

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assemblymember Kevin McCarty, Chair

TUESDAY, MARCH 8, 2016

9:00 AM - STATE CAPITOL ROOM 444

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ITEMS TO BE HEARD**6100 DEPARTMENT OF EDUCATION****ISSUE 1: LOCAL CONTROL FUNDING FORMULA AND ACCOUNTABILITY UPDATE
(INFORMATION ONLY)**

The Subcommittee will hear an update on the implementation of the Local Control Funding Formula (LCFF) and accountability system, including the Local Control Accountability Plan (LCAP), Annual Update, evaluation rubrics, and the California Collaborative for Educational Excellence (CCEE) support system.

The Subcommittee will also hear from local Superintendents about their experience in implementing the LCFF and new accountability system.

PANEL 1:

- Edgar Cabral, Legislative Analyst's Office
- Debra Brown, Department of Education
- David Sapp, California State Board of Education
- Joshua Daniels, California Collaborative for Educational Excellence

PANEL 2:

- Kirsten M. Vital, Superintendent, Capistrano Unified School District
- Dr. Judy White, Superintendent, Moreno Valley Unified School District
- David W. Gordon, Superintendent, Sacramento County Office of Education
- Lea Darrah, Parent

BACKGROUND

AB 97 (Committee on Budget), Chapter 47, Statutes of 2013, and subsequent legislation created the LCFF, which consolidated most of the state's categorical programs with the discretionary revenue limit funding to create a new student formula to be phased in over several years.

The LCFF was the result of extensive research and policy work that was proposed by Governor Brown in the 2012-13 budget with his "Weighted Student Formula" and again in 2013-14 with the "Local Control Funding Formula." The purpose of the LCFF was to create a more simple and equitable formula that is intended to improve student outcomes by shifting decision making to the local level and redistributing resources to students that require

additional services. The LCFF consists of a base grant for all students, supplemental funding for English learners, low-income and foster youth, and concentration funding for local educational agencies (LEAs) with high proportions of students that qualify for supplemental funding. However, because the state could not fully fund the LCFF when it was enacted, the state set target rates which would be funded over the next several years. The Department of Finance (DOF) estimates that the LCFF will be fully funded by 2020-21.

LCFF for School Districts and Charter Schools

The formula for districts and charter schools consists of the following components:

- Base Grant. Under the LCFF, school districts and charter schools receive the majority of their funding through a base grant based on average daily attendance (ADA) and adjusted for four grade span needs. The formula includes a 10.4 percent increase in the base rate for grades K-3 in order to cover the costs associated with class size reduction in these grades. The student to teacher ratio established by the LCFF in grades K-3 is 24 to one, to be phased-in over eight years. The high school grade span adjustment increases the base grant for grades 9-12 by 2.6 percent, taking into account costs associated with career technical education (CTE) and other high school programs.
- Supplemental Grant. The LCFF provides a “supplemental grant” for English learners, low-income and foster youth students. Under the formula, these student groups generate an additional 20 percent of the student’s base rate. Students can only qualify for one supplemental grant, meaning that if a student is both an English learner and low-income, they are only counted once. All foster youth are also considered low-income; therefore it is unnecessary to discuss them as a separate group.
- Concentration Grant. The LCFF also provides a “concentration grant” for districts whose English learner and low-income student population exceeds 55 percent. These districts will receive an additional 50 percent of the adjusted base grant for each English learner and low-income student above the 55 percent threshold.
- Add-Ons. Two former categorical programs are treated as “add-ons” to the LCFF. These include the Home-to-School Transportation (HTST) program and the Targeted Instructional Improvement Block Grant (TIIG). Districts that received categorical funding for these programs in 2012-13 will continue to receive the same amount of funding through this add-on. Districts that did not receive this categorical funding previously will not receive the add-on.
- Economic Recovery Target. Some districts will receive an Economic Recovery Target (ERT) add-on. This add-on is targeted at those districts that would have fared better under the prior funding formula, had the revenue limit deficit factor and categorical funding been fully restored to pre-recession levels. The ERT add-on is calculated by the difference between the amount a district would have received under the old system and the amount a district would receive based on full implementation of the LCFF. However, districts that are in the 90th percentile or above in per-pupil spending under the old system are not eligible to receive the ERT. Approximately 130 districts are eligible to receive the ERT add-on.

- Cost of Living Adjustment. Each year the target base rate will be updated for cost of living adjustments (COLAs), creating a moving target. Until districts reach their target funding level, COLA will be included in their growth funding. This will vary district by district. For example, a district that is close to their LCFF target will receive a smaller amount for COLA than a district that is further away from their target. Once the target funding level is reached, districts will then receive the full COLA each year (assuming that the state has sufficient funds to do so).

LCFF for County Offices of Education

Along with the creation of the LCFF for school districts and charter schools, the state also created a new formula for county offices of education (COEs), with the same goals in mind. COEs, however, have a two-part formula in recognition that COEs provide two different functions. First, COEs provide support and services for their member districts. Second, they operate alternative schools for students that are incarcerated, on probation, referred by a probation officer, or have been expelled. The COE LCFF provides a grant based on the total number of school districts and number of students within the county. This is meant to cover the support services provided by the COE. The LCFF also provides a grant for COEs to run alternative schools. This grant amount is determined similar to the LCFF formula for school districts, however, the base rate is significantly higher and the supplemental and concentration grants are slightly different. For COEs, supplemental funding generates 35 percent of the base grant (rather than 20 percent for districts) and concentration grants provide 35 percent of the base grant for unduplicated students above the 50 percent threshold (rather than 20 percent of the base grant for unduplicated students above the 55 percent threshold).

New State Accountability System

In conjunction with the LCFF, the state also established a new system for school accountability. This system includes the Local Control Accountability Plan (LCAP), Annual Update, evaluation rubrics, and the California Collaborative for Educational Excellence (CCEE). The intent of this new accountability system is to support continuous learning and improvement. Additionally, with the recent passage of the federal Every Student Succeeds Act (ESSA), the State Board of Education (SBE) is committed to creating one accountability system that is aligned to both state and federal rules.

Local Control Accountability Plan and Annual Update

Under the new system, LEAs are required to complete a LCAP every three years, which is to be updated annually. The LCAP must include annual goals in each of the state priority areas. These state priorities include:

- 1) Basic services
- 2) Implementation of state standards
- 3) Parental involvement
- 4) Student achievement
- 5) Student engagement
- 6) School climate
- 7) Course access
- 8) Other student outcomes

For school districts, the plans must include both district wide goals and goals for specific subgroups. Districts are required to consult with stakeholders on their plans and hold at least two public hearings before adopting or updating their LCAP. Districts must submit their LCAP to the COE for review. The COE can suggest amendments to the LCAP, which the district must consider. If the COE does not approve the district's LCAP, the state will then intervene. COEs are also required to complete a LCAP, which is submitted to the Department of Education for review. Districts, charter schools and COEs were first required to adopt an LCAP by July 1st 2014.

The SBE was charged with adopting the template for LEAs to use in adopting their LCAP, as well as the regulations for how districts can use their supplemental and concentration funds. The SBE adopted an emergency template and spending regulations for districts to use in the first year of adopting their LCAPs. The permanent regulations were approved by the SBE in November 2014 and approved by the Office of Administrative Law (OAL) in January 2015. These regulations allow for districts that have over 55 percent English learners or low-income students to use the supplemental and concentration funding on a districtwide basis as long as they identify the services being provided and how those services are benefiting these students. For those districts that have less than 55 percent English learner and low-income students, the regulations allow them to also use the extra funds for districtwide purposes, but they must also describe how the districtwide services are the most effective use of the funds to meet their goals for these students. The regulations also provide a formula for districts to calculate the proportion of their LCFF funds that are generated by English learners and low-income students.

Evaluation Rubrics

The SBE is also required to adopt the evaluation rubrics for assessing LEA performance by October 1, 2016. The Legislature extended this deadline by one year in the budget trailer bill, AB 104 (Chapter 13, Statutes of 2015), in order to provide the SBE the time needed to ensure the rubrics were evidence-based and part of the overall accountability system. The evaluation rubrics will be used by LEAs and the Superintendent of Public Instruction in order to evaluate how LEAs are performing in each of the state priority areas and determine whether an LEAs is in need of support or intervention.

California Collaborative for Educational Excellence

This new accountability system also includes a new system of support. The California Collaborative for Educational Excellence (CCEE) was created in order to provide assistance to school districts that need or ask for help in a particular area. Under the new system, if a school district that does not meet performance expectations in the eight state priority areas, they could be subject to intervention by their COE or the CCEE. Districts that are continuously not meeting performance standards will be subject to intervention by the SBE and State Superintendent of Public Instruction.

The 2013 Budget Act provided \$10 million in one-time funding to establish the CCEE. To date, approximately \$2 million has been spent. The CCEE has appointed a Governing Board, which meets every other month, and has hired six staff members. Ongoing funding for this new entity has not been provided, since the role and scope of work of the CCEE is still being developed.

STAFF COMMENTS:

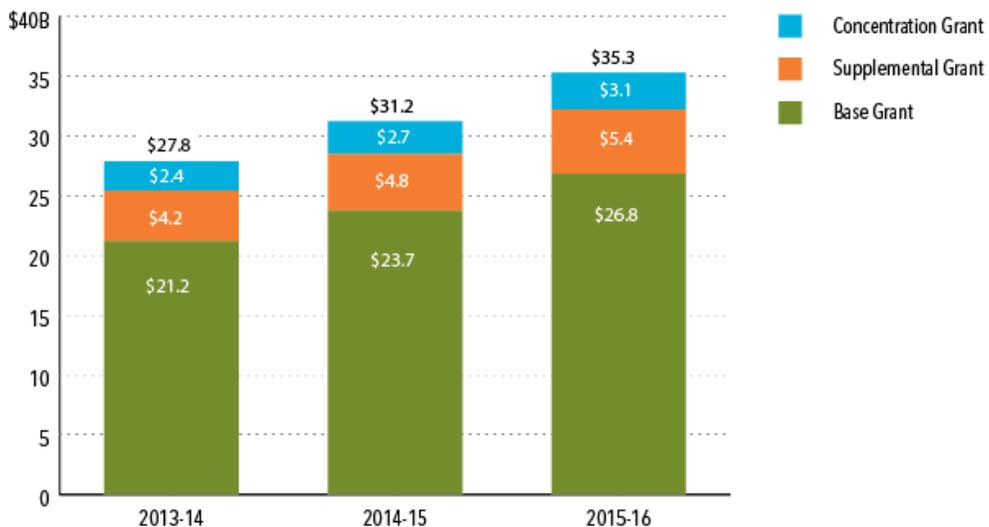
The LCFF fundamentally changed the way we allocate funding to schools. The formula provides more resources for English learners and low-income students, while also providing LEAs with more local control in their decision-making. The state's new accountability system is also a fundamental change from the previous system. Instead of restricted categorical programs established by the state, this new system is intended to engage local communities in holding their schools accountable by measuring student outcomes. The state is in its third year of implementing the LCFF and many of the accountability components, such as the evaluation rubrics and the CCEE support system, are still being developed. The Subcommittee will continue to monitor LCFF implementation and the LCAP process and consider changes as needed.

Significant funding provided for disadvantaged students

The LCFF provides a substantial amount of funding for English learners and low-income students. In 2015-16, the state provided a total of \$51.2 billion (excluding add-on grants) in LCFF funding. According to the California Budget and Policy Center's estimates, based on the Department of Education's data, a total of approximately \$35.3 billion was allocated to support English learners and low-income students in 2015-16 (\$26.8 billion for the base grant, \$5.4 billion for the supplemental grant and \$3.1 billion for the concentration grant). The graph below illustrates, provided by the California Budget and Policy Center, statewide estimates of the total funding allocated for English learners and low-income students over the last three years.

LCFF Grants Allocated to Support Disadvantaged Students Are Estimated to Total \$35 Billion in 2015-16

Dollars in Billions



Source: Budget Center analysis of California Department of Education data



Use of supplemental and concentration funds

Although LEAs are required to demonstrate how they are increasing or improving services for English learners and low-income students in their LCAP, they are not explicitly required to spend a certain amount on services for these students. The SBE was required to develop a formula to be included in the LCAP that calculates the percentage an LEA must increase or improve services for English learners and low-income students, based on their proportional increase in funding. However, there is no specific spending requirement for these services.

Concerns around LCFF transparency

Although the LCFF shifts much of the decision-making and oversight to the local level, many state leaders are concerned that supplemental and concentration funding is not reaching the students it was intended to serve. In recent years, the Legislature has sought to increase transparency on supplemental and concentration funding. The 2015-16 budget included trailer bill language stating the Legislature's intent to require, once the Local Control Funding Formula is fully implemented, LEAs to report to the Superintendent of Public Instruction for compilation on the Department of Education website, the following:

- 1) The amount of funds received on the basis of the number and concentration of unduplicated pupils, and
- 2) The amount of LCFF funds expended on unduplicated pupils.

At the Subcommittee's overview hearing on February 23rd, the Subcommittee asked the CDE and LAO to provide additional options and recommendations for providing more transparency on supplemental and concentration funding at the March 8th hearing.

Review of LCAPs

The Subcommittee will hear from Capistrano Unified School District (USD), Moreno Valley USD, and Sacramento COE about their experience in implementing the LCFF and LCAP process. Staff reviewed the LCAPs of these three LEAs and found the document helpful in understanding the overall goals of each LEA and metrics used to measure how they are doing in meeting these goals. However, these LCAPs were between 73 and 89 pages long, raising questions on whether the LCAP document is useful for parents and community members. Staff found that all three LEAs used the majority of their supplemental and concentration grant funding on districtwide or schoolwide purposes. Below is a summary of each LEAs LCFF funding and expenditure plan for serving English learners and low-income students, as outlined in their LCAP.

Capistrano Unified School District			
Total LCFF Funding	Unduplicated Count	Supplemental/Concentration Grant Funding	Proportionality Percentage
\$372,483,272	24%	\$10,851,161	3%

Source: Department of Education and Capistrano USD LCAP

Capistrano USD has budgeted \$5,602,789 of the \$10,851,161 LCFF supplemental funds to address the priorities for all students but principally meets the needs of English Learners, low-income and foster youth students, based on research cited in their LCAP and stakeholder input.

Capistrano USD has developed a plan to utilize \$2,053,397 of LCFF supplemental funds specifically to meet the needs of English learners, low-income, and foster youth students by allocating money for a variety of targeted programs and services including:

- Increased support to English Learners through summer program for English Learners in grades 4-12, supplemental English Language Development sections for secondary schools, English Language Development school site advisors, English Language Development Task Force, English Language program operations, and translation staff
- Increased interventions through tutoring for foster youth
- Increased parent communication through increased translation, school site Bilingual Liaisons, and childcare for English Learner parent meetings

An additional \$679,559 was budgeted for targeted services for English Learners, low-income, and foster youth to reach \$2,732,956 for the minimum proportionality percentage, but no services were identified.

Moreno Valley Unified School District			
Total LCFF Funding	Unduplicated Count	Supplemental/Concentration Grant Funding	Proportionality Percentage
\$296,176,991	85%	\$56,724,923	24%

Source: Department of Education and Moreno Valley USD LCAP

Moreno Valley USD has budgeted most of the supplemental and concentration dollars to be spent in an LEA-wide and/or school-wide manner. Because the district has 85 percent unduplicated count, the district argues that these expenditures have been allocated to improve and/or increase services for unduplicated students thereby serving all students. These expenditures include:

- Provide 15 flex days for increased collaboration time for teachers and other staff
- Additional support for English Language Learners
- Parent empowerment activities
- Expanded college and career activities
- Professional Development Coaches assigned to individual school sites
- Additional counselors to decrease the counselor to student ratio
- Elementary enrichment program which includes art, music, and physical education
- Expansion of our middle school band program
- Ten additional assistant principals to support school sites
- Purchasing one-to-one devices for every 3rd through 12th grade classroom
- Maintaining and modernizing facilities.

Sacramento County Office of Education			
Total LCFF Funding	Unduplicated Count	Supplemental/Concentration Grant Funding	Proportionality Percentage
\$ 30,839,004	77%*	\$2,831,670	10%

*Unduplicated count for non-juvenile court students (juvenile court students are automatically calculated at 100% unduplicated).

Source: Department of Education and Sacramento County Office of Education LCAP

In addition to Sacramento COE's role in overseeing and supporting the districts in the county, the COE also serves 863 students in alternative schools. Sacramento COE serves a high population of unduplicated students in the county's juvenile court schools and community schools, therefore many of the expenditures in their LCAP benefitted all students. The COE added services such as:

- After School and intervention programs at court and community schools: \$202,250
- Professional development for all court, community and special education teachers: \$28,000
- Additional transition specialists to support our low-income, English learner, and Foster Youth Student Success Plans: \$88,500
- A Data sharing agreement to access student transcripts: \$10,000
- Translation of additional materials into Spanish and Hmong: \$20,000

SUGGESTED QUESTIONS FOR PANELISTS:

Statewide Panel:

- Has the LCAP process been effective in holding districts accountable for their LCFF funding?
- What changes to the LCAP template does the State Board anticipate making for 2017-18?
- How will the evaluation rubrics help LEAs in crafting their LCAPs?
- Has the CCEE begun providing support to LEAs that need or ask for assistance?

Local Panel:

- Was the LCAP process useful for local districts and county offices? How did local districts engage their communities in the process? What changes, if any, would improve the LCAP process?
- How have districts and county offices increased or improved services for English learners, low-income and foster youth students? What specific programs have been successful in improving outcomes for these students?
- Is the LCAP document useful for parents? Has the LCAP process improved parent engagement at the local level?

Staff Recommendation: Information Only.

ISSUE 2: GOVERNOR'S 2016-17 BUDGET PROPOSALS: LOCAL CONTROL FUNDING FORMULA IMPLEMENTATION FUNDING

The Subcommittee will consider the Governor's budget proposals related to the LCFF implementation. These proposals include:

- \$2.8 billion for school districts and charter schools to further implement the LCFF.
- \$1.8 million increase in funding for county offices of education through the LCFF.
- \$23 million for a 0.47 percent cost-of-living adjustment for education programs funded outside the LCFF.
- \$548,000 in non-Proposition 98 General Fund in 2016-17, \$572,000 in 2017-18 and \$304,000 in 2018-19 for the SBE to continue to support the implementation of the LCFF.
- \$500,000 in Proposition 98 funding for the San Joaquin COE to support the development of the evaluation rubrics and the web-based system for the School Accountability Report Card (SARC).

PANELISTS

- Aaron Heredia, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Debra Brown, Department of Education

BACKGROUND

Because the cost of the LCFF is higher than the previous funding formula, it is estimated to be phased in over eight years. New funding for the LCFF will be allocated to school districts and charter schools based on their funding "gap," which is the difference between their prior year funding level and their target LCFF funding level. Each district will see the same percentage of their gap closed, but the dollar amount will vary for each district.

The state has made significant progress in implementing the LCFF in recent years, providing approximately \$12.8 billion over the last three years. This is approximately \$6 billion ahead of the Administration's original projections for implementation. However, the DOF still estimates that the LCFF will be fully funded in 2020-21.

The Governor's 2016-17 Budget

The Governor's proposed budget provides \$2.8 billion to further implement the LCFF for districts and charter schools. This represents 49 percent of the remaining gap funding needed to reach full implementation of the LCFF and represents a 6 percent increase from

2015-16. The Governor's budget provides a total of \$55.5 billion for LCFF, approximately 95 percent of the full implementation cost.

The chart below shows the DOF's projections of LCFF funding and gap closure percentage for districts and charter schools.

District and Charter School LCFF						
(Dollars in Millions)						
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
LCFF Funding	\$4,722	\$5,994	\$2,825	\$1,839	\$222	\$1,667
Remaining LCFF Gap Closed	29.99%	51.97%	49.08%	45.34%	6.15%	34.21%
COLA	0.85%	1.02%	0.47%	2.13%	2.65%	2.72%

Source: Department of Finance

County Offices of Education

Unlike districts and charter schools, COEs reached their LCFF targets in 2014-15, one year after enacting the LCFF. The Governor's budget provides a total of \$1 billion in LCFF funding for COEs, approximately \$1.8 million above the 2015-16 funding level. This increase is due to some COEs receiving a cost-of-living adjustment (those that are not already funded at the COLA-adjusted level of funding).

Cost of Living Adjustment

The Governor's budget includes \$23 million for a 0.47 percent cost-of-living adjustment for education programs funded outside the LCFF. These programs include: special education, child nutrition, state preschool, foster youth services, American Indian education centers and American Indian early childhood education programs.

Positions for the State Board to Support LCFF Implementation

The Governor's budget includes \$548,000 in non-Proposition 98 General Fund in 2016-17, \$572,000 in 2017-18 and \$304,000 in 2018-19 for the Office of Planning and Research (OPR) to support the SBE's implementation of the LCFF. The 2013 Budget Act provided \$2 million non-Proposition 98 General Fund to the OPR to support the SBE's implementation of the LCFF by funding two full-time limited term positions and contracted services. The Governor's budget proposal would allow for the SBE to maintain the positions provided in 2013-14 through 2015-16, and fund one additional position for three more years. The positions would support the following activities:

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 (SJCCE) 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 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.

Position 3 - California's State Accountability System:

- Coordinate the state entities (e.g., CDE, CCEE, and CCEs), 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.

Funding for San Joaquin County Office to Support LCFF Accountability

The Governor's budget includes \$500,000 in Proposition 98 funding annually beginning in 2016-17 through 2018-19 for the San Joaquin COE to support the development of the evaluation rubrics and the web-based system for the School Accountability Report Card (SARC). The trailer bill language directs the Department of Education, subject to approval by the executive director of the State Board of Education, shall enter into a contract with the San Joaquin COE to do the following activities:

- 1) Host, maintain and support the development of the LCFF evaluation rubrics web-based system.
- 2) Maintain and support the web application system for the SARC.

The 2015 Budget Act included \$350,000 in one-time Proposition 98 funding for the Superintendent of Public Instruction to enter into a contract with the San Joaquin COE for this purpose.

LAO Recommendations

The LAO does not have any concerns with the Governor's proposal to provide \$2.8 billion for districts and charter schools to further implement the LCFF. However, the LAO raises concerns with the impacts of the LCFF for COEs. The LAO recommends making changes to the state's "hold harmless" provisions applied to COE's LCFF funding. Specifically, the LAO recommends eliminating the minimum state aid provision, which provides additional state funding – beyond the LCFF allotment – for certain COEs, resulting in funding differences across COEs. The LAO estimates that the cost of the minimum state aid provision will increase from \$30 million in 2013-14 to \$115 million in 2019-20.

STAFF COMMENTS/QUESTIONS

The Governor's proposed budget makes a significant investment in the LCFF. The Governor's approach is consistent with the Legislature's priorities over the last few years and will make progress toward fully funding the LCFF. Staff recommends holding this issue open pending updated revenue projections at the May Revision.

Suggested Questions:

- How would the proposed Proposition 30 extension impact the Administration's projections for reaching full implementation of LCFF?
- Why is the Administration's COLA calculation so low? Does the LAO agree with this number?
- Does the Administration have any concerns with the LCFF formula for county offices of education, similar to the LAO?

Staff Recommendation: Hold Open.

ISSUE 3: EVERY STUDENT SUCCEEDS ACT OVERVIEW (INFORMATION ONLY)

The California Department of Education will provide an overview for the Subcommittee on the federal Every Student Succeeds Act (ESSA), the successor to the No Child Left Behind (NCLB) Act of 2002, and its impact on California.

PANELIST

- Keric Ashley, Department of Education

BACKGROUND

The Elementary and Secondary Education Act (ESEA) of 1965, signed into law by President Lyndon B. Johnson, set forth a blueprint for the federal government's funding of elementary and secondary education with the intent of providing equal access to quality education. In 2001, President Bush reauthorized ESEA making some fundamental policy changes and renaming ESEA to NCLB. On December 10, 2015, President Obama signed ESSA, reauthorizing ESEA and replacing NCLB.

Overall, the new law provides additional flexibility but preserves the general structure of the ESEA funding formulas. States gain authority on standards, assessments, and interventions while the authority of the Education Department (ED) Secretary is limited. The ESSA preserves the "supplement, not supplant" requirements, ensuring that this funding does not replace existing funding provided by the state. The law eliminates the Highly Qualified Teacher (HQT) and Adequate Yearly Progress (AYP) requirements. Highlights of this new law include:

State Plans

The ESSA requires each state to develop a State Plan, in consultation with stakeholders. The plan must provide assurances that the state has adopted challenging academic content standards and aligned academic achievement standards, for all public schools. The law specifically prohibits the Secretary from approving, supervising, or exercising any discretion over state standards.

Statewide Accountability Systems and Interventions

States must develop and implement a single, statewide accountability system that measures academic achievement for each subgroup, high school graduation rate, progress in achieving English learner proficiency and at least one additional indicator of school quality that is valid, reliable, comparable, and statewide. The law further requires States to establish a methodology for identifying schools for comprehensive support and improvement that are: (a) at least the lowest-performing five percent, (b) high schools graduating less than two-thirds of students, and (c) schools in which any subgroup, on its own, would be identified as the lowest-performing five percent (and has not improved in a state-determined number of years). Identification of students must start in the 2017–18 school year and occur at least once every three years.

The provisions on interventions require states to notify LEAs of schools that are identified for support and improvement and the LEA then must develop and implement a comprehensive support and improvement plan subject to state approval.

State and LEA Report Cards

State and LEA report cards are required and must include information on academic achievement by subgroup, percentage of students assessed and not assessed, the State's accountability system, graduation rates, information on indicators of school quality, professional qualifications of teachers in the State, per pupil expenditure of federal/state/local funds, and National Assessment of Educational Progress (NAEP) results. California will continue to produce the School Accountability Report Card (SARC), a state accountability tool that predates NCLB and ESEA.

Title I

Title I provides funding to support the academic achievement of low income students. Under ESSA, as under NCLB, states receive funding based on the number of low-income students, most of which goes out on a formula basis to local educational agencies (LEAs). Of the total grant, states may use up to 1 percent for state administration. For the 2016-17 year, California anticipates receiving \$1.8 billion in Title I funds.

Title II

Title II provides funding to increase the quality of teachers and principals. The changes to Title II under ESSA include formula adjustments to weight poverty more heavily than population than the current program. Under ESSA, Title II also prohibits the Secretary of Education from requiring or controlling teacher evaluations, definitions of effectiveness, standards, certifications, and licensing requirements. Under NCLB, Title II funding for California is approximately \$250 million.

Title III

Title III provides funding specifically for the education of English learner students. Under ESSA, Title III includes reporting on English learners; numbers, percentages, attainment of proficiency, and long term academic performance. Under NCLB, Title III included accountability provisions called annual measurable achievement objectives. Under the ESSA reauthorization, accountability for English Learners is included in the new accountability system under Title I. Under NCLB, Title III funding for California is almost \$145 million.

Other Changes

There are some changes to other Title programs under ESSA. Title IV includes a new grant program that provides funds for supporting students in a variety of ways (e.g. enrichment activities, school climate, health and safety, technology access. There are new competitive preschool grants administered jointly by ED and the Health and Human Services departments. Additionally, the granting of waivers has changed, LEAs must first submit waiver requests to the State Educational Agency (in California this is the SBE) who must forward eligible waivers to the federal Department of Education.

Transition

Full enactment of the ESSA will begin in the 2017–18 school year. A State Plan, standards, and new determinations for improvement need to be in place for the 2016–17 school year with accountability and interventions ready for implementation for the 2017–18 school year.

STAFF COMMENTS/QUESTIONS

This new federal law provides states much more authority than the previous NCLB. Under ESSA, states are given discretion on setting goals, holding schools accountable and intervening in low-performing schools. However, states must identify the lowest performing schools in need of intervention, which requires the state to have a rating system. California's rating system, the Academic Performance Index (API), was suspended two years ago when the state was shifting to a new student assessment system. The API used a single number, comprised mostly of test scores. The state board hopes to shift to a "dashboard" of metrics to show a more complete picture of a school. It is unknown if a dashboard will meet the federal requirements. The SBE will be working to align state and federal accountability requirements this year, with the goal of developing one coherent accountability system.

Suggested Questions:

- Are local school districts aware of the changes made to many of the federal grant programs through ESSA?
- How does California fare under the new Title II funding formula?
- How does the ESSA impact the timeline for implementing the state accountability system?
- Is there anything in the ESSA prohibiting the state from using a "dashboard" of metrics when identifying the lowest performing schools in need of intervention?

Staff Recommendation: Information Only.
