



April 4, 2017

Sent via email & Priority Mail

Los Angeles County Office of Education
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Superintendent Debra Duardo
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Re: UCP Complaint Against Los Angeles County Office of Education for Its Failure to Ensure Long Beach Unified School District's LCAP Complies with LCFF Expenditure Regulations

Dear Superintendent Delgado:

Public Advocates presents this Uniform Complaint Procedure (UCP) complaint on behalf of the Children's Defense Fund-California, Latinos in Action, and parents Marina Roman Sanchez and Guadalupe Luna (collectively, Complainants) to Los Angeles County Office of Education (LACOE or the County). Complainants represent low-income and English learner students as well as their families who have been working to ensure that the Long Beach Unified School District (LBUSD or the District) invests increased resources for the District's high-need students through its LCAP. Public Advocates has been deeply engaged in supporting the implementation of the Local Control Funding Formula (LCFF) in a way that makes real the promise of increased and improved services for high-need students, and greater transparency and meaningful engagement for school communities. Children's Defense Fund-California, Latinos in Action, Ms. Roman, and Ms. Luna bring this complaint because LACOE approved the LBUSD 2016-17 LCAP without ensuring that LBUSD is spending its supplemental and concentration (S&C) grants, as required by law, to proportionally increase and improve services for the high-need students in Long Beach who have generated those funds.

Public Advocates wrote to the District on June 6, 2016 regarding the draft Local Control Accountability Plan (LCAP). That letter cited concerns with the District's proposal to spend significant S&C funds on district-wide actions without demonstrating how these actions are principally directed towards and effective in meeting the district's goals for high-need students or how they constitute a growth in services for high-need students as required by LCFF statute and regulations. These expenditures included \$21.4 million for staff salaries and benefits, which

on their face at best maintained but did not increase or improve services to LBUSD's high-need students.¹

The District did not address this issue before it adopted its 2016-2019 LCAP on June 23, 2016. Nor did the district's response to Public Advocates' letter on July 21, 2016 provide sufficient justification pursuant to the LCFF regulations. On August 9, 2016, Public Advocates sent a follow-up letter to LACOE urging it to assist the District in remedying these issues before approving Long Beach Unified's 2016-2019 LCAP. LACOE wrote letters to the district on August 12th and September 9th requesting that the District justify the \$21.4 million on staff salaries and benefits, as well as \$17 million in S&C funds allocated toward Common Core aligned textbooks. Responding to the letters from LACOE, the District amended its LCAP on September 15, 2016, albeit inadequately (hereinafter [Amended LCAP](#)).

As explained in the attached UCP complaint to LBUSD, the Amended LCAP still fails to demonstrate that the District is increasing and improving services for high-need students consistent with the LCFF expenditure regulations. Please see the attached UCP complaint filed today against LBUSD, and incorporated here by reference, for a complete analysis as to how LBUSD's adopted LCAP fails to demonstrate that the District is meeting its proportionality obligation to high-need students. (*See* Exhibit 1.)

Basis for the UCP Complaint

The LCFF relies on County Offices of Education to provide oversight and enforcement. LCFF's increased funding flexibility was accompanied by the requirement that each district adopt an LCAP that meets certain transparency and equity requirements. In the LCAP, the district must describe in detail how it is using LCFF funding to meet student goals in eight statutorily identified state priority areas and is increasing or improving services for high-need students in proportion to the S&C funds that they generate.

County Offices of Education provide the primary accountability mechanism for district LCAPs. Each year, after a district adopts its LCAP, it must file the LCAP with the County Superintendent of Schools. *See* Educ. Code § 52070(a). The County Superintendent may then seek clarification from the district, and may submit recommendations for amendments to the LCAP. *See* Educ. Code §§ 52070(b)-(c). The County Superintendent may approve a district's LCAP, but only if the County Superintendent determines, among other things, that the LCAP complies with the regulations adopted by the State Board implementing the requirement to increase or improve services for high-need students. Educ. Code § 52070.

As explained in the attached UCP complaint against LBUSD, despite the revisions made, Long Beach Unified's Amended LCAP did not properly justify over \$40 million in S&C funds spent districtwide on staff salaries, benefits, textbooks and technology by failing to explain how these expenditures proportionally increase or improve services and are principally directed and effective to furthering district goals for high-need students. (*See* Exhibit 1.) As noted, LBUSD's failures to comply with LCFF requirements are set forth more fully in the attached and incorporated UCP complaint against LBUSD. Accordingly, LACOE fell short of its obligations

¹ By high-need students, complainants refer to those categories called "unduplicated pupils" under LCFF who are low-income, English learners, or foster youth.

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under the Education Code by refusing to reject LBUSD's 2016-17 LCAP for failing to comply with LCFF expenditure regulations.

Relief Requested

Children's Defense Fund-California, Latinos in Action, Ms. Roman and Ms. Luna urge LACOE to fulfill its supervisory duty to ensure that LBUSD amend its 2016-17 LCAP to demonstrate that it is meeting its proportionality obligation to increase and improve services for high-need students and reallocating unjustified expenditures of as much as \$40 million to comply with the LCFF statute and regulations. If the County believes the District can justify the expenditure of S&C funds on any of the classified salaries, employee benefits, common core instructional materials and technology as increased and improved services, it should require the District to amend its LCAP to provide this legally required rationale. Such rationale should be consistent with the LCFF regulations as well as the State Superintendent's guidance on across-the-board salary increases. Given salary data for certificated staff, however, it does not appear possible for the district to spend \$7 million in S&C funds on teacher salaries without providing some additional services that will principally serve high-need pupil goals.

Complainants urge the county to ensure LBUSD covers the portion of the \$21.4 million in salary and benefit obligations that does not count towards a growth in services for high-need students through LCFF base or other funding sources, and reallocate that unjustified portion of S&C funds to services that will truly "increase or improve" services to high-need students. Likewise, the County must require the district to demonstrate how the significant spending on Common Core materials and technology provide a growth in services for high-need students as opposed to all students, or else reallocate that \$19.5 million in S&C funds towards genuinely new or better services. Such reallocations of significant funds should take place with community input, as required by Education Code § 52062(c).

For the 2017-18 LCAP and all future LCAPs, the County should ensure that LBUSD properly demonstrates it is increasing and improving services for high-need students in keeping with its minimum proportionality percentage, including by providing all required justifications of districtwide and schoolwide S&C expenditures.

We appreciate your attention to this complaint and are available to respond to any requests for information or assistance as you investigate. Thank you for your attention to this important matter.

Sincerely,



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Los Angeles County Office of Education
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Enclosure

Exhibit 1: UCP Complaint to LBUSD re Amended LCAP

EXHIBIT 1



April 4, 2017

Sent via email & Priority Mail

Superintendent Christopher Steinhauser
Long Beach Unified School District
1515 Hughes Way
Long Beach, CA 90810
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RE: UCP COMPLAINT AGAINST LONG BEACH UNIFIED SCHOOL DISTRICT FOR ITS FAILURE TO ENSURE SUPPLEMENTAL AND CONCENTRATION FUNDS INCREASE OR IMPROVE SERVICES FOR HIGH-NEED STUDENTS

Dear Superintendent Steinhauser:

Public Advocates presents this Uniform Complaint Procedure (UCP) complaint on behalf of Children's Defense Fund-California, Latinos in Action, and parents Marina Roman Sanchez and Guadalupe Luna (collectively, Complainants) against Long Beach Unified School District (LBUSD or the district). Together, Complainants represent low-income and English learner students as well as their families who have been working to ensure that LBUSD invests increased resources for the district's high-need students through its LCAP. Public Advocates has been deeply engaged in supporting the implementation of the Local Control Funding Formula (LCFF) in a way that makes real the promise of increased and improved services for high-need students, and greater transparency and meaningful engagement for school communities. Children's Defense Fund-California, Latinos in Action, Ms. Roman, and Ms. Luna assert herein that LBUSD is not spending its supplemental and concentration (S&C) grants, as required by law, to proportionally increase and improve services for the high-need students in Long Beach who have generated those funds.

Public Advocates wrote to the district on June 6, 2016 regarding the LBUSD's draft Local Control Accountability Plan (LCAP), citing concerns with the district's proposal to spend significant S&C funds on districtwide actions without demonstrating how these actions are principally directed towards and effective in meeting the district's goals for high-need students or how they constitute a growth in service for high-need students. (*See Attachment 1.*) These expenditures included \$21.4 million for staff salaries and benefits, which on their face at best maintained but did not increase or improve services to LBUSD's high-need students, especially as compared to all students.

The district did not address this issue before it adopted its 2016-2019 LCAP on June 23, 2016. The district's response to our letter on July 21, 2016 also did not provide sufficient justification pursuant to the LCFF regulations. (*See Attachment 2.*) On August 9, 2016, Public Advocates sent a follow-up letter to the Los Angeles County Office of Education (LACOE) urging it to assist the district in remedying these issues before approving Long Beach Unified's 2016-2019 LCAP.

(See Attachment 3.) LACOE wrote letters to the district on August 12th and September 9th requesting that the district justify the \$21.4 million on staff salaries and benefits that Public Advocates raised, as well as \$17 million in S&C funds allocated toward Common Core aligned textbooks. (See Attachments 4 & 5). Responding to the letters from LACOE, the district amended its LCAP on September 15, 2016, albeit inadequately (hereinafter [Amended LCAP](#)).

Complainants recognize that the district nominally decreased the amount of S&C funds for employee benefits, added additional language to certain action items and moved considerable funds from the “General Administration and Other Services” action under Conditions of Learning Goal #4 to the “Instruction-Related Services” action. However, the Amended LCAP still does not adequately resolve the issue we raised nearly ten months ago, as the district still plans to spend \$21.4 million in S&C funds on salaries and benefits and \$17 million on textbooks without adequate justification. LBUSD’s expenditure of \$21.4 million in S&C funds on salaries and benefits, in addition to \$19.5 million in S&C funds on textbooks and technology, without clear explanation for how it will grow services in quantity or quality for high-need students and how these funds will be principally directed towards and effective in meeting its goals for high-need students, including low-income students and ELs, is both inequitable and illegal, as explained below.

Accordingly, Children’s Defense Fund-California, Latinos in Action, Ms. Roman, and Ms. Luna request the district immediately amend its LCAP to provide the necessary legal justifications, if possible, and where not, to reallocate supplemental and concentration funds to genuinely increase and improve services for high-need students with consideration for the required community input in the reallocation/amendment process.

A. Complainants

Ms. Roman and Ms. Luna are parents of low-income and English learner students who attend public schools in LBUSD.

Children’s Defense Fund-California (CDF-CA) is a state office of the Children’s Defense Fund, a national child advocacy organization. CDF-CA champions policies and programs that lift children out of poverty, ensure all children have access to health coverage and care and a quality education, and invest in our justice-involved youth.

Latinos in Action is a community-based organization whose mission is to fortify and enrich the lives of families, individuals, seniors and youth.

These organizations and parents have come forward out of a deep concern that the district is not providing critical services for high-need students. In doing so, they are exercising their legal rights under the Education Code to use the UCP process to seek resolution for concerns related to the district LCAP, as well as their constitutional rights to free speech.

We fully expect that the district and its staff will abide by their obligation to refrain from any retaliation or actions that would give the appearance of retaliation against our clients for the exercise of their complaint rights. Any such actions would violate the spirit and the letter of the law.

For purposes of investigating this complaint and reporting any findings or decision, complainants can be contacted through counsel listed on this letter.

B. LBUSD’s Original LCAP, Its Amended LCAP and Related Factual Background

1. [LBUSD’s June 23, 2016 Adopted LCAP](#)

In the LCAP adopted by the LBUSD Board of Education on June 23, 2016, the district allocated over \$40 million in S&C funds districtwide on staff salaries, benefits, textbooks and technology without explaining how these expenditures were principally directed and effective to furthering district goals for high-need students¹ as the law requires. The following S&C expenditures are at issue:

- Under goal “Conditions of Learning #2,” \$17,020,000 to “provide sufficient textbooks and instructional materials that align with Common Core,” and \$2,500,000 to “[e]nhance LBUSD’s technology infrastructure and support services” (LBUSD June 23, 2016 Adopted LCAP, at 11-12);
- Under goal “Conditions of Learning #4,” \$7,000,000 to certificated salaries and \$14,400,000 in employee benefits, which appeared to consist of “California State Teachers’ Retirement System (CalSTRS) pension reform contributions”. (*Id.* at 16.)

Public Advocates wrote to the district on June 6th regarding the justification of the \$21.4 million in S&C allocations for certificated salaries and employee benefits. (*See* Attachment 1.) LACOE wrote to the district on August 12th and specifically raised the issues of textbooks, salaries and benefits in its letter from September 9, 2016. (*See* Attachments 4 & 5.)

2. [LBUSD September 15, 2016 Amended LCAP](#)

As noted, in response to Public Advocates’ August 9, 2016 letter and other concerns, LACOE caused the district to amend its LCAP, albeit inadequately. (*See* Attachment 3).

The district did not change the questionable S&C expenditures under “Conditions of Learning #2” (\$17,020,000 on instructional materials and \$2,500,000 on technology infrastructure). Over the next three years, over \$35 million in S&C is allocated to Common Core aligned textbooks and instructional materials, and \$7.5 million in S&C is allocated toward technology and support services. (Amended LCAP at 11-15.) Regarding the instructional materials, the district states that these materials “play a vital role in ... closing achievement gaps,” because the “emphasis on the child learning much more than the answer helps in particular to reach disadvantaged students in the unduplicated population.” (*Id.* at 12.) The district’s only explanation for the technology and support services allocation is that this “enhancement strengthens college and career readiness efforts.” (*Id.*) The annual measurable outcome and metric for these investments, “100% compliance with the instructional materials requirements,” does not indicate in any way how they are contributing to district goals for high-need students as opposed to meeting the basic legal requirement to provide standards-aligned

¹ By “high-need students,” we refer to those low-income, English Learner and foster youth students that the funding law recognizes as “unduplicated pupils” who generate additional supplemental and concentration funds for the district.

instructional materials for all students. (See Amended LCAP “*Metric: Resolution on the Sufficiency of Textbooks and Instructional Materials.*”)

All the changes to S&C funds in the amended LCAP are found in goal “Conditions of Learning #4” to “fully implement the Common Core Standard by the 2014-2015 school year,” which applies to “all schools districtwide.” (Amended LCAP at 16-19.)

The district removed the \$14.4 million in S&C allocated to Employee Benefits under “General Administration and Other Services” in the June 23, 2016 LCAP and the reference to pension reform contributions. (*Id.* at 18.)

Meanwhile, under “**Instruction-Related Services,**” **classified salaries increased from \$46,000 to \$12 million in S&C and employee benefits increased from \$146,000 to \$2.5 million in S&C.** We assume these increased expenditures are to provide “Supplemental Educational Supports for Unduplicated Pupils” as this language was added to the amended LCAP. (*Id.* at 17.) The total increase of \$14.5 million in S&C funds appears to offset the \$14.4 million in S&C previously allocated to “General Administration and Other Services” employee benefits, which has been reduced to \$0. To explain this significant increased investment under “Instruction-Related Services” in “Supplemental Educational Supports for Unduplicated Pupils”—a 75-fold or 7,500% increase in expenditures to this action—the district added a single clause (“as well as supports that enable differentiation, particularly for unduplicated pupils”) at the end of an entire paragraph that describes how funds will be used to increase the quality of classroom instruction for *all* students. (*Id.*)

Under “General Administration and Other Services,” the district maintained its expenditure of \$7 million in certificated salaries and added some explanation that this investment will benefit high-need students by stating that the use of S&C funds for certificated salaries is because “LBUSD has a high teacher retention rate for an urban district” and that this “directly enhances the services provided at high-need schools.” (*Id.* at 18.) As discussed further below, the district’s justifications do not appear to meet the bar set for across-the-board salary increases by the LCFE regulations and guidance issued by the State Superintendent of Public Instruction.

C. The District Does Not Appear to Meet Its Obligation to Proportionally Increase and Improve Services for High-Need Students Given that Some \$40 Million in Districtwide S&C Expenditures Are Not Adequately Justified.

While districts have flexibility in how they allocate S&C funds, these targeted dollars must be allocated to “increase or improve services for unduplicated pupils as compared to the services provided to all pupils.” 5 CCR § 15496(a); Educ. Code § 42238.07. “[T]o increase or improve services” means “to grow services in quality [or] quantity,” and districts must demonstrate this growth in their LCAP. § 15495(f)-(g); *see* LCAP Template. When S&C funds are spent on a districtwide basis, the district has an additional burden of explaining how these expenditures are “principally directed towards, and are effective in, meeting the district’s goals” for high-need students. § 15496(b)(2)(B). In other words, high-need student needs should be at the fore of the district’s planning in its districtwide spending of S&C funds; they should not be an afterthought or an incidental consideration. Explanations about how S&C funds will “increase or improve”

services for high-need students, and about how districtwide expenditures are “principally directed towards, and are effective” for high-need students are required in Section 3 of the 2016-17 LCAP (and the “Demonstration of Increased or Improved Services for Unduplicated Pupils” section of the most recently revised LCAP template²).

Unfortunately, even as amended, LBUSD’s plan to spend over \$40 million on textbooks, technology, staff salaries and benefits is still not justified per the LCFF regulations, and thus constitutes an unlawful expenditure of S&C funds. **Moreover, by failing to adequately justify some \$40 million out of a total of \$108 million in S&C funds being spent districtwide for all students (some 37%), the district does not meet its obligation to demonstrate how it is increasing and improving services for high-need students in proportion to the funds that they generate.**

1. The District Fails to Adequately Justify \$19.5 Million in Districtwide Textbook and Technology S&C Expenditures.

LBUSD’s allocation of \$17 million in S&C funds for Common Core State Standards (CCSS) aligned textbooks and instructional materials and \$2.5 million in S&C funds for the district’s technology infrastructure do not clearly “increase or improve” services for high-need students as compared to all students. The district also fails to justify these expenditures as “principally directed towards,” or “effective in” meeting the district’s goals for high-need students. Implementation of the Common Core is a requirement of all districts for all students, and LBUSD does not provide any explanation in its description of these actions (in Section 2 or Section 3 of the Amended LCAP) for how spending S&C funds on Common-Core aligned materials might “increase or improve” services for high-need students as compared to their middle-income and native-English-speaking peers. As mentioned above, it only asserts without support or demonstration that the CCSS instructional materials “enhance[] access to the core curriculum and close[] achievement gaps” and “help ... reach disadvantaged students. (Amended LCAP at 12) This cursory rationale does not suffice as justification for how these investments fundamentally required for all students are “principally directed towards” and are “effective” in meeting the district’s goals for high-need students. Similarly, the district’s general assertion that the technology “enhancements strengthen college and career readiness efforts” is directed equally to all students and lacks any supplemental intent or effect on high-need students. (*Id.*)

Thus, it is impossible to tell from the Amended LCAP what instructional materials and technology are being supported by this \$19.5 million in S&C funds and how these are principally directed toward and effective in addressing district goals for high-need students as the LCFF regulations require. The district provides no metrics specific to high-need students against which to measure these significant investments, using the same broad measure—“100% compliance with the instructional materials requirements”—which is a basic requirement that appears to apply equally to all students. Despite increased proposed spending on textbooks of over \$5 million in S&C from the 2015-2016 school year, the 2016-2017 LCAP does not explain how this increased investment will increase or improve services or increase measurable outcome metrics in any way for unduplicated students. The district has failed to justify the districtwide use of S&C funds as required by LCFF. *See* 5 CCR § 15496(b)(2)(B).

² www.cde.ca.gov/fg/aa/lc/documents/approvedlcaptemplate.doc.

2. The District Fails to Adequately Justify \$21.4 Million in S&C Spending on Districtwide Classified and Certificated Salaries and Benefits as Increased or Improved Services for High-Need Students.

LBUSD does not demonstrate how its allocation of \$21.4 million in S&C funds for staff salaries and benefits under its Condition of Learning #4 goal “increases or improves” services for high-need students. The total S&C funds the district allocates across these actions is significant: \$21.4 million amounts to nearly 20% of the district’s total S&C funds for the 2016-2017 school year. Over the next three years, the district plans to spend \$82.4 million in S&C funds on employee salaries and benefits. (LBUSD Amended LCAP, at 90-91.) In addition, the district fails to justify these districtwide expenditures as “principally directed towards,” or “effective in,” meeting the district’s goals for high-need students. From the descriptions provided, there is no demonstration that the increased funding is providing any new or improved services. The LCAP simply reflects an increased cost for the same level of service (i.e., an across-the-board salary or benefits increase). Complainants certainly support teachers and classified staff being fairly and competitively compensated and recognize that California underfunds its schools and its teachers. Generally, however, salary expenditures for core instructional and administrative staff should be supported with base funds, not the marginal portion of the district’s budget represented by S&C funds.

The State Superintendent’s analysis of the expenditure of S&C funds on districtwide teacher salary increases, consistent with the LCFF regulations, recognizes that salary increases supported by S&C funds allocated districtwide (and not to particular staff positions) do not necessarily bring any increase or improvement of services to high-need students as compared to their middle-income and native-English-speaking peers.³ A district’s burden of proving such an increase or improvement is, as noted by the State Superintendent, highly dependent on district-specific facts around recruitment and retention and yearly reflection on the success of such investments in improving services to high-need students.

The State Superintendent suggests one potential method by which a district might justify districtwide salary increases per the LCFF regulations. Per the State Superintendent, a district with 55% or more high-need students would have to, for example:

- (1) Document in its LCAP that:
 - (a) it faces “difficulties in recruiting, hiring, or retaining qualified staff which adversely affects the quality of the district’s educational program, particularly for unduplicated pupils,” and
 - (b) “that the salary increase will address these adverse impacts.”

(State Superintendent Letter at 3.)

- (2) And, additionally document in its LCAP that it will measure the impact of its investment, to ensure the districtwide expenditure of supplemental and concentration

³ State Superintendent Tom Torlakson’s letter to District and County Superintendents and Charter School Administrators, “Use of Local Control Funding Formula Supplemental and Concentration Grant Funds,” June 10, 2015, available at <https://assets.documentcloud.org/documents/2096328/lcff-teacherraises-cdememo-ttrevised061015.pdf> (hereinafter “State Superintendent Letter”).

funds is in fact principally directed toward and effective in meeting its goals for high-need students. The State Superintendent suggests a district “identify . . . a reduction of teacher turnover and the retention of experienced classroom teachers, supported by budget expenditures from [S&C] grant funds, and describe in the LCAP how this service is principally directed toward and effective in meeting the district’s identified academic achievement goal for its unduplicated pupils.”

(*Id.* at 3-4.) Thus, even if a district can make the necessary showing to support this use of funds initially, the district must evaluate whether its approach is effective (*e.g.*, in terms of reducing turnover and increasing retention) in each annual update. This legal analysis of S&C spending for districtwide teacher salary increases similarly applies to districtwide increases in classified salaries and employee benefits, where it is unclear that these investments are for specific staff positions providing increased or improved services.

Unfortunately, LBUSD does not appear to meet any of these requirements, for its past, present, or projected S&C spending on employee salaries and benefits. Therefore, it has failed to justify these districtwide expenditures as increased or improved services for high-need students. Indeed, to the contrary, what evidence exists in its LCAP undermines the district’s attempted use of S&C funds for teacher salaries.

a. *LBUSD Does Not Properly Justify \$14.5 Million in Districtwide Classified Salaries and Employee Benefits.*

In LBUSD’s Amended LCAP, the district fails to explain how the combined expenditure of \$14.5 million in classified salaries and employee benefits under “Instruction-Related Services” will “increase or improve” services for high-need students as compared to all students. Indeed, the same outcome metrics associated with the action—“Fully Implement the Common Core State Standards”—when its investment amounted to only \$200,000 remain unchanged even though the investment in the action has increased 75-fold. (*Compare* LBUSD June 23, 2016 Adopted LCAP at 18 *with* Amended LCAP at 16.)

Nor do these districtwide expenditures appear to be “principally directed towards” and “effective in” meeting the district’s goals for high-need students. The district only provides a cursory and vague description—added to the Amended LCAP—to justify the additional allocation of \$14.5 million in S&C funds: “Supplemental Educational Supports for Unduplicated Pupils” when it notes that these funds will provide “supports that enable differentiation, particularly for unduplicated pupils.” The only measure by which to judge the effectiveness of this expanded \$14.5 million investment remains unchanged: “Fully implement the Common Core State Standards.” Like the textbooks and technology outcome and metric, the district has presented identical metrics and no change in projected outcomes for the past two years. (LBUSD Sept. 15, 2015 Amended LCAP at 15; LBUSD June 17, 2014 Adopted LCAP at 12.) As such, the district presents no new metrics by which to judge the effectiveness of these very significant \$14.5 million investments. No improved staff retention, no increases in experience rates, no improved educational outcomes for high-need students are asserted, much less demonstrated as likely.

The district provides no further information to show the nature of these supplemental educational supports and how they will “increase or improve” the quality of services offered to high-need

students as compared to all students. The LCAP indicates these expenditures are at “All Schools Districtwide” and provides no evidence that they are for specific positions as opposed to general classified staff across all schools. As such, LBUSD’s Amended LCAP proves the inverse of its assertion. **Because the intended outcomes are exactly the same with or without the addition of the \$14.5 million in “Instruction Related Services,” the Amended LCAP reveals that no increase or improvement of services is demonstrated or even intended to flow from this new investment.**

While it is not entirely clear from the Amended LCAP whether the \$14.5 million expenditure constitutes a salary and benefits increase, the facts presented strongly suggest and Complainants believe that is exactly what these investments are continuing to fund. Assuming such, the district provides evidence that such an expenditure would be an inappropriate use of S&C funds, regardless of whether it will increase or simply fund current districtwide salaries and benefits.⁴ If these significant investments are indeed for districtwide salary and benefit increases, the LCAP contains no evidence that LBUSD faces difficulties in recruiting and retaining classified staff or that its benefits package is negatively affecting high-need students in such a way to justify the notion that a general across-the-board investment in classified staff will principally serve high-need student goals.

In Section 3(A), where LBUSD is required to provide a description of and a justification for any supplemental and concentration funds used in a districtwide manner, the district does not mention these expenditures on classified salaries and employee benefits. Instead it seeks to provide a blanket justification for all its districtwide S&C spending:

The Districtwide expenditures laid out in the LCAP are available broadly, but the services are principally directed towards and are proving effective in meeting the District’s goals for its unduplicated students. Many students who do not fall into the unduplicated category do not need these services and therefore, do not avail themselves of these services. These services, therefore, are principally directed towards those who need it, and partakers of these services are self-selecting.

(Amended LCAP, Section 3(A)). This logic, of course, cannot apply to districtwide expenditures on salaries and benefits, which without further explanation, are provided to all staff, and thus all students, equally. Thus, neither the description provided in Section 2 nor the blanket justification provided in Section 3 properly demonstrate how such a large amount of S&C funds will principally serve high-need student goals let alone be effective in doing so.⁵

⁴ Both classified and certificated staff salaries and benefit packages increased in LBUSD during the 2015-2016 school year: see http://www.lbusd.k12.ca.us/Departments/Employee_Relations_Services/bargaining.cfm, accessed Feb. 24, 2017. We have reason to believe these expenses include pension contributions, because pensions were explicitly funded last year (LBUSD Amended LCAP at 91-92) and are referenced also in this year’s plan (“teachers and other education professionals decide whether to remain in LBUSD...” considering “salary, benefits, size and strength of pension shortfalls.” *Id.* at 18.)

⁵ The fact that the \$14.5 million for salaries and benefits roughly corresponds to the \$14.4 million in CalSTRS contributions that was removed from the initial LCAP begs the question as to whether these are genuinely different expenditures than what was identified in the initial LCAP and why the pension contributions disappeared altogether from the plan, as opposed to simply changing the funding source. The district is clearly, directly or indirectly, funding its across-the-board rising pension costs with supplemental and concentration funds.

b. *LBUSD Does Not Properly Justify \$7 Million in S&C Spending on Certificated Salaries.*

Additionally, the district does not demonstrate that it meets the narrow circumstances for the \$7 million S&C expenditure for certificated salaries under “General Administration and Other Services.” As stated by the State Superintendent, to use S&C funds for across-the-board teacher salaries, the district should document its “low salaries” and how these result “in difficulties in recruiting, hiring and retaining qualified staff which adversely affects the quality of the district’s educational program, particularly for unduplicated pupils.” (State Superintendent Letter at 3). While it is not clear from the LBUSD LCAP whether the \$7 million expenditure constitutes a salary increase, the district provides evidence that such an expenditure would be an inappropriate use of S&C funds, regardless of whether it will increase or simply fund current districtwide certificated salaries.

Rather than demonstrating it has a teacher quality problem, LBUSD acknowledges that it “has a high teacher retention rate for an urban district.” (Amended LCAP at 19) This fact is substantiated by LBUSD’s *already relatively high teacher salaries*: during the academic year of 2014-15, the average teacher salary in Long Beach Unified was \$89,000—over \$12,000 more than both the statewide average and several urban districts with similar student populations.⁶ Thus, under the State Superintendent’s analysis and a plain reading of the LCFF regulations, this \$7 million expenditure does not “increase or improve services” for high-need students as compared to all students. At most, it is designed to maintain a general level of service for all students across the board.

As well, the \$7 million in teacher salaries does not appear to be “principally directed toward” meeting the district’s goals for high-need students. In its amended LCAP the district states that it “strives to create an environment of short- and long-term fiscal stability ... which subsequently benefits students, particularly unduplicated pupils.” (Amended LCAP at 19) This reasoning reads as though high-need students are downstream, incidental beneficiaries of this expenditure, rather than the impetus behind it. Under this seriously flawed rationale, nearly any districtwide expenditure could be justified as “principally directed” and “effective.”

Moreover, the district fails to prove the effectiveness of this service. The district states that its “high teacher retention rate ... directly enhances the services provided at high-need schools,” but it does not explain *how* high-need students are affected, or how they will be affected after teachers are supported by additional S&C funds above and beyond how they, like all students, have already been affected by the district’s existing high retention rates. (Amended LCAP at 19) Again, the only measure for the goal associated with this action is to “Fully implement the Common Core State Standards”, which is itself a general goal applicable to all students. The district also offers “The Broad Prize” from 13 years ago, as well as “other external evaluators” to prove that funding high teacher salaries will “narrow the achievement gap over time.” (*Id.*) This metric and evidence is simply too broad and outdated to be applicable. LBUSD does not face “difficulties in recruiting, hiring or retaining qualified staff,” and therefore cannot justify the

⁶See <http://www.ed-data.org/district/Los-Angeles/Long-Beach-Unified>, accessed Feb. 24, 2017. The average teacher salary in neighboring LA Unified was \$73,658, in similarly sized San Diego Unified was \$76,603. See <http://www.ed-data.org/district/Los-Angeles/Los-Angeles-Unified> and <http://www.ed-data.org/district/San-Diego/San-Diego-Unified>, accessed Feb. 24, 2017

expenditure of \$7 million in precious S&C dollars on teacher salaries. (State Superintendent Letter at 3.)

Despite significantly higher teacher salaries, which the district claims directly enhance the education of high-need students, disparities in student achievement in LBUSD are glaring. In 2016, only 37% of low-income students in LBUSD met or exceeded the English Language Arts (ELA) standards, and 28% met or exceeded the state standards in math, while 63% and 50% of middle class students met or exceeded the standards in ELA/math, respectively. White students in LBUSD are four times more likely than their African-American and Latino counterparts to be meeting the state's academic standards. In addition, English-only students are 6 times more likely than their English Learner counterparts to be meeting the standards.⁷ These disparate results are similar to those experienced by these student groups across the state.⁸

Because the district has not explained how this supplemental and concentration spending on teacher salaries is principally directed to high-need student goals or effective, the district has failed to justify this spending as an increased or improved service. We urge the district to instead fund its teacher salaries with the substantial base funds that the district receives.

3. Relief Requested

Children's Defense Fund-California, Latinos in Action, Ms. Roman, and Ms. Luna urge LBUSD to amend its 2016-17 LCAP to demonstrate that it is meeting its proportionality obligation to increase and improve services for high-need students and to reallocate unjustified expenditures of as much as \$40 million to comply with the spirit and the letter of the LCFF statute and regulations. If the district believes it can justify the expenditure of S&C funds on classified salaries and employee benefits, the district should amend its LCAP to provide this legally required rationale, consistent with the LCFF regulations and the State Superintendent's guidance. Given salary data for certificated staff, however, it does not appear possible for the district to spend \$7 million in S&C funds on teacher salaries without providing some additional service that will principally serve high-need pupil goals.

Complainants urge the district to cover the unjustified portion of the \$21.4 million in salary and benefit obligations through base or other funding sources, and reallocate that amount to services that will truly "increase or improve" services to high-need students. Likewise, the district must demonstrate how the significant spending on Common Core materials and technology provide a

⁷71% of White students met or exceeded the ELA standards in 2016 and 60% met or exceeded the standards in math. By comparison, only 34% of Black students and 39% of Latino students met or exceeded the standards in ELA and only 20% of Blacks and 27% of Latinos met or exceeded in math. 70% of English-Only students met or exceeded the standards in ELA and 58% met or exceeded the standards in math, whereas only 13% of ELs met or exceeded the standards in ELA and 11% met or exceeded the standards in math. See <http://caaspp.cde.ca.gov/sb2016/ViewReport?ps=true&lstTestYear=2016&lstTestType=B&lstGroup=4&lstCounty=19&lstDistrict=64725-000&lstSchool=0000000>, accessed Nov. 23, 2016.

⁸ Comparing the 2016 performance of low-income students in LBUSD to their performance in districts with a similar unduplicated student count (within 5 percentage points) and as similar as possible overall enrollment (above 25,000 students), LBUSD achievement is above Lodi Unified (avg. salary \$70,254) and Sacramento City Unified (avg. salary \$70,343) and is similar to Desert Sands Unified (avg. salary \$83,664), Riverside Unified (avg. salary \$87,199), San Francisco Unified (avg. salary \$67,537), and Visalia Unified (\$71,211). See CAASPP scores, at <http://caaspp.cde.ca.gov/sb2016/Search> and EdData, at <http://www.ed-data.org/Comparisons?compType=districts>.

growth in services for high-need students as opposed to all students, or else reallocate that \$19.5 million in S&C funds towards genuinely new or better services. Such reallocations should take place with community input, as required by Cal. Educ. Code § 52062(c).

For the 2017-18 LCAP and all future LCAPs, the district should ensure that it properly demonstrates how it is increasing and improving services for high-need students in keeping with its minimum proportionality percentage, including providing all required justifications of districtwide and schoolwide S&C expenditures.

Please address these important issues immediately and no later than 60 days from today. We remain available to collaborate with the district as it seeks to resolve these concerns.

Sincerely,



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Enclosures

ATTACHMENT 1



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June 6, 2016

Via Electronic Mail

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Long Beach Unified School District

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Board of Education via Executive Secretary irodriguez@lbschools.net

Re: Comments to Draft LBUSD's 2016-19 LCAP and 2015-16 Annual Update

Dear Superintendent Steinhauser and LBUSD Board of Education:

Public Advocates has been deeply engaged in supporting the implementation of the Local Control Funding Formula (LCFF) in a way that makes real the promise of increased and improved resources for high-need students, and greater transparency and meaningful engagement for school communities. In particular, we are working hard to ensure that school districts spend supplemental and concentration grants to proportionally increase and improve services for the high-need students who generate those funds. Towards this end, we are supporting local districts and community-based partners in LCFF implementation across the state.

Last year, Public Advocates conducted a thorough [analysis of Long Beach Unified's 2015-16 LCAP](#) that highlighted several concerns regarding the district's proposed uses of supplemental and concentration funds.¹ Public Advocates' analysis raised the following concerns:

- Though required, the district failed to separately describe and the \$85.8 million in districtwide and schoolwide actions paid

¹ The ACLU of Southern California sent the district a letter dated June 26, 2015, that also raised similar concerns regarding the district's approach to explaining its supplemental and concentration expenditures in its draft LCAP.

for with supplemental and concentration funds and to justify each districtwide or schoolwide action as properly focused on high-need students.

- Some \$14 million of the supplemental and concentration funds were allocated for basic services and operations—such as teacher pensions, maintenance, campus security and administration—that do not appear to provide any enhanced benefit for high-need students and are not supported as principally directed and effective in serving high need pupil goals.
- The District lumped together multiple separate actions and expenditures into very general descriptions, preventing an understanding of specific actions taken to meet goals and their specific cost.
- The District did not reflect how school sites expending some \$13.6 million in supplemental and concentration funds were properly focused on LCAP goals for high-need students.

While we have had limited time to review LBUSD's 2016-17 LCAP Draft given that it was just posted on June 1st, we write now to raise initial concerns with the draft 2016-17 LCAP that appear to continue from the 2015-16 LCAP.

In particular, we remain concerned about the following two issues:

- The draft Annual Update fails to explain large discrepancies in allocating supplemental and concentration spending or meaningfully discuss implementation of actions; and
- The district continues significant spending of supplemental and concentration funds on districtwide and schoolwide actions that do not appear to be *principally directed* to goals for high-need students, for which the district has not demonstrated *effectiveness* of those actions to meet high-need student goals, and which do not appear to demonstrate a *growth in service* for high-need students.

Draft Annual Update fails to explain large discrepancies in budgeted and actual supplemental and concentration spending. Throughout the draft annual update, the district estimates significant amounts of supplemental and concentration funds that were allocated but not spent. Yet the district fails to provide an explanation for these discrepancies or explain how those unspent funds were used. These discrepancies include the following:

- Conditions of Learning Goal #2 – Adopt, replace and/or provide sufficient textbooks and instructional materials that align with Common Core: LBUSD budgeted \$12 million in supplemental and concentration dollars under this action item and estimates spending around \$2.1 million (p.80);
- Conditions of Learning Goal #4 – General Administration and Other Services; the district budgeted \$15,000,000 in supplemental and concentration funds for Employee Benefits and estimates spending \$9 million (p.84);
- Conditions of Learning Goal #4 – School site allocations for implementation of Common Core State Standards. Again, this included a large allocation of supplemental and concentration dollars for books and supplies (\$14 million) when estimated spending is around \$1.6 million. Other expenditures, including salaries

- and benefits were higher than budgeted, although nowhere close to accounting for the discrepancy in books and supplies (p.85);
- Conditions of Learning Goal #4 – Budgeted actions for strategic and systematic assistance to schools to advance Common Core implementation included \$3.7 million in supplemental and concentration funds for books and supplies when \$243,000 was estimated as actually spent (p.86);
 - Engagement Goal #1 – Budgeted actions and services for parent engagement and outreach supports differ greatly, including more than \$350,000 less for books and supplies and almost \$90,000 less for “Svcs/Other” (p.114).

These are just several examples of large discrepancies in estimated actual spending of supplemental and concentration dollars versus budget spending, and yet they total more than \$30 million in supplemental and concentration funds, which the district does not account for in its Annual Update. Putting aside our concern that some of these expenditures were not properly designated and justified for supplemental and concentration spending in the 2015-16 LCAP, this nonetheless raises serious questions about how the district spent those dollars and whether it met its minimum obligation in the 2015-16 fiscal year to increase and improve services for high-need students as compared to all students in proportion to the supplemental and concentration funding they generate for the district. See Educ. Code 42238.07; 5 CCR 15496(a).

Rather than explaining these discrepancies, the district generically reports for every action in its Annual Update that “[t]he actions/services were implemented largely as planned.” Such cursory reporting raises concerns about whether the district is reflecting on the Guiding Questions to leverage the Annual Update process as a tool for continuous improvement. (See Guiding Questions on p.78.).

We urge the district to revise the Annual Update to—as the guiding questions indicate—identify “differences ... between budgeted expenditures and estimated actual annual expenditures” and “the reasons for any differences.” (See p.78.) To the extent that the district did not spend a significant portion of its supplemental and concentration funds for the 2015-16 years towards increasing and improving services for high-need students, we urge the district to carry this spending forward into the 2016-17 school year to ensure that high-need students benefit from the funding that they generate for the district.

Critical importance of identifying and justifying separately each districtwide and schoolwide use of supplemental and concentration funds. We again want to call your attention to the important requirement in the LCAP Template Section 3A that districts *must* describe “the use of any funds in a districtwide [or] schoolwide” manner and justify each such use according the LCFF regulations. In a district such as Long Beach Unified that has more than 55% high-need students, the district must justify a districtwide expenditure as “principally directed” to one or more of the district’s goals for high-need students. 5 CCR 15496(b).²

² In our extensive reviews of LCAPs over the past two years, our organizations have found that many LEAs were confused by Section 3 of the LCAP. Public Advocates teamed up with

In Section 3A of the draft LCAP (p. 132), the District explains more than \$108 million in supplemental and concentration spending in a summary fashion rather than separately describing each districtwide use of funds to justify how it is *principally directed* to its goals for high-need students. In other words, high-need students are a *forethought*, not an after thought or equal thought to all students.

In addition, the District must explain in Section 3A how that use of funds is “effective in” meeting its identified LCAP goal for high-need students. To the extent the District is continuing to fund the same actions from the prior LCAP year, it should point to evidence or data to demonstrate effectiveness. Or else one would expect to see in the Annual Update “an assessment of the effectiveness of the specific actions” as the instructions require. (p.78). Instead, the district takes a plenary approach to justifying its districtwide spending, citing to “The Broad Prize and corroborated scholarly research” to assert that “a districtwide approach is a proven strategy for organizations like LBUSD, where students and families have high rates of mobility and school choice.” (p.132.) However, this explanation fails to address how the district has determined that the specific actions and services that the district is funding are *effective* in serving high-need students. And a review of the district’s reporting on these actions in the Annual Update does not provide an assessment of the effectiveness of the specific actions in question.

In Section 2 of the LCAP, the district does provide some limited explanation of certain districtwide supplemental and concentration allocations, but these justifications still do not meet the legal requirements in terms of explaining how they are *principally directed* and *effective* under LCFF regulations.

By failing to separately identify the specific districtwide and schoolwide uses of supplemental and concentration funds, the public cannot determine if cumulatively, the district is providing an “increase or improvement” in services to high-need students as compared to all students in proportion to the additional funds those students generate as required by the law and regulations. The regulations define an “increase or improvement” in services as a “growth in quantity” or “quality” of the service. 5 CCR 15945(k) & (l).

We had concerns about the following uses of funds in the 2015-16 LCAP, which appear to be continuing in the draft 2016-19 LCAP:

the Sacramento County Office of Education to provide training and best practices on the proper uses and reporting of supplemental and concentration funds at a joint gathering of more than 40 counties across the state, including the Los Angeles County Office of Education. For your information, those training materials are available at http://bit.ly/PA_Sec3_Training and the Sacramento County Office of Education website at <https://www.scoe.net/lcap/training/Pages/default.aspx>. See also One-Pager on Section 3 Requirements at http://bit.ly/LCAP3A_3B_1-pager and Guiding Questions on the Use of Supplemental & Concentration Funds at http://bit.ly/5_Questions_on_SC_Funds.

- **\$21.4 Million in Supplemental and Concentration Funds for Teacher Pension Reform Contributions & Certificated Salaries.**³ This combined expenditure of \$14.4 million in employee benefits and \$7 million in certificated salaries is an increase over the estimated \$9 million of supplemental and concentration funds the district estimates spending on employee benefits in this action item in 2015-16 per its Annual Update (p.84). As with last year, this service appears to be an across-the board allocation that does not seem to be “principally directed” to unduplicated pupil goals or to increase or improve services for high-need students as compared to all students. Whether in the form of increased salary or benefits, the underlying services provided from the teachers do not grow in any way. They are the same, just more costly. Nor do the services appear to provide any type of enhanced benefit to high-need students as compared to all students. The district must justify in Section 3.A how this use of funds is *principally directed* to its goals for high-need students and also how that use of funds is *effective*.

Given that the district spent \$9 million in supplemental and concentration funds on this action last year, it should have some basis for proposing to increase this expense in the coming year. In Section 2, the district merely repeats the same explanation from its prior LCAP that overall compensation is an important component to attracting and retaining highly qualified teachers without providing further evidence to show that the item has been demonstrably effective in serving high-need student goals, for example in terms of impacting teacher recruitment and retention in a way that is “positively impact[ing] the neediest students” as the district suggests is its goal.

Moreover, in Section 3.B, where the district describes how it is meeting its minimum obligation to proportionally increase or improve services for high-need students as compared to all students, the district must justify how this proposed expense, which amounts to some 20% of its anticipated supplemental and concentration funds, is providing a growth in services for high-need students. If it cannot meet these requirements, the district should discontinue funding this expenditure from supplemental and concentration funds.

Finally, this is also an example of the district’s practice of lumping several different expenditures (General Administration, Enterprise (Health Benefit Administration), Other Outgo (Insurance), Contributions (Special Education Support, etc.) and CalSTRS pension reform contributions) into one action item, which obscures fiscal transparency regarding how these funds are being allocated. This concern is discussed further in the next bulleted point.

³ See p. 16 of draft LCAP. Based on the district’s initial draft 2016-17 budget summary document, this amount was initially listed as \$21.4 million in supplemental and concentration funds just for teacher pensions. It now appears to be distributed across Supplemental and Concentration funds for both salary and employee benefits. There are also separate allocations to base across various spending categories. We would like to understand the rationale for this distribution.

- **Millions of Dollars in Supplemental and Concentration Funds for Expenditures that Do Not Appear to Be Principally Directed to High-Need Student Goals.**⁴ The district again takes the approach of lumping numerous disparate, districtwide expenditures together in the same action item and then failing to provide the required justification for this spending. For example, the district continues to allocate the following services under a single action item that includes: **“Community and Ancillary Services (Recreation Aides, etc.); Student Advisory resources; Teaching Gardens; Campus security/police support; and Administrative services and contracts (e.g., Most Inspiring Students)”** and then to report the budgeted expenditures as lump sums across all these items. For supplemental and concentration spending, this amounts to \$1.4 million for classified salaries, \$941,900 for employee benefits \$595,000 for books and supplies, and \$3.2 million for “Svcs/Other” (a significant increase over the prior year allocation) (p.76). Without further explanation as to how the spending is distributed among base and supplemental and concentration funds and across specific services in the action item, as well as how each of these proposed expenditures are *principally directed* to the needs of unduplicated pupils in particular, each of these examples appear to be funding for core services that provide the same level of service to all students and do not appear directed to high-need students as the primary beneficiaries.

Another significant expenditure of supplemental and concentration funds that does not appear *principally directed* to high-need student goals is some **\$17 million in supplemental and concentration funds for instructional materials aligned with the Common Core** (pp.11-12). While the district states that these “materials...play a vital role in ... closing achievement gaps,” without further explanation of how this significant expense, which is essential to the district’s core instructional program for all students is principally directed to high-need student goals, it appears to be an expenditure that should be from base funding.⁵ Further, the amount of funds appears out of line with what the district actually spent in 2015-16: Whereas the district

⁴ Note that the district’s draft Budget Summary for the 2016-17 Revised Plan provided a slightly different breakdown of this spending than the district’s LCAP. Based on that budget summary, there were a number of expenditures that did not appear to be principally directed towards high-need student goals. These include some \$3 million in “campus security and police support,” \$4.16 million in “administrative services and contracts,” and \$463,000 in “maintenance projects at sites” that are each described as providing “general support to schools in their efforts to implement the LCAP.” In addition, LBUSD allocates \$3.1 million to “provide additional support to teachers, classified staff, managers, and administrators,” \$1.45 million to “Provide strategic and systematic assistance to schools (Board of Education initiatives),” \$900,000 to “Provide strategic and systematic assistance to schools (Level Office supports),” \$5.1 million to “Provide textbooks and instructional materials in alignment with Common Core,” and \$2.5 million “for the replenishment of equipment and computers.” It is unclear to us upon our preliminary review, which of this spending is incorporated into the draft plan.

⁵ Indeed the district states in its Annual Update that “[t]extbook adoptions in alignment with Common Core are necessary, so LBUSD plans to invest in instructional materials.” (p.81).

budgeted some \$12 million in supplemental and concentration funds to this same action last year, it estimates only spending some \$2.1 million in these funds (p.80). Without explanation for this discrepancy and how this action was effective in 2015-16 despite this significant underspending, the significant increase in spending does not appear to be justified.

- **Supplemental and Concentration Funds Directly to School Sites Without Further Detail.** As a general matter, sending supplemental and concentration funds directly to school sites with high-need students can be an effective way to serve these students, but only if proper attention is paid to ensure that low-income, English learner and foster youth students are being well-served through the use of those funds at the school site. In the 2016-19 LCAP, the district continues its practice of designating significant spending to school sites without providing the amount of supplemental and concentration funding each designated school would receive. While the district generally explains that funds are being provided to the schools “identified as high-need schools,” and provides a listing of those schools (p.132), the district does not explain the amount of funding each school will receive, nor does it articulate how it will ensure those schools properly use those funds in service of high-need student goals according to LCFF regulations. 5 CCR 15496(b).

The lack of transparency also raises questions about whether the district is meeting its obligation to proportionally increase and improve services for high-need students. We urge the district to ensure that its 2016-17 LCAP provides more specific information about how supplemental and concentration dollars sent to school sites will be spent. Where that spending is schoolwide, the district must be sure to properly justify that spending according to the regulations. The current justification that “assistance to high-need schools has a direct relationship with assistance to English Learners,” without more guidance about how schools are spending the funds, is insufficient under LCFF regulations (p. 132.)

In addition, we would have expected to see some accounting and explanation in the Annual Update on the expenditure of these funds (which amounted to more than \$13 million in the 2015-16 school year), but the district merely provides the generic explanation that “actions/services were implemented largely as planned.”

We are happy to provide support to you or answer any questions you may have about these matters. We hope to see the above recommendations incorporated in the final LCAP that the Board will adopt. If you have any questions or if we can be of any assistance as the District finalizes the LCAP, please do not hesitate to contact us at the information provided below.

Sincerely,



Angelica K. Jongco
Senior Staff Attorney

Public Advocates Comments re LBUSD LCAP

June 6, 2016

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RE: Long Beach Unified School District LCAP

Dear Ms. Jongco, Esq.:

I write to respond to your June 6, 2016 correspondence to the Superintendent and Board of Education for the Long Beach Unified School District ("LBUSD" or "District"). In your letter, you express reservations about the District's Local Control Accountability Plan ("LCAP"). By legislative design, the LCAP is evolving and will continue to evolve, but any sincere effort to measure what the Education Code requires and what LBUSD's LCAP has delivered recommends LBUSD's efforts and results as exemplary. LBUSD's efforts and results significantly exceeded the state's requirements for the LCAP.

The concerns expressed in your letter are editorial concerns; i.e., Public Advocates would have drafted differently, described from a different point of view, or would have approached the process differently. The LCAP is a complex document describing an infinitely more complex system of 82 schools and countless resources. The LCAP is further complicated by the clunky template that the State provided in the regulations. How to describe the education system of the District, the needs, the goals, the approach to those goals and the results is a monumental task. Recognizing the enormity of that task, the state vests the Board with a substantial amount of discretion in making editorial choices about how best to approach such descriptions. The fact that you would have penned it differently is quite natural. It is a universal and predictable experience that each of us walks out of a movie adaptation of a novel wishing that the script writer and director would have captured our vision of the narrative in the way we would have. That natural tendency to editorialize differently is normal, but it doesn't give rise to a claim nor give grounds to demand a particular revision.

The LCAP Exceeds the Statutory Requirements for the Content of the LCAP.

The statute establishing the components of the original LCAP requires each school district to describe goals relative to State specified priorities and the specific actions the District will take to achieve them. Cal. Educ. Code § 52060(c). The statute detailing the components for the annual update requires (1) a review of the changes in applicability of the goals from 52060, (2) a review of progress toward the goals, an assessment of the effectiveness of the specific actions described in the existing LCAP, and a description of changes to the specific actions, and (3) a list and description of the expenditures for the fiscal year implementing the specific actions included in the LCAP and the changes to the specific actions made as a result of the reviews and assessment required by paragraphs 1 and 2. Cal. Educ Code § 52061. Both the LCAP and the annual updates contain those necessary components, plus much more. Please note that it follows the State format found in 5 CCR 15497.5, an awkward form which doesn't lend as much clarity as other methods of reporting information might.

The statutes use words like "describe" or include a "description." Public Advocate's letter criticizes how LBUSD described what the statute calls for, but this criticism assumes that the LCAP requires more than it does. A description is not designed to be a complete reproduction or even a facsimile of that which is described. The author who describes something has to make necessary decisions about the level of detail in the description versus the usefulness of the description. When describing a complex system, there is a fundamental tradeoff between the level of detail and the usefulness of the description. Consider the art of cartography. The most accurate map of the territory containing all or even most of the features of the territory would be so large that it would fill the territory. It would be at once perfectly accurate and perfectly useless.

This difficulty is captured in Bonini's paradox which has been described as follows: "As a model of a complex system becomes more complete, it becomes less understandable. Alternatively, as a model grows more realistic, it also becomes just as difficult to understand as the real-world processes it represents." There is a reason one never sees a map with a 1:1 scale. It might achieve accuracy, but would abandon all utility, being too detailed, large and unwieldy to use for navigation. A map of a mall that includes only stores and pathways will help the average reader to orient themselves and navigate from point A to B. A map of that same mall that includes within the map wiring, plumbing, ducts, structural supports, etc. would aid only the most elite and specialized of readers and would be impervious to everyone else. Both mapmaker and author must exercise discretion in deciding the scale of descriptions of intricate systems to the actual detail of those systems. LBUSD has done that. The fact that Public Advocates would have described things differently is interesting feedback, but it doesn't give rise to a demand.

The letter indicates, "We again want to call your attention to the important requirement in the LCAP Template Section 3A that districts *must* describe 'the use of any funds in a districtwide [or] schoolwide' manner and justify each such use according the LCFF regulations." This claim significantly overstates the requirement. Section 15497.5 gives a blanket requirement that the LCAP in Section 3A "identify the amount of funds in the LCAP year calculated on the basis of the number and concentration of low income, foster youth, and English learner pupils as determined pursuant to 5CCR 15496(a)(5)" and in the very next line merely states "Describe how the LEA is spending these funds in the LCAP year. Include a description of, and justification for, the use of any funds in a districtwide, schoolwide, countywide or charterwide manner as specified in 5 CCR 15496." Although that regulation exceeds the authority granted in the enabling legislation (Educ Code § 42238.07(a)(2)), the LBUSD's LCAP does exactly what is required under (b)(1) of the regulation. It identifies those services that are being funded and provided on a districtwide basis and describes how such services are principally directed towards and are effective in meeting the District's goals for its unduplicated pupils

in the state and any local priority areas. Going above and beyond the regulation which requires only a description of how such funds are spent on either a districtwide or schoolwide basis, the District's LCAP also explains which schools are given greater funds to spend schoolwide on the areas described in Section 3A and 3B. Your letter assumes that "each" use of funds must be justified, but the regulation never states that. Instead, it refers to a "description of, and justification for, the use of any funds in a districtwide, schoolwide, countywide, **or** charterwide manner as specified in 5 CCR 15496." (Emphasis added.) The justification called for is a justification of funds used in a districtwide or schoolwide manner. The LCAP provides numerous justifications for the districtwide expenditures and then goes on to justify schoolwide expenditures. Note that the District was only required to do one or the other—the regulation does not use the compound "and" but the conjunctive "or."

In connection with listing the 52 high-need schools where some schoolwide spending would occur, the LCAP update states that they will receive additional allocations of the Supplemental and Concentration funds for the purposes laid out in all four paragraphs of 3A and on the services described after first colon of 4B. They are too numerous to list here. As for the justification for spending those funds in a Districtwide or schoolwide manner, 3A states, among other justifications, "As recognized by The Broad Prize and corroborated by scholarly research, a districtwide approach is a proven strategy for organizations like LBUSD, where the students and families have high rates of mobility and school choice. It ensures equity across a diverse community that encompasses the cities of Long Beach, Lakewood, Signal Hill, and Avalon on Catalina Island. It also enables efficiencies and economies of scale that maximize the use of public funds. For an urban school district, the student needs are often concentrated in specific areas. Such cases warrant a schoolwide approach, which allows for targeted support while, retaining some economies of scale and site flexibility." That quote contains more than half a dozen direct justifications, and the allusions to the Broad Prize with all of the in depth studies and analysis associated with the Broad Prize, along with the reference to scholarly research, the justifications for the expenditures expand exponentially. The Regulation does not require every justification, and indeed in a system as complex as this, making such an attempt would be a crippling task for both the authors and the readers. Deciding which justifications to include is a discretionary act of the authors.

Your letter also disagrees with the editorial discretion used in describing how the LCAP describes services that are "principally directed towards, and are effective in, meeting the district's goals for its unduplicated pupils in the state and any local priority areas." Section 15496(b)(1)(B). Following the format required by the state, the annual updates include several descriptions of actual annual measurable outcomes. In addition to those, the District has regularly released additional data as it comes available. It must also be remembered that progress on stretch goals will stretch over time. In some areas, progress has been monumental. In other areas, incremental. In some areas, progress will only be able to be seen over time.

Your letter also assumes in various ways that services that are available Districtwide or even available to all cannot be principally directed towards and effective in meeting the District's goals for unduplicated pupils. The LCAP has several examples of services that are available to a broad range of students but the effects are principally directed towards and effective in meeting the District's goals for unduplicated pupils. There are many services that are available to all but are still primarily directed to a smaller group or whose benefit is felt primarily by a narrower group than the general population. For example, a park bench is available to all people, strong and weary alike, but it is only those who need some sort of rest who tend to use them. Drinking fountains are available to all, but only the thirsty drink from them. Similarly, many of the District's educational aids are available to all, but tend to be

used only by those with certain needs or the improvement registered is primarily with those with the greatest need. I will list a few examples here.

The Male and Female Academies are available to all, but are primarily used by unduplicated pupils, especially low income pupils. Other services may be used by many, but are primarily deployed to benefit unduplicated pupils. SAT test prep is a great example. Students who come from means have always been able to afford access to test prep courses—those students' SAT performance were relatively constant regardless of District interventions. Unduplicated pupils were the primary beneficiaries of those courses because it helped put them on equal footing, raising unduplicated pupil scores more than the scores of those who are not counted in the unduplicated pool of students.

New instructional materials designed to align with Common Core provide a similar bump whose assistance is designed to be felt the most by unduplicated pupils. Common Core materials, more so than prior instructional materials from earlier years, are specifically designed to help close the gap—the emphasis on the child learning much more than the answer helps in particular to reach disadvantaged students in the unduplicated population who with prior materials might have been able to get by with giving mere answers instead of exploring the reasons for answers and how they arrived at them. That thought process forces English learners to articulate more than just answers, thus helping to develop their language skills, and also helps foster children and economically disadvantaged students, who might have been on the periphery of classroom discussions to engage and be engaged by those who aren't in the unduplicated population. These materials help to draw in unduplicated pupils into the discussion, further integrating them and thereby helping to close the achievement gap. A common complaint has been that prior materials favored the privileged students whose parents could afford tutoring in order to help students succeed. The newer materials, in aligning with the Common Core standards and changing the way that students are taught, require every student to be prepared to succeed in college—they force college readiness. Students with more home resources had greater ability to achieve college readiness. With Common Core materials along with the additional resources the District is providing under the LCAP, unduplicated students do not need to pay for an education beyond what they will get at LBUSD in order to get them college ready. Wealthier students have always been able to leverage private resources to bridge the gap between instructional materials and college readiness, because they knew what was required to get them college ready and could afford it. These newer materials place unduplicated pupils on a footing that they otherwise would not have without them.

Common Core materials, because they cover fewer topics deeper, run less of a risk of students missing topics that are covered only briefly. Because topics are introduced and reintroduced, the old pattern of students who lagged behind were left behind can change since lagging students will have longer and more diverse ways to approach the same topic from different angles, which depth of learning will help prevent them from getting left behind on topics covered only briefly. Students will have opportunities to catch up with the rest of the group, thus helping to close the gap.

Similarly, allocating portions of the LCAP to employee compensation and benefits provides a similar opportunity principally to meet the District's goals for its unduplicated pupils. Overall compensation, which includes career increments and benefit contributions, is an important component in attracting and retaining highly qualified staff members who can support LBUSD students, particularly the low-income and other historically disadvantaged subgroups. According to "The Cost of Teacher Turnover in Five School Districts: A Pilot Study" by the National Commission on Teaching and America's Future, employee turnover is a significant issue, with vulnerable students potentially

bearing the biggest brunt as fewer experienced teachers are available to help close the achievement gap. LBUSD aims to address it systematically and sustainably so that long-range college and career readiness efforts can positively impact the neediest students.

Reaching unduplicated pupils requires staffing capacity to focus on their unique needs. After the severe staffing contractions during the budget crisis, the LCAP permitted the District to increase its capacity to focus more on unduplicated students by permitting the hiring of teachers which created the bandwidth necessary to focus on the initiatives and programs that help unduplicated students best.

The teacher shortage is a growing concern not only in California but across the nation, leading to many districts working hard to recruit teachers away from other districts. As the largest employer in Long Beach and one of the largest employers of teachers, LBUSD is acting decisively, not only to attract new, high quality teachers, but to retain those that it has. As teachers and other education professionals decide whether to remain in LBUSD or whether to come to LBUSD, their decisions are heavily influenced by several factors, including, but not limited to salary, benefits, size and strength of pension shortfalls. Teacher turnover and teacher shortages have a high probability of creating greater disparity among California students. The salary and benefit expenditures are designed to reduce teacher turnover, retain experienced teachers and attract new professionals in order to protect and expand bandwidth which helps to hedge against drains that are most likely to hamper unduplicated pupils.

You asked about the discrepancy between the \$15 million budgeted and \$9 million expected to be paid for employee benefits. The District's retirement benefits expense will gradually go up to an extra \$30 million per year. By allocating monies now, the District is avoiding a predictable fiscal event in the future that would impede the District's ability to attract, retain and staff a superior teaching force necessary to close the achievement gap.

You also asked about what appeared in your reading to be large discrepancies in budgeted and actual LCAP spending. It appears that the disparate amounts budgeted and spent reflect budgetary timing. For example, you asked about Conditions of Learning 2 budgets and expenditures. Approximately \$12 million in English textbooks were selected and ordered in fiscal year 2015-16. The books were not scheduled to be delivered before June 30, 2016, so they could not be properly charged to any accounts of the district in the 2015-16 year. These textbooks will be delivered and charged to supplemental and concentration funds in early 2016-17. The same dynamic of lag between ordering, receipt and payment is responsible for the differing amounts that you observed under Condition of Learning 4. Please remember that the LCAP budget is approved in June, but the anticipated actual expenditures are typically calculated for the update during the following May in order to provide sufficient time for input. The information lag can result in numbers not matching up cleanly. Similarly, Conditions of Learning 2 for the 2016-17 budget year shows a projected expenditure of \$17 million. This amount includes \$5 million in elective, CTE and AP courses along with the \$12 million brought forward for the English textbooks that will arrive early in 2016-17. While the calculated proportionality for 2016-17 is \$108 million, the district has budgeted \$122 million in supplemental and concentration funds which reflects the movement of the textbook expense from 2015-16 into 2016-17.

A related reason also sometimes accounts for a delayed matching between budgeted and estimated actual expenditures. Not only do receipts sometimes lag planned expenditures as appears to be the case with respect to the \$350,000 for parent engagement and community outreach, those same purposes are often achieved using alternate funds or funds that are still from concentration and

supplemental funds. For example, if a Saturday school event primarily addresses student achievement but also includes a parent meeting to help parents understand better how to support the training that occurs for students, the expenditures for the day are not necessarily broken up into student support and parent engagement, but would be ascribed to the dominant expenditure which was for student support.

We received your recent Public Records Act Request related to the LCAP and will respond to those questions in separate correspondence.

Sincerely,

Brent North
of North, Nash & Abendroth LLP

ATTACHMENT 3

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Karem Herrera
Legal Administrative Coordinator

Tia Nguyen
Administrative Assistant

Madelyn Wargowski
Development & Administrative
Assistant

Jesse White
Communication Coordinator



August 9, 2016

Sent via email

Olivia Fuentes
Director, Division of Accountability, Support and Monitoring
Los Angeles County Office of Education
Education Center West - Conference Room 606B
12830 Columbia Way, Downey, CA 90242
fuentes_olivia@lacoedu

RE: Long Beach Unified's 2016-2019 Local Control Accountability Plan

Dear Director Fuentes:

Public Advocates has been deeply engaged in supporting the implementation of the Local Control Funding Formula (LCFF) in a way that makes real the promise of increased and improved resources for high-need students, and greater transparency and meaningful engagement for school communities. In particular, we are working hard to ensure that school districts spend supplemental and concentration (S&C) grants to proportionally increase and improve services for the high-need students who generate those funds. Towards this end, we are supporting local districts and community-based partners in LCFF implementation across the state.

Public Advocates wrote to Long Beach Unified School District (LBUSD) on June 6, 2016 regarding the district's draft Local Control Accountability Plan (LCAP), citing two issues. (See Attachment 1.) The district:

- 1) Plans to spend significant S&C funds on districtwide and schoolwide actions without demonstrating how these will constitute a growth in service for high-need students. These expenditures include millions to be spent on teacher pensions and teacher salaries, which on their face do not increase or improve services to LBUSD's unduplicated pupils; and
- 2) Underspent in 2015-2016 by approximately \$24 million in S&C funds without explaining this discrepancy. The district has allocated an additional \$19.7 million for 2016-2017, leaving \$4.4 million in S&C funds unaccounted for.

The district did not adequately address these issues before it approved its 2016-2019 LCAP on June 26, 2016. Unfortunately, the district's

response to our letter on July 21, 2016 also did not resolve these outstanding issues with regard to the district's LCAP. (See Attachment 2.) **We now urge the Los Angeles County Office of Education to assist the district to remedy these issues before approving Long Beach Unified's 2016-2019 LCAP.**

Below we will further explain these issues, and address the district's response to each.

THE DISTRICT CONTINUES SIGNIFICANT SPENDING OF S&C FUNDS ON DISTRICTWIDE AND SCHOOLWIDE ACTIONS WITHOUT EXPLAINING HOW THESE ARE "PRINCIPALLY DIRECTED" AND "EFFECTIVE" IN MEETING THE DISTRICT'S GOALS FOR HIGH-NEED STUDENTS

LCAP Template Section 3A that districts must describe "the use of any funds in a districtwide [or] schoolwide" manner and justify each such use according the LCFF regulations. In a district such as Long Beach Unified that has more than 55% high-need students, the district must justify a districtwide expenditure as "principally directed" to one or more of the district's goals for high-need students. 5 CCR 15496(b).¹

In Section 3A of the draft LCAP (p.147), the District explains more than \$108 million² in supplemental and concentration spending in a summary fashion rather than separately describing each districtwide use of funds to justify how it is principally directed to its goals for high-need students. For all districtwide and schoolwide expenditures, high-need students must be a forethought, not an afterthought or equal thought to all students.

In addition, the District must explain in Section 3A how that use of funds is "effective in" meeting its identified LCAP goal for high-need students. To the extent the District is continuing to fund the same actions from the prior LCAP year, it should point to evidence or data to demonstrate effectiveness. Or else one would expect to see in the Annual Update "an assessment of the effectiveness of the specific actions" as the instructions require. (p.78). Instead, the district takes a plenary approach to justifying its districtwide spending, citing to "The Broad Prize and corroborated scholarly research" to assert that "a districtwide approach is a proven strategy for organizations like LBUSD, where students and families have high rates of mobility and school choice." (p.148.) However, this explanation fails to address how the district has determined that the specific actions and services that the district is funding are effective in serving high-need students. And a review of the district's reporting on these actions in the Annual Update does not provide an assessment of the effectiveness of the specific actions in question.

In Section 2 of the LCAP, the district does provide some limited explanation of certain districtwide supplemental and concentration allocations, but these justifications still do not meet

¹ In our extensive reviews of LCAPs over the past two years, we have found that many LEAs are confused by Section 3 of the LCAP. Public Advocates teamed up with the Sacramento County Office of Education to provide training and best practices on the proper uses and reporting of supplemental and concentration funds at a joint gathering of more than 40 counties across the state, including the Los Angeles County Office of Education. For your information, those training materials are available at http://bit.ly/PA_Sec3_Training and the Sacramento County Office of Education website at <https://www.scoe.net/lcap/training/Pages/default.aspx>. See also One-Pager on Section 3 Requirements at http://bit.ly/LCAP3A_3B_1-pager and Guiding Questions on the Use of Supplemental & Concentration Funds at http://bit.ly/5_Questions_on_SC_Funds.

² The district states that it is receiving \$108.2 million in S&C funds for 2016-2017. When Public Advocates aggregated all the planned expenditures of S&C funds for 2016-2017, however, these totaled \$127,885,500.

the legal requirements in terms of explaining how they are principally directed and effective under LCFF regulations.

By failing to separately identify the specific districtwide and schoolwide uses of supplemental and concentration funds, the public cannot determine if cumulatively, the district is providing an “increase or improvement” in services to high-need students as compared to all students in proportion to the additional funds those students generate as required by the law and regulations. The regulations define an “increase or improvement” in services as a “growth in quantity” or “quality” of the service. 5 CCR 15945(k) & (l).

In its July 21, 2016 response, the district appears to misinterpret and even disregard these regulatory requirements. (See Attach. 2 at 2-3.) It states that the State Board’s requirements exceed its statutory authority and that the district has the option of justifying districtwide or schoolwide expenditures, and does not have to provide both. Such an interpretation clearly undermines the spirit of LCFF and must be rejected. The district seems convinced that its blanket reasoning for \$108 million in S&C is sufficient to meet its regulatory obligation, even when it proposes to spend millions on actions that do not, on a plain reading, increase or improve services for high-need students. And the district’s analogies to the provision of park benches and drinking fountains are misplaced. Under such logic the districtwide and schoolwide justifications would be rendered meaningless, as any service that could foreseeably benefit high-need students would be justified as a valid expenditure of S&C funds. Under this logic, there would be virtually no nexus between the high-need students and the S&C funds they generate for the district.

We have specific concerns about the following uses of funds in the approved 2016-19 LCAP, which appear to be continuing from the 2015-16 LCAP:

A. \$21.4 Million in Supplemental and Concentration Funds for Teacher Pension Reform Contributions & Certificated Salaries Are Not Justified Expenditures of S&C Funds.

This combined expenditure of \$14.4 million in employee benefits and \$7 million in certificated salaries is an increase over the estimated \$9 million of supplemental and concentration funds the district estimates spending on employee benefits in this action item in 2015-16 per its Annual Update (p.86). As with last year, this service appears to be an across-the board allocation that does not seem to be “principally directed” to unduplicated pupil goals or to increase or improve services for high-need students as compared to all students. Whether in the form of increased salary or benefits, the underlying services provided from the teachers do not grow in any way. They are the same, just more costly. Nor do the services appear to provide any type of enhanced benefit to high-need students as compared to all students. The district must justify in Section 3.A how this use of funds is principally directed to its goals for high-need students and also how that use of funds is effective.

The district’s rationale—which lists the teacher shortage and its potential impact on high-need students—is insufficient as it offers no specifics regarding how the district’s expenditures will actually affect the teacher shortage and teacher quality for the district’s low-income, English learner and foster youth students. As Public Advocates has detailed with the ACLU (Attachment 3), districts face a high burden when attempting to use S&C funds to pay for teacher salary

increases. First, the district “would have to establish that difficulties in recruiting and retaining qualified staff are so serious that it affects the quality of the education program and that increasing the salary scale would actually improve recruitment and retention in a way that would ‘increase or improve’ the quality of instruction or other services currently offered to high-need students. Second, the district would have to include detailed evidence in its LCAP demonstrating that it meets those narrow circumstances: the district would have to both analyze its turnover and/or vacancy rates and/or experience levels and include specific evidence about the labor market to establish that a general salary increase would actually increase or improve services by improving teacher quality, recruitment and retention. Third, even if a district can make the necessary showing to support this use of funds initially, the district will have to evaluate whether its approach is effective in each annual update.” Neither the LCAP nor the district’s response provide any of this necessary detail to justify paying for teacher salary increases with S&C funds. Such a justification would be even more difficult for teacher pensions, and again, no such reasoning has been provided.

Moreover, in Section 3.B, where the district describes how it is meeting its minimum obligation to proportionally increase or improve services for high-need students as compared to all students, the district must justify how this proposed expense, which amounts to some 20% of its anticipated supplemental and concentration funds, is providing a growth in services for high-need students. *If it cannot meet these requirements, the district must discontinue funding this expenditure from supplemental and concentration funds.*

B. Millions of Dollars in Supplemental and Concentration Funds for Expenditures that Do Not Appear to Be Principally Directed to High-Need Student Goals.

The district again takes the approach of lumping numerous disparate, districtwide expenditures together in the same action item and then failing to provide the required justification for this spending. For example, the district continues to allocate the following services under a single action item that includes: “Community and Ancillary Services (Recreation Aides, etc.); Student Advisory resources; Teaching Gardens; Campus security/police support; and Administrative services and contracts (e.g., Most Inspiring Students)” and then to report the budgeted expenditures as lump sums across all these items. For supplemental and concentration spending, this amounts to \$1.4 million for classified salaries, \$941,900 for employee benefits \$595,000 for books and supplies, and \$3.2 million for “Svcs/Other” (a significant increase over the prior year allocation) (p.76). Without further explanation as to how the spending is distributed among base and supplemental and concentration funds and across specific services in the action item, as well as how each of these proposed expenditures are principally directed to the needs of unduplicated pupils in particular, each of these examples appear to be funding for core services that provide the same level of service to all students and do not appear directed to high-need students as the primary beneficiaries.

Another significant expenditure of supplemental and concentration funds that does not appear principally directed to high-need student goals is some \$17 million in supplemental and concentration funds for instructional materials aligned with the Common Core (pp.11-12). While the district states that these “materials...play a vital role in ... closing achievement gaps,” and the district’s July 21st response elaborates on this point, Common Core implementation is clearly essential to the district’s core instructional program for all students. As such, it is an expenditure that should be paid for from base funds.

C. Supplemental and Concentration Funds Directly to School Sites Without Further Detail.

As a general matter, sending supplemental and concentration funds directly to school sites with high-need students can be an effective way to serve these students, but only if proper attention is paid to ensure that low-income, English learner and foster youth students are being well-served through the use of those funds at the school site. In the 2016-19 LCAP, the district continues its practice of designating significant spending to school sites without providing the amount of supplemental and concentration funding each designated school would receive. While the district generally explains that funds are being provided to the schools “identified as high-need schools,” and provides a listing of those schools (p.132), the district does not explain the amount of funding each school will receive, nor does it articulate how it will ensure those schools properly use those funds in service of high-need student goals according to LCFF regulations. 5 CCR 15496(b).

The lack of transparency also raises questions about whether the district is meeting its obligation to proportionally increase and improve services for high-need students. We urge the district to ensure that its 2016-17 LCAP provides more specific information about how supplemental and concentration dollars sent to school sites will be spent. Where that spending is schoolwide, the district must be sure to properly justify that spending according to the regulations. The current justification that “assistance to highneed schools has a direct relationship with assistance to English Learners,” without more guidance about how schools are spending the funds, is insufficient under LCFF regulations (p. 132.)

In addition, we would have expected to see some accounting and explanation in the Annual Update on the expenditure of these funds (which amounted to more than \$13 million in the 2015-16 school year), but the district merely provides the generic explanation that “actions/services were implemented largely as planned.”

THE ANNUAL UPDATE FAILS TO EXPLAIN LARGE DISCREPANCIES IN BUDGETED AND ACTUAL SUPPLEMENTAL AND CONCENTRATION SPENDING

Throughout the annual update, the district estimates significant amounts of supplemental and concentration funds that were allocated but not spent.³ Yet the district’s LCAP fails to provide an

³ These discrepancies include the following:

- a) Conditions of Learning Goal #2 – Adopt, replace and/or provide sufficient textbooks and instructional materials that align with Common Core: LBUSD budgeted \$12 million in supplemental and concentration dollars under this action item and estimates spending around \$2.1 million (p.80);
- b) Conditions of Learning Goal #4 – General Administration and Other Services; the district budgeted \$15,000,000 in supplemental and concentration funds for Employee Benefits and estimates spending \$9 million (p.86);
- c) Conditions of Learning Goal #4 – School site allocations for implementation of Common Core State Standards. Again, this included a large allocation of supplemental and concentration dollars for books and supplies (\$14 million) when estimated spending is around \$1.6 million. Other expenditures, including salaries and benefits were higher than budgeted, although nowhere close to accounting for the discrepancy in books and supplies (p.88);
- d) Conditions of Learning Goal #4 – Budgeted actions for strategic and systematic assistance to schools to advance Common Core implementation included \$3.7 million in supplemental and concentration funds for books and supplies when \$243,000 was estimated as actually spent (p.89);

explanation for these discrepancies or explain how those unspent funds were used, and the district's response regarding this issue is inadequate. These discrepancies add up to approximately \$24 million in S&C funds without explaining this discrepancy. The district has allocated an additional \$19.7 million for 2016-2017, leaving \$4.4 million in S&C funds unaccounted for.

Putting aside our concern that some of these expenditures were not properly designated and justified for supplemental and concentration spending in the 2015-16 LCAP, this nonetheless raises questions about how the district spent those dollars and whether it met its minimum obligation in the 2015-16 fiscal year to increase and improve services for high-need students as compared to all students in proportion to the supplemental and concentration funding they generate for the district. See Educ. Code 42238.07; 5 CCR 15496(a).

Rather than explaining these discrepancies, the district generically reports for every action in its Annual Update that “[t]he actions/services were implemented largely as planned.” Such cursory reporting raises concerns about whether the district is reflecting on the Guiding Questions to leverage the Annual Update process as a tool for continuous improvement. (See Guiding Questions on p.78.)

In its July 21, 2016 letter, the district provides a bit more information. The district explains that the discrepancies for instructional materials (items (a) and (c) above) are the result of “budgetary timing,” as textbooks were ordered in 2015-2016 but were not scheduled to be delivered (and therefore fully paid for) until after the end of the fiscal year. (See Attach. 2 at 5.) The district states that the unspent allocation towards retirement benefits (item (b) above) will help the district to avoid “a predictable fiscal event in the future.” (Ibid.) Regarding parent engagement and outreach (item (e) above), the district states that this discrepancy may be the result of budgetary timing issues, or it may be that the funds were covered by another related expenditures. The district states that \$12 million (of the \$17 million allocated for textbooks in 2016-17) will be “brought forward for the English textbooks.”

While vague, this explanation is helpful, and should be included in the LCAP. And, it remains concerning that \$4.4 million was not spent and the district has not articulated any plan to ensure that high-need students benefit from the funding that they generate for the district.

We urge the district to be transparent about all substantial discrepancies and therefore to revise the Annual Update to—as the guiding questions indicate—identify “differences ... between budgeted expenditures and estimated actual annual expenditures” and “the reasons for any differences.” (See p.78.)

CONCLUSION

Public Advocates urges the LACOE to assist LBUSD to remedy the aforementioned issues with its approved 2016-2019 LCAP. The district is not in compliance with its statutory and regulatory obligations and threatens to dilute the promise of LCFF to its formidable high-need student population. If the issues above are not resolved, we urge the LACOE to deny approval to

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- e) Engagement Goal #1 – Budgeted actions and services for parent engagement and outreach supports differ greatly, including more than \$450,000 less for books and supplies and almost \$90,000 less for “Svcs/Other” (p.126).

LBUSD's 2016-2019 LCAP. We are of course available to support the LACOE or the district in this process.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Massaro", with a long horizontal flourish extending to the right.

Rigel S. Massaro
Staff Attorney

Cc: Chris Steinhauser, Superintendent, LBUSD, cstein@lbschools.net
Leticia Rodriguez, Executive Secretary, LBUSD Board of Education,
lrodriguez@lbschool.net

ATTACHMENT 4



Los Angeles County Office of Education

Serving Students ■ Supporting Communities ■ Leading Educators

Debra Duardo, M.S.W., Ed.D.
Superintendent

August 12, 2016

Los Angeles County
Board of Education

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Jon Meyer, Board President
Long Beach Unified School District
1515 Hughes Way
Long Beach CA 90810-1839

Dear Mr. Meyer:

In accordance with the provisions of Education Code (EC) Section 52070(b), the Los Angeles County Superintendent of Schools (County Superintendent) is seeking clarification of the Long Beach Unified School District's (District) Local Control and Accountability Plan (LCAP) for fiscal year 2016-17. The District's governing board is required to respond in writing within 15 days of this request for clarification. Based on that response, the County Superintendent may submit recommendations for amendment to the LCAP before approval can be granted, pursuant to EC Section 52070(c).

REQUIRED INFORMATION MISSING

As a result of our review of the District's LCAP, and as discussed with District staff, we have determined that:

1. The District's LCAP Section 2 does not provide evidence to demonstrate how supplemental and concentration funding apportioned on the basis of the number and concentration of unduplicated pupils is used to support such pupils, pursuant to 5 CCR 15496 (a).
2. The District's Annual Update does not include all information from each goal from the prior year LCAP as required by the State Board Approved Template pursuant to EC Section 52070 (d)(1).

The County Superintendent cannot approve the District's LCAP without this required information. Please confirm that the required information is missing, or significantly different, so that the County Superintendent can make recommendations for amendment of the LCAP. If you wish to submit a revised LCAP in response to this request, please notify us in writing of your intent to resubmit the plan within the 15 day timeline.

Jon Meyer, Board President
August 12, 2016
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Our office worked with Long Beach Unified district staff to address the areas requiring clarification and we appreciated the professionalism and collaboration in that process. We wish to express our gratitude to the District's staff and governing board for their cooperation in responding to this request as soon as possible within the statutory timeline.

Sincerely,

Keith D. Crafton, Director
Division of Business Advisory Services

KDC;jh

- c: Christopher J. Steinhauser, Superintendent
- Yumi Takahashi, Chief Business & Financial Officer
- Susan Ginder, Financial Services Officer
- Robert Tagorda, Director, Equity, Access, College & Career Readiness
- James Suarez, Assistant Director, Equity, Access, College & Career Readiness
- Charles Faulkner, Business Advisory Services, LACOE
- Jeff Young, Business Advisory Services, LACOE
- Chris Burdy, Business Advisory Services, LACOE
- Michael Jamshidi, Business Advisory Services, LACOE
- Olivia Fuentes, Accountability, Support & Monitoring, LACOE
- Bonnie McFarland, Accountability, Support & Monitoring, LACOE
- Jeanne Keith, Accountability, Support & Monitoring, LACOE

ATTACHMENT 5



Los Angeles County Office of Education

Serving Students ■ Supporting Communities ■ Leading Educators

Debra Duardo, M.S.W., Ed.D.
Superintendent

September 9, 2016

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Board of Education

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Jon Meyer, Board President
Long Beach Unified School District
1515 Hughes Way
Long Beach, CA 90810-1839

Dear Mr. Meyer:

We appreciate the response to our request for clarification and the revisions made to the LCAP and the Annual Update.

In accordance with the provisions of Education Code (EC) Section 52070(c), the Los Angeles County Superintendent of Schools (County Superintendent) is recommending an amendment to one or more sections of the Long Beach Unified School District's (District) Local Control and Accountability Plan (LCAP) before approval can be granted for fiscal year 2016-17. The District's governing board is required to consider the County Superintendent's recommendation in a public meeting within 15 days upon receipt of this letter.

Amendments are recommended as follows:

LCAP Section 2

Recommend the District's LCAP Section 2 be amended to demonstrate that supplemental and concentration funding apportioned on the basis of the number and concentration of unduplicated pupils is used to support such pupils, pursuant to 5 CCR 15496 (a).

The response to the request for clarification does not demonstrate that the \$17,020,000 in expenditures for Common Core aligned textbooks and instructional materials and the \$21,400,000 in expenditures for increased costs for teacher salaries and benefits are principally directed toward unduplicated pupils. Section 2 of the final amended LCAP must include actions and services reflecting the amount indicated in Section 3A.

Critical Timeline

In accordance with EC Sections 42127(d)(2) and 52070, the County Superintendent can only authorize conditional approval of a district budget before the LCAP is

Mr. Jon Meyer, Board President
September 9, 2016
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approved. Therefore, it is important that the District's governing board take necessary action to approve an amended LCAP before the mandated budget approval date of September 15, 2016. If a district LCAP is still not approved by October 8, 2016, the conditional budget approval becomes a budget disapproval.

We appreciate the opportunity to bring our teams together as soon as possible. Ms. Olivia Fuentes, Director of Accountability, Support, and Monitoring will communicate with Director Robert Tagorda to schedule this meeting for Monday, September 12, 2016 or Tuesday, September 13, 2016. Ms. Fuentes can be reached at (562) 922-6764.

We wish to express our appreciation to the District's governing board for their cooperation and response to this request within the statutory timeline.

Sincerely,

A handwritten signature in blue ink that reads "Scott Price" followed by a stylized flourish.

Scott Price, Ph.D.
Chief Financial Officer

SP:ci

- c: Christopher J. Steinhauser, Superintendent
- Yumi Takahashi, Chief Business & Financial officer
- Susan Ginder, Financial Services Officer
- Robert Tagorda, Director, Equity, Access, College & Career Readiness
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