

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

| | | | |
|--|-----------------------|--|-------------------|
| Fiscal Year 2016-17 | Business Unit 0650 | Department Governor's Office of Planning and Research | Priority No. 4 |
| Budget Request Name 0650-004-BCP-BR-2016-GB | | Program 0360 – STATE PLANNING & POLICY DEVELOPMENT | Subprogram |

Budget Request Description
LCFF BCP

Budget Request Summary

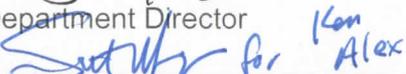
The Office of Planning and Research (OPR) is requesting funding for positions and contracting for services to continue to support the implementation of the Local Control Funding Formula as authorized by Assembly Bill 97 (Section 115 of Chapter 47, Statutes of 2013, as amended by Section 56, Chapter 357, Statutes of 2013). The OPR is requesting General Fund of \$548,000 beginning Fiscal Year (FY) 2016-17, \$572,000 beginning FY 2017-18, and \$304,000 in FY 2018-19.

| | | |
|--|--|------|
| Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Code Section(s) to be Added/Amended/Repealed | |
| Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i> | Department CIO | Date |

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

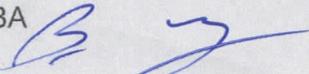
If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

| | | | |
|--|----------------|---|----------------|
| Prepared By  | Date 1/5/16 | Reviewed By  | Date 1/5/16 |
| Department Director  for Alex | Date 1/5/16 | Agency Secretary N/A | Date |

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

| | |
|---|---|
| PPBA  | Date submitted to the Legislature 1/7/16 |
|---|---|

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A. Budget Request Summary

The Office of Planning and Research (OPR) is requesting funding for positions and contracting for services to continue to support the implementation of the Local Control Funding Formula (LCFF) as authorized by Assembly Bill (AB) 97 (Section 115 of Chapter 47, Statutes of 2013, as amended by Section 56, Chapter 357, Statutes of 2013). The OPR is requesting General Fund of \$548,000 beginning Fiscal Year (FY) 2016-17, \$572,000 beginning FY 2017-18, and \$304,000 in FY 2018-19.

B. Background/History

On July 1, 2013, the Governor signed AB 97 to enact the LCFF. The purpose of LCFF is designed to enhance the allocation of resources, integrating the budgets with locally approved goals, services, and actions for local educational agencies (LEAs) to improve student outcomes.

The State Board of Education (SBE) was charged with adopting the Local Control and Accountability Plan (LCAP) template for LEAs as specified in Education Code (EC) Section 52064, as well as the regulations for how LEAs can use their supplemental and concentration funds as specified in EC Section 42238.07. The permanent regulations for the LCAP template and spending regulations were approved by the SBE in November 2015 and approved by the Office of Administrative Law (OAL) on January 8, 2015.

In addition, the SBE is also required to adopt the LCFF evaluation rubrics for assessing LEA performance by October 1, 2015 as specified in EC Section 52064.5. Regular updates on the options for designing the LCFF evaluation rubrics have been provided to the SBE since September 2014. As the updates transitioned from concepts to specific examples, the SBE requested that the final version be grounded in the larger accountability policy context and be based on empirical research. In the wake of the SBE's discussion in May 2015 about the misalignment between the statutory deadline for adopting the rubrics and the time needed to ensure the rubrics are built on a solid evidence-based foundation and implemented as part of a coherent accountability system, the Legislature extended the timeline by one year in AB 104 (Chapter 13, Statutes of 2015).

On June 24, 2015, Governor Brown signed AB 104, extending the deadline for adoption of the evaluation rubrics to October 1, 2016. The design of the evaluation rubrics requires a thoughtful, phased in approach that entails more research, data analysis and technical assistance to better serve LEAs and to become a key component of the new local and state accountability system.

Two million of General Fund, available FY 2013-14 through FY 2015-16 (Section 115, Chapter 47, Statutes of 2013), was appropriated to the OPR for purposes of implementing EC sections 42238.07, 52064, and 52064.5. This appropriation supported the SBE's implementation of LCFF by funding one full-time, limited-term position and contracting for services to complete specific implementation activities on behalf of the SBE.

The OPR, in cooperation with SBE, contracted with WestEd, a nonpartisan, nonprofit research, development, and service agency working with education communities throughout California to assist the with the implementation of LCFF. WestEd has provided critical assistance with the development of the LCAP template, spending regulations, and evaluation rubrics. Since July, 2013, WestEd has convened 62 public stakeholder input sessions and convened the LCFF Implementation Working group to support the development of the LCAP template and Annual Update, and coordinated the Rubric Design Group and User Acceptance Testing pilot to assist with developing the evaluation rubrics.

The funding that was being used to support the current positions expires June 30, 2016 and all remaining funds will be encumbered to contract for services that will be completed by June 30, 2017. This proposal will support the immediate need to develop the evaluation rubrics by the statutory deadline of October 1, 2016. In addition, this proposal will support California's transition to LCFF as the new accountability system, and the integration of all the state accountability components, including, but not limited to the LCAP, Annual Update, evaluation rubrics, state academic standards, state curriculum frameworks, and state assessments. The deliverables completed through this process will ensure that the LCFF will support growth in LEA, school, and student subgroup performance and incorporate evidence or practice expectations to align resources as the new accountability system that supports continuous improvement.

The Resource History table below outlines actual expenditures of the \$2 million General Fund appropriated to the OPR for the LCFF as per Chapter 47, Statutes of 2013. The expenditures for FY 2015 are estimates.

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Resource History (Dollars in thousands)

| Program Budget | 2013-14 | 2014-15 | 2015-16* | Total |
|-------------------------|---------|---------|----------|-------|
| Authorized Expenditures | 2,000 | 1,178 | 864 | 2,000 |
| Actual Expenditures | 822 | 314 | 864 | 2,000 |
| Remaining Funds | 1,178 | 864 | 0 | 0 |
| Carry Over | 1,178 | 864 | 0 | 0 |

*Estimated expenditure for FY 2015-16

C. State Level Considerations

The Governor is firmly committed to the work of the LCFF and supporting this proposal is important from a state perspective for the following reasons:

- The proposal directly supports school districts, charter schools, and county offices of education, the Administration, and members of the Legislature.
- The proposal will provide the necessary funding to support the completion of the LCFF evaluation rubrics by the statutory deadline of October 1, 2016.
- The proposal will support the continuous improvement of LCFF through the revision of the LCAP template and Annual Update.
- The proposal will support the integration of LCFF and its component parts (LCAP, Annual Update, and evaluation rubrics) with California's academic standards, curriculum frameworks, and statewide assessments to support the implementation of a comprehensive statewide accountability system.

D. Justification

California's new accountability system will build on the foundation of the LCFF, including the LCAP and Annual Update, evaluation rubrics, and the California Collaborative for Educational Excellence. On June 24, 2015, Governor Brown signed AB 104, extending the deadline for adoption of the evaluation rubrics to October 1, 2016. In addition, the recent passage of the Every Student Succeeds Act (ESSA) presents an opportunity to align the local, state, and federal accountability systems.

The evaluation rubrics are an integral part of the local and state accountability systems. Once developed, the rubrics will direct attention to areas in need of additional support to meet the adopted standards for district and school performance relative to the state priorities (e.g., pupil achievement, parental involvement, and other pupil outcomes). Specifically, the evaluation rubrics are to (1) assist LEAs in evaluating their strengths, weaknesses, and areas that require improvement; (2) assist county superintendents of schools in identifying LEAs in need of technical assistance and focusing technical assistance; and (3) assist the Superintendent of Public Instruction in identifying districts for which technical assistance and/or intervention is warranted. Therefore, in addition to adopting the final version of the evaluation rubrics, this system must be aligned with the federal requirements (e.g., timeline of the state and federal accountability systems, number of indicators included in the systems, identification of lowest performing schools for intervention, and treatment of subgroups). In addition, a series of training webinars and sessions must be completed to support their intended use to build capacity for local reflection to evaluate strengths and areas that require improvement, and support their use to identify the need for technical assistance and more in-depth intervention.

The OPR, in cooperation with SBE, will continue to contract with WestEd through June 30, 2017 to support the development of the evaluation rubrics content, design, and organization of the system. In addition, the

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SBE will support the development of the online Web-based version of the evaluation rubrics. On June 24, 2015, Governor Brown signed AB 104, which appropriated \$350,000 for the California Department of Education (CDE), in collaboration with and subject to the approval of the executive director of the SBE, to enter into a contract with the San Joaquin County Office of Education (SJCOE) to perform activities that ensure alignment of the evaluation rubrics with California's accountability system, accommodate state and local data availability, and reflect consistency with implementation of the LCFF. Based on the content and design specifications provided by the SBE and WestEd, the SJCOE will build the technological infrastructure to support an online Web-based application system for the evaluation rubrics. Specifically, the SJCOE will develop the system design and architecture, user requirements, functional requirements, and implementation requirements.

As the evaluation rubrics are being developed, the SBE is reviewing the current version of the LCAP template and Annual Update. LEAs are required to complete an LCAP and Annual Update every year. The LCAP is intended to be a comprehensive planning tool and represents a three-year plan for an upcoming school year and the two years that follow. For example, as of July 1, 2015, LEAs have completed an LCAP and Annual Update for adoption and approval that reflects the planning for 2015-16 through 2017-18 with a review of progress for 2015-15. Based on the second year of LCAPs and the first year of the Annual Update, the SBE is becoming more familiar with the complexities of LCFF. To address some of these complexities (e.g., the current design of the LCAP template that contributes to a lengthy document), the SBE is gathering information on LEAs experiences with implementation to propose changes to the template for the FY 2017-18 through FY 2019-2020 LCAP and Annual Update for FY 2015-16. The changes that will be proposed for the LCAP template and Annual Update will require changes in regulations and legislation and will rely on extensive stakeholder input from the education community.

The OPR, in cooperation with SBE, will also continue to implement the draft framework and work plan for the new accountability system. At its November meeting, the SBE received a draft outline that identified specific action items that are necessary to integrate certain state academic and fiscal accountability components with the LCFF to establish a cohesive and comprehensive accountability system. With the recent passage of ESSA, the SBE will need to coordinate with the CDE to ensure that the state accountability system aligns with the federal accountability system. For example, the proposed indicators for the federal accountability system include performance on summative assessments, English-language proficiency, graduation rates, and one additional indicator that measures college and career readiness. This is in contrast to the 22+ metrics that are statutorily required for the evaluation rubrics. Further, there is a need to strengthen the understanding of academic standards, curriculum and instruction in relation to LCFF. One recommendation to accomplish this action item is to revise the School and Accountability Report Card (SARC) to include all of the LCFF state priorities. Priority two in particular, the implementation of California's standards, is one state priority that will require additional technical support to strengthen LEA capacity to include this priority in the LCAP and Annual Update.

Based on the state's need to transition to a new accountability system that is grounded in LCFF and aligns all of the existing accountability components within this new accountability framework, this proposal defines the positions that will support this increasing workload as follows:

Position 1 – Local Control Funding Formula:

- Oversee the LCAP, Annual Update, and evaluation rubrics development, maintenance, and outreach; monitor WestEd's research and development of the evaluation rubrics content and San Joaquin County Office of Education's (SJCOE) technical infrastructure of the online evaluation rubrics system; support the California Collaborative for Educational Excellence (CCEE); support the work to align with federal requirements.

Position 2 – State Standards, Curriculum Frameworks, Assessment and Accountability:

- Manage the implementation of California's state academic standards (e.g., Common Core, Next Generation Science Standards, and English Language Development), curriculum frameworks, and state assessments, through the California Assessment of Student Performance and Progress (CAASPP), including Smarter Balanced and the Alternate Assessment, in addition to the English

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Language Proficiency Assessment for California (ELPAC). Facilitate the relationship among the state standards, frameworks, and assessments within the state's new accountability system and support the work to align with federal requirements.

Contract for Services – California's State Accountability System:

- Coordinate the state entities (e.g., CDE, CCEE, and COEs), stakeholders (e.g., parent and community groups), and other state agencies (e.g., State Controller's Office) that are responsible for the implementation of the new accountability system based on the framework and implementation work plan (this plan was presented to the SBE at its 2015 November meeting and will be revised over time); support the work to align with federal requirements.

E. Outcomes and Accountability

With the one-year extension to complete the evaluation rubrics, OPR is requesting an appropriation to fund 2.0 positions and contracting for services to support the completion of the rubrics and implement the state's accountability system that integrates LCFF with the state standards, curriculum frameworks and statewide assessments.

Specifically, the following outcomes will be performed as a result of this budget request:

- Complete the LCFF evaluation rubrics by October 1, 2016.
- Analyze data on each of the eight state priorities and their corresponding metrics (e.g., graduation rate, English learner reclassification rate, and school attendance rate) identified in *EC 52060(d)* by district, school site, and subgroup as specified by *EC 52052*.
- Synthesize existing research that is specific to California and national models of rubrics, evaluation systems, and data dashboards.
- Expand the understanding of student program characteristics that could be captured in the LCAP and evaluation rubrics to emphasize transparency, flexibility, and equity.
- Support the proposed initiation of user acceptance testing group with ongoing outreach with end users of the evaluation rubrics.
- Provide technical support on the implementation of the LCFF evaluation rubrics.
- Develop and implement any changes to the LCAP, Annual Update, and expenditure regulations through direct guidance and changes in legislation/regulations.
- Integrate lessons learned and innovative strategies from the early stages of LCFF implementation to support high-functioning local and state systems that emphasize continuous improvement.
- Develop a statewide system of support (e.g., Multi-Tiered System of Support) to ensure the incorporation of an alignment across programs of effective student, family, and community engagement strategies.
- Strengthen the understanding of standards, curriculum, and instruction in the state's new accountability system. For example, provide technical support for the LCAP and Annual Update to include LCFF state priorities two- implementation of state standards and seven- course access.
- Research the implications of transitioning to the CAASPP and the ELPAC. Specifically, measure the integration of Smarter Balanced growth scores in the context of a multiple measures accountability system.
- Support the work to align the state accountability system with federal requirements under ESSA.

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Projected Outcomes

| Workload Measure | CY | BY | BY+1 | BY+2 |
|---|-----------|-----------|-------------|-------------|
| Develop the evaluation rubrics | 1,680 | 1,680 | 1,680 | 1,680 |
| Support training on the use of the evaluation rubrics | n/a | 144 | 144 | 144 |
| Revise LCAP template | n/a | 144 | 144 | 144 |
| Revise Annual Update | n/a | 144 | 144 | 144 |
| Coordinate the revisions to the draft framework and implementation plan for the new accountability system | 1,200 | 720 | 720 | 720 |
| Oversee the statewide systems of support to implement the new accountability system | n/a | 1,680 | 1,680 | 1,680 |
| Manage the technical assistance that is consistent with the new accountability system to support continuous improvement | n/a | 144 | 144 | 144 |
| Support the development and use of multiple measures in the accountability system | n/a | 144 | 144 | 144 |
| Support the development and use of growth scores within the multiple measures accountability system | n/a | 144 | 144 | 144 |
| Support the technical assistance on standards, curriculum frameworks, and assessments | n/a | 1,680 | 1,680 | 1,680 |
| Draft SBE Information Memoranda and Items | 768 | 768 | 768 | 768 |
| Provide regular update calls (e.g., Equity Coalition, Education Coalition and Management Groups) | 24 | 24 | 24 | 24 |
| Coordination of state entities (CSSESA, CDE, and CCEE) | 204 | 400 | 400 | 400 |
| Communication and Outreach Presentations (e.g., Instructional Quality Commission, State and Federal Program Directors) | 48 | 100 | 100 | 100 |

Please note: the projected outcomes displayed above include the anticipated workload for the 2.0 positions and the contract for services.

F. Analysis of All Feasible Alternatives

Alternative 1: Provide the funds and authority for SBE, through OPR, to contract with external consultants for the delivery of services to ensure the successful implementation and evaluation of the LCFF. While contractors with the necessary experience are likely available, the cost of contracting for these services would be significantly higher than having SBE staff perform these duties. The option to contract for services provides an opportunity to integrate advanced skill-level and expertise from the field to improve SBE capacity to support the implementation of LCFF.

Alternative 2: Seek other State agencies with the available resources to perform similar duties to assist with the completion of the LCFF. While this may be an alternative to requesting for additional funding through OPR, there are existing contracts and staff already established through OPR to complete the LCFF by the statutory deadline of October 1, 2016 and dedicated to supporting the establishment of the new accountability system. Involving other State agencies at this point in time could possibly delay the completion of the LCFF furthermore.

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Alternative 3: Do not approve the budget change request. The SBE and OPR do not have sufficient budgetary resources that are necessary to complete the evaluation rubrics, transition to the new accountability system that integrates the state standards, curriculum frameworks, and assessments that is critical to support the implementation of LCFF.

G. Implementation Plan

If the request is approved, the following steps will be conducted:

- The contract with WestEd will be extended to complete the data analysis and research to develop the evaluation rubrics.
- WestEd will continue to convene stakeholder groups and support the user acceptance testing to seek input on the development of the evaluation rubrics (May 2015 through September 2016).
- OPR, in cooperation with SBE, will support the CDE and SJCOE with the development and implementation of the Web-based version of the evaluation rubrics.
- OPR, in cooperation with SBE will support the CCEE with the development of training workshops on the use of the evaluation rubrics.
- The LCFF evaluation rubrics will be completed by the statutory deadline of October 1, 2016.
- OPR, in cooperation with SBE will support the CDE with the work plan and action items that are required to establish the new state accountability system.
- OPR, in cooperation with SBE will support the implementation of the statewide standards, curriculum frameworks, and assessments.
- OPR, in cooperation with SBE will support the alignment of the new state accountability system with ESSA federal accountability requirements to develop once comprehensive accountability system.

H. Supplemental Information

There is no supplemental information.

I. Recommendation

The OPR recommends approval of this request to fund positions and contracting for services to support the SBE with completion of the evaluation rubrics in a timely manner and implement LCFF as the new accountability system. If this budget request is not approved, the OPR does not have the budgetary resources needed to support the SBE to complete the LCFF activities as defined in Section 115 of Chapter 47, Statutes of 2013.



GOVERNOR

STATE OF CALIFORNIA
GOVERNOR'S OFFICE of PLANNING AND RESEARCH

EDMUND G. BROWN JR.
KEN ALEX



DIRECTOR

January 5, 2016

MEMORANDUM FOR: Karen Stapf Walters
California State Board of Education
1430 N Street
Sacramento, CA 95814

FROM: Scott Morgan, Deputy Director
1400 10th Street
Sacramento, CA 95812

SUBJECT: 2016-17 Budget Change Proposal

The Office of Planning and Research (OPR) is submitting a Budget Change Proposal (BCP) to request for additional funding in order to comply with the requirements of Assembly Bill 97 (Chapter 357, Statutes of 2013). OPR is requesting funding for two limited-term positions and contracting for services to continue to support the implementation of the Local Control Funding Formula, in cooperation with the State Board of Education.

As part of the documentation for submitting this BCP, please indicate whether you concur with our proposal, sign, and return this letter to the OPR.

If you have any questions, please contact me at (916) 322-2960 or scott.morgan@opr.ca.gov.

The State Board of Education

concurs with this proposal.

has concerns with this proposal.

Karen Stapf Walters
Director or Designee

1-5-16
Date

BCP Fiscal Detail Sheet

BCP Title: LCFF BCP

DP Name: 0650-004-BCP-DP-2016-GE

Budget Request Summary

| | FY16 | | | | | |
|---|------------|--------------|--------------|--------------|------------|------------|
| | CY | BY | BY+1 | BY+2 | BY+3 | BY+4 |
| Salaries and Wages | | | | | | |
| Earnings - Permanent | 0 | 214 | 220 | 113 | 0 | 0 |
| Total Salaries and Wages | \$0 | \$214 | \$220 | \$113 | \$0 | \$0 |
| Total Staff Benefits | 0 | 89 | 95 | 49 | 0 | 0 |
| Total Personal Services | \$0 | \$303 | \$315 | \$162 | \$0 | \$0 |
| Operating Expenses and Equipment | | | | | | |
| 5301 - General Expense | 0 | 4 | 4 | 4 | 0 | 0 |
| 5302 - Printing | 0 | 1 | 1 | 1 | 0 | 0 |
| 5306 - Postage | 0 | 1 | 1 | 1 | 0 | 0 |
| 5320 - Travel: In-State | 0 | 5 | 5 | 5 | 0 | 0 |
| 5340 - Consulting and Professional Services - External | 0 | 230 | 242 | 127 | 0 | 0 |
| 5340 - Consulting and Professional Services - Interdepartmental | 0 | 4 | 4 | 4 | 0 | 0 |
| Total Operating Expenses and Equipment | \$0 | \$245 | \$257 | \$142 | \$0 | \$0 |
| Total Budget Request | \$0 | \$548 | \$572 | \$304 | \$0 | \$0 |
| Fund Summary | | | | | | |
| Fund Source - State Operations | | | | | | |
| 0001 - General Fund | 0 | 548 | 572 | 304 | 0 | 0 |
| Total State Operations Expenditures | \$0 | \$548 | \$572 | \$304 | \$0 | \$0 |
| Total All Funds | \$0 | \$548 | \$572 | \$304 | \$0 | \$0 |
| Program Summary | | | | | | |
| Program Funding | | | | | | |
| 0360 - State Planning & Policy Development | 0 | 548 | 572 | 304 | 0 | 0 |
| Total All Programs | \$0 | \$548 | \$572 | \$304 | \$0 | \$0 |

Personal Services Details

Salaries and Wages

| | CY | BY | BY+1 | BY+2 | BY+3 | BY+4 |
|---------------------------------|------------|--------------|--------------|--------------|------------|------------|
| - | 0 | 214 | 220 | 113 | 0 | 0 |
| Total Salaries and Wages | \$0 | \$214 | \$220 | \$113 | \$0 | \$0 |

Staff Benefits

5150900 - Staff Benefits - Other

| | | | | | | |
|--------------------------------|------------|--------------|--------------|--------------|------------|------------|
| 0 | 89 | 95 | 49 | 0 | 0 | |
| Total Staff Benefits | \$0 | \$89 | \$95 | \$49 | \$0 | \$0 |
| Total Personal Services | \$0 | \$303 | \$315 | \$162 | \$0 | \$0 |