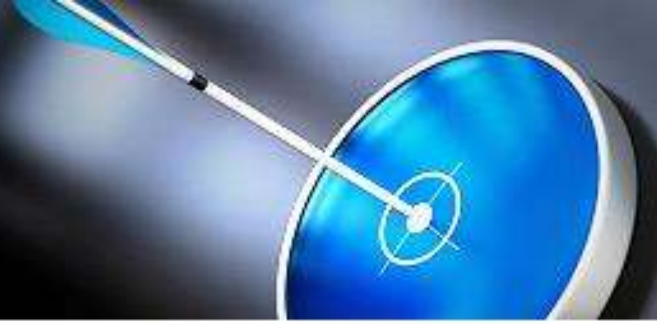
With approval by the SBE, the SPI is authorized to:

Appoint an academic trustee

Stay and rescind action of the governing board – except where such action would violate a local CBA

Impose budget revisions

Make changes to the LCAP

Criteria: A district or COE fails to improve outcomes for three or more subgroups three out of four consecutive years, and the CCEE finds that the LEA is unable to implement its recommendations

LCFF & LCAP Governance

- LCFF offers more local control of spending priorities
- LCFF moves away from a compliance model
  - Elimination of nearly all state restricted programs
  - Locally developed and defined goals
  - Focus on outcomes and student learning
- Board of education will ultimately approve the LCAP in conjunction with the annual budget
  - Aligning financial resources to a local plan for student achievement
- Now is the time to embrace change

To Act Differently We Must Think Differently

Old System
State of California

New System

Community Involvement

Local Board Sets Policy

Policy

State Provides Funding

Funding

Local Board
Empowers Schools

Results Reported
to Public

Program Rules

Board Revises
Policy

Focus on
Students

Local Board Implementation

School Site Performance

Audits and Compliance Reviews

Student
Achievement

Compliance Model

Empowerment Model

Old rules:

How much money is in categorical programs?

What are we allowed to use it for?

How do we comply with state law?

What are the audit requirements and penalties?

New rules:

What priorities have we set with our community?

Have we defined student expectations and outcomes as well as key elements of operation of the program?

What do our professional teachers, administrators, and classified employees advise?

How will we measure success?

What alternative programs get a "no" in order to give this one a "yes"?

The motive and tone of the discussion changes – we think for the better

LCFF & LCAP Conclusion

- Challenges
  - 2013-14 is year of change
  - 2013-14 LCFF revenue certified in June 2014
  - Timeline for 2014-15 LCAP development has begun
  - LCAP template available in January 2014
- Opportunity
  - To work together
    - As a governance team
    - As a school
    - As education professionals
    - As a community