



## CALIFORNIA STATE BOARD OF EDUCATION

### JULY 2014 AGENDA

SUBJECT	
Local Control Funding Formula Spending Requirements (LCFF) and Local Control and Accountability Plan (LCAP) – Approve Commencement of a 15-Day Public Comment Period for Proposed Amendments to <i>California Code of Regulations</i> , Title 5, Sections 15494–15498.	<input checked="" type="checkbox"/> Action <input checked="" type="checkbox"/> Information <input type="checkbox"/> Public Hearing

#### SUMMARY OF THE ISSUE(S)

In January, the State Board of Education (SBE) commenced the regular rulemaking process to adopt permanent regulations, as required by California *Education Code (EC)* sections 42238.07 and 52064. (See January 2014 Agenda Item 21 at <http://www.cde.ca.gov/be/ag/ag/yr14/documents/jan14item21.doc>.) The proposed regulations govern the expenditure of Local Control Funding Formula (LCFF) supplemental and concentration grant funds. The proposed permanent regulations also include the Local Control and Accountability Plan (LCAP) template specified in *EC* Section 52064 for use by local educational agencies (LEAs) to support local adoption and annual review of the LCAP. The proposed permanent regulations were circulated for a 45-day written comment period, and a public hearing was held on March 17, 2014. At the public hearing, three participants provided written and oral statements on the proposed regulations. By the close of the public comment period on March 17, 2014, at 5 p.m., approximately 2,300 written public comment letters had been received.

At its January 2014 meeting, the SBE also adopted emergency regulations to govern the expenditure of LCFF supplemental and concentration funds and provide the LCAP template until the permanent rulemaking process is completed. (See January 2014 Agenda Item 20 at <http://www.cde.ca.gov/be/ag/ag/yr14/documents/jan14item20.doc>.)

In addition to recommending that the SBE readopt the emergency regulations (see July 2014 Agenda Item 16), it is recommended that the SBE adopt changes to the proposed permanent regulations and direct the California Department of Education (CDE) to circulate the changes for a 15-day public comment period. Changes to the proposed permanent regulations are made in response to public comments received through the initial 45-day comment period and to clarify the regulations (Attachment 4). A draft summary of the public comments and proposed responses and changes is included in the chart incorporated in the Final Statement of Reasons (FSOR). (See Attachment 5.)

An additional public meeting on the proposed revisions to the LCAP template, as described in the “Critical Changes Made to the LCAP Template” below, will be held on

Tuesday, July 22, 2014. At that time, CDE and SBE staff will hear public comment regarding the proposed new Section 2 Goals, Actions, Expenditures, and Progress Indicators Table and the Annual Update Table. Members of the public may submit written comment regarding any of the proposed changes during this 15-day public comment period, as noticed in Attachment 1. A notice of the public meeting will be posted on the SBE Web site at: <http://www.cde.ca.gov/be/pn/pn/>.

If no comments relevant to these proposed changes to the permanent regulations are received, the CDE will complete the rulemaking package and send it to the Office of Administrative Law (OAL) for approval. If any relevant comments to these changes are received, the CDE will place an item on the SBE September 2014 agenda for action.

## **RECOMMENDATION**

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It is recommended the SBE take the following actions:

- Approve the proposed changes to the proposed regulations
- Direct that the proposed changes be circulated for a 15-day public comment period in accordance with the Administrative Procedure Act
- Authorize the CDE, in consultation with SBE staff, to finalize the FSOR to reflect the SBE's comments or considerations or make any necessary technical formatting edits or corrections
- Direct the CDE to convene a public meeting during the 15-day public comment period for the purpose of receiving input from practitioners and other interested groups regarding the proposed changes to the LCAP template
- If no relevant comments to the proposed changes are received during the 15-day public comment period, the proposed regulations with changes are deemed adopted, and the CDE is directed to complete the rulemaking package and submit it to the OAL for approval
- If any relevant comments to the proposed changes are received during the 15-day public comment period, the CDE is directed to place the proposed regulations on the September 2014 agenda for action
- Authorize the CDE, in consultation with SBE staff, to take any necessary action or make technical edits or corrections consistent with the SBE's action, to respond to any direction or concern expressed by the OAL during its review of the rulemaking file

## **CRITICAL CHANGES MADE TO EXPENDITURE REGULATIONS**

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While there are several edits made to the Expenditure Regulations, the key changes are the addition of definitions in Title 5, *California Code of Regulations (5 CCR)*, Section 15495. These definitions were added in response to multiple comments received

regarding the need for better clarity around certain terms used in the statute or in the LCAP template. Clarification was added to Section 15496 to require additional description from a school district, charter school, or county office of education that wishes to use supplemental and concentration grant funds on a districtwide, charterwide, countywide, or schoolwide basis. *EC* Section 15496(c) was deleted and a new *EC* Section 15497 was added to provide further clarity around county superintendents' oversight responsibilities under *EC* Section 52070(d)(3) regarding the LCAP's adherence to the expenditure regulations. The proposed change focuses on the use funds on a districtwide or schoolwide basis when the percentage of unduplicated pupils in the district or school is less than the respective threshold specified in the expenditure regulations.

## **CRITICAL CHANGES MADE TO LCAP TEMPLATE**

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The Local Control and Accountability Plan and Annual Update Template (previously 5 *CCR*, Section 15497) was redesigned and renumbered. The new regulation is 5 *CCR* Section 15498. The redesign is in response to public comment and in response to questions from the field as practitioners developed the 2014–15 LCAP. While the organization of the LCAP template has changed, the substance of the original template, including instructions and guiding questions, has not.

This redesign is proposed to enhance ease of reading and understanding for parents and stakeholders, and as such create greater transparency between LEAs, schools, advisory groups, parents or guardians, stakeholders, and the community. An overview of the changes is as follows:

- The new Section 2 Goal table in the proposed LCAP template unifies the presentation of goals and related actions, services, and budgeted expenditures. The previous Section 2 Goal and Section 3 Actions, Services, and Expenditures tables were changed to a horizontal orientation both for ease of entering information and for reading and understanding the content of the plan. This new Section 2 Goals, Actions, Expenditures, and Progress Indicators table encompasses both the previous Section 2 and the previous Section 3, parts A and B—Actions, Services, and Expenditures and Additional Actions, Services and Expenditures to meet the needs of unduplicated pupils, as well as, where applicable, the intended level of service (schoolwide, districtwide, countywide, or charterwide).
- An Annual Update table was developed to create a separation between the review of the effectiveness of the actions and services implemented in the previous year and the planned actions and services for the upcoming year. The annual update section will include any changes made to the goal or to the actions and services as a result of the annual review.
- Guiding Questions were divided into two sections, one section that guides the development of goals, and the other section that guides the review of goals in the Annual Update table.

- The new Section 2 Goal table is closely aligned with the Goal table found in the Single Plan for Student Achievement template, which should help facilitate the review of school plans required by *EC* sections 52062 and 52068 to ensure strategies included in the plans submitted pursuant to *EC* Section 64001 are consistent with the goals and specific actions in the LCAP.

The proposed LCAP template in Attachment 2 is formatted to meet OAL submission requirements. For ease of reading and review, a proposed “final” or “clean” version that has no underline or strikethrough formatting is included as Attachment 3.

Any specific changes made to 5 *CCR* Section 15497 (now 5 *CCR* Section 15498 in the proposed draft), as well as other changes made in response to public comment, is reflected in the FSOR.

## **BRIEF HISTORY OF KEY ISSUES**

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For an overview and brief history of the LCFF legislation and key issues, please refer to Item 20 of the SBE meeting in January 2014, located on the SBE Web site:

<http://www.cde.ca.gov/be/ag/ag/yr14/documents/jan14item20.doc>

## **SUMMARY OF PREVIOUS STATE BOARD OF EDUCATION DISCUSSION AND ACTION**

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At its January 2014 board meeting, the SBE took the following actions:

- Approved the Notice of Proposed Rulemaking (Notice)
- Approved the Initial Statement of Reasons (ISOR)
- Approved the proposed regulations
- Directed the CDE to commence the rulemaking process
- Authorized the CDE, in consultation with SBE staff, to take any necessary action, consistent with SBE’s action, to respond to any direction or concern expressed by the OAL during its review of the Notice, ISOR, and proposed regulations.

## **FISCAL ANALYSIS (AS APPROPRIATE)**

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A Fiscal Impact Statement will be provided as an Item Addendum.

## **ATTACHMENT(S)**

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Attachment 1: 15-Day Notice of Modifications (3 Pages)

Attachment 2: Proposed Amended Regulations and LCAP Template (31 Pages)

Attachment 3: Proposed LCAP Template – no underline/strikethrough (13 Pages)

Attachment 4: Final Statement of Reasons (4 Pages)

Attachment 5: Final Statement of Reasons – Response to Comments in Chart Form  
(41 pages)

Attachment 6: The Economic and Fiscal Impact Statement (STD. 399) will be provided  
as an Item Addendum