



March 31, 2016

Dr. Michael Kirst, State Board President
State Board of Education
1430 N Street, Room 5111
Sacramento, CA 95814

Via email and mail

Re: LCAP Implementation Issues & Recommendations

Dear President Kirst,

On behalf of Public Advocates and the ACLU of California we write to share our reflections on key challenges that remain in ensuring that school districts effectively develop and implement Local Control Accountability Plans (LCAPs) that fulfill the requirements and purposes of LCFF. We also offer our recommendations for how improvements to the LCAP template and specific guidance from the State Board would address some of these challenges.

We commend the State Board of Education for the significant improvements made to the LCAP template since its initial adoption in January 2014. We acknowledge that the LCAP itself is evolving as the state fully transitions to its new accountability system and have been encouraged to see some improvements in district LCAPs between years one and two. At the same time, we remain concerned that districts are still struggling with foundational statutory requirements at the heart of LCFF's equity promise in developing their LCAPs.

We hope that the findings, reflections, and recommendations below help inform the Board's conversation as it takes next steps to improve the LCAP template and help districts meet its requirements. We believe that, with important template revisions and additional SBE guidance, the LCAP will be more likely to function as a truly useful tool for continuous improvement and meaningful local engagement and accountability.

Methodology and summary

Our recommendations and findings below are based in large part on review of dozens of LCAPs in Years 1 and Year 2 with close analysis of minimum legal requirements.¹ We've also worked closely with community stakeholders, especially students and parents, in districts across

¹ This includes ACLU's and PA's joint review of 40 districts after year one, ACLU's review of ten districts and PA's review of approximately a dozen distinct districts in year two.

the state as they engage with the LCAP development process. These local experiences combined with our LCAP reviews and analysis provides a fairly comprehensive picture of what has worked so far and the challenges that remain.²

Overall, we believe that current challenges in LCAP development and implementation stem in part from the LCAP template itself while others arise from differing and conflicting interpretations amongst COEs, districts and third parties like consultants and advocates regarding LCAP requirements and best practices. Accordingly, our recommendations include both revisions to the template as well as requests for specific guidance from SBE to COEs and districts.

A. Districts are improving in addressing each of the eight state priority areas and statutorily required metrics.

In exchange for greater flexibility over how to use resources, school districts are expected to plan spending and track their progress within all eight state priority areas using each of the statutorily specified metrics. When districts do not address all of the statutory metrics, stakeholders and policymakers at the state level cannot assess whether local choices about an LEA’s educational program are improving student outcomes or make adjustments to support continuous improvement.

We were encouraged to see improvement in LEAs reporting metrics across all eight priorities between years one and two of the LCAP. In a statewide review after year one of the LCAP, ten of 40 districts failed to address at least half of the required metrics and only one addressed each relevant statutory metric. However, in year two, many more districts included goals, actions, and services in all eight areas using a greater number of metrics as required under the statute. For example, in a ten-district compliance review conducted after year two of the LCAP, all ten districts planned for spending in all eight state priority areas and most included a majority of the required metrics. However, certain metrics such as middle school dropout, teacher misassignment, Early Assessment Program passage rate, chronic absence rate, and EL proficiency continue to be regularly omitted by many districts.³

We credit the improvement in reporting a greater number of metrics to increased knowledge and diligence by districts and improved guidance and review from County Offices of Education. When COEs are clear that they will not approve an LCAP that fails to address all of the eight priority areas and associated metrics, LEAs unsurprisingly are more likely to develop LCAPs that meet these statutory requirements. We believe that COEs have been more effective in enforcing the eight priority areas and metric requirements compared to other LCFF

² See David Sapp, “Making the Local Control Funding Formula Work” (Aug. 2015) at <https://www.aclusocal.org/making-the-local-control-funding-formula-work/>; see also attached “Key Findings & Recommendations After Two Years of LCFF Implementation” from a forthcoming report on LCAPs by Public Advocates to be released in the next week; John Affeldt, “In Exchange for Flexibility, Local Plans Will Require Work” (Nov. 23, 2015) at <http://edsources.org/2015/in-exchange-for-local-flexibility-accountability-plans-will-require-work/91073>.

³ Note that while LCAPs frequently addressed the priority around parental involvement, the local measurements rarely addressed the specific efforts to engage parents in decisionmaking and increase parent participation in programs for high-need students and students with special needs as required by LCFF.

requirements because these requirements are clear, bright-line rules that do not require time-consuming, subjective analysis of district LCAPs. If COEs continue to counsel districts to plan across all state priority areas using all of the statutorily required metrics, we expect LCAPs statewide to continue to improve in this area.

B. Most districts still fail to account for a majority of LCFF funds in LCAPs, let alone almost all district expenditures in support of the district’s LCAP goals for each state priority.

When developed and used correctly, the LCAP should function as the central planning and accountability tool under LCFF.⁴ The LCAP cannot be a useful and comprehensive planning tool if a significant portion of LCFF funds is not accounted for in the plan. The law is clear that a district must list all actions to meet its LCAP goals for all students in each of the eight state priorities.⁵ In Section 2 of the LCAP template, the instructions provide that the LCAP must not only identify “all annual actions to be performed and services provided to meet the described goal” *but also* the “budgeted expenditures” for *each* action. As a result, a district must identify how it intends to use nearly all of its LCFF funds.⁶ Failing to account for the bulk of LCFF funds in the LCAP makes meaningful stakeholder engagement impossible because the public cannot assess how the few actions identified fit within the district’s broader program. Moreover, this lack of transparency around what districts are doing for all students makes it impossible to tell whether school districts are fulfilling their obligation to proportionally increase or improve services for high-need students as compared to all students, as the law requires.

Yet most LCAPs in both years one and two account for only a sliver of total LCFF funds. For example, in a 40-district sample review of 2014-2015 LCAPs, districts accounted for only \$2.5 billion of the \$6.3 billion in total LCFF funds. In other words, \$3.8 billion in LCFF funding was not accounted for at all.

We understand that accounting for nearly all LCFF funds can be challenging for districts, particularly when staff support for writing and developing the LCAP is limited. However, we remain concerned by the discouraging range of accounting we’ve seen across the state—even the most advanced districts typically account for only 70% of total LCFF funds and at the lower end, many districts account for as little as 10%. In fact, 29 of the 40 districts we reviewed after year one failed to account for 90% or more of their LCFF funds. After year two, we saw some improvement but continue to see this as a challenging area for school districts. For example, Modesto Unified School District’s 2015-2016 LCAP accounted for only \$42 million of \$268 million total LCFF funds received. Similarly, Twin Rivers Unified School District accounted for only 20% of its LCFF funds and a little over half of its supplemental and concentration funds. In Gilroy Unified School District, an initial version of the district’s LCAP included less than 10% of all LCFF funds. Although each of these districts made some improvement towards accounting

⁴ Indeed the LCAP Template instructions state on the first page that the LCAP is “intended to be a comprehensive planning tool.”

⁵ See Educ. Code §§ 52060(c)(1) & (2).

⁶ To emphasize this point, the LCAP Template instructions state 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.”

for a greater amount of LCFF funds in final LCAPs after working with respective COEs, none released final LCAPs that came anywhere close to accounting for all LCFF dollars.

While at a minimum, districts are required to account for nearly all received LCFF dollars in the LCAP, we also expect appropriate use of the LCAP to result in the accounting of nearly all education-program spending. As the State Board has explained, “[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.”⁷ Districts cannot reliably assess progress toward goals across the eight state priority areas if a majority of the education program—including both LCFF and other funding—is not even reflected in an LCAP.

In a separate sample of nine 2015-16 LCAPs that Public Advocates reviewed, we were encouraged to see some significant improvement from a handful of districts in reflecting more of their general fund operating budgets. This progress seems due in part to the nudging of districts by community stakeholders as well as by some County Offices of Education. But we also observed four districts that included well under half of their general fund spending, with two districts at 10% or below. Indeed, one district chose to show less of its spending than the prior year by limiting its LCAP to only those expenditures funded with supplemental and concentration dollars.

We believe SBE can help address the failure of districts to account for a majority of LCFF funds and education program spending in two ways. **First, we encourage SBE to issue formal guidance to COEs emphasizing that LCAPs are required to account for nearly all education program spending, including nearly all LCFF funds a district receives. In addition to this general guidance underscoring the goal of full LCFF accounting, we also encourage SBE to advise COEs to deny approval of any district LCAP that shows less than 50% of all LCFF expenditures.** Based on our experience working with districts across the state, we are confident that such guidance to COEs will lead to accounting of a greater amount of LCFF funds. For example, in response to a letter from the ACLU of California to Gilroy Unified School District notifying the district of its failure to include a significant amount of expenditures, the district worked closely with its COE to make significant expenditure additions to its current version of the LCAP. However, despite this significant progress due in large part to assistance from the Santa Clara County Office of Education, Gilroy’s LCAP is still far from reflecting the \$80 million the district will receive in LCFF funds; and the COE nevertheless approved its LCAP. In our experience, districts like Gilroy are unlikely to add further expenditures or take meaningful steps to account for a majority of LCFF funds so long as a COE is willing to approve an LCAP that accounts for much less. Specific guidance from SBE to COEs on the need to reflect nearly all LCFF funds will encourage COEs both to work with districts to increase the expenditures reflected in LCAPs and to condition LCAP approval on whether a district has attempted a full accounting of LCFF dollars.

We acknowledge that a full accounting of LCFF funds is likely to result in long and complex LCAPs that are difficult for stakeholders to read. Therefore, **our second**

⁷ See WestEd, Developing a Quality Local Control and Accountability Plan (2014), at p.7 <http://lcff.wested.org/wp-content/uploads/2014/03/Developing-a-Quality-Local-Control-and-Accountability-Plan.pdf>.

recommendation is that the SBE amend the current template to improve readability and accessibility so districts are encouraged to account for a larger portion of LCFF funds without the downside of an inaccessible and obtuse LCAP. Such template fixes should include a required executive summary, including summaries specific to student subgroups and visual depictions of data, an interactive index or table of contents, and an electronic template that uses progressive layers of links so stakeholders can drill down to more detail depending on interest and need.

C. The majority of districts fail to identify and explain the rationale for non-targeted uses of supplemental and concentration funds generated by high-need students.

Section 3A of the LCAP ensures that high-need students are a forethought and not an afterthought as a district plans how to use the additional LCFF funding it receives for high-need students. LCFF permits districts wide latitude in using these supplemental and concentration grants on programs that benefit all students. However, a district can only use this money on schoolwide or districtwide programs (i.e., non-targeted programming) if it identifies each such use in the LCAP and explains how each use advances goals for high-need students in the district. These section 3 requirements are essential to ensure that the funds the legislature intended for addressing the greater needs of high-need students are not treated as indistinguishable from the base funding districts receive, but instead are properly used to meet the LEA’s proportionality obligation. A meaningful section 3 explanation ensures that decisions are anchored in the particular needs of the high-need students who generated those funds in the first place.

The current section 3A instructions require districts to list each districtwide and/or schoolwide expenditure of supplemental and concentration funds and for each expenditure to include an accompanying justification of how that money is “principally directed towards” and also “effective in” meeting goals for high-need students.⁸ In districts where high-need students represent less than 55% of the student population, the district must additionally show how the districtwide use of such expenditures is the “most effective” way to meet the goals for the high-need students who generated those dollars.⁹ This critical language was added to the permanent LCFF regulations to ensure that LEAs would meaningfully differentiate goals for high-need students from those of all students. It was also intended to ensure that LEAs do more than simply assert a weak or non-existent link between proposed districtwide spending and high-need student goals. In other words, these requirements exist to fulfill LCFF’s promise of equity.

Yet, in our 40-district LCAP review after year one, we found that 10 districts failed to even identify schoolwide and districtwide uses of supplemental and concentration funds and 20 identified only one or two examples, rather than identifying all uses. Only 10 made a meaningful attempt to explain why the districtwide uses they did identify actually advanced outcomes for high-need students in its district.

Although we hoped to see improvement in this area in the second round of LCAPs, districts across the state continued to struggle with this section 3A requirement. For example, in a review of more than twenty LCAPs after year two, few of the districts reviewed provided

⁸ 5 C.C.R. § 15496(b)(1); § 15496(b)(2).

⁹ 5 C.C.R. § 15496(b)(2)(C).

anything more than a short or generalized summary description of how districtwide spending benefits high-need students. And every single district failed to list each districtwide and/or schoolwide use of supplemental and concentration funds and a meaningful corresponding justification of each such expenditure. Equally concerning, we found that in 9 of 15 districts that fall below the 55% concentration threshold, section 3A of the LCAP completely failed to justify the use of supplemental dollars in a districtwide manner as the “most effective use” of those dollars, let alone provide the required basis for that determination.

To address the failure of districts to identify and explain the rationale for non-targeted uses of additional LCFF funds generated by high-need students, we recommend that the SBE take the following actions:

First, we recommend that SBE issue guidance to COEs and LEAs on section 3A requirements in the form of model sections, hypothetical examples, and clear instructions on 3A review. District officials across the state report conflicting and inaccurate direction from COEs and third party consultants on what is sufficient for section 3A. For example, some report that COEs have incorrectly informed districts that a general, summary description in section 3A is sufficient to meet statutory requirements or that listing each districtwide expenditure is unnecessary under the statute. Other districts point out that they have received COE approval for two years without any pushback or feedback on section 3A, even though their LCAPs failed to include a list of districtwide expenditures and corresponding justifications.

Clearer guidance to COEs will help clarify any inconsistencies in interpretations of LCFF requirements for section 3A and will remind COEs that the requirement is a foundational one that should be front-and-center when it reviews any LCAP. Guidance that includes model examples of a section 3A (e.g., a line-item list of hypothetical districtwide expenditures and appropriate justifications for each) alongside examples of justifications that do not meet the requirements will help COEs distinguish between acceptable and unacceptable section 3A justifications.¹⁰ Improved COE review of section 3A will help districts make more meaningful differentiation between goals for high-need students and all students and use supplemental and concentration funds in ways that prioritize the students who generated those funds.

Second, we recommend that the SBE make revisions to section 3A of the template that make the requirements clearer and more explicit. Our suggested revisions include:

1. Modify the instructions to explicitly state the regulatory language necessary to justify each separate districtwide and schoolwide use of supplemental and concentration funds (rather than referring obliquely to legal code provisions). As such, the template should clearly state that districts must identify each proposed use and justify:
 - a. How those funded actions are *principally directed* to meet the district’s goals for high need students, and

¹⁰ In January, Public Advocates teamed up with the Sacramento County Office of Education to present on the requirements of Section 3A, including best practices and exemplars, at a meeting of more than 40 county offices. That presentation is available here: http://bit.ly/PA_Sec3_Training.

- b. How those funded actions are *effective* to meet those goals, or for districts or schools below the concentration threshold, how those funded actions are *the most effective use* of funds and the *basis for that determination*.
2. Format section 3A to include a chart with specific boxes and spaces for line-item listing so that LEAs can copy expenditures from the previous LCAP section directly into each individual box (this makes summary or generalized descriptions impossible);
3. Include a hypothetical expenditure and model language of an acceptable justification in the template itself as the first line of the Excel-style chart; and,
4. When the state switches to an electronic LCAP format, include hyperlinks to model section 3As so that LEAs can see ideal language and style as they write their own LCAP and automatically populate each districtwide/schoolwide action from Section 2 into Section 3A to facilitate clear explanation on each of these actions.

In addition to the challenges described above regarding section 3A, districts also struggled to clearly explain in section 3B of the LCAP how their expenditures meaningfully increase or improve services for high-need students in proportion to the funds they generate for the district. During the transition to full LCFF funding, as districts receive more supplemental and concentration funds, section 3B requires districts to show how they plan to increase and improve the level of services provided to high need students (1) as compared to the prior LCAP year and (2) as compared to all students within that LCAP year. Our analysis of LCAPs around the state showed that most districts fail to clearly explain how they are meeting this minimum proportionality obligation by growing services for high-need students in either quantity or quality, as the regulations require. Because districts rarely distinguish between services that are new versus ongoing, it can be hard to tell whether a particular service represents an increase or improvement. Also, where districts fail to include in their LCAP their core base program for all students, it is impossible to tell whether the district is truly growing services for high-need students as compared to all students. Some districts have also received guidance from third party consultants that the minimum proportionality obligation only applies at full LCFF funding despite clear rules that districts must meet this obligation in the LCAP year. **We recommend that SBE issue guidance on the requirements of Section 3B and model Section 3Bs to COEs and LEAs to alleviate this confusion.**

D. Districts are underprepared to complete the LCAP Annual Update so that it serves as a meaningful tool for local accountability and continuous improvement.

The LCAP Annual Update is intended to encourage districts to monitor progress towards expected outcomes and measure what progress remains. It should also include an assessment of specific actions and be data driven. The update not only helps districts monitor and assess progress, but also serves as a communication tool to help stakeholders hold districts accountable for continuous improvement.

Although we acknowledge that the Annual Update is still relatively new, thus far it has been a missed opportunity in most districts. We have seen a broad and problematic range in how districts approach their Annual Update processes: some simply cut and paste from their LCAP without any further analysis, while others focus on only one or two specific outcomes. The

majority of Annual Updates we examined failed to include any specific data to show progress towards expected outcomes and many did not include meaningful assessments on progress at all.

In addition, we observed numerous LCAPs in which actual implemented actions and estimated actual expenditures differed significantly from planned actions and expenditures, but these discrepancies went unexplained. When we compared planned supplemental and concentration spending to estimated actual spending in the Annual Update, some districts appear to significantly underspend supplemental and concentration dollars in the LCAP year, again without explanation. This raises serious concerns that such school districts are not meeting their minimum proportionality obligation to increase and improve services for high-need students, which the regulations state must be met in the fiscal year.

To address current challenges with Annual Updates, **we first recommend that the SBE provide additional guidance in the form of model/example Annual Updates to COEs and districts.**

Second, we recommend a design that would allow a reader to see the development of a strategy for each action from year to year, starting with the Annual Update, up through Years 1, 2 and 3. In this way, stakeholders can understand how an action or strategy develops year over year in response to the data. We acknowledge that such a format could result in a visual overload, a problem experienced under the first LCAP template. However, an electronic template that allows for expansion of data fields would enable this multi-year display for each action without that same visual overload. In other words, we believe that this recommendation depends on the State's adoption and implementation of a fully electronic LCAP template.

Third, we recommend that the state Legislature and the SBE encourage school districts to update the data and its target annual measurable outcomes in the Annual Update and LCAP in the fall after districts have new information to report. This would assist districts to act in response to key outcomes and plan as a part of a cycle of continuous improvement.

Fourth, we recommend including a box in the Annual Update section indicating the total amount of supplemental and concentration funding the district needs to spend in the next year as a result of failing to fulfill its Minimum Proportionality Percentage obligation to high-need students.

Finally, as an overarching recommendation applicable to all of the issues identified above, the Legislature or State Board should consider providing COEs with the authority to disapprove a portion of the LCAP and the corresponding LEA budget (e.g., unjustified districtwide/schoolwide expenditures of supplemental and concentration funds) inasmuch as the current "all or nothing" approval option has made County Offices reluctant to fully enforce LCFF requirements. With "line item" disapproval authority, COEs could more effectively correct significant LCAP shortcomings that nonetheless do not warrant wholesale rejection of a district's operating budget.

Conclusion

Implementing LCFF is obviously a significant undertaking and will continue to be a learning process. While there have been some promising practices in LCAP development, the three main issues highlighted above cut to the heart of whether LCFF will succeed. We have shared these same issues and findings with key stakeholders and flagged them in letters to every district and county superintendent in the state, but we believe that SBE leadership in addressing these issues is critical for improvement.

If districts fail to account for nearly all LCFF funds, fail to transparently explain how they are using additional funds generated by high-need students to serve those students, and fail to use their Annual Update to candidly assess progress towards student outcomes, the LCAP will not be a success in fulfilling its goal of serving as a tool for continuous improvement or meaningful local engagement and accountability. We hope that the Board will consider our recommended template changes and request for additional guidance on these critical issues as we all work together to satisfy the foundational components of LCFF and the LCAP.

Thank you for your consideration.

Sincerely,



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**KEY FINDINGS AND RECOMMENDATIONS
AFTER TWO YEARS OF LCFF IMPLEMENTATION**

The following lessons and recommendations are part of a forthcoming report from Public Advocates on lessons learned after two years of LCFF implementation.

KEY FINDINGS

- A. Districts are not providing the level of transparency promised in exchange for increased spending flexibility. Most districts are missing the opportunity to use the LCAP as a comprehensive planning document for continuous improvement.
- B. Many districts are not yet fulfilling the equity promise of LCFF.
 - 1. Districts are not properly justifying their use of supplemental and concentration funds by describing how they are *principally directed* and *effective* to serve the high-need students who generate those dollars. Low concentration districts are not explaining how districtwide uses of funds are the *most effective use* for high-need students.
 - 2. Many districts fail to clearly explain how they are meeting their minimum obligation to *increase and improve services for high-need students* as compared to all students in proportion to the additional funds these students generate.
 - 3. Some districts appear to significantly underspend supplemental and concentration dollars in the LCAP year compared to promised spending without explanation and appear to fail to carry over that obligation to subsequent years.
 - 4. LCAPs generally fail to capture how supplemental and concentration dollars are being spent at school sites.
 - 5. Charter schools appear to be spending supplemental and/or concentration funds without any oversight whatsoever.
- C. Districts varied as to whether they adopted robust annual measurable outcomes, and some omitted legally required metrics to show how they are performing in the 8 state priorities.
- D. Most Annual Updates we reviewed lacked the transparency necessary to serve as a robust tool for reflection and learning for continuous improvement.
- E. Too many districts approach LCAP community engagement as a checkbox, instead of a meaningful exercise in shared decisionmaking, but where districts invested resources and partnered with community-based organizations, we are seeing seeds of real cultural transformation that can lead to increased student achievement.

RECOMMENDATIONS

For state actors, including the State Board of Education, the California Department of Education, the California Collaborative for Educational Excellence, the Governor and the Legislature:

- 1) For “local control” to work, the state must **invest to build capacity of school districts and stakeholders** to make real the promise of local accountability **and meaningful community engagement**.
 - a) The budget proposal by the California Parent Teachers Association is a good start. We especially support more resources focused towards community engagement for LCAP development at both the district and school site.
 - b) We also encourage stronger guidance on substantive measures of parent engagement that demonstrate efforts at shared decisionmaking and engaging parents in programs for high-need students as the Parental Involvement state priority requires.
 - c) The state should also make clear that school districts are obligated to provide translation and interpretation for engagement of non-English speaking parents and caregivers in LCAP development not just in light of the Education Code but also federal civil rights guidance and the requirement for community engagement and consultation.
 - d) The Legislature should clarify that districts must post their LCAP and relevant summaries in languages other than English that 15% or more of their students speak at home and the state must determine ways to support districts of differing capacities to meet the unique translation and interpretation needs of their stakeholders to ensure meaningful engagement.
- 2) The State Board of Education should **issue guidance to** County Offices of Education and Local Educational Agencies that will **facilitate fiscal transparency and local accountability** by:
 - a) Clarifying that an LCAP is not acceptable under LCFF if it does not capture all the district’s actions and expenditures for all students on the eight state priorities and thus reflect nearly all LCFF funds the district receives.
 - b) Clarifying section 3A requirements in the form of model sections, hypothetical examples, and clear instructions for reviewing and approving Section 3A of the LCAP, which plays a critical role in ensuring the proportional spending obligation is met.¹
 - c) Clarifying that districts that fail to carry out the promised actions and services necessary to meet their Minimum Proportionality Percentage in the LCAP year must carry forward the unspent supplemental and concentration funds into the following fiscal year to make up for the district’s failure to meet its minimum obligation to increase or improve services for high-need students in proportion to the funds generated by those students.

¹ See Public Advocates’ joint training materials with Sacramento County Office of Education on Section 3 of the LCAP, including one-pager on the requirements (http://bit.ly/LCAP3A_3B_1-pager) and five questions for districts to consider in using supplemental and concentration funds schoolwide or districtwide (included in these presentation slides http://bit.ly/PA_Sec3_Training).

- d) Encouraging adoption of the best practice among districts to institute internal resource codes to facilitate accurate reporting of supplemental and concentration spending especially for purposes of calculating their Minimum Proportionality Percentage obligation.
 - e) Providing model examples of Annual Updates and LCAP narrative summaries that can supplement the LCAP, including an executive summary and summaries specific to student subgroups.²
 - f) Sharing best practices for supporting school site governance, shared decisionmaking and models for reporting in the LCAP and Annual Update on site-level supplemental and concentration spending.
- 3) The State Board of Education should adopt common sense **revisions to the LCAP Template** that clarify the obligations of Local Educational Agencies while improving the accessibility and transparency of information for community stakeholders. Such revisions should include:
- a) **For Section 1: Stakeholder engagement**
 - i) To facilitate understanding of how stakeholder input impacted district planning, where the district reports in Section 1 that stakeholder input impacted an action, there should be a reference — or a hyperlink in an electronic format — to locate that action in Section 2 of the LCAP.
 - b) **For Section 2: Annual Update**
 - i) Include a box in the Annual Update section indicating the total amount of supplemental and concentration funding the district needs to spend in the next year as a result of failing to fulfill its Minimum Proportionality Percentage obligation to its high-need students.
 - ii) The current template makes it difficult to see how an action is developing from one year to the next. Move the Annual Update ahead of the actions for LCAP Year 1 and/or consider a design that would integrate on the same page the development of a strategy from year to year, starting with the Annual Update, up through years 1, 2 and 3. An electronic design with expandable links would be necessary to facilitate this. To facilitate such understanding in a hard copy LCAP and help reduce length, the Annual Update could be integrated on the same page with Year 1, while actions for Year 2 and 3 could be reported together on the same page.
 - iii) Allow for charts or other graphic depictions of data to show expected versus actual annual measurable outcomes in the Annual Update, as well as future target outcomes for LCAP Year 1.
 - c) **For Section 2: Goals, Actions & Expenditures**
 - i) Clear instructions in Section 2 of the LCAP that districts should distinguish between the use of LCFF Base or Supplemental and Concentration funds.
 - ii) Require districts to indicate where an action is new or merely continuing from prior years to facilitate clearer reporting of how the district is increasing or

² The California Collaborative for Educational Excellence could also contribute to this work in developing and distributing best practices and exemplars.

- improving services for high-need students and all students.³ (See also recommendation 3.b.ii above regarding integrating reporting on Annual Update through LCAP Year 3.)
- iii) Require an appendix spreadsheet of LCAP spending by goal and action item to facilitate fiscal transparency. Ideally, the district could post an electronic format of this spreadsheet so that it is operable by stakeholders to sort for relevant information.⁴
 - iv) In an electronic format,
 - (1) under each goal provide a concisely worded list of actions and expenditures, that could operate as hyperlinks, which expand for more information on each action.
 - (2) Code actions so that stakeholders can sort them by student subgroup and applicable state priority.
 - (3) Facilitate fiscal transparency, making it easy for stakeholders to see how all funds in the LCAP are being spent across a range of relevant categories, including:
 - (a) Base, Supplemental and Concentration, and any other resources that are funding actions in the LCAP;
 - (b) By LCAP goals, by actions specific to student subgroups, including English learners, foster youth, students with disabilities and other significant district subgroups.
 - (c) For supplemental and concentration dollars, sorting by district-wide and school-wide expenditures, with school-level expenditures further described by school.
 - (4) The current PDF requires manual input of the numbers across pages of actions and services to sum up the spending. An electronic template should have capacity in Section 2 and the Annual Update to sum up and categorize spending and actions within goals or for particular student subgroups, and compare total planned versus total estimated actual spending in the Annual Update as well as show how proposed expenditures change year over year. This is a critical fiscal transparency mechanism that is currently lacking.⁵
 - d) **For Section 3: Supplemental & Concentration Spending & Proportionality**
 - i) In Section 3A on supplemental and concentration spending, the template should be revised to explicitly state the applicable regulatory requirement for each separate districtwide and schoolwide use of supplemental and concentration funds (rather than referring obliquely to legal code provisions). As such, the template should clearly state that districts must identify each proposed use and justify:

³ This is consistent with a recommendation of the LAO in its December 2015 report, at <http://www.lao.ca.gov/reports/2015/edu/LCAP/2014-15-LCAP-012015.pdf>.

⁴ Oakland Unified School District prepared such a comprehensive spreadsheet for 2015-16 LCAP spending, although it was not an appendix to the LCAP.

⁵ It will also help LEAs to better fulfill their statutory obligation to identify and classify expenditures according to the California School Accounting Manual as per Education Code § 52061(b) as well as follow the LCAP Template instructions for “Budgeted Expenditures.”

- (1) How those funded actions are *principally directed* to meet the district’s goals for high need students, and
- (2) How those funded actions are *effective* to meet those goals, or for districts or schools below the concentration threshold, how those funded actions are *the most effective use of funds and the basis for that determination*.

A best practice that we observed in some LCAPs was the use of a table or spreadsheet to list each action in a way that made it easy to reference where the schoolwide/districtwide action appeared in section 2 and then separately justify each expenditure.

- ii) In an electronic format, automatically populate each districtwide/schoolwide action supported by supplemental and concentration funds from Section 2 into Section 3 to facilitate clear explanation on each of these actions.

e) **Summaries, Appendices and Navigation of the Document**

- i) Provide a plain language glossary of terms that steers away from technical jargon and explains any key district programs that may be abbreviated in the LCAP.
 - ii) Require a table of contents that summarizes the content of the LCAP.
 - iii) In an electronic format,
 - (1) include an interactive table of contents and/or index to help understand the structure of the LCAP and top-line goals and strategies with progressive layers of links to more detail for the more interested and engaged reader.
 - (2) Provide for seamless alignment and connection of the various sections of LCAP through hyperlinks. Ideally, the electronic template should eliminate stakeholders’ need to page/scroll through a long LCAP to find information. (See recommendations 3.a.i and 3.b.ii above.)
- 4) The state should support the development of **improved budgeting systems** and tools to help districts transition from their pre-LCFF accounting systems to one that enables them to link their budget line items to the specific actions in their LCAPs and share model tools in this regard. The SBE and/or CCEE should survey the work that is already being done on this front by individual districts, advocacy organizations and third party consultants to identify best practices.
- 5) We recommend that the state Legislature and the SBE encourage school districts to **update the data and its target annual measurable outcomes** in the Annual Update and LCAP in the fall after districts have new data on the measures. This would assist districts to act in response to key outcomes and plan as a part of a cycle of continuous improvement.
- 6) The state should revise the current architecture for **charter school LCAP review** to clarify how charter schools will receive the necessary support to develop LCAPs and how the state will ensure that the significant supplemental and concentration funds being sent directly to charter schools are being properly spent in service of high-need students consistent with the law. The state will also have to invest in the capacity of charter authorizers to review charter school LCAPs and use the evaluation rubric to provide support to underperforming charter schools as the law requires.

- 7) The State should consider **authorizing County Offices to disapprove a portion of the LCAP** and the corresponding LEA budget inasmuch as the current “all or nothing” approval option has made COEs reluctant to fully enforce LCFF requirements. With “line item” disapproval authority, COEs could more effectively correct significant LCAP shortcomings that nonetheless do not warrant wholesale rejection of a district’s operating budget.