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# Seizing the Moment for Transformation: *California's Local Control Funding Formula*

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## **A Dramatic Departure**

In 2013, Governor Jerry Brown signed into law California's Local Control Funding Formula (LCFF), representing "the most significant change in California's funding system for K-12 schools in four decades."<sup>1</sup> This milestone presents California districts with the opportunity to fundamentally transform how they use resources. The choice is clear—do more of the same, or seize the moment so California leads the nation in creating systems that ensure all students reach new, higher standards.

LCFF includes many ambitious goals, including a significant reinvestment in education after years of budget cuts. Before LCFF, California ranked 49th in the nation in spending on public education.<sup>2</sup> When fully implemented—which is expected to take eight years—LCFF will add \$25 billion to

Education Resource Strategies (ERS) is a non-profit organization dedicated to transforming how urban school systems organize resources—people, time, technology, and money—so that every school succeeds for every student. With generous funding from the Schwab Foundation, we seek to support California districts as they rethink the use of resources at this unique moment in time. As a result of our work with districts throughout the nation, we have developed tools and research briefs that are available at no cost to help California districts through this transition. For more information, visit [ERStrategies.org](http://ERStrategies.org).

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<sup>1</sup> "School Funding Undergoes Major Reform: An Essential EdSource Guide," EdSource, Nov, 2013

<sup>2</sup> Education Week, Education Counts Research Center

California's education budget.<sup>3</sup> In the first year of implementation (2013-14), \$2.1 billion will be added. This averages to an increase of 4.7% per district, or \$338 per student. However, the neediest districts will get an average of up to 6.4% more funding in 2013-14.<sup>4</sup> On the other end of the spectrum, roughly 15% of districts will not receive any additional funds because they have particularly high per-pupil funding rates, though due to a "hold harmless" provision, no district will receive less state aid than it did in 2012-13.<sup>5</sup>

While the overall investment in LCFE funds is significant, this target brings California back to 2007 (pre-recession) funding levels<sup>6</sup>—when it was ranked 45th in the nation. At this level, districts will still be challenged to think hard about how to spend their limited funds.

In addition to increasing funding, LCFE seeks to allocate funds differently. The new law intends for districts to get their "fair share" to meet the needs of their students (equity); in ways that everyone can understand and with community input (transparency); structured so that they can use resources to meet their unique needs (flexibility). More specifically:

- **Equity:** The new funding formula is "designed to send additional funds to districts where the need and challenge is greatest."<sup>7</sup> LCFE provides for a *base amount* per student (which varies by grade level) plus *supplemental funding* for students in three subgroups: English Learners (EL), Low Income (LI), and foster youth, as well as *concentration funding* for districts with greater than 55% of students who are EL or LI. Districts are required to use supplemental and concentration funds to "increase or improve services for EL/LI pupils in proportion to the increase in supplemental and concentration funds." The details of how this will work are still being resolved but will most likely include conditions where these funds can be used on a school-wide basis.<sup>8</sup>

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<sup>3</sup> "A Bold New World: A Guide to the Local Control Funding Formula," Ed Source Today, p. 4; <http://edsources.org/local-control-funding-formula-guide#.U25TmaPD91s>. See also Mac Taylor, legislative analyst, "An Overview of the Local Control Funding Formula," Dec, 2013, p. 8. This includes \$18 billion in the components of the formula plus \$7 billion in projected annual cost-of-living adjustments. These increases are funded by Proposition 98, passed in 1988 which "guarantees school and community colleges a minimum annual amount from the state's General Fund" (source: "A Bold New World: A Guide to the Local Control Funding Formula," Ed Source Today, p. 4; <http://edsources.org/local-control-funding-formula-guide#.U25TmaPD91s>) and Proposition 30, passed in 2012 which provides for personal income tax increases over seven years as well as an increase in the statewide sales tax from 7.25% to 7.5%. (source: Wikipedia-California Proposition 30 (2012) [http://en.wikipedia.org/wiki/California\\_Proposition\\_30\\_\(2012\)](http://en.wikipedia.org/wiki/California_Proposition_30_(2012)))

<sup>4</sup> "A Bold New World: A Guide to the Local Control Funding Formula," Ed Source Today, p. 5; <http://edsources.org/local-control-funding-formula-guide#.U25TmaPD91s>

<sup>5</sup> Mac Taylor, legislative analyst, "An Overview of the Local Control Funding Formula," Dec. 2013, p. 9.

<sup>6</sup> "Local Control Funding Formula 101: Understanding the new school funding system," Children Now, Feb. 7, 2014, p. 5

<sup>7</sup> Governor Jerry Brown (July 2013) quoted in EdSource Nov, 2013 [http://edsources.org/local-control-funding-formula-guide#.Ux75eKPD\\_cd](http://edsources.org/local-control-funding-formula-guide#.Ux75eKPD_cd)

<sup>8</sup> Mac Taylor, Legislative Analyst, "An Overview of the Local Control Funding Formula," Dec, 2013, p. 6

- **Transparency:** Unlike the old system of funding public education in California, which was “extraordinarily complex and difficult to understand,”<sup>9</sup> the new funding formula used by the state is clear:
  - Base grant per pupil + supplemental grant + concentration grant
  - Under LCFF, not only is the state more clear and transparent in how it allocates funds, but districts must now be more transparent as well. The new law requires districts to collaborate with parent and community groups in developing annual plans so all stakeholders clearly understand how funds are used.
- **Flexibility:** The new law eliminates 32 categorical programs<sup>10</sup> (dedicated funding streams that could only be used for specific purposes, such as school safety, summer school, oral health assessments, etc). These funds—\$2.1 billion<sup>11</sup>—will now be allocated to districts as part of their base grants. As a result, districts have far more discretion over how to use resources.

In short, LCFF revolutionizes the way California funds its public schools by reinvesting, shifting power to school districts and communities, and by directing funds to the neediest students. The question now becomes: How will districts respond?

### Three Big Challenges

As districts consider how to best use the new funds, they face three key challenges:

1. **Think strategically:** This is not just about LCFF and how to produce the required LCAP report, it’s about how to develop a short- and long-term strategy to help all students excel in the era of the Common Core.
2. **Think transformation:** It would be easy—and tempting—to simply “undo the cuts” of the last few years, but an influx of new funds presents an opportunity for districts to fundamentally transform the way they use people, time, and money.
3. **Think school leader empowerment:** Every school is unique, with its own set of student needs, teacher and administrator skills, and community issues. School leaders are in the best position to address those needs, but only if they have the capacity and flexibility to do so. As districts gain flexibility under LCFF in how they can use state funds, they should consider how best to pass this flexibility to the school level.

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<sup>9</sup> Ed-Data: Fiscal, Demographic and Performance Data on California’s K-12 Schools, April 1, 2012; <http://www.ed-data.k12.ca.us/Pages/GuideToCaliforniaSchoolFinanceSystem.aspx>

<sup>10</sup> Mac Taylor, legislative analyst, “An Overview of the Local Control Funding Formula,” Dec, 2013

<sup>11</sup> <http://www.cde.ca.gov/fg/aa/lc/lcffffaq.asp#FC>, “How do 2013–14 LCFF funding levels compare to 2012–13 funding levels?” and <http://www.cde.ca.gov/fg/aa/lc/lcffoverview.asp>

## Think Strategically

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As districts prepare to receive new funding, they may be wondering where to begin. It is likely different constituencies will lobby for investments, particularly for long standing programs that protect jobs or preserve the status quo. It may be difficult to choose among these competing interests. But districts can take advantage of this moment in time—when they have some new funds but also new Common Core standards to implement—to address their overall strategy and goals. How can they use all of their resources, existing funds and new funds, to ensure all students reach new, higher standards? And how should investments be sequenced as funds flow in over the next eight years?

As part of LCFF, every district must complete a Local Control and Accountability Plan (LCAP) (due July 1, 2014, with annual updates), and many will focus their energy on this requirement. However, for real success, the districts' vision and long-term strategy should drive the plan, not the other way around. The LCAP plan has three sections: 1) Stakeholder Engagement; 2) Goals and Progress Indicators; and 3) Actions, Services, and Expenditures. It's easy to see how some districts might, in an effort to complete the plan, identify actions that address specific goals or student subgroups but don't necessarily help all students perform at high levels. In our experience working with districts across the country, we find that districts usually have a keen sense of their performance challenges by student subgroup and school, but less of a sense of how well their current efforts address all of their challenges and what the alternatives might be. In fact, there are many initiatives districts could employ to meet the needs of prioritized subgroups. The trick will be to avoid replicating the just-dismantled programmatic approach the state took at the district level. For example, for districts that receive concentration and supplemental funds, there will be pressure to add programs for these subgroups. On the surface, adding specific programs, such as social-emotional supports, may seem like a good option. But a programmatic approach could easily be divorced from other school initiatives, and over time there may be a tendency to 'layer on' multiple disparate programs. A more systematic approach will provide for more coordination and still allow districts to meet LCFF requirements.

Let's take an example. "District X" has 65% English Learner students, and therefore receives supplemental and concentration funding. The district is required to demonstrate how it is using these funds to support that population. It's natural to consider programs specifically targeted at English Learners, such as after-school tutoring. However, instead of a program-oriented approach just for these students, District X could support these students and others by implementing strategies that target all struggling students—a group that often includes English Learners. Using strategies such as increasing time in core subjects, extending the school day for low-performing schools, or targeted class size reduction for certain subjects, grades, or students allows districts to support all struggling students—including English Learners.

LCFF also presents a huge opportunity for districts to rethink the myriad programs designed to meet the former state categorical programs. Prior to LCFF, most districts developed programs to satisfy the old requirements, but now that the state has removed most categorical funding streams, these programs might not be the highest priority. A careful review may reveal that these programs do not address the district's priority goals, or that they should be organized in different ways to maximize impact. For example, districts may have set up dental consultations for students to use funds

reserved for Oral Health Assessments. But with the elimination of this program, districts may want to consider whether this goal is critical for their unique situation and if so, whether this narrow strategy best meets the goal. In addition, we often find that districts administer categorical programs using a “peanut butter” type approach: allocating the same resources across every school regardless of whether they match student needs. California districts now have an opportunity to consider whether to continue these programs, whether to consolidate funds and proactively select the initiatives they want to invest in, or whether to devolve them to school control.

To think strategically, districts need to consider not just *how* they will address their challenges and meet their goals, but *when*. It is important to consider that LCFF funds phase in over eight years. Though we advocate for districts to avoid simply reversing the cuts and bending to pressure from various constituencies, we do acknowledge there may be some real “pain points” brought on by the significant cuts in recent years. Districts should be thoughtful about the mix of spending to restore past cuts versus investing in transformational change. We recognize there may be an opportunity to take a portion of new funds to address these real “pain points”—such as very low teacher salaries or high class sizes—in the short term with a portion of new funds, but the goal should be to move toward more transformative changes (described below) in the following years.

## Think Transformation

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From our work with districts across the country, we have seen that when there is an influx of new funds—particularly following a period of budget cuts—there is a temptation to think first about reversing the cuts. For example, when budgets were slashed across the state in and after 2007, many districts increased class sizes across the board or reduced staff. It’s tempting to use the new funds to undo these changes, but going back to pre-recession spending patterns will not lead to sufficient improvements in student progress. First, it continues a cost prohibitive pattern of spending. Across the country most districts’ spending patterns reflect antiquated cost structures—automatic increases in teacher salaries and benefits cost districts an estimated 3%-5% more each year (before inflation) just to maintain services.<sup>12</sup> Rigid use of staff and time and limited use of outsourcing for cost and quality purposes leads to inefficiencies. Second, California’s student performance was not significantly better prior to 2007 budget cuts. In fact, reading scores indicate performance was better after the cuts (see Figure 1). Third, the advent of Common Core raises the bar significantly. New approaches will undoubtedly be required to prepare both students and teachers for high levels of success. So, given all of these factors, why would we want to go back?

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<sup>12</sup> Karen Miles, “Transformation or Decline? Using Tough Times to Create Higher Performing Schools,” Kappan (PDK), Oct. 2011

**Figure 1: Percent of California students at or above proficient<sup>13</sup>**

	<b>2005</b>	<b>2013</b>
<b>4th grade reading</b>	21%	27%
<b>8th grade reading</b>	21%	29%

Transformative change requires tough choices and tackling existing spending patterns and the structures that dictate them. It requires a holistic review of all programs to ensure consistency of approach. Over the past decade, we have identified seven opportunities we typically see to free unproductive resources while simultaneously moving toward higher-performing designs for schools and systems. Districts should pay particular attention to restructuring these key areas:

- 1. Restructure one-size-fits-all teacher compensation and job structure** to foster individual and team effectiveness and reward contribution and demonstrated effectiveness. Currently, most districts employ a teacher compensation schedule with increases based on longevity and educational attainment—factors that have little or no impact on student performance. And in most districts, less than 2% of compensation pays for things that do impact performance, such as teachers’ increased responsibility, taking on more challenging roles, or generating consistently higher student results.<sup>14</sup> Further, because teacher salaries rise slowly and independent of effectiveness or contribution (while the structure and nature of the job remains unchanged), many districts lose highly effective teachers to other professions early on.<sup>15</sup> Before restoring lost step increases to address the critical need to reward effective and most likely underpaid teachers, districts can use this moment to move away from across-the-board increases and ever-increasing benefits to rethink the entire “value proposition” of teaching—including work hours, benefits and responsibilities along with salary. For short-term actions, see our paper [“First Steps: What School Systems Can Do Right Now to Improve Teacher Compensation and Career Path.”](#)<sup>16 17</sup>
- 2. Realign investment in professional development to focus on expert support and time for teaching teams to learn and implement Common Core** rather than one-off workshops. For too long, districts have focused on delivering new knowledge and

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<sup>13</sup> Education Week, Education Counts Research Center

<sup>14</sup> “Misfit Structures & Lost Opportunities,” Education Resource Strategies, April 2013;

<http://www.erstrategies.org/cms/files/1796-misfit-structures--lost-opportunities-pdf-doc.pdf>

<sup>15</sup> R. Henke, X. Chen., and S. Geis, “Progress Through the Teacher Pipeline: 1992-93 College Graduates and Elementary/Secondary School Teaching as of 1997,” NCES 2000-152. U.S. Department of Education, National Center for Education Statistics: Washington, D.C. Quoted in “The Strategic Design of Teacher Compensation”, Nov 2012; [http://www.erstrategies.org/library/strategic\\_design\\_of\\_teacher\\_compensation](http://www.erstrategies.org/library/strategic_design_of_teacher_compensation)

<sup>16</sup> [http://www.erstrategies.org/library/first\\_steps](http://www.erstrategies.org/library/first_steps)

<sup>17</sup> For more information on teacher compensation reform, see “Misfit Structures and Lost Opportunities: The Urgent Case for Restructuring Teacher Compensation and Career Path,” Education Resource Strategies, April 2013; [http://www.erstrategies.org/library/misfit\\_structures\\_lost\\_opportunities](http://www.erstrategies.org/library/misfit_structures_lost_opportunities) and “Rethinking the Value Proposition to Improve Teaching Effectiveness,” Education Resource Strategies, Dec. 2012; [http://www.erstrategies.org/library/rethinking\\_the\\_value\\_proposition](http://www.erstrategies.org/library/rethinking_the_value_proposition)

instructional strategies in bite-size increments. Research suggests that professional development that works takes place over time and allows for ongoing practice and feedback. Further, it shows that some of the most powerful learning happens when embedded into the daily job of teaching.<sup>18</sup> Instructional coaches and teacher leaders can impact teachers' skills the most by modelling effective teaching practices as part of regular, content-specific planning, because it solves actual issues that teachers need to address. Providing expert support to a team of teachers—and allowing them to learn from each other—multiplies the effect.<sup>19</sup> As districts move toward implementing the Common Core State Standards, this kind of time-intensive, collaborative professional development will become even more critical.

3. **Rethink rigid class sizes and one teacher classroom models** to target individual attention especially for struggling students prioritized by LCFF. Implementation of Common Core standards will only exacerbate achievement gaps, making it even more essential to find ways to adjust individual attention continuously to ensure learners don't get left behind. Most students spend their entire day in classes of the same or random sizes, regardless of the subject or their individual academic needs. A more strategic approach that more closely addresses individual needs would have students spend their day in a variety of settings. For one subject, they might be in a somewhat larger class, but for another subject, or a component of the first subject, they might be in a small group, a 1-1 session, or even have computer-based instruction. This kind of flexibility allows school leaders to get the most out of the school's highly effective teachers as well as provide a customized approach for each student. Many high-performing schools use this approach to tailor-smaller group instruction to struggling students; this approach may also be a way to focus investment on EL and LI students, who often fall behind their peers. California districts may be wondering how they can adopt a more flexible individual attention model while still complying with LCFF class size mandates. LCFF requires districts to have, at each school site, an average class size of 24:1 (or whatever they collectively bargain for) for grades K-3, and they need to demonstrate they are moving toward that goal during the transition years so they can receive full LCFF funding.<sup>20</sup> But school leaders can still be strategic in how they organize and flexibly group students and teachers who have the necessary expertise to provide periods of individual or small-group attention as long as they maintain the *average* class size goal across each school site (for grades K-3)<sup>21</sup>.
4. **Optimize existing time** to meet student and teacher needs and expand when needed. Many schools organize around an "everything's equal" philosophy. Students are organized in age-based grades and 50-minute blocks regardless of subject or need. High-performing schools use time more flexibly to respond to student needs and devote a higher percentage of time

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<sup>18</sup> "A New Vision for Teacher Professional Growth & Support," Education Resource Strategies, May 2013; [http://www.erstrategies.org/library/a\\_new\\_vision\\_for\\_pgs](http://www.erstrategies.org/library/a_new_vision_for_pgs)

<sup>19</sup> For more on this topic, see "A New Vision for Teacher Professional Growth & Support," Education Resource Strategies, May 2013; [http://www.erstrategies.org/library/a\\_new\\_vision\\_for\\_pgs](http://www.erstrategies.org/library/a_new_vision_for_pgs)

<sup>20</sup> Mac Taylor, legislative analyst, "An Overview of the Local Control Funding Formula," Dec. 2013, p. 7

<sup>21</sup> California Department of Education, LCFF Frequently Asked Questions; <http://www.cde.ca.gov/fg/aa/lc/lcfffaq.asp#K3GSA>



to literacy and math when appropriate. These schools are deliberate in organizing longer periods for more intensive instruction or labs and shorter periods to practice skills.<sup>22</sup> These schools also extend time as needed, making sure the use of additional time is coordinated with existing time. Districts that receive supplemental and/or concentration grants can use these approaches to support their EL/LI students in ways that ensure these students have instructional and non-instructional time they need. Given that many California districts reduced their school year from 180 to 175 days during the recent budget cuts<sup>23</sup> (without a simultaneous increase in length of school day), district should carefully consider their overall time and how they use it. Linking increases in teacher salary to extending time for teachers and students might be one way to capture more time, and more flexibility for scheduling creatively. On ERS' website, [Strategic School Design in Action](#), you can browse profiles of schools from across the country that are implementing innovative strategies to rethink rigid class sizes and optimize existing time.

5. **Redirect special education spending to early intervention and targeted individual attention for all students.** While no one doubts that educating a special education student should cost more than educating a general education student, spending on special education in the US has skyrocketed—growing from 4% to 21% of average district spending between 1970 and 2005 while the drop-out rate for students with disabilities is twice that of general education students.<sup>24</sup> Special education is one of the remaining state categorical spending streams; however, there is often more flexibility in how these funds can be used than is commonly believed. For example, IDEA funds can be used for early intervention, which could, in the long term, help reduce the number of students placed in high-cost special education programs.<sup>25</sup> There may be similar flexibilities in how state special education funds can be used. In addition, in our work with urban districts across the country, we have learned that many districts spend significantly more on special education than they are allotted through categorical streams—in essence taking from general education funds to support special education. This portion of spending can be redirected. Imagine a world where most students with special education needs learn together with their peers, where teachers with special education training push in to general education classes, and where teachers collaborate and all students benefit from individualized teaching strategies.
6. **Support and develop leadership teams.** Investment in school leadership—recruiting, professional development, career growth, and support—varies widely from district to district and clearly represents a highly leveraged opportunity. Some districts spend very little on this, and few districts have systematic plans for measuring and developing existing school leader capacity. However, strong school leadership is critical to school success, and we know it is

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<sup>22</sup> Regis Shields, and Karen Miles, “Strategic Designs: Lessons from Leading Edge Small Urban High Schools,” Education Resource Strategies, 2008

<sup>23</sup> <http://californiawatch.org/k-12/how-long-school-year-compare-california-world>

<sup>24</sup> Hess, Frederick, “Rethinking Special Ed Spending,” Education Next, 6/16/2011; 2006 U.S. Budget, Historical Tables; “The Dropout Rate of Special Needs Students” by Finn Orfano 10/26/2010 in Bright Hub quoting statistics from the U.S. Department Of Education

<sup>25</sup> “Doing More with Less: Learning Session,” prepared by Education Resource Strategies for Arne Duncan and Leadership Team



one of the things that teachers value the most. A recent study by Eric Hanushek, Gregory Branch, and Steven Rivkin shows that “highly effective principals raise the achievement of a typical student in their schools by between two and seven months of learning in a single school year... [and these results] affect all students in a given school.”<sup>26</sup> To move to a model that builds principals’ capacity to initiate, lead, and maintain instructional improvements, districts must clearly define what effective leaders need to know and be able to do. Districts then need to use that definition to hire and develop the right leaders, place them in the right situations over their careers, measure their performance, hold them accountable, and give them the right support. In addition, being deliberate about leadership development with consistency across the district will ensure a ready pool of high-potential leaders to draw on as opportunities arise.<sup>27</sup>

- 7. Leverage outside partners and technology** to maintain or improve quality at lower cost. In tough budget times, many districts have been forced to cut all but the “core,” eliminating positions like librarians, elective and non-core teachers, and social and emotional support staff. Before reinstating these positions, consider the alternatives. Many communities have a variety of resources, such as community colleges, local businesses and artists, youth service organizations and others who may be able to provide some of what was traditionally only offered by schools—and they may be able to do it at improved quality and/or lower cost. This may also be the case with technology providers who can offer online courses and expanded curricular offerings. Districts that receive supplemental funding for foster youth may be particularly interested in leveraging community social, emotional, and other support providers.

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<sup>26</sup>Gregory Branch, Eric Hanushek, and Steven Rivkin, “School Leaders Matter,” Education Next, Winter 2013; <http://educationnext.org/school-leaders-matter/>

<sup>27</sup> For more on this topic, see the School System 20/20: Leadership page on the Education Resource Strategies site: <http://www.erstrategies.org/strategies/leadership>

**Figure 2: Summary of Transformation Opportunities**

Opportunity Area	Tempting “Restore Old Ways” Option	Strategic Transformation Option
Teacher Compensation	<ul style="list-style-type: none"> <li>■ Across-the-board teacher salary raises regardless of performance</li> </ul>	<ul style="list-style-type: none"> <li>■ Link portion of salary increase to more time</li> <li>■ Targeted raises based on teacher roles</li> <li>■ Targeted raises based on taking on hard-to-staff subjects or schools</li> </ul>
Professional Development	<ul style="list-style-type: none"> <li>■ Extra salary for course credits</li> <li>■ Off-site workshops on varied topics</li> </ul>	<ul style="list-style-type: none"> <li>■ Teacher teams with sufficient collaborative planning time and expert support</li> <li>■ Instructional coaches and teacher leaders who model effective practices and provide 1:1 guidance</li> </ul>
Individual Attention	<ul style="list-style-type: none"> <li>■ Across-the-board class size reductions</li> </ul>	<ul style="list-style-type: none"> <li>■ Flexible grouping and varied group sizes, providing individual attention for high-need students/subjects</li> </ul>
Use of Time	<ul style="list-style-type: none"> <li>■ Traditional (equal amounts of time for all students in all subjects)</li> <li>■ School day 6.5 hours, 183 days</li> </ul>	<ul style="list-style-type: none"> <li>■ Higher percent of time in core, as needed</li> <li>■ Use time more flexibly</li> <li>■ Extend time to fit needs, using new partnerships</li> </ul>
Special Education	<ul style="list-style-type: none"> <li>■ High rates of referral</li> <li>■ High spending on remediation in specialized settings</li> </ul>	<ul style="list-style-type: none"> <li>■ Emphasis on early intervention</li> <li>■ Special education and general education students integrated, with high level of coordination among teachers</li> <li>■ Push-in model that provides for targeted intervention for all struggling students</li> </ul>
Leadership	<ul style="list-style-type: none"> <li>■ Low investment in school leader PD</li> <li>■ Undifferentiated compensation and career path</li> </ul>	<ul style="list-style-type: none"> <li>■ Higher investment in school leader recruitment, PD, assignment, accountability, and support</li> <li>■ More opportunities for leadership with differentiated rewards linked to contribution</li> </ul>
Partnerships	<ul style="list-style-type: none"> <li>■ Reinstate positions that were previously cut, such as librarians, non-core teachers, and social and emotional support providers</li> </ul>	<ul style="list-style-type: none"> <li>■ Look to partner organizations to provide these services at improved quality and/or lower cost</li> <li>■ Look to technology providers for online courses and expanded curriculum offerings</li> </ul>

It would be overwhelming to implement all or even many of these initiatives in a short time period, but since LCFE funding will be phased in over eight years districts have the opportunity to develop an overall vision and implement pieces successively. There may be some quick wins that are either easy to implement or appease a particular stakeholder group, but to achieve sustainable district transformation, districts must also plan to take on the bigger and more difficult changes. The matrix below can be used to help districts determine which initiatives to consider and how to stage the implementation:

**Figure 3: District Action Prioritization Matrix**

	<b>Impact on Student Performance: LOW</b>	<b>Impact on Student Performance: HIGH</b>
<b>Easy</b>	MAYBE: quick win or to respond to “pain point”	YES: make the change NOW
<b>Hard</b>	NO	YES: plan changes over the long term

## Think School Leader Empowerment

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Most district administrators can easily tell you how many elementary, middle, and high schools are in their district and the relative size of each. Insightful district leaders can also tell you which have a large English Learner population, which have more novice teachers, and which are struggling with safety issues. They know that each school is unique—student needs vary, teacher and administrator skills are different, and communities have their own sets of circumstances. Yet in our work across the country, we find that districts often treat schools the same, by distributing resources with one-size-fits-all staffing formulas and strict rules around resource use.

Studies of high-performing schools indicate that they have a certain kind of strategic nimbleness—if they notice something is not working, they change it right away. They deliberately organize the people, time, and technology in their building to address student needs. They don’t wait for the next school year or the next round of official test scores to adapt.<sup>28</sup> But to be nimble, school leaders must have the ability to make strategic changes, which only comes if they have flexibility over their resources.

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<sup>28</sup> For more on this topic see “Beyond Funding Formulas: District Transformation through Weighted Student Funding and Strategic Decentralization,” Education Resource Strategies

What are the kinds of things should school leaders control so they can be strategically nimble? To answer this question, let's look more closely at those high-performing schools. In our work, we found that high-performing schools organize resources in different ways, but that they follow a common set of principles<sup>29</sup>, which include:

1. **Prioritizing teaching effectiveness:** Organize and grow teaching talent to maximize student learning and teachers' continuous improvement.
2. **Targeting individual attention:** Create targeted individual attention and personal learning environments.
3. **Maximizing academic time:** Organize time strategically and vary based on student needs.
4. **Leveraging non-instructional spending:** Invest efficiently in non-instructional support.

To meet these four principles, school leaders must have control over some aspects of staffing, scheduling, class and group sizes, and use of technology. For example, if a school leader knows she has some highly effective teachers on staff, she will want to leverage that talent—possibly by assigning those teachers to teach more students or by assigning them to coach other teachers. This only works if our school leader has flexibility over staffing assignments. Similarly, our school leader should have the ability to differentiate group size—if class sizes are rigid and dictated by the central office, there's not much she can do to target individual attention. Scheduling is another area where principals should have some control—the central office might decide that all high schools should have the same schedule, but then our school leader would not have the ability to offer more time in core academics for some students, or for certain subjects (particularly important for “themed” schools such as art or STEM).

One area missing from the above discussion is control over funds. School flexibility is often associated with Student-Based Budgeting (also known as Weighted Student Funding)—a system that assigns dollars to students, giving more dollars to students who are low income or have special needs. This contrasts with traditional funding systems that allocate staff and other resources to schools, often absent any consideration of student needs. Under Student-Based Budgeting (SBB), each student arrives with a “backpack” of funds, which school leaders then use to serve their needs.

With the elimination of 32 different categorical funding streams California districts have an opportunity to pass on some of this new flexibility to schools. But does awarding flexibility to California schools necessarily mean moving to SBB? The short answer is that SBB often makes sense and is something most districts should consider, but only when the right conditions have been created. We have found that the more diversity in school needs and programmatic offerings, the more critical the flexibility and equity created by Student-Based Budgeting becomes. For a detailed

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<sup>29</sup> For more on this topic see ERS System 20/20 School Design [http://www.erstrategies.org/strategies/school\\_design](http://www.erstrategies.org/strategies/school_design), or ERS School Design Resource Guide: [http://www.erstrategies.org/library/school\\_design](http://www.erstrategies.org/library/school_design)

discussion of this topic, see [Transforming School Funding: A Guide to Implementing Student-Based Budgeting](#).<sup>30</sup>

Whether a district is moving to an SBB system or providing some or all of the flexibilities described above outside an SBB system, districts will need to make sure principals are ready for this new responsibility and that central office staff are set up to support them. Just as districts now have more control—and responsibility—under LCFF, so will schools if flexibility is passed to them. Principals will need to understand the kinds of changes they can make, the reasons for making changes and the impact changes might have. They will have to carefully consider their school goals and the best way to meet these goals, as well as navigate the input and preferences of many stakeholders. Depending on the level of flexibility he or she is given, the school principal’s job is transformed from a narrowly defined one—typically focused on implementing a standard instructional model, complying with district requirements, and representing the school in the community—to one that includes adjusting program, time, and staffing for student mastery, becoming an effective human capital manager and managing complex systems. Few principals receive this type of broad managerial training, so they will need support. While central offices would seem to be the logical provider of this support, most do not have the combined skill sets and attitudes to provide the needed strategic problem solving and redesign of school organizations principals will need. Many central offices have a compliance focus that ensures schools meet with state, district and program requirements. Thus, central office staff will themselves need support and an infusion of new knowledge, tools, and mind-sets, along with changes in process, timelines, and incentives, to become enablers of school leaders.<sup>31</sup>

## Conclusion

California districts are at a unique moment in time. The state has decided to make education a priority by reinvesting and by breaking new ground in ceding control over resource use to districts. The question is whether districts will take advantage of this moment to fundamentally reinvent themselves for the coming generations or whether they will retain many of their current practices designed for an earlier time.

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<sup>30</sup> “Transforming School Funding: A Guide to Student Based Budgeting,” Education Resource Strategies, Feb. 2014; <http://www.erstrategies.org/cms/files/2054-student-based-budgeting-guide.pdf>

<sup>31</sup> For more information see “Transforming School Funding: A Guide to Implementing Student-Based Budgeting,” Education Resource Strategies, Feb. 2014