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Administrative Office
333 South Beaudry Avenue, 24th Floor
Los Angeles, California 90017
Telephone: (213) 241-7000
Fax: (213) 241-8442

JOHN E. DEASY, Ph.D.
SUPERINTENDENT OF SCHOOLS

August 19, 2014

Los Angeles County Office of Education
Marlene Dunn
Interim Chief Financial Officer
9300 Imperial Hwy, EC 208
Downey, CA 90242-2890

RE: LAUSD LCAP Clarification

Dear Ms. Dunn:

This is in response to your letter of August 13, 2014, requesting clarification of the Los Angeles Unified School District's ("LAUSD" or "District") LCAP. On the District's behalf, I am happy to provide further explanation of the expenditures supporting the District's LCAP proportionality calculation. As discussed below, I strongly believe that the District's LCAP more than satisfies the reasonableness standard LACOE must use when reviewing the District's calculation of proportionality.

The purpose of the proportionality calculation is to ensure that school districts direct appropriate levels of LCFF funding in support of unduplicated students – low income, English learners, and foster youth. Unduplicated high needs pupils comprise 84% of LAUSD's student population; the reality is that only 16 students for every hundred in the District do not qualify for additional program supports. Indeed, many of our students fall within more than one supplemental category. Given this, the District has and will continue to focus on providing increased or improved services to eligible pupils. The District nevertheless calculated proportionality in accordance with the regulations (Cal. Code Reg. § 15496) and is providing the supporting rationale.

LAUSD's Proportionality Calculation

In fiscal year 2013-2014, the District's General Fund contribution to Special Education (net of the Revenue Limit) was approximately \$653.4 million. These contributions include initiatives addressing integration of students with disabilities into general education settings, and reducing disproportionality among subgroups identified for special education. In addition, the District increased support services to advance the academic achievement of every English Learner with Disabilities ("ELD"). The District aligns IEPs with the English Learner Master Plan for each English learner with disabilities. Each IEP is required to include goals for English proficiency, and the ELD present level of performance for each student.

For purposes of the proportionality calculation, staff determined that seventy nine percent (79%) of the District's students with disabilities are identified as low income, English learners, or foster youth. Seventy-nine percent of the Special Education program expenditures described above were therefore counted toward the proportionality goal because they were for the benefit of eligible, high needs students. This calculation totals \$449.88 million, thereby reflecting the estimated share of General Fund expenditures for services that benefit low income, English learners, or foster youth with an IEP.

Similarly, the programs described below were also included in the District's proportionality calculation based on a careful review of services that directly benefit unduplicated students:

- Adult Education offers courses for secondary students for the purposes of credit recovery, in order to improve student retention and graduation rates. In 2013-14, there were 18,276 high school students enrolled in adult education courses. The campuses offering credit recovery courses have high concentrations of unduplicated students. The supplemental resources identified for this program will improve college and career readiness for students in these areas, as indicated in the District's LCAP.
- School Police resources identified are those that directly benefit the safety of students in schools with the highest percentages of unduplicated students and also to decrease suspensions and expulsions through the District's School Climate Resolution.

LAUSD's LCAP Adheres to SBE Expenditure Regulations

Pursuant to Education Code section 52070(d), COEs shall approve a LCAP based on the following three criteria:

- (1) Adherence to SBE Template
- (2) Sufficient Expenditures in Budget to Implement the LCAP
- (3) Adherence to SBE Expenditure Regulations

In evaluating the third criterion, the California County Superintendents Educational Services Association LCAP Approval Manual for 2014-2015 ("CCSESA Manual") provides that the COE's analysis of whether the LCAP adheres to the expenditure requirement for supplemental and concentration funds requires a determination based on a *reasonableness standard*.¹ The Manual guides COEs to consider whether the estimate for Supplemental and Concentration grant award amounts is reasonable based on a district's unduplicated percentage of higher need students. (See CCSESA Manual, pp. 32 and 40.)

In addition, nowhere in the regulations is the District precluded from including unrestricted General Fund expenditures as part of the prior year services for unduplicated pupils. The estimated amount of funds expended in 2013-14 are to be no less than the amount of Economic Impact Aid funds the LEA expended in the 2012-13 fiscal year. (5 Cal. Code Reg. § 15496 (a)(2).) However, LEAs may include expenditures on high needs pupils from other funding sources—*EIA expenditures are a floor*. Indeed, FCMAT's "LCFF Calculator" includes the direction to "Enter Economic Impact Aid (EIA) *and Other Expenditures* related to Low Income, English Language, and Foster Youth populations above what was spent on services for all pupils." (LCFF Calculator, v. 15.2b, emphasis added; <http://fcmat.org/local-control-funding-formula-resources>.)

The legislative intent behind LCFF allows LEAs to demonstrate comprehensive strategies using all resources to benefit all students. It is critical to note that the legislature, after considering "supplement and supplant" concerns, did not mandate a "no supplanting" provision. Instead, the legislature

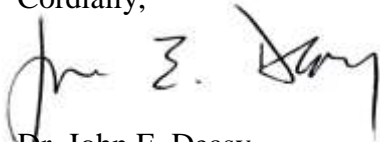
¹ In reviewing whether the District's decision is a reasonable exercise of its discretion, LACOE must base its consideration on all of relevant factors including, without limitation, the high percentage of unduplicated high needs pupils in the District. LACOE is "not empowered to substitute its judgment for that of the District" (See for example, *California v. FCC* (1996) 75 F.3d 1350, 1358; *Sequoia Union High School Dist. v. Aurora Charter High School* (2003) 112 Cal.App.4th 185, 195, and *California Teachers Assn. v. Ingwerson* (1996) 46 Cal.App.4th 860, 865)

delegated authority to the State Board of Education to adopt regulations governing the expenditure of supplemental and concentration grant funds. The State Board provided express flexibility to school districts with unduplicated pupil counts in excess of 55 percent of total enrollment to expend supplemental and concentration grant funds on a districtwide basis.

As explained above, the methodology of including special education expenditures as part of the prior year services for unduplicated pupils is reasonable considering that 79% of the District's students with disabilities are identified as low income, English learners, or foster youth. Furthermore, the District addressed all state priorities and identified programs designed to improve the outcomes for all pupil subgroups and high needs students in developing the LCAP after considerable, transparent and meaningful input from parents, students and stakeholders.

We appreciate the opportunity to provide clarification on our rationale. Please feel free to contact my staff if you need any additional clarification.

Cordially,

A handwritten signature in black ink, appearing to read "John E. Deasy". The signature is written in a cursive, somewhat stylized font.

Dr. John E. Deasy,
Superintendent of Schools

c: Megan Reilly
Matt Hill
Tony Atienza
Edgar Zazueta
David Holmquist
John Walsh