

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****Assemblymember Kevin McCarty, Chair****TUESDAY, APRIL 26, 2016****9:00 AM - STATE CAPITOL, ROOM 444****VOTE ONLY ITEMS**

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VOTE ONLY ITEMS

6100 DEPARTMENT OF EDUCATION

ISSUE 1: DOF APRIL LETTER- FUNDING ADJUSTMENTS

The Governor proposes the following adjustments to budget items for the Department of Education for the 2016-17 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 or reimbursements to match the latest estimates and utilize funds consistent with current programs and policies.

6110	Department of Education
	Federal Funds Adjustments
1	<p>Item 6100-001-0890, Support, State Department of Education (SDE) (Issues 102 and 245)</p> <p>Enhanced Assessment Grant (Issue 102)—It is requested that Schedule (1) of this item be increased by \$1,574,000 for the federal Enhanced Assessment Grant (EAG). The EAG is a three-year grant for states to enhance their assessment instruments and accountability systems used to measure academic achievement. Specifically, this funding supports the development of new test items, digital resources, tools and methodologies to assess how results on the Smarter Balanced high school assessments can be used to make inferences about college and career readiness. The total amount of EAG funds awarded to California is \$2,691,000 for fiscal years 2015-16 through 2017-18.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>24. Of the amount appropriated in this item, \$1,574,000 is for the development of enhanced career and college readiness indices for the Smarter Balanced high school assessments.</p>
2	<p>Special Education Dispute Resolution Services (Issue 245)—It is requested that Schedule (1) of this item be increased by \$2,653,000 federal Individuals with Disabilities Education Act funds to support increased costs associated with special education dispute resolution services, which are required by state and federal law. The SDE contracts with the Office of Administrative Hearings to provide these services, which include hearings, mediations, and related due process activities. The number of claims filed and the cost per case have increased over the past few years. The 2015 Budget Act included \$1,890,000 in additional one-time funding to support these costs. The additional federal funds will support the SDE's higher contract costs.</p> <p>It is further requested that provisional language be amended as follows to conform to this action:</p> <p>"5. Of the funds appropriated in this item, \$40,861,000 <u>\$13,514,000</u> is for dispute resolution services, including mediation and fair hearing services, provided through contract for the special education programs. The State Department of Education shall ensure the quarterly reports that the contractor submits on the results of its dispute resolution services include the same information as required by Provision 9 of Item 6110-001-0890 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) and Section 56504.5 of the Education Code and reflect year-to-date data and final year-end data."</p>

<p>3</p>	<p>Item 6100-001-0890 and 6100-201-0890, Support and Local Assistance, Transfer of the Commodity Supplemental Food Program (Issues 727 and 728)—It is requested that Schedule (2) of Item 6100-001-0890 be decreased by \$108,000 Federal Trust Fund and that 1 position be eliminated, and that Schedule (1) of Item 6100-201-0890 be decreased by \$4,541,000 Federal Trust Fund to reflect the permanent transfer of the Commodity Supplemental Food Program from the SDE to the Department of Social Services (DSS). This program originally served low-income women, children, and seniors. Given that federal law was changed to limit eligibility to low-income seniors, the DSS is better suited to administer the program. Conforming augmentations will be proposed for the DSS budget to allow for the administration of the program.</p>
<p>4</p>	<p>Item 6100-104-0890, Local Assistance, Project Advancing Wellness and Resilience in Education (AWARE) Grant (Issue 808)—It is requested that Schedule (1) of this item be increased by \$975,000 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 local educational agencies (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> <p>1. Of the funds appropriated in this item, \$975,000 is provided in one-time federal carryover funds to support the existing program.</p>
<p>5</p>	<p>Item 6100-119-0890, Local Assistance, Neglected and Delinquent Children Program (Issue 809)—It is requested that Schedule (1) of this item be decreased by \$353,000 federal Title I funds to align to the federal grant award. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.</p>
<p>6</p>	<p>Item 6100-125-0890, Local Assistance, Migrant Education Program, Migrant Education State-Level Activities, and English Language Acquisition Program (Issues 810, 811, and 812)—It is requested that Schedule (1) of this item be increased by \$14,301,000 federal Title I, Part C funds, to reflect a \$7,301,000 increase to the federal grant award and \$7 million in one-time carryover. 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> <p>2. Of the funds appropriated in Schedule (1), \$7,000,000 is provided in one-time federal Title I, Part C carryover funds, to support the existing program.</p> <p>It is also requested that Schedule (2) of this item be decreased by \$7,020,000 federal Title I, Part C funds, to align 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 also requested that Schedule (3) of this item be increased by \$5,112,000 federal Title III funds to reflect a \$2,612,000 increase to the federal grant award and \$2.5 million in one-time carryover funds. This program provides services to help students attain English proficiency and meet grade level academic standards.</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 Schedule (3), \$2,500,000 is provided in one-time federal Title III carryover funds to support the existing program.</p>
<p>7</p>	<p>Item 6100-134-0890, Local Assistance, Basic Elementary and Secondary Education Act Program, School Improvement Grant Program, and Federal Title I Set Aside for the Local Educational Agency Corrective Action Program (Issues 104, 105, and 106)—It is requested that Schedule (2) of this item be decreased by \$28 million federal Title I funds to reflect a decrease in the amount that must be set aside for purposes of corrective action. The LEA Corrective Action Program provides funding for technical assistance to LEAs entering federal corrective action, and the grant allows the SDE to set aside up to 4 percent for this purpose.</p> <p>It is also requested that Schedule (3) of this item be increased by \$1,630,000 federal Title I funds to reflect the availability of \$1,480,000 in one-time carryover funds and a \$150,000 increase to the available federal grant award. The SDE awards school improvement grants to LEAs with the persistently lowest-achieving Title I schools to implement evidence-based strategies for improving student achievement.</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 (3), \$1,480,000 is provided in one-time carryover funds to support the existing program.</p> <p>It is also requested that Schedule (4) of this item be increased by \$138,855,000 federal Title I funds to reflect a \$109,755,000 increase to the federal grant award and \$29.1 million in one time carryover funds. 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>8. Of the funds appropriated in Schedule (4), \$29,100,000 is provided in one-time carryover funds to support the existing program.</p>
<p>8</p>	<p>Item 6100-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program (Issue 813)—It is requested that Schedule (1) of this item be increased by \$810,000 federal Title X, Part C funds, to reflect a \$617,000 increase to the federal grant award and \$193,000 in one-time carryover funds. 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, \$193,000 is provided in one-time federal Title X, Part C carryover funds, to support the existing program.</p>
<p>9</p>	<p>Item 6100-137-0890, Local Assistance, Rural and Low-Income Schools Program (Issue 814)—It is requested that Schedule (1) of this item be increased by \$131,000 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>
<p>10</p>	<p>Item 6100-156-0890, Local Assistance, Adult Education Program (Issue 549)—It is requested that this item be increased by \$8,790,000 federal Title II funds to reflect \$6.5 million in one-time carryover funds and a \$2,290,000 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>6. Of the funds appropriated in this item, \$6,500,000 is provided in one-time carryover funds to support the existing program.</p>
<p>11</p>	<p>Item 6100-161-0890, Local Assistance, Special Education (Issues 250, 251, 252, 253, and 254)—It is requested that Schedule (1) of this item be increased by \$41,368,000 federal Individuals with Disabilities Education Act (IDEA) funds to reflect a \$36,368,000 increase to the federal grant award and \$5 million in one-time carryover funds. LEAs receive these entitlements to provide special education services for students with 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 (1), \$5,000,000 is provided in one-time federal Individuals with Disabilities Education Act carryover funds to support the existing program.</p> <p>It is also requested that Schedule (3) of this item be increased by \$1,832,000 federal IDEA funds to reflect an increase 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 \$415,000 federal IDEA funds to reflect the availability of one-time carryover 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), \$2,490,000 <u>\$2,605,000</u> is provided for scientifically based professional development as part of the State Personnel Development grant. <u>Of this amount, \$415,000 is one-time carryover funds.</u>”</p> <p>It is also requested that Schedule (6) of this item be increased by \$25,000 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>12. Of the funds appropriated in Schedule (6) for the Newborn Hearing Screening Program, \$25,000 is provided in one-time federal Public Health Services Act carryover funds to support the existing program.</p>
<p>12</p>	<p>Item 6100-166-0890, Local Assistance, Vocational Education Program (Issue 107)—It is requested that this item be increased by \$10,977,000 federal Title I funds to reflect the availability of \$14,535,000 in one-time carryover funds and a \$3,558,000 decrease 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>4. Of the funds appropriated in this item, \$14,535,000 is provided in one-time carryover funds to support the existing program.</p>
<p>13</p>	<p>Item 6100-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 321)—It is requested that this item be increased by \$3 million federal Title II, Part B funds, to reflect the availability of one-time carryover. The Mathematics and Science</p>

	<p>Partnership Program provides competitive grants to three-year partnerships of low-performing schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers.</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, \$3,000,000 is provided in one-time carryover funds to support the existing program.</p>
14	<p>Item 6100-197-0890, Local Assistance, Federal 21st Century Community Learning Centers (Issue 550)—It is requested that this item be decreased by \$20,115,000 federal Title IV, Part B funds, to reflect a decrease of \$28,491,000 in one-time carryover funds and an increase of \$8,376,000 to the federal grant award to support existing activities.</p> <p>It is further requested that provisional language be amended as follows to conform to this action:</p> <p>“2. Of the funds appropriated in this item, \$31,241,000 \$2,750,000 is available on a one-time basis from federal 21st Century Community Learning Center funds appropriated prior to the 2016–17 federal fiscal year <u>to support the existing program.</u>”</p>
15	<p>Item 6100-240-0890, Local Assistance, Advanced Placement (AP) Fee Waiver Program (Issue 815)—It is requested that Schedule (1) of this item be increased by \$1,563,000 Federal Trust Fund 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>
16	<p>Item 6100-294-0890, Local Assistance, Remove Early Head Start—Child Care Partnership Grant Provisional Reporting Language (Issue 547)—It is requested that Provision (3) of this item, which requires an annual report to the Legislature on the federal Early Head Start—Child Care Partnership program, be eliminated. While California was awarded a federal grant for this program in January 2015, the SDE has indicated that there will be limited information to report in fiscal year 2016-17 because the program is currently in its start-up phase.</p>
GENERAL FUND AND OTHER ADJUSTMENTS	
17	<p>Item 6100-001-0001, Support, State Department of Education, Transfer Educator Effectiveness Support Between Schedules (Issue 320)—It is requested that \$54,000 General Fund be transferred from Schedule (3), Special Program Support, to Schedule (2), Curriculum Services, to accurately reflect support funding for Educator Effectiveness. This request is a technical issue that has no funding impact and will allow accurate recording of SDE expenditures.</p>

STAFF COMMENTS

Staff has no concerns with the proposed technical adjustments.

Staff Recommendation: Approve all vote only items.

ITEMS TO BE HEARD**6100 DEPARTMENT OF EDUCATION
6870 CALIFORNIA COMMUNITY COLLEGES****ISSUE 1: PROPOSITION 39 ENERGY EFFICIENCY PROJECTS**

The Subcommittee will consider the funding levels for the Proposition 39 energy efficiency programs for California's schools and community colleges. The Subcommittee will also hear an update on the status of these energy efficiency projects.

PANELIST

- Cheryl Ide, Department of Finance
- Debra Brown, Department of Education
- Drew Bohan, California Energy Commission
- Mario Rodriguez and Carlos Montoya, Community College Chancellor's Office

BACKGROUND

The California Clean Energy Jobs Act (Proposition 39) passed by voters in 2012, required most multistate business' to determine their California taxable income using a single sales factor method, in turn, increasing the state's corporate tax revenue. This measure established a new state fund, the Clean Energy Job Creation Fund, which is supported by half of the new revenue raised by the mandatory single sales factor for multistate businesses. The initiative directs monies deposited in this fund to be used to support projects that will improve energy efficiency and expand the use of alternative energy in public buildings.

Governor's 2016-17 Budget

The Governor's budget includes a total of \$419 million in energy efficiency funds through Proposition 39. The California Clean Energy Jobs Act (Proposition 39), passed by voters in 2012, required most multistate businesses to determine their California taxable income using a single sales factor method, in turn, increasing the state's corporate tax revenue. Half of these revenues must be used to support projects that will improve energy efficiency and expand the use of alternative energy in public buildings. The budget proposes to allocate the funding as follows:

- \$365.4 million to K-12 schools and \$45.2 million to community colleges for energy efficiency project grants.
- \$5.4 million to the Conservation Corps for technical assistance to K-12 school districts.
- \$3 million to the Workforce Investment Board for job training programs.

The Governor's Budget provides no additional funding for the Energy Conservation Assistance Act (ECAA) revolving loan program.

K-12 Project Grants

The 2013 Budget Act and accompanying legislation designated 89 percent of Proposition 39 funds for K-12 schools to be allocated by the California Department of Education (CDE). Of this funding, 85 percent is to be distributed on the basis of student average daily attendance (ADA) and 15 percent is distributed on the basis of students eligible for free and reduced price meals. Minimum grant amounts were established for LEAs within the following ADA thresholds:

- \$15,000 for LEAs with ADA of 100 students or less.
- \$50,000 for LEAs with ADA of 100 to 1,000 students.
- \$100,000 for LEAs with ADA of 1,000 to 2,000 students.

The California Energy Commission (CEC), in consultation with the CDE, Chancellor's Office and the Public Utilities Commission, developed guidelines for LEAs in applying for grant funding. In order to receive an energy efficiency project grant, LEAs must submit an expenditure plan to the CEC outlining the energy projects to be funded. The CEC will review these plans to ensure they meet the criteria set forth in the guidelines. The CDE then distributes the funding to the LEAs with approved expenditure plans. During the first year of funding, LEAs could also request funding for planning prior to submission of the plan.

Since the passage of Proposition 39, a total of \$973.4 million has been allocated to the Department of Education for energy efficiency projects. As shown in the chart below, a total of \$491.8 million has been provided to LEAs for planning and project grants (\$153.6 million for planning grants and \$338.2 million for approved energy efficiency projects). The Department of Education has a remaining balance of \$481.6 million that has not yet been distributed to schools.

Proposition 39 Clean Energy Jobs Act Funding (In millions) For 2013-14 through 2015-16 fiscal years	
Total Allocation	\$973.4
Planning funds paid	\$153.6 (1,645 LEAs)
Energy projects paid	\$338.2 (675 LEAs)
Total Payments	\$491.8
Remaining balance	\$481.6

Source: California Department of Education

According to the CEC, a total of 10,139 energy efficiency projects have been approved for funding. The types of projects include:

Energy Measure Category	Total Number of Measures Approved	Percentage of Total Measures Approved
Lighting	4795	47%
Lighting Controls	1149	11%
HVAC	1706	17%
HVAC Controls	1081	10%
Plug Loads	618	6%
Generation (PV)	265	3%
Pumps, Motors, Drives	220	2%
Domestic Hot Water	136	1%
Building Envelope	129	1%
Kitchen	38	0%
Energy Storage	24	0%
Electrical	15	0%
Pool	6	0%
Power Purchase Agreements (PPA)	4	0%
Irrigation	3	0%
TOTALS:	10139	100%

Source: California Energy Commission

The CEC estimates the approved projects will result in annual energy cost savings of \$41.6 million, once the projects are completed.

California Community Colleges.

Most California Community Colleges have taken advantage of pre-existing energy-efficiency partnerships they had with investor owned utilities to spend Proposition 39 funds. Planning for energy efficiency projects at most campuses was already complete when Proposition 39 funding became available. Funding has been distributed to colleges on a per-student basis under guidelines developed by the Chancellor's Office in conjunction with the California Energy Commission.

The chart on the next page indicates uses of the funding at community colleges in the first three years of Proposition 39.

Project Type	Year 1		Year 2		Year 3	
	Count	Percentage of Year 1 Projects	Count	Percentage of Year 2 Projects	Count	Percentage of Year 3 Projects
Lighting	168	56.57%	102	43.97%	68	52.31%
HVAC	55	18.52%	72	31.03%	38	29.23%
Controls	45	15.15%	34	14.66%	11	8.46%
Other	11	3.70%	4	1.72%	4	3.08%
RCx	13	4.38%	6	2.59%	2	1.54%
Technical Assistance	3	1.01%	0	0.00%	0	0.00%
Self-Generation	2	0.67%	2	0.86%	1	0.77%
MBCx	0	0.00%	12	5.17%	6	4.62%
Total Projects	297	100%	232	100%	130	100%

The Chancellor's Office reports that in the first three years, community colleges have spent \$123.2 million in Proposition 39 funding, with \$107.5 million for energy projects and \$15.7 million on workforce development programs related to energy efficiency. The Chancellor's Office reports the following system wide results:

- \$12.4 million in annual cost savings;
- 65.6 million reduced kilowatt hours;
- 1.4 million reduced therms;
- And 13,734 certificates, degrees and certifications issued in energy-related fields.

For 2016-17, 63 of the 72 community college districts have submitted preliminary project lists, with full applications due April 1.

STAFF COMMENTS:

Staff recommends holding this issue open pending updated revenue estimates at the May Revision.

SUGGESTED QUESTIONS:

- What types of projects yield the highest energy efficiency for schools and community colleges?
- Why has \$481 million in Proposition 39 funds not yet gone out to K-12 schools for energy efficiency projects? How are the CDE and the CEC assisting schools in applying for these funds?
- What is the status of the Energy Conservation Assistance Act (ECAA) revolving loan fund? How many projects have been funded through this program?

6360 COMMISSION ON TEACHER CREDENTIALING**ISSUE 2: CTC BUDGET OVERVIEW**

The Subcommittee will hear an overview of the Commission on Teacher Credentialing's operations and the Governor's proposed funding level.

PANELISTS

- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Kimberly Leahy, Department of Finance
- Daniel Kaplan, Legislative Analyst's Office

BACKGROUND

The Commission on Teacher Credentialing (CTC) was created in 1970 in order to establish and maintain high standards for the preparation and licensing of public school teachers and administrators. The CTC has three primary functions: issuing teacher credentials, accrediting teacher preparation programs and conducting disciplinary reviews of credential holders. The CTC issues credentials, permits and waivers to classroom teachers, student service specialists, school administrators, and child care professionals. The CTC also adopts standards and performs accreditation reviews of teacher preparation programs, including public and private institutions of higher education and local educational agencies (LEAs) in California. In addition, the CTC is required to review and take action on misconduct cases involving credential holders and has the authority to suspend and revoke credentials.

State Operations

The CTC is a "special fund" agency whose state operations are largely supported by two special funds – the Test Development and Administration Account and the Teacher Credentials Fund. Of the CTC's \$27 million state operations budget in 2015-16, about \$21 million is from credential and accreditation fees, which are revenue sources for the Teacher Credentials Fund and \$5 million is from educator exam fees, which fund the Test Development and Administration Account. The CTC also received \$7.5 million in General Fund in 2015-16 and a small amount in reimbursement revenue. The chart on the next page outlines the CTC's expenditures in 2014-15, 2015-16 and the Governor's proposed expenditures for 2016-17.

Commission on Teacher Credentialing Expenditures and Positions
(Dollars in thousands)

Fund Source	2014-15	2015-16	2016-17 Proposed
General Fund	\$0	\$7,467	\$2,533
Teacher Credentials Fund	16,167	20,986	22,282
Test Development and Administration Account	4,305	4,980	4,460
Reimbursements	403	388	308
Total Expenditures (All Funds)	\$20,875	\$33,821	\$29,583
Positions	135.6	139.6	139.6

Source: 2016-17 Governor's Budget

Teacher Credentials Fund (Credential Fees)

The Teacher Credentials Fund is generated by fees for issuance, of new and renewed credentials and other documents. Current law requires, as a part of the annual budget review process, the DOF to recommend to the Legislature an appropriate credential fee sufficient to generate revenues necessary to support the operating budget of the Commission plus a prudent reserve of not more than 10 percent.

In 2012-13 the CTC increased the credential fee from \$55 to \$70 due to fund instability primarily due to a decrease in credential applications. This action restored the fee to the statutory maximum. In the 2015-16 budget trailer bill, AB 104 (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2015, the credential fee was further increased to \$100 per applicant, with the additional revenue generated intended to support processing of teacher misconduct caseload. Beginning in 2013-14, the CTC also began assessing fees on teacher preparation programs to cover the cost of accrediting these programs.

Test Development and Administration Account (Exam Fees)

The Test Development Administration Account is generated by various fees for exams administered by the CTC such as the California Basic Educational Skills Test (CBEST), the Reading Instruction Competence Assessment (RICA), and the California Subject Examination for Teachers (CSET), the California Teachers of English Learners (CTEL), and the California Preliminary Administrative Credential Examination (CPACE).

The CTC has the authority to review and approve the examination fee structure to ensure that the examination program is self-supporting. To determine fees for these testing programs, the CTC staff projects the number of exams, based upon their most recent figures, and compares

these figures with projected examination program costs. The CTC has made a number of adjustments in recent years based upon the demand for the various exams. Most recently, in 2012-13, the CTC increased fees for most exams. No exam fee adjustments were made in 2015-16 and no changes are proposed for 2016-17.

2015-16 Budget Changes

The 2015-16 budget provided a total of \$10.6 million in one-time funding (over two years) for the CTC to carry out a number of one-time activities.

Teacher and Administrator Test Development. The 2015-16 budget provided \$5 million over two years (\$4 million in 2015-16 and \$1 million in 2016-17) in non-Proposition 98 General Fund for the CTC to update the California Teacher Performance Assessment and develop an Administrator Performance Assessment.

New teacher candidates are required to take a Teaching Performance Assessment (TPA) as part of the teacher preparation program. The TPA is intended to measure the mastery of California's Teaching Performance Expectations for beginning teachers. The current TPA needs to be updated to align to the new state standards and the CTC's updated assessment quality standards. The new TPA is expected to be operational by 2017-18.

The CTC also recently approved new program standards for the Preliminary Administrative Services Credential Program and voted to require the passage of an Administrative Performance Assessment (APA) for preliminary licensure, once one has been developed. The CTC has begun the process of developing the APA and is anticipating field testing in the spring of 2018.

Accreditation Data System. The 2015-16 budget included \$5 million over two years (\$3.5 million in 2015-16 and \$1.5 million in 2016-17) in non-Proposition 98 General Fund for the development of a new accreditation data system.

The CTC has been actively working to strengthen and streamline the accreditation system, which includes updating data collection and developing a series of data dashboards to improve transparency for teacher preparation programs, candidates and the public. One of the key features of the revised accreditation data system is an expanded focus on examining the outcomes of education preparation. The CTC has retained a contractor to work with CTC staff on the technical aspects of developing a data dashboard system. The CTC has also been working with stakeholders on identifying what new data will also be included in the new data dashboard system.

The CTC reports that the project is currently on budget and meeting projected timelines with an expected completion date of June 2017.

Align Assessments with New Science Standards. The 2015-16 budget also included \$600,000 from the Test Development and Administration Account to align the California Subject Examinations for Teachers (CSET) with the Next Generation Science Standards (NGSS). The CSET is used to verify subject matter competence for both single and multiple subject teaching credentials and passage of the exam is one of the requirements for a preliminary credential. As of February 2016, the CTC had convened subject matter advisory panels of California

content experts and began the process to develop and review subject matter requirements which will ultimately guide a review of the test item bank and the need for additional test items.

Beginning Teacher Induction Programs. The 2015-16 budget included a requirement for the CTC to report to the Legislature and the Department of Finance by September 1, 2015, on options for streamlining and reforming beginning teacher induction, including findings and funding recommendations. In this report the CTC made the following recommendations:

- 1) Focus induction standards on the California Standards for the Teaching Profession.
- 2) Focus induction primarily on high quality mentoring, with an emphasis on meeting the new teacher's immediate needs and supporting long-term teacher growth through ongoing reflection on and analysis of teaching practice.
- 3) Determine the nature and scope of each new teacher's induction program through an Individualized Learning Plan (ILP) that is guided by the candidate's current assignment, career aspirations, and local and state initiatives.
- 4) Streamline the commission's accreditation system to eliminate unnecessary and time-consuming documentation activities and increase reliance on outcome data to determine the quality and effectiveness of programs.
- 5) Ensure that the Local Control and Accountability Plan (LCAP) prioritizes the induction of new teachers.
- 6) Conduct surveys of employers, new teachers and induction program sponsors on the mentoring services made available to new teachers they have hired.
- 7) Ensure that new teachers receive appropriate support and mentoring in their first years of teaching regardless of the type of contract (temporary or probationary) under which the individual is employed, and that this mentoring be without cost to the new teacher.

Backlog of Teacher Misconduct Cases

The CTC is charged with enforcing professional conduct standards and monitors the conduct of credential applicants and holders. The CTC has the authority to discipline applicants or holders for misconduct, and cases that are not resolved at the CTC may be referred to the Office of the Attorney General for an administrative hearing. Since 2011-12, the CTC's caseload for teacher misconduct cases has increased considerably. This increase is likely due to bad publicity for certain districts on their handling of misconduct cases. This has led to a sizable backlog in teacher misconduct cases.

Additionally, a 2011 BSA audit found that the CTC revealed weaknesses in the educator discipline process and made a number of recommendations to address the backlog. The CTC has since implemented all the BSA's recommendations. However, the number of open cases has remained fairly consistent over the past three years, at about 2,300-2,600 at any given time. This is well below the 4,629 cases that were open in January 2010.

In order to address the backlog, the 2015-16 budget included an increase in credentialing fees. The \$5 million in revenue generated by this is used to support additional legal staff for the Attorney General's office. However, little progress has been made in shrinking the backlog. The CTC and Attorney General's office anticipate this number will begin to decrease near the end of the current fiscal year as the Attorney General's office ramps up its efforts in this area.

The Governor's 2016-17 Budget

The Governor's budget includes minor workload adjustments for the CTC in 2016-17. The budget also removes one-time funding from 2015-16 and provides \$1 million in one-time General Fund for test development and \$1.5 million in one-time General Fund for developing the accreditation data system, consistent with the 2015-16 budget actions.

STAFF COMMENTS

Staff has no concerns with the Governor's proposed level of funding for the CTC. The Legislature and Governor have committed to provide approximately \$10 million over two years in order to strengthen and streamline the accreditation system for preparing educators and update the accreditation data system, which will benefit the state, educator preparation programs, candidates, and the public. The CTC is on track and within budget on these projects.

Staff recommends the Subcommittee continue to monitor the progress on the backlog of the teacher misconduct cases to ensure that the CTC and Attorney General's office are on track to eliminate the backlog.

SUGGESTED QUESTIONS

- Since funding for the Beginning Teacher Support and Assessment Program (BTSA) was consolidated into the LCFF, are districts continuing to offer induction programs at no cost to the teacher? Are new teachers receiving the support that they need?
- Why has no progress been made in shrinking the backlog of teacher misconduct cases? When does the CTC anticipate this backlog to be eliminated?
- How will the new accreditation data system be useful for educator preparation programs, candidates and the public? Specifically, what data will be collected and found in this system?

Staff Recommendation: Approve the Governor's proposed budget for the CTC.

ISSUE 3: CALIFORNIA'S TEACHER SHORTAGE

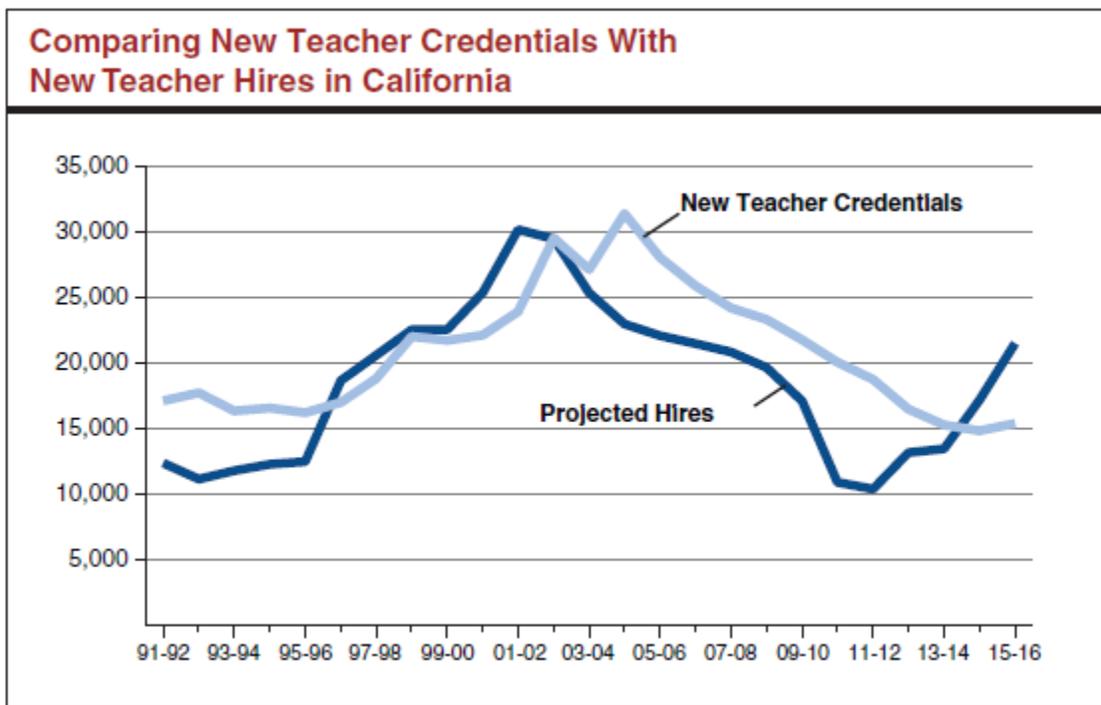
The Subcommittee will discuss California's emerging teacher shortage and options for addressing the shortage.

PANELISTS

- Dan Kaplan, Legislative Analyst's Office
- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Patrick Shields, Executive Director, Learning Policy Institute
- Nathan Evans, Chief of Staff for Academic and Student Affairs, California State University Chancellor's Office

BACKGROUND

School districts across the state are facing teacher shortages. The number of credentials issued to new teachers is at a historic low, while school districts are expanding programs and restoring positions eliminated during the recession. As shown in the chart below, teacher demand is outpacing supply.



Source: Legislative Analyst's Office

In addition to the number of newly credentialed teachers and projected hires, there are other factors that affect the teacher workforce, including teacher turnover rates, class size reduction efforts, credentialing requirements, the overall desirability of the teaching profession, and the availability of state funding, among other factors.

Although teacher shortages are currently occurring in all subject areas, the problem is most severe in math, science and special education. The CDE has identified teacher shortages in these areas nearly every year since 1990-91. Teacher shortages in math and science can be attributed to the small number of undergraduates trained in science, technology, engineering and math (STEM). These graduates are often attracted to other professions offering higher salaries. Teacher shortages in special education are often attributed to the high turnover rates,

due to the additional stress factors faced by special education teachers. Each of these areas has seen a significant drop in the number of preliminary credentials issues to new teachers and a significant increase in the number of temporary permits, waivers and intern credentials, meaning that students in these areas are increasingly being taught by underprepared teachers.

Past Policies

In the past, the state has instituted various programs aimed at recruiting and retaining teachers. Funding for these programs has been eliminated over the years, or in some cases, consolidated into the Local Control Funding Formula (LCFF).

The chart on the next page describes many of the specific policies aimed at addressing past teacher shortages.

Summary of Policies Designed to Address Teacher Shortages		
Policy Category	Overriding Goal of Policy	Specific Programs
More Flexible Credential Requirements	Increase the supply of teachers.	(1) Programs that allow individuals to test or waive out of requirements. (2) Reductions in number or types of requirements.
More Accessible Credentialing Programs	Increase the supply of teachers.	(1) Online programs (CalState TEACH). (2) Internship programs. (3) Programs that begin throughout the year.
Recruitment, Advertising, and Outreach	Increase the supply of teachers.	(1) Out-of-state recruitment (by districts). (2) CalTeach recruitment centers. (3) Recruit high schoolers (CSU partnerships). (4) Recruit college students to become STEM teachers (UC). (5) Credential reciprocity with other states.
Support Programs	Reduce turnover and improve quality.	(1) Beginning Teacher Support and Assessment (BTSA). (2) New teacher induction programs. (3) Peer Assessment and Review Program (PAR). (4) Ongoing professional development. (5) Additional prep periods for certain teachers.
Ongoing Salary Increases	Increase the supply of teachers, reduce turnover, and improve quality.	(1) Locally bargained salary increases. (2) Differentiated pay by subject.
Salary Bonuses	Attract people to teach in longstanding shortage areas and improve quality.	(1) Bonuses for specific subjects. (2) Bonuses for dual-credential holders to teach specific subjects. (3) Bonuses to teach in hard-to-staff schools. (4) Return-to-workforce bonuses for retired teachers.
Housing Subsidies	Increase the supply of teachers.	(1) Subsidized mortgages. (2) Extra-Credit Teacher Home Purchase Program. (3) Rent-controlled units (provided by districts).
Financial Aid for Becoming/ Working as a Teacher	Increase the supply of teachers and attract people to teach in longstanding shortage areas.	(1) Assumption Program of Loans for Education (APLE). (2) Governor's Teaching Fellowship Program. (3) Cal Grant T. (4) Federal Teacher Loan Forgiveness Program. (5) Teacher cancellation of federal Perkins loans.

Source: Legislative Analyst's Office

The 2015 Budget Act

The 2015 Budget Act provided \$200,000 General Fund to California State University to raise awareness of federal loan forgiveness programs among students seeking teacher certificates at CSU campuses. CSU used the funding to encourage students to sign up for the federal TEACH grant, which provides up to \$16,000 in loan forgiveness for teachers. CSU distributed the funding to campuses based on the number of students in certificate programs; average per-campus funding was about \$10,000. CSU's goal was to double the number of TEACH participants, from 400 to 800, and CSU reports that is on track to exceed its goal. CSU will continue this program in 2016-17, with hopes that 1,200 students will become TEACH participants. CSU also reports that it will also seek to improve participation in other federal loan cancellation programs that are currently under-utilized in the state.

Learning Policy Institute Research

The Learning Policy Institute, a non-profit education research firm, recently issued a report, *Addressing California's Emerging Teacher Shortage: An Analysis of Sources and Solutions*, which examines California's teacher shortage and offers potential solutions for policymakers.

The Learning Policy Institute's findings include:

- In mid-October, two months after the school year started, EdJoin, the statewide educator job portal, still listed more than 3,900 open teaching positions – double the number listed at that time in 2013.
- Estimated teacher hires for the 2015-16 school year increased by 25 percent from 2014-15, while preliminary credentials issued to fully prepared new teachers increased by less than one percent in the previous year, and enrollment in UC and CSU teacher preparation programs increased by only about 3.8 percent.
- In 2013-14 provisional and short-term permits nearly tripled from the number issued two years earlier, growing from 850 to more than 2,400.
- In all, the number of teachers hired on substandard permits and credentials nearly doubled in the last two years, comprising a third of all the new credentials issued in 2014-15.

The Learning Policy Institute recommends adopting a comprehensive set of strategies at the local and state levels to address the teacher shortage. These recommendations include:

- 1) Reinstate the CalTeach program.
- 2) Create incentives to attract diverse, talented individuals to teach in high-need locations and fields.
- 3) Create innovative pipelines into teaching, such as high school career pathways and grow-your-own teacher preparation models.
- 4) Increase access to high quality preparation programs that support teacher success in high-need districts and fields.
- 5) Ensure that all beginning teachers have access to a high-quality support and mentoring program.
- 6) Provide incentives that support teachers' ability to stay in or re-enter the profession.
- 7) Improve teaching conditions by supporting administrator training.

LAO Recommendations

The LAO recommends the Legislature focus on perennial teacher shortage areas (special education, science and math) and difficult to staff schools (low-income, city-center and rural schools) when creating policies to address the teacher shortage. The LAO also recommends developing a longitudinal teacher database to track workforce trends and determine the effectiveness of workforce policies.

STAFF COMMENTS

There are a number of legislative efforts to address the teacher shortage this year. Some of these ideas include:

Integrated Teaching Credential Program. The proposal would provide one-time funding for the CTC to provide grants to California's public or private nonprofit postsecondary institutions to create an Integrated Teaching Credential Program that allows students to earn their bachelor's degree, finish their teaching credential requirements, and complete their student teaching within four years.

Classified School Employee Teacher Credentialing Program. This proposal would reinstate funding to build on an existing teacher recruitment program. The California Classified School Employee Teacher Credentialing Program would recruit classified school employees and financially assist them in obtaining a bachelor's degree and teacher credential to further expand the pool of qualified and diverse teachers. Once completed, the candidate would commit to teaching in their community for a specified period of time.

Beginning Teacher Support and Assessment Program. This proposal would make an unspecified appropriation to support the Beginning Teacher Support and Assessment (BTSA) program, which provides support and mentoring for beginning teachers.

Loan Forgiveness for Teachers. This proposal would make changes and provide funding for the Assumption Program of Loans for Education (APLE) program, a loan forgiveness program for new teachers that agree to teach in certain difficult to staff schools.

Teacher Residency Program. This proposal would establish the California Teacher Corps program to provide matching grants to LEAs to create or expand teacher residency programs.

Teacher Recruitment Program. This proposal would re-establish the California Center for Teaching Careers (Cal Teach), a program to recruit teacher candidates from colleges, other careers, and other states.

SUGGESTED QUESTIONS

- What past programs have been most effective in recruiting and retaining teachers?
- What data did the LAO use in determining that the gap in the teacher market will likely correct itself over time? How long does the LAO anticipate this would take?
- What are the CTC and CSU already doing to address the teacher shortage? What are some of the short term and long term strategies?

Staff Recommendation: Information Only.

6100 CALIFORNIA DEPARTMENT OF EDUCATION

ISSUE 4: STATE STANDARDS IMPLEMENTATION

The California Department of Education (CDE) will provide the Subcommittee with an update on the implementation of California's newly adopted state standards.

PANELISTS

- Debra Brown, Department of Education

BACKGROUND

Academic content standards describe what students should be learning in a particular subject area at each grade level. The State Board of Education (SBE) is responsible for adopting academic content standards in California. California first adopted standards in English language arts and math in 1997. A year later the state adopted standards in science and history-social science. Since then, California has adopted standards in various other subjects, such as English language development, physical education and career technical education.

Common Core State Standards

The Common Core State Standards (CCSS) are nationally developed content standards for English language arts and math that were created in 2010. The SBE adopted the CCSS in August 2010 and is one of 46 states using these standards. The CCSS are intended to better prepare students for college and career by increasing student collaboration, fluency in technology, critical thinking, and communication skills.

English Language Development Standards

The California English Language Development (ELD) Standards were adopted by the State Board of Education in November 2012. These standards are aligned with the CCSS in English Language arts and describe the knowledge, skills, and abilities that English Learner students need to participate fully in the appropriate grade-level academic content. This adoption replaced the prior version of the ELD standards, adopted in 1999.

Next Generation Science Standards

In 2013, the SBE adopted new standards in science, called the Next Generation Science Standards (NGSS). The NGSS were developed by a coalition of states and experts in science education, led by the National Research Council, the National Science Teachers Association, and the American Association for the Advancement of Science and include the science knowledge that all K-12 students should know based on the most current science research.

State Support for Standards Implementation

Prior to the LCFF, the state provided categorical programs for professional development and purchasing instructional materials. However, during the recession these programs were "flexed," allowing districts to use the funds for any purpose, and ultimately consolidated into the LCFF. Although LEAs can use their LCFF funds to implement new content standards, many LEAs were slow in implementing the standards early on because they were still recovering from the recession. The state has provided some dedicated funding for schools to implement newly adopted standards.

The 2013-14 budget provided \$1.25 billion in one-time Proposition 98 funding (approximately \$200 per student) for school districts, charter schools and county offices of education to implement the new standards. Specifically, the funding could be used for professional development, instructional materials and technology related to the new content standards and new computer based assessments. LEAs were required to develop a proposal for how they plan to use the funds and present the plan at a public meeting. LEAs were also required to report their expenditures to the CDE and for the CDE to report to the Legislature and Department of Finance on or before January 1, 2016. According to the report provided by the CDE, LEAs reported the following expenditures:

\$ 385,233,319	Professional Learning
\$ 350,929,857	Instructional Materials
<u>\$ 589,837,631</u>	<u>Information Technology</u>
\$1,326,000,807	Total Expenditures

Although many LEAs reported expenditures up to the total amount of funding received for this purpose, other LEAs reported actual expenditures including those made with other LEA funds, which in total exceeded the amount of funding received by the LEAs. As a result, statewide expenditures reported exceed the amount of the statewide appropriation.

The 2015 Budget Act included \$490 million in educator effectiveness funds. One of the uses prescribed by AB 104, (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2015, is professional development aligned to recently-adopted statewide academic content standards.

The state has also provided \$3.6 billion (\$400 million in 2014-15, and \$3.2 billion in 2015-16) in discretionary funding to LEAs to pay off the mandates backlog. Although this funding is discretionary, the state has suggested in intent language that the funds be prioritized for implementation of state standards among other activities.

STAFF COMMENTS

The adoption of new content standards in English language arts, math, English language development, and science represents a major change for schools. With these new standards, teachers are required to change their instruction to align with what students are expected to know. In order to successfully implement the new standards, schools must provide teacher training and purchase updated materials. At one time, the CDE estimated the cost for schools to implement the CCSS was approximately \$3 billion. The CDE estimates the cost to implement the NGSS to be approximately \$929.3 million based on lab supplies, materials, technology and equipment.

In the past, the Legislature and Governor have used available one-time funding for schools to implement new state standards. The Subcommittee could consider using available one-time funding for this purpose.

SUGGESTED QUESTIONS

- What have been the most significant challenges for schools in implementing the new content standards? What support has CDE provided?
- How far along are districts in fully implementing the various standards?
- Does CDE believe additional resources are needed for LEAs to successfully implement the standards?

Staff Recommendation: Information Only.

ISSUE 5: FUNDING FOR THE EXPLORATORIUM

The Subcommittee will hear the Governor's budget proposal to provide \$3.5 million for the Exploratorium in San Francisco to provide professional development and leadership training in implementing the Next Generation Science Standards and improving instruction in science, technology, engineering and math (STEM) education.

PANELISTS

- Amber Alexander, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Debra Brown, Department of Education

BACKGROUND

The Exploratorium, located in San Francisco, was founded in 1969 and specializes in interactive exhibits illustrating scientific principles. Although the Exploratorium is primarily a science museum, it also provides resources for math and science teachers. The Exploratorium offers teacher professional development resources including workshops, leadership programs, online courses and digital teaching resources at no cost to participants and additional programming for teacher professional developers at minimal cost. The Exploratorium offers free admission for all California public school teachers and free field trips to all California Title I Schools.

The state has provided some funding to the Exploratorium in the past, including a one-time grant of \$700,000 in 1984, \$500,000 in ongoing funding from 1988-89 through 1990-91, and about \$1.5 million annually from 1997-98 through 2002-03.

The Governor's 2016-17 Budget

The Governor's budget adds \$3.5 million to San Francisco Unified School District's LCFF apportionment. The Governor's proposed trailer bill language requires this funding to be made available to the Exploratorium in San Francisco for the purposes of providing professional development and leadership training for education professionals, expanding access to quality STEM education and supporting the implementation of the NGSS.

LAO Recommendation

The LAO recommends rejecting the Governor's proposal. The LAO argues that to the extent that districts would like to participate in professional development programs offered by the

Exploratorium, they could use general purpose funds to pay fees typically assessed by the Exploratorium.

If funds are provided, the LAO recommends providing the appropriation in the budget bill, instead of including it as part of SFUSD's LCFF funding. The LAO argues that this approach would provide more transparency.

STAFF COMMENTS

As highlighted in the previous issue, professional development is certainly needed to implement the newly adopted NGSS. Staff highlights the following issues to consider:

Questions around Proposition 98. In response to the budget crises in 1991-92 through 1993-94, the state allowed schools to spend above the minimum Proposition 98 guarantee through the use of Proposition 98 "loans." These loans totaled \$3.1 billion. The purpose of these loans was to maintain K-12 per-pupil spending at the level provided in the 1991 Budget Act without exceeding the minimum level of state funding required by Proposition 98. The Legislature and the Governor did not want to exceed the Proposition 98 minimum because spending above the minimum level in any given year increases the "base" funding required in future years.

The California Teachers Association (CTA) challenged the constitutionality of these loans in *CTA et al. v. Gould*. In April 1994, the Superior Court in Sacramento County ruled the loans unconstitutional. While an appeal was pending, the parties to the lawsuit reached a settlement in July 1995. SB 1330, Statutes of..., made the statutory changes necessary to implement the settlement agreement, which included repayment of \$1.8 billion in outstanding Proposition 98 loans over an eight-year period and a gradual increase in the Proposition 98 guarantee over time. Part of the settlement agreement also prohibited the state from using Proposition 98 funds to support several existing or previously funded education programs, which included the Exploratorium. The Subcommittee should consider whether funds provided to the Exploratorium should be counted as meeting the Proposition 98 guarantee.

Additional information needed. If funds are provided to the Exploratorium, staff recommends including additional trailer bill language requiring the Exploratorium to report to the Legislature once a year on how many teachers received professional development, including workshops and online resources from the Exploratorium.

SUGGESTED QUESTIONS

- Why is the administration proposing to provide \$3.5 million to San Francisco Unified School District to pass through the funding to the Exploratorium, instead of providing the funding directly to the Exploratorium?
- Given the settlement agreement from 1995, should funding provided to the Exploratorium be counted as meeting the Proposition 98 minimum guarantee?

- Would the Administration support including additional reporting requirements for the Exploratorium?

Staff Recommendation: Hold Open.

ISSUE 6: STATE ASSESSMENTS

The Subcommittee will review California's statewide student assessment system, which is in the process of being updated to reflect the state's adoption of new statewide content standards. Legislation passed over the past few years has eliminated several assessments that were aligned to prior academic content standards, and provided for a transition to assessments that are aligned to the Common Core State Standards (CCSS) in English language arts and mathematics, English language development standards and Next Generation Science Standards. This item reviews existing assessments and those under development and associated costs.

PANELISTS

- Amber Alexander, Department of Finance
- Debra Brown, Department of Education
- Edgar Cabral, Legislative Analyst's Office

BACKGROUND

Following California's adoption of the CCSS and other content standards, the state also made significant changes to the state's student assessment system. AB 484 (Bonilla), Chapter 489, Statutes of 2013, replaced the Standardized Testing and Reporting (STAR) system, with the California Assessment of Student Performance and Progress (CAASPP) system. The CAASPP system includes the following assessments:

Smarter Balanced Assessments in English Language Arts and Math

The Smarter Balanced Assessment Consortium (SBAC) is a national consortium that developed new student assessments in English language arts and math, aligned to the CCSS. The SBAC assessments are computer based, and some sections are computer adaptive, meaning that the level of difficulty of each question is based on how the student answered the previous question. However, a paper pencil version of the test will be available through 2017-18. Unlike the previous tests in English language arts and math, which only included multiple choice questions, the SBAC assessments include various question types including written responses and an essay. The SBAC assessment contract also includes interim and formative assessment tools to help teachers assess students throughout the year that districts can use at no additional cost.

The SBAC statewide assessments are given to students in grades three through eight and eleven. Students first took the SBAC field test, or practice test, in the spring of 2014 and the

test was fully operational last spring. Student scores were low on the new assessments, which was anticipated since it was the first time testing students on the new, more rigorous standards. After the test is administered this spring, the state will then have two years of data to compare student growth. The testing window for this school year opened on April 11th.

Science Assessments

The CDE is currently developing a new science assessment aligned to the NGSS. The budget includes funding for the development of this new assessment. The CDE estimates the cost for the contractor to develop this assessment is \$10.1 million. The scope of work includes developing the assessment items, pilot testing and field testing these items. The CDE anticipates the NGSS aligned assessment to be operational in 2018-19. Until the new science assessment is operational, LEAs are required to continue to administer science assessments aligned with the state's old standards in grades 5, 8, and 10 (consistent with federal law).

Alternative Assessment for Students with Disabilities

The California Alternate Assessments (CAAs) is for students with significant cognitive disabilities. It is currently offered in English language arts and math in grades three through eight and eleven. The CAAs replaced the California Alternate Performance Assessment (CAPA) for English language arts and CAPA for mathematics. The CAPA for science in grades five, eight, and ten will continue to be administered until a replacement assessment is available.

Primary Language Assessment

California has also historically provided for a primary language assessment for English learner students to demonstrate mastery of reading/language arts standards. Currently, the state allows LEAs the option of continuing to administer the existing Standards-based Test in Spanish (STS) until a successor assessment is operational. LEAs may also administer the STS to students enrolled in dual-immersion programs at their own expense. Funds were provided in the CAASPP contract for continued development of a primary language assessment(s). The CDE estimates the cost to develop the new primary language assessment is \$4.7 million, which includes test development, pilot testing and field testing. The CDE anticipates the fully operational exam may be available in 2018-19.

English Language Proficiency Assessment

Students in kindergarten through grade twelve whose home language is not English are required by law to be assessed in English language proficiency, using the California English Language Development Test (CELDT). The CELDT allows schools to identify students who need to improve their skills in listening, speaking, reading, and writing in English. Schools also give the test each year to students who are still learning English.

SB 201 (Lui) Ch. 478, Statutes of 2013, authorized the development of a new English Language Proficiency Assessment for California (ELPAC). The new assessment will be aligned to the CCSS, including the new ELD standards. Funding to develop this exam is included in the Governor's budget. The CDE estimates the cost to develop the ELPAC will be \$13.8 million. The CDE estimates that the ELPAC will be operational in the spring of 2018.

California High School Exit Exam (CAHSEE)

Senate Bill 172 (Liu), Chapter 572, Statutes of 2015, suspended the administration of the CAHSEE, and the requirement that students pass this exam as a condition of graduation from high school during the 2016-17 through 2018-19 school years, or when the CAHSEE is no

longer available. The current CAHSEE contract expired in October of 2015. The CDE identified approximately \$9.8 million in savings. Some of these savings will be used for other testing costs, with the remaining being reverted to the Proposition 98 General Fund.

Governor's 2016-17 Budget

The Governor's budget provides a total of \$134.3 million for state assessments, including \$110.3 million in Proposition 98 General Fund and \$24 million in Title VI federal funds. Since the budget was released in January, the CDE has provided updated cost estimates for the assessment system. The CDE estimates the total costs for 2016-16 to be \$139.4 million, including \$124.5 million in Proposition 98 General Fund and \$14.9 million in Title VI federal funds. These changes are related to increased General Fund costs for the ELD assessment and development of the new science, alternative and primary language assessments, and a decrease in federal funds for the ELD assessment. The CDE's updated estimates are outlined in the chart below.

Proposed 2016-17 Statewide Student Assessment Costs			
Assessment Activity	Prop 98 Funds Projected Costs	Federal Funds Projected Costs	Total Projected Costs
Other Assessment-Related Contracts	\$1,490,008	\$600,000	\$2,090,008
English Language Development Assessment			
Administration of CELDT		\$7,242,000	\$7,242,000
Development of ELPAC	\$13,800,000		\$13,800,000
California Assessment of Student Performance and Progress			
CAASPP 2015-16 through 2017-18 Contract	\$75,784,000	\$7,075,000	\$82,859,000
SBAC Consortium	\$9,550,000		\$9,550,000
Independent Evaluation	\$621,000		\$621,000
Assessment Apportionments			
Assessment Apportionments	\$23,223,000		\$23,223,000
High School Proficiency Exam			
High School Proficiency Exam	\$1,244,000		\$1,244,000
Reimbursements for High School Proficiency Exam	(\$1,244,000)		(\$1,244,000)
Totals	\$124,468,008	\$14,917,000	\$139,385,008

Source: Department of Education

Recommendations for Expanding the State's Assessment System

AB 484 also required the Superintendent to consult with stakeholders and submit recommendations to the SBE by March 1, 2016 regarding expanding the assessment system to include other subject areas, such as history-social science, technology, visual and performing arts, and other subject areas deemed appropriate. In March the Superintendent provided the Legislature with the following recommendations:

Recommendation 1: Develop and administer three state computer-based summative assessments in History/Social Science in elementary, middle and high school. This

recommendation includes using student and group measurement information while at the same time sampling content among students to reduce testing time.

Recommendation 2: Provide state-supported formative assessment resources that are aligned with California Next Generation Science Standards (CA NGSS) in the Digital Library, similar to the resources provided for English language arts and math.

Recommendation 3: The CDE shall vet state-supported resources and tools (e.g., rubrics, classroom activities, performance tasks, assessments) that support implementation of a comprehensive assessment system and provide those resources for local use.

Recommendation 4: Provide regional assessment support to schools and districts on the implementation of the comprehensive assessment tools and resources.

In order to implement these recommendations, the state would need to provide additional funding. Some of the recommendations would also require legislation.

STAFF COMMENTS

The statewide assessment costs will be updated at the May Revision, based on final cost estimates. Staff recommends holding this issue open.

SUGGESTED QUESTIONS

- How are schools doing so far in implementing the second fully operational year of the computer based assessments? What implementation challenges have surfaced so far?
- What is the total cost for CDE's recommendations for expanding the state assessment system?
- Should the state expand the state's assessment system, or allow LEAs the ability to assess students in other subject areas if they choose?

Staff Recommendation: Hold Open.

ISSUE 7: K-12 HIGH SPEED NETWORK

The Subcommittee will hear the Governor's proposed budget for the K-12 High Speed Network. The budget includes \$8 million in Proposition 98 General Fund for the HSN's operations.

PANELISTS

- Rebecca Hamilton, Department of Finance
- Debra Brown, Department of Education
- Teri Sanders, Chief Operating Officer, California K-12 High Speed Network
- Natasha Collins, Legislative Analyst's Office

BACKGROUND

The demand for high speed internet in schools has increased in recent years, especially with the newly implemented computer based assessments. Most schools connect to their school district office or county office of education (COE) which then connects to a high-speed internet backbone (a series of fiber-optic cables that run across large distances) operated by the Corporation for Education Network Initiatives in California (CENIC). CENIC is a non-profit organization that provides internet services to educational agencies in California.

The K-12 High Speed Network (HSN) was established in 2004-05 to manage the connections among the 58 COEs, or network "hubs." The Department of Education was then charged with selecting a grantee to coordinate the HSN, which was awarded to the Imperial County Office of Education. The state pays for HSN to lower the cost of Internet connections for COEs and participating schools and improve their Internet service. The HSN lowers the cost of Internet for COEs and schools because (1) the state pays for the portion of their Internet connection that runs through HSN and the backbone, (2) CENIC is supposed to charge lower rates for these connections than for-profit Internet companies, and (3) CENIC applies for state and federal Internet subsidies that COEs and schools might not apply for on their own.

The HSN's primary activities include:

- Encouraging COEs and schools to connect to the HSN and working with CENIC to connect them.
- Overseeing contracts with CENIC to manage the COEs' connections and claim state and federal Internet subsidies on their behalf.
- Planning and communicating with COEs about Internet upgrades and other requirements for their sites.
- Coordinating other contracts and serving as a point of contact for COEs' and schools' HSN and Internet-related needs.

Historically, the HSN has received \$8.3 million in Proposition 98 General Fund annually. However, over time, as the HSN's costs have decreased, they accumulated a high reserve. In 2014-15, the HSN's reserve was \$14.7 million. The 2015-16 budget suspended the HSN's General Fund appropriation, causing them to spend down their reserve. The DOF estimates that the HSN's reserve will be \$4.8 million at the end of 2015-16.

The HSN primarily incurs costs for CENIC's services, salaries and benefits for the HSN grantee's employees, and equipment purchases. In addition, the HSN has various other types of expenditures, including travel and contracts with entities other than CENIC. The state has recently charged the HSN grantee with implementing two new initiatives – the Broadband Infrastructure Improvement Grant (BIIG) program and the Technical Assistance and Professional Development Initiative.

BIIG 1.0

The 2014-15 Budget Act allocated \$26.7 million to support network connectivity infrastructure grants and the completion of a statewide report of network connectivity by the HSN in consultation with the CDE and State Board of Education (SBE). The intent of these funds is to assist schools that do not have sufficient internet connectivity to conduct the California Assessment of Student Performance and Progress (CAASPP) System that includes the Smarter Balanced computer-based assessments. The statewide report of connectivity will include an assessment of local area network resources and wireless coverage within the school campus and an estimate of the costs associated with upgrading the Internet infrastructure to support the implementation of computer-based assessments.

The HSN has spent approximately \$21.5 million of the \$26.7 million to connect 184 schools sites identified in the first process. It is anticipated that all grant funding will be exhausted by next fiscal year, and some sites will be moved to BIIG 2.0 funding if the projects exceed the \$26.7 million. The HSN anticipates receiving close to \$6 million in subsidy or rebates from BIIG 1.0.

BIIG 2.0

The 2015-16 Budget Act allocated an additional \$50 million to the HSN to support network connectivity infrastructure grants. The funds from this grant award are to be used to distribute network connectivity infrastructure grants in order of priority. First priority for critical need grants shall go to local educational agencies (LEAs) that are unable to administer computer-based assessments at the school site and will experience the greatest benefit in terms of the number of students able to be assessed at the school site as a result of the grant. Second priority for critical need grants shall go to the LEAs that have to shut down essential operations to administer computer-based assessments at the school site, including, but not limited to, business services, email, and access to other critical online activities. The 2015 Budget Act also stated that the K–12 High-Speed Network may fund projects that will result in per-pupil costs of more than \$1,000 per test-taking pupil only upon approval of the Department of Finance, and no sooner than 30 days after notification in writing is provided to the Joint Legislative Budget Committee (JLBC). Additionally, if funds remain after grants have been distributed to all identified school sites for priorities one and two for which the K–12 High-Speed Network is able to identify solutions, the K–12 High-Speed Network may provide grants to under-connected schools that do not have adequate broadband infrastructure with the same approval process.

The HSN is in the early stages of implementing BIIG 2.0, therefore no funds have been disbursed yet. Through the HSN's procurement process, 220 school sites were identified as meeting the grant criteria, totaling about \$25 million. Of these sites, 47 exceeded the \$1,000 per test-taking pupil, totaling \$7.3 million. The DOF approved funding the 47 sites and submitted these projects to the JLBC on March 3rd. The JLBC approved the projects on March 28th. As of today, several schools have opted out of the grant, and the number of schools identified is approximately 155 sites. Of the 47 sites presented to the JLBC, 14 have opted out of funding. The HSN is currently considering the fiscal impact of the sites that have declined the grant.

The HSN anticipates receiving E-rate subsidies from BIIG 2.0, but the amount is unknown at this time.

Technical Assistance and Professional Development Grant

The 2015-16 budget also allocated \$10 million to the HSN for the purpose of providing professional development and technical assistance to LEAs related to network management.

The HSN is currently developing a plan for using this funding. The broad goals of this plan include:

- 1) Leverage and extend one-time funds (e.g. recording sessions, revisiting curriculum, train-the-trainer, etc.).
- 2) Build capacity at the regional level.
- 3) Partner with existing organizations to provide training and support.
- 4) Weave professional development across all domains and levels.
- 5) Focusing on small(er) districts with limited technical capacity, without excluding the needs of larger districts.

The HSN is currently planning to implement trainings using a variety of mechanisms, including: existing conferences, online courses, on-demand (through a YouTube channel), and traveling roadshows. The HSN plans to offer professional development opportunities beginning this fall.

Governor's 2016-17 Budget

The Governor's budget provides \$8 million in Proposition 98 General Fund for the HSN's operations (\$4.5 million in 2016-17 and \$3.5 million reappropriated from 2015-16). The Governor's budget authorizes \$19.3 million for HSN's expenditures in 2016-17. Of these expenditures, the Governor's budget estimates \$10.9 million will be funded through state and federal subsidies and \$383,000 will be used from the HSN's reserve.

LAO Recommendations

The LAO recommends rejecting the Governor's proposal to provide \$8 million for the HSN's operating budget, and instead recommends the HSN use its reserves. The LAO also recommends asking the CDE to report to the Legislature about the performance and cost-effectiveness of the HSN grantee at the spring budget hearings. Additionally, the LAO recommends the administration submit a proposal at the May Revision that identifies the administrative costs associated with the second round of the BIIG and funding options.

STAFF COMMENTS

Since the release of the Governor's budget in January, the HSN has identified additional expenditures, including: \$2.6 million to administer BIIG 2.0 grants and \$1.2 million to replace equipment costs at seven sites. The HSN could use their existing reserve funding for these costs. However, the HSN is asking for an increased appropriation in order to maintain a higher reserve. The HSN argues that due to cash flow issues, a higher reserve is needed. Specifically, because it takes the CDE several months to pass through their General Fund appropriation and the timing of receiving the state and federal subsidies is unpredictable.

There is some disagreement about the current level of the HSN's reserve. The LAO estimates that the HSN's reserve at the end of 2015-16 will be approximately \$9.2 million, while the DOF estimates their reserve level will be \$4.8 million. This difference is partially due to the increased expenditures estimated by the HSN and partially due to an accounting discrepancy in the budget documents provided by the HSN. The DOF believes that the HSN is not accounting for some of their expenditures in 2015-16.

Staff recommends holding this issue open to further consider the HSN's additional costs and appropriate reserve level.

SUGGESTED QUESTIONS

- What does the HSN consider an appropriate reserve amount?
- Could the CDE pass through the HSN's funding more quickly to help alleviate cash flow concerns?
- What specifically are the HSN's increased costs for 2016-17?

Staff Recommendation: Hold Open.
