



June 9, 2015

Dear County and District Superintendents:

As organizations committed to strengthening our public school system to provide all children a meaningful opportunity to learn, we are working to ensure that the foundational principles of the Local Control Funding Formula (LCFF) are reflected in the Local Control and Accountability Plans (LCAPs) that local educational agencies (LEAs) are developing.

We know that everyone has worked hard to implement the significant changes that LCFF made to our system of school finance and governance. We remain committed to supporting this historic effort and to being a resource to assist LEAs and stakeholders in taking advantage of this opportunity to improve educational outcomes and community engagement in our schools.

We write to emphasize important legal requirements related to LCAP development, particularly several requirements that we believe merit closer attention based on our review of LCAPs from last year and changes to the LCAP template and regulations that went into effect earlier this year. We also write, as we did in May 2014, to advise you of resources that we and our partners have created to assist parents, students, community members, and LEA staff and boards in developing their LCAPs to conform to minimum legal standards and best practices. Those resources can be accessed [here](#) or [here](#).

Legal Requirements that LEAs Should Review as They Finalize Their Annual Updates and Revised LCAPs for 2015-16

We understand that LCAPs released last year evolved in real-time as the State Board of Education finalized both the emergency regulations and the LCAP template that govern application of the new law. LEAs have now been through the process once and have had nearly a calendar year to familiarize themselves with LCFF's requirements.

With more time and a year of experience, we expect that some issues that we observed in 2014-2015 LCAPs should and will be corrected this year. Moreover, the State Board of Education adopted the permanent regulations that govern LCFF and an updated LCAP template earlier this year. Although the framework is unchanged, the final regulations include some important differences that merit particular attention.

We hope that this letter will serve as a tool for your LEA to ensure that it meets the legal requirements discussed below as you finalize the annual update and update last year's LCAP to align with the new LCAP template prior to adoption by the July 1, 2015 deadline.

- **LCAPs must address each statutorily identified element of each state priority.** LCAPs must include goals and specific actions for *each* statutorily required element of *each* state priority area. See 5 CCR 15497 (“LEAs must, at minimum, use the specific metrics that [the] statute explicitly references as required elements for measuring progress within a particular state priority area.”).

With a year's experience and a full year to develop the annual update and improve the LCAP, every LEA should meet this important requirement, which ensures that LEAs, stakeholders, and state policymakers can assess whether the local choices about the educational program reflected in the LCAP are, in fact, improving outcomes across the state priority areas and make adjustments necessary to support a culture of continuous improvement.

- **Legal requirements for stakeholder engagement apply to annual update years.** LCFF's minimum legal requirements for community and stakeholder engagement apply to the annual update process this year, just as they did for developing the initial LCAP last year. One important change in the permanent regulations related to these requirements is clarification that the requirement to "consult" with pupils "means a process to enable pupils, including unduplicated pupils and other numerically significant pupil subgroups, to review and comment on the development of the LCAP. This process may include surveys of pupils, forums with pupils, pupil advisory committees, or meetings with pupil government bodies or other groups representing pupils." 5 CCR 15495(a).
- **LCAPs must list *all* actions to meet each goal for the eight state priority areas and should account for nearly all of the LCFF funds received, including base funding and supplemental and concentration funding.** As the introduction to the revised LCAP template states, the "LCAP is intended to be a comprehensive planning tool." Yet a number of the 2014-15 LCAPs we reviewed accounted for less than half of total LCFF funds, and in some cases less than 10% of total LCFF funds. The LCAP cannot be a useful and comprehensive planning tool—nor can stakeholder engagement be meaningful—if a majority of an LEA's education program is not even reflected in the LCAP. The LCAP must include a "description of the annual goals, for *all* pupils and each subgroup of pupils to be achieved for *each* of the state priorities." LCAP Template, Sec. 2 Instructions; Educ. Code §§ 52060(c)(1) (emphasis added). LEAs must further identify "*all* annual actions to be performed and services provided to meet the described goal" *and* the "budgeted expenditures" for *each* action. LCAP Template, Sec. 2 Instructions (emphases added). The State Board added further language emphasizing the importance of "reflect[ing] the services and related expenses for [the] basic instructional program in relationship to the state priorities" in "developing goals, specific actions, and expenditures."¹
- **LEAs must identify *each* schoolwide and LEA-wide use of supplemental and concentration funding in the LCAP.** The revised LCAP template specifies that districts must describe in Section 3.A "the use of any funds in a districtwide, schoolwide, countywide, or charterwide manner" and justify each such use "as specified in 5 CCR 15496." This required information is essential to ensure transparency and a meaningful opportunity for stakeholder input on critical decisions related to how LEAs expend funds they receive to increase or improve services for high-need students.
- **For each identified schoolwide use of supplemental and concentration funding, LEAs must justify that use based on the appropriate regulatory standard.** The revised regulations provide that the justification must explain how the proposed use is "principally directed towards, and effective in, meeting the district's goals for its unduplicated pupils in the state priority areas." 5 CCR 15496(b)(1)(B). For districts below 55% unduplicated pupil enrollment or schools below

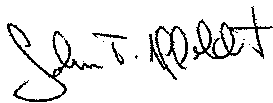
¹ These clarifications codify State Board guidance from last year that "[t]he state priorities broadly cover an LEA's work to support its students and achieve outcomes; therefore, almost all LEA expenditures will likely be listed and described [in the LCAP] as a consequence of being tied to the actions that support an LEA's goals for each of the state priorities." See http://lcff.wested.org/wp-content/uploads/2014/04/Developing-a-Quality-LCAP-Chat-questions_Webinar-Part-II_final.pdf.

40%, the justification must also explain why the proposed use is the “most effective use of funds” to meet unduplicated pupil goals. Guiding questions on this issue can be found [here](#) and [here](#).

- **Supplemental and concentration funding generally cannot be used for across-the-board salary increases.** As a general matter, across-the-board salary increases do not “increase or improve” the services for students or otherwise “upgrade” the entire educational program in the district, as the LCFF statute and regulations require. EC 42238.07; 5 CCR 15495(k) & (l); 5 CCR 15496(b). Paying more for the same level of service does not satisfy this standard. A detailed analysis of this issue, including a discussion of the exceedingly narrow set of circumstances in which an LEA above 55% concentration could theoretically make a sufficient showing in its LCAP to meet the relevant standard for district-wide uses of supplemental and concentration funding, can be found [here](#) and [here](#).
- **Uses of supplemental and concentration funding set aside for schools to spend must be reflected in the LCAP and annual update.** A number of LEAs adopted LCAPs that “push down” a portion of supplemental and concentration funding to schools. Letting school sites decide how to spend supplemental and concentration funding is consistent with LCFF’s principles. But LEAs that use this strategy must ensure that schools use the funds appropriately and that the LEA reflects those uses in their LCAPs and annual updates:
 - LEAs must have a mechanism in place to ensure that the discretionary school-level expenditures also meet the regulatory standards for use of supplemental and concentration funds, either because they were targeted to increase or improve services directly for unduplicated pupils or because they were used schoolwide and satisfy the “principally directed” and “effective”/“most effective” standards. 5 CCR 15496(b).
 - LEAs must have a process in place to reflect any schoolwide use of such funds in the LCAP, whether in the body of Section 3.A or as an appendix, in order to meet two distinct requirements. As noted above, LEAs must separately list and justify *each* schoolwide use of supplemental and concentration funding in the LCAP. Additionally, the revised annual update template requires LEAs to review “progress toward” meeting outcomes and to assess whether “any changes to the actions or goals” are warranted.

As annual updates and revised LCAPs are developed and presented to local boards for adoption this month, we encourage you to be particularly conscious of the issues that we have outlined. We will be assessing how the second year of LCFF implementation unfolds at the local level and whether the standards embodied in the regulations and LCAP template are being met. We look forward to working with LEAs to ensure that implementation of LCFF results in improved educational outcomes for all of our children. If you have any questions, please do not hesitate to contact us.

Sincerely,



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