

Statutory and Regulatory Framework Governing Use of Supplemental and Concentration Funds under LCFF

Education Code § 42238.02. Statute authorizes “supplemental” and “concentration” grants based on enrollment of high-need students (English learners, low-income students, and foster youth).

Education Code § 42238.07. Statute requires State Board of Education to adopt regulations governing use of supplemental and concentration funds and specifies that regulations must:

- Require LEAs “to increase or improve services for unduplicated pupils in proportion to the increase in funds apportioned on the basis of the number and concentration of unduplicated pupils in the [LEA].” Educ. Code § 42238.07(a)(1).
- “Authorize [LEAs] to use funds apportioned on the basis of the number of unduplicated pupils for schoolwide purposes, or [LEA-wide] purposes, in a manner that is no more restrictive than the restrictions provided for in Title I of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301, et seq.).” Educ. Code § 42238.07(a)(2)

Expenditure Regulations. State Board adopted regulations (5 CCR §§ 15494-15496) that define key terms and establish an overarching framework governing the use of supplemental and concentration funds and how LEAs demonstrate they are increasing or improving services consistent with the statutory requirement.

5 CCR § 15494. The regulations include the following definitions:

- “[T]o improve services’ means to grow services in quality.” 5 CCR §§ 15495 (k).
- “[T]o increase services’ as to grow services in quantity.” 5 CCR §§ 15495 (l).

5 CCR § 15496. The regulations expand on what it means to “increase or improve services” and establish a framework for LEAs to demonstrate that they have done so.

- Supplemental and concentration funding “shall be used to increase or improve services for unduplicated pupils as compared to the services provided to all pupils.” 5 CCR § 15496(a).
- “An LEA shall determine the percentage by which services for unduplicated pupils must be increased or improved above services provided to all pupils in the fiscal year” using a seven-step formula. 5 CCR § 15496(a).
 - The full regulatory text for this calculation is on a separate handout.
- Step 2 requires the LEA to estimate its prior year expenditures on high-need students as a baseline for the current year and provides additional detail about the initial calculation for 2013-14, i.e., pre-LCFF.
 - “Estimate the amount of LCFF funds expended by the LEA on services for high-need pupils in the prior year that is **in addition to** what was expended on services provided for **all pupils**.” 5 CCR § 15496(a)(2).
 - “The estimated amount of funds expended in 2013-14 shall be no less than the amount of Economic Impact Aid funds the LEA expended in the 2012-13 fiscal year.” 5 CCR § 15496(a)(2).

Educ. Code § 42238.07

42238.07. (a) On or before January 31, 2014, the state board shall adopt regulations that govern the expenditure of funds apportioned on the basis of the number and concentration of unduplicated pupils pursuant to Sections 2574, 2575, 42238.02, and 42238.03. The regulations shall include, but are not limited to, provisions that do all of the following:

(1) Require a school district, county office of education, or charter school to increase or improve services for unduplicated pupils in proportion to the increase in funds apportioned on the basis of the number and concentration of unduplicated pupils in the school district, county office of education, or charter school.

(2) Authorize a school district, county office of education, or charter school to use funds apportioned on the basis of the number of unduplicated pupils for schoolwide purposes, or, for school districts, districtwide purposes, for county offices of education, countywide purposes, or for charter schools, charterwide purposes, in a manner that is no more restrictive than the restrictions provided for in Title I of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301, et seq.).

(b) The state board may adopt emergency regulations for purposes of this section.

5 CCR § 15496

(a) An LEA shall provide evidence in its LCAP to demonstrate how funding apportioned on the basis of the number and concentration of unduplicated pupils, pursuant to Education Code sections 2574, 2575, 42238.02, and 42238.03 is used to support such pupils. This funding shall be used to increase or improve services for unduplicated pupils as compared to the services provided to all pupils in proportion to the increase in funds apportioned on the basis of the number and concentration of unduplicated pupils as required by Education Code section 42238.07(a)(1). An LEA shall include in its LCAP an explanation of how expenditures of such funding meet the LEA's goals for its unduplicated pupils in the state priority areas. An LEA shall determine the percentage by which services for unduplicated pupils must be increased or improved above services provided to all pupils in the fiscal year as follows:

(1) Estimate the amount of the LCFF target attributed to the supplemental and concentration grants for the LEA calculated pursuant to Education Code sections 42238.02 and 2574 in the fiscal year for which the LCAP is adopted.

(2) Estimate the amount of LCFF funds expended by the LEA on services for unduplicated pupils in the prior year that is in addition to what was expended on services provided for all pupils. The estimated amount of funds expended in 2013-14 shall be no less than the amount of Economic Impact Aid funds the LEA expended in the 2012-13 fiscal year.

(3) Subtract subdivision (a)(2) from subdivision (a)(1).

(4) Multiply the amount in subdivision (a)(3), by the most recent percentage calculated by the Department of Finance that represents how much of the statewide funding gap between current funding and full implementation of LCFF is eliminated in the fiscal year for which the LCAP is adopted.

(5) Add subdivision (a)(4) to subdivision (a)(2).

(6) Subtract subdivision (a)(5) from the LEA's total amount of LCFF funding pursuant to Education Code sections 42238.02 and 2574, as implemented by Education Code sections 42238.03 and 2575 respectively, excluding add-ons for the Targeted Instructional Improvement Grant program and the

Home to School Transportation program, in the fiscal year for which the LCAP is adopted.

(7) Divide the amount in subdivision (a)(5) by the amount in subdivision (a)(6).

(8) If the calculation in subdivision (a)(3) yields a number less than or equal to zero or when LCFF is fully implemented statewide, then an LEA shall determine its percentage for purposes of this section by dividing the amount of the LCFF target attributed to the supplemental and concentration grant for the LEA calculated pursuant to Education Code sections 42238.02 and 2574 in the fiscal year for which the LCAP is adopted by the remainder of the LEA's LCFF funding, excluding add-ons for the Targeted Instructional Improvement Grant program and the Home to School Transportation program.