State Board of Education

Report to the State Legislature

Status of Implementation of the Local Control Funding Formula as Required by Senate Bill 859 (Chapter 33, Statutes of 2014)

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This report is located on the California State Board of Education's Web site at http://www.cde.ca.gov/be/ag/ag/yr15/documents/jan15item05a1v2.pdf. If you need a copy of this report, please contact Julie White, Director of Communications, California State Board of Education, by phone at 916-319-0691 or by e-mail at jwhite@cde.ca.gov.

Executive Summary

Substantial progress was made in the first year of implementation of the Local Control Funding Formula (LCFF). Collaborative efforts at every level of public education helped build the foundation for a school funding and accountability system that provides meaningful and sustained support to improve learning for all students.

The vision of LCFF is to refocus the educational system on improving instructional outcomes. LCFF works to align local budgets and resource allocations with local goals and state priorities to improve student outcomes, and it allows the state to provide the support needed to drive continuous improvement. The system is intended to be simple, transparent and easily understood by educators, parents and the public.

LCFF provides more funding for students with the greatest needs, specifically English language learners, low-income students and foster youth, and it links transparency and accountability directly to the local budgeting process by requiring each school district, county office of education (COE), and charter school to adopt a Local Control and Accountability Plan (LCAP). By teaming the fiscal and instructional planning processes at the local level and requiring stakeholder engagement, LCFF and LCAP should lead to less incremental decision-making and more cooperative and comprehensive discussions about how to improve student outcomes.

Now evolving, California's new accountability system will build on the foundations of LCFF. Together, the school funding and accountability system will provide transparency of decision-making processes in support of student achievement and outcomes. It will focus on a broader set of outcomes than in the past and it will differentiate the performance of schools and districts in reliable and meaningful ways to allow for the provision of appropriate support and assistance.

Many challenges were identified and addressed during the first year of LCFF implementation. By far, the largest implementation challenge resulted from the timing of the new funding formula. The timing required the State Board of Education (SBE) to adopt emergency regulations to maximize the amount of time provided for local community engagement and development of the LCAPs in the initial year of implementation. The SBE and California Department of Education (CDE) modeled extensive public and stakeholder engagement and transparency throughout the LCFF implementation and LCFF/LCAP regulation adoption process.

In response to feedback from the field and stakeholder groups throughout the year, the SBE revised the expenditure regulations and the LCAP template to be more user-friendly. In addition, the revised template includes an Annual Update table that will provide evidence of progress toward expected outcomes. These modifications made the template easier to use and to read, and will result in LCAPs for 2015-16 that better describe goals, actions, and services to address the state priorities and meet the needs of all students.

To learn more about this first year of implementation, the SBE commissioned a survey of COEs, school districts and charter schools during October 2014. The survey results showed that an overwhelming majority of COEs and school districts view the LCAP as a valuable tool for goal development, quality of work sessions, board engagement and stakeholder feedback. Charter schools also reported that LCAPs are a valuable tool, especially for engaging staff in planning discussions and for setting goals.

Several other reports have been published or are under development that describe the LCFF and LCAP process and highlight efforts and challenges experienced during this first year. The mix of hope, anxiety, excitement, and concern reflected in the feedback and in public debate during the first year of LCFF was not surprising. With support and evaluation systems still being constructed, implementation challenges are to be expected, and the lessons learned from them will drive improvements as all stakeholders seek to realize the ultimate goals of LCFF.

The ability to remain persistent and patient is critical at this early stage in LCFF implementation. Increasing public interest and collaboration among education stakeholders led to considerable progress during this first year of LCFF implementation. The SBE and CDE plan to continue to provide guidance and educate the public by showcasing best practices through the various public outreach mechanisms described in this report. Looking forward, considerable work remains.

Introduction

Substantial progress was made in the first year of LCFF implementation. Collaborative efforts at every level of public education helped build the foundation for a school funding and accountability system that provides meaningful and sustained support to improve learning for all students.

The vision of LCFF is to refocus the educational system on improving instructional outcomes. LCFF works to align local budgets and resource allocations with local goals and state priorities to improve student learning, and allows the state to provide the support needed to drive continuous improvement. The system is intended to be simple, transparent and easily understood by educators, parents and the public.

The LCFF creates base, supplemental and concentration grants in place of most previously existing and convoluted K-12 funding streams. All local educational agencies (LEAs) receive a base grant. LEAs then receive a supplemental grant, which is twenty percent more than the base grant on a per-pupil basis for students who are low-income, English language learners or in the foster care system. If 55 percent or more of an LEA population consists of such students, the LEA gets a concentration grant equal to 50 percent of the base grant, for each of these students above the 55 percent threshold. The formula also includes an adjustment for grade levels to reflect the differential costs of educating students in different grade spans.

While the state enacted the LCFF in the 2013-14 fiscal year, most LEAs are not anticipated to be fully funded according to the statutory formula until 2020-21, as full implementation relies on an increase in education funding. In the meantime, as funding for K-14 education grows along with the state's revenues, the current Administration's publicly-stated intent is to direct a large portion of the new education funding each year toward funding LEAs on the basis of the LCFF. This fiscal transition allows the state to ensure that no LEA receives less funding than they received in 2012-13 and that new resources are directed to supporting the neediest students according to the formula. Mirroring this transition period for funding is a transition in accountability for LEAs that will also take time to develop and implement.

LCFF links transparency and accountability directly to the local budgeting process by requiring each school district, COE and charter school to adopt an LCAP. Properly implemented, LCFF and LCAP should lead to less incremental decision-making and more cooperative and comprehensive discussions about how to improve student outcomes and achieve goals. Ultimately, these system components will drive continuous improvement in all schools and for all students.

LEAs must annually complete LCAPs that describe locally-developed goals for each of the state priorities (see chart below). LEAs may also include additional local priorities in their LCAPs. In the LCAP, LEAs must also identify actions and services to meet their goals and identify supporting expenditures in their budget. LCAPs must cover a three year planning period and also include an Annual Update section, which requires a reporting of progress toward meeting goals in the prior year's LCAP. For school districts, the plan, along with the district budget, is submitted to the COE for review and approval. COEs submit their LCAPs, and budgets, to the State Superintendent of Public Instruction (SPI) for review and approval. The charter school process works somewhat differently than for a school district or COE process, but is similarly intended to bolster transparency and improve educational outcomes for all students.

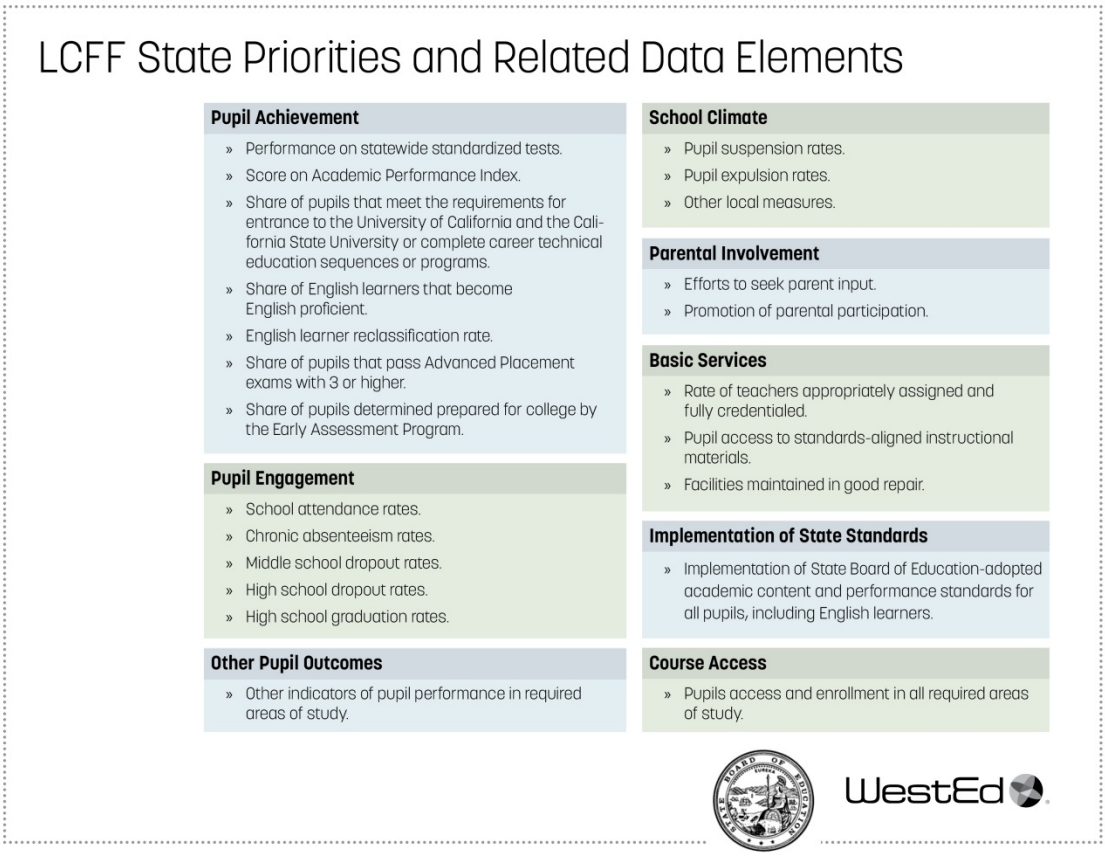
Evaluation rubrics, now under development, will support the overall objectives of LCFF to improve student outcomes, support transparency and increase equity. The evaluation rubrics will serve as tools for LEAs in the creation, reflection and assessment of plans and actions.

The California Collaborative for Educational Excellence (CCEE) will have a key role in the new system once it is fully operational. It will advise and assist school districts, COEs, and charter schools in achieving their LCAP goals. The members of CCEE board have been appointed and will convene in early 2015 to determine how to provide the expertise and technical support for LEAs that face challenges in improving student outcomes and reaching their locally-adopted goals.

The level of public interest in LCFF and LCAP, the collaboration of school communities, and the issues and challenges that groups and organizations raised before the SBE in this first year of implementation helped shape the policy decisions made thus far. The SBE is

encouraged by the progress made throughout the system, and remains committed to listening and learning from the experiences of practitioners and stakeholders, and to addressing needs as they arise.

This report highlights implementation challenges and efforts to address them, observations about the first year of LCFF implementation, the SBE's long-term vision for LCFF, and a review of implementation roles and responsibilities for various state and local entities.



Section 1: Implementation Challenges and Efforts to Address Them

The timing of the new funding formula presented the largest implementation challenge to date. The LCFF was enacted on July 1, 2013 and became effective immediately. This required the SBE to adopt emergency regulations including the spending regulations and the LCAP template.

The SBE responded to widespread stakeholder requests by adopting the emergency spending regulations as swiftly as possible and the LCAP template two months in advance of the statutory deadline. The goal of this early adoption was to maximize the amount of time provided for local community engagement and development of the LCAPs in the initial year of implementation. The SBE initiated the permanent rulemaking process at the same

time and clarified that ongoing stakeholder outreach and submission of written comments would be critical for the development and successful implementation of the regulations and template.

The SBE and the CDE, with assistance from WestEd, sought to model extensive public and stakeholder engagement and transparency throughout the LCFF implementation and LCFF/LCAP regulation adoption process. Stakeholder input was gathered at regional sessions, regularly-scheduled meetings with representatives of statewide organizations, and public comments at SBE meetings, which helped inform the development of the LCFF regulations, LCAP template and other resources. In addition, the SBE and CDE worked to provide resources through a "WestEd LCFF Channel," posting of Frequently Asked Questions, Webinar broadcasts with updates on topics of interest, and other tools to aid in planning. The SBE, CDE, Department of Finance (DOF) and California County Superintendents Educational Services Association (CCSESA) collaborated on trainings as well as "*The CCSESA LCAP Approval Manual; A Guide for Review and Approval of District LCAPs*" which was widely used.

Groups such as the California State PTA, Families in Schools, Association of California School Administrators (ACSA), California School Boards Association (CSBA) and PICO California helped bolster stakeholder engagement around LCFF and communicate the SBE's progress in approving regulations. For example, EdSource posted an "LCFF Tracker Page," investigating LCFF implementation in various school districts as well as questions and answers, an explanation of how the formula works, a funding comparison tool, an implementation timeline, and other materials in English and Spanish. Hundreds of education stakeholders attended the SBE's meetings to share their experiences with the LCAP process in local districts, and the SBE received thousands of written comments for its consideration.

Consistent with observations and input at SBE meetings, as well as feedback from the field and stakeholder groups throughout the year, the CDE and SBE revised the expenditure regulations and LCAP template through the formal rulemaking process. Many of the public comments the CDE and SBE received about the template proposed modifications to make it easier to use and to read – for the community, other stakeholders, practitioners, and reviewers alike. As a result, the SBE adopted changes to the template and approved the permanent LCFF expenditure regulations and LCAP template at its November 2014 meeting.

The changes have been praised by a wide range of stakeholders, and SBE and CDE staff believes the revised template and regulations, combined with the experiences from this year, will result in LCAPs for 2015-16 that better describe LEA goals, actions, and services to address the state priorities and meet the needs of all students, including significant student subgroups. One particularly notable addition in the new LCAP template is the creation of a separate table for an Annual Update. Each year, an LEA will provide an Annual Update that will communicate to local stakeholders progress toward implementation of goals and how implementation compares to the adopted LCAP, including a comparison of

planned and implemented actions, services, and expenditures. The Annual Update will also provide evidence of progress toward expected outcomes and adjustments based on a reflection of state and local priorities. Over the next several years, the SBE will continue to review and revise as necessary the spending regulations and template.

Guidance materials are continuously updated in response to questions and emerging issues. For example, the second state priority to be addressed in the LCAP is the "implementation of the academic content and performance standards adopted by the state board . . . ." To ensure that LEAs are informed about the comprehensive nature of this priority, the CDE posted a Frequently Asked Questions (FAQ) on the LCFF web page both to list the standards currently adopted by the SBE and to provide a link to the SBE's Content Standards web page at http://www.cde.ca.gov/fg/aa/lc/lcfffaq.asp. Additionally, CDE has posted FAQs that address many issues concerning charter school LCAPs at http://www.cde.ca.gov/fg/aa/lc/lcfffaq.asp.

Especially in these first few years, there will continue to be a need for resources and training for LEAs regarding LCAPs, LCFF formulas and the apportionment process, and related topics. Now that the permanent LCFF expenditure regulations are finalized and approved, CDE resources are being dedicated to providing additional technical assistance to all LEAs and specifically to the COEs for the development of the 2015–16 LCAP. Current plans include sharing LCAP review guidelines well in advance with COE staff; collecting and sharing sample segments of 2014 LCAPs that conveyed information clearly; and providing small group or individual coaching sessions to COEs in early 2015.

Section 2: Observations about the First Year of LCFF/LCAP Implementation

When reviewing the first year of LCFF implementation, it is useful to reflect on the transformative events simultaneously taking place in California's schools. Less than a year before Assembly Bill 97 and Senate Bill 91 were enacted on July 1, 2013 establishing the LCFF, the possibility of students losing weeks of instruction if Proposition 30 did not pass was being openly discussed in some school districts. With LEAs beginning to recover after the Great Recession, LCFF presented a path forward. As Governor Brown stated at the time, "We are bringing government closer to the people, to the classroom where real decisions are made and directing the money where the need and the challenge is greatest. This is a good day for California, it's a good day for school kids and it's a good day for our future."

In a joint letter to County Superintendents, District Superintendents, and Charter Administrators dated August 7, 2013, State Board President Michael Kirst and State Superintendent of Public Instruction Tom Torlakson hailed LCFF as a "historic reform" that shifted "California from a complex school finance system to one focused on equity, transparency, and performance." They noted that "[while] LCFF remains a work in progress, many provisions are now operational… [and] LEAs are expected to begin rethinking their approach to planning, budgeting and using funds aligned to the eight state priorities…." They closed by committing to keep LEAs and stakeholders informed

throughout the LCFF implementation process and stated that "LCFF's implementation requires patience as we work to make changes that lead to enduring changes for students."

An emphasis on communication and transparency helped define the first year of implementation. Numerous revisions and improvements were suggested by educators, parents, students, lawmakers, education groups and advocacy organizations during the year and the final regulations and template reflect this collaboration. By listening to stakeholders and learning about LCFF and LCAP implementation in local districts, the SBE was able to make adjustments that clarify the intent of the law and bolster transparency at the local level.

Groups and organizations actively involved in the development of the regulations and the revised template praised the SBE for its inclusive approach during the rulemaking process. The Education-Trust Executive Director Ryan J. Smith said, "The Education Trust–West would like to thank the State Board of Education, and its staff, for listening to the concerns of parents, community-based organizations, students, and other civil rights advocates when developing the final implementing regulations for the Local Control Funding Formula. We appreciated the opportunity to work together to ensure our neediest students will benefit from supplemental funding. We look forward to continuing our cooperative relationship in the coming year."

ACLU of California Director of Education Advocacy David Sapp said, "…We also commend the State Board and staff for their commitment to seek input from stakeholders and foster authentic engagement and transparency throughout this process and believe it should serve as an example for districts on involving students, parents, and community groups in the LCAP process each year."

To assess observations from COEs, districts and charter schools, the SBE commissioned a survey about the first year of LCFF/LCAP implementation. The survey, conducted by WestEd in October 2014, included responses from 903 COEs and schools districts and 560 charter schools, a 93 percent response rate from COEs and school districts and a 55 percent response rate from charter schools.

An overwhelming majority of all COE and district respondents reported that the LCAP was a valuable tool for goal development, quality of work sessions, board engagement and stakeholder feedback. The COE and district respondents reported that the greatest change when developing LCAPs as compared to other LEA planning processes was the level of stakeholder engagement, with 70 percent reporting moderate and large changes. A majority of COEs and districts also reported moderate and large changes in decision-making based on student/program needs, focusing on unduplicated pupils, and the amount of internal LEA teaming. COEs and districts also rated the LCAP process useful in identifying gaps, engaging staff in planning discussions, monitoring student performance, sharing it with stakeholders and setting goals. Forty-six percent of respondents reported the LCAP very useful in sharing with stakeholders. Forty-eight percent of COEs and districts

reported that, in planning for the 2014-15 cycle of LCAP development, they plan to make changes in evaluating data to develop the plan.

Results for charter schools similarly showed that the LCAP was a valuable tool for goal development, quality of work sessions, and stakeholder feedback. More than 81 percent of charter schools responded that the LCAP would be a useful tool for engaging staff in planning discussions and over 86 percent believed it would be a useful tool for setting goals. Compared to other planning processes, 52 percent of charter schools reported that the LCAP resulted in an increased level of stakeholder engagement. Unlike school districts and county offices of education, a majority of charter schools did not report that the LCAP resulted in changes in decision-making based on student or program needs or an increased amount of internal teaming. This difference in results is likely explained by the fact that a charter school's program is uniquely designed in the charter petition and that parents choose the school based on that program.

Perhaps as a reflection of the difference in the baseline levels of stakeholder engagement, larger districts were consistently more likely than smaller districts to report that the LCAP process led to greater changes in their planning processes. They were also more likely than smaller districts to report higher valuation and usefulness of planning activities in preparing their 2014-15 LCAP, and to foresee greater changes in preparing their 2015-16 LCAPs, making budget decisions and evaluating data. The same results were true for charter schools.

An October 2014 report funded by the Stuart Foundation, http://www.sri.com/work/publications/toward-grand-vision-early-implementation-californias-local-control-funding-formula, followed the law's first year implementation in 10 school districts. The report notes overall enthusiasm for LCFF among districts. "In particular, districts and COEs recognize the potential of the LCFF to shift budgeting from a compliance exercise...to an activity focused on addressing the needs of their students." The report notes districts' strong support for the parent engagement component of LCFF. Timing, capacity issues and plan integration are among concerns shared with the researchers by school district officials.

The report also noted that this enthusiasm was tempered by a fear that the state will change the system before it has time to mature. Researchers noted that one refrain sounded over and over was, "Please leave it alone. Give us time to get used to it, to learn how to work with it, and to make it work for us."

An Education Trust-West report, *the Language of Reform: English Learners in California's Shifting Education Landscape*, released in September 2014 reviewed LCAPs from 11 top-performing districts to uncover programs and services to improve outcomes for English learners. Their research found that unified districts including Selma, Calipatria, Los Alamitos and West Contra Costa are improving results for English learners beyond what other districts with similar student populations are accomplishing. Their efforts are

focused on sharing information about how these top performing districts are investing their LCFF funds in programs to serve English learners and encouraging more districts to include these successful models in their LCAPs. Results-driven advocacy such as this will continue to evolve and expand over time.

Presentations and testimony at SBE meetings also have helped to showcase LCAP efforts and challenges experienced. At the November 2014 SBE meeting, leadership of the California County Superintendents Educational Services Association (CCSESA) provided a summary of the LCAP experience in its first year. They discussed the support offered by county superintendents statewide including professional development regarding the LCAP regulations and template as well as ongoing support provided through monthly meetings at the county level and networking meetings. They described the technical assistance provided by counties during LCAP development and the support provided before, during and after review. They also noted resources such as *The LCAP Approval Manual,* a toolkit, and workshops and ongoing technical assistance that help build support and collaboration through the development of shared resources and learning.

The most notable improvement the SBE and CDE expect to see in future LCAPs is more clarity in detailing goals and actions to address each of the state priorities for all students and for each student subgroup. For example, first year LCAPs often reflected a tension between the requirement to address all of the state priorities, many with multiple metrics, while at the same time maintaining a reasonable and manageable number of goals. As a result, in some instances, it was difficult to clearly ascertain that a LCAP had addressed all of the state priorities for all student subgroups. Beginning with the 2015-16 school year, Annual Updates will provide an important link to progress on student outcomes, and include an assessment of the effectiveness of the specific actions and investments adopted in the LCAP.

The year was filled with a flurry of implementation activities as described above. Districts, COEs, charter schools, teachers, administrators, parents, and students were absorbing all of these changes while also implementing the new academic standards, transitioning to a new statewide assessment system, and preparing for the online field test of the new assessments. Accordingly, mixed reactions to all of these changes were reflected in feedback and in public debate during the first year of LCFF implementation.

Section 3: Long-Term Vision for LCFF

In a state as large and diverse as California, instituting educational change is a complex undertaking. LCFF purposely does not prescribe a top-down, state-centered, compliance approach. The vision is to refocus the educational system on improving instructional outcomes, aligning local budgets and resource allocations with local goals and state priorities to improve student learning, and allowing the state to provide the support needed to drive continuous improvement. The system is intended to be simple, transparent and easily understood by educators, parents and the public.

The changes being made through LCFF represent a major overhaul in the way the state provides meaningful and sustained support to improve outcomes for all students. The law links transparency and accountability directly to the local budgeting process by requiring counties, school districts and charter schools to adopt LCAPs. Properly implemented, LCFF and LCAP can drive continuous improvement in all schools and for all students. The LCAP is designed to enhance allocation of resources, integrating school district budgets with locally approved goals that align with and, in some districts augment, the state's eight educational priorities.

By teaming the fiscal and instructional planning processes at the local level and requiring stakeholder engagement, LCFF and LCAP should lead to less incremental decision-making and more cooperative and comprehensive discussions about how to improve student learning and achieve goals. For those school districts, county offices of education and charter schools that have relied upon strategic planning to align their long-term vision and goals, the LCAP's Annual Update will help articulate continual improvement. LCAP is not a comprehensive strategic plan, but it is a valuable tool for enhancing the budget component of a strategic plan.

LCAPs, Annual Updates, evaluation rubrics and the California Collaborative for Educational Excellence (CCEE) are intended to be components of a coherent educational system that helps drive continuous improvement. Greater transparency and stakeholder engagement should strengthen confidence in the educational system and improve the overall return on investment.

Now evolving, California's new accountability system will build on the foundations of all these components. The new system will provide transparency of decision-making processes in support of student achievement and outcomes. It will focus on a broader set of outcomes than in the past and it will differentiate the performance of schools and districts in reliable and meaningful ways so they receive appropriate support and assistance.

By providing well-timed, accessible and actionable data for use by educators, parents, community members and policymakers, LCFF will focus district and school leaders on significant areas in need of improvement. As more system components are developed and become operational over the next several years, the goal is that LCFF will increase district and school capacity and drive continuous improvement in the long-term.

Members of the SBE recognize that effective implementation of such a major initiative will take time. Persistence and patience are critical at this early stage in LCFF implementation. The SBE plans to continue to showcase transparency and engagement and to respond to recommendations from stakeholders, as evidenced by the SBE's revisions to the LCAP template to make it more user-friendly.

Much of the discussion during the development of the permanent regulations and template focused on how LEAs can ensure effective parent, student and community involvement, as

public participation is essential in the new system. The SBE provided guidance by adding definitions and guiding questions to the template to help LEAs focus on effective engagement. The SBE's guidance and support will continue to evolve based on the needs of LEAs and the education community.

The SBE also will provide guidance and support through the adoption of the evaluation rubrics. The evaluation rubrics are an integral part of the LCFF performance and accountability system. Once developed, evaluation rubrics will support the overall objectives of LCFF to improve student outcomes, support transparency and increase equity. The evaluation rubrics will serve as tools to LEAs in the creation, reflection and assessment of plans and actions.

The CCEE will have a key role in the new system once it is fully operational. It has a major role in determining how to provide the expertise and technical support for schools and districts that face challenges in improving student outcomes and reaching their locally adopted goals.

Members of the SBE have expressed their intent to implement LCFF consistent with the vision of Governor Brown to direct the money where the needs and the challenges are greatest, while focusing on student outcomes and giving LEAs the flexibility to make spending decisions focused on local priorities. The level of public interest in LCFF and LCAP, the collaboration of school communities, and the issues and challenges that groups and organizations brought before the SBE in this first year of implementation helped shape the policy decisions made thus far. Looking forward, considerable work remains.

Section 4: Implementation Roles and Responsibilities for LCFF Oversight and Technical Assistance

Within the context of the LCFF, there are many components of oversight and technical assistance. The SBE, CDE, Fiscal Crisis Management and Assistance Team (FCMAT), county superintendents, supporting professional organizations, and administrators, teachers, other school personnel, parents, students and local stakeholders all play vital roles. Descriptions of the state and local level components and their roles and responsibilities are provided in the sections below.

State Board of Education

The majority of the SBE's efforts during the first year of implementation focused on the development of the LCFF regulations and LCAP template. Specifics about this adoption process are provided below. In addition, the following SBE section describes the purpose of evaluation rubrics and the efforts now underway to develop those rubrics.

Spending Regulations and LCAP Template

The SBE has been widely praised for seeking input from stakeholders and fostering authentic engagement and transparency in its work to adopt the LCFF spending regulations and the LCAP template. From July 2013 through December 2013, the SBE facilitated an

LCFF stakeholder input process including: monthly meetings of an implementation working group comprised of representatives from approximately 25 statewide organizations directly involved with local implementation; a series of regional stakeholder input and community forum sessions; conference calls with representatives from LEAs and various education stakeholder groups; public comments at the scheduled SBE meetings; and the collection of written comments from the public through the LCFF Web portal (http://lcff.wested.org/). Following the November 2013 SBE meeting, SBE and CDE staff met with representatives from more than 40 groups to integrate ideas and recommendations into the draft regulations and template.

On January 16, 2014, the SBE approved the emergency regulations, as directed by *Education Code (EC)* 42238.07, including the spending regulations and the LCAP template. At the January meeting, the SBE also commenced the regular rulemaking process. This process is required to adopt permanent regulations and provides a period of 45 days for written comments, followed by a public hearing to receive verbal and written testimony.

The emergency regulations were approved by the Office of Administrative Law (OAL) on January 27, 2014, and were extended and approved again on July 11, 2014 and on October 8, 2014 while the permanent rulemaking process was underway. The 45-day public comment period for the permanent regulations began on February 1, 2014 and ended on March 17, 2014. In response to public comment, the SBE initiated two additional 15-day public comment periods from July 12, 2014 through July 28, 2014, and from September 6, 2014 through September 22, 2014. The SBE approved the permanent regulations on November 14, 2014 and the regulations were submitted to the OAL for approval on November 21, 2014.

Evaluation Rubrics

The evaluation rubrics are envisioned as a part of a larger system that supports the overall objectives of LCFF to improve student outcomes, support transparency and increase equity. The SBE must adopt the evaluation rubrics by October 2015 as required by *EC* Section 52064.5. Evaluation rubrics will allow school districts, COEs, and charter schools to evaluate their strengths, weaknesses, and areas that require improvement; assist county superintendents to identify needs and focus technical assistance; and assist the SPI to direct interventions when warranted. Furthermore, the rubrics must provide standards for school district and individual school site performance and expectations for improvement related to the LCFF priorities in the *Education Code*.

The rubric development process now underway includes a Rubric Design Group (RDG) comprised of educational leaders from school districts, COEs, and charter schools; CDE staff with responsibility for reviewing COEs' LCAPs; and SBE representatives. The work of the RDG is informed by extensive input from practitioners and the education community, research about educational systems change, resource management and engagement, and policy leaders.

Rubric Creation Timeline	
August 2014	WestEd commences facilitation and outreach for participation in the RDG and develops a plan to engage and gather input from working groups. Update below.
Summer/Fall 2014	WestEd convenes the RDG to plan a timeline for future meetings and establish working principles, and organizes and facilitates sessions with various working groups for preliminary input.
Spring 2015	The RDG completes a first draft of evaluation rubrics to include as part of an update to the SBE.
Spring/Summer 2015	WestEd organizes and facilitates follow-up sessions with various working groups regarding draft evaluation rubrics.
July 2015	WestEd presents an updated draft of the evaluation rubrics for review and comment by the SBE prior to adoption.
September 2015	Evaluation rubrics adopted by the SBE.

Information about the RDG process is posted and will be regularly updated at http://lcff.wested.org. This includes notifications regarding input opportunities, a form for online feedback, and summaries and updates about the proceedings and progress of the RDG.

California Department of Education

The CDE has a wide array of responsibilities associated with implementing LCFF and providing technical assistance, ranging from fiscal services guidance and foster youth data sharing, to approval of COE LCAPs, review of LCAPs from SBE-authorized charter schools, and plan alignment for LEAs. The SPI also is tasked with providing technical assistance to any county office of education that fails to improve student achievement across more than one state priority for one or more numerically significant student subgroup.

Local Agency Systems Support

Following passage of the LCFF, the CDE created the Local Agency Systems Support Office (LASSO). Over the past 18 months, this office has assisted with the development of spending regulations and the LCAP template. The LASSO also provided guidance and technical assistance to LEAs regarding the programmatic implementation of LCFF through the development and maintenance of a CDE LCFF Web page and FAQs (http://www.cde.ca.gov/fg/aa/lc/), as well as presentations to various advocacy and education groups, and responses to numerous telephone or emailed inquires. Staff is also responsible for preparing LCFF agenda items for the SBE, including working with LEAs or outside sources to identify and showcase potential tools, resources and promising practices. Staff has also initiated the development of an electronic LCAP template as requested by the SBE; and participated with SBE staff and WestEd on the design and development of the evaluation rubrics.

LASSO staff reviews and approves LCAPs from COEs. The CDE received 65 LCAPs for the 2014-15 school year. These included plans from 58 COEs and seven from districts that are

the sole district within a county. Most plans were submitted within the required timeframe, and most received an initial review within the first two weeks of receipt. Program and fiscal staff within the CDE reviewed each LCAP, first independently, then collaboratively, to identify plan elements requiring clarification. In those cases where clarification was deemed necessary, CDE staff contacted the COE or district by phone to seek clarification, and a majority of the requests for clarification were completed within a few days of the initial notification. In a small number of instances, the clarification process was not completed by August 15, the date by which LEAs were to be notified in writing of such requests. Necessary clarifications were received, and all 65 plans were approved.

As part of its charter oversight functions for the SBE, CDE also reviewed 24 LCAPs received from charter schools authorized by the SBE. The initial focus of the review was Section 1, Stakeholder Engagement, and Section 2, Goals and Progress Indicators. In some instances CDE staff requested clarifying information from the charter school administrator as part of the review. Charter School Division staff also reviewed the LCAP budget to verify alignment with Sections 3A and 3B, Actions, Services, and Expenditures. It is anticipated that goals and actions identified in the LCAP Sections 3A and 3B will be evident during the annual site visit to the SBE-authorized charter schools.

Now that the permanent spending regulations and LCAP template have been adopted by the SBE and are awaiting approval by OAL, the LASSO is reallocating resources to provide greater technical assistance to the field in the development of their LCAPs including sharing LCAP review guidelines well in advance of the 2015-16 LCAP review cycle with COE staff, collecting sample segments of 2014 LCAPs that clearly conveyed information, and providing small group or individual coaching sessions to COEs beginning in late winter.

School Fiscal Services

CDE fiscal staff provides advice and assistance on regulations development and contributes technical statutory changes necessary to make the funding formula work. These efforts include apportioning LCFF funds (including Proposition 30 apportionments); modifying data collection systems to perform LCFF apportionment calculations; updating the SBE's criteria and standards for assessing fiscal solvency to reflect LCFF changes; establishing audit procedures used by independent auditors when performing LEA audits; modifying the software used by LEAs to prepare budget, interim, and year-end reports to reflect LCFF changes; providing LCFF accounting guidance, such as for accounting for students served by a COEs but for whom the funding is credited to a district; and reviewing the fiscal components of COE LCAPs.

As a result of the adoption of LCFF, the division's work included a complete overhaul of the data collection software LEAs use to report funding data, as well as the system CDE uses to calculate apportionments. A completely new data collection software package was released in March 2014, and CDE provided a webinar, reference guides and other assistance to LEAs to explain the data reporting changes. In response to the amount of interest in the new funding formula, CDE also created individual school district and charter school funding snapshots which synthesize each entity's LCFF funding in a clear, detailed

manner. The funding snapshots can be downloaded on CDE's Web site, and over 13,000 snapshots were downloaded between June and October of 2014.

Education Data Management

As part of the regular California Longitudinal Pupil Achievement Data System (CALPADS) updates, the CDE has provided ongoing communication to the field about changes to CALPADS data collection practices resulting from implementation of the LCFF.

CDE is working in partnership with the California Department of Social Services to implement CALPADS functionality to identify foster youth. As required by state law, this functionality will provide LEAs the ability to view reports that are updated weekly, identifying the students enrolled in each school who are foster youth. The design specifications were developed in consultation with LEA staff working with foster youth.

Through this statewide match that identifies foster students, LEAs are informed of the foster students enrolled in each school, as well as whether the student is in a foster care placement, or living at home receiving family maintenance services; whether the student is under the supervision of the county social services or probation department; the student's social worker's name and contact information; and the student's court appointed educational representative's name and contact information. In addition to being able to view information about all foster students enrolled in schools in each county, COEs are able to view information about students within its jurisdiction who are attending schools in other counties. This facilitates the ability of counties to monitor the academic progress of all foster youth within its jurisdiction. Only staff with a special security role will be able to view the foster reports.

Additional information regarding CALPADS and Foster Youth are available on the LCFF Frequently Asked Question Web page at http://www.cde.ca.gov/fg/aa/lc/lcfffaq.asp.

Improvement and Accountability

With the transition to a new system of assessments and accountability, and the implementation of a new funding system, the SPI, the CDE, and the SBE recognize the need to review the landscape of current state and federal plan requirements.

For example, *EC* Section 52064(b) calls for a LCAP template that also meets the requirements for federal Elementary and Secondary Education Act local educational agency (LEA) Plans (pursuant to Section 1112 of Subpart 1 of Part A of Title I of Public Law 107-110), and further directs the SBE to minimize duplication of effort at the local level. *EC* Sections 52062(a)(4) and 52068(a)(4) require the superintendent of a school district or a COE to ensure that actions included in the LCAP are consistent with strategies embedded within the Single Plan for Student Achievement (SPSA).

Underlying the expectation of aligning the LCAP with other state and federal planning requirements, *EC* Sections 52060(f), 52066(f), and 47605(iii)(C) specify that to the extent practicable, data that are reported in the LCAP shall be reported in a manner that is

consistent with the way information is reported in the School Accountability Report Card (SARC). The CDE Plan Alignment and Coordination Project (PACP) was established to address this need to develop resources to support an integrated and coordinated planning process. This project will capture the similarities and contrasts among existing planning and reporting requirements in order to provide recommendations that support comprehensive planning for LEAs.

Fiscal Crisis Management and Assistance Team (FCMAT)

FMCAT assumed the lead role in developing a LCFF Calculator to help LEAs estimate LCFF revenue during the phase-in to full implementation. The idea started out as a simple spreadsheet developed by the Marin COE to be used to assess budgets for districts in that county. The Marin COE was soon joined by staff members of the El Dorado and San Diego COEs, with the goal to provide calculations for all types of LEAs. The spreadsheet quickly evolved into a comprehensive workbook to help estimate LCFF revenues.

In November 2013, FCMAT assumed responsibility for maintaining and updating the LCFF Calculator. FCMAT continues to work with the original development team, the CDE, SBE and the Department of Finance to ensure it remains a robust tool for school districts and charter schools to estimate LCFF revenues. Future plans for the Calculator include developing web-based software for seamless updates and reducing software conflict issues. Other tools include the LCFF Calculator Manual, Calculator Caveats, LCFF Listserve Subscription, LCFF Online Help Desk, and CALPADS Reports & LCFF Self-paced Training.

County Superintendents and the California County Superintendents Educational Services Association (CCSESA)

County Superintendents are responsible for reviewing and approving each district's LCAP within each county. County Superintendents are also tasked with providing technical assistance to any district that fails to improve student achievement across more than one state priority for one or more numerically significant student subgroup. The 58 County Superintendents are represented and supported by CCSESA. Two of CCSESA's organizational committees, the Business and Administration Steering Committee (BASC) and the Curriculum and Instruction Steering Committee (CISC), were instrumental in creating and providing resources as well as LCAP-related training to COEs throughout the state during the first year of implementation. COEs also provided extensive LCAP trainings and support to district staff and charter school administrators within their respective counties. "*The CCSESA LCAP Approval Manual; A Guide for Review and Approval of District LCAPs*" was created to assist COEs. In addition, CCSESA conducted surveys to assess COE LCAP experiences and provided regular feedback to the SBE and CDE.

Local Educational Agencies (LEAs)

The ultimate goal of the LCAP development process is to improve educational outcomes for all students. Under the LCFF, LEAs adopt LCAPs with annual goals for all students and numerically significant student subgroups to be achieved under the state priorities set forth in the *Education Code*. State agencies and County Superintendents provide support

and assistance with LCAP development as detailed above. Subsequently, county superintendents and the CDE review LCAPs and ultimately approve or disapprove them based on criteria specified in statute. If an LEA requests additional support in developing its LCAP, or if its LCAP is disapproved, the LCFF statutes provide multiple routes for support and assistance.

LCAP Review

A district's governing board must adopt an LCAP by July 1 of each year and submit the approved LCAP to the COE within 5 days. In addition to any general consultation that takes place between districts and COEs, state law provides a county superintendent approximately six weeks, until August 15, to seek clarification in writing from the district about the contents of the LCAP after the district submits it. The district then has 15 days to respond. Following the response, the county superintendent may submit recommendations for amendments to the LCAP. The governing board of the school district must consider the recommendations in a public meeting.

Pursuant to *EC* Section 52070, the county superintendent must approve the LCAP before October 8, if he or she determines all of the following:

(1) The LCAP adheres to the template adopted by the SBE.
(2) The budget for the applicable fiscal year adopted by the governing board of the school district includes expenditures sufficient to implement the specific actions and strategies included in the LCAP, based on the projections of the costs included in the plan.
(3) The LCAP adheres to the expenditure requirements adopted by the SBE regarding the expenditure of funds apportioned on the basis of the number and concentration of unduplicated pupils pursuant to *EC* Sections 42238.02 and 42238.03.

If an LCAP is Not Approved or if a District or COE Requests Assistance, Support is Provided

If a county superintendent of schools does not approve an LCAP or Annual Update or if the governing board of a school district requests technical assistance, *EC* Section 52071 requires that the county superintendent of schools provide technical assistance, including, among other things, any of the following:

(1) Identification of the school district's strengths and weaknesses in regard to the state priorities described in subdivision (d) of *EC* Section 52060, communicated in writing to the school district. This identification shall include a review of effective, evidence-based programs that apply to the school district's goals.

(2) Assignment of an academic expert or team of academic experts to assist the school district in identifying and implementing effective programs that are designed to improve the outcomes for all pupil subgroups identified pursuant to *EC* Section 52052. The county superintendent of schools may also solicit another school

district within the county to act as a partner to the school district in need of technical assistance.

(3) Request that the SPI assign the California Collaborative for Educational Excellence (CCEE) to provide advice and assistance to the school district.

If the SPI does not approve an LCAP or Annual Update approved by a county board of education, or if the county board of education requests technical assistance, *EC* Section 52071.5 requires that the SPI provide technical assistance.

Evaluation Rubrics

The LCFF support and oversight systems established by the Legislature and Governor in 2013 include provisions that seek to ensure LEAs are well informed when developing their LCAPs, student outcomes improve, and if they don't, appropriate remedial actions are taken.

Once the SBE adopts the LCFF evaluation rubrics, they will:

(1) Be used by LEAs to evaluate their strengths, weaknesses, and areas that require improvement;

(2) Be used by county superintendents of schools and the SPI to identify LEAs in need of assistance and focus technical assistance pursuant to *EC* Sections 52071, 52071.5 and 47607.3; and

(3) Be used to assist the SPI to direct interventions when the SPI and SBE deem they are warranted, using the criteria and process set forth in *EC* Sections 52072 and 52072.5.

The rubrics must reflect a holistic, multidimensional assessment of school district and school site performance. In addition, the rubrics will provide standards for school districts and individual school site performance and expectations for improvement in regard to the identified LCFF priorities and guide continuous improvement for California's districts, COEs, and charter schools. The SBE has asked WestEd to coordinate and facilitate a process for developing rubrics as described above. More information can be found at http://lcff.wested.org.

California Collaborative for Educational Excellence (CCEE)

The statutory purpose of the CCEE is "to advise and assist school districts, county superintendents of schools, and charter schools in achieving the goals set forth in a local control and accountability plan [LCAP]…" *EC* Section 52074 provides that the SPI may direct the CCEE to advise and assist a school district, county superintendent of schools, or charter school in any of the following circumstances:

(1) If the LEA requests the advice and assistance of the CCEE;

(2) If the county superintendent of schools of the county in which the school district or charter school is located determines, following the provision of technical assistance pursuant to Section 52071 or 47607.3 as applicable, that the advice and assistance of the CCEE is necessary to help the school district or charter school accomplish the goals described in the LCAP; or

(3) If the SPI determines that the advice and assistance of the CCEE is necessary to help the LEA accomplish the goals set forth in the LCAP.

EC Section 52074 (c) requires the SPI, with approval of the SBE, to contract with a LEA, or consortium of LEAs, to serve as the fiscal agent for the CCEE. In March 2014, the CDE solicited responses from LEAs interested in serving as the CCEE fiscal agent. LEAs were required to respond to the Letter of Interest by April 11, 2014. At the May 2014 meeting, the SBE approved the SSPI's recommendation of Riverside COE to serve as the fiscal agent.

The CCEE will be governed by a five-member board. As of this writing the following individuals are members of the CCEE board:

- The State Superintendent of Public Instruction: Tom Torlakson
- On behalf of the President of the SBE: Sue Burr, Member, State Board of Education
- A county superintendent of schools appointed by the Senate Committee on Rules: Michael Watkins, Santa Cruz County Superintendent of Schools
- A teacher appointed by the Speaker of the Assembly: Tim Sbranti, Dublin Mayor and teacher
- A superintendent of a school district appointed by the Governor: Sandra Thorstenson, Superintendent, Whittier Union High School District

The board of the CCEE will convene for the first time in early 2015. Once the CCEE is fully operational, pursuant to the founding statute, the fiscal agent, at the direction CCEE Board, shall contract with individuals, local educational agencies, or organizations with the expertise, experience, and a record of success to carry out the statutory purposes of the CCEE. The areas of expertise, experience, and record of success shall include, but are not limited to, all of the following:

(1) State priorities as described in subdivision (d) of Section 52060.
(2) Improving the quality of teaching.
(3) Improving the quality of school district and schoolsite leadership.
(4) Successfully addressing the needs of special pupil populations, including, but not limited to, English learners, pupils eligible to receive a free or reduced-price meal, pupils in foster care, and individuals with exceptional needs.

Conclusion

The history of education reform reveals that improvement takes time and quality implementation is difficult. The SBE and CDE remain committed to listening and learning from the experiences of practitioners and stakeholders as they implement the new

regulations and LCAP template. The SBE will continue to lead discussions about what is working and what can be improved, and it will make improvements as needed.

During the LCFF's infancy, implementation challenges are to be expected, and they help inform our work. As evidenced throughout this report, transparency helped build trust and create better results in this first year of implementation.

The level of public interest in the LCFF and LCAP, the collaboration of school communities, and the issues and challenges brought before the SBE in this first year of implementation helped shape the policy decisions made thus far. Stakeholder engagement will continue to be critical as we continue to develop a school funding and accountability system that provides meaningful and sustained support to improve educational outcomes for all students.

Appendix A: Data from Chart appearing on Page 6.

LCFF State Priorities and Related Data Elements

Pupil Achievement

- Performance on Statewide Standardized Tests
- Score on Academic Performance Index
- Share of pupils that meet the requirements for entrance to the University of California and the California State University or complete career technical education sequences or programs
- Share of English Learners that become English proficient
- English Learner reclassification rate
- Share of pupils that pass the Advanced Placement Exams with 3 or higher
- Share of pupils determined prepared for college by the Early Assessment Program

Pupil Engagement

- School Attendance rates,
- Chronic Absenteeism rates
- Middle school dropout rates
- High school dropout rates
- High school graduation rates

Other Pupil Outcomes

- Other indicators of pupil performance in required areas of study

School Climate

- Pupil suspension rates
- Pupil expulsion rates
- Other local measures

Parental Involvement

- Efforts to seek parent input
- Promotion of parental participation

Basic Services

- Rate of teachers appropriately assigned and fully credentialed
- Pupil access to standards-aligned instructional materials
- Facilities maintained in good repair

Implementation of State Standards

- Implementation of State Board of Education-adopted academic content and performance standards for all pupils, including English learners

Course Access

- Pupils access and enrollment in all required areas of study