



Overview of LCFF Regulations

On January 16th the State Board of Education (SBE) approved Local Control Funding Formula (LCFF) spending regulations and the Local Control and Accountability Plan (LCAP) template. There remain many questions around LCFF. Here are some answers regarding the recently approved regulations and LCAP.

Spending Regulations

Q. Do local educational agencies (i.e., school districts, charter schools, and county offices of education [LEA]) need to follow specific rules when using LCFF supplemental and/or concentration funding?

A. Yes, the LCFF statutes (California Education Code Section 42238.07) directed the SBE to develop and approve spending regulations that provide direction to LEAs regarding how to demonstrate that they will increase or improve services for unduplicated pupils (i.e., low income, foster youth, and English learners) in proportion to the additional LCFF funding generated by these students. The regulations adopted by the SBE provide a calculation that LEAs shall use to determine a proportionality percentage. LEAs are expected to describe within their LCAP how they will meet this percentage of increase or improve services for unduplicated students over what is provided for all students using qualitative and/or quantitative measures. This is a snapshot of services that an LEA is providing in a given year.

Q. How is the percentage used to determine proportionality calculated?

A. The SBE's regulations detail a standard methodology for calculating the percentage in Title 5, California Code of Regulations, Section 15496 (a). Essentially each LEA shall divide their supplemental and concentration grant amount by the base LCFF grant amount. In the transition years, before the LCFF is fully funded statewide, the regulations include a standard methodology for determining how much supplemental and concentration grant funds are received in a given year by an LEA for purposes of this calculation. LEAs will explain these calculations in their LCAPs. See attachment 4 of the SBE Item 20 (January 15-16 meeting) for an example of this calculation (<http://www.cde.ca.gov/be/ag/ag/yr14/documents/jan14item20a4.doc>).

Q. In step 1 of the formula, is the LCFF target the estimate of an LEA's LCFF target in the LCAP year or at full implementation in 2020-21?

In step 1, the LEA is estimating its supplemental and concentration grant funding target for the LCAP year. (The phrase "target as of the LCAP year" means the amount of funding the LEA would receive if LCFF were fully funded in the LCAP year). This means that for 2014-15, step 1 would require the LEA to estimate the amount of

supplemental and concentration grant funding it would receive in 2014-15 if the LCFF was fully implemented statewide in 2014-15. This is consistent with the way the state is defining and calculating the LCFF funding gap each year.

Q. Can an LEA spend or provide more services in a given year than the calculated proportionality percentage.

A. Yes. The calculated proportionality percentage is meant to serve as a minimum threshold and should not be interpreted as a limit to the level of investment made to support “unduplicated pupils.” An important tenet of LCFF is that local needs should drive decisions with special attention to students in need (i.e., unduplicated pupils).

Q. The proportionality percentage calculation refers to a percentage calculated by the Department of Finance representing progress towards closing the LCFF funding gap. What is this number and where can it be found?

A. This LCFF funding gap percentage ([Title 5, California Code of Regulations, Section 15496 (a)] referenced in step 4 of the proportionality calculation) reflects the statewide progress made to fully fund the LCFF targets. The Department of Finance will calculate this percentage and include it with information published as part of the state budget process. For the purposes of the proportionality calculation, the gap percentage used should be the cumulative percent of progress made towards the LCFF funding targets. For instance, in 2013-14 the estimated amount of progress to fund the LCFF funding target was approximately 11.8%. Based on the Governor’s proposed budget, the 2014-15 value would be approximately 28%.

Q. Can supplemental and concentration funds be spent on a districtwide or schoolwide basis, or must they be targeted?

A. The regulations include a section (Title 5, California Code of Regulations, Section 15496 (b)) that allows supplemental and concentration grant funds to be used for districtwide, schoolwide, countywide, and charterwide purposes and still count towards meeting the proportionality percentage under certain conditions. An LEA that plans to use supplemental or concentration funds for schoolwide, districtwide, countywide, or charterwide purposes must identify these expenditures in the LCAP and describe how the funded services are directed towards meeting the LEA’s goals for its low-income pupils, English Learners, and foster youth in the state priority areas.

If a school district plans to provide districtwide services in a district where low-income pupils, English Learners, and foster youth account for less than 55 percent of enrollment or schoolwide services in a school where low-income pupils, English Learners, and foster youth account for less than 40 percent of enrollment, the district must additionally describe how the services provided are the most effective use of funds to meet the

district's goals for low-income pupils, English Learners, and foster youth in the state priority areas.

Q. When do the LCFF spending regulations go into effect?

A. The SBE action approved emergency regulations which are currently undergoing review by the Office of Administrative Law and should go into effect early February 2014. These new regulations should be followed by LEAs as they prepare for their 2014-15 budget and LCAP adoption process.

LCAP Template Regulations

Q. Who must have an LCAP?

A. All LEAs – school districts, charter schools, and county offices of education are required to develop an LCAP.

Q. Does the LCAP require a school district to complete a separate LCAP for each school site within a district?

A. No, a school district is required to complete one LCAP for the district, though districts may choose to complete school level LCAPs if they wish. The template requires that the district's LCAP includes goals and specific actions to achieve those goals for the school district, each school site within the district, all pupils, and each subgroup of pupils. As part of the LCAP district engagement and adoption process, districts are expected to discuss appropriate goals for each school site and to ensure that those goals are aligned to other school plans, such as the Single Plan for School Achievement. As the school district completes the LCAP, it may identify which school sites and subgroups have the same goals/actions and group and describe those goals together.

Q. When is the LCAP required and how often will it need to be updated?

A. All LEAs must have an LCAP in place before the final approval of their budget for 2014-15. Thereafter, LEAs are expected to annually update their LCAP prior to their annual budget approval.

Q. Do we include Annual Update information for the 2014-15 LCAP?

A. No. The first year of the LCAP will not include Annual Update information (e.g., analysis of progress, review of actions/services). The first year when such information will be included will be with the 2015-16 LCAP cycle.

Q. Can the LCAP template be reformatted (e.g., larger sized paper, reconfigure shape of boxes or areas for text)?

A. Yes, but all required information must be included within each section of the LCAP. LEAs may resize pages or attach additional pages as necessary to facilitate completion of the LCAP.

Q. Is there an online template for the LCAP?

A. Not at this point, but one will be available as soon as possible. The initial version of the LCAP is a Word document that can be downloaded and completed.

Q. How is the LCAP template linked to the expenditure regulations?

A. The LCAP template (Title 5, California Code of Regulations, Section 15497) includes Section 3(C) and Section 3(D) that specifically link to and provide space for the LEA to detail the use of LCFF supplemental and concentration grant funds, provide additional information required for the use of these funds in a schoolwide, districtwide, countywide, or charterwide manner, and finally to detail how the LEA meets the proportionality requirement calculated in the expenditure regulations.

Q. Do all expenditures of LCFF funding need to be listed and described in the LCAP?

A. The LCAP must list and describe all expenditures implementing the specific actions being taken to achieve the goals included in the LCAP. The state priorities broadly cover what an LEA does to support their students and achieve outcomes; therefore, almost all LEA expenditures will likely be listed and described as a consequence of being tied to the actions that support LEA goals around the state priorities. Also, considering that an important objective of LCFF is to support increased budget transparency, LEAs should carefully consider how to reflect the services and related expenses for their basic instructional program in relationship to the state priorities. There are some types of LCFF expenditures, which may not apply to the state priorities (e.g., debt service, general administration, post-employment benefits, etc.). In such cases, that expenditure would not need to be included in the LCAP.

Other Information

Q. What continuing opportunities do interested parties have to comment on the regulations and propose changes?

A. The SBE adopted the emergency regulations and initiated the process for the permanent regulations at the SBE meeting on January 16th.

The emergency regulations are currently under review by the Office of Administrative Law. Please refer to the Office of Administrative Law's website for technical information at: http://www.oal.ca.gov/Emergency_Regs.htm. Further information can also be found at: <http://www.cde.ca.gov/be/ag/ag/yr14/documents/jan14item20a5.doc>

For the permanent regulations, interested parties may submit comments in writing or orally within 45 days after the proposed regulations have been submitted. CDE staff, on behalf of the SBE, will hold a public hearing at 10:00 a.m. on March 17, 2014, at 1430 N Street, Room 1101, Sacramento, California on the permanent regulations. At the hearing, any person may present statements or arguments, orally or in writing, relevant to the proposed action described in the Informative Digest. Please refer to Attachment 2 in Item 21 for more information.

<http://www.cde.ca.gov/be/ag/ag/yr14/agenda201401.asp>

Q. What are the next steps for LCFF implementation?

A. *SBE staff will continue to work with CDE on the expenditure regulations and LCAP template regulations in accordance with the permanent regulations process and will provide an update at each SBE meeting. The SBE has additional responsibilities relating to LCFF, including the adoption of evaluation rubrics by October 1, 2015. Staff will also work on providing additional resources on LCFF, the expenditure regulations, and the LCAP template for use in the field. Please refer to both the West Ed LCFF website at <http://lcff.wested.org/> and the CDE LCFF website at <http://www.cde.ca.gov/fq/aa/lc/index.asp> for updates.*