



November 2013

# Policy Brief

## Impact of Local Control Funding Formula on Board Policies

Along with establishing a new funding formula for K-12 education, Assembly Bill 97 (Ch. 47, Statutes of 2013) and Senate Bill 97 (Ch. 357, Statutes of 2013) increase local flexibility and accountability with a goal of improving achievement for all students. Toward this end, numerous state categorical programs and revenue limits have been eliminated. Instead, the Local Control Funding Formula (LCFF) provides districts, county offices of education (COEs) and charter schools base grants and possibly supplemental and concentration grants depending on their unduplicated counts of English learners, foster youth, and students eligible for free and reduced-price meals. Supplemental and concentration funds are to be used to increase and improve services for unduplicated students. A Local Control and Accountability Plan (LCAP) must be developed which includes goals aligned with state and local priorities, specific actions aligned to meet those specific goals, and a budget aligned to fund those specific actions.

The LCFF has been described as a “seismic shift” in funding and accountability. As such, it requires a shift in the way governance teams think about policies and administrative regulations.

Local policies and regulations are a primary tool for not only ensuring compliance with law, but for communicating board expectations and supporting the district/COE vision and goals. Thus, it is important that they be aligned with the LCAP and provide a cohesive strategy for improving student achievement based on an assessment of student needs, particularly for the targeted student groups. It is especially critical that districts/COEs review their policies

related to the state priorities described in AB 97 and revise those policies as necessary. The state priorities address Williams compliance (teacher qualifications, access to instructional materials and facilities in good repair), implementation of Common Core State Standards, parent involvement, student achievement, student engagement, school climate, student access to the course of study and student outcomes in those courses. Two additional state priorities for COEs include coordination of instruction for expelled students and coordination of services for foster youth.

The LCFF presents an opportunity for local decision making based on local needs, but also presents challenges as boards begin to consider policies and programs in a new way and work to increase stakeholder involvement. Because of the far-reaching impact of the LCFF on policies, districts/COEs should proceed with policy reviews and revisions in a thoughtful, consistent and deliberate manner. It is expected that the 2013-14 school year will be a transition year as districts/COEs develop their LCAP and the state continues to issue guidance and related regulations.

Districts/COEs should begin now to develop a process and timeline for conducting a comprehensive review of the policy manual. The process should be an inclusive one that is designed to ensure that policies are aligned with state and local priorities, goals and action steps.

In October, CSBA issued a special edition of a number of sample policies and administrative regulations impacted by the LCFF. Governance teams are encouraged to review the CSBA sample materials and tailor

them to reflect local practice consistent with their LCAP. Additional sample materials will be revised and issued beginning in December and on a continual basis as new provisions of law become effective, new state guidance is available and research on best practices comes to light.

## Key policies affected by AB 97

Among the major policy issues raised by AB 97 are:

- **Local Control and Accountability Plan.** By July 1, 2014 and annually thereafter, districts/COEs must develop an LCAP that identifies actions they will take to meet state and local priorities. The State Board of Education (SBE) will develop a template for the plan by March 31, 2014. AB 97 requires that the plan be developed through a transparent process that includes consultation with teachers, principals, other administrators, other school personnel, parents and students. SB 97 adds a requirement to consult with employee bargaining units. Once the plan is adopted, it must be posted on the district/COE website and submitted to the county superintendent of schools, or in the case of COEs, be submitted to the Superintendent of Public Instruction (SPI). Complaints of noncompliance regarding plan development must be addressed through uniform complaint procedures. *Policy impact: CSBA has issued a new policy and regulation BPIAR 0460 - Local Control and Accountability Plan. AB 97 also will impact BPIAR 1312.3 - Uniform Complaint Procedures.*
- **Accountability/intervention.** The county superintendent must provide technical assistance to the district at the district's request or whenever he or she does not approve the district's LCAP or an annual update of the plan. Such assistance may include identification of the district's strengths and weaknesses, assignment of academic expert(s) to help the district identify and implement effective programs and/or referral to the California Collaborative for Educational Excellence for advice and assistance. The SPI may provide technical assistance to COEs under the same conditions. Districts/COEs may ultimately be subject to state intervention when two conditions are met: (1) failure to improve the outcomes for three or more student subgroups (or all subgroups in districts/COEs with less than three subgroups) in more than one state or local priority in three out of four consecutive school years and (2) persistent or acute inadequate performance or failure or inability to implement the recommendations of the California Collaborative for Educational Excellence. In such circumstances, the SPI or an academic trustee designated by the SPI may make changes to the LCAP, impose a budget revision and/or rescind a district/COE action, provided that action is not required by a collective bargaining agreement. Note that these new provisions do not affect other accountability systems required by federal law (i.e., program improvement for Title I schools) or the state's Quality Education Investment Act. *Policy impact: BPIAR 0460 - Local Control and Accountability Plan and BP 0500 - Accountability.*
- **Budget.** District/COE budgets will need to be aligned with the LCAP and must reflect an increase or improvement in services for targeted student groups in proportion to the increase in apportioned supplemental and concentration grant funds, consistent with state regulations to be adopted by the SBE by January 31, 2014. Audit reports will include proper expenditure of LCFF funds. The SBE is required to revise budget standards and criteria by January 1, 2014, which will be applicable starting in the 2014-15 fiscal year. *Policy impact: BP 3100 - Budget, BP 3110 - Transfer of Funds and BPIAR 3460 - Financial Reports and Accountability.*
- **Class size.** As a condition of receiving an additional adjustment to the base grant for grades K-3, districts/COEs will need to make progress toward maintaining an average class size of no more than 24 students and must achieve that ratio when LCFF is fully implemented. However, an exception is provided if a different ratio is negotiated with employee organizations. *Policy impact: BPIAR 6151 - Class Size.*
- **Instructional time.** If negotiated with employee organizations, districts may implement a four-day school week. However, LCFF allocations will be reduced if minimum requirements for instructional days and minutes are not met. *Policy impact: BP 6111 - School Calendar.*
- **Charter schools.** AB 97 requires charter petitions to include a description of annual goals for all students and for each numerically significant subgroup of students served by the school. These goals must be aligned with state priorities and any additional priorities established by the school. AB 97 also amends requirements related to reports required by charter schools and establishes consequences for a charter school's failure to meet state or school priorities for student subgroups. *Policy*

*impact: AR 0420.4 - Charter School Authorization, BPIE 0420.41 - Charter School Oversight and BP 0420.43 - Charter School Revocation.*

## Categorical programs

For the majority of categorical programs, funding has been redirected into the LCFF and spending restrictions have been eliminated. As noted above, the supplemental and concentration grant portions of the LCFF may be used for any schoolwide, districtwide or countywide educational purpose with a goal of increasing or improving services for English learners, foster youth and low-income students.

Eliminated categorical programs include:

- Administrator Training Program
- Advanced Placement Fee Waiver
- Alternative Credentialing
- Arts and Music Block Grants
- Bilingual Teacher Assistance Program
- California High School Exit Exam Intensive Instruction
- California School-Age Families Education Program (Cal-SAFE)
- Categorical Programs for New Schools
- Certificated Staff Mentoring
- Charter School Block Grant
- Civic Education
- Class Size Reduction (K-3 and 9)
- Community-Based English Tutoring
- Community Day School (extra hours incentive funding)
- Deferred Maintenance
- Economic Impact Aid
- Educational Technology (California Technology Assistance Project and Statewide Education Technology Services)
- Gifted and Talented Education
- Grades 7-12 Counseling
- Instructional Materials Block Grant
- International Baccalaureate Diploma Program
- Math and Reading Professional Development Institutes
- National Board Certification Incentives

- Oral Health Assessments
- Peer Assistance and Review
- Physical Education Teacher Incentive
- Professional Development Block Grant
- Pupil Retention Block Grant
- School and Library Improvement Block Grant
- School Safety Block Grant
- School Safety Competitive Grant
- Student Councils
- Supplemental Instruction
- Teacher Credentialing Block Grant
- Teacher Dismissal Apportionments

In CSBA's sample policy manual, a new Cautionary Notice has been placed at the top of all sample policies and administrative regulations that contain language pertaining to any of these categorical programs. Until the sample policy or regulation can be updated, this notice advises districts that some requirements are no longer applicable.

Governance teams should review their policies related to all affected categorical programs and determine whether to eliminate any programs, eliminate specific provisions formerly required by law, retain effective provisions as "good practice," or make other changes to enhance programs and address the needs of the targeted student groups. Although CSBA sample materials will be updated to provide additional guidance, revision of district/COE policies must be driven by local goals and implementation strategies.

Other categorical programs are retained under LCFF, including Special Education, After School Education and Safety Program, State Preschool, Quality Education Improvement Act, Assessments, American Indian Education Centers and Early Childhood Education Program, Child Nutrition, Partnership Academies, Agricultural Vocational Education, Specialized Secondary Programs, Foster Youth Services, Mandates Block Grant and Adults in Correctional Facilities. Since requirements for these programs were not eliminated, related policies should still reflect those program requirements.

Two categorical programs—Targeted Instructional Improvement Block Grant and Home-to-School Transportation—are treated as "add-ons" to the LCFF. Districts/COEs will continue to receive the same amount of funding for these programs that they received in 2012-

13. In addition, funding provided for adult education, regional occupational centers and programs, and joint powers agencies for transportation or ROC/Ps cannot be redirected for two years.

Note that policies reflecting federal categorical programs are not affected. To the extent that any local program continues to receive funding for any such federal program, districts/COEs must ensure compliance with applicable requirements.

## Board considerations

As the district/COE develops its LCAP, it should also begin the process of identifying changes that will be needed in board policies and administrative regulations to effectively implement the action steps specified in the plan. It will be important to ensure alignment of the policies with the plan in order to provide clear direction and a consistent message to parents/guardians, staff, students and the community. The governance team should consider:

- In the process of developing the LCAP, which numerically significant student subgroups (i.e., English learners, foster youth, low-income students, students with disabilities, ethnic subgroups) have been identified in the district/COE and in each school, and what strategies have been developed to address the needs of those student groups? Which policies and administrative regulations address those targeted student groups and strategies, and therefore should be reviewed to ensure alignment with the LCAP?
- Which categorical programs currently offered by the district/COE are no longer required by law? Will the district continue to offer any of these programs? What policies and regulations reflecting provisions of categorical programs should be reviewed?
- In addition to policies and the budget, what other activities or documents should be reviewed for alignment with the LCAP (e.g., collective bargaining agreement, employee handbook, student handbook, staff development plan, other comprehensive plans)? What is the process and timeline for this review?
- How can the governance team take advantage of programmatic and funding flexibility in order to support innovation and best practices?
- Does the governance team need additional education, information, research, or resources to accomplish its policymaking and other responsibilities related to LCFF?

- How and when will the governance team assess the effectiveness of the updated policies and make further changes as needed?

## Additional resources

### CSBA

CSBA's website is being continually updated to add new resources on LCFF; see [www.csba.org/LCFF](http://www.csba.org/LCFF). Resources include:

- *Local Control Funding Formula: What Boards Need to Know Now*, archived webinar
- *Local Control Funding Formula 2013, Governance Brief*, August 2013
- *State Priorities for Funding: The Need for Local Control and Accountability Plans*, Fact Sheet, August 2013

### California Department of Education

See [www.cde.ca.gov/fg/aa/lc](http://www.cde.ca.gov/fg/aa/lc) for an overview of LCFF, an August 2013 letter on LCFF implementation, and Frequently Asked Questions.

### Legislative Analyst's Office

The LAO report *An Overview of the Local Control Funding Formula* (July 29, 2013), available at <http://lao.ca.gov/laoapp/PubDetails.aspx?id=2797>, provides details on the funding formula, LCAP requirements, and the system of support and assistance for districts that do not meet performance expectations.

### WestEd

WestEd resources on LCFF (<http://lcff.wested.org>) include a video series supporting local implementation of LCFF.