

## **Understanding the Local Control Funding Formula and Local Control Accountability Plans**

### **Introduction**

For nearly 40 years, California has relied on a system that funded K-12 school districts through general purpose funding (known as revenue limits) and more than 50 tightly defined categorical programs. Over the years, categorical programs have grown to include specialized grants, competitive opportunities, entitlements, and a combination of one-time, multi-year, and ongoing funding streams. To a large degree history, circumstances, and luck determined the level of funding a school district would receive. This led to an environment in which funding for school districts was inequitable and where grant and specific program requirements drove spending decisions rather than student needs.

In an effort to provide a more equitable formula for distributing state funding, provide greater flexibility to local school districts, and support a student-centric performance-focused environment the State of California created the Local Control Funding Formula (LCFF).

### **What is the Local Control Funding Formula (LCFF)?**

The Local Control Funding Formula (LCFF) represents a major shift in how California funds local school districts. Local control funding puts together support and incentives for thoughtful local decisions regarding how to best use funding to meet the needs of students. Under the LCFF, most state categorical programs are eliminated and school districts receive funding based on the demographic profile of the students they serve and are expected to meet enhanced accountability requirements.

### **How does the Local Control Funding Formula (LCFF) change the way California public schools are funded?**

School districts will no longer receive funding through revenue limits and categorical programs. Instead districts will be funded in the same amount per student with a handful of adjustments for grade level and demographic characteristics (low income students, English learners, and foster youth). The LCFF establishes a funding target for each school district to reach over the next eight years. Each district's funding target is unique depending on student demographics and how far current district funding is away from their individual funding target. The LCFF supports equity by employing a student-focused formula and relating funding levels to student needs by providing more funding to school districts based on number and concentration of poverty, English Learners, and foster youth.

### **How can the Local Control Funding Formula (LCFF) improve education for California's students?**

The Local Control Funding Formula (LCFF) has the potential to improve education for many of California's students. Through the LCFF, the state is providing new decision making power to local districts to act based on the needs they see for students. Since the most state categorical programs are eliminated under the LCFF, the state has largely handed over responsibility for determining the needs of students and making decisions regarding student programs to local districts. The expectation is that funding flexibility improves the ability of local school districts to meet student needs compared to the former system where the state tended to direct funding to specific activities. The LCFF is designed to provide

local school districts with flexibility to direct resources to meet student needs, increase funding transparency and aid in a simple explanation of how funding is provided and used locally, it supports equity through a student-focused formula, focuses attention on performance, and increases accountability and participation at the local level. The new formula shifts California from treating funding as an input to support students to a resource that is linked to performance expectations. The LCFF promises a more simplified school district funding model once it has been fully implemented in 2020-21. The funding model temporarily increases complexities while districts await full implementation. Local control, local flexibility, and local accountability are key components to the LCFF. The formula will increase flexibility and accountability at the local level so those closest to the students can make the decisions, reducing burdensome state requirements, and ensure that student needs drive the allocation of resources.

### **What is the Local Control Accountability Plan (LCAP)?**

The Local Control Accountability Plan (LCAP) is the Local Control Funding Formula's (LCFF) vehicle for transparency and engagement. In short, it is the accountability component of the LCFF. LCAPs will be the primary means through which school districts are expected to share performance data, needs, actions, and anticipated outcomes that will guide the use of available LCFF funding.

Beginning in 2014-15, each school district is responsible to create a three-year LCAP which is aligned to the district budget. Under LCFF, it is expected that local districts develop and fund plans with the needs of students in mind. There must be an explicit and transparent connection between the LCAP and budgetary expenditures. Districts will use the LCAP to describe annual goals for all students including calling out details for low-income, English learners, and foster youth that address state and local priorities. The LCAP must also describe the specific actions that the LEA will take to achieve the goals it has identified with budget details that show the level and type of state expenditures made to support these actions. In addition, there is an expectation that parent and community input along with relatively transparent information will be available to communicate how funding addresses the needs of students.

### **Why did California adopt the LCAP? What is it supposed to accomplish?**

The State of California recognizes the fact that local thinking and ingenuity are required in order to achieve the goal of improved outcomes for our students. Progress begins with local decisions made in collaboration with parents, teachers, students, and other stakeholders. The Local Control Accountability Plan (LCAP) is critical to the success of local districts and serves as a means for districts to communicate the needs of students, the actions that will be taken, the anticipated outcomes, and how funds will be used to support these endeavors. Local participation and collaboration are crucial to the success of students. Local control, local flexibility, and local accountability are key components of the Local Control Funding Formula (LCFF). The LCAP is the vehicle through which local districts will satisfy the local accountability requirements under the law.

### **How can the LCAP improve education for California's students?**

The implementation of the Local Control Funding Formula (LCFF) and the Local Control Accountability Plan (LCAP) marks a significant movement in California public education toward performance-based

budgeting and planning. The LCAP has the potential to improve education for California students by placing a greater emphasis on local student needs and involving local stakeholders in the planning process. The LCFF places flexibility in the hand of local districts with an expectation of improved outcomes for students across a variety of measures. The LCAP helps districts create a stronger link between the budget process and local decisions regarding education programs. Student need should drive funding use in a way that fits local contexts. The LCAP is the vehicle through which districts will align the needs of students with available resources and report progress.

# LCFF Overview

- Local Control Funding Formula (LCFF)
  - New California K-12 financial system
  - First major reform in nearly 40 years

- Establishes 2020-21 funding target for all school districts
- Simplifies K-12 district funding *once funding model is fully implemented*

- Funding based on demographic profile of students

- Each district's funding is unique depending on student demographics and distance to individual funding target

- Increases flexibility at local by reducing state expenditure restrictions
- Increases accountability and participation at the local level

# LCFF Overview

## □ Major Changes

### Simplified Funding Model

- Replaces complex revenue limit finance system
- Most categorical programs removed and funding included in “base”
- *Adds complexities during transition to full implementation*

### Increased Flexibility

- Eliminates burden of categorical funding requirements
- Decisions regarding student programs made at local level

### Funding for Students with Greatest Need

Additional funding provided for:

- English Learners
- Low Income
- Foster Youth

### Built-in Accountability

- Requires Local Control Accountability Plan (LCAP)

# LCAP Overview

- Local Control Accountability Plan (LCAP)
  - “LCFF accountability system”

- Identifies goals to improve or increase services to students
- Focuses on student achievement and outcomes

- Creates stronger link between budget process and local decisions regarding education programs

- Ensures local participation in planning process

# LCAP Overview

## □ Plan Requirements

### Three-year Plan

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|---|---|
| <ul style="list-style-type: none"><li>• Sets annual goals</li><li>• Approved by Board</li></ul> | <ul style="list-style-type: none"><li>• Updated annually to reflect progress</li><li>• Defines how resources will be used</li><li>• Focus on student outcomes</li></ul> |
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### Address State Priorities

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|---|---|
| <ul style="list-style-type: none"><li>• Basic Services</li><li>• Student Achievement</li><li>• Student Engagement</li><li>• Course Access</li></ul> | <ul style="list-style-type: none"><li>• Parental Involvement</li><li>• School Climate</li><li>• Common Core Implementation</li><li>• Other Student Outcomes</li></ul> |
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### Local Participation in Planning Process

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|---|--|
| <ul style="list-style-type: none"><li>• Parents</li><li>• Students</li><li>• Teachers</li></ul> | <ul style="list-style-type: none"><li>• Principals</li><li>• Administrators</li><li>• Other School Personnel</li></ul> |
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