

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assemblymember Kevin McCarty, Chair

TUESDAY, APRIL 25, 2017

9:00 AM - STATE CAPITOL, ROOM 447

### Vote Only Items

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### ITEMS TO BE HEARD

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**VOTE ONLY ITEMS**

**6100 DEPARTMENT OF EDUCATION**

**ISSUE 1: DEPARTMENT OF FINANCE APRIL LETTERS**

The Governor proposes the following adjustments to budget items for the Department of Education for the 2017-18 Fiscal Year. These adjustments are described in the Department of Finance (DOF) April Letters and are considered technical adjustments, mostly to update federal budget appropriation levels to match the latest estimates and utilize carryover funds.

1	<p><b>Item 6100-001-0890, Support, State Department of Education (SDE) (Issues 051 and 610)</b></p> <p><b>Professional Development Video Series (Issue 051)</b>—It is requested that Schedule (1) of this item be increased by \$1,246,000 federal Title III funds to reflect the availability of one-time carryover funds for the development of a professional development video series and to update an English learner guidance publication. Funding for this purpose was included in the 2016 Budget Act but the project was delayed to incorporate the new History Social Science Framework and the Science and Math Framework.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>26. Of the funds appropriated in this item, \$1,246,000 is provided in one-time federal Title III carryover funds to develop a professional development video series and to update an English learner guidance publication.</p>
2	<p><b>Improving Teacher Quality Higher Education Grant Closeout (Issue 610)</b>—It is requested that Schedule (1) of this item be increased by \$447,000 federal Title II Improving Teacher Quality Higher Education Grant funds to reflect the availability of one-time carryover funds to support the final year of existing grants. This program provides grants to partnerships of local educational agencies (LEAs) and institutions of higher education for teacher professional development in core academic subjects. While the federal Every Student Succeeds Act of 2015 eliminated this program, the state has authority to fund grantees through fiscal year 2017-18.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>27. Of the funds appropriated in this item, \$447,000 is provided in one-time federal Title II carryover funds to support the final year of the Improving Teacher Quality Higher Education Grants and two associated existing positions.</p>

<p>3</p>	<p><b>Item 6100-104-0890, Local Assistance, Project Advancing Wellness and Resilience in Education (AWARE) Grant (Issue 038)</b>—It is requested that Schedule (1) of this item be increased by \$660,000 Federal Trust Fund to reflect the availability of one-time carryover funds. Project AWARE is a five-year grant program that provides funding for the SDE and LEAs to increase awareness of mental health issues among school-aged youth, provide Mental Health First Aid training to teachers and other school personnel, and ensure students with signs of mental illness are referred to appropriate services.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <ol style="list-style-type: none"> <li>1. Of the funds appropriated in this item, \$660,000 is provided in one-time federal carryover funds to support the existing program.</li> </ol>
<p>4</p>	<p><b>Item 6100-125-0890, Local Assistance, Migrant Education Program, Migrant Education State-Level Activities, and English Language Acquisition Program (Issues 039, 040, 041, 042, 043, 044, and 045)</b>—It is requested that Schedule (1) of this item be increased by \$418,000 federal Title I, Part C funds, to reflect \$10.6 million in one-time carryover funds and a \$10,182,000 decrease to the federal grant award. This program provides educational support services to meet the needs of highly-mobile children.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <ol style="list-style-type: none"> <li>3. Of the funds appropriated in Schedule (1), \$10,600,000 is provided in one-time federal Title I, Part C carryover funds, to support the existing program.</li> </ol> <p>It is also requested that Schedule (2) of this item be decreased by \$345,000 federal Title I, Part C funds, to reflect \$1.8 million in one-time carryover funds and a \$2,145,000 decrease to the federal grant award. The state-administered Migrant Education programs include the Binational Migrant Education Program, Minicorps Program, and the Migrant Student Information Network.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <ol style="list-style-type: none"> <li>4. Of the funds appropriated in Schedule (2), \$1,800,000 is provided in one-time federal Title I, Part C carryover funds, to support the existing program.</li> </ol> <p>It is also requested that Schedule (3) of this item be increased by \$20,537,000 federal Title III funds to reflect \$2 million in one-time carryover funds and an \$18,537,000 increase to the federal grant award. This program provides services to help students attain English proficiency and meet grade level academic standards.</p> <p>It is also requested that Provision 2 of this item be deleted and that the \$1 million in one-time carryover funds identified in this provision be redirected to Schedule (3) to</p>

	<p>support the existing program pursuant to Provision 5 (as added below). The Governor’s Budget proposed that \$1 million federal Title III funds be allocated to county offices of education regional leads to review Title III plans and to provide technical assistance. However, the need to review Title III plans has been delayed based on new federal guidance.</p> <p>It is further requested that provisional language be added as follows to conform to this action.</p> <p>5. Of the funds appropriated in Schedule (3), \$3,000,000 is provided in one-time federal Title III carryover funds to support the existing program.</p>
<p>5</p>	<p><b>Item 6100-134-0890, Local Assistance, Elementary and Secondary Education Act Program, School Improvement Grant Program and Title I State Grant (Issues 253, 254, and 255)</b>—It is requested that Schedule (3) of this item be decreased by \$59,056,000 federal Title I funds to reflect the elimination of funding for the School Improvement Grant Program. The SDE used funds from this program to award school improvement grants to LEAs with the persistently lowest-achieving Title I schools to implement evidence-based strategies for improving student achievement. Given the continued development of California’s Every Student Succeeds Act State Plan, it has not yet been determined if or how the SDE will continue these activities in future years.</p> <p>It is further requested that Schedule (3) and Provision 6 be deleted to conform to this action.</p> <p>It is also requested that Schedule (4) of this item be increased by \$66,937,000 federal Title I funds to reflect \$31,727,000 in one-time carryover funds and a \$35,210,000 increase to the federal grant award. LEAs use these funds to support services that assist low-achieving students enrolled in the highest poverty schools.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>7. Of the funds appropriated in Schedule (4), \$31,727,000 is provided in one-time carryover funds to support the existing program.</p>

6	<p><b>Item 6100-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program (Issues 046 and 047)</b>—It is requested that Schedule (1) of this item be increased by \$1,974,000 federal Title VII, Part B funds, to reflect \$312,000 in one-time carryover funds and a \$1,662,000 increase to the federal grant award. This program provides a liaison to ensure homeless students have access to education, support services, and transportation.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>1. Of the funds appropriated in this item, \$312,000 is provided in one-time federal Title VII, Part B carryover funds, to support the existing program.</p>
7	<p><b>Item 6100-137-0890, Local Assistance, Rural and Low-Income Schools Program (Issue 049)</b>—It is requested that Schedule (1) of this item be increased by \$2,076,000 federal Title VI funds to align to the federal grant award. This program provides financial assistance to rural districts to help them meet federal accountability requirements and to conduct activities of the federal Elementary and Secondary Education Act program.</p>
8	<p><b>Item 6100-156-0890, Local Assistance, Adult Education Program (Issues 776 and 777)</b>—It is requested that Schedule (1) of this item be increased by \$7,356,000 federal Title II funds to reflect \$6.5 million in one-time carryover funds and an \$856,000 increase to the federal grant award. The Adult Education Program supports the Adult Basic Education, English as a Second Language, and Adult Secondary Education programs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>5. Of the funds appropriated in this item, \$6,500,000 is provided in one-time carryover funds to support the existing program.</p>
9	<p><b>Item 6100-161-0890, Local Assistance, Special Education (Issues 665, 666, 667, and 668)</b>—It is requested that Schedule (1) of this item be decreased by \$609,000 federal Individuals with Disabilities Education Act (IDEA) funds to reflect a \$13,000 decrease to the federal grant award and a \$596,000 decrease in the availability of local assistance grants as a result of an ongoing increase in administrative costs. LEAs receive these entitlements to provide special education services for students with disabilities.</p> <p>It is further requested that Schedule (3) of this item be increased by \$4,030,000 federal IDEA funds to align to the federal grant award. This program provides special education and related services for children aged three, four, and five, who are not in kindergarten.</p>

	<p>It is also requested that Schedule (4) of this item be increased by \$476,000 federal IDEA funds to reflect the availability of one-time funds. This program, also known as Project Read, funds efforts to increase reading and English Learning Arts outcomes for students with disabilities at a selected group of low-performing California middle schools.</p> <p>It is further requested that provisional language be amended as follows to conform to this action:</p> <p>“7. Of the funds appropriated in Schedule (4), <del>\$2,190,000</del> <u>\$2,666,000</u> is provided for scientifically based professional development as part of the State Personnel Development grant. <u>Of this amount, \$476,000 is one-time funds.</u>”</p> <p>It is also requested that Schedule (6) of this item be increased by \$100,000 federal Public Health Services Act funds to reflect the availability of one-time carryover funds. The SDE uses these funds to provide outreach to families about newborn screening counseling, testing, follow-up, treatment, and educational services that are available to families of newborns with hearing disabilities.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>11. Of the funds appropriated in Schedule (6) for the Newborn Hearing Screening Program, \$100,000 is provided in one-time federal Public Health Services Act carryover funds to support the existing program.</p>
<p>10</p>	<p><b>Item 6100-166-0890, Local Assistance, Vocational Education Program (Issues 252 and 258)</b>—It is requested that this item be increased by \$13,318,000 federal Title I funds to reflect \$12,059,000 in one-time carryover funds and a \$1,259,000 increase to the federal grant award. The Vocational Education Program develops the academic, vocational, and technical skill of students in high school, community colleges, and regional occupational centers and programs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>3. Of the funds appropriated in this item, \$12,059,000 is provided in one-time carryover funds to support the existing program.</p>

<p>11</p>	<p><b>Addition of Budget Bill Item 6100-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 616)</b>—It is requested that Item 6100-193-0890 be added and that \$2,703,000 federal Title II funds be provided to reflect the availability of one-time carryover funds. The Mathematics and Science Partnership Program provides competitive grants to three-year partnerships of low-performing K-12 schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers. While the federal Every Student Succeeds Act of 2015 eliminated this program, these carryover funds are available through 2017-18.</p> <p>It is further requested that Item 6100-193-0890 be added as follows to conform to this action:</p> <p>6100-193-0890—For local assistance, State Department of Education, Part B of Title II of the federal Elementary and Secondary Education Act (20 U.S.C. Sec 6661 et seq.; Mathematics and Science Partnership Grants) payable from the Federal Trust Fund.....2,703,000</p> <p>Schedule:</p> <table border="0"> <tr> <td>5205096-Teacher</td> <td style="text-align: right;">Professional</td> </tr> <tr> <td>Development.....</td> <td style="text-align: right;">2,703,000</td> </tr> </table> <p>Provisions:</p> <ol style="list-style-type: none"> <li>1. The funds appropriated in this item are one-time carryover funds to support existing grantees.</li> </ol>	5205096-Teacher	Professional	Development.....	2,703,000
5205096-Teacher	Professional				
Development.....	2,703,000				
<p>12</p>	<p><b>Item 6100-195-0890, Local Assistance, Improving Teacher Quality (Issues 612, 613, 614, and 615)</b>—It is requested that Schedule (1) of this item be increased by \$9,882,000 federal Title II, Part A funds, to reflect \$1,155,000 in one-time carryover funds and an \$8,727,000 increase to the available federal grant award. The federal Improving Teacher Quality Local Grant Program provides funds to local educational agencies on a formula basis for professional development activities focused on preparing, training, and recruiting high quality teachers, principals, or other school leaders.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <ol style="list-style-type: none"> <li>3. Of the funds appropriated in Schedule (1), \$1,155,000 is provided in one-time carryover funds to support the existing program.</li> </ol> <p>It is also requested that Schedule (3) of this item be increased by \$75,000 federal Title II funds to reflect one-time carryover funds for the Improving Teacher Quality State Level Activity Grants.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p>				

	<p>4. Of the funds appropriated in Schedule (3), \$75,000 is provided in one-time carryover funds to support the existing program.</p> <p>It is further requested that Schedule (4) of this item be added and that \$1,541,000 federal Title II Higher Education Grant funds be provided to reflect one-time carryover funds for existing grantees. This program provides grants to partnerships of local educational agencies and institutions of higher education for teacher professional development in core academic subjects. While the federal Every Student Succeeds Act of 2015 eliminated funding for this program beginning in 2017-18, the state has carryover funds available to augment existing grants for one additional year.</p> <p>It is further requested that Schedule (4) and provisional language be added as follows to conform to this action:</p> <p>(4)           5205176-Improving Teacher Quality Higher Education Grants                  .....1,541,000</p> <p>5. Of the funds appropriated in Schedule (4), \$1,541,000 is provided in one-time carryover funds to augment existing grants.</p>
<p>13</p>	<p><b>Item 6100-197-0890, Local Assistance, Federal 21<sup>st</sup> Century Community Learning Centers (Issue 482)</b>—It is requested that this item be increased by \$5 million federal Title IV, Part B funds, to reflect one-time carryover funds. This program establishes or expands before and after school programs that provide disadvantaged kindergarten through twelfth-grade students with academic enrichment opportunities and supportive services to help the students meet state and local standards in core content areas.</p> <p>It is further requested that provisional language be added as follows to conform this action:</p> <p>1. Of the funds appropriated in this item, \$5,000,000 is provided in one-time carryover funds to support the existing program.</p>
<p>14</p>	<p><b>Item 6100-240-0890, Local Assistance, Advanced Placement (AP) Fee Waiver Program (Issue 050)</b>—It is requested that Schedule (1) of this item be decreased by \$2,612,000 federal Title I, Part G funds, to align to the federal grant award. The AP Fee Waiver program reimburses school districts for specified costs of AP and International Baccalaureate test fees paid on behalf of eligible students. These programs allow students to pursue college-level course work while still in secondary school.</p>



15	<p><b>Item 6100-294-0890, Local Assistance, Early Head Start—Child Care Partnership Grant (Issues 480 and 481)</b>—It is requested that this item be increased by \$2,608,000 Federal Trust Fund to reflect \$2,829,000 in one-time carryover funds and a \$221,000 decrease to the available federal grant. This program provides infant and toddler child care to low-income families enrolled in county offices, family child care home education networks, center-based homes, and specified tribal governments.</p> <p>It is further requested that provisional language be added as follows to conform this action:</p> <p>3. Of the funds appropriated in this item, \$2,829,000 is provided in one-time carryover funds to support the existing program.</p>
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<b>STAFF COMMENTS</b>
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Staff has no concerns with the proposed technical adjustments.

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**Staff Recommendation: Approve the DOF April Letters- Items 1-15**

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**ITEMS TO BE HEARD****6100 DEPARTMENT OF EDUCATION**

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**ISSUE 1: REFUGEE STUDENT SUPPORT**

The Subcommittee will hear a budget proposal to provide \$5 million in one-time Proposition 98 funding for local educational agencies to provide additional support for refugee students.

**PANELISTS**

- Tamara Otero, Board Member, Cajon Valley Union School District
- Donna O'Neil, Associate Superintendent, San Juan Unified School District
- Kirt Lewis, Director, World Relief Sacramento

**BACKGROUND**

School districts in Alameda, Los Angeles, Orange, Sacramento, San Diego, San Francisco, Santa Clara, and Stanislaus counties have been impacted by significant numbers of new refugee children in recent years. The state does not currently provide specific funding to schools to address the needs of refugee students. However, the federal government does have a small program to help refugee students adjust to being in the United States.

**Federal Refugee School Impact Program**

The U.S. Department of Health and Human Services (DHHS) Refugee Programs Bureau administers the Refugee School Impact (RSI) grant to assist refugee school age students who have been in the U.S. three years or less to improve their academic performance and help with their social adjustment. The California Department of Social Services (CDSS) received \$1 million in federal funding under the RSI program for the 2016-17 federal fiscal year. As determined by arrival data, the counties of Alameda, Los Angeles, Orange, Sacramento, San Diego, San Francisco, Santa Clara, and Stanislaus have been impacted by significant numbers of new refugee children for the last three years. Only school districts in these counties were eligible to apply for the RSI grant.

The following school districts applied and received funding through the federal RSI program:

SCHOOL DISTRICT	COUNTY	2016/17 BUDGET PROPOSAL
Cajon Valley Unified	San Diego	\$110,768.00
Glendale Unified	Los Angeles	\$67,218.00
Grossmont Union High	San Diego	\$128,318.00
Oakland Unified	Alameda	\$170,567.00
San Diego Unified	San Diego	\$93,217.00
San Francisco Unified	San Francisco	\$100,428.00
San Juan Unified	Sacramento	\$128,317.00
Twin River Unified	Sacramento	\$121,167.00
State Administration		\$80,000.00
<b>TOTAL</b>		<b>\$1,000,000.00</b>

Source: California Department of Social Services

Under the RSI program, services and activities may include, but are not limited to, the following:

- Supplemental English as a Second Language (ESL) instruction
- Development and use of school curricula that encourages optimum learning and acquisition of necessary skills
- After-school tutoring programs focused on helping refugee students understand and complete assignments
- After-school/summer programs that support remedial work or promote school readiness
- Orientation to refugees on the education system and school requirements, such as student attendance and performance
- Involvement of trained teachers/staff/administrators that are familiar with refugees culture and language
- Parental involvement programs
- Mentoring programs
- Interpreter services for parent/teacher meetings and conferences
- Services of bilingual/bi-cultural counselors and aides
- Staff training on refugee cultures and use of special teaching materials
- Utilization of modern technology deemed to improve English language acquisition and other school related skills
- Utilization of special educational materials to assist refugee students to learn
- Evaluation of the effectiveness/outcomes of the services provided

The CDSS encourages partnerships with school officials and local service providers, including resettlement agencies, health and mental health providers, and community and faith-based organizations, to ensure coordination for effective planning and successful program implementation, while avoiding duplication of services.

### **Budget Proposal**

Members of the Assembly have a package of legislation and budget proposals to better support refugees across California. Part of this package is a budget proposal to provide \$5 million in one-time Proposition 98 funding to provide supplemental support grants to local educational agencies in counties with high child refugee populations. Specifically, the proposal would provide funding for the California Department of Education (CDE) to administer funding to local educational agencies to be used to provide supplemental services to refugee students, such as hiring translators, counselors or providing additional services to help refugee children successfully integrate into California's schools.

### **STAFF COMMENTS**

School districts with significant populations of refugee students face unique challenges. These students often require more attention and services, above and beyond the services provided for English learners and low-income students. The federal RSI program acknowledges the need to provide additional support for these students. However, the amount of funding provided through the federal program is not sufficient to address the needs of these students and the growing number of refugee students in some districts.

The Subcommittee may wish to consider providing \$5 million in one-time Proposition 98 funding for the CDE to provide funding to school districts with high refugee populations. Specifically, staff recommends the CDE, in consultation with the DSS, to allocate funding for school districts that are most impacted by significant numbers of refugee students.

### **SUGGESTED QUESTIONS**

- What are the biggest challenges that districts face in serving refugee students?
- What services are typically provided or needed for refugee students?
- Do your districts partner with community organizations to provide services for refugee students?

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**Staff Recommendation: Hold Open**

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**ISSUE 2: AFTER SCHOOL EDUCATION AND SAFETY PROGRAM**

The Subcommittee will hear a budget proposal to increase funding for the After School Education and Safety program, due to the minimum wage increases.

**PANELISTS**

- Jessica Gunderson, California After School Advocacy Alliance
- Jackie Beecham, Sacramento START Program
- Andrea Bustamante, Oakland Unified School District

**BACKGROUND**

The After School Education and Safety (ASES) Program is the result of the 2002 voter-approved initiative, Proposition 49. This proposition amended California Education Code (EC) 8482 to expand and rename the former Before and After School Learning and Safe Neighborhood Partnerships Program. The ASES Program funds the establishment of local after school education and enrichment programs. These programs are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive alternatives for students in kindergarten through ninth grade. Funding is designed to: (1) maintain existing before and after school program funding; and (2) provide eligibility to all elementary and middle schools that submit quality applications throughout California. As outlined in Proposition 49, the ASES program has a guaranteed funding level of \$550 million annually.

The ASES program supports over 4,000 elementary and middle schools offering after-school and summer programs to more than 400,000 students daily. These programs operate at the highest poverty schools—those with an average of over 80% of students participating in the free and reduced-price meals program.

**Budget Proposal**

The California After School Coalition (CASC) and the California Afterschool Advocacy Alliance (CAAA) are requesting a budget augmentation of \$99.1 million in ongoing Proposition 98 General Fund for the ASES program. The augmentation reflects an increase in the ASES ADA rate from \$7.50 to about \$9.00, a 20% increase. This increase would cover the cost of implementing the new statutory minimum wage obligations. Specifically, this proposal covers the cost of the minimum wage increasing from \$10 per hour to \$10.50 per hour beginning January 1, 2017 and the increase to \$11 per hour beginning January 1, 2018. However, this proposal does not cover the additional future increases to the minimum wage, which will reach \$15 per hour by 2022.

According to the CASC and CAAA, after school programs have found it increasingly difficult to deliver the same services with the new minimum wage requirements. According to a 2015 survey of nearly 600 respondents representing more than 300 school districts (conducted before the second wage hike):

- 75% of ASES funded programs reported that they had to reduce the number of enrichment activities offered, and over 60% reported it negatively impacted their ability to provide quality academic supports;
- 50% had to reduce staff hours, more than 60% reduced professional development, and over 80% found it more difficult to both attract and retain high quality staff.

After school programs argue that this funding increase will enable the ASES program to continue to provide high quality after school programs, which serve low-income students and families.

#### STAFF COMMENTS

The ASES program is an essential program because it provides underserved students with meaningful academic and enrichment activities, keeps kids safe, and offers essential childcare for working parents. Without an increase in funding, many of these programs argue that they will be at risk of closing their doors or cutting many of the high quality services that they provide. Many of the programs argue that they cannot cut the number of children served and redirect the funds to pay for the minimum wage increase because their revenue depends on the number of children served. In order to maintain the 20:1 ratio, the program would have to eliminate 20 students to be able to save the cost of one staff member.

Proposition 49 provided dedicated funding for the ASES program, with a minimum funding level of \$550 million annually. Funding for this program has not increased since 2006. The 2016-17 budget agreement included increased rates for subsidized child care providers due to the increasing minimum wage. This agreement acknowledged the impact of the increasing minimum wage on child care workers, but does not address the impact on after school providers.

Staff recommends providing an increase for the ASES program in order to ensure high quality programs continue to operate and serve low-income families. Staff recommends the Subcommittee consider other available sources of funding, such as revenue generated from Proposition 56 (tobacco tax increase) and Proposition 64 (marijuana legalization). Both propositions require a portion of the revenue to be spent on youth tobacco/drug prevention programs. High quality after school programs have been proven to lower tobacco and drug use in young people. Specifically, Proposition 56 requires a portion of the funding provided to CDE to be used to address “tobacco related disparities.” Staff argues that targeting funding for after school programs that serve low-income students could help to address these disparities.

#### SUGGESTED QUESTIONS

- What would be the impact on after school programs if the state did not provide increased funding? Are there other lower cost alternatives?
- Do any of the after school programs receive additional funding through community organizations, municipalities or school districts?

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**Staff Recommendation: Hold Open**

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**ISSUE 3: MULTI-TIERED SYSTEMS OF SUPPORT**

The Subcommittee will hear an update on the \$10 million provided in the 2015-16 budget and \$20 million provided in the 2016-17 budget for academic and behavioral support through a Multi-Tiered System of Support.

**PANELISTS**

- Debra Brown, Department of Education
- Christine Olmstead, Associate Superintendent, Orange County Department of Education

**BACKGROUND**

The 2015 California Statewide Special Education Task Force Report made a number of recommendations for improving the effectiveness of not only special education, but the education system as a whole. The vision of the Task Force is that general education and special education will work together seamlessly as one system, which is carefully designed to address the needs of all students. One of the task force recommendations included implementing a Multi-tiered System of Support (MTSS) for students who struggle either academically or behaviorally. MTSS is an integrated, comprehensive framework that focuses on the common core state standards, core instruction, differentiated learning, student-centered learning, individualized student needs, and the alignment of systems necessary for all students' academic, behavioral, and social success. The idea is that these systems would serve as an alternative to identifying struggling students for special education or addressing behavioral issues through disciplinary action.

**The 2015-16 Budget**

The 2015-16 budget provided \$10 million in one-time Proposition 98 funding for the California Department of Education (CDE) to award one or two county office(s) of education (COEs) to provide technical assistance and to develop and disseminate statewide resources that encourage and assist local educational agencies (LEAs) in implementing these new systems of support. The 2015-16 budget trailer bill required the selected COE(s) to identify strategies for implementing these systems, develop materials, and provide technical assistance and professional development to LEAs interested in implementing academic and behavioral supports. Specifically, these systems of support can include: positive behavior interventions and support, restorative justice, bullying prevention, social and emotional learning, trauma-informed practice, and cultural competency.

The CDE selected the Orange County Department of Education (OCDE) to administer this program. The OCDE dedicated \$2.5 million of the \$10 million as subgrants to LEAs. Specifically, the OCDE provided subgrants to county offices of education (COEs) to implement regional trainings for districts in implementing academic and behavioral support programs. The OCDE used the remaining \$7.5 million on developing and disseminating resources, providing technical assistance and training for COEs.

**The 2016-17 Budget**

The 2016-17 budget included an additional \$20 million for the OCDE to provide subgrants to LEAs to fund services or practices aligned to the MTSS framework. The OCDE could use up to \$1 million of this funding to administer the grants and provide support to the grantees (pursuant to DOF approval). The 2015-16 trailer bill language also required all subgrantees to report any available outcome data to the OCDE by September of each year and for the OCDE to report this data to the Department of Education and the Legislature annually.

The OCDE has provided training for 62 districts that were interested early on and had already begun implementing MTSS programs. The OCDE plans on dispersing the grant funding to LEAs in three cohorts. The first cohort will be awarded in May. The OCDE is currently reviewing 113 applications from LEAs. The other cohorts will be awarded in December 2017 and May 2018. The OCDE anticipates receiving more applications in the later cohorts, as more LEAs become aware and interested in the grant program. The COEs are also helping to inform and recruit districts to apply for the funding. According to the OCDE, some districts have only shown interest in coming to the regional trainings, but have not applied for grant funding. Below is the OCDE’s estimated timeline and budget for awarding subgrants to LEAs.

**Timeline**

	<b>Scale-Up MTSS Sub-grant Awards</b>	
October-December 2016		\$21,500,000
MOU	COE – ADA Allocations with MOU and Technical Assistance Plan	\$2,320,000
MOU	Knowledge Development Sites (\$5000 per school in district) 1-2 districts per County (potential 116 districts/300 schools)	\$1,500,000
April 2017	Cohort 1 RFA Awarded up to 300 districts	\$5,893,000
December 2017	Cohort 2 RFA Awarded up to 300 districts	\$5,893,000
May 2018	Cohort 3 RFA Awarded up to 300 districts	\$5,893,000

Source: Orange County Department of Education



**STAFF COMMENTS**

MTSS focuses on core instruction, differentiated learning, and the alignment of systems necessary for a student's academic, behavioral, and social success. The state invested \$30 million over the last two years to assist LEAs in implementing MTSS. This funding was intended to help prevent students from entering special education programs by providing resources and technical assistance for LEAs to implement MTSS.

Currently, many LEAs are implementing various MTSS programs, which vary by district. With this state investment, LEAs can receive training and grant funding to implement best practices for behavioral and academic support programs. The OCDE has begun implementing a statewide strategy for training LEAs in implementing MTSS. The Subcommittee should continue to monitor the progress of the OCDE in providing grant funding to LEAs and outcome data, when it becomes available this fall.

**SUGGESTED QUESTIONS**

- When will the state know if these programs are being effective in improving outcomes for students?
- How will the CDE and OCDE ensure that MTSS programs are maintained after the one-time funding runs out?

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**Staff Recommendation: Information Only**

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**ISSUE 4: PROPOSITION 47**

The Subcommittee will hear an update on the funding provided in 2016-17 to support truancy and dropout prevention programs. The Subcommittee will also discuss the Department of Finance's estimated savings generated through Proposition 47 included in the Governor's 2017-18 budget.

**PANELISTS**

- Ed Hanson, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Debra Brown, Department of Education

**BACKGROUND**

Proposition 47, approved by the voters in 2014, reduced penalties for certain non-serious and non-violent property and drug offenses and requires state savings from the proposition to be transferred into a new fund, the Safe Neighborhoods and Schools Fund (SNSF). This funding can be used on (1) mental health and substance use services, (2) truancy and dropout prevention, and (3) victim services. Specifically, under the measure, funds deposited in the SNSF are required to be annually allocated as follows:

- 65 percent for the Board of State and Community Corrections to support mental health and substance use services.
- 25 percent for the California Department of Education (CDE) to support truancy and dropout prevention.
- 10 percent for the Victim Compensation and Government Claims Board for grants to trauma recovery centers.

The Director of Finance is required to calculate the state savings compared to 2013-14 on or before July 31, 2016, and on or before July 31 of each fiscal year thereafter.

**The 2016-17 Budget**

The 2016-17 budget included \$39.4 million in total savings due to Proposition 47. These estimates assume savings from a reduction in the state's adult inmate population, and increased costs due to a temporary increase in the parole population and trial court workload associated with resentencing. The estimate also takes into consideration the savings associated with fewer felony filings and more misdemeanor filings, and the number of offenders resentenced and released from the Department of State Hospitals.

Of this amount, the 2016-17 budget allocated \$9.9 million for education related programs related to truancy and dropout prevention. The budget also provided an additional \$18 million in one-time Proposition 98 funding to be used for these programs. The funding was provided to the CDE to administer a grant program to reduce truancy, high school dropout and student victimization rates. The CDE recently released their Request for Proposal (RFP) and local educational agencies (LEAs) have until May to submit an application for grant funding.

**The Governor's 2017-18 Budget**

The Governor's 2017-18 budget estimates a total savings of \$42.9 million from Proposition 47 in 2017-18. Of this amount, the Governor's budget estimates \$10.1 million to be available for the CDE to allocate additional grants to LEAs. The Department of Finance estimates that these savings will increase slightly in the out years.

**LAO Recommendation**

The LAO still believes the Governor's estimated savings is too low. In 2016-17, the LAO estimated that the Proposition 47 savings was around \$100 million higher than the administration's estimate. The LAO believes that the administration's estimates underestimate prison savings and overestimate court costs.

**STAFF COMMENTS**

The Proposition 47 grant program administered by the CDE was largely guided by legislation. The legislation called for the CDE to solicit stakeholder input on the development of the grant program. The CDE held a stakeholder meeting and solicited written feedback before developing the RFP. The CDE has not yet sent out the first round of funding because of the additional time required in developing the RFP for the grant program. Now that the RFP has been developed, the CDE anticipates the funding to be released much more quickly in future years.

Staff recommends holding this issue open since the estimated savings under Proposition 47 could change at the May Revision.

**SUGGESTED QUESTIONS**

- What has been the interest from LEAs in this grant program so far?
- Does CDE anticipate providing the entire \$27.9 million in the first grant cycle?
- Does the LAO still believe the Department of Finance's Proposition 47 savings estimates are too low? Why?

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**Staff Recommendation: Hold Open**

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**ISSUE 5: PROPOSITION 56**

The Subcommittee will discuss the additional funding generated through Proposition 56. Specifically, the funding dedicated to the Department of Education for anti-tobacco related programs.

**PANELISTS**

- Ed Hanson, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Debra Brown, Department of Education

**BACKGROUND**

Proposition 56 was approved by voters in 2016 and increases the cigarette tax by \$2.00 per pack of cigarettes and increases taxes on other tobacco products. Revenue generated through Proposition 56 is primarily allocated to increase funding for existing healthcare programs, but is also used for tobacco use prevention programs, tobacco-related disease research and law enforcement, University of California physician training, dental disease prevention programs and administration. Additionally, the proposition excluded these revenues from the Proposition 98 calculation.

After making specified allocations, approximately two percent of the Proposition 56 revenue is provided to the CDE to administer tobacco prevention programs in schools. Specifically, the proposition allocates the funding for the existing Tobacco-Use Prevention Education (TUPE) program, administered by the CDE. The proposition also states that “not less than 15 percent of the funding shall be used to address tobacco related disparities.”

**Tobacco-Use Prevention Education Program**

Proposition 99, approved by the California voters in the November 1988 general election, increased, by 25 cents, the tax on each pack of cigarettes sold in the state. The annual Budget Act appropriates funds from the Tobacco Surtax Fund for several purposes, including tobacco-use prevention education in schools. Of the TUPE funds, two-thirds is provided to LEAs for school-based tobacco-use prevention programs through competitive grants and one-third is used by the CDE for technical assistance, program evaluation and regional coordinating activities.

The TUPE program provides funding for programs in grades six through twelve through a competitive application process for tobacco-specific student instruction, reinforcement activities, special events, and intervention and cessation programs for students. All LEAs that are certified as having a fully implemented tobacco-free school district board policy are eligible to apply for funding. Programs are locally developed, but they are expected to align with state and federal guidelines. Each county office of education is eligible to receive funding through the County Technical Assistance and Leadership Funds application to assist school districts within their county in program development, to provide staff development for school and district personnel, and to provide technical assistance as needed.

**The Governor's 2017-18 Budget**

The Governor's budget estimates the total revenue generated from Proposition 56 to be \$1.7 billion in 2017-18. After making specified allocations, Proposition 56 requires two percent of the revenue to be allocated to the CDE to be used for school programs to prevent and reduce the use of tobacco and nicotine products by young people. The Governor's budget provides \$31.5 million for tobacco and nicotine prevention programs at K-12 schools (of this amount \$1.6 million is provided for CDE to administer the program). The Governor's budget also includes placeholder trailer bill language for how this additional funding could be used. However, the Department of Finance has indicated that they do not have a preference on how this funding is used.

**LAO Recommendation**

The LAO does not have a specific recommendation on how the Proposition 56 funding should be used. The LAO believes that the language in the proposition is limited, in that it would only allow for the Legislature to use the funding for the existing TUPE program, or a more prescriptive program.

**STAFF COMMENTS**

Funding for the TUPE program, generated through Proposition 99, is typically \$15-18 million annually. If the \$30 million from the Proposition 56 revenue is provided for the existing TUPE program, this would be a significant increase for this program. The CDE does not collect outcome data on the TUPE program, so it is unknown if this program has been effective in curbing tobacco use at participating LEAs. The CDE has indicated that with this additional funding they could increase the grant amounts and increase the number of grants provided. Additionally, the CDE would look at options for addressing "tobacco related disparities," such as targeting funding for programs in alternative schools, or areas with higher tobacco use.

Staff recommends holding this issue open, since the estimated revenue from Proposition 56 may change at the May Revision. Also, staff recommends using this funding more strategically to address disparities, rather than simply adding it to the existing TUPE program. As discussed earlier in the agenda, the Subcommittee could consider targeting Proposition 56 funding for after school programs or other programs serving low-income or other at-risk student groups.

**SUGGESTED QUESTIONS**

- What are CDE's recommendations for addressing "tobacco related disparities," as stated in Proposition 56?
- Has the TUPE program been effective in reducing tobacco use among students at participating LEAs?

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**Staff Recommendation: Hold Open**

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**ISSUE 6: CHARTER SCHOOL STARTUP GRANTS**

The Subcommittee will hear an update on the \$20 million in one-time Proposition 98 funding that was provided in the 2016-17 budget.

**PANELISTS**

- Jessica Holmes, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Debra Brown, Department of Education

**BACKGROUND**

Since 1995, California has received federal funding from the Public Charter Schools Program. In 2010 the state received a five-year allocation for this program totaling \$232.4 million (\$215.8 million for charter school startup grants, \$11.6 million for administrative costs, and \$5 million for grants for charter schools to distribute best practices). Under this program, grantees can receive planning funds and implementation funds, with a maximum award of \$575,000 per recipient. The CDE is responsible for reviewing applications and determining if applicants meet the federal eligibility requirements. In order to qualify for funding, a charter school must be autonomous and not managed by a school district. It also must submit an application that explains its educational programs and describe their eligible startup costs. Eligible costs include: instructional materials, classroom equipment, and technology. Grant funding cannot be used for facility construction, fundraising, or legal fees. Grant recipients primarily receive funding on a reimbursement basis.

California re-applied for the federal grant in 2015, but was not selected. However, in 2016-17 the state was awarded \$26 million for a three-year renewal of the federal Charter Schools Program Grant to provide startup costs for new charter schools.

**The 2016-17 Budget**

The 2016-17 budget provided \$20 million in one-time Proposition 98 funding for charter school start up grants, administered by the CDE. The budget also approved up to \$34 million in federal carryover to be used for these grants in 2016-17. Trailer bill language specified that all federal carryover funds from the Public Charter School Grant Program and any additional federal grant funding awarded should be used before the \$20 million in Proposition 98 General Fund.

According to the CDE, approximately \$11 million in federal grant funding has been encumbered in 2016-17. An additional \$13.6 million may be encumbered if the grantee's charter petitions are approved. The CDE does not anticipate any of the \$20 million in Proposition 98 funding to be expended in 2016-17.

**The Governor's 2017-18 Budget**

The Governor's 2017-18 budget does not re-appropriate the \$20 million in one-time Proposition 98 funding. The Department of Finance's April Letter requests approximately \$41 million in federal funds to be added for the Public Charter Schools Grant Program. Of this amount, up to \$15 million is available in one-time carryover funds and \$26 million from the new federal grant.

**STAFF COMMENTS**

The 2016-17 budget included \$20 million in one-time Proposition 98 funding for charter school startup grants due to the fact that California did not receive a federal grant. Since then, the state has been awarded a new three-year federal Charter Schools Program Grant. Therefore, the Proposition 98 funding provided is not needed for additional charter school startup grants, and could be used for other Proposition 98 purposes. Staff recommends holding this issue open until the Subcommittee adopts the final Proposition 98 package.

**SUGGESTED QUESTIONS**

- Does the Governor's budget intend to use the \$20 million provided in the 2016-17 budget for startup costs for charter schools?

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**Staff Recommendation: Hold Open**

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