



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Maximizing Local Control Funding Formula Revenue

Northern California Best Practices Workshop
February 7-9, 2023

Erin Lillibridge, CFE - Intervention Specialist
Michelle Giacomini - Deputy Executive Officer

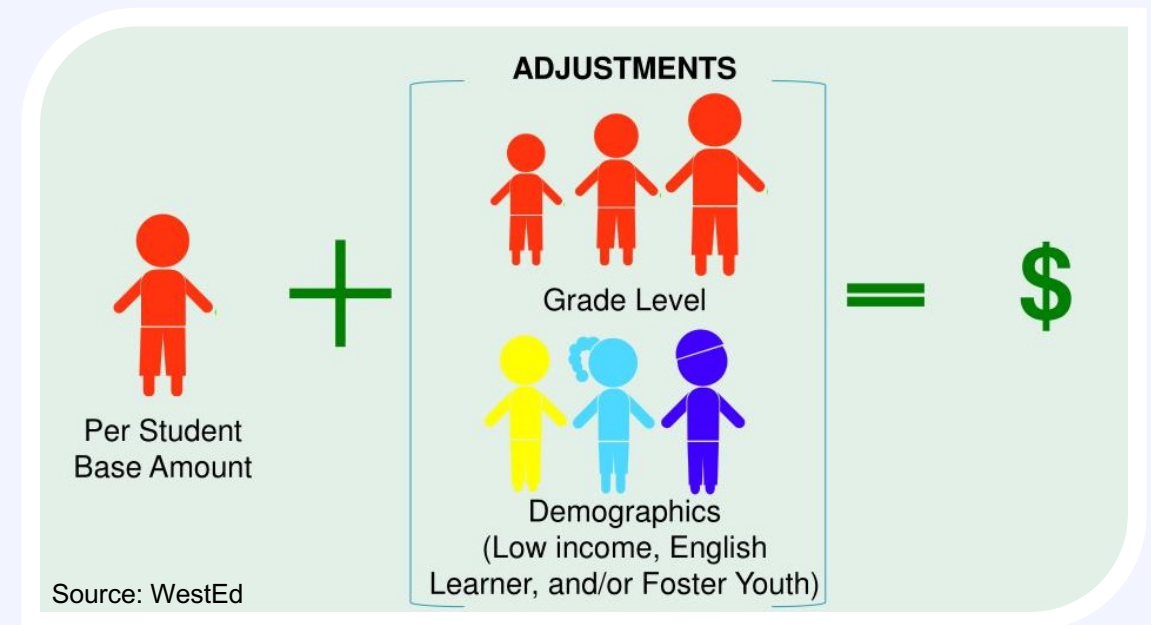
Agenda

- Local control funding formula (LCFF) – introduction to the basic calculation
- How to maximize LCFF projected data factors and revenue
 - Enrollment
 - Attendance
 - Unduplicated pupil counts
 - Cost of living adjustment
 - Local revenue (property taxes/in lieu of property taxes)
- Troubleshooting common problems with best practices
- Questions and answers

LCFF Basics

Local Control Funding Formula (LCFF)

- Created in 2013-14 to provide a more equitable student funding model
 - Eliminated revenue limits and most state categorical funding
 - Recognized students with additional learning needs – low income, English learners, and foster youth – require additional financial resources



Basic Elements for LCFF Calculation

Projected Factors

- Enrollment
- Average daily attendance (ADA)
- Unduplicated pupil count
- Cost of living adjustment (COLA)
- Local revenue (property taxes or in lieu of property taxes)

Formula Components

- Base grant, per ADA funding by grade span
- Grade span adjustment
- Unduplicated pupil percentage
- Supplemental grant
- Concentration grant
- Add-ons
- Other adjustments

Funding Sources

- State aid
- Local revenue (property taxes or in lieu of property taxes)
- Education protection account (EPA)

Formula Components

Base grant in 2022-23

- Paid per ADA by grade level range, increased annually by COLA

Grade span adjustment

- Additional funds to cover costs/requirements for class size reduction for grades transitional kindergarten (TK)-3 and career technical education for grades 9-12

Grade Levels	Base Grant	Grade Span Adjustment	Total Adjusted Base Grant
TK - 3	\$9,132	\$950	\$10,082
4 - 6	\$9,270	N/A	\$9,270
7 - 8	\$9,544	N/A	\$9,544
9 - 12	\$11,061	\$288	\$11,349

- TK-3 grade span adjustment = 10.4% of base grant
- 9-12 grade span adjustment = 2.6% of base grant

Formula Components (cont.)

Unduplicated Pupil Percentage (UPP)

- Number of students identified as low income, English learners, and foster youth as a percentage of total student enrollment
- Unduplicated pupil count (UPC) means each student is counted only once, even if the student qualifies in more than one category

$$\text{UPP} = \frac{\left(\begin{array}{c} \text{2nd} \\ \text{Prior Year} \\ \text{UPC} \end{array} + \begin{array}{c} \text{1st} \\ \text{Prior Year} \\ \text{UPC} \end{array} + \begin{array}{c} \text{Base Year} \\ \text{UPC} \end{array} \right)}{\left(\begin{array}{c} \text{2nd} \\ \text{Prior Year} \\ \text{Enrollment} \end{array} + \begin{array}{c} \text{1st} \\ \text{Prior Year} \\ \text{Enrollment} \end{array} + \begin{array}{c} \text{Base Year} \\ \text{Enrollment} \end{array} \right)}$$

- UPP determines supplemental and concentration grant funding
- LCFF calculation uses the UPP percentage based on three years of data (current year plus two prior years)

Formula Components (cont.)

Supplemental Grant

- Provided to increase or improve services for targeted disadvantaged pupils as defined by the UPC (see California Code of Regulations, Title 5 Section 15496 for requirements)
- Equal to 20% of the adjusted base grant

Grade Levels	Adjusted Base Grant	Factor	Supplemental Grant
TK - 3	\$10,082	20%	\$2,016
4 - 6	\$9,270	20%	\$1,854
7 - 8	\$9,544	20%	\$1,909
9 - 12	\$11,349	20%	\$2,270

Funding calculation:

For each grade span, the adjusted base grant amount times total funded ADA times UPP times 20%

Formula Components (cont.)

Concentration Grant

- Equal to 65% of the adjusted base grant (2020-21 and prior years equal to 50%)
- Additional 15% concentration grant add-on restricted to hiring certain staff
- For charter schools, the UPP used is the lesser of its own UPP or the UPP of its determinative school district

Grade Levels	Adjusted Base Grant	Factor	Concentration Grant
TK - 3	\$10,082	65%	\$6,553
4 - 6	\$9,270	65%	\$6,026
7 - 8	\$9,544	65%	\$6,204
9 - 12	\$11,349	65%	\$7,377

Funding calculation:

For each grade span, the adjusted base grant amount times total funded ADA times UPP exceeding 55% times 65%

Formula Components (cont.)

Add-ons

- Transitional Kindergarten – new for 2022-23, equal to \$2,813 per TK ADA, adjusted annually by the statutory COLA
- Based on 2012-13 fiscal year funding, added to the base grant with no annual COLA (not applicable to most charter schools):
 - Targeted Instructional Improvement Block Grant
 - Home-to-School Transportation
 - Small School District Bus Replacement Program

Other Adjustments (not applicable to most charter schools)

- Miscellaneous, Economic Recovery Target, and additional state aid adjustments for other local educational agencies (LEAs)

Funding Sources

LCFF revenue is composed of three funding sources, which are tracked and accounted for separately pursuant to school accounting rules:

1. **State aid** – paid monthly by state per 5-5-9 schedule
2. **Local revenue** – property taxes paid twice a year, or for charter schools paid monthly primarily by authorizing LEAs per statutory [schedule](#) in lieu of property tax payments
3. **Education protection account** – paid quarterly by state
 - Special tax, first created in November 2012 by Proposition 30 and extended in 2016 by Proposition 55, that offsets state aid and impacts LCFF cash flow, and has some minor compliance requirements

FCMAT LCFF Calculator & Resources

FCMAT developed and maintains a school district and charter school [LCFF calculator](#) – available for download from the FCMAT website (fcmat.org).

- Direct support for questions regarding the calculator is provided via the online help desk.
- Updated twice a year, in the second and third quarters, with prepopulated data matching the California Department of Education's (CDE) certifications of the principal apportionment.
- Designed with a standard eight-year structure, including two historical years, one current year, and five projection years.

LCFF Projected Factors

Data Factor: Enrollment

Enrollment is the most important factor affecting LCFF revenue.

- **Local-controlled factor**
 - School and district attendance boundaries, charter schools open to all students.
 - Target should be reasonable, and established, reviewed, and monitored throughout the school year.
- **Reported by LEAs to the state in CALPADS as of census day and certified in the Fall 1 submission.**
 - Census day is the first Wednesday in October.

Data Factor: Attendance

ADA is the primary factor used to determine LCFF revenue, as well as other funding sources.

- **Local-controlled factor**

- ADA is the total number of days of student attendance divided by the total number of days in the regular school year. A student attending every day would equal one ADA.
- Student attendance should be taken daily by teachers, and monitored daily, weekly, monthly and yearly.
- Considerations include student information systems, school calendar, internal controls, and monitoring systems.

Data Factor: Attendance (cont.)

- **Reported by LEAs (charter schools through the authorizing agency) to the state using the Principal Apportionment Data Collection Web Application three times a year – P-1, P-2, and P-An.**
 - The attendance periods are defined as follows:
 - P-1 (first period from July 1 to last school month ending on or before December 31), used to determine the First Principal Apportionment.
 - P-2 (second period from July 1 to last school month ending on or before April 15), used to determine the Second Principal Apportionment.
 - **LCFF revenue is calculated using the P-2 ADA.**
 - P-An (annual period from July 1 to last school day), used to determine the Annual Principal Apportionment.

Data Factor: Unduplicated Pupils

UPC is the primary factor used to calculate supplemental and concentration grant funding for services targeted to disadvantaged pupils.

- **Local- and state-controlled factor**
 - Free and reduced-price meal eligible (FRPM) – includes students certified directly by the state and by LEAs through FRPM applications or alternative income forms
 - English learners (EL) – includes students categorized by LEAs as EL as of the census day
 - Foster youth – includes students matched weekly with the state department of social services
 - Homeless – includes students identified by the LEA in registration

Data Factor: Unduplicated Pupils (cont.)

- Considerations include student information system/nutrition system/CALPADS reconciliations, community eligibility provision/provisions 1, 2 and 3, California English Language Development Test assessments, EL identification and reclassification procedures, student registration and documentation.
- **Reported by LEAs to the state in CALPADS as of census day and certified in the Fall 1 submission.**
 - For charter schools, the UPP used in the concentration grant calculation is capped at the highest UPP of the district(s) where the school is physically located or has a school facility.
 - May not be obvious for nonclassroom-based charters or charters with locations outside their main location (self-reported with ADA).

1.17 - FRPM/English Learner/Foster Youth - Count

Academic Year: 2015-2016	Gender: ALL	User ID: CSIS
View: SNAPSHOT	School Type: ALL	Create Date: 7/13/2015 5:28:23 PM
LEA: CSIS Unified	School: CSIS Elementary-5814530,CSIS High-5814510,FCMAT Middle-5814019	Print Date: 7/16/2015 5:06:02 PM

Non-Charter School(s)										
Free/Reduced Meal Eligibility Counts Based On:										
School Code	School Name	Total Enrollment	Free & Reduced Meal Program: 181/182	Foster	Homeless (1)	Migrant Program: 135	Direct Certification	Unduplicated Eligible Free/Reduced Meal Counts	EL Funding Eligible (2)	Total Unduplicated FRPM/EL Eligible Count (3)
5814530	CSIS Elementary	306	319	5	1	14	101	32	88	331
5814510	CSIS High	1508	1157	10	9	225	225	115	246	1197
5814019	FCMAT Middle	600	176	0	0	6	25	17	49	203
TOTAL - Selected Schools		2614	1652	15	10	245	351	165	383	1731

Charter School(s)										
Free/Reduced Meal Eligibility Counts Based On:										
School Code	School Name	Total Enrollment	Free & Reduced Meal Program: 181/182	Foster	Homeless (1)	Migrant Program: 135	Direct Certification	Unduplicated Eligible Free/Reduced Meal Counts	EL Funding Eligible (2)	Total Unduplicated FRPM/EL Eligible Count (3)
TOTAL - Selected Schools										
TOTAL LEA		2624	1652	15	10	245	351	1654	383	1731

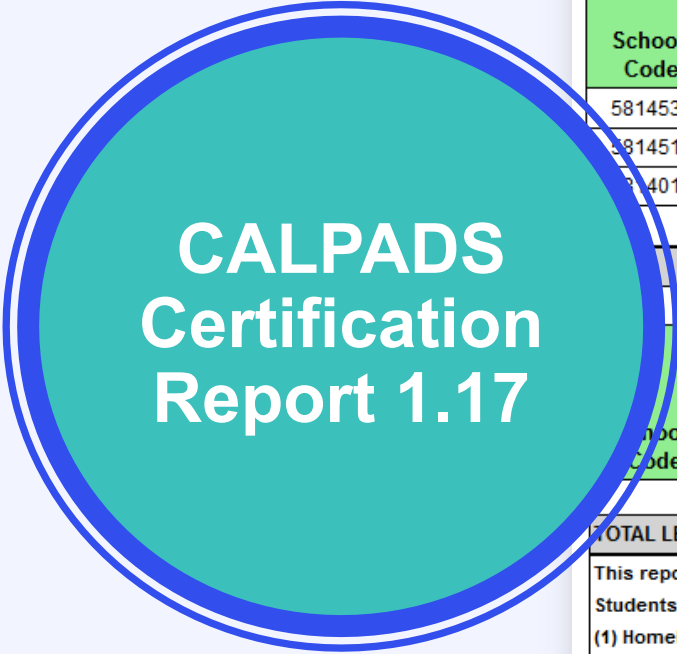
This report includes students with Primary and Short Term enrollment in grade levels K-12, UE and US only. Students enrolled in Adult Education Schools are not included in this report. Students with multiple qualifying records as of Fall 1 Census Day are counted only once. A student with qualifying enrollments in more than one LEA on Census Day is counted in each LEA.

(1) Homeless counts are based on Education Program record with an Education Program Membership Code 191 (Homeless).

(2) For Funding, Eligible English Learners are students with an English Language Acquisition Status of 'EL' on Fall 1 Census Day.

(3) Total Unduplicated FRPM/EL Eligibility Count will always equal enrollment count for Juvenile Court schools

Grade: 01-First Grade,02-Second Grade,03-Third Grade,04-Fourth Grade,05-Fifth Grade,06-Sixth Grade,07-Seventh Grade,08-Eighth Grade,09-Ninth Grade,10-Tenth Grade,11-Eleventh Grade,12-Twelfth Grade,KN-Kindergarten,UE-Ungraded Elementary,US-Ungraded Secondary	Ethnicity/Race: ALL	5 - 17 Year Olds: All
--	----------------------------	------------------------------



Data Factor: Cost of Living Adjustment

The LCFF base grant is increased annually by a statutory COLA.

- **State-controlled factor**
 - Department of Finance estimates COLA in the state's annual budget process beginning in January; the statutory COLA is set in May (in the May Revision) before the state budget is enacted.
- **COLA is tied to a national price index developed by the federal Bureau of Economic Analysis and reflects the cost of goods and services purchased by state and local governments across the country.**
 - Final funded COLA may differ due to legislative action.

Data Factor: Local revenue

Local revenue (i.e., property taxes or in lieu of property taxes payments to charter schools, which school districts or county offices of education transfer to charter schools serving that geographic location or the students that reside in that geographic location).

- **County- and state-controlled factor**
 - School district paid property taxes twice a year by county
 - In lieu calculated and paid pursuant to Education Code Section 47635.
 - CDE has a [calculator](#) and funding available on its website.
- **Reported by school districts/county offices using the Principal Apportionment Data Collection Web Application three times a year – P-1, P-2, and P-An.**

Troubleshooting with Best Practices

Common Problems and Best Practices

- **Consistently not meeting budgeted enrollment projections, resulting in deficit spending and/or unanticipated expenditure cuts.**
 - Be proactive by developing and maintaining systems to support enrollment activities.
 - Start annual enrollment process early and invest full-time equivalent staff (FTEs) and funds to ensure annual enrollment target is met.
 - Develop and use tools to track and analyze historical and current enrollment and attendance data.
 - Use reasonable enrollment estimates in budget development, and revise projections whenever needed.

Common Problems and Best Practices (cont.)

- **Consistently inaccurate and/or untimely data reported through CALPADS and other state reporting requirements.**
 - Educate staff members on importance of data quality and impact on funding.
 - Ensure CALPADS data is reviewed and verified by appropriate and knowledgeable staff and corrected as needed before report submission deadlines.
 - Ensure staff managing CALPADS data are trained and supported; consider contracting for additional help.
 - Establish clear responsibilities and expectations for all involved.
 - Develop, monitor and adjust action steps needed to meet deadlines.

Common Problems and Best Practices (cont.)

- **Annual audit report includes material apportionment findings (e.g., disallowed ADA or unduplicated pupils).**
 - Assign an individual to take student attendance daily.
 - Reconcile daily enrollment and attendance records monthly at the school site and charter school level.
 - Monitor and analyze enrollment and ADA at least monthly through the second attendance reporting period (P-2).
 - Present enrollment and attendance monthly to the governing board.
 - Maintain attendance records for audit.
 - Ensure CALPADS data is reviewed and verified by appropriate and knowledgeable staff and corrected as needed before report submission deadlines.

Q & A

Thank you!