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L E G I S L A T I V E A N A L Y S T ' S O F F I C E

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Overview of Local Control Funding Formula and New State Accountability System

Presented to:
Assembly Budget Subcommittee No. 2
On Education Finance
Hon. Kevin McCarty, Chair





Local Control Funding Formula (LCFF) for School Districts and Charter Schools



Background

- LCFF replaced revenue limits and most categorical programs.



Formula

- Sets base rates for four grade spans, with generally higher rates for higher grades.
- Adds a supplement of 20 percent of the base grant for each English learner and low-income (EL/LI) student in a district.
- Adds concentration funding for any district with a high proportion of EL/LI students (exceeding 55 percent of total district enrollment).

LCFF Target Funding Rates

Target Rates as Calculated in 2015-16^a

Grade Spans	Base Rates	Supplemental Funding ^b	Concentration Funding ^c
K-3	\$7,820	\$1,564	\$3,910
4-6	7,189	1,438	3,595
7-8	7,403	1,481	3,702
9-12	8,800	1,760	4,400

^a Does not reflect actual funding levels. State funded 90 percent of the target rates in 2015-16.

^b Equals 20 percent of the base rate. Generated for each district student who is a foster youth, an English learner, or low income (EL/LI).

^c Equals 50 percent of the base rate. When EL/LI students comprise more than 55 percent of total district enrollment, generated for each EL/LI student above that threshold.

LCFF = Local Control Funding Formula.



LCFF Implementation



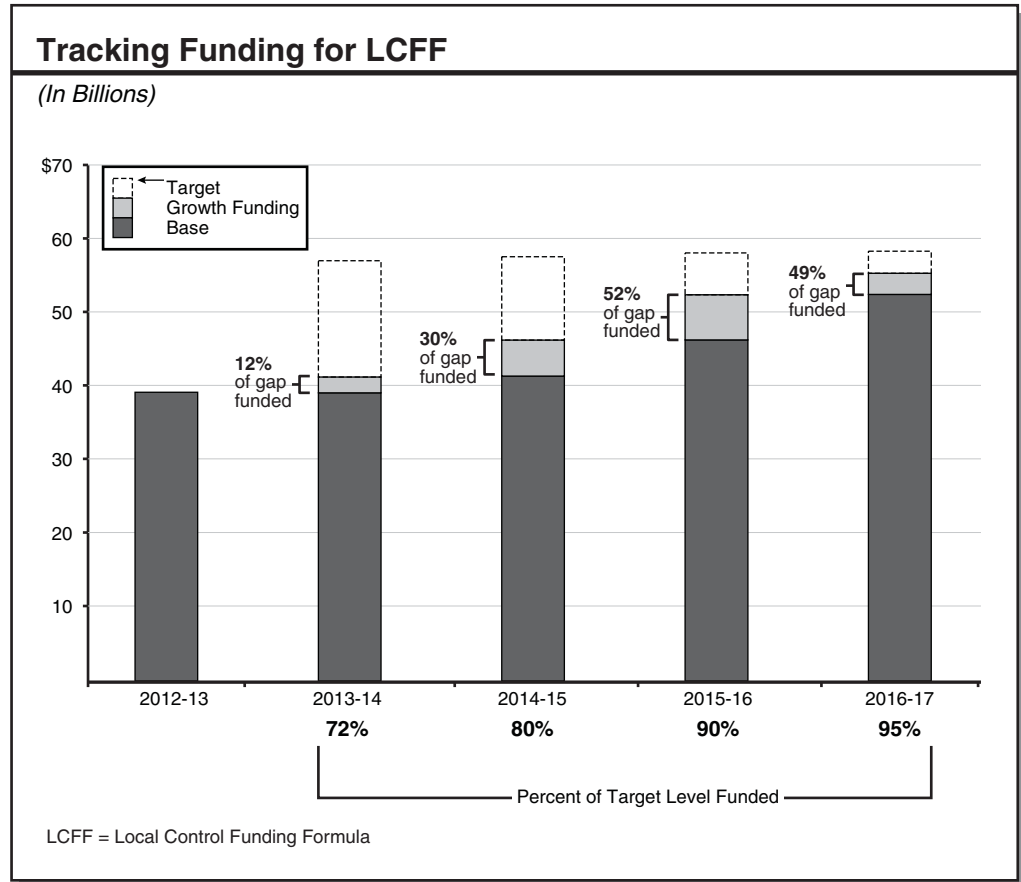
Target LCFF Rates Higher Than Funding Rates Under Former System

- At the time of enactment (2013-14), the state set LCFF target base rates that were about \$500 higher per student than 2012-13 revenue limit rates. The LCFF supplemental and concentration funding levels also were significantly higher than statewide categorical funding in 2012-13. In total, the state estimated the new system at full implementation would cost \$18 billion more than the 2012-13 funding level.
- The state is phasing in LCFF implementation over multiple years as additional funding becomes available. The administration believes full implementation will be reached in 2020-21.
- Over the past three years, the state has provided \$12.8 billion in additional K-12 funds for LCFF implementation. The Governor's budget for 2016-17 proposes an additional \$2.8 billion.



LCFF Implementation

(Continued)





LCFF for County Offices of Education (COEs)



Two-Part Formula

- The “Operations” component of the formula supports basic COE operations and services for districts in the county.
- The “Alternative Education” component supports COE alternative schools, including court schools and county community schools. This grant is structured like the district formula, but with a different base rate, supplement, and concentration threshold.
- COEs can spend funds generated by the two-part formula for any purpose.



COE Formula Fully Implemented by 2014-15

Overview of Local Control Funding Formula for COEs	
<i>2015-16</i>	
Operations Grant	
Funding target	Base funding of \$668,242 per COE. Additional \$111,374 per school district in the county. Additional \$40 to \$72 per ADA in the county (less populous counties receive higher per-ADA rates).
Alternative Education	
Eligible student population	Students who are (1) under the authority of the juvenile justice system, (2) probation-referred, (3) on probation, or (4) mandatorily expelled.
Target base rate	\$11,428 per ADA.
Supplemental funding for EL, LI, and foster youth	Additional 35 percent of COE base grant. ^a
Concentration funding	Additional 35 percent of COE base grant for EL/LI students above 50 percent of enrollment. ^a
^a For court schools, formula calculates supplemental and concentration funding assuming 100 percent of students are EL/LI. COE = county office of education; ADA = average daily attendance; EL = English learner; and LI = low-income.	



Targeting Funds for EL/LI Students



Spending Requirements

- Statute requires districts, COEs, and charter schools to “increase or improve services” for EL/LI students “in proportion to increase” in LCFF supplemental and concentration funding.
- Statute allows districts to use supplemental and concentration funding on a countywide, districtwide, or schoolwide basis.
- Specific requirements set by regulations adopted by the State Board of Education.



Reporting Requirements

- In their annual strategic plans, districts, COEs, and charter schools must identify their funding increase for EL/LI students and describe how they plan to use that increase for the benefit of EL/LI students.
- Also must include justifications if they choose to use supplemental and concentration funding on a countywide, districtwide, or schoolwide basis, with higher justification required for districts/schools with low shares of EL/LI students.



New Accountability System Based on Eight State Priority Areas

State Priority Areas and Associated Metrics

Student Achievement

- Performance on standardized tests.
- Score on Academic Performance Index.
- Share of students that are college and career ready.
- Share of English learners that become English proficient.
- English learner reclassification rate.
- Share of students that pass Advanced Placement exams with 3 or higher.
- Share of students determined prepared for college by the Early Assessment Program.

Parental Involvement

- Efforts to seek parent input.
- Promotion of parental participation.

Basic Services

- Rate of teacher misassignment.
- Student access to standards-aligned instructional materials.
- Facilities in good repair.

Student Engagement

- School attendance rates.
- Chronic absenteeism rates.
- Middle school dropout rates.
- High school dropout rates.
- High school graduation rates.

Implementation of State Standards

- Implementation of Common Core State Standards for all students, including English learners.
- Implementation of English language development standards.

Other Student Outcomes

- Other indicators of student performance in required areas of study. May include performance on other exams.

Course Access

- Student access and enrollment in all required areas of study.

Coordination of Instruction for Expelled Students

Coordination of Services for Foster Youth

School Climate

- Student suspension rates.
- Student expulsion rates.
- Other local measures.

- County Office of Education and District Priority Areas
- County Office of Education-Specific Priority Areas



Two Main Components of State Accountability System



Local Control and Accountability Plans (LCAPs)

- Districts, COEs, and charter schools must set goals and specify actions they will take to improve in the eight state priority areas. For each goal, they must track progress using the performance indicators linked to the eight priority areas.
- Districts and COEs must seek feedback from school employees, students, and parents.



Evaluation Rubrics

- Use as a self-assessment tool for districts and as a way to determine if certain districts and COEs need assistance.
- Statute requires rubrics to set state-level expectations for performance and improvement in each of the eight state priority areas.
- State Board of Education must adopt evaluation rubrics by October 2016.