

Date: March 20, 2014

To: David Kakishiba & James Harris

From: Superintendent Dr. Gary Yee

CC: Perry Chen, Maria Santos, Vernon Hal

Re: **March 12, 2014 Progress Report on the implementation of the Board Policy on Results-Based Budgeting**

The attached is the second progress report on the implementation of the Board Policy on Results-based Budgeting (BP 3150 January 15, 2014). The responses refer to questions presented in the March 3, 2014 memo.

1. What is the definition of the “base program” (i.e. staffing formula, discretionary dollar allocation) at each school? Are we using different budget allocation standards for elementary, middle, and high schools? Are we using different budget allocation standards for Tier III schools?

- The State allocated money for the district based on base, supplemental, and concentration, but did not specify the proportions of that money to be spent in each category, leadership chose to attempt to provide base funding that would provide minimum staffing, in order to ensure that we could provide more to target for
- Site Staffing: The base budget for schools is based on contractual and LCFF requirements for staffing of school (Note that LCFF class size reduction adjustment regulations have not yet been clarified, and they await March 12 State Board of Education meeting). The definitions are included in the budget development handbook and include staffing for teachers, administration, classified positions. For middle and high schools, site staffing included adequate staffing for a six period day.
- Site discretionary budget. The per pupil discretionary budget is also listed in the handbook. In addition, for this year, the EIA budget, which had been a restricted item, has been allocated for sites based on last year's eligibility, and treated as part of the base for each of those schools, for purposes of expenditure.
- Tier III schools. At this time, Tier III schools have the same allocation standards. However, they are eligible for CORE waiver funds that were previously reserved for S.E.S. programs.
- As part of the base, leadership agreed to provide additional “base funding” for the following categories: expanding schools; one middle school elective; A-G classes for all students; schools where more than half of the classrooms are “combination graded classrooms; unique programs approved by the board (dual immersion) that require additional staffing.

2. What is the formula being used to allocate LCFF Supplementary and LCFF Concentration dollars to schools?
 - The additional funding designated for LCFF Supplemental (\$3million) and Concentration dollars (\$1.5million) was determined by allocating the estimated additional funding (beyond the 2013/14 state allocation). Supplemental distribution was based on the unduplicated percent of students who met one of the three categories. Concentration funds were designated based on indexing of a basket of environmental factors within the geographic radius of a school site. The theory of action was that these factors impacted the capacity of sites to deliver high quality services to children without additional support. Several allocation weights were considered, and most had little influence on the overall rankings, but the factors and the weights associated with them should be reviewed for next year.
3. What is the budget allocation (by dollars) difference for each individual school between their 2013-2014 actual budget allocation and their 2014-2015 proposed budget allocation? What schools are projected to receive fewer dollars in 2014-2015 than they received in 2013-2014?
 - Budget allocations for 2013/14 were in dollars, but the 2014/15 system allocated positions without regard to their actual cost (and discretionary budgets). In addition, because salary/benefits change from one year to the next, and the enrollment estimates try to predict growth and losses in students, it would be difficult to compare one year to the next, except via a per pupil expenditure.
 - We can thus compare numbers of positions, and those are listed on each one pager for each site. Recall that last year, 35 sites received supplements from the “balancing pool” totaling over \$4m, and 38 sites overspent their unrestricted budgets by nearly \$1m and thus required allocations to zero out their budgets.
 - In addition, some positions which were previously paid for, are now allocated from a central budget and thus were not included in the site budget development process.
4. What is the proposed scope of flexibility school governance teams will have to budget and expend?
 - Flexibility rules were explicitly built into the implementation, but matching these rules to the budget system previously existent requires an ongoing process of evaluation/revision. Sites may “trade” positions within the base allocation, or use discretionary/ supplemental/ concentration/ restricted funds to buy other positions. The only differences are that some positions (e.g., counselors) are now allocated centrally, and others (e.g., attendance clerks) are required at each site.
 - The other changes are that additional non-teaching positions (TSA, administrators) must not negatively impact the RAT (ratio of administrators/teachers) or the LCFF Class size reduction requirements. In addition, the central services divisions (FSCP, LCI, health services, Police Services, etc.) are establishing protocols to allow sites to purchase additional services from existing pools of centrally assigned or hired staff.
5. What have school principals identified as the greatest benefits of and the greatest problems with the emerging new Results-Based Budgeting system?
 - A recent confidential survey was conducted by the Principal’s Advisory Council, with the full cooperation of the superintendent, and some of the results reflect both the benefits and problems associated with the RBB system. A summary is listed in the attachment.

6. How are we planning to produce and disseminate accurate, comprehensive, and comprehensible financial management information at the school, department, and district levels?
 - District level: documents when finalized, including budget development handbook, site budgets, operational protocols, technical data, will be published on the district webpage, under the RBB/LCFF tab. In addition, a monthly summary of the implementation activities will be attached there. The District Budget Advisory Committee will meet every other month to also receive feedback and provide communication with stakeholders.
 - Department Level: in addition to the above, we have established a process management protocol where tasks planned and completed are reviewed each cabinet meeting.
 - School level: through the DBAC membership of the PAC, principals will receive all available communications and progress updates through the monthly PAC meeting notes.

7. What is the status of the proposed Superintendent's RBB Oversight Committee?
 - The District Budget Advisory Committee meeting will be initiated on March 14. Invited participants include: Director Campbell Washington; Principal appointees from the PAC; community members Kim Shipp and Wandra Boyd; OEA, UAOS, SEIU, AFSCME; OCO, GOPS. Plans are to meet every other month for the remainder of the year.