

March 4, 2014

Overview of New Funding and Accountability System

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Assembly Budget Subcommittee No. 2 on Education Finance
Hon. Al Muratsuchi, Chair





Local Control Funding Formula (LCFF)

Background

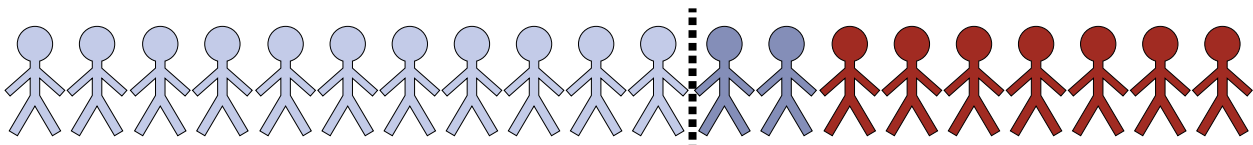
- LCFF replaced revenue limits and most categorical programs with new funding formula.

Formula




- Sets grade-span base rates, with higher rates for the higher grades.
- Includes an additional supplement of 20 percent of the base grant for each English learner and low-income (EL/LI) student in a district.
- Includes concentration funding for districts with high proportions of EL/LI students (exceeding 55 percent).

Illustration of How LCFF Works

Elementary District



Concentration Threshold
(55 percent of enrollment)

		Funding Each Student Generates			
Student		Base K-3 Rate	EL/LI Supplement	EL/LI Concentration	Total
	EL/LI	\$7,557	\$1,511	—	\$9,068
	EL/LI	7,557	1,511	3,779	12,847
	Non-EL/LI	7,557	—	—	7,557

LCFF = Local Control Funding Formula; EL/LI = English learner/low-income.



Local Control and Accountability Plans (LCAPs)

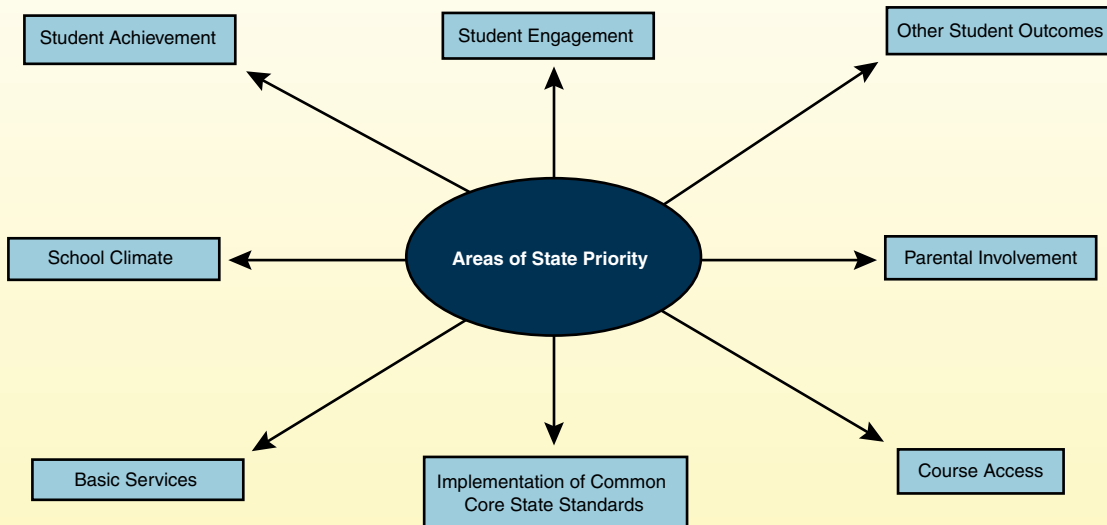
✓ Background

- In conjunction with establishing a new education finance formula, the Legislature adopted a new accountability system centered on eight state priority areas.

✓ LCAPs

- Each school district must adopt an LCAP every three years (and update its LCAP annually).
- LCAPs must set annual goals in eight state priority areas and specify the actions the district will take to meet those goals for each school and each significant subgroup in the district.

Eight Areas of State Priority Must Be Addressed in LCAPs



LCAP = Local Control and Accountability Plan.



Support and Intervention



Background

- In conjunction with establishing a new accountability system, state created new system of support and intervention for struggling school districts. Decisions regarding support and intervention to be based on evaluation rubrics.
- As part of the new system, state created new agency—the California Collaborative for Educational Excellence (CCEE)—to advise and assist school districts in improving performance.



Support and Intervention

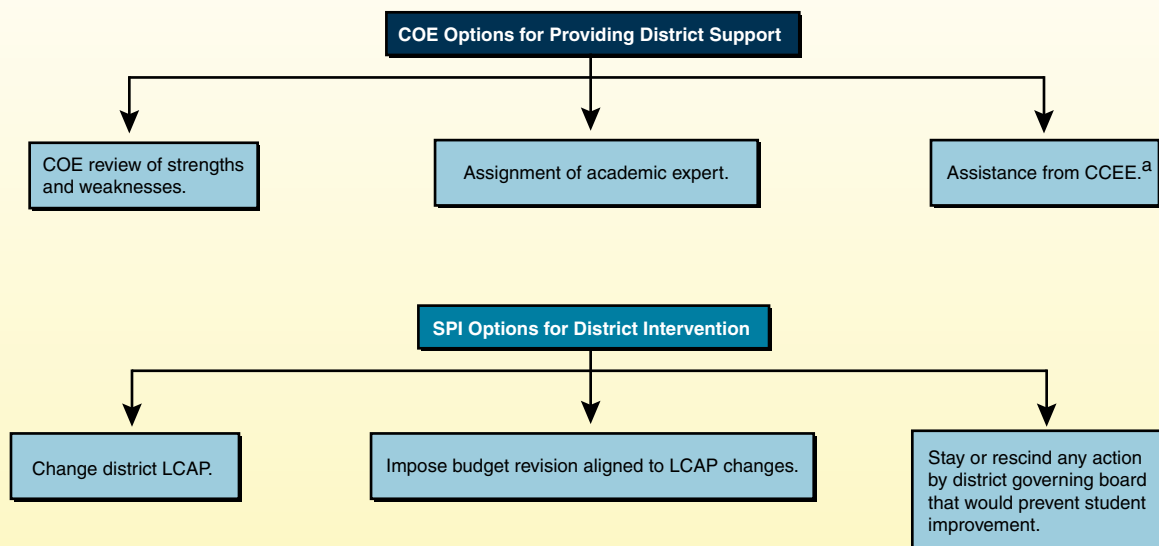
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Conditions Under Which Support and Intervention Provided

- Support provided when a school district requests assistance, the County Office of Education does not approve a district's LCAP, or a school district fails to improve student outcomes (in more than one state priority for at least one subgroup).
- Intervention by the Superintendent of Public Instruction occurs when a school district fails to improve student outcomes in three out of four consecutive years (for three or more subgroups in more than one state priority area), the CCEE determines intervention is necessary, and the State Board of Education (SBE) approves intervention.

New System of School District Support and Intervention



^a In addition to a COE assigning CCEE, the SPI at any time may assign CCEE to help any district.

COE = County Office of Education; CCEE = California Collaborative for Educational Excellence; SPI = Superintendent of Public Instruction; and LCAP = Local Control and Accountability Plan.



Update on LCFF Implementation



Funding

- The *2013-14 Budget Act* provided \$2.1 billion for first-year implementation of the LCFF, closing approximately 12 percent of the funding gap.



SBE Actions

- In January, the SBE adopted regulations governing the use of supplemental and concentration funding.
- The SBE adopted LCAP templates at the same meeting.



Remaining Milestones

- Districts must adopt LCAPs for the first time by July 1, 2014 (for the 2014-15 school year).
- The SBE must adopt evaluation rubrics for districts by October 1, 2015.



CCEE's Role Remains Unclear



Governor's 2014-15 LCFF Budget Proposals



Increases Funding for LCFF

- Provides \$4.5 billion towards LCFF implementation. Closes 28 percent of the gap to target rates. Funds approximately 80 percent of the total cost of LCFF in 2014-15.



Adds Two Programs to LCFF

- Adds Agricultural Vocational Education and Specialized Secondary Programs to LCFF.
- Districts receiving funding for these programs in 2013-14 would continue to receive this funding, but it would count towards their LCFF targets beginning in 2014-15.



Proposes Automated Budget Formula During Transition Period

- Includes statutory language requiring a specified percentage of Proposition 98 funding automatically be dedicated to the LCFF each year.
- For 2014-15, the Governor proposes 76 percent of Proposition 98 be dedicated to LCFF. Beginning in 2015-16, and until LCFF targets are fully funded, 79 percent of Proposition 98 funding would go towards LCFF.



Recommendations

- Dedicating Virtually All New Ongoing Funding for LCFF, Consistent With Implementation Plan**
- Approve Shift of Two Programs to LCFF**
- Reject Proposal to Automate LCFF Funding Increases**