



GETTING DOWN — TO FACTS II —

RESEARCH BRIEF | SEPTEMBER 2018

The Local Control Funding Formula After Four Years: What Do We Know?

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About: The Getting Down to Facts project seeks to create a common evidence base for understanding the current state of California school systems and lay the foundation for substantive conversations about what education policies should be sustained and what might be improved to ensure increased opportunity and success for all students in California in the decades ahead. *Getting Down to Facts II* follows approximately a decade after the first Getting Down to Facts effort in 2007. This research brief is one of 19 that summarize 36 research studies that cover four main areas related to state education policy: student success, governance, personnel, and funding.

This brief summarizes four *Getting Down to Facts II* technical reports that describe research conducted during the LCFF's first four years of implementation:

The Local Control Funding Formula: What Have We Learned After Four Years of Implementation?
Julia E. Koppich and Daniel C. Humphrey, September 2018.

Taking Stock of Stakeholder Engagement in California's Local Control Funding Formula: What Can We Learn from the Past Four Years to Guide Next Steps?

Julie A. Marsh, Michelle Hall, Taylor Allbright, Laura Tobben, Laura Mulfinger, Kate Kennedy, and Eupha Jeanne Daramola, September 2018.

Leading in the Local Control Funding Formula Era: The Shifting Role of California's Chief Business Officers

Jason Willis, Kelsey Krausen, Erika Nakamatsu Byun, and Ruthie Caparas, September 2018.

In Need of Improvement? Assessing the California Dashboard After One Year

Morgan Polikoff, Shira Korn, and Russell McFall, September 2018.

These and all GDTFII studies can be found at www.gettingdowntofacts.com.

Introduction

The Local Control Funding Formula (LCFF), signed into law by Gov. Jerry Brown on July 1, 2013, represents the first comprehensive change in the state's education funding system in 40 years. The LCFF eliminates nearly all categorical funding streams, shifts control of most education dollars from the state to local school districts, and empowers districts, through a process of stakeholder engagement, to shape resource allocation goals and priorities to meet local needs.

PRINCIPAL SOURCES OF DATA

The principal sources of data for these reports include:

- The Local Control Funding Formula Research Collaborative's four years of research on LCFF implementation, including 30 case studies of districts and their county offices of education, more than 500 interviews, and a statewide survey of 350 superintendents.
- Interviews with 42 chief business officers (CBOs) conducted by WestEd, 2018.
- The January 2018 poll of California voters conducted by Policy Analysis for California Education (PACE) and the Rossier School of Education at the University of Southern California.
- Interviews with 91 district superintendents conducted by a team from Brown University for the *Getting Down to Facts II* project, 2017.
- Statewide dashboard data drawn from the California Department of Education website, caschooldashboard.org, 2018.

A QUICK PRIMER ON THE LOCAL CONTROL FUNDING FORMULA (LCFF)

The LCFF fundamentally reshapes California school finance and shifts most resource allocation decisions from the state to local school districts. Each district now receives a base funding allocation and, depending on their student population, added dollars, called supplemental and concentration grants, to increase programs and services for low-income students, English learners, and foster youth. The goal is to allocate resources more equitably to give these historically underserved student populations additional opportunities to succeed.

Eight educational priorities—state standards, parent involvement, student engagement, basic services, student achievement, school climate, course access, and other student outcomes—undergird the law. Districts determine how to apportion their dollars to best meet the needs of their students by consulting with a broad range of stakeholders, including parents, teachers, principals, other district and school staff, and students. Each district develops a fiscal plan, the Local Control and Accountability Plan (LCAP), which describes the district’s vision and goals for students and the strategies and dollars the district will use to achieve them.

The LCFF significantly expands the roles of county offices of education (COEs), making them responsible both for providing technical assistance to districts to complete their LCAPs and for determining if the completed document meets the legal requirements. The law also establishes the California Collaborative for Educational Excellence (CCEE) to help districts meet their LCAP goals and the System of Support. Based on multiple measures, including test score growth, graduation and suspension rates, college and career readiness, progress of English learners, and chronic absenteeism, the new accountability system emphasizes assistance and support rather than sanctions and punishments. The California Dashboard, implemented about a year ago, is the online tool that provides a visual display for each district of student progress and areas for improvement.

LCFF full funding is two years ahead of schedule. Originally expected to be fully funded in 2020-21, California’s 2018-19 budget fully funds the law this year. The combination of several years of a healthy state economy and the temporary education tax approved by California voters (first in 2012; then reauthorized in 2016) has resulted in most districts being at revenue levels well above those originally guaranteed.

KEY FINDINGS

What does research reveal about the LCFF after four years of implementation?

- The LCFF enjoys substantial support.
- Nevertheless, public awareness about the LCFF continues to lag.
- The LCFF is enhancing resource allocation practices, but additional progress may be constrained by inadequate base funds.
- Stakeholder engagement is evolving, but remains challenging for many districts.
- School board involvement in engagement and Local Control and Accountability Plan (LCAP) development activities is typically modest at best.
- LCFF communication and accountability mechanisms (LCAPs and the California Dashboard) receive mixed reviews.
- The LCFF has significantly expanded the role of county offices of education (COEs), but they will need to expand their capacity as California implements a new system of support.

Summary of Key Findings

The LCFF enjoys substantial support

Superintendents support the LCFF's equity goal. In a recent survey by the LCFF Research Collaborative, nearly all (94%) of superintendents agree that students with greater needs should receive additional resources. About two-thirds (68%) of the chief business officers interviewed by the collaborative also voice support for the LCFF's equity goal. CBOs further report that the LCFF is increasing the district's accountability to the community and enabling districts to more strongly link funding decisions to student outcomes. Even CBOs who do not view their district as benefiting financially from the LCFF express positive views about the law.

The parent and community engagement requirement also earns support from superintendents. Three-quarters of superintendents (75%) agree that the LCFF's parent and community engagement requirement gives historically underrepresented students and families new opportunities to influence district decisions.

One of the LCFF's key tenets is that local control will enable spending to match local needs. Nearly three-quarters of superintendents (74%) say that the fiscal flexibility granted by the LCFF has enabled their district to spend in ways that match local needs. CBOs affirm that freedom from categorical funding strictures has allowed districts to prioritize programs that meet the needs of their local community. This finding also is consistent with the Local Control Funding Formula Research Collaborative case studies findings.

Most encouragingly, perhaps, 70% of superintendents report the LCFF has led to improved academic outcomes for students.

Nevertheless, public awareness about the LCFF continues to lag

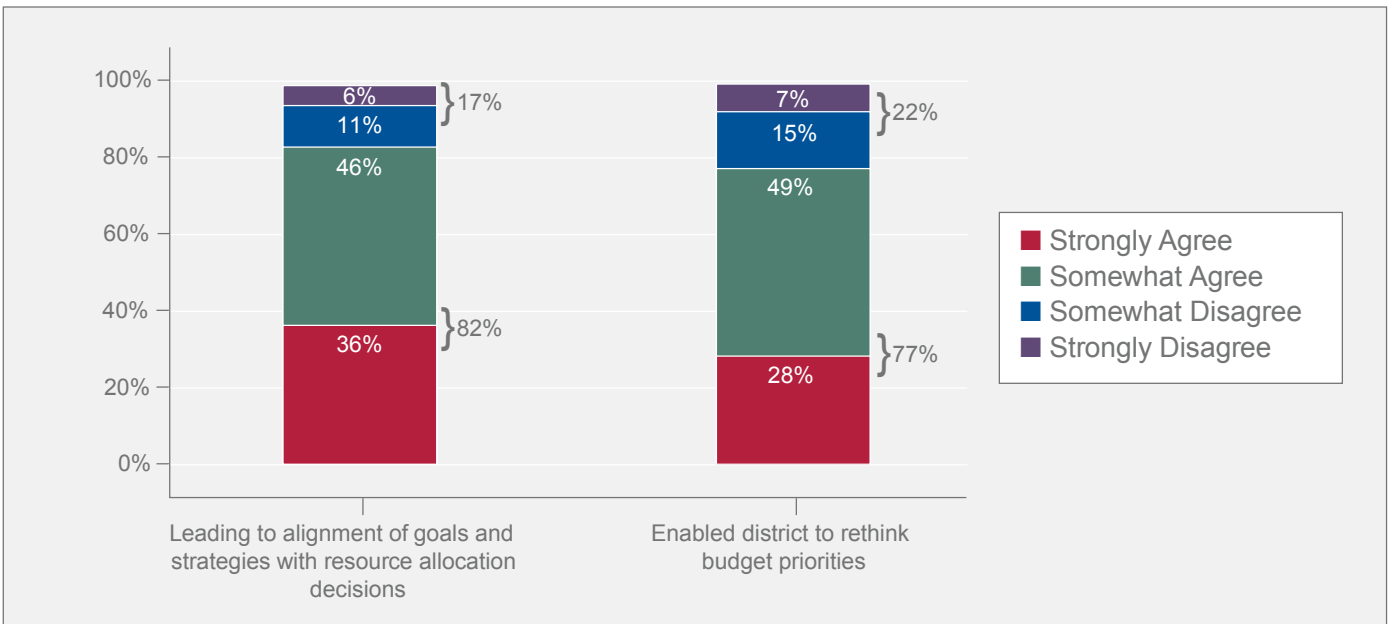
Five years into the LCFF, the public is largely unaware of the law or how it changes school funding in California. The January 2018 PACE-USC Rossier public opinion poll found that only 17% of likely voters and 37% of parents say they have read or heard about the LCFF. However, of those polled who indicated familiarity with the law, 72% of likely voters and 84% of parents view it positively.

The LCFF is enhancing resource allocation practices, but additional progress may be constrained by inadequate base funds

Districts are grateful for the increased funding they have received under the LCFF. The LCFF Research Collaborative (LCFFRC) case studies show that many districts have changed the way they allocate resources, substituting students' needs for the kinds of narrow requirements that often were attached to categorical programs.

As Figure 1 shows, a strong majority of superintendents (82%) agrees that the LCFF is leading to greater alignment of district goals, strategies, and resource allocation decisions. And 77% say LCFF is enabling them to rethink budget priorities.

Figure 1: A Majority of Superintendents Say the LCFF Is Helping Them Align Goals and Strategies with Resource Allocations, Enabling Them to Rethink Budget Priorities



Moreover, more than three-quarters of superintendents (77%) report that their districts are making investments that are improving services and programs for low-income students, English learners, and foster youth. Services include counselors, social workers, other staff supporting students' social-emotional needs, and teacher professional development focused on the needs of targeted students.

Enthusiasm for increased funds, however, is tempered by concerns about inadequate base funding and worries about the rising costs of pension obligations, health care, and special education. Altogether, 78% of superintendents say inadequate base funding is a barrier to improving teaching and learning in their district. These concerns about levels of funding and rising costs are consistent with the LCFFRC case studies findings. In addition, almost all (98%) of CBOs echo these concerns.

The state budget enacted on June 14, 2018, may ameliorate one looming issue. District leaders in the LCFFRC case study sites expressed frustration that use of supplemental and concentration funds is limited to the targeted subgroups of students. On the LCFF Research Collaborative's survey, superintendents nearly unanimously support (90%) districts being able to use these dollars for other disadvantaged students (e.g., students of color and other historically marginalized student groups). The 2018-19 state budget includes the Low-Performing Students Block Grant, a \$300 million appropriation for students who score at the lowest level on standardized tests. This one-time allotment is designed to help students who do not fit in the LCFF target categories.

Stakeholder engagement is evolving, but remains challenging for many districts

Resource allocation decisions have traditionally been the purview of the superintendent and central office administrators. The LCFF's stakeholder engagement requirement represents a new path for districts. The law does not specify what stakeholder engagement should look like beyond a few bare-bones requirements. Districts largely are left on their own to determine the structure of the engagement process.

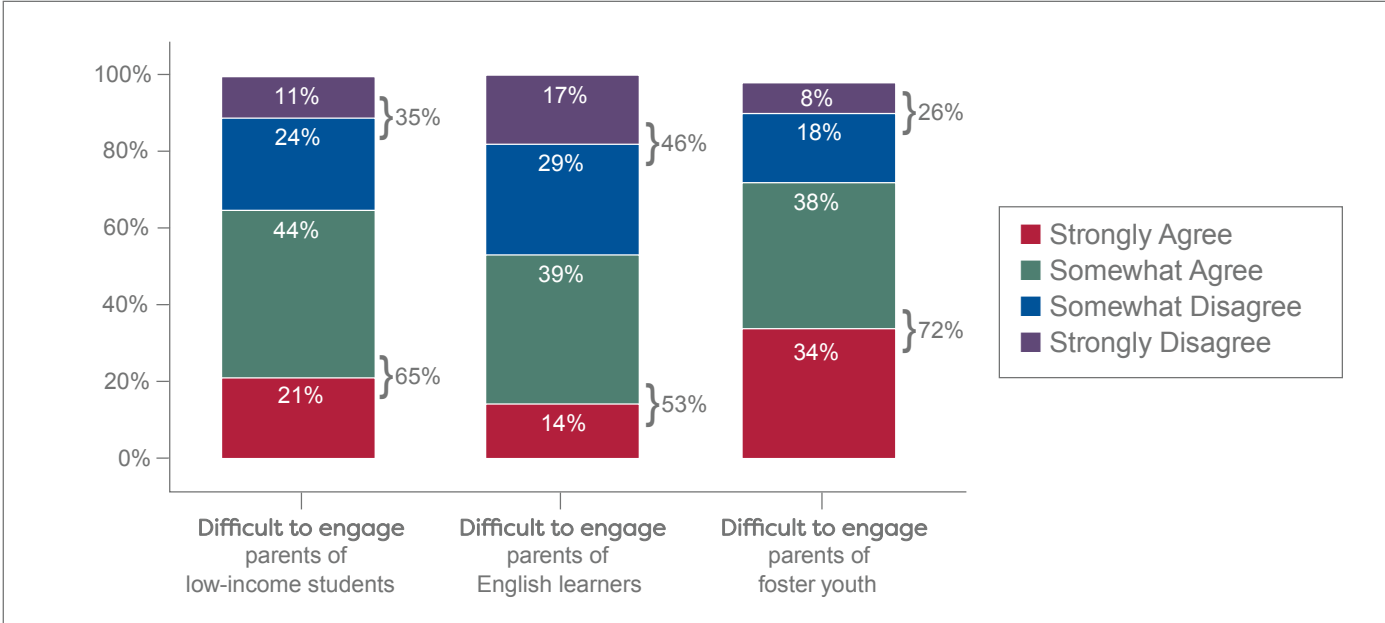
The LCFFRC case studies found that districts are making good faith efforts to meet the LCFF's engagement requirement. Superintendents report principals (87%), instructional staff (81%), parents (74%), and, increasingly, students (48%) are participating in engagement activities.

Districts are also using multiple strategies to encourage engagement. The most common, say superintendents, include communicating with existing parent advisory groups (93%), surveying parents and staff (91% and 81%, respectively), convening an LCAP advisory group (76%), and hosting LCAP/LCFF community or school meetings (62% and 66%, respectively). Over time, engagement activities have evolved as districts have experienced difficulty ensuring meaningful or deep forms of engagement (e.g., two-way dialogue that is not dominated by a few participants).

Some districts have changed the focus of districtwide meetings from broad district goals and budget discussions to questions such as: "How can this district do the best by your child?" The LCFFRC research also shows that some districts have begun to shift engagement discussions to school sites on the theory that more localized engagement will enhance participation. In addition, some districts are beginning to devolve limited fiscal decision-making authority, generally over a portion of supplemental and concentration funds, to school sites as part of their school-based engagement efforts.

Yet, many districts continue to struggle to attract parent participation in engagement activities, particularly parents of students in targeted subgroups. As Exhibit 2 shows, substantial majorities of superintendents say it remains a challenge to engage parents and guardians of low-income students, English learners, and foster youth.

Figure 2: Engaging Parents of Students in Targeted Subgroups Remains a Work in Progress



The CBOs who were interviewed express some concern about the stakeholder engagement requirement, specifically that some stakeholders may view all LCFF dollars as discretionary and lack sufficient understanding of the kinds of fixed costs, such as salaries and pensions, that are part of districts’ continuing fiscal obligations.

Stakeholder engagement remains very much a work in progress. Many districts continue to find their skills and capacities challenged by the LCFF’s stakeholder engagement requirement.

School board involvement in engagement and Local Control and Accountability Plan (LCAP) activities is typically modest at best

The LCFF can be seen as providing an opportunity for school board members to exert greater influence over district decisions and resources. Rather than working to engage their constituencies in the LCAP development process, attending community-wide and school-level meetings, or advocating for specific expenditures for the target student groups during the development process, school board members often have little involvement in LCFF beyond attending formal board meetings and approving the completed LCAP. Our research suggests that most school board members largely leave LCAP development to district administration.

The LCFFRC case studies show that, in some districts, board members believe that involvement beyond these limited activities oversteps their bounds as board members. Some superintendents believe board members lack the knowledge and experience to participate in LCAP development or stakeholder engagement efforts and thus constrain them from getting—or at least do not encourage them to be—involved more broadly. Some board members interviewed by the collaborative say they trust the district administration to develop the LCAP and view the board’s role as simply giving a “stamp of approval.” In districts in which board members are engaged relatively more deeply, the LCFFRC research suggests this is the result of purposeful attempts on the part of the superintendent or board leadership to build board capacity to participate more fully.

LCFF communication and accountability mechanisms (LCAPs and the California Dashboard) receive mixed reviews

LCAPs

The State Board of Education’s LCAP template, modified three times in four years, is designed to serve three purposes: engagement, planning and budgeting, and accountability. The LCFFRC research shows a number of LCAP challenges, including that the template is designed to serve too many purposes and that it has come to be seen in many districts as a compliance document.

One of the thorniest LCAP issues has been a perceived lack of transparency. It has not been possible to track from the LCAP to the district budget or vice versa. Moreover, some LCAPs include base and supplemental and concentration funds; others include only supplemental and concentration funds. LCFFRC research and the CBO interviews confirm that at least some of the confusion about what to include in the LCAP stems from variation in the guidance districts have received from their county offices of education. The new state budget aims to increase transparency by requiring that by July 1, 2019, each district develop an LCFF budget summary for parents that will link district budget expenditures to LCAP goals, actions, and services.

The LCFFRC case studies found nearly universal agreement that the LCAP is unwieldy and burdensome. Case studies also show that the LCAP presents a special challenge to small and rural districts that must complete the same document as districts many times their size. Yet, the LCFFRC research also found a prevailing sentiment of “we don’t like the LCAP, but please don’t change it.” It may be that the LCAP is now becoming an expected standard practice. Altogether, 70% of superintendents say the LCAP is an effective tool for communicating district goals and strategies to the community, and 60% of CBOs say they use the LCAP to prioritize spending decisions.

The California Dashboard

The California Dashboard conveys a clear message from the state: Student progress is more than a test score. Improvement is gauged by multiple measures, and progress should be the product of local work.

Though quite new, the Dashboard earns some plaudits from the public and district leaders. The PACE-USC poll shows that among those who have heard of the Dashboard, slightly more than half (51%) have a positive impression of it. Parents who have seen the Dashboard website are even more enthusiastic: 72% have a positive impression. (Although this statistic is encouraging, only 27% of California voters report having visited the website.) When shown images of the Dashboard, 61% of voters and 76% of parents react positively.

Both superintendents and the public say the Dashboard captures the most important measures (53% of superintendents and 57% of the public). Superintendents also report that the Dashboard helps their district measure progress toward LCAP goals (62%), is easy to understand (56%), and is an effective means to communicate to the community (49%). However, just 29% of superintendents say the Dashboard provides timely information on student outcomes.

In September 2018, revisions to the Dashboard were announced; these revisions are intended to simplify the language on the website, simplify navigation, and improve the clarity with which results are presented. The Dashboard evidence reported here is based on the previous version of the Dashboard.

The LCFF has significantly expanded the role of county offices of education, but they will need to expand capacity as California implements a new system of support

The LCFF has significantly expanded the role of county offices of education (COEs). As previously noted, under the LCFF, COEs both help districts prepare their LCAPs and evaluate the quality of the finished document. Both LCFFRC case study research and superintendent survey results reveal that COEs have played an important role in LCFF implementation. Nearly all superintendents report that they have received help on completing technical aspects of their LCAPs (83%), understanding and using the Dashboard (75%), understanding appropriate uses of base and supplemental and concentration funds (66%), developing LCAP goals and strategies (59%), and measuring progress toward LCAP goals (58%). Although not all of this support is from COEs—superintendents mention lesser support roles played by organizations such as the Association of California School Administrators (ACSA) and School Services of California—COEs account for a significant portion of this support. COEs have also helped CBOs communicate and collaborate with budget officers in other districts.

The LCFFRC’s case studies show wide variation in capacity among the state’s 58 COEs. The new responsibilities the LCFF adds have strained the capacity of many, sometimes causing them to move staff from other projects (such as implementing the Common Core curriculum) to LCFF work. COEs will face increasing challenges as the state implements its new support and accountability system that will require COEs to provide districts with individualized, tailored support.²

Conclusion

The LCFF represents a seismic shift in California school finance and governance. Research thus far shows strong support for the principles on which the LCFF is based and some areas of encouraging progress. Although it is clear much more work is needed to realize the LCFF’s ambitious goals, California has made substantial progress on which it now can build.

² In September 2016, the State Board of Education approved a new accountability system that requires districts to show progress on the eight state priority areas. The new system is based on supports rather than punishment. Districts that are struggling or failing to reach their performance targets receive resources and assistance through a coordinated state approach that targets districts’ identified student needs. The still-developing System of Support includes the California Department of Education, county offices of education, and the California Collaborative for Excellence in Education (CCEE).

Lead Author Biographies

Julia E. Koppich is president of J. Koppich & Associates, a San Francisco-based education consulting firm. Her areas of expertise include teacher effectiveness (with an emphasis on evaluation and compensation) and public sector labor-management relations. She has served as a policy consultant for numerous local, state, and federal organizations and agencies and has been a principal on studies of urban school change, teacher peer review, and the impact of federal policy on states and local school districts.

Daniel C. Humphrey is an education policy consultant and the former director of the Center for Education Policy at SRI International. He has more than 20 years of experience in research on complex education interventions and has managed numerous large-scale multiyear evaluations, many of which focus on state and federal education policy, efforts to improve schooling for low-income and special needs children, and principal and teacher development.

Julie A. Marsh is an associate professor at the Rossier School of Education at the University of Southern California (USC) and co-director of Policy Analysis for California Education (PACE). Marsh specializes in research on policy implementation, governance, and accountability.

Morgan Polikoff is an associate professor of Education at the USC Rossier School of Education. He researches the design, implementation, and effects of standards, assessment, and accountability policies. In California, he has analyzed the alignment, adoption, and impact of curriculum materials and the design of California's accountability systems.

Jason Willis, director of Strategy & Performance in the Comprehensive School Assistance Program (CSAP) at WestEd, oversees and guides CSAP's performance and accountability practice that includes supporting state, regional, and local education agencies to align their policies, strategies, and accountability practices to achieve more equitable education outcomes for students.