2014-15 ADOPTED STATE BUDGET AND FIRST INTERIM RECOMMENDATIONS WORKSHOP

Division of Business Advisory Services

September 25, 2014
Agenda

Welcome
Dr. Scott Price

Overview
Marlene Dunn

Planning Considerations
Charles Faulkner/Deborah Berry/
Dio Brache

SMMA
Octavio Castelo

LCFF
Marlene Dunn

LCAP
Bonnie McFarland

Other Topics of Interest
Jeff Young/David Norton

Facilities
Gerald Yarbrough
Overview

Marlene Dunn
Director, Business Advisory Services

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(562) 922-6132
Overview

- Introduction of BAS staff
- PowerPoint Presentation
- Budget Book (electronic only-available 9/25/14)
  BAS Website: lacoe.edu/businessstechnology/businessadvisoryservices.aspx
- LCFF/LCAP Resources
  lacoe.edu/schoolimprovement/lcap.aspx
Overview

Adopted State Budget

- The major focus of the 2014-15 State Budget is the “Local Control Funding Formula” (LCFF)
- Reserves and paying of debt are important priorities
- CALSTRS - plan is to fully fund in 30 years ($74.5 billion)
Overview – Proposition 98

- $60.9 billion adopted for 2014-15
  - $5.6 billion increase over 2013-14
  - $4.4 billion increase to prior years
- $1.6 billion-Proposition 98 “Rainy Day Fund”
  - Would redirect increases in State revenues above a certain level to the “Rainy Day Fund” to be used in future years when State revenues wouldn’t otherwise support full funding of Prop 98
Overview – Proposition 98 Priorities

- **Investing in Education**
  - $4.75 billion to further implement LCFF

- **Paying Down “Wall of Debt”**
  - $4.7 billion to buy down K-12 deferrals

- The proposal to provide an LCFF continuous appropriation did not pass
Overview – Other Education Allocations

- $400 million to pay down mandated cost backlog
- $279 million for K-12 Proposition 39 Energy Efficiency Programs
- $188 million for Williams Emergency Repair Program
- $74 million for Charter School ADA growth
- $33 million to support 0.85% COLA for categorical funded outside LCFF
Planning Considerations

Business Advisory Services Staff:
• Charles Faulkner, Assistant Director
• Deborah Berry, Business Services Consultant
• Dio Brache, Business Services Consultant
Planning Considerations

LCFF FUNDING PROJECTIONS

- County Office revenue projections
  - Used to validate district revenue projections
- FCMAT Calculator
  - County Office aligned to FCMAT
- Strongly recommend that districts update the data collection sheet, even if the BAS revenue projection system is not used
Planning Considerations
LCFF FUNDING INCREASES

- DOF revised their Gap Funding estimates
  - Released July 3, 2014
- Largest revision in 2015-16
  - 2014-15 Revised from 28.08% to 29.56%
  - 2015-16 Revised from 30.39% to 20.68%
  - 2016-17 Revised from 19.50% to 25.48%
- LA County revenue increase range from 5.89% to 17.28% per ADA
Planning Considerations

LCFF Cautions

- Unique impact of LCFF on district revenue
- COLA no longer a relevant framework for discussing increases in funding
- No statutory guaranteed increase in any year
- Districts should exercise extreme caution in obligating any increase in funds from the LCFF
- Expiration of temporary tax increases EPA (Prop 30)
  - Sales tax in 2016 and
  - Upper-income tax payer in 2018
Public hearing disclosure requirements for reserves in excess of minimum reserve

- Beginning with 2015-16 adopted budgets
- Public hearing must include the following:
  - Minimum required REU for each year identified in budget
  - Combined assigned/unassigned fund balance in excess of minimum REU (Includes GF and fund 17)
  - Statement of reason substantiating need for the excess
  - Must be included each time adopted or amended budget filed with COE
Planning Considerations
School District Reserve Requirements

• Potential Cap on District Reserves:
  ◦ Requires voter approval of Prop 2 in the Nov. 2014 general election
  ◦ If approved would require transfers to be made from General Fund to Stabilization Account

• The cap is twice the minimum REU for most districts, three times for LAUSD
Planning Considerations School District Reserve Requirements

- County Superintendent may exempt districts from reserve cap
  - Statement that substantiates need
  - Identify funding amounts in budget associated with extraordinary circumstances
  - Provide documentation that no other resources available
Planning Considerations
CALSTRS/CALPERS Rate Increases

### Employer Rates

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>CalSTRS Rates</td>
<td>8.25%</td>
<td>8.88%</td>
<td>10.73%</td>
<td>12.58%</td>
</tr>
<tr>
<td>CalPERS Rates</td>
<td>11.442%</td>
<td>11.771%</td>
<td>12.60%</td>
<td>15.00%</td>
</tr>
</tbody>
</table>

This chart identifies the increased rates to be used in district budgets by fiscal year.
The EAAP adopted permanent regulations for 2013-14, as well as emergency regulations for 2014-15:

http://www.eaap.ca.gov
Planning Considerations
Audit Guide

- New audit compliance procedures related to:
  - LCFF K-3 Grade Span Adjustment (GSA)
  - Verification of unduplicated pupil counts
  - LCAP expenditures
  - Common Core
  - Prop 39
  - MOEs for Transportation, Adult Ed, and ROC/P

★ Some apportionments are dependent on compliance – So it’s important to carefully monitor these areas throughout the year!
Planning Considerations
Audit Guide

- LCAPs are a new focus of annual audits beginning 2014-15:
  - Auditors will examine samples of actuals expenditures for consistency with action of services that were described in LCAP Section 3A and 3B.
  - Auditors will verify compliance with LCAP notification, presentation, public hearing and adoption requirements.
Planning Considerations
Collective Bargaining Disclosures

- Must be submitted to LACOE 10 days prior to Board adoption of agreement
- Should submit MOUs and changes to previous agreements
  - Furlough days
  - Salary rollbacks
- Consider how use of these funds impact current and multi-year projections
Planning Considerations
First Interim Report

- Many districts still facing budget challenges
- Plans to address any projected budget deficits should be reasonable and implementable
  - Sufficiently detailed (not just a plug number)
  - If dependent upon negotiations, an alternate plan should be identified
  - Use caution when obligating future years’ revenues
Planning Considerations

Flexibility Provisions

- RRMA still required
  - Decreased to 1% through 2014-15
  - No Deferred Maintenance contribution required but still need to maintain schools

- School year reduced by 5 days to 175 days
  - Through 2014-15 only; must be back to minimum of 180 days by 2015-16
Planning Considerations
Cash Flow Projections

- 2014-15 Budget eliminated all intra-year deferrals
- $897.2 million inter-year deferral (June 2015 to July 2015)
- Districts should continue to reflect the deferral in cash flow projections

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Exemption Available?</th>
<th>Amount</th>
<th>Principal Apportionment Payment Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2015 to July 2015</td>
<td>Yes</td>
<td>$897.2 million</td>
<td>32.39%</td>
</tr>
</tbody>
</table>

- BAS supplies districts with LCFF State Aid cash flow projection
Planning Considerations
Cash Flow Projections

- June 2015 Deferral Exemptions
  - Available for amount needed up to 100%
  - Must demonstrate need for State Loan in absence of exemption
  - Must reflect mid-year TRANs
  - Application expected to be available in February 2015 at CDE Web site at:
    www.cde.ca.gov/fg/fi/ir/
Planning Considerations
Cash Flow Projections

- EPA distributed quarterly
- Reminders...
  - EPA Plan prior to expenditures
  - Posting of EPA Actual Expenditures
  - Send information to SCO
- RDA revenues more stable
- Local property taxes
Planning Considerations
Cash Flow Projections

- Potential cash deficiencies need to be identified early in order to implement appropriate solutions
  - Reduction of expenditures (temporary and/or ongoing)
  - Interfund Borrowing
  - TRANs
    - Mid-year TRANs amount limited to amount of deferrals
    - If deferrals are eliminated, then so too are mid-year TRANs
  - County Treasurer Borrowing
    - Very limited – discuss with your BSC prior to planning
Planning Considerations
Cash Flow Projections

• Every district should have Board Resolutions for:
  ◦ Interfund borrowing
  ◦ Treasurer borrowing

• Consider not only the month ending cash balance but possible deficiencies during the month prior to receipt of revenues, typically at month end
Planning Considerations
Cash Flow Projections

- Interfund Borrowing Guidelines…
  - Borrowings within the last 120 calendar days in fiscal year, maybe be repaid in current year or in following year
  - Borrowing made earlier in year must be repaid in current year
  - No more than 75% of maximum balance of any fund may be transferred/borrowed
Planning Considerations
School-based Medi-Cal Administrative Activities (SMAA)

Octavio Castelo
Region 11 LEC SMAA Coordinator

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(562) 922-6144
Planning Considerations

What is SMAA?

- What is School-based Medi-Cal Administrative Activities (SMAA)?
  It is a federal program overseen by CMS and administered in our state by DHCS.
- What is the purpose of SMAA?
  The purpose of SMAA is to reimburse LEAs for administrative activities that directly support efforts to identify and enroll potential eligible participants into the Medi-Cal program.
- How does SMAA bring money to LEAs?
  By contracting with a LEC or LGA in your region, LEAs are eligible to receive reimbursements from DHCS.
Planning Considerations
SMAA 2012 Review

In November 2011, CMS reviewed SMAA reimbursement claims of 3 LEAs:

- Findings:
  - CA SMAA plan not in compliance with OMB Circular A-87 and 42 Code of Federal Regulations, Section 433.15(B)(7)

- Outcome:
  - Pending SMAA reimbursement claims were deferred
  - DHCS requested and received approval from CMS for an interim claiming plan for FY 2012-2013
Planning Considerations
Changes in SMAA Claims

- October 2013, CMS approved the Reasonableness Test Criteria (RTC)
  - Applied to all deferred invoices based on OMB Circular A-87 requirements
- LEAs are required to:
  - Justify exceeding benchmarks for claimable time
  - Limit vendor fees to no more than 15% of costs
  - Limit the number of clerical & administrators to no more than 20% of the balance of the participant pool
- September 2014, CMS and DHCS reached a settlement for deferred invoices
  - LEAs in California will cease the RTC process
  - A percentage of the funds will be released to the LEAs
  - Reconciliation of the SMAA funds will occur later
Planning Considerations
Random Moment Time Survey

- Random moment surveying begins 3rd quarter of FY 2014-2015
- System Software Platform Provider
  - Public Consulting Group (PCG)
  - Backcasting methodology will be used for all deferred invoices
LCFF

- Largest education finance reform in 40 years
- Replaces revenue limits and most State categorical programs
- Based on statewide per-ADA rates, historical funding, additional funding for special populations
- Largely unrestricted
  - Supplemental and Concentration Grants
  - MOEs
- 8 year transition to full funding
This slide shows images that illustrate how the Local Control Funding Formula works. LCFF provides the same amount of funding per student with two adjustments (1) grade level and (2) demographics.

Source: WestEd Presentation
LCFF Major Components

- **Floor/Prior Year**
  - Under the Hold Harmless provision, no district, charter school or county office will receive less total state revenue than it received in the prior year (adjusted for growth or decline)

- **District Funding Targets**
  - The LCFF establishes a unique funding target for every district

- **Transitional/Gap Funding**
  - Additional funds provided to fund the Gap between a district’s Hold Harmless amount and their Target amount.
Elements of the LCFF

- Base Grant by Grade Span
  - All districts receive

- Grade Span Augmentation
  - Additional funding for grades K-3 ADA and 9-12 ADA

- Supplemental and Concentration Grants
  - Additional funding for English learners, low income students, and foster youth

- TIIG/Transportation
  - Funding for former TIIG and transportation programs continue at 2012-13 level
**Overview of LCFF**

**Districts and Charter Schools**

<table>
<thead>
<tr>
<th>Formula Component</th>
<th>Rates/Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target base rates (per ADA)</td>
<td><strong>2014-15</strong></td>
</tr>
<tr>
<td>-increased by COLA each year</td>
<td></td>
</tr>
<tr>
<td>K-3</td>
<td>$7,012</td>
</tr>
<tr>
<td>4-6</td>
<td>$7,117</td>
</tr>
<tr>
<td>7-8</td>
<td>$7,328</td>
</tr>
<tr>
<td>9-12</td>
<td>$8,491</td>
</tr>
<tr>
<td>Base rate adjustments</td>
<td></td>
</tr>
<tr>
<td>K-3 = 10.4% of base rate</td>
<td></td>
</tr>
<tr>
<td>9-12 = 2.6% of base rate</td>
<td></td>
</tr>
<tr>
<td>Supplemental funding for EL/LI/FY</td>
<td>20% of adjusted base rate</td>
</tr>
<tr>
<td>Concentration funding</td>
<td>Each EL/LI student above 55% of enrollment generates an additional 50% of adjusted base rate</td>
</tr>
<tr>
<td>Add-ons</td>
<td>Targeted Instructional Improvement Block Grant, Home-to-School Transportation, Economic Recovery Target</td>
</tr>
</tbody>
</table>
Determining LCFF Funding

GAP

SUPPLEMENTAL/
CONCENTRATION
GRANTS

BASE AND
AUGMENTATION
GRANTS

2013-14 Funded LCFF

2014-15 LCFF
TARGET

2014-15 FUNDING

GAP FUNDING
(29.56% of Gap)
LCFF Base Grant

- Declining enrollment protections remain
  - Only for districts – not charter schools
  - Districts in declining enrollment will be paid based on their prior year’s *grade span distribution*
**LCFF K-3 GSA**

- At full implementation (full funding in 8 years), must not exceed site-average class sizes of 24:1 *or as negotiated*
- Must make proportional progress in intervening years
- Failure at any one site results in loss of the entire K-3 Augmentation funding
LCFF K-3 GSA

- Determine prior year average class enrollment using number of pupils per class based on active enrollment as of last day of last full school month that ends on or before April 15 (P-2)
  - Excludes independent study and Special Day classes
  - Round to nearest half or whole integer
  - New school site prior year average is median for K-3 classes at school sites that did exist
  - Kindergarten includes TK
  - Combination classes that include K-3 are considered K-3 for determining class sizes – entire class is counted
LCFF K-3 GSA

- Calculate minimum required reduction in class size for current year by subtracting prior year average from 24 and multiplying difference by Gap Funding Percentage
  - Use May Revision proposed amount
- Determine current year maximum class size average by deducting minimum reduction from prior year class size average
  - Round to nearest half or whole integer
  - District may operate alternate class sizes as agreed to in a collectively bargained alternative annual average class enrollment for each school site
### Example of Class Size Average Calculation and Progress Calculation for a Sample School Site

#### "Active Enrollment Count"

<table>
<thead>
<tr>
<th>Class</th>
<th>Grade</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
<th>Month 4</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Total</th>
<th>Number of Counts (Divisor)</th>
<th>&quot;Average Number of Pupils Enrolled Per Class&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Kindergarten</td>
<td>26</td>
<td>25</td>
<td>25</td>
<td>26</td>
<td>27</td>
<td>26</td>
<td>155</td>
<td>6</td>
<td>25.83</td>
</tr>
<tr>
<td>Two</td>
<td>Kindergarten</td>
<td>27</td>
<td>27</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>158</td>
<td>6</td>
<td>26.33</td>
</tr>
<tr>
<td>Three</td>
<td>First</td>
<td>28</td>
<td>28</td>
<td>29</td>
<td>29</td>
<td>28</td>
<td>27</td>
<td>169</td>
<td>6</td>
<td>28.17</td>
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<tr>
<td>Four</td>
<td>First</td>
<td>28</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>27</td>
<td>27</td>
<td>160</td>
<td>6</td>
<td>26.67</td>
</tr>
<tr>
<td>Five</td>
<td>Second</td>
<td>28</td>
<td>28</td>
<td>29</td>
<td>30</td>
<td>30</td>
<td>29</td>
<td>174</td>
<td>6</td>
<td>29.33</td>
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<td>Six</td>
<td>Second</td>
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<td>166</td>
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<td>27.67</td>
</tr>
<tr>
<td>Eight</td>
<td>Third</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>168</td>
<td>6</td>
<td>28.0</td>
</tr>
</tbody>
</table>

#### Total (sum of the average number of pupils enrolled per class) 221

#### Number of classes (divisor) 8

#### "Average Class Enrollment" Rounded to Nearest Half or Whole Integer 27.5

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### Required Average Class Enrollment for Purposes of Demonstrating Progress

- **Prior Year Average Class Enrollment at School**: 33
- **Minus Target Class Enrollment**: 24
- **Equals**: 9
- **Gap Percentage (May Use Department of Finance Estimate)**: 11.78%
- **Minimum Required Reduction over Prior Year Average**: 1.06
- **Prior Year Average Class Enrollment at School**: 33
- **Minus Minimum Required Reduction over Prior Year Average**: -1.06
- **Maximum Average Class Enrollment (Rounded to Nearest Half or Whole Integer)**: 32.0

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**Source**: 2-26-14 [California Department of Education]
LCFF Supplemental/Concentration Grants

- Any increase in funds generated by identified pupils (LI, EL, or foster youth) must be used to improve the educational program for those pupils (Supplemental and Concentration Grants).
Portion of LCFF Increase to be used for Identified Students

2013-14 Funded LCFF

2014-15 LCFF TARGET

2014-15 FUNDING

SUPPLEMENTAL/CONCENTRATION GRANTS

BASE AND AUGMENTATION GRANTS

Increase in funding attributable to Unduplicated Count

GAP FUNDING (29.56% of Gap)
LCFF MOEs

- **Transportation**
  - Must spend in 2013-14 and ALL future years what was spent in 2012-13
  - Limited to amount generated by transportation

- **Adult Education and ROC/P**
  - Must spend in 2013-14 and 2014-15 what was spent in 2012-13
  - May combine ROC/P district and COE expenditures

- **Transportation and ROC/P JPAs**
  - Districts must continue to forward funding to JPAs in 2013-14 and 2014-15 at same levels as in 2012-13
LCFF – Charter Schools

Charter schools essentially mirror district LCFF calculation except:

- Paid on current year ADA only – no declining enrollment protection
- Unduplicated count capped at authorizing district’s unduplicated count %
  - Alternative calculation for charters in more than 1 district
- Not subject to K-3 class size requirements
BREAK
Local Control & Accountability Plan (LCAP)

Business Advisory Services
Fall Meeting Update
September 25, 2014

Bonnie McFarland
Project Director III
Local Control & Accountability Plans/Categorical Programs
Division for Accountability, Support & Monitoring
LCFF Year 1 .......
The Journey Begins
Staring Without a Map!

- Intent of Supplemental and Concentration funds?
- School level allocations?
- Differences from EIA funds?
- Implications for use of federal funds?
- Audits and monitoring?
What We Now Know

- S & C funds to provide additional services to unduplicated pupils so they meet district goals in state priorities (excess costs/weighted formula)

- The LCAP is a district plan that must identify actions, services and expenditures; site-level expenditures of S & C funds reflect those activities & services

- EIA carryover must follow EIA rules

- Because LCFF are unrestricted funds, they may not be used in lieu of federal funds without violating supplement not supplant

- Beginning in 2014-15 fiscal audit will include review of LCFF expenditure in LCAP; no FPM monitoring unless use impacts federal funds
Questions Affecting LCAP Development & Approval

- Scope of LCAP?
- Use of the Template?
- Identifying and serving unduplicated pupils, particularly low-income & foster youth?
- Sources of achievement data?
- What if the district is doing well?
- District/Schoolwide Use of Funds?
- Proportionality?
More Things We Now Know

- LCAP addresses actions/services and expenditures for ALL students to achieve district goals in state and local priorities.

- Use of the template included following instructions and addressing all priorities and required metrics.

- Use of family income and foster youth status to identify students for services requires consideration of confidentiality requirements.
Addressing Areas in Question

- Where no data would be available, districts used 2014-15 to establish baseline data.

- If data indicates there is no discrepancy between current and desired state, address priority as “maintenance” goal.

- *Targeted* services provided throughout the district are not necessarily “districtwide”
2014-15 LCAP Approval Process

Challenges & Lessons Learned

- Evolving understanding of approval criteria
- Clarifications/technical changes vs resubmission to board
- Role of advocacy groups
- Alignment of program and fiscal staff
Multiple Sources of Information/Interpretation of Approval Criteria

- AB97/Ed Code
- SBE Emergency Regulations
- State Board of Education
- CISC Approval Manual
- WestEd Postings and Webinars
- CDE Clarifications
Additional Challenges

- Using the “template” included more than initially anticipated
- Notification timeline “cumbersome” & unrealistic
- “Fuzzy” areas
  - How much base funding must be included?
  - What are “qualitative” improvements?
Clarifications and Revisions

1. Verbal clarifications from district staff
2. Official written request to local board for clarification
3. Letter to local board with recommended changes

What constitutes a clarification or technical change vs a change that requires it to return to board?
Role/Impact of Advocacy Groups

- Implicit concerns about services for groups previously served by categorical programs
- Explicit concerns about services for individual groups within “unduplicated pupil” group
- Concerns about parent and stakeholder involvement
Uniform Complaint Procedure

- District Policy on UCP to include LCAP by June 30, 2014

- Complaints regarding LCAP to be addressed through district UCP process

- Process complaints,

- Possibly, *content* complaints
Alignment of Program & Fiscal Offices – LEAs & COEs

- Opportunity to collaborate was new for some
- Need for clarification of issues for each division
- Interpretations sometimes differed
- Need for mutual agreement across divisions
Lingering Questions

- Identifying low-income students and meeting their needs
- Identifying foster youth and providing appropriate services
- Assessing student achievement with changing standards and no state assessment results
- Aligning the LCAP and school plans
Looking Back:
the Photo Album

What We Learned
Identified Needs Not Always Student Driven & Based on Data

- **Student needs**

- Based on **data**

Example: Summarized data based on student needs:

An analysis of suspension data has indicated that the rate of suspension results in a loss of instructional time for students. The data further indicates suspension levels for African American students is proportionally higher than other subgroups.
Identified Need: 2nd Example

Data Directly Stated:

- Parent survey data and parent sign in sheets at school and district functions indicate that there is strong parent involvement at the schools (90%).

- Data also indicate that there are some “reluctant” parents who are not engaged in parent involvement activities (10%).

- There is a need for parent outreach and inquiry to engage all parents in their children’s education.
Priorities & Required Metrics

- **Metrics frequently not identified or misidentified:**
  - Chronic Absenteeism
  - Middle School Dropout Rate
  - Expulsion (for elementary schools)
  - Measures of school safety & connectedness
  - AP Pass Rate
  - El Proficiency & Reclassification Rates

- **Metrics not used to measure progress**

  - Metric listed but not used in annual “What will be different/improved for students”
Using the Metrics

- **Measurable Outcomes**
  - The percentage of UC/CSU eligible graduates *will increase* from 40% to 50%.
  - The EL reclassification rate *will increase* from 18% to 21%.

- **“Activities” vs Outcomes/Not Measurable**
  - Unduplicated pupils *will participate* in the Super Special Student program.
  - Students requiring academic or behavioral intervention *will be referred* to and receive counseling services.
Metrics Going Forward

- Reflect a change in accountability
- Give a preview of new accountability measures (API)
- Represent factors that impact achievement and underlying causes of low-achievement
Addressing Needs of Each of Unduplicated Pupil Group

- LCAP must include actions/services and expenditure specifically addressing the needs of each of the student groups in the “unduplicated” population, including redesignated Els.

Problems included:
- Generic “interventions” targeted generally to unduplicated pupils
- Districtwide use of funds general in nature
Engagement

Processes and Groups Involved

- Required stakeholder groups
- Parent Advisory Committee

Impact

- What in the plan reflects input from stakeholder groups?

Must be addressed in Annual Update
Preparing for the Next Leg of the Journey

Revisions
Update
2015-16 LCAP
MID-YEAR REVISIONS

What if things need repair?
A governing board of a school district may adopt revisions to a local control and accountability plan during the period the local control and accountability plan is in effect. A governing board of a school district may only adopt a revision to a local control and accountability plan if it follows the process to adopt a local control and accountability plan pursuant to this section and the revisions are adopted in a public meeting.
Revision Requirements

- Public input,

- Presentation and response to comments from required parent advisory committees,

- Public hearing and local school board adoption at a public meeting, and

- Resubmission to the county office of education for approval.
Mid-Year Revisions to LCAP

- At this time, California Department of Education, indicates that districts may differentiate LCAP revisions from technical or clarifying changes.

- Changes that represent “technical changes or clarifications” would not be required to follow the formal process required for plan revisions.

- Determination of whether a change constitutes a plan revision or a technical or clarifying change is a local determination based on the criteria that follows.
Criteria for Determining Revisions or Technical Changes?

- Does the “change” significantly alter ....

1. Goals?

1. Actions/Services?

2. Spending Priorities?
Criteria for Revisions

- Plan *revisions* involve significant changes in the original LCAP: goals, strategies or spending priorities.

- Such *revisions* would require the district to follow the process required for approval of the original LCAP.

- *Technical changes or clarifications* are *minor adjustments* that do not substantially change the *goals* identified in the LCAP, the *actions and services* described in the LCAP and/or the *spending priorities* based on the actions and services identified in the plan.
Maintain Transparency

- **Bottom Line**……..Keep stakeholders informed along the way so there are no surprises!!!

- CDE recommends informing COE, or Charter authorizer regarding changes
PROPOSED FINAL REGULATIONS AND TEMPLATE

Presented at September 4, 2014 SBE Meeting
Timeline for Final Regulations

- Agreed to at September 4, 2014 SBE Meeting
- 15 Day Comment Period ended September 22\textsuperscript{nd}
- Return to SBE for Final Approval November 2014
- Then to AOL for Review
District/Schoolwide Use of Funds

All districts must:

- **Identify** services “being funded” and provided on a district/schoolwide basis
- **Describe** how such services are:
  - Principally directed towards… and…
  - Are effective in meeting district goals for unduplicated pupils
District / Schoolwide Use of Funds
Districts Under 55% / Schools Under 40% Unduplicated Pupils

Adds to the description of how services are the “most effective”

- A description of “the basis for this determination, including, but not limited to, any alternatives considered and any supporting research, experience, or educational theory”
In making the determination under EC 52070(d)(3), adherence to expenditure requirements for Supplemental & Concentration funds, COE shall include review of descriptions of district/ schoolwide services when determining if the district has demonstrated it will increase or improve services for unduplicated pupils.
Template Changes

- LEAs should **shall** comply with instructions
- Clarifies:
  - Stakeholder engagement and impact for annual update of LCAP must be described
  - LCAP is a 3 year plan on an ongoing basis
  - School specific goals related to state & local priorities shall be identified & incorporated in LCAP
- Merges sections for identified needs, goals, actions/services and expenditures for all pupils and unduplicated pupils
ANNUAL UPDATE

4-15
Complete a copy of this table for each of the LEA’s goals in the prior year LCAP. Duplicate and expand the fields as necessary.

<table>
<thead>
<tr>
<th>Original GOAL from prior year LCAP:</th>
<th>Related State and/or Local Priorities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal Applies to:</td>
<td>1 2 3 4 5 6 7 8 COE only: 9 10 Local: Specify</td>
</tr>
<tr>
<td>Schools:</td>
<td></td>
</tr>
<tr>
<td>Applicable Pupil Subgroups:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected Annual Measurable Outcomes:</th>
<th>Actual Annual Measurable Outcomes:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LCAP Year: xxxxx-xx</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Planned Actions/Services</th>
<th>Budgeted Expenditures</th>
<th>Actual Actions/Services</th>
<th>Estimated Actual Annual Expenditures</th>
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<th>Scope of service:</th>
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</thead>
<tbody>
<tr>
<td>_ALL</td>
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OR:
- Low Income pupils
- English Learners
- Foster Youth
- Redesignated fluent English proficient
- Other Subgroups: (Specify)

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What changes in actions, services, and expenditures will be made as a result of reviewing past progress and/or changes to goals?
2015-16 TEMPLATE

~Identified Needs,
~Goals,
~Actions/Services & Expenditures for All Students and Unduplicated Pupils
<table>
<thead>
<tr>
<th>Actions/Services</th>
<th>Scope of Service</th>
<th>Pupils to be served within identified scope of service</th>
<th>Budgeted Expenditures</th>
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</thead>
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<td><em>OR:</em></td>
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<td></td>
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</table>

**Related State and/or Local Priorities:**

1 2 3 4 5 6 7 8

COE only: 9 10

Local: Specify ____________

**GOAL:**

**Identified Need:**

**Goal Applies to:** Schools:

**Applicable Pupil Subgroups:**

**LCAP Year 1:** xxxx-xx

**Expected Annual Measurable Outcomes:**

**LCAP Year 2:** xxxx-xx
Appendix

- Defines calculations for:
  - Chronic absenteeism rate
  - Middle School dropout rate
  - High School dropout rate
  - High School graduation rate
  - Suspension rate
  - Expulsion rate
Upcoming Events

October 27, 2014

LCAP Implementation: Using Formative Metrics to Measure Success
Nancy Brownell, Senior Fellow
State Board of Education

Los Angeles County Office of Education
1:30 - 4:30 p.m.
Questions...?????

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Other Topics of Interest

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Manager - Business Advisory Services

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(562) 922-6137
Categorical Programs – Funded Outside the LCFF

- Adults in Correctional Facilities
  - Funded at $15 million; on-going funding, includes COLA

- After School Education & Safety Programs (ASES)
  - Funded at $547 million; on-going funding, no COLA

- American Indian Education Centers and American Indian Early Childhood Education Program
  - Funded at $4.5 million; on-going funding, includes COLA

- Foster Youth Services
  - Funded at $15.2 million; on-going funding, includes COLA
Categorical Programs – Funded Outside the LCFF

- California Partnership Academies
  - Funded at $21.4 million on-going funding, no COLA

- Special Education
  - Funded at $3.36 billion

- State Preschool
  - Funded at $509 million

- State Testing / Assessments
  - Funded at $126.8 million
Mandated Costs

- K-12 Mandated Program Block Grant - $218.2 million

- LEA’s have option to seek reimbursement via the Mandate Block Grant (MBG) or traditional claims filing
  - Applications for MBG participation available in July and due to the CDE no later than August 30; usually funded in November
  - MBG participants will have compliance tested via annual audit
  - Claims participants are subject to SCO compliance testing
  - Cost reimbursement continues to be deferred until such time funds are appropriated and available
    - Governor proposes full reimbursement by end of 2017-18, although no funds were provided in the 2014-15 budget
Mandated Costs

- 2014-15 MBG Participation:
  - School Districts Statewide - 85 percent; LA County - 96 percent
  - Charter Schools Statewide - 96 percent; LA County - 99 percent

- The Enacted Budget also includes $400 million in one-time funds to pay down a portion of the debt owed to LEAs for mandated cost reimbursement
  - The intent is that the LEA prioritizes these funds for CCSS implementation, but this is not a requirement, and the funds may be used for any purpose as determined by the district’s Governing Board
  - The distribution of the mandate reimbursement is on a per-ADA basis, currently estimated at $65 per ADA, and will be apportioned regardless of whether or not the LEA had any prior year claims
### Mandated Costs

<table>
<thead>
<tr>
<th>MBG Rates</th>
<th>K-8</th>
<th>9-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts</td>
<td>$28</td>
<td>$56</td>
</tr>
<tr>
<td>Charters</td>
<td>$14</td>
<td>$42</td>
</tr>
<tr>
<td>COE</td>
<td>$29</td>
<td>$57</td>
</tr>
</tbody>
</table>

- These are one-time monies and should be used for one-time expenditures
- Prior to 2012-13, charter schools were not eligible
  - New charters are not eligible as funding is based on 2013-14 P-2 ADA
Mandated Costs

- 2014-15 Enacted Budget includes:
  - 48 Education Mandates (up from 44)
  - 12 Suspended Mandates (same ones as 2013-14)
    - LEA’s are not required to perform suspended mandate functions
    - LEA’s may continue suspended mandate activities at their own discretion without reimbursement
Mandated Costs

- Mandate Programs Specifically Excluded from the MBG for 2014-15:
  - Behavioral Intervention Plans
  - California Public Records Act
  - Developer Fees
  - Open Meetings Act/Brown Act Reform
  - Parental Involvement Programs
  - Teacher Incentive Program
  - Williams Case Implementation I, II, III
Mandated Costs

*Final Thought.....*

- Remember . . . agencies have legal requirement to perform all mandated services, whether they are reimbursed or not

More detailed information available on the SCO’s website at:

www.sco.ca.gov/ard_mancost.html

Or the CDE’s website at:

www.cde.ca.gov/fg/aa/ca/mandatebg.asp
Lottery sales for **2014-15** are projected to reach $5.4 billion, providing education with an estimated $1.35 billion (14 consecutive years $1 billion or more)

- Distributed quarterly on a per-ADA basis
- A portion of lottery funds will remain restricted (Prop 20), even under LCFF
- Provides less than 2 percent of total K-14 funding
## Lottery

<table>
<thead>
<tr>
<th>Lottery Rates</th>
<th>Actual</th>
<th>Actual</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012-13</td>
<td>2013-14</td>
<td>2014-15</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$110.58</td>
<td>$125.00</td>
<td>$128.00</td>
</tr>
<tr>
<td>Restricted Prop 20</td>
<td>34.92</td>
<td>31.00</td>
<td>34.00</td>
</tr>
<tr>
<td>Total</td>
<td>$145.50</td>
<td>$156.00</td>
<td>$162.00</td>
</tr>
</tbody>
</table>

- Historical 10 year average - 64 percent spent on salaries and benefits
Common Core State Standards

- Common Core Implementation funds of $200 per ADA were apportioned in August and October 2013.
  - This is a reminder that LEAs must use any remaining encumbered funds in 2014-15.
- LEAs are also required to submit detailed expenditure reports on the use of the funds to the CDE on or before July 1, 2015.
- There was no additional Common Core funding in the Enacted Budget. However, the budget provided $26.7 million in one-time dollars for K-12 High Speed Network
Special Education/CALPADS

David Norton
Business Advisory Services Manager
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Special Education

- Federal Sequestration
  - Impact, for the most part, of reductions to Federal Funding for Special Education programs has been restored for 2014-15

- $1.21 billion in Federal funding available
- $3.29 billion in State funds available
- Remains funded outside of LCFF
Special Education

- Received 0.85 percent COLA
- Negative 0.437 percent growth due to a decline in special education ADA
- Net decrease of $17.6 million from prior year
Special Education – AB 602

• Major Changes to AB 602 Calculation in 2013-14
  ◦ Program Specialist/Regionalized Services are now rolled into the AB 602 base
  ◦ Base now excludes Federal IDEA Part B funds

• Revised AB 602 calculation exhibits available at CDE website online at:
  http://www.cde.ca.gov/fg/aa/se/ab602apptdat.asp
Mental Health Services
- Responsibility remains with LEAs
- For 2014-15, total of $426 million in funding
- Funds shall first be considered as offsetting revenues for any reimbursable mandated cost claims for Behavioral Intervention Plans
- Districts should continue to work with their SELPAs to identify qualifying students and total costs
Special Education – NPS
Extraordinary Costs

- $3.0 million again for 2014-15
- Reimburses districts for new NPS placements for costs exceeding extraordinary cost (2.5 times the statewide average)
  - Includes out-of-home residential services
  - Threshold - $74,385 for 2013-14
- Claims filed using the CDE-issued Principal Apportionment and Data Collection Software
  - Districts must submit all invoices and back-up to support claims
  - Require certification by COE prior to submission
  - Claims for 2013-14 must be received by November 4, 2014
    - Late claims will not funded
CALPADS

- CALPADS data directly affects LCFF funding because Certified report is basis for supplemental and concentration grant funding

- Education Code Section 60900
  - Failure to comply may result in zero enrollment counts and zero enrollment counts will result in loss of funding based on official enrollment
2nd year of County CALPADS LCFF Report
  ◦ 1.17 – C/A FRPM Eligible/EL/Foster Youth - Count
  ◦ Aggregate report for 2014-15 Fall 1 submission of FRPM Eligible/El/Foster Youth Counts by school site (no staff or course data).

COEs “ensure that data reported accurately”
  ◦ Review reports for reasonableness
  ◦ Discuss issues w/LEA during amendment window
• COE review period runs October 2nd thru December 12th (Certification Day)
• Amendment window runs thru February 13th
• After February 13, 2015, amendment window closes & COE will validate data
  ◦ Data remains responsibility of districts
  ◦ BSCs reference the data against interim reports
CALPADS

- Special considerations
  - Report temporary and permanent closures on Fall Census Day (October 1st)
  - Organizational collaboration across LEA
  - CALPADS data audits
CALPADS

- Resources
  - CALPADS User Manual
  - CALPADS Data Guide
  - FCMAT/ CSIS—Division of FCMAT - California School Information Services (CSIS) provides CALPADS technical support, maintenance and training
  - Self-Paced Training online at:
    http://csis.fcmat.org/Pages/Self-Paced-Training.aspx
Facilities

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Regionalized Business Services Coordinator
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(562) 922-6122
Facilities

- Proposition 39 – California Clean Energy Jobs Act
  - Created with passage of Proposition 39 in November 2012
  - 2014-15 budget provides $279 million for K-12 school schools
  - Energy Conservation Assistance Act provides $28 million in loans
  - Energy Plans for 2014-15 may be submitted beginning September 1, 2014
Facilities

- A look back
  - Proposition 1D passed in November 2006
- Remaining Bond Authority for New Construction and Modernization is virtually zero
- Approved applications will not be guaranteed funding
Facilities

- Future Direction of the SFP
  - AB 2235 (Facilities Bond) was not passed
  - The Governor’s administration looking to more local control and flexibility
  - Administration will propose a new school facilities program as part of 2015/16 budget message?
  - Needs based?
    - Health and safety
    - ADA based
Facilities

- Priority Funding
  - Next available filing window for SFP funding begins November 12, 2014
  - Districts have 30 days to submit an application to OPSC
  - Last apportionment
    - 21 districts
    - $100.5 million
    - From state bond sale and funds returned to program
Facilities

- **Deferred Maintenance Program**
  - Now included in LCFF with no restrictions
  - Schools must be kept in “good repair”
  - Under LCAP requirements district must develop a strategy for maintaining good repair of facilities

- **Routine Restricted Maintenance**
  - 1.0 percent contribution of general fund remains optional through 2014-15
  - Requirement of 3 percent contribution returns in 2015-16
Facilities

- Developer Fees
- Bi-annual adjustment January 2014
  - Level 1 residential rate increased from $3.20 to $3.36 per square foot
  - Level 1 commercial/industrial rate increased from $0.51 to $0.54
  - Fees go in to effect 60 days after a Board adoption
  - A Fee Justification Study must substantiate an increased rate
Facilities

- Developer Fees
- Level III Fees
  - Approximately double Level II fees
  - Current code states Level III fees inoperative through December 31, 2014
  - Only active when SAB no longer appropriates funds for new construction
  - To date, Level III fees have never been active
Facilities

- Emergency Repair Funding (ERP)
  - Williams Legislation Settlement provides $800 million
  - Adopted budget provides $188 million for the ERP
  - The program is over subscribed by $339 million
  - 638 applications on the pending workload list
Facilities

• Surplus Property Proceeds
  ◦ Site sale
    • Flexibility continues through January 1, 2016
    • Proceeds may be used for a one-time general fund purchase
  ◦ Lease
    • OPSC current position – leases one year or less may be used for general fund purposes
    • Excess of a year restricted to capital fund uses
Facilities

**Surplus Property – Charter Schools**

- SB 1016 gives charter schools first right to your surplus property
- Only applicable to property identified as surplus after July 1, 2012
- Selling price limited to the price district paid for the property, with some adjustment for improvements
- Charter must use facility for direct instruction or instructional support
- Effective through June 30, 2016
Facilities

- **Seismic Mitigation Program**
  - As of the August 20, 2014, SAB meeting $162 million available for replacement of “most vulnerable” school facilities
  - SAB Implementation Committee is currently exploring ways to streamline the program.
Facilities

- High Performance Incentive Grant Funding
  - As of August 20, 2014, $32.7 million still available for high performance projects
  - Funding may be used for sustainable sites, energy, water and indoor environmental quality projects
Facilities

- Storm Water – Industrial Permit
  - Only applicable to districts who maintain bus maintenance yards
  - New Permit adopted April 1, 2014
  - All provisions effective July 1, 2015
Facilities

- Drought Response Outreach Program for Schools (DROPS)
  - $25.5 million available for districts to develop projects to reduce stormwater pollution and increase awareness of water resource availability
  - Approximately $20.4 million available for Southern California districts
    - $5 million set aside for LAUSD
Facilities

• Drought Response Outreach Program
  ◦ Competitive grant program
  ◦ Grants range from $50,000 to $2,500,000
  ◦ Proposals may be submitted beginning September 8, 2014
  ◦ January 2015 close of solicitation
  ◦ www.waterboards.ca.gov/drops
Not sure which way to go, we’re here to help
A Couple Observations

All things being equal, all things are never equal.

Before you give a colleague a piece of your mind, be sure you can spare it.

All true wisdom is found on T-shirts.

Always try to stop talking before people stop listening.