

**TUSD FINAL RESPONSE TO THE BUDGET OPERATIONS EXPERT'S
DRAFT UNITARY STATUS PLAN (USP)
BUDGET CRITERION AND PROCESS**

February 4, 2015

TUSD's Response to the Budget Operations Expert's draft report on the USP budget process and criteria is contained in the redline revisions and bubble comments herein, submitted December 29, 2014. Using bubble comments, TUSD provides explanations for recommendations that were modified, or were not adopted, so the parties can understand the reasoning behind each revision.

2014-15 USP CRITERIA AND PROCESS -- WHAT WORKED AND WHAT DIDN'T WORK

The Initial 2014-15 USP Budget Timeline and Process did not provide enough initial and ongoing information to allow for timely and complete budget review and input by the plaintiffs. The initial meeting with the budget expert was in April. It took three rounds and several months of information requests and exchanges by the plaintiffs to approach the information needed by the plaintiffs to allow understanding and thus provide relevant input on the proposed budget prior to the start of the budget year.

As revisions were made to the budget, an updated proposed USP budget draft was not made available to the plaintiffs, the special master or the budget expert. But rather, a running narrative was provided to explain ongoing changes to the initial proposed budget. This strategy of using a narrative of revisions continued from May through September. A narrative format is a very cumbersome and difficult to understand strategy in that there is never an updated spreadsheet of the most current proposed USP budget allocations for review. In addition, the criteria used for allocation recommendations were sometimes unclear and were not consistent in aligning with the previously agreed upon supplement rather than supplant criteria.

As a result, I recommend the budget process itself be initiated much sooner in the planning year and that revised and updated USP budget drafts with all allocation amounts following the agreed upon allocation criteria be provided with whatever narrative the District thinks important to provide throughout the process.

TIMELINESS AND FORMAT

Revision of the Implementation Addendum (IA)

The IA has been revised by the District in collaboration with the Implementation Committee (IC) to identify activities underway to implement the provisions of the USP thereby making for a more understandable and coherent IA that specifies the USP-related activities that need to be

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tracked and reported by the District and monitored by the IC. This results in a significant reduction in the number of activities that require budget tracking.

PROCESS AND TIMELINES FOR THE ANNUAL USP BUDGET PROCESS

Future budgets shall be organized by the activities identified in the revised Implementation Addendum. The initial budget proposals shall be shared with the plaintiffs in February with the expectation that the parties shall meet in March or April in Tucson to discuss the budget and other issues. Given that the criteria for allocating 910G funds did not serve to resolve differences about the appropriateness of various expenditures, the Special Master shall propose alternatives to the current criteria by November 21, 2014.

TRACKING OF 910G FUNDS

The District shall track and report 910G funds, as well as any USP related funds (M & O, Title 1, Dropout Prevention, etc.), that are spent to support the identified USP Implementation Addendum Activities as revised in November of 2014. This tracking shall provide critical information specific to USP expenditures by the activities identified and shall be focused on 910G funds. For 2013-14 and 2014-15, the District may report through a crosswalk using the agreed-upon USP Activity codes. Non-910G funds will be reported in a narrative format.

TIMELINES FOR THE ANNUAL BUDGET PROCESS

In February, the District shall provide all District formulas used or required in the allocation of funds, including weighted student count, school level allocations, and FTE formulas. In addition, when the development of the 2015-16 USP Budget Process initiates in February, 2015, the following information^{1 a} ° ° be provided for each tracked activity:

- A. proposed expenditures for the activity in the proposed budget year (2015-16), broken down by expenditure from 910G and any other USP related funding sources,
- B. aggregation of what was spent on the activity during the last budget year (2013-14), broken down by expenditure from 910G,
- C. current year allocation amount of the current budget year (2014-15), broken down by expenditure from 910G and any other USP related funding sources, where applicable,

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PROPOSED TIMELINE FOR DEVELOPMENT OF THE 2015-16 USP BUDGET

The timeline below is proposed as a framework for structuring the process prior to the beginning of the next fiscal year with acknowledgment that the suggested dates expedite the process identified in the October 22, 2014 court order.

Date(s)	Action
November 12, 2014	Budget Process Methodology Proposal was submitted to the parties for review and comment.
November 21, 2014	Budget Process Methodology Proposal including proposed alternatives to the current criteria for allocating 910G funds shall be submitted to the parties for review and comment per October 22, 2014 court order.
February 27, 2014	The District shall provide the plaintiffs, special master and budget expert with all District formulas used or required in the allocation of funds, including weighted student count, school level allocations, and FTE formulas
No later than January 5, 2015	Budget Process Methodology is finalized.
No later than February 27, 2015	A meeting of the parties will be scheduled in Tucson between April 6 and April 15 to review and discuss the proposed budget and other issues.

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DRAFT #1 February 27, 2015	The 2015-16 Budget Process shall formally initiate with the following information provided as the 2015-16 Proposed USP Budget Draft #1* for each tracked activity: <ul style="list-style-type: none"> • proposed expenditures for the activity in the proposed budget year (2015-16), broken down by expenditure from 910G and any other USP related funding sources, • aggregation of what was spent on the activity during the last budget year (2013-14), broken down by expenditure from 910G • current year allocation amount of the current budget year (2014-15), broken down by expenditure from 910G and any other USP related funding sources, where applicable,
March, 2015 (no later than 10 days after Draft #1 is received; no later than March 9, 2015)	Plaintiffs and Special Master review and comment period. A phone conference with the parties may prove supportive of the process during this time.
DRAFT #2 March 23, 2015	TUSD provides Draft #2 of the 2015-16 Proposed USP Budget with any allocation revisions using the same format as for Draft #1.
March/April, 2015 (no later than 10 days after Draft #2 is received; no later than April 2, 2015)	Plaintiffs and Special Master review and comment period. A phone conference with the parties may prove supportive of the process during this time.
April, 2015	The parties shall meet in Tucson to discuss the proposed USP budget and other issues between April 6 and April 15, 2015
DRAFT #3 April 27, 2015	TUSD provides Draft #3 of the 2015-16 Proposed USP Budget with any allocation revisions using the same format as for Draft #1.
April/May, 2015 (no later than 20 days after Draft #3 is received, per USP Court Order; no later than May 7, 2015)	Plaintiff review and comment period. A phone conference with the parties may prove supportive of the process during this time.
April/May, 2015 (within 10 days of plaintiffs comments on Draft #3, per USP Court Order; no later than May 17, 2015)	Special Master submits any suggestions for modification of Draft #3 to the District.
June, 2015	TUSD Governing Board action on 2015-16 Proposed USP Budget. Any continuing objection by the plaintiffs shall be noted separately and provided to the Governing Board for consideration.
July, 2015	Governing Board action on 2015-16 USP Budget
July, 2015	Within ten (10) days of Governing Board action, if necessary, objections filed for any plaintiff disagreement with the budget, as approved.

*Sample budget format attached.

**This information will be not be available in 2013-14 but will be available in future years.

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REALLOCATION REPORTING DURING THE YEAR

Beginning in January, 2015, and thereafter, the District shall provide the plaintiffs with information quarterly related to mid-year under or over-expenditures of 910G funds and/or needed reallocations. The proposals for the use of these funds (reallocations) shall be shared with the plaintiffs and Special Master for comment. The District shall provide specific dates by which such proposed reallocations shall be shared. The plaintiffs shall provide comments on proposed reallocations within ten days of each quarterly proposed reallocation communication.

YEARLY AUDIT OF 910G FUNDS

The audit required by the USP shall report expenditures for each of the revised descriptions of activities in the Implementation Addendum as amended in November of 2014. For 2013-14 and 2014-15, the audit shall focus only on the expenditure of 910(G) funds. Thereafter, starting with the 2015-16 audit, the audit shall include expenditures for the entire USP budget, including the expenditure of related funds from non-910(G) sources (as tracked and reported through narratives, see page 2 above "TRACKING OF 910G FUNDS" "Non-910G funds will be reported in a narrative format.").

The District will recode past budget information using the revised descriptions of activities in the Implementation Addendum as amended in November of 2014 to allow for an accurate and meaningful audit. If such recoding is difficult, at the very least, a crosswalk shall be developed and implemented by the District for prior years that shall allow for relevant and accurate auditing of 910(G) funds by activity for years 2013-14 and 2014-15.

CRITERIA FOR USE OF 910G FUNDS

The Special Master has proposed the following criteria for use of 910(G) funds. 910(G) funds may be used to fund activities that meet one or more of the applicable criteria below. Criteria six and seven apply to all expenditures.

1. Does the expenditure support meeting an OCR Agreement objective?

Provide the OCR Agreement reference number.

2. Does the expenditure support a specific USP provision?

Provide the USP reference(s).

3. Does the expenditure support a USP-related activity as described by a Court Order?

Provide the Court Order reference(s), and an explanation of the demonstrated or likely efficacy

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of the action of activity to be implemented.

Example: the Court Order on School Closings mandated that the District provide additional resources to D and C- receiving schools. To comply with that Order, the District allocated over \$500,000 to D and C- receiving schools. That allocation did not directly support an OCR Agreement or the USP, but did support a USP-related activity as described by the Court Order.

4. If the purpose of the funding is not directly related to a specific provision of the USP, is that funding targeted on African American and/or Latino students who have special needs or are underachieving? Example: Funds are allocated to exceptionally effective racially concentrated school so that the schools can serve as models and provide support for improvement in other racially concentrated schools.

5. Is the funding likely to bring about positive outcomes for the students served by the program or activity? Provide an explanation of the demonstrated or likely efficacy of the action or activity to be Implemented. Cite evidence from District studies or relevant research. If such evidence is not available, say, "N/A".

6. Is the funding being used to supplement (not supplant) other funding that would be expended in the absence of the related USP provision?

For items for which a formula applies, this can be determined by using a "formula plus rule": the cost of services provided exceed the expenditures that would've been made in accordance with Governing Board approved funding formulas. Example: if culturally relevant courses that substitute for core courses are offered with 20 students per course rather than the 27 students in conventional core courses, the cost of teaching the additional seven students (averaged over several courses) can be funded from 910 G funds.

For items for which a formula does not apply, the District will provide information based on non-910(G) funding that supports that the 910(G) funding is not supplanting, in a manner that relates to the revised descriptions of activities in the Implementation Addendum as amended in November of 2014.

EXHIBIT 6

