



## LCFF Funding and Across-the-Board Salary Increases

### Question:

Under LCFF, how can school districts use funds to pay for across-the-board salary increases for staff?

### Short Answer:

Districts may use **base funding** for salary increases. In general, districts cannot use **supplemental** or **concentration funding** for across-the-board salary increases because increasing salaries for all teachers generally will not “increase or improve services” provided to high-need students.

### Background:

Although LCFF provides school districts with increased flexibility over how they use state funds, the fundamental premise of LCFF is that districts are supposed to spend their funds to improve the outcomes for the students who generate the funds. Under LCFF, funding is generated from three sources:

- all students generate **base funding**;
- districts receive additional grants, called **supplemental funding**, for each high-need student (low-income student, English learner, or foster youth); and
- if over 55% of a district’s total enrollment are high-need students, the district receives additional funding, called **concentration funding**, for each high-need student over that threshold.

Districts must use supplemental and concentration funding to “increase or improve services” for high-need students who generate those funds, and the increase or improvement of services must be “in proportion to” the increase in funding the district receives because of those students. Regulations adopted by the State Board of Education state that increasing or improving services means “to grow services” in quantity or quality.

### Analysis:

There are no restrictions on the use of **base funding**, which is generated by all students, so districts may use those funds for staff salary, including uniform salary increases, or otherwise expend funds in ways that maintain the status quo in terms of quality or level of educational services. Even with base funds, however, districts are expected to be responsive to community priorities and must establish various avenues for meaningful public input, at a minimum, through development of the Local Control Accountability Plan, before they decide on any particular use of these funds. Accordingly, if parents, students, and other stakeholders have concerns about proposals to use base funding to increase salaries, they can advocate for spending base funding on other actions that will improve outcomes for all students across the eight state priority areas

Districts must use **supplemental and concentration funding** to “increase or improve” services for the high-need students who generate those funds. As a general matter, across-the-board salary increases do not “increase or improve” the services for students or otherwise “upgrade” the entire educational program in the district, as the LCFF statute and regulations require. Paying more for the same level of service actually prevents the district from spending those funds on other things that increase or improve the existing level of services. Accordingly, districts generally will not be able to use supplemental and concentration funds to pay for across-the-board salary increases.

It is, however, theoretically possible that a district could establish that a general salary increase will increase or improve services for high-need students. The burden for a district to do so is particularly heavy for three reasons. First, the factual circumstances in which such a use would be permissible are very narrow: 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 and, further, would be “principally directed” toward serving high-need student goals. 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. Accordingly, if the turnover, vacancy rates and/or experience levels initially used to support the use of funds do not improve in the first few years, the district will have evidence that its use of supplemental and concentration funding is not, in fact, increasing or improving services. If that is true, the district must discontinue funding the salary increase with supplemental and concentration funds and instead use base funds for that purpose.

The permanent LCFF regulations adopted by the State Board in November 2014 reinforce this by requiring that all school districts using supplemental and concentration funds for districtwide salary increases must describe in the LCAP how the increase is a service “principally directed towards, and ... effective in, meeting the district’s goals for its” high-need students.

In addition, districts that have less than 55% of their students who generate supplemental funding can use their supplemental funding on districtwide purposes only if they also demonstrate in their LCAP that the particular proposed use of funds is the “most effective” way to meet the goals for the students who generated supplemental funds. Given the other approaches available to districts to improve outcomes in the eight state priority areas, including more targeted efforts to address teacher quality issues (e.g., by focusing on the specific schools with the highest turnover or vacancy rates), districts will not likely be able to make this showing.

Finally, districts may use **supplemental** or **concentration funding** to increase salaries in targeted ways. For example, paying for extending the school day at targeted schools or retention or incentive bonuses to help attract and retain teachers who provide particular types of services or at certain schools that particularly benefit high-needs students are likely appropriate, if the district can present specific information in its LCAP that those actions will actually increase or improve services.

Under all of these approaches, a district is expected to engage in community conversations through the LCAP process as to how its chosen strategy involving supplemental and concentration funds for salary increases will serve high-need students.

Beyond the legal restrictions, because districts can use base funding for any purpose, there are strong arguments against using supplemental and concentration funding — which is specifically intended to help improve outcomes for high-need student populations — for general salary increases. During the initial years of LCFF implementation, current budget projections indicate that a substantial portion of the increase in funding that districts receive will be in their base funding. Given the significant flexibility districts have over base funding and the relatively large amount of total funding they will receive through base grants, districts have little reason to use supplemental and concentration funding for general salary increases. In fact, general salary increases are not only likely to dilute the concentration and supplemental funding, but they are likely to disproportionately send that funding to schools with lower concentrations of high-need students because of the pattern common in most districts where less-experienced teachers — who have lower salaries — are concentrated in schools with higher numbers of high-need students.