

LOCAL CONTROL FUNDING FORMULA SAMPLE SCENARIO

The Local Control Funding Formula (LCFF) requires the State Board of Education to adopt spending regulations that require local educational agencies (LEAs) to increase or improve services for low-income students, English Learners, and foster youth (“unduplicated pupils”) in proportion to the increase in funds apportioned for supplemental and concentration grants. The following sample scenario illustrates how a hypothetical school district would demonstrate increased or improved services under proposed Title 5 *California Code of Regulations* (5 CCR) section 15496. (See Attachment 3).

Sample Unified School District (USD)

68.83% of the students in Sample USD are low-income students, English Learners and/or foster youth.

2013-14 Total LCFF Funding	\$113,658,945
2014-15 Total LCFF Funding	\$120,009,636

Full Implementation:

Sample USD’s LCFF Funding Target	\$ 167,569,262
Sample USD’s Supplemental/Concentration Target Total	\$ 27,862,406

Calculation of Proportionality Percentage

To determine the proportionality percentage for its budget and initial Local Control and Accountability Plan (LCAP) in 2014-15, Sample USD will follow these steps:

(References to “estimated supplemental and concentration grant funding” below are intended to refer to funds apportioned on the basis of the number and concentration of unduplicated pupils.)

- Determine the district’s target supplemental and concentration grant funding, 5 CCR section 15496(a)(1):** Estimate how much of Sample USD’s total LCFF funding when it reaches its LCFF target at full implementation will be attributed to supplemental and concentration grants.
\$27,862,406
- Determine prior year expenditures to support unduplicated pupils, 5 CCR section 15496(a)(2):** Estimate Sample USD’s expenditures in 2013-14 on services for low-income pupils, English Learners, and foster youth that are in addition to expenditures on services provided to all pupils. The estimated amount should be no less than the amount of Economic Impact Aid funds Sample USD expended in the 2012-13 fiscal year.
\$5,000,000

- 3. Calculate the gap between prior year expenditures and target supplemental and concentration grant funding, 5 CCR section 15496(a)(3):** Subtract the estimated 2013-14 expenditures on additional services for low-income pupils, English Learners and foster youth from Sample USD's supplemental and concentration grant target. This calculation will result in a figure that is Sample USD's approximate supplemental and concentration funding gap.
 $\$27,862,406 - \$5,000,000 = \$22,862,406$
- 4. Calculate the increase in estimated supplemental and concentration grant funding in the LCAP year, 5 CCR section 15496(a)(4):** Estimate Sample USD's increase in estimated supplemental and concentration grant funding in 2014-15 by multiplying the gap figure 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 Department of Finance. For purposes of this hypothetical, assume the Department of Finance has calculated that the total LCFF funding gap is reduced by 11.8% in 2014-15.
 $\$22,862,406 \times 11.8\% = \$2,697,764$
- 5. Calculate the district's total estimated supplemental and concentration grant funding in the LCAP year, 5 CCR Section 15496(a)(5):** Calculate Sample USD's estimated supplemental and concentration grant funding in 2014-15 by adding the gap reduction figure above to the past year expenditure total from step 2. (Note: this amount will appear in Section 3C of Sample USD's 2014-15 LCAP. (See Attachment 3.)
 $\$2,697,764 + \$5,000,000 = \$7,697,764$
- 6. Calculate the district's base funding in the LCAP year, 5 CCR Section 15496(a)(6):** Estimate the amount of funding attributable to base grants in 2014-15 by subtracting the amount calculated pursuant to Step 5 above from Sample USD's total amount of LCFF funding in 2014-15.
 $\$120,009,636 - \$7,697,764 = \$112,311,872$
- 7. Calculate the minimum proportionality percentage, 5 CCR Section 15496(a)(7):** 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 low-income pupils, English Learners and foster youth must be increased or improved as compared to the services provided to all pupils.
 $\$7,697,764 / \$112,311,872 = \underline{6.9\%}$

Overview of the Steps to Calculate the Proportionality Percentage

Step 1 – Step 2 = Step 3 (**\$27,862,406 - \$5,000,000 = \$22,862,406**)

Step 3 x Percentage by which state has closed LCFF funding gap = Step 4
(**\$22,862,406 x 11.8% = \$2,697,764**)

Step 4 + Step 2 = Step 5 (**\$2,697,764 + \$5,000,000 = \$7,697,764**)

Total amount of LCFF funding in LCAP year – Step 5 = Step 6
(**\$120,009,636 - \$7,697,764 = \$112,311,872**)

Step 5 / Step 6 = Step 7 (**\$7,697,764 / \$112,311,872 = 6.9%**)

Availability of Data for Use in the Calculation

In Step 1, LEAs will be able to estimate their LCFF supplemental and concentration grant targets, or what the LEA would receive if the formula was fully funded, by following the LCFF formula in statute and multiplying the number of pupils by the applicable base, supplemental, and concentration grant amounts. A calculator maintained by the Fiscal Crisis Management and Assistance Team is one of the tools available to LEAs to help accurately calculate this number.

The statutory formula used to determine every LEA's supplemental and concentration grant target requires the average daily attendance data by grade level and accurate local enrollment data, including the total number of pupils, and unduplicated numbers of low-income pupils, English Learners and foster youth. The calculations must be done every year due to changes in local pupil populations. While every LEA will be reporting enrollment data to the CDE for the apportionment process, this data will not be available for the LCAP planning process, therefore LEAs should use the more current and accurate local enrollment projections they have done in the spring for purposes of the calculation in Step 1 above and for purposes of the local LCAP adoption process.

Until an LEA reaches its LCFF funding target, for the purposes of *Education Code (EC)* Section 42238.07, the amount of funding it receives in a fiscal year that is attributable to supplemental and concentration grants depends on the LEA's estimated amount of expenditures in Step 2 for 2013-14 and the amounts expended in subsequent years that build up from that locally-estimated starting point. LEAs will vary in the levels of services provided in 2013-14 to low-income pupils, English Learners, and foster youth as compared to all pupils, and therefore the amounts in Step 2 must be locally estimated consistent with the expenditure regulations.

Steps 3 through 5 in the regulations use this local estimate of services provided in the prior year as the basis for calculating an LEA's estimated supplemental and concentration grant funding in the LCAP year. Specifically the regulations require an LEA to compare the prior year expenditures identified in Step 2 with how much more the LEA will receive in supplemental and concentration grant funding at full implementation, and make an incremental increase towards closing this gap each year, based on the amount of new funding the state provides in that year.

Once LCFF is fully implemented, the estimated supplemental and concentration grant funding will be more easily identifiable. In the meantime, the regulations not only provide a consistent formula for all LEAs to make this estimation but also require significant explanation and description by the LEA in the LCAP.

Demonstration of Proportionally Increased or Improved Services in the LCAP

Sample USD has calculated a 6.9% proportionality percentage for 2014-15. In its LCAP, the district will identify this percentage and demonstrate how services for low income pupils, English Learners and foster youth will be increased or improved by at least 6.9% as compared to the services provided to all pupils.

The actions Sample USD will take to serve low-income pupils, English Learners, foster youth, and pupils redesignated as fluent English proficient will be listed and described in Section 3 Actions, Services, and Expenditures, subpart (B) of the LCAP. The descriptions will include the expenditures necessary to implement these actions and the related services. Section 3 Actions, Services, and Expenditures, subpart (C) of the LCAP will describe Sample USD's minimum funding target for additional or improved services for low-income pupils, English Learners and foster youth in 2014-15 (see Step 5 above) and describe how these funds will be spent, with references to actions and services listed in Section 3 Actions, Services, and Expenditures, subpart (B) of the LCAP.

If Sample USD plans to use some of these funds for schoolwide or districtwide purposes, these expenditures will be identified and the LCAP, pursuant to proposed 5 CCR 15496(b), will describe how the funded services are directed towards meeting the district's goals for its low-income pupils, English Learners, and foster youth in the state priority areas. If the district plans to provide schoolwide services in a school where low-income pupils, English Learners, and foster youth account for less than 40 percent of enrollment, Sample USD must additionally describe how the services provided are the most effective use of funds to meet the district's goals for low-income pupils, English Learners, and foster youth in the state priority areas.

Finally, in Section 3 Actions, Services, and Expenditures, subpart (D) of the LCAP, in conjunction with the calculated proportionality percentage, Sample USD

will demonstrate how services provided for low income pupils, English learners, and foster youth in 2014-15 will be increased or improved by 6.9% as compared to the services provided to all pupils. The description of how the proportionality percentage standard is met may include quantitative and/or qualitative descriptions of the increased and/or improved services for unduplicated pupils as compared to the services provided to all pupils.

SAMPLE UNIFIED SCHOOL DISTRICT

	2013-14	2014-15*	2015-16**	Repeat for 2016-17 – 2019-20***	2020-21
Estimated Total LCFF Funding	\$113,658,945	\$120,009,636	\$125,621,700	\$167,569,262
Estimated Base Grant	N/A	\$112,311,872	\$115,544,510	\$139,706,856
Estimated Total of Supplemental and Concentration Grants	N/A	\$7,697,764	\$10,077,190	\$27,862,406
Proportional increase or improvement in services for low income/English learner/foster youth pupils as compared to the services provided to all pupils in that fiscal year	N/A	6.9%	8.7%	20%

* Assuming, for purposes of this hypothetical, that 11.8% of the remaining statewide funding gap between current funding and full implementation of LCFF is eliminated by additional funding provided in 2014-15.

** While the percentage of the remaining statewide funding gap that is eliminated each year will likely vary, this column again assumes the percentage is 11.8% for 2015-16 and that Sample USD expended the minimum amount for additional services for LI/EL/FY pupils in 2014-15 (the estimated total of supplemental and concentration grant funds for that year).

***Assuming annual LCFF funding that allows the state to reach full implementation in 2020-21.