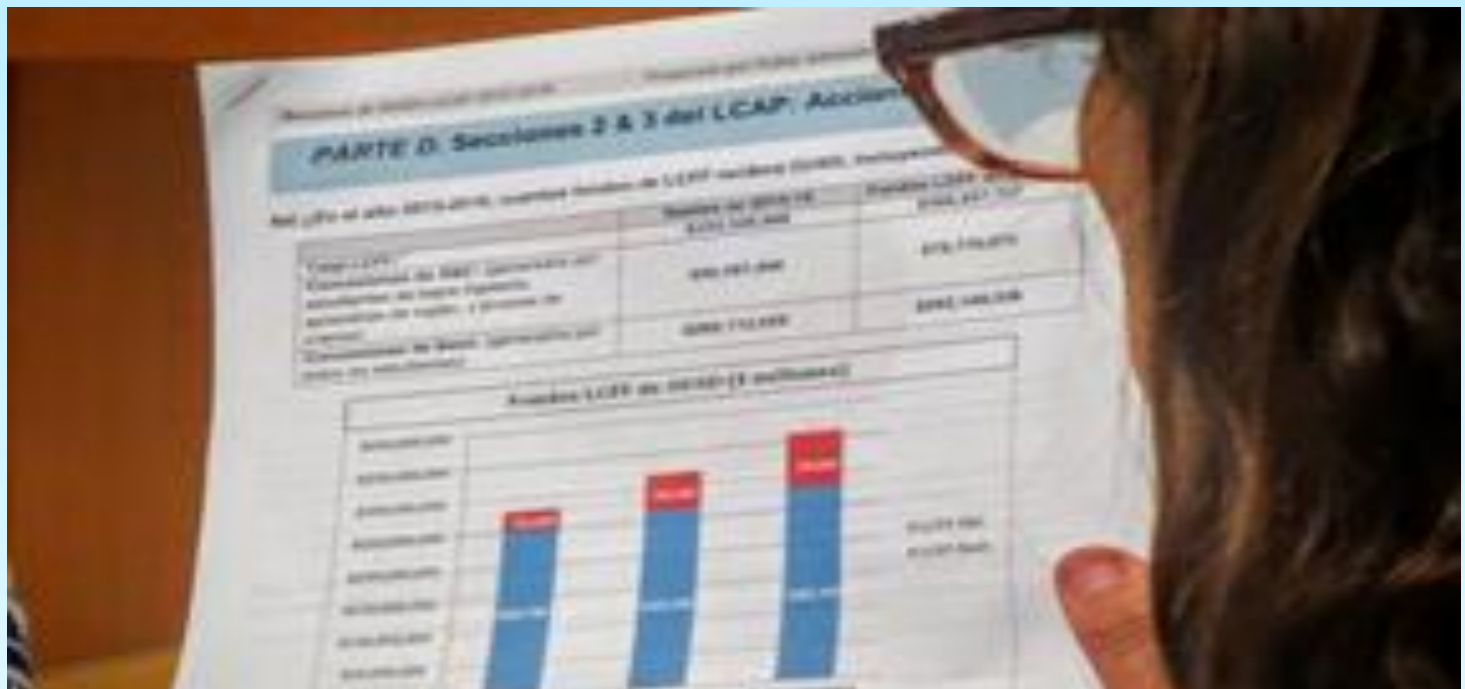
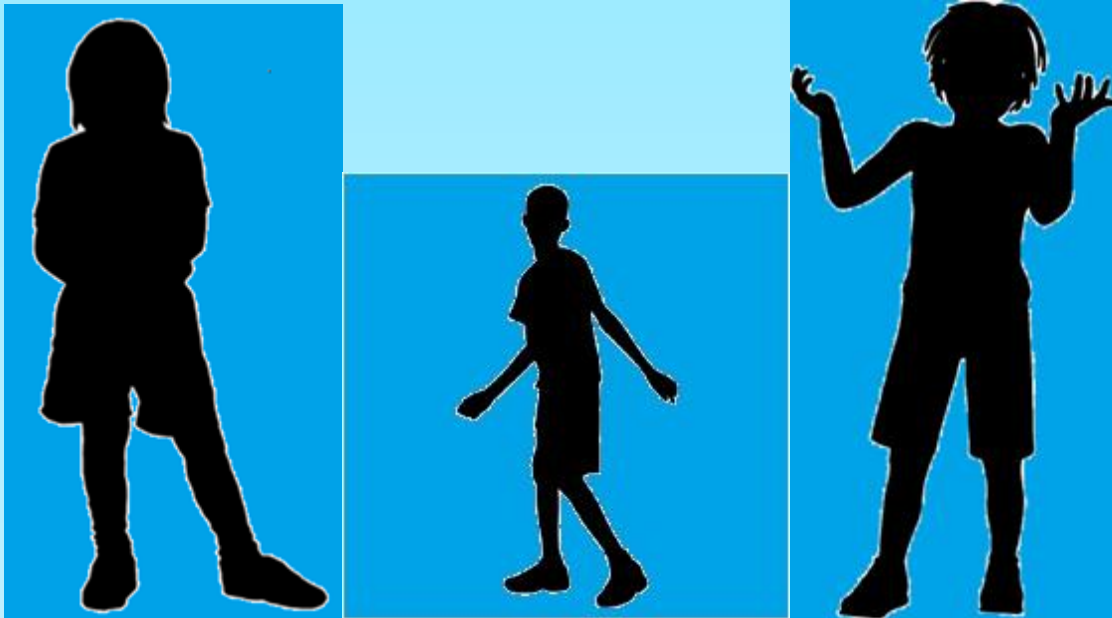


KEEPING THE PROMISE OF LCFF

In Districts Serving Less than 55% High-Need Students



Keeping the Promise of LCFF in Districts Serving Less than 55% High-Need Students

I. Introduction

Districts with less than 55% of high-need pupils are overwhelmingly failing to equitably spend the state funds they receive to serve these students. This report examines how fifteen “non-concentrated” school districts are implementing California’s new school funding law, called the Local Control Funding Formula (“LCFF”).¹ Our research examines whether these districts are spending the supplemental funds generated by high-need students in ways that increase or improve services for their largely low-income students of color. While a few districts clearly plan to serve their high-need students, most are not meeting their obligations to these vulnerable populations. Uncovering a pervasive trend of dubious practices, Public Advocates urges the state, county offices of education, and the community to pay closer attention to how non-concentrated districts budget and spend supplemental funds. These districts should be supported to spend supplemental funds on the academic and social-emotional success of thousands of high-need students that they are required to serve.

Under the groundbreaking LCFF, greater resources are provided to high-need students who have been traditionally underserved in California’s school system.² High-need pupils include low income students, English learners, and foster youth.³ In non-concentrated districts where the percentage of high-need students is less than 55%, districts receive supplemental funds for every high-need student they serve.⁴ In exchange for additional funding, these districts have an obligation to “increase or improve services” for high-need pupils in proportion to the critical supplemental dollars received.⁵ This revolutionary change in school funding marks a new opportunity for educational equity.

Education inequity has long plagued the state. California has large numbers of high-need students; approximately 63% of children enrolled in K-12 schools statewide qualify as high-need.⁶ The state enrolls the largest share of English learners in the nation.⁷ California has a higher percentage of economically disadvantaged youth than all other big states except Florida.⁸ On a national level, the disparity between high-need students and privileged students is alarming and California is not immune to these disparities.⁹ There is a dizzying spread between affluent and impoverished communities on a host of education factors including preschool enrollment, high school graduation rates, and college diplomas received.¹⁰ Access to knowledge is a critical determinant of better physical and mental health, financial

¹ By “non-concentrated,” we refer to districts serving fewer than 55% students classified as low-income, English learners or foster youth (also known as “high-need students” and “unduplicated pupils”). For a comprehensive report on LCFF’s second year of implementation examining how a larger sample of districts—both concentrated and non-concentrated—address equitable and transparent spending obligations, annual measurable outcomes, and community engagement, see A. Jongco, “Keeping the Promise of LCFF: Key Findings and Recommendations After Two Years of LCFF Implementation” (Apr. 2016) at http://www.publicadvocates.org/sites/default/files/library/report_public_advocates_keeping_the_promise_of_lcff.pdf.

² LCFF is a revolutionary change in school funding. Students, parents and advocates in California organized for nearly a decade to make a more equitable funding formula, one based on student need, a reality. Signed into law by Governor Jerry Brown in July 2013, the Local Control Funding Formula places California at the forefront in implementing a school funding formula weighted to student need.

³ 5 CCR § 15495(m).

⁴ 5 CCR § 15496(a).

⁵ See *supra* note 4.

⁶ EdSource, “Local Control Funding Formula Guide” (Feb. 2016), page 15, at <http://edsources.org/2016/local-control-funding-formula-guide-lcff/89272>.

⁷ U.S. Department of Education, National Center for Education Statistics, “The Condition of Education 2015, English Language Learners” (2015) at <https://nces.ed.gov>.

⁸ Lewis et al., Social Science Research Council, “A Portrait of California 2014-2015, California Human Development Report” (2014) at http://ssrc-static.s3.amazonaws.com/wp-content/uploads/2014/12/A-Portrait-of-California_vF.pdf.

⁹ Sixth graders in the richest school districts are four grade levels ahead of children in the poorest districts and the largest gaps between white children and their minority classmates emerge in some of the wealthiest communities, such as Berkeley, California. See Rich et al., The New York Times, “Money, Race and Success: How Your School District Compares” (Apr. 2016) at http://www.nytimes.com/interactive/2016/04/29/upshot/money-race-and-success-how-your-school-district-compares.html?_r=0.

¹⁰ See *supra* note 8.

stability, a longer life, tolerance, and the ability to adjust to change.¹¹ The equity promise of LCFF is one of our most important policies to improve the lives of thousands of children.

To investigate whether this equity promise is being fulfilled, this report examines fifteen non-concentrated school district's 2015-2016 Local Control and Accountability Plans ("LCAPs"). Under LCFF, every district is responsible for creating a comprehensive educational plan that reflects education-related spending, including all supplemental and concentration funding.¹² These plans are referred to as an "LCAP." LCAPs serve as a living, breathing, continuously improving "comprehensive planning tool."¹³

This report focuses on select non-concentrated school districts (see Table 1 below). For the 2015-2016 fiscal year, there were approximately 392 non-concentrated districts in California and these districts received a total of \$1,042,366,178 in supplemental funds.¹⁴ To our knowledge, the copious research on LCFF implementation to date has largely failed to focus on these districts and their unique legal requirements. While not concentrated at the district level, these districts serve thousands of high-need students and bear a higher burden to justify their spending of supplemental funds. An assessment of whether these districts are targeting spending is particularly relevant because many non-concentrated schools districts are also highly segregated. When high-need students are isolated within individual schools rather than spread out across a district, districtwide and schoolwide spending is problematic. Spreading supplemental funds to all pupils dilutes the amount and effectiveness of funds that are supposed to be targeted for high-need students.

Table 1: 15 Non-Concentrated Districts Examined

District	County	Highest Need Schools in the District	District Student Pop.	School % High-Need	District % High-Need	Average Absolute Difference
Alameda Unified	Alameda	Ruby Bridges Elementary School	10,918	78%	41.2%	16.8
Corona-Norco Unified	Riverside	Jefferson Elementary School	53,743	94%	45.8%	14.6
Evergreen Elementary	Santa Clara	Katherine R. Smith Elementary School	13,158	89%	43.3%	21.7
Folsom-Cordova Unified	Sacramento	Cordova Villa Elementary School	19,326	96%	38.8%	30.2
Fullerton Elementary	Orange	Richman Elementary School	13,820	93%	52.1%	25.5
Mt. Diablo Unified	Contra Costa	Cambridge Elementary School	31,756	98%	50.1%	26.2
Oak Grove Elementary	Santa Clara	Edenvale Elementary School	11,133	93%	53.7%	17.0
Orange Unified	Orange	Jordan Elementary School	29,702	96%	49.3%	28.3
San Jose Unified	Santa Clara	Washington Elementary School	33,100	97%	50.6%	22.4
San Juan Unified	Sacramento	Dyer-Kelly Elementary School	48,903	98%	51.9%	20.5
San Marcos Unified	San Diego	San Marcos Elementary School	20,058	98%	48.8%	17.9
San Mateo Foster City	San Mateo	Horral Elementary School	11,699	82%	40.5%	16.7
Santa Barbara Unified	Santa Barbara	McKinley Elementary School	15,510	98%	53.1%	18.3
Santa Rosa High	Sonoma	Hilliard Comstock Middle School	11,079	95%	45.8%	19.7
Ventura Unified	Ventura	Sheridan Way Elementary	17,430	95%	51.3%	N/A

II. Methodology

Public Advocates selected fifteen non-concentrated district LCAPs to review for this report and we exclusively examined funding for the 2015-2016 school year. To qualify for review, we focused on

¹¹ See *supra* note 8.

¹² See Educ. Code §§ 52060(c)(1)(2) and 52064(b)(1).

¹³ See LCAP Template, page 1.

¹⁴ LCFF Statewide Fingertip Facts, 2015-2016 Fiscal Year, California Department of Education, at <http://ias.cde.ca.gov/lcffsnapshot/lcff.aspx>.

districts of 10,000 or more pupils. We further narrowed the pool to focus on segregated districts. For purposes of this report, we define “segregated” to mean districts with large “average absolute differences,” a term used by Public Policy Institute of California to describe districts with significantly higher percentages of high-need students at certain schools as compared to the district average.¹⁵ In other words, a segregated district has schools with high numbers of English learner, low-income, and foster youth students and other schools that have comparatively low numbers.

We relied on two data sets to select our sample. We obtained initial raw data from the Education Data Partnership website (<http://www.ed-data.org>).¹⁶ This site provides a Fiscal, Demographic & Performance Data Analysis and Comparison tool which enables different elements and filters to be applied. After exporting the data, Public Advocates filtered the district information further. We excluded concentrated districts with 55% or more high-need students. We also excluded districts with less than 10,000 students. This produced a shortlist of fifty school districts. Of the fifty districts, we focused on those that are in the top 100 school districts with the largest “average absolute difference” as described by the Public Policy Institute of California (“PPIC”).¹⁷

The “average absolute difference” represents the difference between an individual school’s share of high-need students and the district’s share of high-need students. PPIC created this measure of the difference in the concentration of high-need students across the schools within each district. A district in which every school has the same share of high-need students would have a value of zero. Statewide, PPIC found that the school-to-district average concentration difference is 12 percentage points and ranges from 0 to 30 percentage points. Based on PPIC’s measure, we identified a need to prioritize analysis of districts serving high-need students concentrated in particular schools. We believe these districts have a greater need to direct supplemental funding to high-concentration schools and high-need students rather than districtwide allocations.

In order to draw conclusions about how these districts are spending their supplemental funds, we examined the LCAPs of the selected districts. We compared the total amount of supplemental funds received for 2015-2016 as the districts reported in Section 3A of the LCAP to the total amount of proposed supplemental fund spending in that year reported in Sections 2 and 3 of the LCAP. In one third of the sample, we found some amount of unaccounted for supplemental funds, in other words the total amount allocated to actions and services in Section 2 was less than the total amount reported in Section 3. We then calculated the percent of “accounted for” supplemental funds that was expended districtwide.¹⁸ We also counted the number of top ten highest concentration schools in a district that received supplemental funding. We further analyzed LCAP terminology to determine whether districts are using the appropriate statutory language. Key phrases that we looked for are whether supplemental funds are being used to “increase or improve services,” are “principally directed” towards meeting the goals for high need students, and if districtwide expenditures are “the most effective use of funds.” See Appendix A. In combination with these factors, we also made an overall determination of whether the district complied with the language and spirit of LCFF’s equity promise. This evaluation was based on the

¹⁵ L. Hill & I. Ugo, Public Policy Institute of California, “Implementing California’s School Funding Formula: Will High-Need Students Benefit?” (March 2015) at http://www.ppic.org/main/publication_quick.asp?i=1127.

¹⁶ Ed-Data is a partnership of the California Department of Education, EdSource, and the Fiscal Crisis and Management Assistance Team/California School Information Services (FCMAT/CSIS) and is designed to offer educators, policy makers, the legislature, parents, and the public quick access to timely and comprehensive data about K-12 education in California. We used data from the 2013-2014 fiscal year.

¹⁷ See *supra*, PPIC Report, note 15. Ventura and Corona-Norco Unified School districts are not in PPIC’s Top 100 school districts with the largest absolute average differences. Corona-Norco was included because it is one of the ten largest school districts by average absolute difference. Ventura was included because of its student population and high percentage of high-need students.

¹⁸ Public Advocates uses the term “accounted for” to mean the amount of supplemental funds reported in the LCAP as allocated in 2015-2016.

robustness of the explanations in Section 3 and the detail of descriptions of supplemental services in Section 2.

III. Summary of Findings

This report observes that many of the non-concentrated districts are failing to follow LCFF rules regarding the proper use of supplemental funds. The most troubling finding is that there is an overwhelming lack of transparency in supplemental spending. **One third of the districts reviewed together omit tens of millions of dollars in supplemental funds from their LCAPs** (see Table 2, below). Even when districts account for all of their supplemental funds, nearly all of the LCAPs lack sufficient detail to understand how they are spending the money. The majority of LCAPs provide only vague descriptions of services and actions.¹⁹ One district did not identify its supplemental grant funding separately from other funding sources in Section 2 of its LCAP. Another district did not state the amount of supplemental funds allocated to support each action, and instead stated that a percentage of certain actions were funded by supplemental funds. This practice made it very difficult to understand how the district was spending its supplemental funds and ensure these expenditures were properly justified.

A second concerning pattern is that **non-concentrated districts are using large amounts of supplemental funds districtwide without adequate legal justification** to explain how the proposed use is the “most effective use” of funds to serve the district’s goals for high-need students, as the law requires.²⁰ This practice is especially disconcerting because many of the districts selected for review are the state’s most segregated non-concentrated districts. This means that schools with very low percentages of high-need students are unfairly receiving the same amount of money as schools with very high percentages of high-need students. For example, in a district that spends 79% of its supplemental funds districtwide, one school with only 11% high-need students could be benefitting from similar amounts of supplemental funded services as another school with 96% high-need students.²¹ Furthermore, more than half the districts reviewed fail to cite even one research, theoretical or experiential basis to justify districtwide spending, as the law requires.²²

Despite numerous challenges, there are a handful of non-concentrated districts’ LCAPs that stand out from the pack. This report will highlight these best practices and innovations. For example, one district created a table to justify their districtwide use of funds. Two districts provide well-written and detailed Section 3 narratives. A few districts direct funds to high-need pupils and limit districtwide spending. Public Advocates strongly encourages all districts to consider these best practices as opportunities to improve their LCAPs substantively and legally.

¹⁹ Local Educational Agency (LEA) confusion regarding how to explain spending of supplemental and concentration funds in their LCAPs was such a widespread concern that the Sacramento County Office of Education invited Public Advocates to collaborate to train districts in their county on how to approach this section to meet the requirements of the law while upholding principles of equity and transparency. Training available at http://bit.ly/PA_Sec3_Training.

²⁰ 5 CCR § 15496(b)(2).

²¹ For supplemental funding data, see Orange Unified School District’s LCAP. (All district 2015-2016 LCAPs should be posted on the districts’ websites, and are also available at <http://www.cde.ca.gov/fg/aa/lc/calcaplinks1516.asp>.) According to Dataquest, within Orange Unified, Anaheim Hills School has only 11% high needs pupils and California Elementary School has 96% high-need students, see <http://www.ed-data.org/school/Orange/Orange-Unified/California-Elementary>.

²² 5 CCR § 15496(b)(2).

IV. Legal Framework: All School Districts Must Transparently Explain Education Spending in their LCAPs and Non-Concentrated Districts Must Justify Districtwide Supplemental Spending as the “Most effective Use” to Serve their Goals for High-Need Students.

As the comprehensive educational plan for the district, the LCAP should account for nearly all education-related spending, including all supplemental and concentration — and most base — funding.²³ The law states that a district must list all actions to meet its LCAP goals for all students in each of the eight state priorities.²⁴ As the State Board has explained, “[t]he state priorities broadly cover an LEA’s [Local Educational Agency’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.”²⁵ Districts must report their goals, actions and expenditures in Section 2 of the LCAP, entitled, “Section 2: Goals, Actions, Expenditures, and Progress Indicators.”

Under LCFF, non-concentrated districts also have certain parameters for how they may spend their supplemental funds to ensure equity for high-need students. Districts must meet a minimum obligation to *increase or improve* services for high-need students as compared to all students in proportion to the supplemental funds these students generate.²⁶ To increase or improve services means to “grow” services in either “quantity” or “quality.”²⁷ Pursuant to these regulations, new supplemental funds should generally be used to fund new or better services for high-need students related to LCAP goals. LCAPs should reflect all supplemental fund spending.

All districts must describe in their LCAPs how districtwide spending of supplemental funds (not on programs or services specific to high-need pupils) is “*principally directed*” to their goals for high-need students and will be “*the most effective use of funds*” towards those goals.²⁸ The addition of the word “*principally*” to the permanent regulations adopted by the State Board resulted from a concerted effort to focus the use of supplemental funds primarily on the goals for high-need students who generate them. For an action to be “*principally directed*,” district goals for high-need students must be a forethought, not an after or equal thought to all other students. Districts must provide these descriptions and justifications in Section 3 of the LCAP, entitled, “Section 3: Use of Supplemental and Concentration Grant funds and Proportionality.”

Non-concentrated districts that have an enrollment of unduplicated pupils of less than 55% have an additional burden of justifying districtwide spending as the “most effective use” of supplemental funds. Specifically, a non-concentrated school district expending funds on a districtwide basis **shall do all** of the following:

- ✓ Identify in the LCAP those services that are being funded and provided on a districtwide basis.
- ✓ Describe in the LCAP how such services are *principally directed* towards, and are effective in, meeting the district’s goals for its unduplicated pupils in the state and any local priority areas.
- ✓ Describe how these services are the *most effective use* of the funds to meet the district’s goals for its unduplicated pupils in the state and any local priority areas. The description shall provide the

²³ To emphasize this point, the State Board added further language to the LCAP Template instructions 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.”

²⁴ See Educ. Code §§ 52060(c)(1) & (2) and 52064(b)(1).

²⁵ See WestEd, “Developing a Quality Local Control and Accountability Plan” (2014), at page 7, at <http://lcff.wested.org/wp-content/uploads/2014/03/Developing-a-Quality-Local-Control-and-Accountability-Plan.pdf> (emphasis added).

²⁶ 5 CCR § 15496(a).

²⁷ 5 CCR §§ 15495(k) and (l).

²⁸ 5 CCR §§ 15496(b)(2)(B) and (C).

basis for this determination, including, but not limited to, any alternatives considered and any supporting research, experience, or educational theory.²⁹

To reiterate, when a non-concentrated district wants to spend its supplemental funds on a districtwide basis, it must explain how this expenditure is the most effective use of these targeted dollars, and it must provide a research, theoretical or experiential basis for this determination. Based on our review, non-concentrated districts are not following the above legal regulations. Thus, they are failing to ensure the supplemental funds generated by high-need students are actually increasing or improving services to those students.

V. Findings Raise Concerns Regarding Transparency and Equity of Non-Concentrated District LCAPs

A. There is an overwhelming lack of transparency in how non-concentrated districts spend their supplemental funds.

i. Districts are failing to disclose how they are spending millions of dollars in supplemental funds.

Among the fifteen districts we reviewed, there are tens of millions of unaccounted supplemental dollars. The omitted funds range from a low of \$103,000 to a high of \$9.7 million, or between 11% to 80% of the total amount of supplemental funds a district expected to receive. The problem is pervasive as one third of the districts reviewed have over \$1 million in unaccounted for supplemental funds (see table 2, below.)

Table 2: Non-Concentrated Districts Examined with over \$1 Million in Supplemental Funds Missing from their LCAPs (in millions)

District	County	Supplemental Funds Expected in 2015-2016	Supplemental Funds Omitted from the LCAP	% of Supplemental Funds Omitted from the LCAP
Ventura Unified	Ventura	\$8.2	\$6.6	80%
San Marcos Unified	San Diego	\$12.3	\$9.3	75%
Mt. Diablo Unified	Contra Costa	\$21.6	\$9.7	45%
Fullerton Elementary	Orange	\$2.2	\$7.3	30%
Oak Grove Elementary	Santa Clara	\$6.5	\$1.9	29%
San Juan Unified	Sacramento	\$22	\$2.4	11%

Public Advocates provided the above six districts an opportunity to explain the unaccounted funds and we received the following responses:

- One district corrected the omission by including all supplemental funds in their 2015-2016 Annual Update in its forthcoming 2016-2019 LCAP.³⁰
- Four districts admitted that their LCAPs omitted the funds. All four districts are holding the funds on reserve as a carryover and one of these districts is also spending a portion of the omitted funds on services that have existed for more than ten years.³¹

²⁹ 5 CCR § 15496(b)(2).

³⁰ Fullerton Elementary School District's 2015-2016 Annual Update on file with author.

³¹ Email correspondence with Mt. Diablo Unified, San Marcos Unified, Ventura Unified and San Juan Unified documenting use of unaccounted for supplemental funds on file with author. According to San Juan Unified, the district is spending a portion of its omitted supplemental funds on pre-existing services which include administration of programs for unduplicated pupils. Since these expenditures are omitted from the LCAP, it is unclear how this use of funds supports high-need students.

➤ Despite multiple emails and phone calls, one district did not respond.³²

The practice of funding pre-LCFF services calls into question whether a district is meeting its minimum obligation to *increase or improve* services for high-need students as compared to all students in proportion to supplemental funding a district receives. Under LCFF, supplemental funds should generally be used to grow services and may only be used for existing pre-LCFF services if that service was specifically provided for high-need students as opposed to all students.

A district must demonstrate quantitatively or qualitatively that it is meeting its minimum obligation in the fiscal year in which it receives the supplemental funds.³³ When a district fails to spend significant supplemental funds in the fiscal year, it raises significant concerns that the district is not meeting its minimum proportionality obligation to increase or improve services for high-need students. It is unclear whether the reserved funds in the four districts we analyzed are being used as flex dollars and/or to plug budget holes rather than as a carry forward to fulfill a district's minimum proportionality obligation.

With millions of dollars in supplemental funds being excluded from LCAPs, it makes it extremely difficult to track these funds, exacerbating the deep concern that these funds are not reaching the high-need students who generated them.

ii. Vague descriptions of actions and services in LCAPs make it impossible to ensure supplemental funding is being equitably spent.

Several of the districts reviewed provide action and/or service descriptions for supplemental fund expenditures that are so vague it is impossible to see the nexus between the action and the increased or improved service for high-need students. One district describes a supplemental funding expenditure of half a million dollars as, "provide support services and pay for indirect costs."³⁴ It is impossible to figure out what this expenditure is without further investigation and research. Another district describes one of its largest supplemental funding expenditures of \$1.46 million as, "continue to provide additional opportunities for students who are credit deficient and with impacted schedules to graduate high school through summer school."³⁵ This description is too broad and does not draw any connection between summer school funding and high-need student goals. These descriptions are so ambiguous that it is difficult to assess whether the services are actually benefitting high-need students.

A few districts do not disclose supplemental fund spending by action. One district does not identify any supplemental grants separately from other funding sources; its Section 2 includes its supplemental funds in a sum of all the funds allocated to support each action.³⁶ It then provides brief summary in Section 3 of five categories of supplemental fund expenditures. One category lumps together \$8.3 million in expenditures. Such a large grouping makes it impossible to specifically track funds. Another district does not provide a dollar amount of supplemental fund expenditures; instead its Section 2 states that 54% of certain allocations will be funded by supplemental funds.³⁷ (54% is roughly matches this district's proportion of high-need students.) This practice makes it difficult to track

³² Oak Grove Elementary School District did not respond to email and telephone inquiries.

³³ 5 CCR § 15496(a).

³⁴ See Evergreen Elementary School District's LCAP, Section 2, page 14.

³⁵ See Corona-Norco School District's LCAP, Section 2, Goal 1.1.13, page 19. Section 3 does not provide any further detail regarding the summer school expenditure.

³⁶ See San Jose Unified School District's LCAP.

³⁷ See Santa Barbara Unified School District's LCAP.

supplemental funds and to be sure the districtwide spending is targeted towards and is the most effective use for its high-need students.

B. Non-concentrated districts are spending large amounts of supplemental funds districtwide without justifying these expenditures as *the most effective use* for their high-need students.

Overall, the non-concentrated districts reviewed are heavily spending their supplemental funds districtwide—in other words, on actions and services for all students rather than on targeted services for high-need students (see table 3, below). In fact, one third of the districts reviewed allocated 100% of their supplemental funds districtwide and more than half of the districts spend the majority of their supplemental funds districtwide.³⁸ Despite extensive districtwide supplemental spending, eight districts fail to apply the “most effective use of funds” rationale.³⁹ One district simply states in Section 3A of its LCAP, “at times a district-wide or school-wide implementation would be a more programmatically and/or operationally efficient method to deliver services to unduplicated students.”⁴⁰ This district makes no attempt to provide any alternatives considered, supporting research, experience, or educational theory as required by LCFF to justify the districtwide spending of supplemental funds.

Table 3: Non-Concentrated Districts’ Districtwide Spending

	District	% of Funds Spent Districtwide	Most Effective Use of Funds Justification Provided
1	Folsom-Cordova Unified	100%	Yes
2	Fullerton Elementary	100%	Yes
3	Oak Grove Elementary	100%	No
4	Santa Barbara Unified	100%	No
5	Santa Rosa High	100%	No
6	San Marcos Unified	91%	Yes
7	Evergreen Elementary	90%	No
8	Orange Unified	79%	Yes
9	Mt. Diablo Unified	64%	No
10	Alameda Unified	49%	Yes
11	Corona-Norco Unified	47%	No
12	San Juan Unified	39%	Yes
13	San Mateo Foster City	36%	Yes
14	Ventura Unified	6%	No
15	San Jose Unified	Unavailable	No

These findings raise the concern that there is an inequitable and unjustified distribution of supplemental funds in non-concentrated districts. In particular, in a district that is highly segregated, where high-need students are concentrated in particular schools, the use of supplemental funds on a districtwide basis absent justification may be less effective and less equitable for improving outcomes for high-need students. The PPIC’s report highlights the potential problem of ineffective distribution of funds in highly segregated districts.⁴¹ In particular, the districtwide use of supplemental funds with large school-to-district average differences of high-need student populations may prove “less effective for improving outcomes for high-need students” in the long-term. If supplemental funds are spent in a “less

³⁸ Some districts state that a service is districtwide and school specific. In these cases, Public Advocates categorized the expenditure as a districtwide one. It was impossible to calculate the percent of supplemental funds that are spent districtwide in San Jose Unified; Section 2 of the LCAP does not identify supplemental expenditures separately from other funding sources.

³⁹ In judging this category, Public Advocates was generous to the districts. Even if the district made only one vague reference to research, an alternative considered, or an educational theory, Public Advocates considered the justification criterion met.

⁴⁰ Ventura Unified School District’s LCAP, Section 3A, page 99.

⁴¹ See *supra* note 15.

effective” or ineffective manner, we cannot expect LCFF to change outcomes for the high-need students it was designed to serve.

Despite these trends, there are a select handful of districts that are making efforts to explain their districtwide use of funds. Alameda Unified, Orange Unified, and San Jose Unified use the “most effective use of funds” language from the LCFF statute in their LCAPs. Alameda Unified, Fullerton Elementary, and San Marcos Unified state that the supplemental funds are “principally directed” towards high-need students. San Jose and San Juan Unified specifically note that supplemental funds “increase or improve services” for high-need students. Seven out of fifteen districts cite an alternative considered, supporting research, experience, or educational theory to justify districtwide spending.

VI. Innovations and Best Practices

Among the fifteen non-concentrated district LCAPs reviewed, Alameda Unified stood out as most closely adhering to the letter and equity spirit of the LCFF law. Notably, 24 out of 32 supplemental expenditures—or 83% of their total supplemental funds—are aimed directly at high-need students. This district also targets supplemental funding to eight out of the ten highest concentrated high-need schools in the district. The LCAP directly addresses how supplemental expenditures are “principally directed” to high-need students and how districtwide use of funds are the most effective use for high-need student goals.

Alameda Unified created an innovative table justifying the use of districtwide funds.⁴² The district created a narrative table because according to the district’s director of teaching and learning, the district found the Section 3 template confining. The process of justifying the districtwide use of funds helped the district decide how to spend its supplemental funds; some actions could not be justified as the “most effective use” for high-need students and so were funded by other means or abandoned. For example, one administrator wanted to use supplemental funds to purchase general technology resources schoolwide. This idea could not be justified as the most effective use of the funds generated by high-need students, however, and the site has since allocated supplemental funds to a summer school camp for English learners. Alameda Unified is also transparent in Section 2 about how much supplemental funding is allocated to each school site and whether the funds are being spent in a schoolwide or districtwide manner.⁴³

Other districts’ LCAPs also have practices worth highlighting. San Jose Unified’s Section 3 narrative is well-written, addressing in detail how supplemental funds will increase or improve services for high-need students.⁴⁴ The district’s Section 3 also elaborates on how districtwide supplemental expenditures are the most effective use of funds. San Juan Unified School District provides a detailed narrative in Section 3 of its LCAP including a plethora of supporting research. San Mateo Foster City does a good job of directing its supplemental funding to high-need students, only 36% of its supplemental funds are spent districtwide. The district also targets supplemental funding to nine out of its top ten highest need schools. The service descriptions for English learners are detailed and clear. San Juan Unified’s LCAP shows similar strengths as San Mateo Foster City’s LCAP. Public Advocates encourages the implementation of these practices.

⁴² Alameda Unified School District’s LCAP, Section 3, page 114-117, at <http://alameda.usd.ca.schoolloop.com/file/1311480966456/1410848116331/4889357675138746128.pdf>.

⁴³ See *supra* note 49, page 117-118.

⁴⁴ San Jose Unified School District’s LCAP, Section 3, page 97-99, at <https://sjusd.app.box.com/v/2015-2016-lcap-budget>.

VII. Recommendations

In light of our findings, Public Advocates makes the following recommendations to improve the transparency of how non-concentrated districts are spending supplemental funds:

- ✓ **County Offices of Education should not approve an LCAP**
 - if it does not capture the allocation of all of a non-concentrated district's supplemental funds
 - if districts are using supplemental dollars to merely fund pre-existing services and thus failing to explain how they are meeting their minimum proportionality obligation to high-need students.
- ✓ **The State Board of Education should amend the LCAP template so that**
 - districts must indicate whether an action is new or merely continuing services from prior years. If districts are continuing services, then they should be required to complete a narrative section explaining how the pre-existing service is being increased or improved or how that was a service specifically for high-need students.
 - districts must disclose how they are spending all supplemental funds including any supplemental funds being held in reserve.
 - districts identify funding sources by individual action (as opposed to aggregated expenditures) including distinguishing specific supplemental fund amounts from other funding sources.
 - the applicable regulatory requirement for each separate districtwide and schoolwide use of supplemental funds including how the expenditure is the most effective use of funds is explicitly stated in Section 3A.
- ✓ **The State Board should issue written guidance to COEs stating that districts must account for any unspent supplemental funds. These funds should be included in the following year's budget and LCAP to make up for the LEA'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.**

We make the following recommendations to decrease vagueness and increase specificity and detail in district LCAPs:

- ✓ **COEs should closely scrutinize vague descriptions of school-site spending and push for more clarity in how these funds are being spent in the LCAP and the Annual Update.**
- ✓ **To facilitate transparency, districts should provide specific descriptions for actions and services funded by supplemental dollars.**

We make the following recommendations to ensure equity districtwide supplemental spending and increased or improved services for high-need pupils in non-concentrated districts:

- ✓ **County Offices of Education should not approve an LCAP that does not provide the description and justification required in the instructions for Section 3A to ensure that non-concentrated districts identify each proposed use and justify how those funded actions are the most effective use of funds and the basis for that determination as the law requires.**

VIII. Conclusion

At the heart of LCFF is a basic equity bargain. Districts have just been relieved of a slew of bureaucratic compliance mandates tied to dozens of old state categorical programs. The deal was that in exchange for dropping all of that work and for having all this new flexibility, districts would be fully transparent around their spending particularly on high-need students. This review suggests that non-concentrated districts, as a whole, are falling far short of fulfilling the transparency, accountability and equity promise of LCFF, leading us to believe that the low-income, English learner and foster youth students in these districts are not reaping the benefit of the millions of dollars they generate for their districts. We hope that non-concentrated districts, their supervising county offices of education, the State Board and the legislature will consider the above recommendations and enforce the bargain made to benefit our state's neediest students.

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