

Implementing the Local Control Funding Formula:

Steps Taken by LAUSD in Year Two, 2014-15

Research Findings from the University of California, Berkeley for the CLASS Coalition and United Way of Greater Los Angeles

June 2015



A Fresh Opportunity to Build Equitable Schools

The Los Angeles Unified School District (LAUSD) has begun to reassess budget priorities with an eye toward reducing stark disparities in student achievement. The District will receive about \$1.1 billion in the new school year (2015-16) intended to uplift those pupils most at risk of poor academic performance—children from low-income families, English learners, and foster youth. These groups make-up what District officials call the *Target Student Population* (TSP), equaling over 80% of LAUSD enrollments, precipitating the large number of dollars coming from the state.

This renewed focus on narrowing achievement gaps stems in part from Gov. Jerry Brown’s Local Control Funding Formula (LCFF)—one of the largest public initiatives ever undertaken to equalize the benefits of schooling across diverse students. The LAUSD Board of Education will soon approve a budget that includes the third year (out of eight) of LCFF funding. This fiscal plan will be tied to a second *Local Control and Accountability Plan* (LCAP) drafted by the District implementation team. LCAPs serve as accountability road maps for each district and lay the ground work for the targeted investments and metrics for improvements.

Next year’s budget priorities should take into account lessons that have emerged from the past year of LCFF implementation (2014-15). With this goal in mind, the Communities for Los Angeles Student Success (CLASS) coalition conducted student surveys, focus groups with pupils, teachers and principals, and analyzed school-by-school budgets.

Members of CLASS worked with the school board last summer to pass a resolution that committed the District to distributing so-called *supplemental* and *concentration dollars* to schools that serve the most disadvantaged students—a portion known by the District’s budget team as LCFF *investment dollars*. This equaled \$145 million of the \$820 million in total funds newly allocated by the state in 2014-15, based on revenue weights assigned to the TSP.¹

This research brief reports key findings, stemming from UC Berkeley’s year-long inquiry. We arrange the results in three parts:

- **Following the money**—To what extent have the LCFF investment dollars been sent directly to the schools serving those pupils that generate the new state funds?
- **Strategies to lift students**—Have LCFF dollars gone to new staff positions and programs that aim to narrow gaps in learning, moving to ensure that all students become college and career ready?
- **Civic engagement**—Has the District meaningfully engaged parents, students, school-level staff, and community groups in budget deliberations or building long-term capacity?

Baby Steps and Miles to Travel

Rudiments of a Distinct Strategy for Closing Disparities

This past year was the first time that LAUSD undertook a new budgeting process—guided by the state’s eight policy goals for LCFF and the mandated local control and accountability planning (LCAP) exercise.

The first dollop of LCFF funding actually arrived two years ago (2013-14). Many of those dollars were allocated to bolstering special education efforts within schools, a strategy that does move resources to some low-performing students. But this first-year decision has not ensured that funding is progressively focused on schools serving the complete Target Student Population (TSP).

The current school year, 2014-15, has seen fresh District spending on new instructional aides for English learners, a first-ever appropriation to aid children in foster care, and funding to decriminalize student discipline via restorative justice programs. These victories come as a result of large-scale efforts led by CLASS and community partners that helped shape the District’s LCFF spending priorities. These priorities, unfolding over the past year, may help school principals and teachers better engage low-achieving students. However, it is unclear how the District plans to track school or pupil outcomes for these various program models.

Despite pro-equity goals, we found that the bulk of LCFF investment dollars (the \$145 million) was not distributed according to any transparent needs index. Furthermore, fiscal priority was placed on restoring adult staff positions often not directly tied to instruction, especially the dollars allocated to elementary schools.

Historical Context

Sacramento cut spending on K-12 education by one-fifth statewide in the years following 2008—in the wake of the Great Recession. The impact on LAUSD personnel was immense, losing approximately \$2.7 billion between 2009 and 2013. Some restoration of staffing seems reasonable. But the first full year of LCFF implementation has been dedicated largely to rebuilding the status quo, rather than rethinking how to construct a pro-equity strategy, target dollars on a discrete set of program models, and track what’s working over time.

While the initial LCAP in 2014-15 did include a complex and disparate array of priorities, we found no coherent strategy for distributing dollars to schools serving the pupils that generated these new revenues. Nor did any distinct strategy surface that articulates how new positions and programs would nurture school-level efforts to narrow disparities in achievement. We acknowledge the enormity of the task before LAUSD: to restructure its budgeting process with only broad goals provided by the state and with little direction on measurable outcomes to achieve those goals.

That said, District staff and board members have been easily accessible and candid over the past year. We are traveling this new road together. District officials and board members appear genuinely committed to mobilizing the tools and dollars now available through LCFF to narrow historical inequalities.

The spirit of this brief is to illuminate budget developments in 2014-15 and to report the voices of stakeholders who remain largely outside of fiscal deliberations. Community advocates hope to highlight both the promising practices, along with missing pieces, in these initial years of LCFF implementation. Students will not be lifted until they experience a more supportive school climate and engaging teachers, and until campus-wide efforts invigorate entire school communities.

The State’s Eight Policy Goals for LCFF

School climate	Parent participation	Access to challenging courses	Gains in student achievement
Implementing Common Core	Basic support services for students	Stronger student engagement	Lifting other student outcomes

Following the Money

Resources to Kids Who Generate the Dollars

Certain students and communities generate new state dollars, so-called *weighted students* and *neighborhoods with concentrated poverty*, captured by the target student population (TSP). The policy theory articulated from Sacramento is that additional resources are required to bring disadvantaged children up to the state’s performance standard.

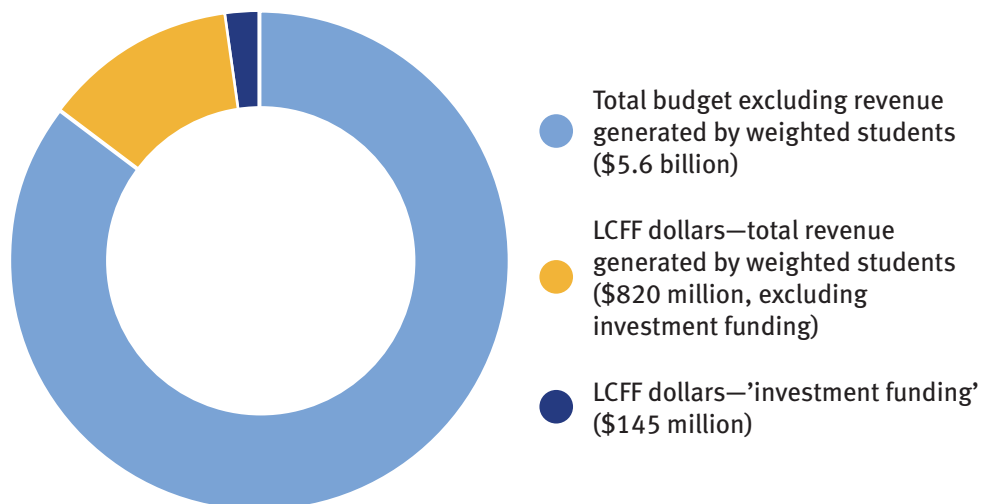
Counts of weighted students (TSP) generate *supplemental grant* dollars for LAUSD; schools enrolling more than 55% of students falling under the weighted categories generate additional *concentration grant* dollars for the District. The state does not require that resulting LCFF dollars follow the student to the school site; Sacramento does, however, require an increase in educational services for students in proportion to the new revenue that they generate.

FINDING 1A. The investment funding set-aside for new initiatives equaled less than 3% of the District’s budget. Although LAUSD received its first allocation under LCFF in 2013-14, the inclusive planning process was not yet required. Total dollars generated in the past year (2014-15) by high-needs pupils equaled \$820 million, of which just \$145 million was designated as discretionary.

Placed in context of the District’s entire budget, LCFF investment dollars equaled just 2.6% of total resources in 2014-15 (Figure 1). This share will grow in future years. But fungible dollars—focused on reducing achievement gaps—may remain constrained by whether the superintendent and the board define as sacred the 2013-14 LCFF dollars (approximately \$675 million²) that were quickly folded into the base budget. It signaled the District’s initial priority in re-staffing adult positions without a clear and focused strategy for narrowing achievement disparities, along with bolstering special education efforts.

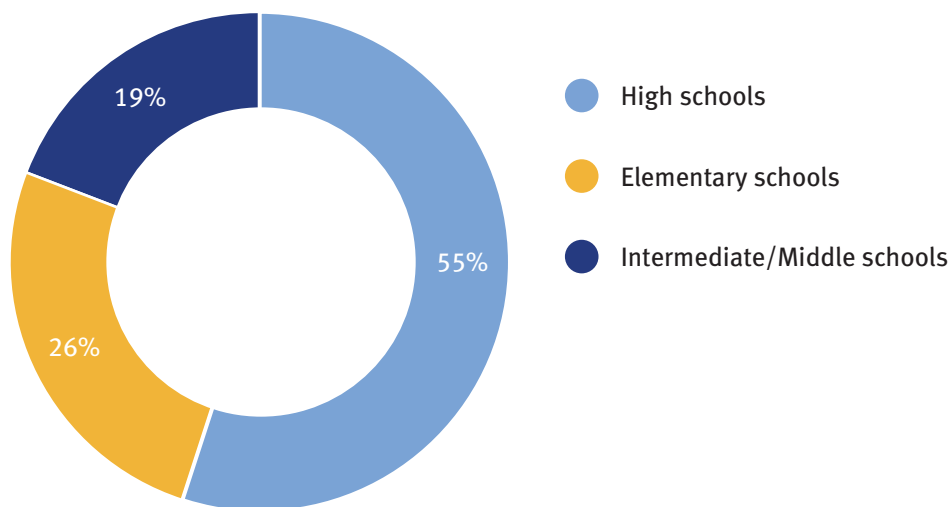
We suggest the District consider the \$1.1 billion in supplemental and concentration grants in 2015-16 as discretionary and subject them to the Board-approved equity index.

Figure 1: LCFF “investment dollars” equaled less than 3% of LAUSD’s total budget in 2014-15



FINDING 1B. The bulk of investment dollars (the \$145 million) were allocated to high schools this past year. Figure 2 shows that 55% of this fund was budgeted for staff positions and new program efforts inside high schools, according to District budget data shared at the end of 2014.

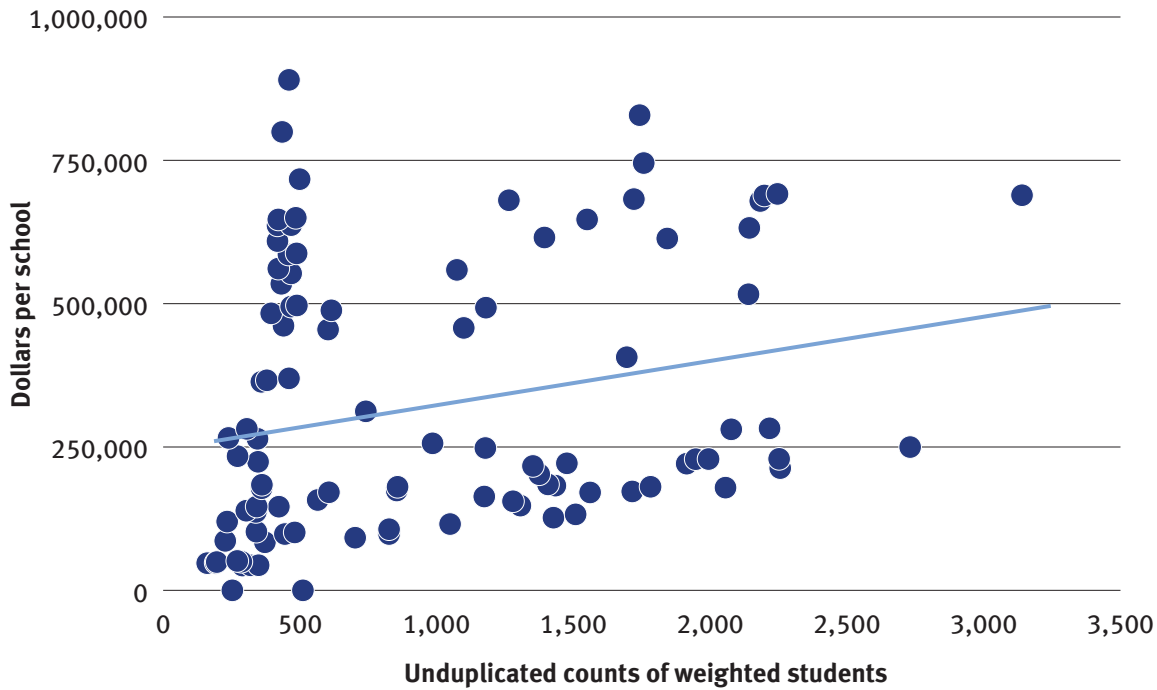
Figure 2: The majority of LCFF investment dollars (\$145 million) went to high schools in 2014-15



FINDING 1C. The District followed a simple needs-based equity formula in allocating investment dollars to high schools. After board passage of the *Equity is Justice Resolution* in June 2014, District staff calculated the unduplicated count of EL students, those from low-income families, homeless, or in foster care. Then, high schools were ranked from the highest count to the lowest. This ranking affected the number of new positions and funds going to each LAUSD high school.

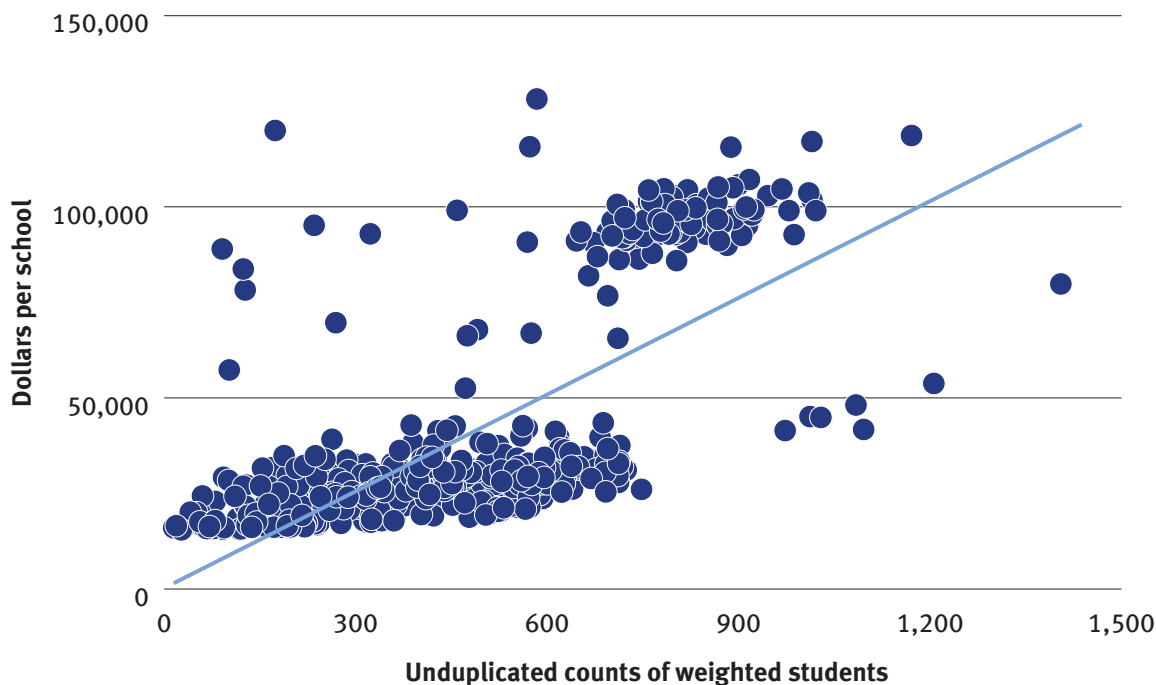
Figure 3 shows the generally tight correlation between the unduplicated counts of weighted students and LCFF dollars. We do see a few points (schools) on the graph where allocations were high, while counts of weighted students were low. This includes Pilot Schools that had been generating more revenue for the District than the dollars passed through to these site-managed campuses. Dollars for foster youth and restorative justice efforts appear to be allocated independent of the equity formula as well.³

Figure 3: Distribution of LCFF investment dollars to high schools was generally tied to simple equity index



FINDING 1D. The District largely ignored their equity formula in distributing investment dollars to elementary schools. A policy decision was made internally to allocate a librarian position, instructional specialists, and assistant principals to most elementary schools, regardless of the TSP count. Those with higher counts of weighted students did receive additional staff positions and program dollars. But the distribution looks more like “stair-steps” from small to larger elementary schools, not a continuous function (Figure 4). This appears to reflect the District’s priority placed on re-staffing adult positions, rather than stemming from any distinct strategy for narrowing achievement gaps.

Figure 4: Distribution of LCFF investment dollars to elementary schools did not follow the equity formula



We also mapped the distribution of LCFF investment dollars across all regular LAUSD schools. This display for elementary schools appears on the back page of the brief, further showing how the count of weighted TSP students was only loosely related to dollars allocated.

Supporting Strategies that Lift Student Achievement

The District's Diffuse Priorities

District leadership might articulate to the public how *new staff positions* and *program models* intend to lift low-performing (weighted) students. School-level implementation would then be tracked and outcome metrics devised and monitored. But we found that disparate budget priorities stemmed from the advocacy by senior District officials and outside stakeholders, many of whom express reasonable claims for how their favored staff posts or programs will best lift students. How to balance well-intentioned arguments by constituencies, while devising a distinct strategy, remains a great challenge.

From the outset, the superintendent and board were clear about how they aimed to allocate LCFF investment dollars in 2014-15. By then much of the initial LCFF allocation from the full \$820 million had been committed to special education or defined as part of the base budget.

Finding 2A. After establishing a baseline in year 1 (2013-14), the superintendent and board determined that “new investment” funds (\$145 million) received over and above what they deemed the year 1 base would be set aside for high-need students. The board-approved budget for 2014-15 included this programmatic distribution:

- New staff positions allocated to schools based on an equity index (38%).
- A fifth of the funds allocated to schools with no mention of a school’s relative need or count of weighted students.
- Another one-fifth going to schools with historically high rates of teacher turnover defined under the Reed Settlement.
- More dollars for special education (15%).
- Counselors and program dollars to support students in foster care (7%).



A decision was also made to match spending on per-pupil funded schools (pilots and partnership schools, for example) to the levels of revenue that they now generate based on their weighted TSP students. A few pilot high schools received substantial new funding, especially those serving large counts of weighted students. Others lost funding, but were not informed until late in the school year, after allocations had already been made. Some schools were asked to return money to the District.

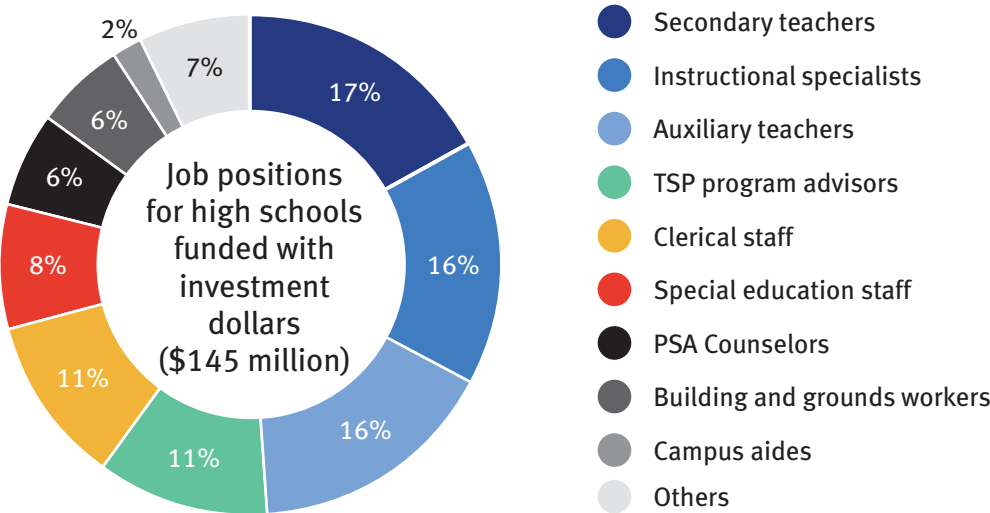
We concur with the District’s general priorities for the \$145 million in investment dollars—provided that new resources and adult positions eventually enrich the everyday experiences of low-achieving students. But two problems have emerged over the past year that likely constrain this possibility.

First, the simple equity index was tied only to the \$145 million, distracting District leaders from rethinking how the entire \$820 million in LCFF funding would be tied to a distinct pro-equity strategy—which should bear on how positions and program dollars are allocated and tracked over time.

Second, a variety of positions and modest program dollars (e.g., for special education, libraries, restorative justice) have been sprinkled on schools with no District- or school-level strategy for how these scattered pieces might be woven together into school-wide reform efforts. Budget allocations appear to stem from a far-flung array of “priorities,” rather than tied to a distinct strategy for advancing school-level improvement.

Finding 2B. Within the stated program priorities investment dollars were allocated to a wide array of new staff. Figure 5 displays how LCFF investment dollars were spent on a variety of new positions, either based in schools or local Education Service Centers. These included new credentialed teachers to help lower class size; instructional specialists; clerical staff; and special education support. **Only 6% of investment dollars going to high schools supported counselors of any kind.**

Figure 5: LCFF investment dollars going to high schools were spread across a variety of staff positions, but few new counselors



“The psychologist we got this year was essential. I had a student I didn’t know how to help. I needed someone there with the expertise to work with him. We’re trying to teach and learn Common Core. We wear so many hats during the day, so having that support helps us and the students.”

—Teacher

Looking at the breakdown of new positions allocated to elementary schools, we found that over one-third (37%) consisted of new librarians; one-third, instructional specialists, including aides and tutors for English learners; and about 10% for new assistant principals.

We could find no resources allocated to inform site principals or build their capacity to weave together these disparate strands of positions into school-wide strategies aimed at increasing the academic success of the TSP. **During our recent interviews with principals, we heard some positive feedback that was largely eclipsed by their reports of confusion and dismay when asked about LCFF.**

They are appreciative of new staff (some work from regional service centers) and program dollars. But principals remain largely in the dark when it comes to understanding the goals and decentralized spirit of LCFF. They have received few messages from the District bureaucracy when it comes to school-wide efforts for engaging students, implementing the Common Core, or lifting English learners.

Principals rarely see LCFF as encompassing a coherent District strategy or model for advancing school-wide efforts aimed at closing achievement gaps. They largely see—based on our interviews and focus groups—a smattering of new positions and disparate program dollars. Several principals report valuing the flexible nature of new TSP dollars.

“I received a memo from the District in early April. This was the first time I learned we had to write a plan to justify expenditures for our TSP [Targeted Student Population].”

—Principal

A School Where LCFF Works

“TSP funding is huge,” said Edward Colación, the enthused principal of Young Oak Kim Academy, “it gives us new flexibility to make our own decisions.” These fresh dollars—part of the District’s LCFF investment funds—allow school chiefs to flexibly buy the staff positions or initiatives that they prefer. “We have gone from 10 to five to three funding categories,” said Susie Heydon, the school’s program coordinator.

This middle school of 900 students sits one block above Wilshire Boulevard on the western edge of the Belmont Zone of Choice, attracting a rich diversity of students from across the District. Students wear uniforms and attend single-gender classes, an “environment that’s familiar with many of our parents’ experiences back in their home country,” Colación said (including Mexican and Central American, Korean, Filipino, and middle-eastern origins).

“New funding doesn’t make you think better,” Colación said. “It’s what you do with the funds to help the intended subgroups tied to LCFF goals.” He credits fungible LCFF dollars for helping to implement Common Core school-wide by his teaching staff, keeping the library open longer hours and on weekends, along with expanding outreach from the parent center.

Colación attended a budget workshop last fall, learning from Education Service Center staff about flexible possibility for TSP funding. No discussions have occurred about how LCFF might nudge school wide improvements or greater attention to low-performing students. Those efforts were reportedly in place at Young Oak before TSP dollars began to flow.

Colación and his leadership team have worked hard to create a supportive climate and culture over the past six years, since this young facility was opened. “Kids don’t where hoodies here or tight, skinny pants,” he said. “We have a lot of parents who went to Catholic or non-public schools and those seeking single gender schools as an option to focus on learning.”

Alma Salazar, the school’s Title III coach helps to nurture fresh Common Core methods among teachers of English learners, collaborating in teams for the first time, greased in part by new LCFF funding.

Teachers grade Common Core assessments together to help calibrate new assessments in grading students on their analytic and problem-solving skills, and even pupils’ growing capacity to work cooperatively. “They (the teachers) become learners again,” Salazar said.

Colación remains frustrated when the District still assigns teachers or clerical staff with minimal consultation. Still, “the budget that we principals shape for direct services for students speaks volumes about our values and priorities for LCFF-targeted students,” he said. “The budget is much more flexible this year... the decisions are ours’ to make.”

Civic Participation

Weak Engagement of Students, Parents, and Community Groups in Budget Discussions

Gov. Jerry Brown—trumpeting the virtues of his LCFF reform—accents the potential advantages of democratic engagement when it comes to setting budget priorities for schools. “Instead of prescriptive commands issued from headquarters here in Sacramento, more general goals have been established for each local school to attain, each in its own way. This puts the responsibility where it has to be: in the classroom and at the local District.”

Finding 3A. As LAUSD begins year 3 of implementing LCFF, its school principals, teacher leaders, and students remain largely in the dark. The meaningful engagement of school-level educators and parents is minimal, stemming from little information or strategic guidance from District leaders.

The CLASS coalition facilitated focus groups and student surveys over the past year—finding that teachers would appreciate more transparency around how budgets are made at both the District and school level. **Teachers and students believe that they could contribute insight regarding how to best support learning and wellbeing in their school communities.**

Drawing from a (non-random) sample of 483 high school students participating in various convenings, we found that while students felt valued in their schools, they believe that much work remains.⁴ Note that student leaders and those more engaged are likely over-represented in this sample. This exercise illustrates the ability of students to offer careful feedback—when asked—on what’s working and what’s lacking in their schools.

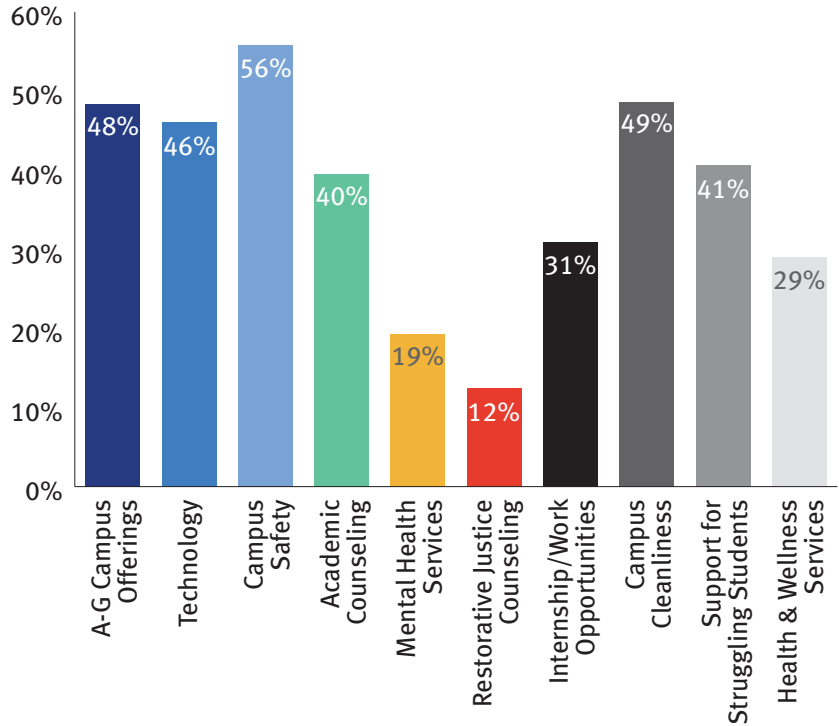
“You’re labeled as an AP student or an ESL student. My ESL friends haven’t been reclassified and they don’t have an opportunity to take an art class. Being labeled something doesn’t guarantee your future.”

—High School Student

Students generally reported being supported and challenged in their schools, with 90% indicating that they felt respected by adults on campus and were encouraged to attend a four-year college. Many participating students were aware of A-G course requirements, and 84% indicated they were on track to graduate in four years (Figure 6).

When asked about the improvements seen inside their schools over the past year, students emphasized gains in school safety and cleanliness. They also saw improvement in A-G offerings, as well as technology, academic counseling, and support for struggling students. Surprisingly, considering the District’s investment, only about 12% were aware of any increase in the use of restorative justice practices to address discipline problems.

Figure 6: Students point to how their schools are improving

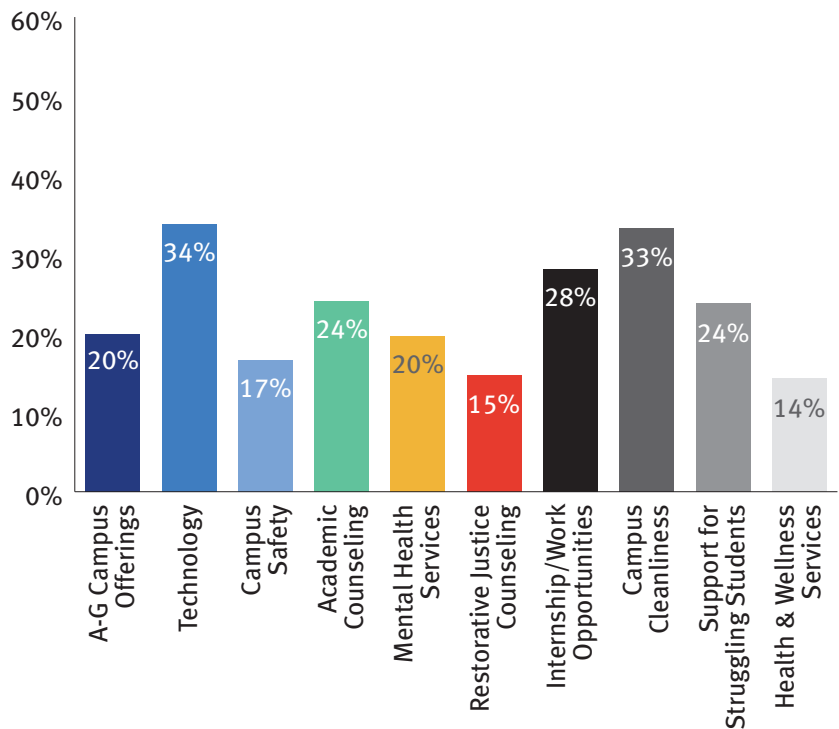


Finding 3B. While students report signs of improvement at their schools, they also see plenty of room for strengthening certain areas, including access to technology and campus cleanliness (Figure 7). **Students also emphasized the desirability of greater internship opportunities, academic counseling, and support for struggling students.**

It was common for students to cite that due to capacity, only the “straight A” students received college counseling. This finding highlights the apparent lack of investment in academic counselors from fresh LCFF funding. When asked what additional services were needed to further support students, over 53% indicated that they would benefit from college preparation workshops.

Overall, the findings show that students often feel supported and recognize gains made within their schools. But considerable work remains to support pupils in moving toward academic goals and become better prepared for college and future careers.

Figure 7: Students see plenty of room for improvement at their schools



While over 80% of these student leaders expressed interest in contributing to resource decisions inside their schools, few were ever invited to do so. One-quarter had heard something about the LCFF finance reform, a larger share than expected.

It is evident that these students feel strongly about being engaged in their education, with 87% desiring a voice in the decision-making process at their schools. Yet, only 28% had even heard of the LCFF budget reform. This presents a huge missed opportunity for the District to tap into the knowledge of its most important stakeholders—the students.

Endnotes

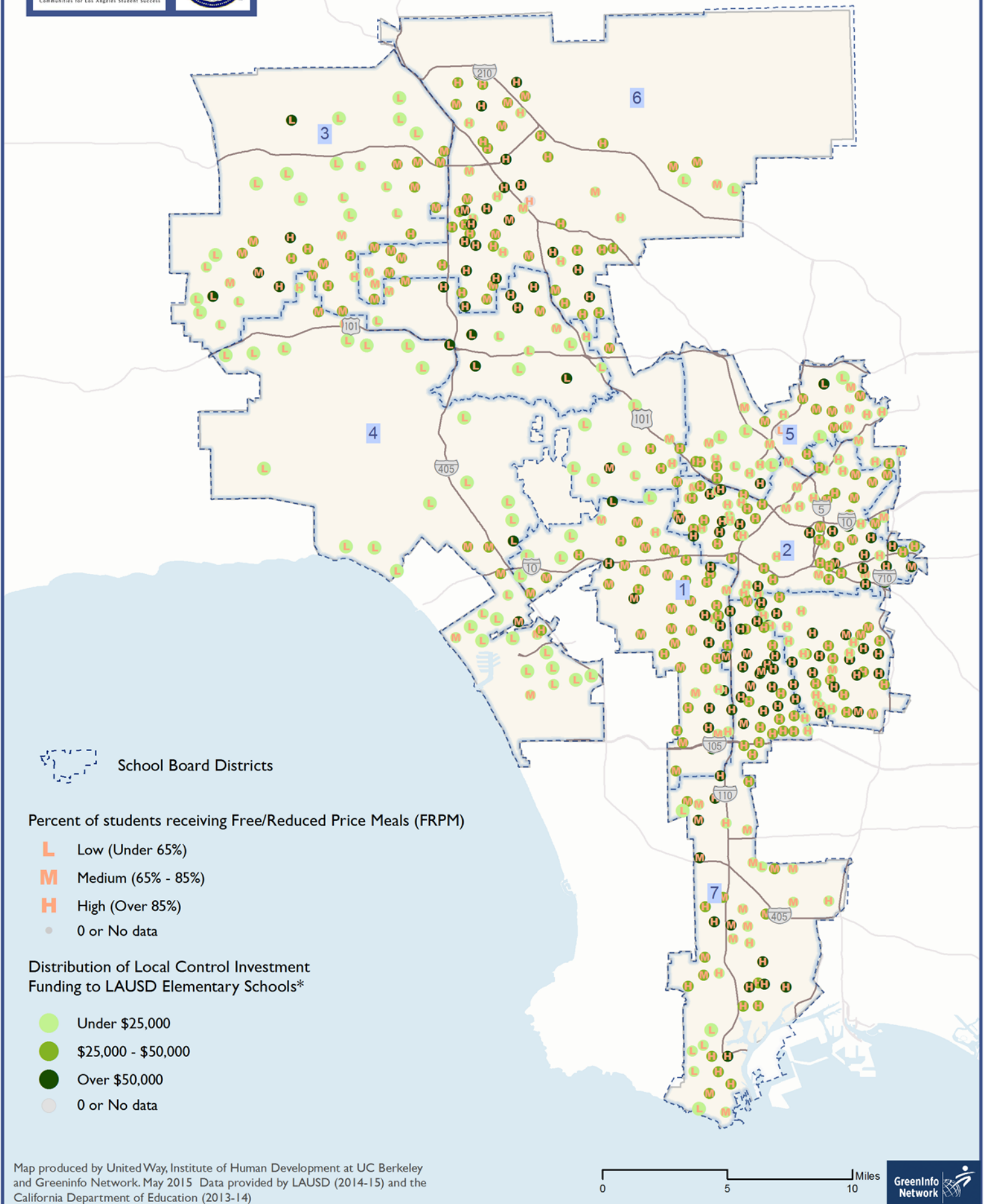
¹ Sacramento awards supplemental and concentration dollars to LAUSD based on the count of English learners, kids from low-income families, and children in foster care.

² The \$675 million equals \$820 million in total LCFF supplemental and concentration funds minus the \$145 million targeted LCFF investment funding.

³ The 2014-15 budget includes about \$930,000 to support restorative justice practices in high schools to address discipline infractions.

⁴ Surveys were conducted in March 2015 at the beginning of two different events, a meeting of high school students to discuss the District’s LCAP plan and the Kids First Conference hosted by Board member Monica Garcia. The sample of students was not representative of all schools in the District.

Distribution of Local Control Investment Funding (\$145 million) to LAUSD Elementary Schools by Percent of Students on Free/Reduced Price Meals



Acknowledgments

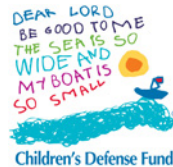
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