



East Side Union High School District

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Budget Advisory Committee LCFF Presentation and Update

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OCTOBER 22, 2013

The Budget in Broad Strokes

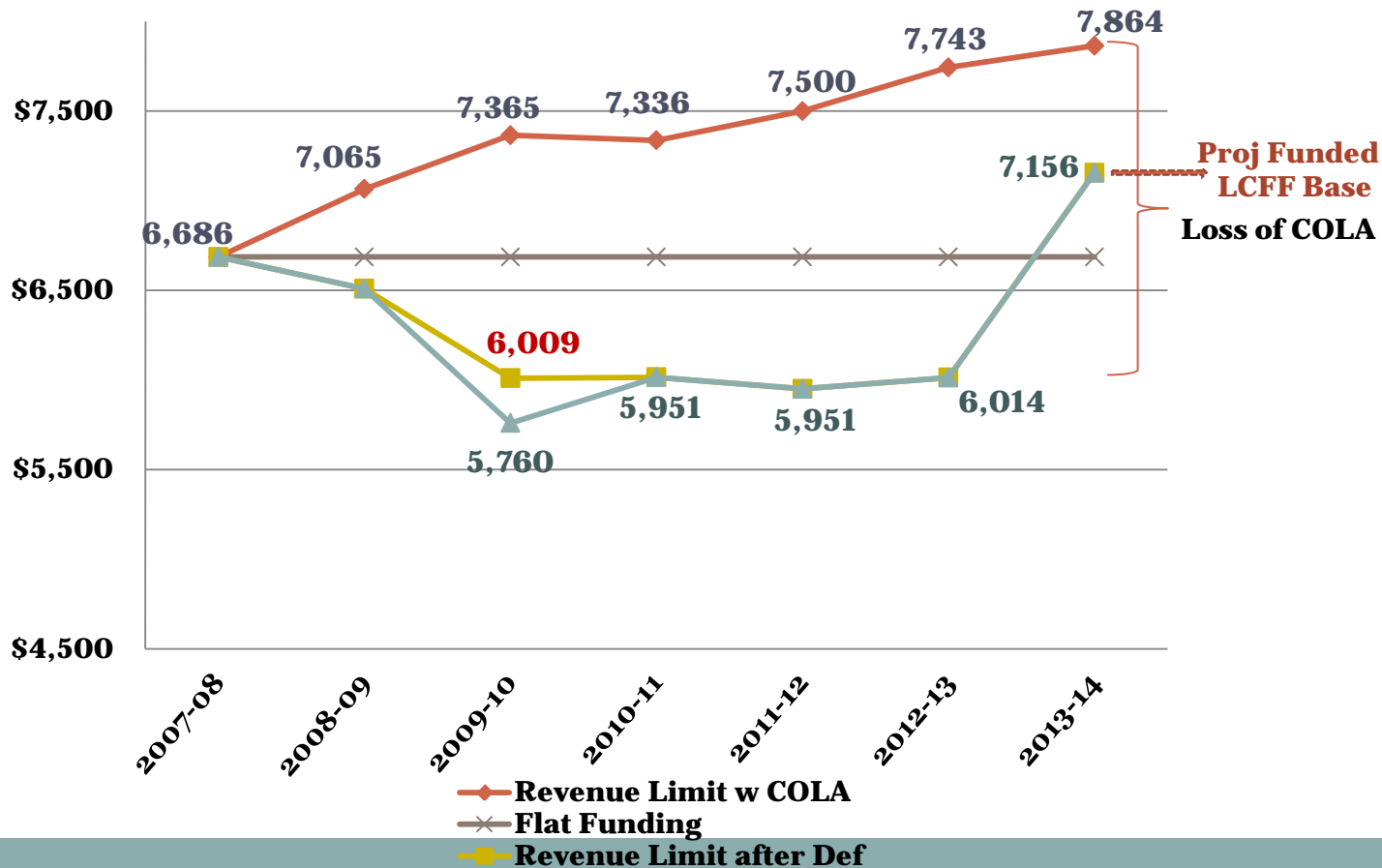
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- The 2013-14 State Budget is balanced and has the first real reserve in years
- The structural deficit has been eliminated, at least for the duration of Proposition 30
- Education gets its first slice of restoration of cuts that began in 2008-09
 - But not all districts benefit equally
 - And the level of funding for most districts remains well below 2007-08
 - The Governor uses the bulk of the unexpected 2012-13 Proposition 98 revenues for one-time purposes, like buying down deferrals and CCSS start-up allocations
- But the State Budget also understates 2013-14 revenues
 - The Legislative Analyst's Office (LAO) and other independent economists estimate that revenues will actually come in more than \$3 billion higher
 - That portends greater flexibility in future funding
- No other area of the State Budget gets increased significantly

Funding Per ADA – Actual vs. Prior Statutory Level

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East Side Union High School District Revenue Limits History



LCFF Policy Goals and Features

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- The Governor's policy goals in pursuing reforms to the state's school finance system have remained consistent since January 2012 when he unveiled the Weighted Student Formula, the precursor to the LCFF:
 - Increase transparency and reduce complexity
 - Reduce the administrative burden
 - Improve funding equity across school districts
 - Improve local accountability
- To attain these goals, the LCFF
 - Eliminates revenue limits and almost all categorical programs, except those established by state initiative, federal statutes, or court orders or settlements
 - Establishes base grants for four grade spans, which will provide absolute dollar equalization at full implementation
 - Establishes supplemental/concentration grants to provide supplemental services to low income and English learner students

Base Year Funding and LCFF Target

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- A school district's LCFF entitlement will be based on three key elements:
 - Its base year funding in 2012-13
 - The demographics of its student population, specifically the percentage of students who qualify for supplemental/concentration grants
 - The state appropriation for LCFF
- In general, a school district is better off under the LCFF if:
 - Its base year funding is below the statewide average
 - The proportion of students qualifying for supplemental/concentration grants is above the statewide average
 - The state provides a significant amount for LCFF growth in a given year
 - ✦ The January Budget proposed \$1.6 billion, increasing to \$1.9 billion at the May Revision, and to \$2.1 billion upon State Budget enactment

Elements of the Formula

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- Funding allocated through the LCFF is largely unrestricted, but will be subject to comprehensive accountability requirements
- Base grant targets increased:
 - May Revision: \$7,800 per ADA (the 2012-13 undeficitated statewide average base revenue limit [BRL] per ADA [prior to statutory COLA])
 - State Budget: \$8,638 per ADA – an increase of \$838
- Differential adjustments for K-3, 4-6, 7-8, and 9-12 grade spans
- Add-ons equal to 10.4% of base grant for K-3 CSR and 2.6% for grades 9-12 CTE
 - Add-on percentages are lower than the May Revision, but dollars stay the same when calculated on a higher base

Elements of the Formula

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- **Additional funding based on the demographics of the school district:**
 - English learners
 - Pupils eligible for free and reduced-price meals program
 - Foster youth
- **An unduplicated count**
 - The number of unduplicated pupils enrolled for each school district and charter school as a percentage of total enrollment
- **A three-year rolling average of California Longitudinal Pupil Achievement Data System (CALPADS) reported counts**
 - 2013-14 uses one year of data; 2014-15 uses the average of two years of data; 2015-16 and future years use three years of data

LCFF Implementation Phase

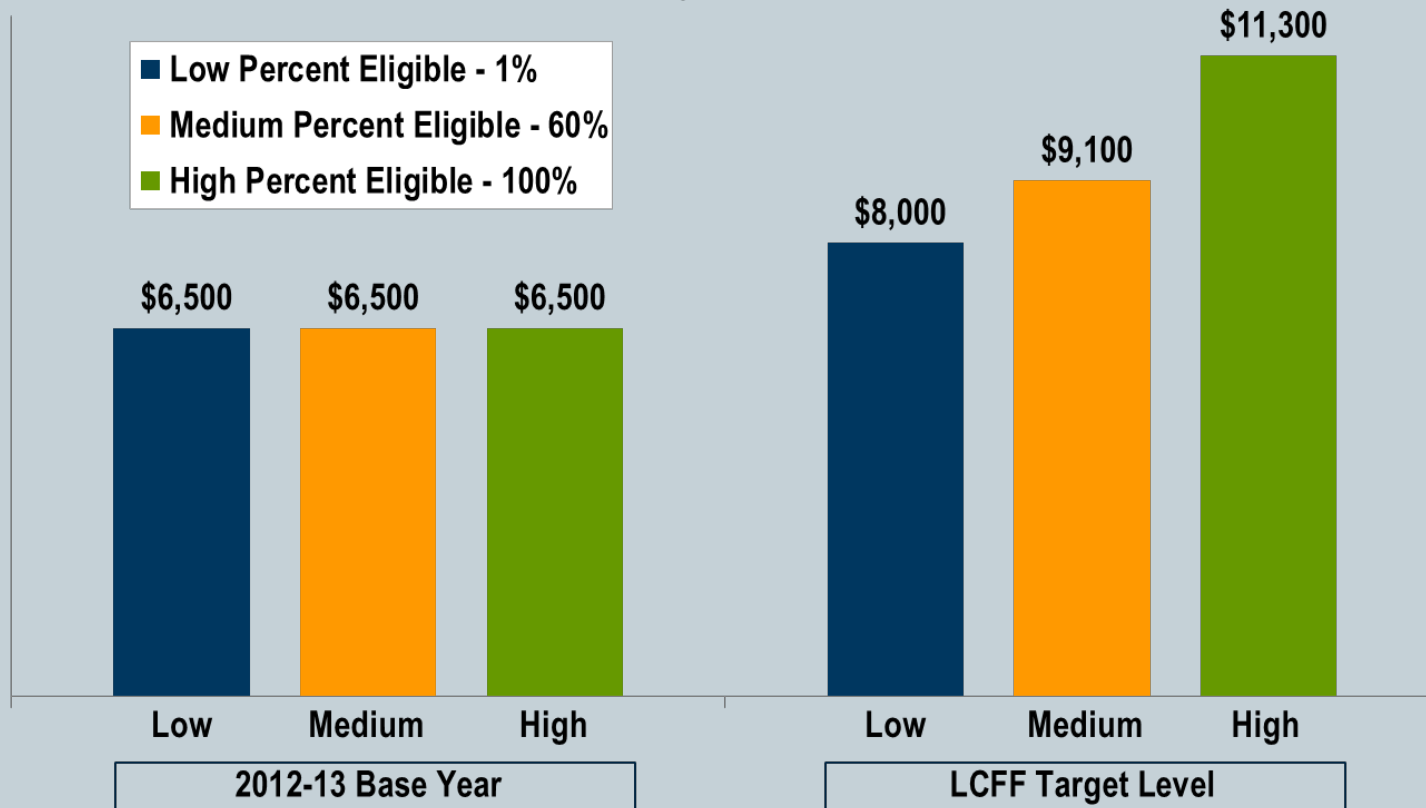
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- **There are two distinct phases of the LCFF: (1) the eight-year implementation phase, and (2) the fully funded phase**
 - **The eight-year implementation phase is not set in statute and can be longer or shorter than eight years, depending upon the annual LCFF appropriation**
 - **Numerous fiscal inequities could arise during the implementation phase**
 - ✦ **Even if the state appropriates sufficient funds to support the statutory cost-of-living adjustment (COLA) applied to the base grant, individual districts are not guaranteed a funding increase equivalent to this adjustment**
 - ✦ **Significant revenue volatility will be imposed on districts with high proportions of students eligible for supplemental/concentration grants**
- **Once the LCFF is fully implemented, these funding anomalies will be eliminated**

LCFF Targets – Three District Examples

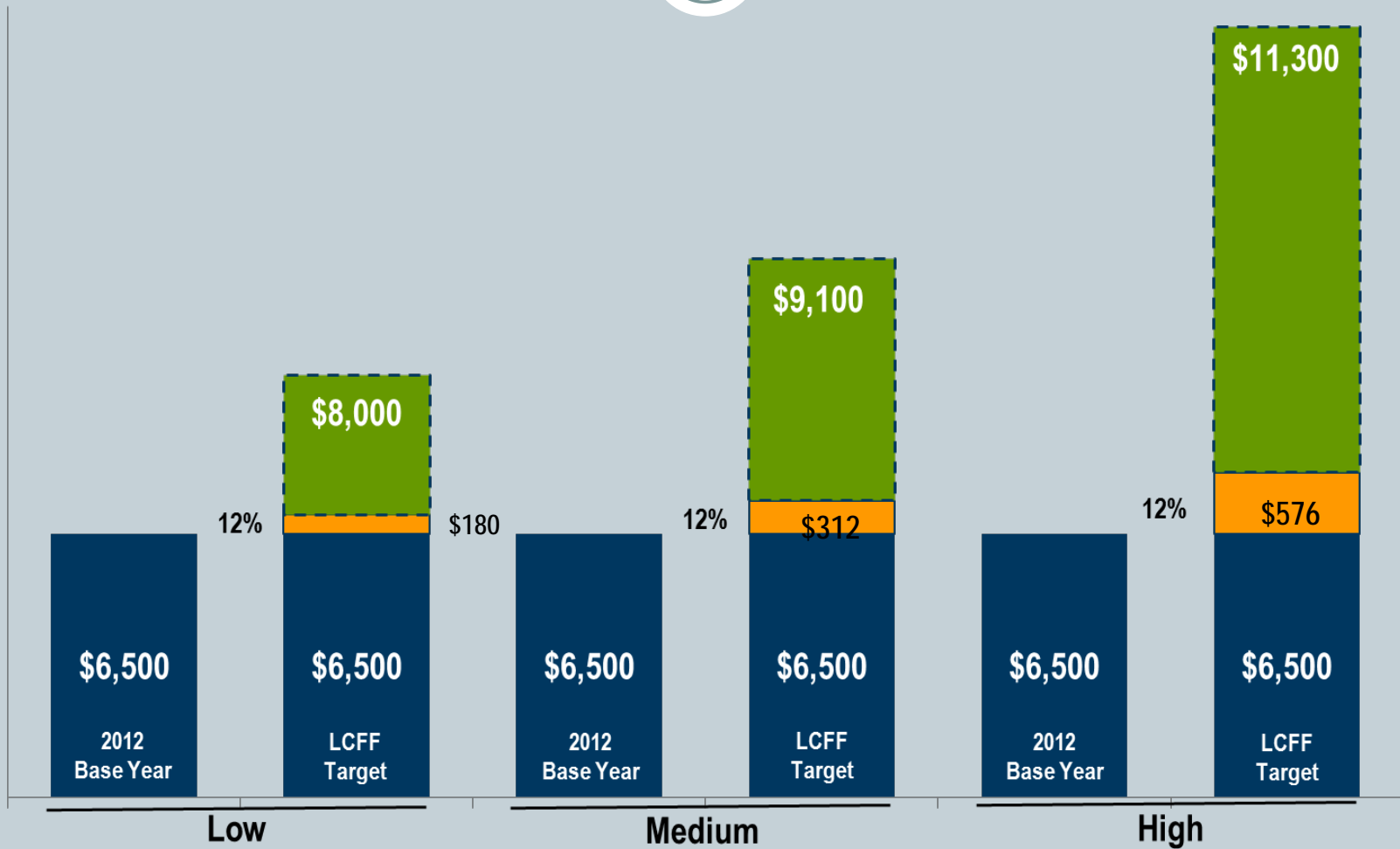
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Funding Per ADA



2013-14 Growth Toward Target

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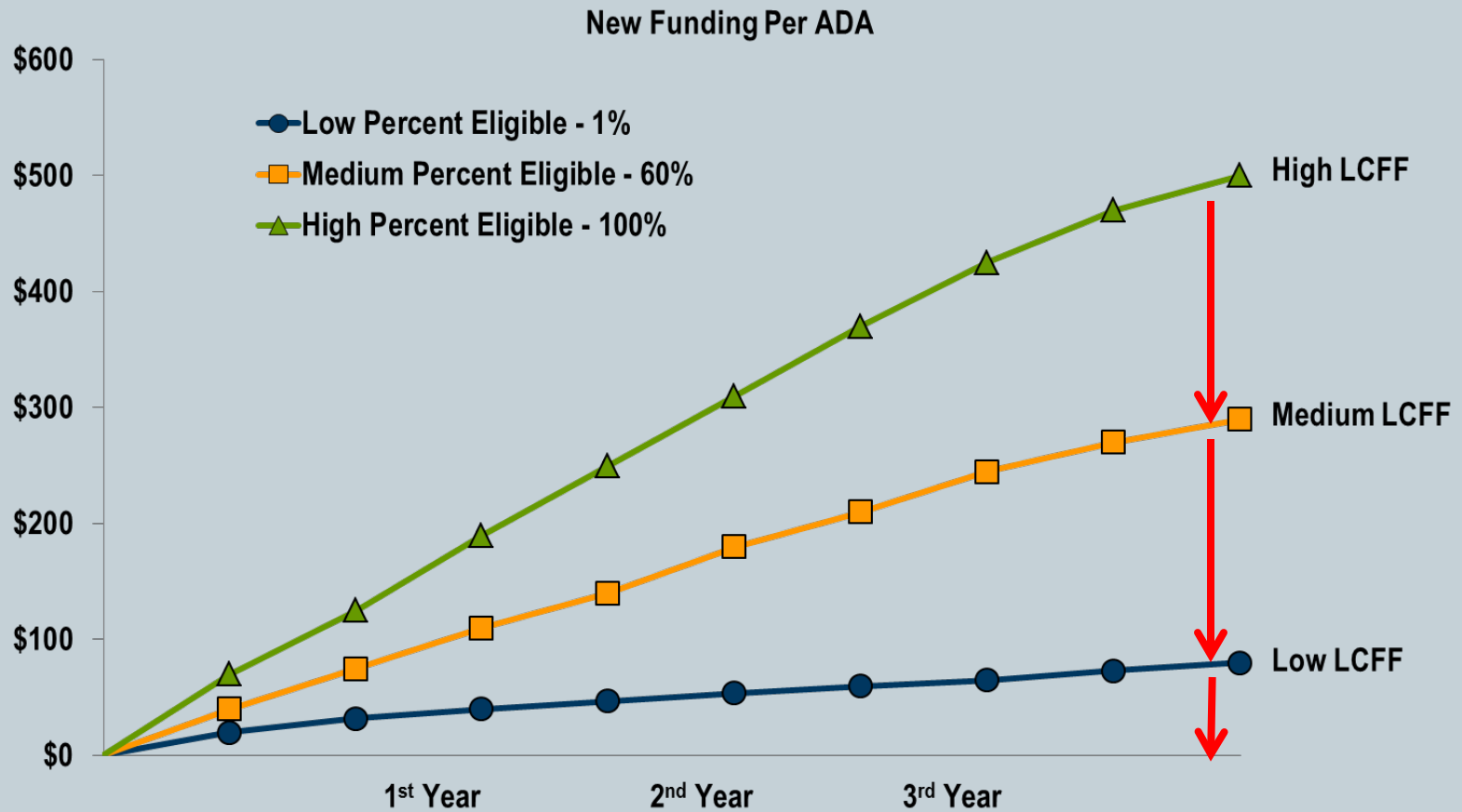


Differential Risk and Multi-Year Planning

- **Because of the differential risks under the LCFF, all school districts, but especially high-funded districts, will have to make prudent out-year revenue assumptions**
 - There is no longer a statewide standard for expected revenue growth in the form of an expected inflationary adjustment
 - Each district will have to carefully assess its demographic projections
 - ✦ The total projected ADA
 - ✦ The demographic composition of the ADA, i.e., low-income students, English learners, and foster youth
- **State Budget priorities can change from year to year with no guarantee that LCFF growth will be provided or that the LCFF will be fully funded**
 - The statutory protection of annual COLAs is eliminated
- **Local conditions and budget decisions will be more important than ever in maintaining each district's solvency**

Differential Risks – An Example

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LCFF Base Grant Entitlement plus CTE Adjustments

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- 2013-14 target entitlement calculation for ESUHSD
 - 9-12 CTE adjustment is an addition to the base grant
 - CTE is unrestricted;

| Factors | 9-12 |
|------------------------|----------|
| Base grants – 2013-14 | \$8,836 |
| Adjustment percentage | 2.6% CTE |
| Adjustment amount | \$219 |
| Adjusted grant per ADA | \$9,055 |

LCFF – Supplemental and Concentration Grants Per ADA

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- 2013-14 target entitlement calculation for ESUHSD totals \$9,953
 - Supplemental and concentration grant increases are calculated based on the percentage of total enrollment accounted for by English learners, free and reduced-price meal program eligible students, and foster youth

| Factors | 9-12 |
|---|---------|
| Adjusted grant per ADA | \$9,055 |
| 20% supplemental grant | \$ 898 |
| 50% concentration grant (for eligible students exceeding 55% of enrollment) | \$ 0 |

Supplemental and Concentration Funding Restrictions

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- To increase or improve services for English learners, low-income students (those who are eligible) and students in foster care in proportion to the increase in funds apportioned on the basis of unduplicated counts of these students.
- The district may use these funds for schoolwide, districtwide or countywide purposes in a manner that is no more restrictive than the restrictions provided for in Title I of the No Child Left Behind Act of 2001.
- State Board of Education to adopt regulations by January 31, 2014, to govern use of these funds.

What Does LCFF Mean for ESUHSD?

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- **Focused funding for students with the greatest needs**
 - English learners, foster youth and low-income students
- **A broader definition of school success** – school district won't be evaluated by test scores alone.
 - LCFF requires schools to develop plans to improve student engagement, increase parent involvement, and create more positive learning environments on campus.
- **More local control** – School leaders and parents will have greater influence over spending and will have flexibility at the local level to create academic programs, services and budgets to meet the unique needs of students.
 - Districts budgets required to be aligned with academic plans (Local Control Accountability Plans-LCAP) **starting in July 2014.**

Local Control Accountability Plans

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- **By July 1, districts will adopt a three-year LCAP, updated annually, which will be directly linked to their budget.**
- **Plan must address how the district will meet eight goals for state and local priorities for the district and all school sites.**
- **State priorities extended beyond academic goals and also include parental involvement, student engagement and school climate.**

Eight State Priorities and Benchmark Data Required

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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 learners reclassification rate/language proficiency.
- Share of students that pass Advanced Placement exams with score of 3 or higher.
- Share of students determined prepared for college by the Early Assessment Program.

Parental Involvement

- Efforts to seek parent input
- Promotion of parent participation
- Parent advisory committees

Course Access

- Student access and enrollment in a broad course of study that includes core subject areas and other services.

Other Student Outcomes

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

Basic Services (compliance with Williams requirements)

- Rate of teacher misassignments/credentialed teachers
- Student access to standards aligned instructional materials
- Facilities in good repair

Implementation of Common Core State Standards (CCSS)

- Implementation of CCSS for all students, including English learners access to CCSS and ELD standards

Student Engagement

- School attendance rates.
- Chronic Absenteeism rates.
- Middle School dropout rates
- High School Drop out Rates
- High School Graduation Rates

School Climate

- Student Suspension Rates.
- Student Expulsion Rates
- Other local measures assessing safety and school connectedness

SCHOOL DISTRICT OFFICE

So, how are we going to allocate all this renewed funding for our students, now that we get to control it locally???

I'm waiting for the state to tell me!

Board
Member

CBO

State Board of Education
Agenda
Item #1:
Regulations Governing
LCFF Supplemental and
Concentration
Grant Expenditures

Contextual Considerations

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- Each District, COE, and charter school will have a unique fiscal context:
 - Varying levels of funding allocations – this year and throughout LCFF implementation due to the transition methodology
 - After several years of significant cuts, there will be a number of pressures on local budgets, including:
 - ✦ *Addressing existing obligations*
 - ✦ *Reducing budget deficit*
 - ✦ *Rebuilding and restoring after years of cuts*
 - ✦ *Determining allowable uses of supplemental and concentration funding*

Questions