

# UPDATE ON BUDGET TOPICS:

- Governor's Budget Proposal
- LCFF
- LCAP
- SFUSD Budget Development

San Francisco  
Unified School  
District  
Presentation to  
Committee of  
the Whole

February 18<sup>th</sup>,  
2014

# GOVERNOR'S PROPOSED BUDGET FOR 2014-15

# SUMMARY OF THE GOVERNOR'S PROPOSED BUDGET FOR 2014-15

- California still ranks among the bottom tier of states in per-pupil spending for education as well as in other measures
- Under LCFF, school districts across California will see an increase in per-pupil funding
- Some districts will see larger growth in funding than others
- For SFUSD, per-pupil average daily attendance (ADA) funding is currently below the level received in 2007-2008
- Major K-12 proposals include:
  - \$5.5B in one-time and ongoing funds to eliminate inter-year deferrals
  - \$4.5B in additional funding to continue implementation of LCFF
  - \$33.3M to fund a 0.86% statutory COLA for categorical programs outside of the LCFF

# CALIFORNIA LAGS THE NATION

- California's staffing ratios continue to grow, causing increased pressure on staff and students

## California's Schools Lag Behind Other States on a Number of Measures

	California Rank	California	Rest of U.S.
K-12 Spending Per Student (2011-12)*	49	\$8,341	\$11,364
<b>Staffing</b>			
K-12 Students Enrolled Per Teacher (2011-12)*	Last	25.6	16.0
K-12 Students Per Administrator/Official (2010-11)**	N/A	1,757	766
K-12 Students Per Guidance Counselor (2010-11)**	N/A	1,016	471
K-12 Students Per Librarian (2010-11)**	N/A	8,309	984

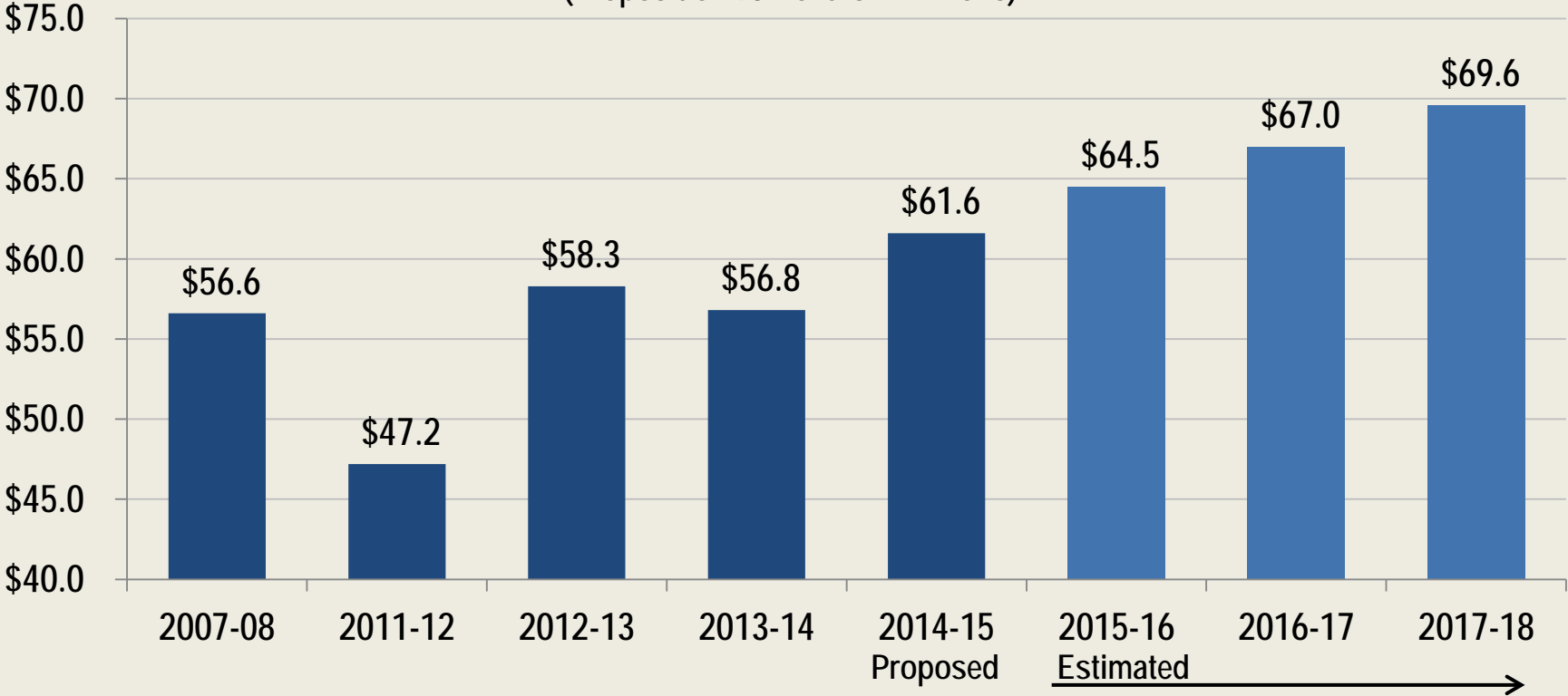
Note: Number of students per administrator, guidance counselor, and librarian are based on statewide enrollment

\*Source: Education Week Quality Counts 2014 – January 9, 2014

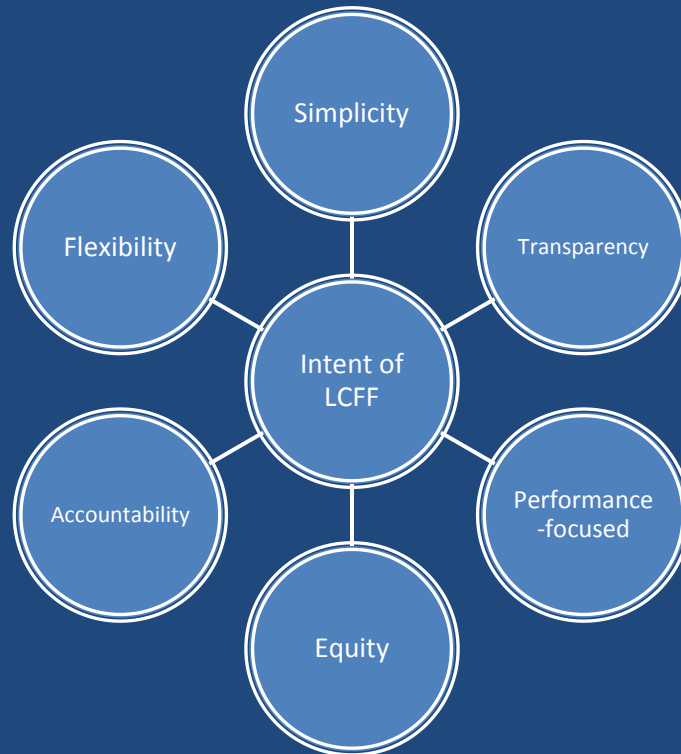
\*\*Source: National Center for Education Statistics digest of Education Statistics 2012

# SUMMARY OF THE GOVERNOR'S PROPOSED BUDGET

Budget Continues to Invest in Education  
(Proposition 98 Dollars in Billions)



# LOCAL CONTROL FUNDING FORMULA



# OVERVIEW OF THE LOCAL CONTROL FUNDING FORMULA

- The 2013-14 state enacted budget replaces the old K-12 finance system with a new methodology for funding K-12 education
- Revenue Limits and numerous state categorical grants with many rules on spending are eliminated and replaced by a **base** grant with 2 grade-span adjustments and **supplemental** and **concentration** grants
- Maintains 2 existing categorical funding streams as add-ons
  - Targeted Instructional Improvement Block Grant (TIIBG)
  - Home to School Transportation
    - requires districts to spend at least the same amount of funds received from the state for H/S transportation as spent in 2012-13

# LCFF PROPOSAL FOR 2014-15

- State budget proposes \$4.5 billion for continued implementation of the LCFF
- New funding is estimated to close the gap between 2013-14 funding levels and LCFF full implementation targets by 28%
- Combined with elimination of 12% of the gap in 2013-14, the new formula would be over one-third of the way toward implementation in the first 2 years
- 2014-15 LCFF growth provides an average increase in per-pupil funding of 11%, or \$751 per ADA
- The actual dollar amount each district receives is different and will depend on:
  - The district's ADA in each grade span
  - Population of EL, LI and Foster Youth students as a percentage of district's total enrollment



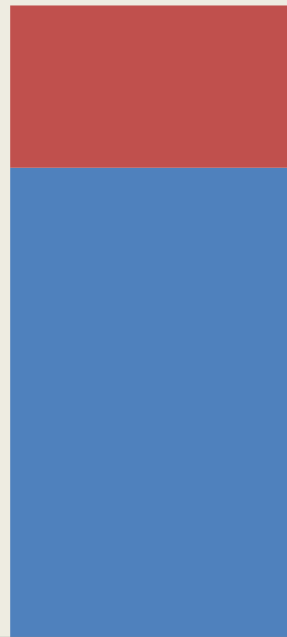
# CHANGES IN FUNDING METHODOLOGY DUE TO LCFF

## Numerous State Categorical Funds

For specific purposes with  
many rules

## Revenue Limit

Based on historical amounts  
per student with  
many adjustments



Pre-LCFF



Target LCFF

## LCFF Supplemental & Concentration Funding

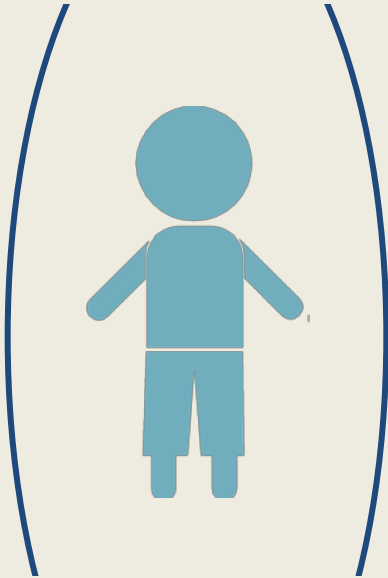
Provided to address needs of EL, LI &  
foster youth

## LCFF Base Grant

Same for every school district, with  
adjustments based on grade level

# HOW LCFF FUNDS DISTRICTS

**PER STUDENT  
BASE AMOUNT**



**ADJUSTMENTS**



Demographics  
(Low income, English Learner,  
and/or Foster Youth)

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.

# CLASSIFICATION OF STUDENTS FOR LCFF

## English Learners (EL)

- Based on Home Language Survey and California English Language Development Test (CELDT)
- No time limit for funding
- Reclassified students (Fluent English Proficient) will no longer generate additional funding

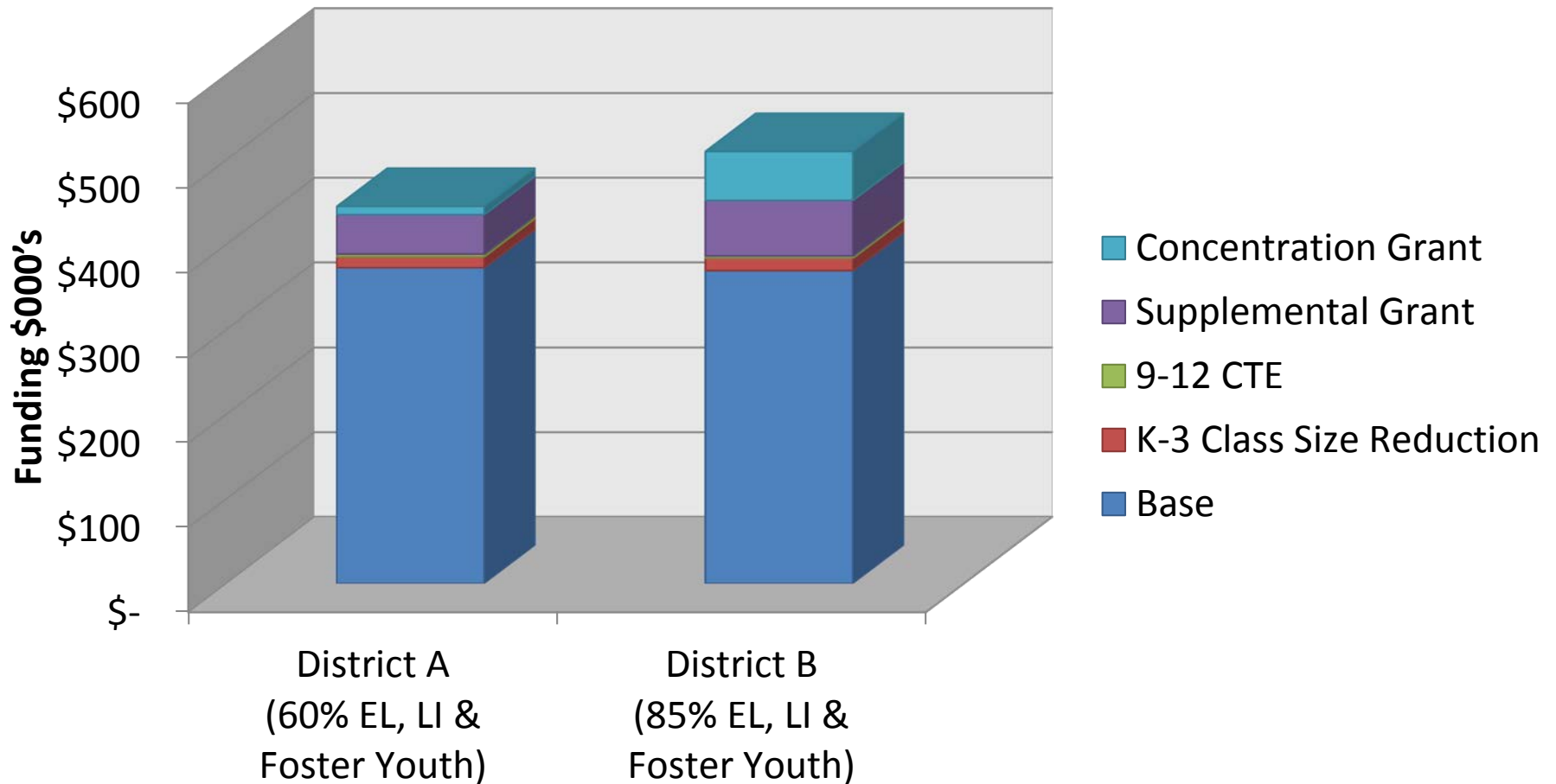
## Low Income (LI)

- Qualify based on free and reduced price meals eligibility.

## Foster Youth (FY)

- Foster youth are students who have been placed into an institution, group home, or private home of a state-certified caregiver or under the placement and care of the county welfare department, county probation department or tribal organization.
- All foster youth qualify as Low Income students.

# LCFF FUNDING FOR 2 DISTRICTS WITH SIMILAR ENROLLMENT BUT DIFFERENT STUDENT DEMOGRAPHICS



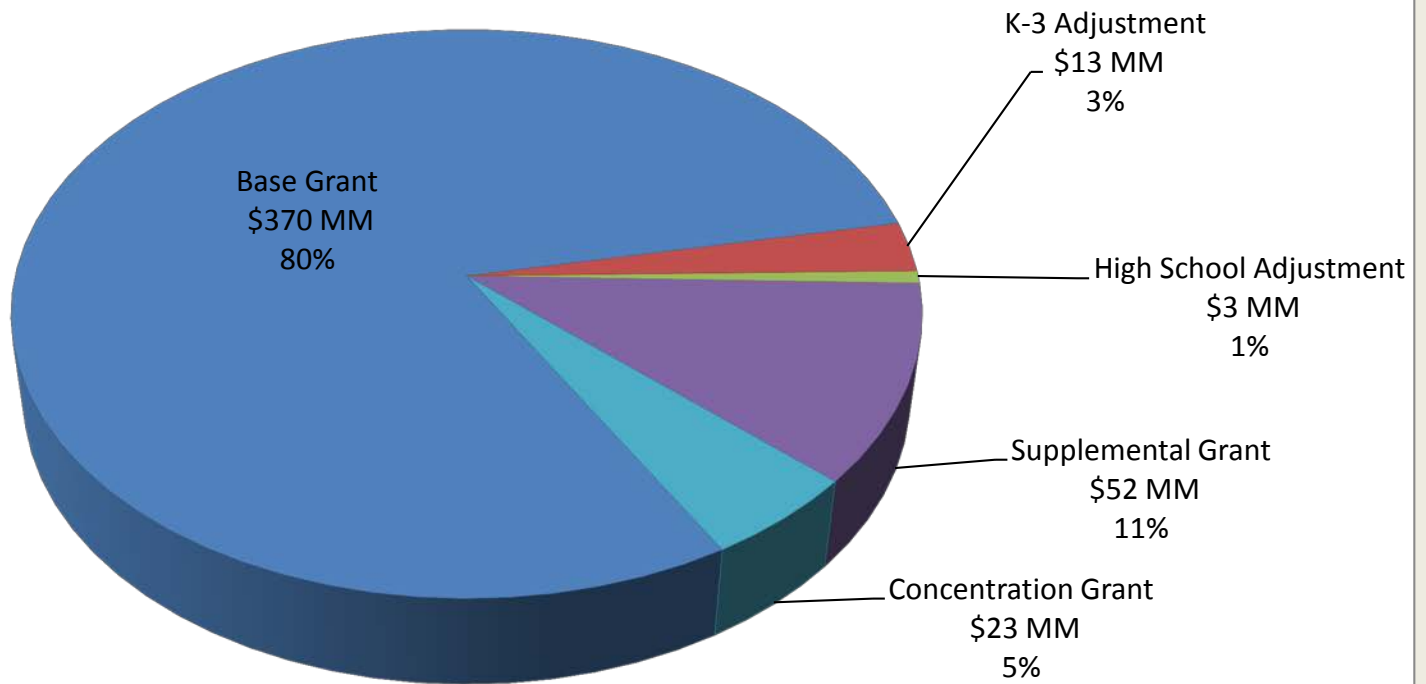
# LCFF-TARGET ENTITLEMENT RATES FOR 2014-15

Factors	K-3	4-6	7-8	9-12
2013-14 Base Grant per ADA	\$6,952	\$7,056	\$7,266	\$8,419
COLA @ 0.86%	\$60	\$61	\$62	\$72
2014-15 Base Grant per ADA	\$7,012	\$7,117	\$7,328	\$8,491
Grade Span Adjustment Percentage	10.40%			2.60%
Grade Span Adjustment Amount	\$729	-	-	\$221
Adjusted Base Grant per ADA	\$7,741	\$7,117	\$7,328	\$8,712
Supplemental Grant per ADA-20% of adjusted base grant for each eligible LI/EL/FY student	\$1,548	\$1,423	\$1,466	\$1,742
Concentration Grant per ADA-50% of adjusted base grant for eligible students exceeding 55% of enrollment	\$3,871	\$3,559	\$3,664	\$4,356

# SFUSD-LCFF TARGET ENTITLEMENT SUMMARY

Assumes 67%  
LI/EL/FY  
unduplicated count

## LCFF Entitlement Components (\$ Millions)



# THE LOCAL CONTROL AND ACCOUNTABILITY PLAN (LCAP)

# THE LOCAL CONTROL AND ACCOUNTABILITY PLAN (LCAP)

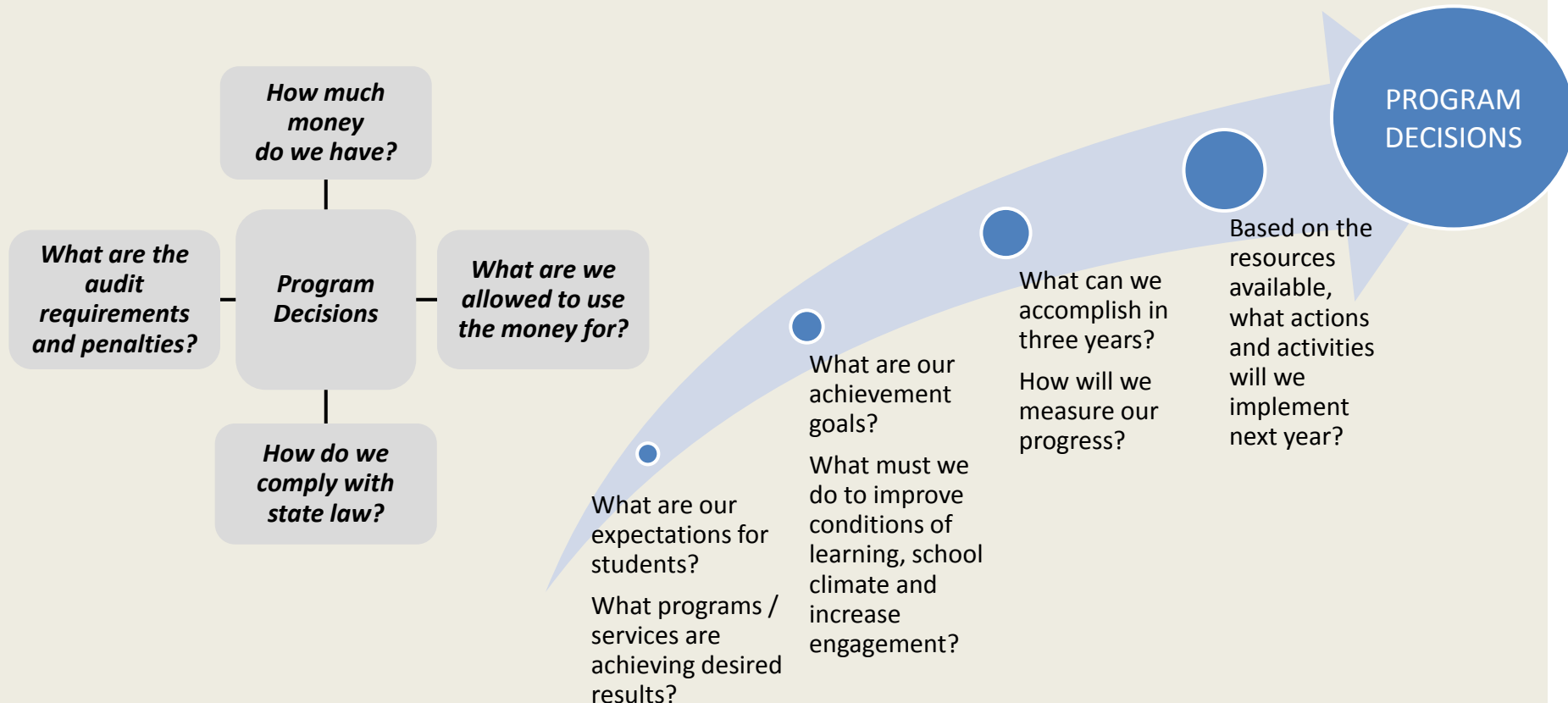
- The state enacted budget establishes a set of new rules for
  - how funds will be spent to provide high-quality educational programs
  - promoting transparency and accountability in the expenditure of funds
- Districts and charters are required to adopt LCAPs every three years starting in July 2014, and update these plans annually
- Districts and charters are required to use the LCAP template adopted by the State Board of Education (SBE)
- SFUSD Charter Schools are also required to produce LCAPs prior to July 1, 2014, and Annual Updates thereafter
  - SFUSD will require the charter schools to submit LCAPs along with adopted budgets prior to July 1
  - As part of the district oversight responsibility, SFUSD will review charter LCAPs for alignment with State Priorities, the charter school budget, and the charter school's approved petition



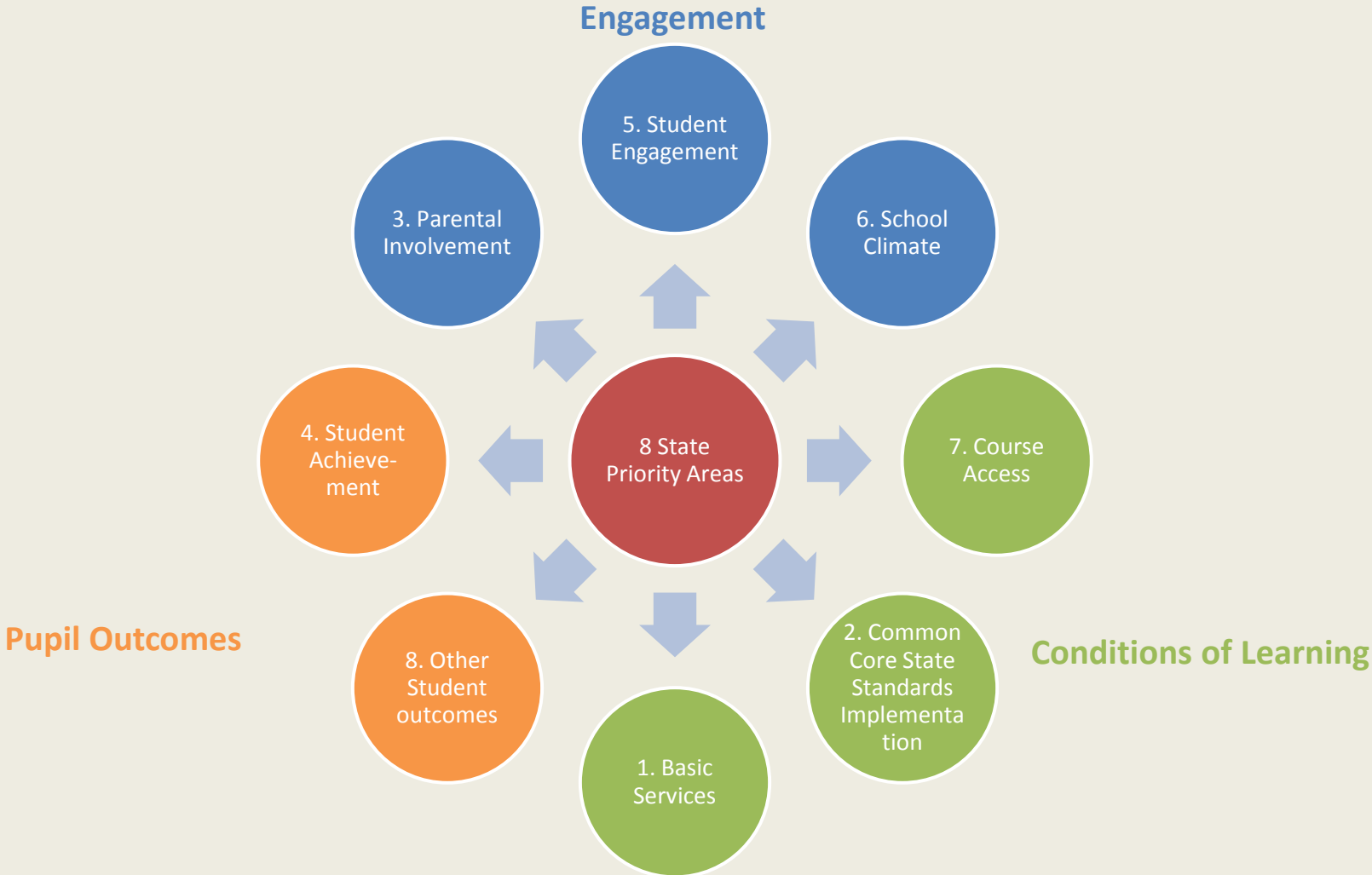
# A NEW WAY OF THINKING

OUR OLD PARADIGM FOCUSED ON INPUT...

...BUT LCFF IS FOCUSED ON OUTCOMES.



# THE EIGHT STATE PRIORITY AREAS



# THE THREE LCAP ELEMENTS

## STAKEHOLDER ENGAGEMENT

(SECTION 1 OF LCAP TEMPLATE)

## GOALS AND PROGRESS INDICATORS

(SECTION 2 OF LCAP TEMPLATE)

## ACTIONS, SERVICES, AND EXPENDITURES

(SECTION 3 OF LCAP TEMPLATE)

# STAKEHOLDER ENGAGEMENT

(SECTION 1)

- Districts must solicit input from various stakeholders in the development of the LCAP
  - Must demonstrate evidence of stakeholder engagement, describe how stakeholders were involved, and what impact that engagement had on the development of the plan
  - Stakeholders are school district employees, parents, and students
    - Present proposed plan to a parent advisory committee
    - Present plan to a separate EL parent advisory committee **if** ELs comprise at least 15 percent of district's enrollment or district has at least 50 EL students enrolled
    - District must respond in writing to the comments of the advisory committees

# GOALS AND PROGRESS INDICATORS

## (SECTION 2)

- LCAPs must include a description of the district's annual goals in each of the eight state-identified priority areas
  - Must include both district-wide goals and goals for each **numerically significant** student subgroup
  - To be numerically significant, a district must have at least 30 students in one of these subgroups
  - Exception is foster youth for which a district must have at least 15 students
  - Examples of subgroups include:
    - Racial/Ethnic Subgroups: Black/African American, American Indian/Alaska Native, Asian, Filipino, Hispanic/Latino, Native Hawaiian/Pacific Islander, White, 2+ races
    - Other Subgroups: Socioeconomically Disadvantaged, English Learners, Students with Disabilities, Foster Youth
- The annual update of the LCAP must include
  - a review of the progress made in the past fiscal year towards the goals
  - a description of any changes to the goals

# ACTIONS, SERVICES AND EXPENDITURES

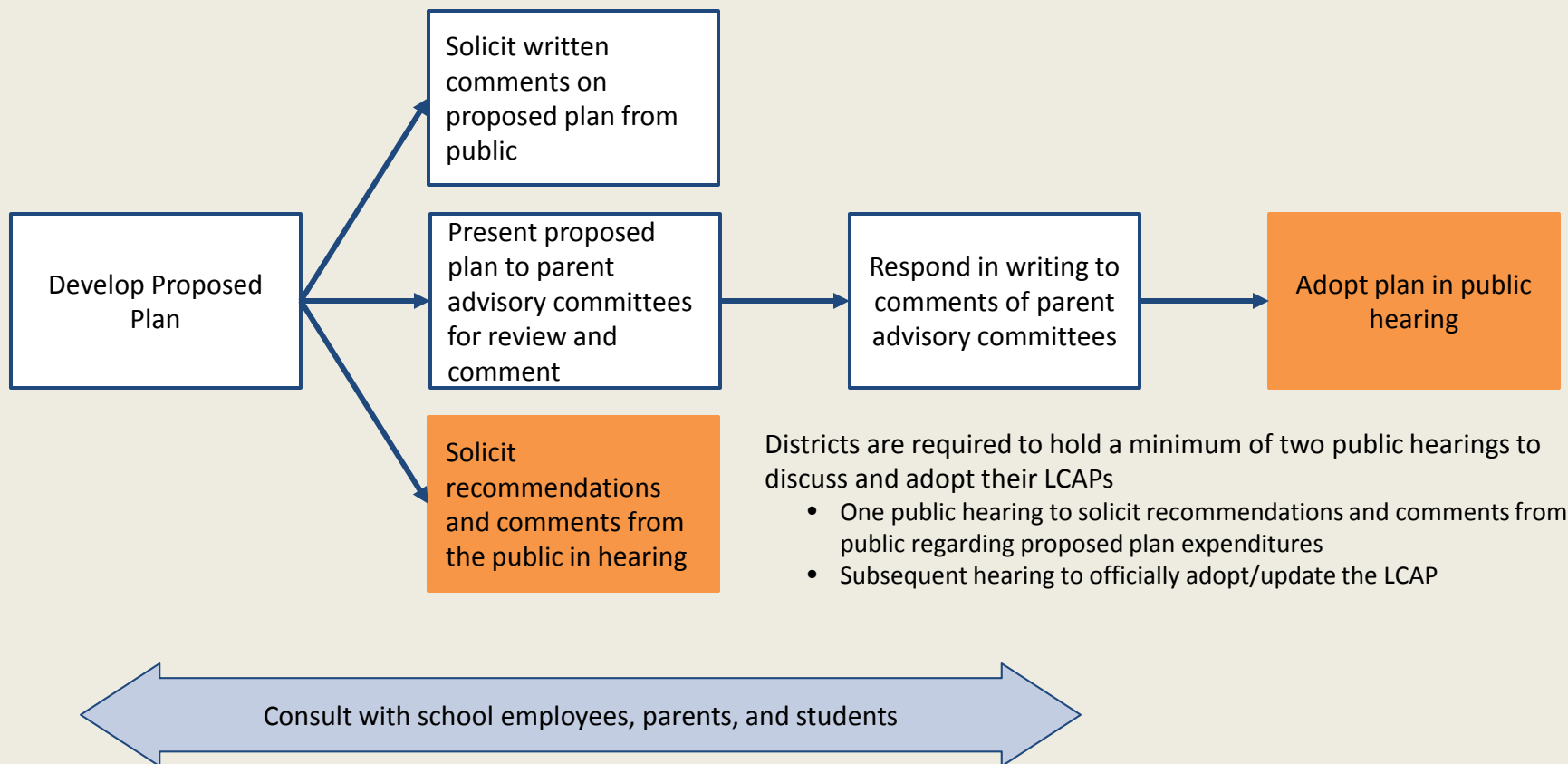
(SECTION 3)

- Districts must include a description of the specific actions they will take to achieve annual goals identified in Section 2
- Specific actions must be aligned with the district's adopted budget
  - Must provide a listing and description of the expenditures required to implement the specific actions
  - Must indicate where these expenditures are found in the district's budget
  - Must "increase or improve services" for EL/LI/FY students in proportion to the increase in funds apportioned on the basis of the number and concentration of those students

# LEVELS OF ENGAGEMENT AS REQUIRED BY STATUTE

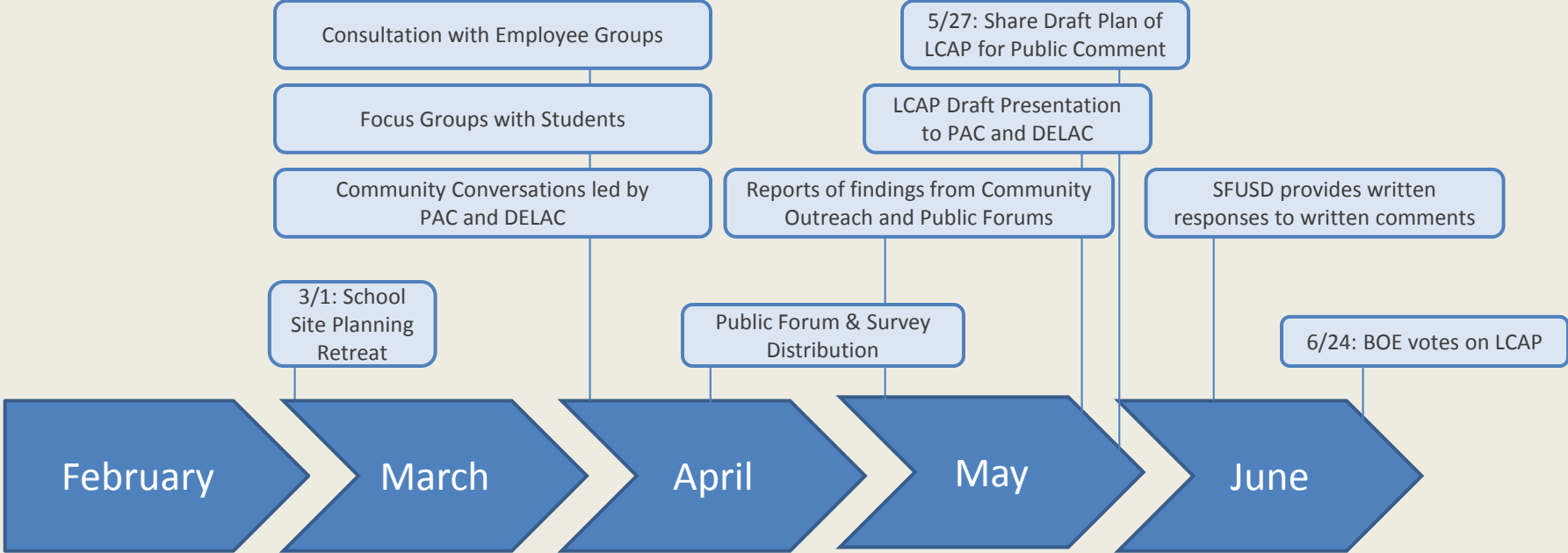


# SCHOOL DISTRICT LCAP ADOPTION PROCESS



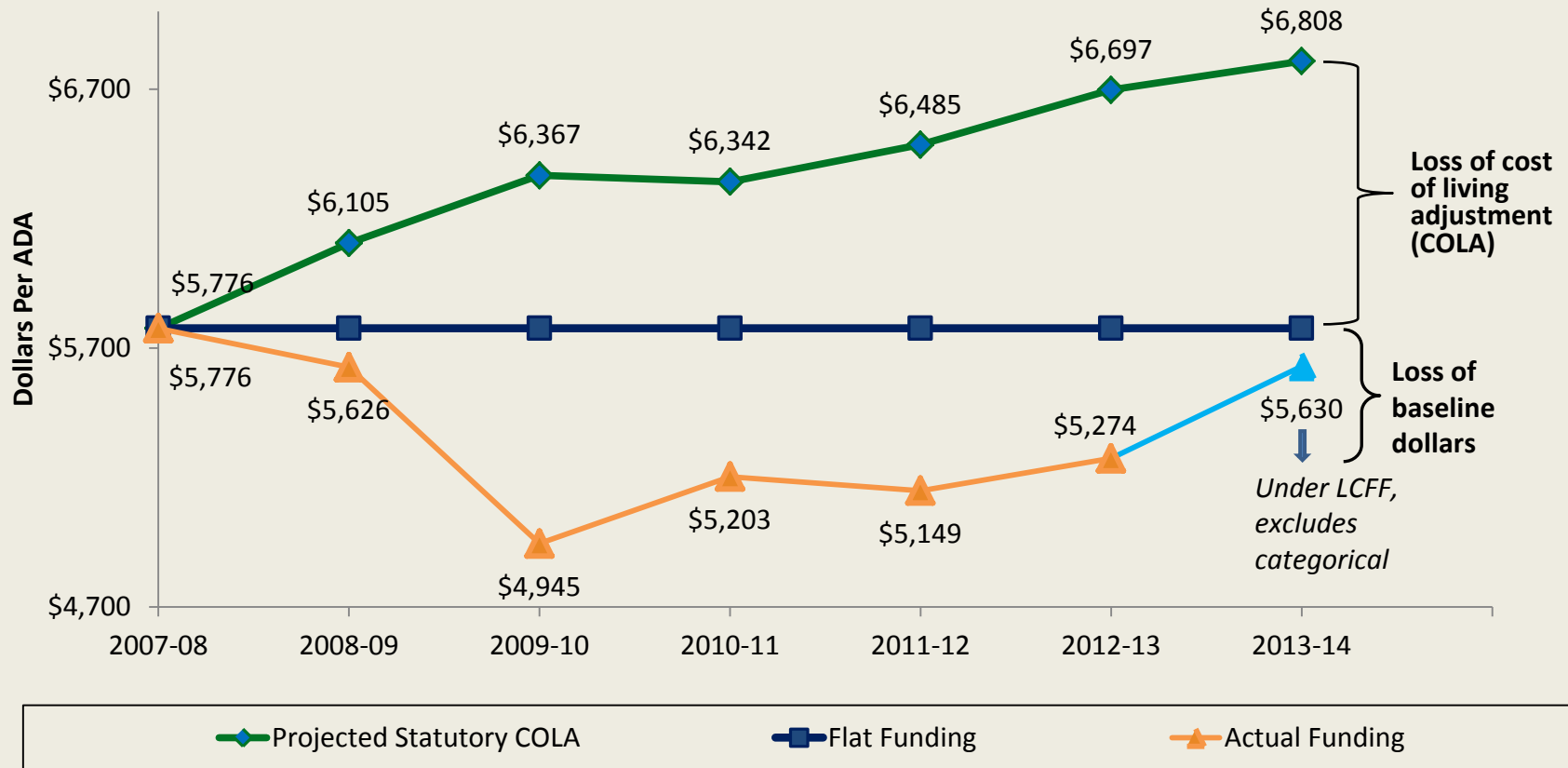


# SFUSD LCAP DEVELOPMENT TIMELINE



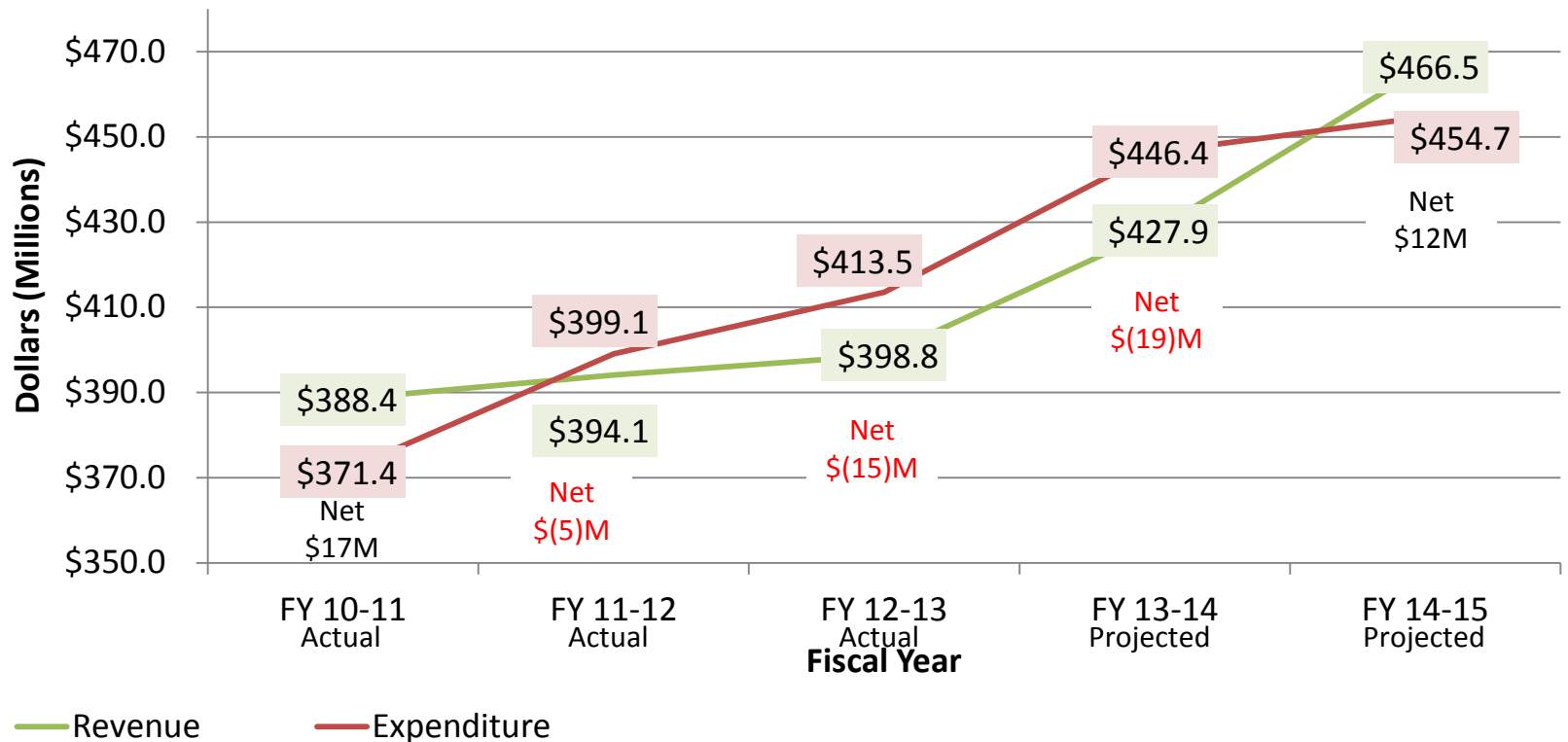
# SFUSD BUDGET DEVELOPMENT

# RECENT HISTORY OF REVENUE LIMIT FUNDING FOR SFUSD



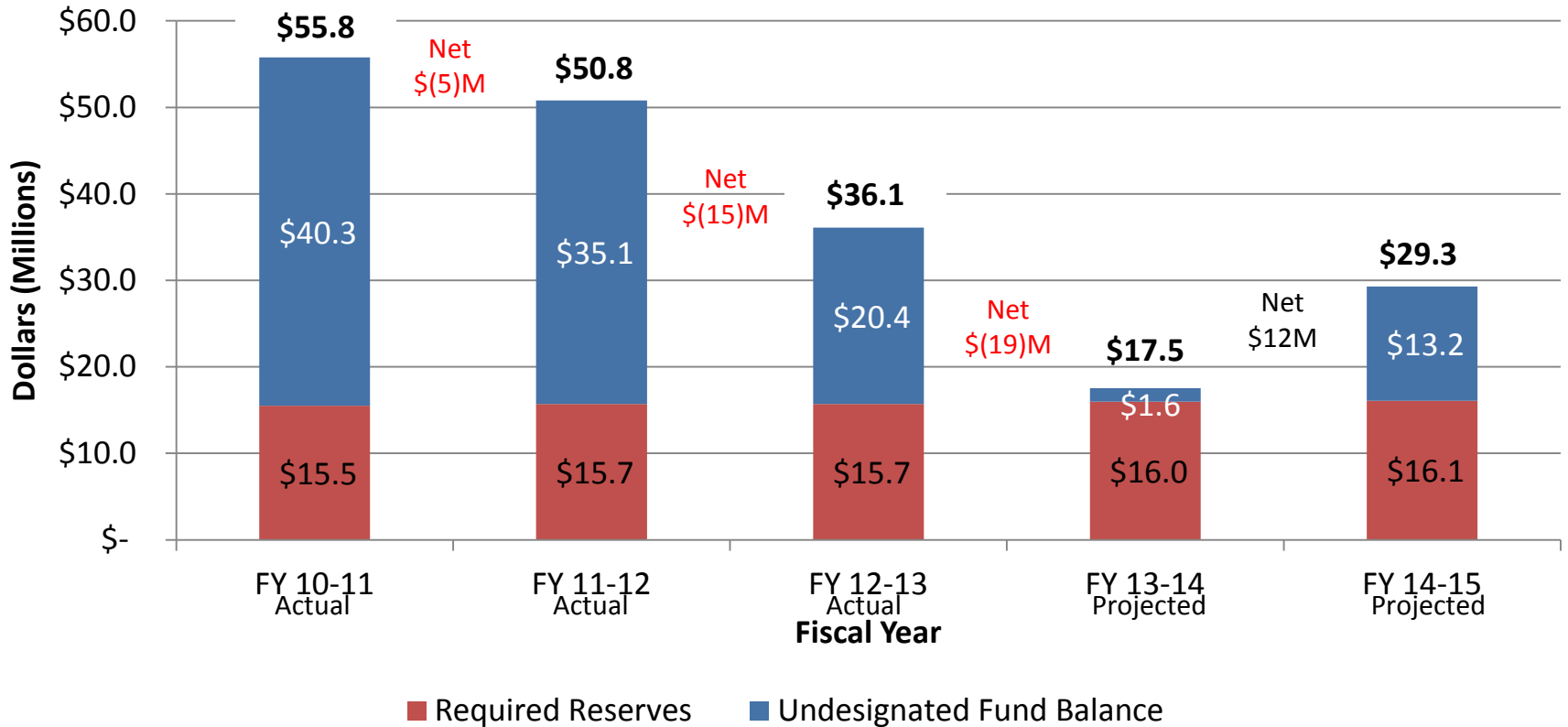
# UNRESTRICTED SFUSD REVENUE AND EXPENDITURE LEVELS

## Five Year Summary



# UNRESTRICTED GENERAL FUND ENDING FUND BALANCE

## Five Year Summary



# UNRESTRICTED BASELINE MULTI-YEAR PROJECTIONS

(\$ millions)	FY 2012-13 Actuals	FY 2013-14 Budget	FY 2014-15 Projected Budget	FY 2015-16 Projected Budget	FY 2016-17 Projected Budget
<b>A. Revenues</b>					
-Revenue Limit / LCFF	261.39	362.91	400.97	410.44	419.64
-Federal	0.43	0.43	0.43	0.43	0.43
-State	94.36	21.34	21.44	21.44	21.44
-Local	42.68	43.26	43.62	42.49	39.23
<b>Total Revenues</b>	<b>398.86</b>	<b>427.94</b>	<b>466.46</b>	<b>474.80</b>	<b>480.74</b>
<b>B. Expenditures</b>					
Total Expenditures	399.10	432.76	441.26	450.67	454.79
Other Financing Sources/Uses	14.45	13.72	13.44	13.44	13.44
Total Expenditures	413.55	446.48	454.70	464.11	468.23
<b>C. Net Incr/(Decr) in Fund Balance (A-B)</b>	<b>(14.69)</b>	<b>(18.55)</b>	11.76	10.69	12.51
<b>D. Beginning Fund Balance</b>	50.76	36.07	17.53	29.28	39.97
<b>E. Ending Fund Balance (C+D)</b>	<b>36.07</b>	<b>17.53</b>	<b>29.28</b>	<b>39.97</b>	<b>52.47</b>
<b>F. Designated Reserves</b>	15.68	15.97	16.09	16.22	16.35
<b>G. Undesignated Fund Balance (E-F)</b>	20.39	1.55	13.19	23.75	36.12

1. LCFF Revenue assumes a 67% unduplicated count of LI/EL/FY students for supplemental & concentration grants

2. Projected expenditures include a 1% step & column adjustment for salaries. Includes a 3% increase in district's contribution to Special Ed in FY 2014-15. All other expenditures and contributions projected to remain unchanged

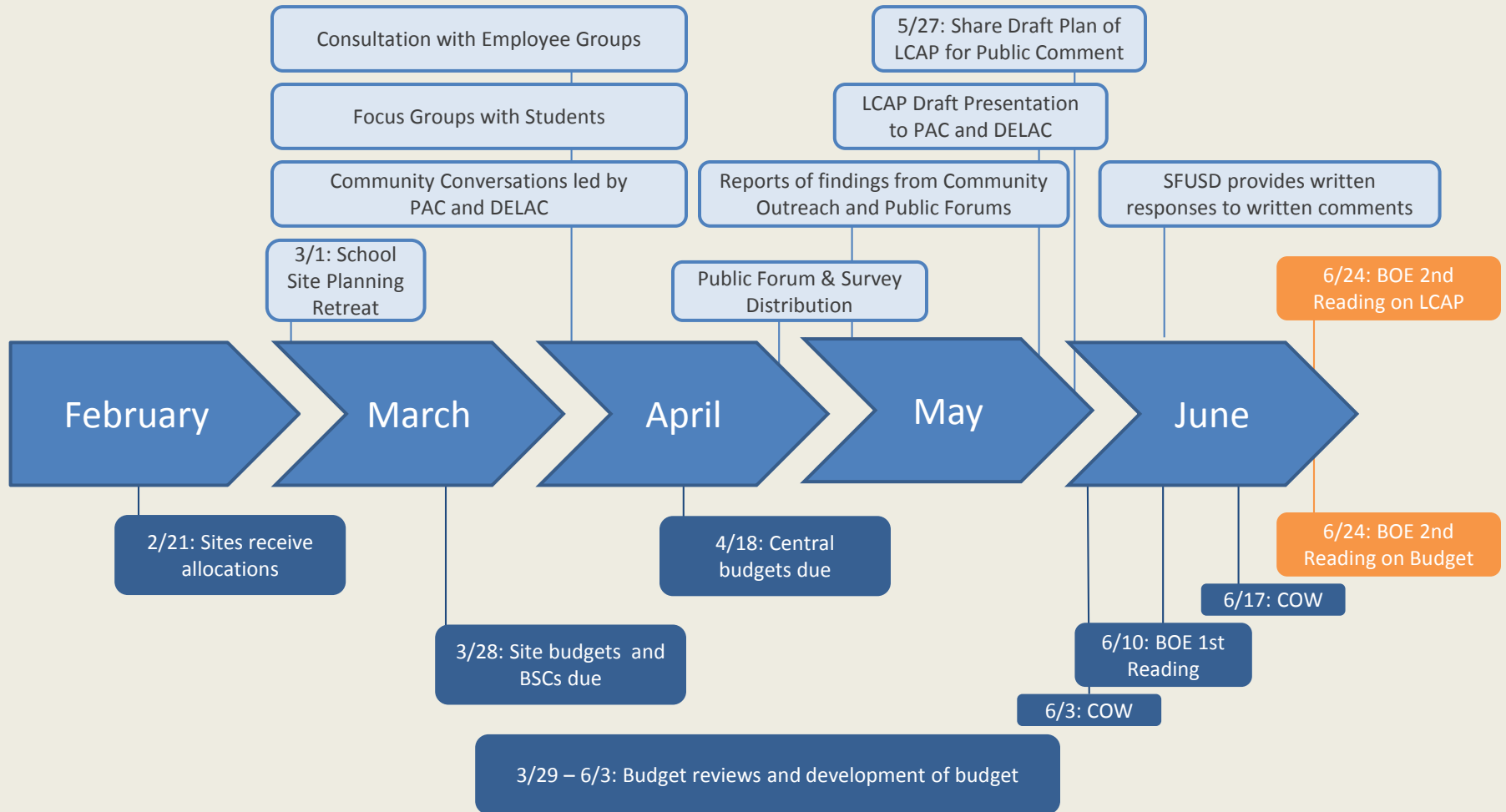
# RESOURCE ALLOCATION MATRIX

PRIORITY	Potential Resources							Total	Shortfall
	Cost Estimate	LCFF Base	LCFF SCG	PEEF	QTEA	DCYF	Other RGF		
Collective Bargaining									
WSF / Direct Site Allocations									
Common Core Implementation (including Curriculum, PD, Smarter Balanced Assessments)									
Response to Instruction and Intervention (Academic and Behavioral)									
College and Career Readiness									
MTSS (including Supt's Zone)									
Family Engagement									
Highly Qualified Teachers, Leaders, and Staff									
Common Planning Time									
Student Discipline									
Out of School Time									
African-American Achievement and Leadership									
Technology (including Teacher and Student Devices, Wireless, etc.)									
Additional Priorities include: Special Education, Transportation, EL/Multilingual services, World Languages, Seven-Period Day, Student Nutrition, Fund Development, Early Education, Facilities, Business Services, Other (add others as appropriate)									

Six Strategies for Success

Vision 2025

# SFUSD LCAP & BUDGET DEVELOPMENT TIMELINE





# APPENDIX

# COMPONENTS OF THE LCFF

## 1. BASE GRANT

- Provides a **base grant** for school districts
  - All school districts will receive the **same** target base rate for each grade span
    - K-3            \$6,845
    - 4-6            \$6,947
    - 7-8            \$7,154
    - 9-12          \$8,289
  - Provides a Cost of Living Adjustment (COLA) to the base grant rates (1.565% for 2013-2014)
  - Total base grant funding is the district's average daily attendance (ADA) in each of the 4 grade spans times the grade-span target base rate

# COMPONENTS OF THE LCFF

## 2. ADJUSTMENTS TO BASE GRANT

### ■ Adjusts **Early Elementary** Base Rate

- 10.4% adjustment on the base grant amount, initially \$712 per ADA, for K-3 to provide additional funding for lower class-sizes
- Districts must progress toward an average class size not to exceed 24 students in K-3, unless the district has in place an alternative average class size in these grades through an existing collective bargaining agreement

### ■ Adjusts **High School** Base Rate

- 2.6% adjustment on the base grant amount for 9-12, initially \$216 per ADA
- related to the costs of providing career technical education (CTE) in high school

# COMPONENTS OF THE LCFF

## 3. SUPPLEMENTAL GRANTS

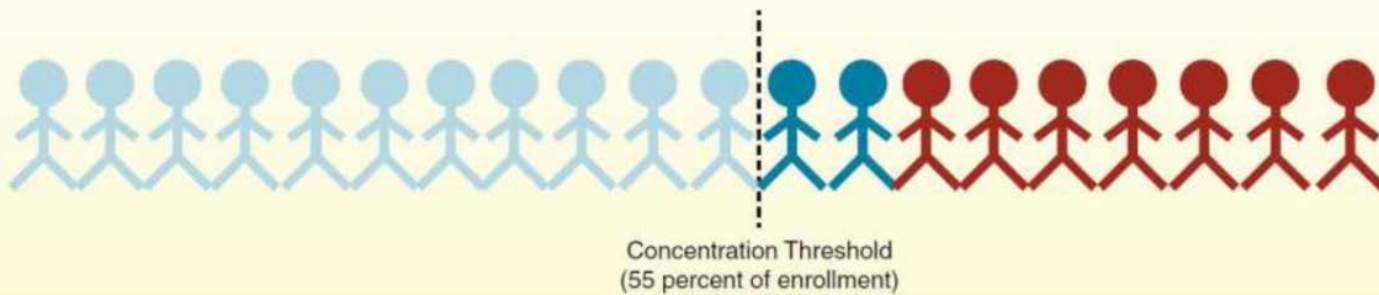
- Provides a **supplemental grant** for targeted disadvantaged students
  - Equal to **20%** of the qualifying student's adjusted grade-span base rate
  - Qualifying students include
    - English Learners (EL)
    - Low income (LI) as measured by those students eligible to receive free or reduced-price meals (FRPM)
    - Foster youth
  - Unduplicated count, i.e. if a student qualifies on the basis of a combination of any two or three of the above characteristics, the student can be counted only once




# COMPONENTS OF THE LCFF

## 4. CONCENTRATION GRANTS

- Provides a **concentration grant**
  - for districts whose enrollment of EL and LI students exceeds 55% of their total enrollment
  - funded at **50%** of the adjusted grade-span base rate for percentage of targeted students exceeding 55% of the total district's enrollment
- For both supplemental and concentration grant funding, a district's EL/LI count is based on a three-year rolling average of EL/LI enrollment

# ILLUSTRATION OF HOW LCFF WORKS



Funding Each Student Generates:					
Student	Base K-3 Rate	K-3 Adjustment	EL/LI Supplement	EL/LI Concentration	Total
 EL/LI	\$6,845	\$712	\$1,511	—	\$9,068
 EL/LI	\$6,845	\$712	\$1,511	\$3,779	\$12,847
 Non-EL/LI	\$6,845	\$712	—	—	\$7,557

# WHAT LCFF MEANS FOR SFUSD

Grade Span	Base Grant per ADA	FY 13-14 Adjusted Base Grant (Base X 1.565% COLA)	FY 12-13 Grade Span ADA at P-2	FY 13-14 Base Grant Funding (Adjusted Base Grant X Grade Span ADA) **	Early Elementary Adjustment (10.4% X K-3 Base Grant Funding)	High School Adjustment (2.6% X 9-12 Base Funding)	Supplemental Grant (%age disadvantaged students X 20% of Base Grant)	Concentration Grant (%age disadvantaged students above 55% X 50% of Base Grant)
K-3	\$6,845	\$6,952	17,090.45	\$118,814,932	\$12,356,753	-	\$16,789,976	\$5,902,726
Gr 4-6	\$6,947	\$7,056	10,967.89	\$77,386,367	-	-	\$9,905,455	\$3,482,387
Gr 7-8	\$7,154	\$7,266	6582.78	\$47,830,217	-	-	\$6,122,268	&2,152,360
Gr 9-12	\$8,289	\$8,419	14,590.77	\$122,835,649	-	\$3,193,727	\$16,131,760	\$5,671,322
Total			49,231.89	\$366,867,164	\$12,356,753	\$3,193,727	\$48,949,458	\$17,208,794

\*\* The base amount above does not include add-ons for TIIBG and Home to School Transportation

# LIST OF STATE CATEGORICAL PROGRAMS IN SFUSD NOW FOLDED INTO THE LCFF

## Program Title

- Supplemental Instructional Hourly Program
- Advanced Placement Fees
- Oral Health Assessment
- CSR, Grade 9
- CSR, K-3
- Alternative Credentialing
- Administrator Training
- Arts & Music Block Grant
- CAHSEE
- Certificated Staff Mentoring
- Community Based English Tutoring (CBET)
- Deferred Maintenance
- Educational Technology-CTAP
- Instructional Materials Funding Realignment

## Program Title

- GATE
- Math & Reading PD
- Math & Reading PD-English Learners
- Middle & High Schools Counseling
- National Board Certification
- Para to Teacher Training
- Peer Assistance & Review (PAR)
- PE Teacher Incentive
- Professional Development Block Grant
- Pupil Retention
- School & Library Improvement (SLIBG)
- School Safety Competitive Grant
- School Safety Violence Prevention
- Teacher Credentialing
- Economic Impact Aid (SCE & LEP)



# STATE LCAP PRIORITY AREAS

- The proposed LCAP template groups the eight state priorities into three categories for planning purposes
- A. Conditions of Learning (State Priorities 1,2, and 7)
  - **Basic**
    - degree to which teachers are appropriately assigned and fully credentialed in the subjects and areas for the pupils they are teaching
    - pupils have access to standards-aligned instructional materials
    - school facilities are maintained in good repair
  - **Implementation of Common Core State Standards**
    - implementation of academic content and performance standards adopted by the state board for all pupils, including English learners
  - **Course access**
    - pupils are enrolled in a broad course of study that includes all of the subject areas

# STATE LCAP PRIORITY AREAS

## B. Pupil Outcomes (State Priorities 4 and 8)

### ■ **Pupil achievement**

- performance on standardized tests
- score on Academic Performance Index
- share of pupils that are college and career ready
- share of English learners that become English proficient
- English learner reclassification rate
- share of pupils that pass Advanced Placement exams with 3 or higher
- share of pupils determined prepared for college by the Early Assessment Program

### ■ **Other pupil outcomes**

- Pupil outcomes in the subject areas described in Ed Code section 51210

# STATE LCAP PRIORITY AREAS

## C. Engagement (State Priorities 3,5 and 6)

### ■ **Parent involvement**

- efforts to seek parent input in decision making
- promotion of parent participation in programs for unduplicated pupils and special need subgroups

### ■ **Pupil engagement**

- school attendance rates
- chronic absenteeism rates
- middle and high school dropout rates
- high school graduation rates

### ■ **School climate**

- pupil suspension and expulsion rates
- other local measures including surveys of pupils, parents and teachers on the sense of safety and school connectedness

# CALCULATION OF PROPORTIONALITY FOR SFUSD (DRAFT)

(PER STATE BOARD OF EDUCATION REGULATIONS, JANUARY 16, 2014)

## ■ Seven Steps:

### ■ Step 1

Determine total revenue from supplemental and concentration grants at full LCFF funding

**Total Supplemental & Concentration Grants = \$77.5 million**

### ■ Step 2

Determine prior year expenditures to support unduplicated pupils

- Estimate district expenditures in 2013-14 on services for EL, LI and foster youth students that are *in addition* to expenditures on services provided to all students, The estimated amount must be equal to or greater than the amount of EIA funds expended in the 2012-13 school year

**Estimated FY 2013-14 Expenditure on EL/LI/FY students = \$57.9 million**

# CALCULATION OF PROPORTIONALITY FOR SFUSD (DRAFT)

(PER STATE BOARD OF EDUCATION REGULATIONS, JANUARY 16, 2014)

## ▪ Step 3

Calculate the gap between prior year expenditures and target supplemental and concentration grant funding (Step 1 minus Step 2)

$$\text{\$77.5 million} - \text{\$57.9 million} = \text{\$19.6 million}$$

## ▪ Step 4

Calculate the increase in estimated supplemental and concentration grant funding in the LCAP year

- Estimate the increase in supplemental and concentration grant funding in 2014-15 by multiplying the gap number in Step 3 by the estimated percentage of the remaining statewide funding gap between current funding and full implementation of LCFF that is eliminated in the fiscal year for which the LCAP is adopted as calculated by the Dept. of Finance (estimated at 28.05%)

$$\text{\$19.6 million} \times 28.05\% = \text{\$5.5 million}$$

# CALCULATION OF PROPORTIONALITY FOR SFUSD (DRAFT)

(PER STATE BOARD OF EDUCATION REGULATIONS, JANUARY 16, 2014)

## ■ Step 5

Calculate the total estimated supplemental and concentration grant funding in the LCAP year

- Calculate the district's estimated supplemental and concentration grant funding in 2014-15 by adding the gap reduction number above in STEP 4 to the past year expenditure total from STEP 2

$$\text{\$5.5 million} + \text{\$57.9 million} = \text{\$63.4 million}$$

## ■ Step 6

Calculate the base funding in the LCAP year

- Estimate the amount of funding attributable to base grants in 2014-15 by subtracting the amount calculated pursuant to STEP 5 above from the total amount of LCFF funding in 2014-15

$$\text{\$402.0 million} - \text{\$63.4 million} = \text{\$338.6 million}$$

# CALCULATION OF PROPORTIONALITY FOR SFUSD (DRAFT)

(PER STATE BOARD OF EDUCATION REGULATIONS, JANUARY 16, 2014)

## ■ Step 7

Calculate the minimum proportionality percentage

- Divide the approximate amount of supplemental and concentration grant funds by the approximate amount of base grant funds in 2014-15. This calculation will result in the percentage by which services for LI, EL and FY students must be increased or improved as compared to the services provided to all students (STEP 5 divided by Step 6)

**\$63.4 million divided by \$338.6 million = 18.73%**