

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

ASSEMBLYMEMBER KEVIN MCCARTY, CHAIR

TUESDAY, MARCH 16, 2021

9:00 A.M. – STATE CAPITOL, ROOM 437

Due to the ongoing COVID-19 safety considerations, including guidance on physical distancing, seating for this hearing will be very limited for the press and for the public. All are encouraged to watch the hearing from its live stream on the Assembly's website at <https://assembly.ca.gov/todayevents>.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub2@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted. A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: 877-692-8957, Access Code: 131 54 37.

Note: The Subcommittee may pause this hearing at noon and continue at 1:00 P.M. The Chair will update this schedule during the hearing.

INFORMATIONAL HEARING

TK-12, HIGHER EDUCATION, AND GOVERNOR'S BUDGET PROPOSALS

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ITEMS TO BE HEARD

6100 CALIFORNIA DEPARTMENT OF EDUCATION

6360 CALIFORNIA COMMISSION ON TEACHER CREDENTIALING

OVERVIEW

ISSUE 1: Educator Preparation & Pipeline

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Kimberly Leahy, Department of Finance
- Gabriela Chavez, Department of Finance
- Jake Brymner, California Student Aid Commission
- Dr. Mary Vixie Sandy, Commission on Teacher Credentialing
- Elly Garner, Department of Education
- Amy Li, Legislative Analyst's Office

BACKGROUND

Teacher Shortages

In 2018-2019, California's public school system had about 295,000 full-time equivalent teachers, with a statewide student-to-teacher ratio of 21:1. However, roughly three percent of the teacher workforce (around 8,700 teachers) had an emergency credential, suggesting that school districts have trouble finding credentialed teachers. This is more common for certain subject areas, including special education, science, and math, and for certain types of schools, including low-income urban schools and rural schools.

Early retirement of teachers. The California State Teachers' Retirement System (CalSTRS) recently noted that teacher retirements have increased 26 percent during the second half of 2020 as compared to the same period in 2019¹. Of retirees surveyed by CalSTRS, 62 percent had retired earlier than planned, and 56 percent cited the challenges of teaching during the COVID-19 pandemic.

Since 2016-17, the state has spent \$190 million to address teacher shortages, outlined in the table below from the LAO. The Governor's proposal includes additional funding for three of these programs: the Teacher Residency Program, the Classified School Employees Credentialing Program, and the Golden State Teacher Grant Program.

Figure 2**State Has Provided \$190 Million Since 2016-17 to Address Teacher Shortages***General Fund Unless Otherwise Indicated (In Millions)*

Program	Year	Description	Funding Allocation	Amount
Teacher Residency Grant Program	2018-19	Supports establishing and expanding teacher residency programs in special education, STEM, and bilingual education.	CTC competitively awards grants to districts, COEs, and school-university partnerships. There are two grant types: (1) planning grants of up to \$50,000 and (2) residency grants of up to \$20,000 per resident in the new or expanded program.	\$51 ^a
Local Solution Grants	2018-19	Provided funding to local efforts to recruit and retain special education teachers.	CTC competitively awarded grants of up to \$20,000 per participant to districts, COEs, and schools. Grantees required to provide a dollar-for-dollar match.	50
Classified School Employee Teacher Credentialing Program	2016-17 and 2017-18	Provides financial assistance to classified school employees, such as instructional aides, to pursue teaching credentials.	CTC competitively awarded grants of \$4,000 per participant per year for up to five years to districts, COEs, and schools.	45
Golden State Teacher Grant Program	2020-21	Provides financial assistance to students enrolled in teacher preparation programs who commit to working in special education at a school with a high share of teachers on emergency credentials.	CSAC awards funds to participating teachers. This program was federally funded.	15 ^b
Integrated Undergraduate Teacher Preparation Grants	2016-17	Supported expanding integrated programs that allow participants to earn a bachelor's degree and a teaching credential within four years. Programs focused on special education, STEM, and bilingual education received funding priority.	CTC competitively awarded planning grants of up to \$250,000 to universities.	10
California Educator Development Program	2017-18	Assisted districts with recruiting and preparing teachers, principals, and other schools leaders.	California Center on Teaching Careers competitively awarded grants to 26 districts, COEs, and schools. This program was federally funded.	9
California Center on Teaching Careers	2016-17	Established a statewide teacher recruitment center to recruit qualified and capable individuals into the teaching field, particularly to low-income schools in special education, STEM, and bilingual education.	CTC competitively awarded grant to Tulare COE to operate center.	5
Bilingual Teacher Professional Development Program	2017-18	Supported teachers pursuing authorization to teach bilingual and multilingual classes.	CDE competitively awarded grants to eight districts and COEs.	5
			Total	\$190

^a Program initially received \$75 million. The 2020-21 Budget Act swept \$23 million in unused funds.^b Program initially received \$90 million in 2019-20 budget, but funds were swept as part of 2020-21 budget.

STEM = science, technology, engineering, and math; CTC = Commission on Teacher Credentialing; COE = county office of education; CSAC = California Student Aid Commission; and CDE = California Department of Education.

Source: LAO

Golden State Teacher program

The Golden State Teacher Grant Program was authorized in the 2019-20 Budget Act, which included \$88 million General Fund to fund awards to aspiring teachers in high need fields and incentivize those new teachers to serve in high need public schools. Statute defines “high-need field” as including Bilingual education, Mathematics or science, technology, engineering, and mathematics (STEM), including career technical education in STEM areas, Science, Special education, Multiple subject instruction, and “other subjects as designated annually by the Commission on Teacher Credentialing based on an analysis of the availability of teachers in California.” Statute defines “priority school” as a school with a high percentage of teachers holding emergency-type permits.

In anticipation of a COVID-19 pandemic recessionary impact on state revenues, the 2020-21 Budget Act removed the \$88 million appropriation and re-authorized the California Student Aid Commission (CSAC) to provide only \$15 million from federal IDEA funds through the California Department of Education (CDE) for candidates enrolled in special education teacher preparation programs who agree to teach at a priority school.

Per statute, CSAC describes Golden State Teacher program eligibility as follows:

All students must be currently enrolled in a professional teacher preparation program within an accredited California institution of higher education that is approved by the Commission on Teacher Credentialing (CTC).

One-time Golden State Teacher Grant funds of up to twenty thousand dollars (\$20,000) may be awarded to candidates meeting the following criteria:

- Teach in the “high need” field of Special Education, at a priority school, as determined by the CTC, for four years, within five years after you receive the teaching credential.
- A “priority school” means either a school with a high percentage, as determined by the CTC in consultation with the State Department of Education (CDE), of teachers holding emergency-type permits, based on the most recent data available to the CTC and the CDE, or a school with a high percentage, as determined by the CTC in consultation with the CDE, of low-income students.
- “Emergency-type permits” include, but are not limited to, any of the following:
 - Provisional internships
 - Short-term staff permits
 - Credential waivers
 - Substitute permits
- Repay the Commission 25 percent of the total award annually, up to full repayment of the award, for each year if you fail to do one or more of the following:
 - Be enrolled in or have successfully completed a teacher preparation program approved by the CTC.

- While enrolled in the teacher preparation program, maintain good academic standing.
- Complete the required teaching service following completion of your teacher preparation program.

CSAC has received approximately 380 applications from students indicating they will pursue a credential in special education. CSAC will continue to receive applications throughout the remainder of the year, but estimates that it is unlikely that CSAC would extinguish the entire \$15 million in 20-21. Remaining funds would be utilized towards additional awards in the 2021-22 academic year.

Teacher Residency Program

The Teacher Residency Grant Programs—Capacity, Residency, and Expansion—were authorized in the 2018-19 Budget Act to support the development, implementation, and expansion of teacher residency programs, with a total of \$75 million for competitive grants. The program requires local education agencies (LEAs) to work in partnership with institutions of higher education (IHEs) with Commission-approved programs to offer a teacher residency pathway to earn a teaching credential in special education, STEM, or bilingual education.

Of the \$75 million, \$50 million was allocated for the preparation of special education residents and \$25 million was allocated for the preparation of STEM and/or bilingual residents. Grant funding is available through June 30, 2023.

In accordance with the provisions of the authorizing statute, the Teacher Residency Grant Programs:

- Address teacher shortages in special education, STEM, bilingual, and other shortage areas.
- Help to recruit and support the preparation of more individuals in the teaching profession.
- Promote and provide support for teacher residency program models.
- Support the induction of educators into the profession.

For the purposes of the Teacher Residency Grant Programs, a teacher residency program is defined as an LEA-based partnership between an LEA and an IHE with a Commission-approved preliminary teacher preparation program, and in which a prospective teacher teaches at least one-half time alongside a teacher of record, who is designated as the experienced mentor teacher, for at least one full school year while engaging in initial preparation coursework.

In 2019, five programs were awarded Teacher Residency Expansion Grants, and thirty-two LEAs were awarded Teacher Residency Grants.

For Year One of the Teacher Residency Grant Programs, LEAs reported a total of 309 teacher residents in the thirty-one programs that began a Teacher Residency Program between July 2019 and June 2020:

Table 1: Teacher Residents Enrolled in Special Education, STEM, and Bilingual Programs

Teacher Programs Areas	Residency Credential	Program Year 1 (n = 309)	Percent
Special Education		142	46%
STEM		100	32%
Bilingual		67	22%

Source: CTC

Table 2: Clinical Placement of Enrolled Teacher Residents

Teacher Residents Clinical Placement	Program Year 1 (n = 309)	Percent
TK/2 Bilingual	36	13%
K/6 Bilingual	12	4%
Subject Specific Bilingual	9	3%
Math	32	10%
Science	64	21%
Special Education, Elementary	87	28%
Special Education, Secondary	49	16%
Other	17	5%

Source: CTC

In addition to providing information about candidates enrolled in the Teacher Residency Programs, LEA grantees were required to provide data regarding the successful completion of the preparation program:

Table 5: Teacher Residency Program Completers

Teacher Residency Program Completers	Program Year 1 (n = 220)	Percent
Residents Enrolled in Fall 2019	220	100%
Fall 2019 Enrollees Completed	153	70%
Fall 2019 Enrollees Not Completed	67	30%

Source: CTC

Table 6: Teacher Residency Program, Reasons for Not Completing

Teacher Residents Gender	Program Year 1 (n = 67)	Percent
Education Specialist Program (18 month)	36	53%
Other	14	20%
Exited Program	7	10%
Did Not Pass Required Exam	5	7%
Unreported	4	5%
Program Sponsored Variable Term Waiver (PS VTW)	1	1%

Source: CTC

WestEd led an evaluation of the Teacher Residency Program, in its initial year, and published the following findings and recommendations for the program:

Findings:

1. Many partnerships are beginning to make progress toward increasing the number of teachers in shortage areas, as well as the proportion of teachers of color
 - a. Most residents intend to complete the program and take a job in their district.
 - b. Residents in grantee programs better reflect the racial diversity of students they serve compared with the existing teaching workforce, but there is still room for progress.
2. All stakeholder groups valued the residency programs
 - a. The vast majority of stakeholders endorsed their programs.
 - b. Residents, mentors, and supervisors pointed to the clinical experiences as a particularly valuable aspect of the residency programs.
 - c. Mentors valued the opportunity to mentor residents.
3. Partnerships are working to strengthen key components of their residency programs
 - a. Partnership team members are committed to recruiting and supporting teachers of color, but there is still work to do.
 - b. Many partnerships experienced challenges establishing strong connections between coursework and clinical experience.
 - c. Overall, training and support for mentor teachers can be strengthened, but some programs are doing this well.
4. Partnerships are taking a variety of approaches toward building sustainable residency programs

- a. Partnerships are beginning to build strong working relationships between institutions of higher education and local education agencies.
 - b. Partnerships are taking advantage of a variety of strategies to make full-year residency placements a possibility for residents.
 - c. Many residents still struggle to meet their financial needs.
 - d. Many residencies drew on additional sources of financial support, in addition to grants, but still need support developing long-term, sustainable financial models.
5. In the COVID-19 crisis, most residents and mentors adapted to working together in an online environment, but stakeholders are concerned about resident preparation and financial stresses for residents.
 - a. Most programs quickly adapted to an online environment.
 - b. Even as clinical placements continued, stakeholders were widely concerned about residents' loss of valuable teaching experience due to COVID-related school closures.
 - c. Financial stresses for residents grew in the COVID-context.
 - d. Residents had concerns about meeting program requirements during distance learning, and about whether COVID disruptions would harm their ability to get hired in the fall.

Recommendations:

1. Ensure stable leadership roles in both the local education agencies and institutions of higher education that are participating in the residency partnership.
2. Technical assistance offered to funded-partnerships should focus on issues of key importance.
3. Ensure that programs are encouraged to take a stance of learning and improvement.
4. Prioritize supports for the cohort of residents entering their first year as teachers in 2020–21.
5. Ensure residency stipends can be supplemented with additional financial aid and supports to make the full-year residency a financially viable pathway.

Classified Employee Credentialing Program

The Classified School Employees Credentialing Program provided financial support (up to \$4,000 per year for five years) for classified staff, such as instructional aides, to pursue their teaching credential. Classified staff at grantee LEAs who are selected to participate in the program received financial assistance for expenses such as tuition, fees, books, and examination costs; academic guidance; and other forms of individualized support to help them complete the undergraduate education, teacher preparation program, and transition to becoming credentialed teachers for the public schools.

This program was funded with \$20 million in the 2016-17 Budget Act, \$25 million in the 2017-18 Budget Act. The initial two rounds of funding provided enough financial assistance to support 2,260 classified employees. The program was oversubscribed, as an additional 6,000 classified employees requested to participate, and applications from 27 school districts and COEs remain unfunded.

As of July 12, 2020, 167 Round One Classified School Employee Program participants (20 percent of the round one participants) have completed teacher preparation, earned a California Teaching Credential, and are employed as teachers by their respective LEAs. All other participants are still working on completing degree requirements or their teacher preparation program.

Use of Grant Funds to Meet Local Needs. According to the CTC, programs reported that their local needs are being met as program participants are near finishing their credential programs while others have earned their credentials. Programs also reported some participants are now teaching in their respective LEA classrooms. The following are some direct narratives as reported by the grantees regarding the use of grant funds to meet their local needs:

- *As evidenced by the number of participants who have received their credentials this year and are now in our classrooms – this program is successful. The funding has been welcomed by the participants and the mentorships and relationships have been helpful.*
- *The program has had tremendous outcomes in the number of those now serving in certificated positions. Twenty-two (22) of the program participants are currently teaching in LEA classrooms. Twelve of which are teaching in Special Education classrooms, our area of highest need. We are proud of the fact that these teachers are those that have worked with our children for years, know our children best, and know how to best serve their needs as teachers.*
- *The Classified Grant has aided a significant number of STEM applicants this year as well as Special Education teachers.*
- *This grant has allowed the district to support classified staff to obtain Education Specialist credentials.*
- *When possible, we will pay tuition directly to the participant's approved credential programs. Another helpful option to help reduce financial stress, is ordering textbooks for participant's current program of study as well as study material and/or test prep supplies. Many participants need additional support to pass required credential testing.*
- *The purpose of these partnerships was to strengthen the relationships between local school districts and the postsecondary institutions that prepared teachers who typically were hired by these districts. The partnerships assured the smooth operation of the program as the participants enrolled in their bachelor's degree and/or teacher preparation coursework.*

Governor's January Budget Proposals

The Governor's proposal includes the following programs and funds to recruit, retain, and support educators:

Golden State Teacher Grant Program. The Governor's proposal includes \$100 million one-time non-Proposition 98 General Fund for continued investment in the Golden State Teacher Grant Program. There are two main changes compared to the previous version of this program. First, this proposal expands the definition of high needs field from just special education to include bilingual education, STEM, and multiple subject instruction. Second, a priority school would now be defined as one that has at least 55 percent unduplicated pupil rate as defined through the Local Control Funding Formula, which includes students who are English language learners, qualify for free or reduced lunch, and/or are foster youth. After accounting for funding that can be used for administration and outreach, the proposed funding would support up to 4,925 grants for new teachers.

According to DOF, a change in the "priority school" definition is intended to better prioritize high-need schools. The proposed language replaces a current focus on LEA emergency credential rates, and defines a priority school as one with 55%+ high-need students, consistent with the LCFF formula and definitions. The current priority list is 7297 schools, which represents nearly 75% of the state's schools.

Teacher Residency Program. The proposed budget includes \$100 million one-time Proposition 98 General Fund to expand the Teacher Residency Program, including establishing new programs and expanded existing programs. The proposal expands the eligible subject areas beyond special education, bilingual education, and STEM to include any other shortage area identified by CTC. Schools where the majority of students qualify for free or reduced lunch or schools located in either rural or densely populated regions would have priority. The proposed \$100 million allocation would support 1,000 residents each year for five years at a rate of \$20,000 per resident. Funding would be available until June 2025.

Regarding Teacher Residencies, there are recommended changes in the existing statutory language:

- In the previous cycle the funds were for bilingual, Special Education and STEM programs; this year the language focuses on designated shortage areas, including these areas and also including computer science, technology, etc.).
- Residents would now be given permission to receive other forms of federal, state and LEA financial assistance to support the cost of preparation.
- Residency programs would now be given permission to use funds on recruitment costs and residency program staff – new additions to the list of uses for funds.
- Current language gives permission to use program director personnel costs as part of in-kind contributions.

- Current language increases the amount of funding for capacity grants.

CTC staff anticipates that in addition to the 17 interested LEAs, more would have applied had the prior RFP come to fruition and that others will apply if new funds are made available in the 2021-22 fiscal year.

Classified School Employees Credentialing Program. The proposed budget includes \$25 million one-time Proposition 98 General Fund to expand the Classified School Employees Credentialing Program, which provides grants to local educational agencies to recruit non-certificated school employees to become certificated classroom teachers. Funding would support at least an additional 1,041 participants with grants of up to \$24,000 over five years. Priority would go to LEAs that did not previously receive grants through this program.

According to the CTC, in the last two funding rounds, 27 LEAs applied for grants but were not awarded grants based on limited funding. Staff anticipates that at least these 27 unfunded LEAs would reapply and that current LEA grantees may submit proposals in response to a new RFP to secure additional funding for their current successful grant programs.

Legislative Analyst's Office Analysis

Teacher Residency Programs May Improve Preparation but Are Challenging to Initiate and Sustain. Research suggests that teachers prepared through residency programs tend to feel more prepared than other beginning teachers and typically remain teaching in the same district for a longer period of time. Despite these potential benefits, however, residency programs can be difficult to develop and financially sustain. For example, the districts we spoke to mentioned they had challenges establishing a reliable partnership with the university, attracting residents due to the appeal of other preparation pathways (such as internship programs) that allow teacher candidates to earn a teaching salary while completing their program, and sustaining funding for the program after the residency grant ends. We recommend the Legislature provide \$50 million (half the amount proposed by the Governor) for new residency programs in 2021-22—roughly equivalent to the amount of funds awarded thus far. Given the challenges in building and sustaining these programs, we believe this amount is sufficient to address additional demand for new residency programs. We also believe the current program rules are more appropriately targeted than the Governor's proposed change in addressing long-standing shortage areas. As such, we recommend the Legislature reject the proposed change to broaden the funding to other subject areas as identified by CTC.

Classified Program Is in High Demand but Is Not Targeted to Statewide Shortage Areas. The Classified Program is oversubscribed. Administrators we spoke to viewed the program as a long-term recruitment and "grow-your-own" retention strategy.

Administrators also noted that, compared to the current teacher workforce, the participants in the Classified Program are more likely to be from the local community and share the same racial and ethnic backgrounds as the students they serve. However, although applicants were required to demonstrate a need for credentialed teachers in their applications, those with greater need did not receive priority in the application process. As a result, several districts participating in the program have relatively low shares of underprepared teachers. Of the 23 districts that applied individually (not part of a larger consortium), 14 had a lower percentage of teachers on emergency credentials than the statewide average. Seven districts have both lower shares of teachers on emergency credentials and lower shares of low-income students than the statewide averages. This differs from most other teacher-related state programs, which target resources to subject areas and school districts where teacher shortages are most pronounced. An evaluation of this program is expected by July 1, 2021, and CTC shared with us their intent to incorporate any notable evaluation findings into the next application process. Given the substantial demand for the Classified Program, we recommend the Legislature approve the Governor's proposal to provide \$25 million for this program. In addition, we recommend several modifications to ensure the program is more directly targeted toward addressing teacher shortage areas. Specifically, we recommend giving priority to districts with higher shares of teachers on emergency credentials and higher shares of low-income students. After reviewing the findings of the forthcoming evaluation, the Legislature also may want to revisit program rules in subsequent years.

Recent Federal Funds Could Also Support These Activities. With a total of \$7.5 billion in flexible and locally-controlled funding available across the two federal emergency relief packages, California public schools will have significant one-time resources available to spend in 2021-22. These funds could be used to attract and retain qualified teachers through awards and bonuses, and/or support a wide variety of professional development activities, similar to the ones proposed here. The Legislature should consider whether federal funding should be used to cover these areas, and/or how the Governor's proposals could complement these federal funds.

Impact of Golden State Teacher Grant Remains Unknown, Could Be Limited. At the time of this analysis, the first round of Golden State Teacher Grants had not been awarded. As such, the state cannot yet measure the effect of the program on teacher supply. Several programmatic elements of the grants, however, could limit their effects. Although teacher candidates agree to teach in a low-income school to receive funding, there is no guarantee they will ultimately teach at a low-income school. For instance, the teacher candidate may not be able to secure employment at a low-income school due to reasons beyond their control. Furthermore, there is no guarantee the teacher candidates would repay grant funding if they are unable to meet the program requirements. Moreover, the effectiveness of this grant as a recruitment incentive is limited. For example, it is possible that the program might provide grants to some teachers who would have taught at a low-income school even without the grant.

Staff Comments & Questions:

According to CSAC, *Research indicates that service scholarships such as GSTG “can influence the recruitment and retention of talented teachers in high-need areas and locations” because cost is a barrier to people pursuing a teaching credential. For years, the state funded the Assumption Program of Loans for Education. With GSTG, we are reinvesting in a proven method to address our state’s long-standing teacher shortage, which is particularly acute in special education and other high-need areas, and which has been exacerbated by the pandemic.*

CSAC points out that one element that is new and concerning is the increase in teacher retirements that has been prompted by COVID-19. Just last week, CalSTRS reported that they saw a 26% in teacher retirements over the last 6 months of 2020 (3,202 teachers retired) relative to the prior year. An increased rate of retirements could create even more vacancies and demand for newly trained teachers than what we saw pre-pandemic.

STAFF COMMENTS & QUESTIONS

Golden State changes. Why the change in the definition of priority schools to concentration grant schools over schools with high percentages of teachers with emergency permits? Is the Administration concerned that this policy change could push the least experienced teachers into struggling schools?

What is the anticipated proportion of Golden State grantees who will not complete the four year teaching requirement? Will these funds replenish the program over time?

What is the estimated demand for the Teacher Residency program, given that the previous round was not fully exhausted? Do you expect more demand for STEM and bilingual subject areas? For the shortage area extension, does CTC have any areas in mind?

Do these teacher pipeline and PD programs need ongoing funding, or are one-time infusions sufficient? Should one-time funds be used over a longer time horizon to provide on-going stability?

Per the WestEd evaluation, what state-level or regional infrastructure is needed to sustain and support high-quality teacher pipeline programs? Are CTC and CSAC sufficiently funded for this goal?

Staff Recommendation: Anticipate revisiting major proposals after the May Revision.

ISSUE 2: Educator Professional Development**PANEL**

The following individuals will participate virtually in the discussion of this issue:

- Kimberly Leahy, Department of Finance
- Elly Garner, Department of Education
- Amy Li, Legislative Analyst's Office

BACKGROUND**Existing & Prior Teacher Professional Development Programs**

Professional development for teachers. Professional development is typically controlled and funded at the local level, using general purpose funding. The federal government also provides California with about \$219 million annually to support teacher professional development via Title II. The state also provides some funding for specific trainings and curriculum development for teacher training, including:

Educator Effectiveness Block Grants. In 2015, \$490 million in one-time Prop 98 funding was provided for Educator Effectiveness Block Grants. The funding was allocated to LEAs in an equal amount per full-time equivalent certified staff, for professional development activities over a three-year period, through July 2018. LEAs had flexibility to use these grants on a number of professional development activities:

- Beginning teacher and administrator support and mentoring
- Professional development, coaching, and support services for teachers who have been identified as needing improvement or additional support
- Professional development for teachers and administrators that is aligned to the state academic content standards
- Promoting educator quality and effectiveness including, but not limited to, training on mentoring and coaching certificated staff and training certificated staff to support effective teaching and learning

CDE allocated funds for nearly 294,000 full time equivalent educators, while LEAs reported providing professional development for nearly 1.1 million (duplicated) educators.

According to the CDE October 2018 report, LEAs reported the following expenditures:

- \$158,064,876 Beginning Teacher and Administrator Support and Mentoring
- \$ 29,551,464 Professional Development for Teachers Needing Improvement
- \$169,462,079 Professional Development Aligned to the State Content Standards
- \$154,230,046 Promoting Educator Quality and Effectiveness

Subject Matter Projects at the University of California. The University of California receives \$7.6 million ongoing (state and federal funds) to support professional development in core subject areas through the Subject Matter Projects. There are currently nine projects: arts, global education, history-social science, mathematics, physical education-health, reading & literature, science, world languages, and writing. For each project, there is a statewide office, and regional sites that host professional learning programs in their areas. In 2018-19, approximately 25,000 educators from more than 1,200 school districts attended California Subject Matter Project programming.

There are nine disciplinary networks that make up the CSMP:

- ☐ The California Arts Project (TCAP)
- ☐ California History-Social Science Project (CHSSP)
- ☐ California Global Education Project (CGEP)
- ☐ California Mathematics Project (CMP)
- ☐ California Physical Education and Health Project (CPEHP)
- ☐ California Reading and Literature Project (CRLP)
- ☐ California Science Project (CSP)
- ☐ California World Language Project (CWLP)
- ☐ California Writing Project (CWP)

The 2020 State Budget Act allocated \$6,000,000 in one-time federal relief (ESSER) funds to the California Subject Matter Project (CSMP) to address learning loss in mathematics, science, and English/Language Arts as a result of the COVID-19 pandemic crisis. Funds will be used to increase CSMP's capacity to provide professional learning for teachers across the state, support educator leadership to tackle unprecedented challenges of school closures and remote learning, and to develop tools and resources teachers need to improve student learning and literacy, particularly for California's most vulnerable students. The intent is for each CSMP disciplinary network to receive approximately \$665,780, which will be allocated primarily for personnel, materials/supplies, and to make subawards to regional sites delivering professional learning services and content across California. UCOP will receive \$8,000 in indirect costs for administration. It is important to note that due to some contract negotiation issues CSMP has not yet received any of the \$6 million. At this point most of the program offerings are anticipated to start next year, cutting down the amount of time to implement the program from two years to one year.

California Early Math Initiative. The 2018 Budget Act included \$11 million in one-time federal Title II funds available through 2020-21 to develop resources and implement professional development for pre-K through grade 3 educators. These funds have been used to build educator knowledge, enthusiasm, and comfort in teaching math, as well as to provide coaching on math strategies. The Early Math Initiative grant was awarded to the Fresno County Office of Education and has served over 17,000 children from birth to age 8. Through 30 different organizations, over 1,400 educators participated in the initiative. Of these organizations, 93% serve children that are dual language learners and 89% serve children with disabilities. While the formal evaluation of this program has not been finalized, initial feedback from participants has been positive. According to their website, West Ed has also received federal grants to support the Initiative.

Early Literacy Block Grant. The 2020-21 Budget Act (SB 98) appropriated \$50,000,000 from the General Fund to the State Department of Education on a one-time basis to administer the Early Literacy Support Block Grant. The department will award grants to local educational agencies with the 75 schools that have the highest percentage of pupils in grade 3 scoring at the lowest achievement standard level on the state summative assessment in English language arts and also meet other specified conditions.

Multi-tiered systems of support (MTSS). MTSS refers to integrated support for social-emotional, academic, and behavioral needs of all students at the school and district level. The 2015-16 Budget Act provided \$10 million for developing, aligning, and improving systems of academic and behavioral supports. The 2016-17 Budget Act provided an additional \$20 million to Orange and Butte COEs to support SUMS. In April 2016, Orange County Department of Education, in partnership with Butte County Office of Education and other partner organizations, was awarded the CDE grant to implement MTSS statewide, an effort called Scale Up MTSS Statewide (SUMS). This provides a process for Local Education Agencies (LEA) to assess their strengths, coordinate supports to their Local Control Accountability Plans (LCAP), and align their MTSS efforts with the state priority areas. Since 2015, the state has provided \$40 million for the SUMS initiative.

Governor's January Budget Proposals

Educator Effectiveness Block Grants. The proposed budget includes \$250 million one-time Proposition 98 General Fund for a new Educator Effectiveness Block Grant to provide LEAs with flexible resources to expedite professional development for teachers, administrators, and other in-person staff. This would be similar to the 2015-16 program, but with a new focus on areas that are immediately relevant given COVID-19, distance learning, student and staff stress and anxiety, and social equity issues. These high-need areas including accelerated learning, reengaging students, restorative practices, and implicit bias training. Funds could be used through the 2023-24 school year. DOF estimates a funding allocation for approximately 300,000 certificated staff, which would provide around \$833 per full time equivalent educator.

Professional Development in Social-Emotional Learning. The proposed budget includes \$50 million one-time Proposition 98 General Fund to create statewide resources and provide targeted professional development on social-emotional learning and trauma-informed practices. This includes:

- \$30 million for grants to LEAs to implement services or practices aligned with the MTSS framework developed under the SUMS project, with a focus on addressing the mental health and social and emotional needs of students who have been adversely impacted by the pandemic response. These funds could be used for a variety of purposes related to training and implementing the MTSS framework and practices at the school and district level. Priority would go to LEAs with a high number of unduplicated pupils, as defined through the Local Control Funding Formula.
- \$20 million to build the state's capacity to support LEAs in several key areas, including social emotional learning, by creating a centralized set of resources, providing ongoing training and coaching, etc. This would be managed by the Orange County Department of Education, the Butte County Office of Education, and contracted partners.

California Early Math Initiative. The Governor's proposed budget includes \$8.3 million one-time Proposition 98 General Fund for the California Early Math Initiative to provide teachers with professional development in mathematics teaching strategies for young children pre-K through third grade through the statewide system of support. The funding would be available over three years. Additional funding could also support state-level capacity to broaden the reach of the Early Math Initiative among California State Preschool and other programs across the state.

UC Subject Matter Project on Learning Loss. The proposed budget includes \$7 million one-time non-Proposition 98 General Fund to the University of California Subject Matter Projects to create high-quality professional development. \$5 million would go to a project on learning loss in core subject matter content areas like reading and math and \$2 million would go to a project on ethnic studies.

The \$5 million proposed for learning loss mitigation would be divided among the existing CSMP in order to utilize the existing infrastructure for quick and efficient delivery of services.

The \$2 million for supporting teacher training and resources on delivering ethnic studies content to students will support the development and launch of an interdisciplinary program designed to build the internal capacity of schools and districts to design and implement Ethnic Studies instruction.

Ethnic Studies Professional Development. The proposed budget includes \$5 million one-time Proposition 98 General Fund to fund professional development and instructional materials for local educational agencies who are offering, or would like to offer, courses on ethnic studies.

Legislative Analyst's Office Analysis

Recent Federal Funds Could Also Support These Activities. With a total of \$7.5 billion in flexible and locally controlled funding available across the two federal emergency relief packages, California public schools will have significant one-time resources available to spend in 2021-22. These funds could be used to attract and retain qualified teachers through awards and bonuses, and/or support a wide variety of professional development activities, similar to the ones proposed here. The Legislature should consider whether federal funding should be used to cover these areas, and/or how the Governor's proposals could complement these federal funds.

Most Targeted Proposals Are Addressing Specific Gaps in Training. Given most decisions about professional development are made locally, we think directing most professional development funding to districts makes sense. To the extent the Legislature wants to dedicate state-level funding to develop additional training resources, we think it should consider whether the additional resources are addressing existing gaps in training. Most of the targeted proposals in the Governor's budget address existing gaps. The Early Math Initiative, for example, provides training resources in an area where relatively few training resources exist. Providing training on the forthcoming ethnic studies model curriculum is reasonable, given elements of the guidance will be new to schools. We are less clear, however, on how the funding for Subject Matter Projects would address existing gaps. The proposal includes \$5 million for learning recovery in core subject areas, but it is unclear how this would differ from other training currently provided through the program. Furthermore, the \$2 million provided to the Subject Matter Projects for ethnic studies appears duplicative of the Governor's other proposal on ethnic studies.

Consider Requiring Clear Deliverables and Expectations Tied with Funding for Targeted Proposals. The Governor's budget includes very few details on the deliverables and expected activities to be funded under the subject-specific proposals. For instance, the Early Math Initiative proposal does not specify the types of activities to be supported with additional funding. The Subject Matter Projects proposal does not clarify how the proposed one-time augmentation would be used differently than ongoing funding currently provided to the program. The proposed funding for social-emotional learning also lacks detail regarding the level of support this funding would provide for schools. The Legislature may want to establish a clear set of deliverables and expectations for each proposal that is approved to ensure funds are spent as intended and achieve the desired outcomes.

STAFF COMMENTS & QUESTIONS

Learning Loss Pandemic. The first California data representing a large number of students and disaggregated by grade and subgroup, released this month by the Policy Analysis for California Education (PACE), shows significant learning loss, with the largest effect among low income and English learner students. These data come from the CORE Data Collaborative, and represent the performance of over 50,000 students enrolled in 18 school districts, on the MAP and STAR assessments in English language arts (ELA) and mathematics administered in grades 4-10. Statewide assessment data is not available, due in part to the suspension of statewide assessments in ELA and mathematics in 2020. Researchers compared growth from 2019 to 2020, compared to typical growth, based on the prior three school years. The analysis found that:

- ☐ There has been significant learning loss in both ELA and math, with students in earlier grades most impacted.
- ☐ The equity impact is severe – certain student groups, especially low-income students and English Learners, are falling behind more compared to others.

PACE notes, *"The average learning loss estimates mask the reality that some students in California are suffering during this time much more than others, and that without aggressive and bold actions, these students may never catch up. Any funding or support designed to mitigate learning loss must be targeted specifically to the students that need it most."*

PACE notes that in some grades, the impact is quite severe. For example, English learners in 5th graders taking the MAP ELA assessment grew 30% slower than in a typical year. And they note that in some grades SED students lost learning while higher income students' learning actually accelerated.

Available preliminary enrollment data reported by the CDE, as well as national estimates of the effect of the pandemic on enrollment, raises serious concerns about the number of students who were "lost" to the system in the current school year, and the long term effects of that absence on high school graduation and future success:

- ☐ According to the preliminary data reported by the CDE, as of December, 2020, public school enrollment had declined, year-over-year, by nearly 156,000 students. After accounting for expected natural decline in enrollment of approximately 0.5%, these data suggest a decline of nearly 130,000 students. Some of these students may have enrolled in private schools or are being homeschooled, and more families than anticipated may have moved out of the state, but evidence below suggests that some may simply not be attending school of any kind this year.
- ☐ The Los Angeles Unified School District (LAUSD) reported in the fall of 2020 that enrollment in kindergarten had declined at a rate three times higher than in the two prior years (a 14% year-over-year decline). LAUSD reported that the highest

declines were in the poorest neighborhoods, and suggested that this may be due to the inability of low income families to provide full-time support for distance learning, which is needed for young students.

- McKinsey and Company, noting that students who miss more than ten days of school are 36% more likely to drop out, reports that in the wake of school closures following natural disasters (after Hurricane Katrina and Hurricane Maria, 14 to 20% of students never returned to school), estimates that an additional 2% to 9% of high-school students could drop out as a result of the pandemic and associated school closures.

In light of the pandemic's impact on students, learning environments, and educators, and the significant state and federal funding available to address learning loss over the next three years, the Legislature should consider the interactions between each of these educator professional development proposals, the Learning Recovery grants (AB 86), and what specific outcomes the Legislature intends for these investments.

Suggested Questions:

- What is the Administration's position on revisiting the on-going and long term infrastructure for educator professional development, even if using one-time funds?
- On what types of PD programs did LEAs spend prior Educator Effectiveness funds, in each allowable category?
- What is the relationship between the Subject Matter Projects and the related professional development funding? For example, the \$5 million for ethnic studies PD and the \$2 million for a Subject Matter Project in ethnic studies?
- Can you elaborate on what the Early Math Initiative funding would be used for and how it is different from the 2020-21 Budget Act appropriation? Does the program need ongoing, instead of one-time, funding?
- How does the Administration intend to use federal funds to complement these programs?
- What is the status of the Early Literacy grants?
- MTSS: Is it appropriate to have an LEA become a grant-making body to its peers, or should this remain a state governance responsibility?

Staff Recommendation: Anticipate revisiting significant proposals after the May Revision.

ISSUE 3: California Commission on Teacher Credentialing**PANEL**

The following individuals will participate virtually in the discussion of this issue:

- Dr. Mary Vixie Sandy, Commission on Teacher Credentialing (CTC)
- Kim Leahy, Department of Finance
- Amy Li, LAO

BACKGROUND**CTC Operations & Responsibilities**

Major Responsibilities. The CTC is responsible for the following major state operations activities, which are supported by special funds:

- Issuing credentials, permits, certificates, and waivers to qualified educators.
- Enforcing standards of practice and conduct for licensed educators.
- Developing standards and procedures for the preparation and licensure of school teachers and school service providers.
- Evaluating and approving teacher and school service provider preparation programs.
- Developing and administering competency exams and performance assessments.

Major Activities. In 2018-19, the CTC processed approximately 23,109 new teaching credentials (including preliminary and intern credentials), a 3.1 percent increase over the prior year. The CTC also processes other types of teacher authorizations including short term teaching permits, internship permits, and teaching waivers. In addition, the CTC currently administers, largely through contract, a total of six different educator exams annually. The CTC monitors the assignments of educators and reports the findings to the Legislature. The CTC is also responsible for misconduct cases involving credential holders and applicants resulting from criminal charges, reports of misconduct by local educational agencies, and misconduct disclosed on applications.

Lastly, the CTC is responsible for accrediting approved sponsors of educator preparation programs, including public and private institutions of higher education and, local educational agencies in California.

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 \$31.1 million state operations budget proposed for 2019-20, about \$23.1 million is from credential and accreditation fees, which

are revenue sources for the Teacher Credentials Fund; \$6.4 million is from educator exam fees, which fund the Test Development and Administration Account and \$1.6 million in reimbursements. Accreditation fees have been suspended through the 2021-22 to mitigate cost impacts to teacher preparation programs. The chart on the next page outlines the CTC's expenditures in 2019-20, 2020-21 and the Governor's proposed expenditures for 2020-21.

**Commission on Teacher Credentialing Expenditures and Positions
(Dollars in Thousands)**

3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2019-20	2020-21	2021-22	2019-20*	2020-21*	2021-22*
5381	Preparation & Licensing of Teachers	109.4	109.4	110.4	\$17,180	\$18,179	\$19,326
5382	Attorney General Legal Services	-	-	-	2,757	3,389	3,389
5383	Accreditation Streamline Project	-	-	-	237	310	310
5384	Educator Performance Assessments	-	-	-	1,235	710	2,000
5388	Classified School Employee Teacher Credentialing Program	-	-	-	-	25,000	-
5397	Educator Preparation	-	-	-	-	100,000	-
5399	Administration	40.7	37.7	37.7	5,504	5,518	6,034
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		150.1	147.1	148.1	\$26,913	\$153,106	\$31,059
FUNDING					2019-20*	2020-21*	2021-22*
0001	General Fund				\$100	\$-	\$-
0001	General Fund, Proposition 98				-	125,000	-
0407	Teacher Credentials Fund				20,931	21,895	23,123
0408	Test Development and Administration Account, Teacher Credentials Fund				5,474	4,853	6,378
0995	Reimbursements				408	1,558	1,558
TOTALS, EXPENDITURES, ALL FUNDS					\$26,913	\$153,106	\$31,059

Source: Department of Finance

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, 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.

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.

COVID-19 Context

According to the CTC, the pandemic has had a direct impact on teacher candidate access to testing centers. Centers are currently operating at about 25 percent capacity which has caused long delays in scheduling CBEST and CSET examinations. This has led to a bottleneck in the credential pipeline and further contributed to the teacher shortage.

The Budget Act of 2020-21 (SB 98) enacted temporary flexibilities to address pandemic challenges to the teacher pipeline:

- Extended for one year the time of validity of exam scores used to satisfy a requirement for the issuance of a teaching credential, certificate, permit, or waiver for scores between March 19, 2020, and June 30, 2021.
- Extended to 120 days the time of validity of fees submitted to the Commission on Teacher Credentialing with paper applications for teaching credentials not available for online renewal or recommendation.
- Reduced the requirement for the field practice assignment for a pupil services credential to take place in only one school setting from March 19, 2020, to June 30, 2021, instead of two or more school settings.

According to the CTC, the testing center capacity issues remain, and due to the backlog will likely continue once centers are able to reopen at full capacity.

Governor's Budget Proposal:

The Governor's January proposal includes the following adjustments to the CTC's operations:

- A \$2 million one-time intra-agency transfer to the Test Development and Administration Account to support updates to educator testing.

- An increase of \$1.3 million one-time reimbursement authority to support activities outlined in the federal Preschool Development Grant Renewal award including development of a teaching performance assessment for candidates seeking a teacher-level child development permit.
- Other workload adjustments, including revenue adjustments to decreased credential and examination revenues due to COVID-19 Impacts.

The Governor's January proposal includes the following trailer bill proposals related to the work of the CTC:

- Demonstrations of Competence for Teacher Basic Skills and Subject Matter Knowledge: This language would expand the list of allowable exemptions from the basic skills proficiency test to include applicants that earn at least a "B" grade in qualifying coursework to demonstrate subject matter proficiency or are designated proficient by a credential program.
- This language would also specify that the minimum requirements for a preliminary single or multiple subject teaching credential include verification of subject matter competence, though through specified means.
- Provides alternative assessment authority to the CTC.
- Provides CTC authority to assess TK credentialing requirements.

According to the CTC, the proposals reflect a policy priority for the Administration, to accept performance-based measures of basic skills and subject matter competency in addition to test-based measures. The Basic Skills and Subject Matter proposals are intended to provide new flexibility for individuals who are working toward a teaching credential by broadening the requirements to allow specific performance-based measures to be used to demonstrate competency.

STAFF COMMENTS & QUESTIONS

- Does the Administration or the CTC have concerns about reductions in revenues due to the pandemic? Will the CTC be able to absorb any reductions, or will other solutions be needed?
- Can the CTC comment on some of the potential barriers to entry for teacher candidates that the trailer bill language appears to address?
- Are there any other pandemic-related flexibilities or capacity CTC would recommend for the Budget Year?
- Can the CTC comment on the impact of the COVID-19 pandemic that they are seeing in their various programs?

Staff Recommendation: No action recommended at this time.

ISSUE 4: Career Technical Education Incentive Grant**PANEL**

The following individuals will participate virtually in the discussion of this issue:

- Michael Alferes, LAO
- Elly Garner, CDE
- Amber Alexander, DOF

BACKGROUND

Defining Career Technical Education. According to the CDE, “CTE is a program of study that involves a multiyear sequence of courses that integrates core academic knowledge with technical and occupational knowledge to provide students with a pathway to postsecondary education and careers. CTE programs in California have been organized into 15 industry sectors, covering 58 pathways that identify the knowledge and skills students need. Partnerships are usually developed between high schools, businesses, and postsecondary schools, providing pathways to employment and associate, Bachelor’s and advanced degrees.

CTE prepares students for the world of work by introducing them to workplace competencies, and makes academic content accessible to students by providing it in a hands-on context. Along the way, students develop career-relevant, real-world 21st Century skills.”

Improved outcomes for CTE students. A wide body of research indicates that involvement in CTE coursework provides improved academic outcomes and other benefits to students with findings, such as the following:

- Students with greater exposure to CTE are more likely to graduate from high school, enroll in a two-year college, be employed, and earn higher wages.
- The average high school graduation rate for students concentrating in CTE programs is 93 percent, compared to an average national graduation rate of 80 percent.
- Students taking more CTE classes are just as likely to pursue a four-year degree as their peers.
- 91 percent of high school graduates who earned 2-3 CTE credits enrolled in college.

- Students who focus their CTE coursework are more likely to graduate high school by 21% compared to otherwise similar students.
- CTE provides the greatest boost to students who need it most – boys and students from low-income families.
- 80 percent of students taking a college preparatory academic curriculum with rigorous CTE met college and career readiness goals, compared to only 63 percent of students taking the same academic core who did not experience rigorous CTE.

Importance of CTE to California's economy. Career Tech points to benefits to California's economy through CTE programs in our K-12 schools:

- Middle-skill jobs account for 50% of California's labor market, but only 40% of workers in the state possess the required skills, leading to a skills gap, which CTE can address.
- If California increased the number of individuals with certificates or associate degrees by 10 percentage points, the state would have: an increase in median per capita income by \$1,462; 67,000 fewer individuals unemployed; and 267,000 fewer individuals living in poverty.

College and career readiness is a state priority. Each LEA's Local Control and Accountability Plan (LCAP) must demonstrate, among other priorities, how they are ensuring that all students are being prepared to be college and career ready. The College and Career Readiness Index displayed on each LEA's dashboard includes data on the number of students completing a CTE pathway. CDE notes that over 90% of districts report that CTE is now embedded into their LCAP.

Legislature has prioritized funding for CTE in recent years. Prior to the adoption of the LCFF, the state provided funding for CTE through a number of categorical programs, including the Regional Occupational Center/Programs (ROCP), which was funded at \$400 million at the time. This funding was folded into LCFF, increasing the base rate for high schools by 2.6 percent.

Legislative actions in recent years have allocated \$500 million in the 2013-14 Budget Act for the California Career Pathways Trust (CCPT) grant program through 2018-19, as well as \$900 million in the 2015-16 Budget Act for the Career Technical Education Incentive Grant (CTEIG) program for the first three years of the program.

Beginning in 2018-19, the Legislature appropriated \$150 million in on-going Proposition 98 funds for CTEIG, as well as establishing the K-12 component of the Strong Workforce Program (SWP), administered through the Office of the Chancellor of the Community Colleges.

In each of the three years available, the requested amounts of CTE funding exceeded funds available for both programs:

Total requests for funding	2018-19	2019-20	2020-21
CTEIG	\$344,664,322	\$311,392,320	\$310,833,311
K-12 SWP	\$265,732,872	\$248,574,537	\$221,543,026
Total	\$610,397,194	\$559,966,857	\$532,376,337
Funding available	\$300,000,000	\$300,000,000	\$300,000,000

Source: CDE

A total of 389 applications to the CTEIG program for the 2020-21 round of funding were recently received by CDE, with total grant requests of \$311 million. The SBE approved funding of \$150 million for 341 of the applications. The K-12 SWP recently received 304 applications totaling \$222 million for the 2020-21 round of funding. There were 263 applications awarded. These requests for K-12 CTE grant funding totaled \$533 million, however only \$300 million is available, through the two programs, to fund these programs.

Successful implementation of CTE. CDE reports the funding for the CTEIG program was fully allocated for the first three years. The funds are distributed on a proportional share basis to all grantees and are allocated to all regions of the state. They also note that CTE enrollment increased by 12 percent during the three-year period of funding through the CTEIG program.

The majority of CTEIG funds were used to bring CTE programs up to current industry standards in equipment with capital outlay dollars being used for state-of-the-art equipment such as ultrasound machines for veterinary and animal husbandry agriculture programs, ambulance simulators for emergency medicine health science programs, and laser cutters for manufacturing programs. According to CDE, for most programs this was the first significant investment in industry standard equipment since before the recession. CTEIG funds were also used to provide professional development for CTE teachers and CTE leaders and counselors.

CTE technical assistance provided through County Offices of Education (COEs).

Through state level funding provided through the CTEIG program, CDE established seven COEs as regional technical assistance providers. The seven centers were chosen for the leadership and expertise in the delivery of K-12 CTE as well as their understanding of the K-12 environment. These seven centers provide technical assistance and professional development based on the unique regional and statewide needs of K-12 CTE, including CTE Model Curriculum Standards, integration of K-12 general education courses and CTE, Career Student Leadership Organizations, and college and career pathway development as defined in the state plans for both the federal Perkins Act as well as the Every Student Succeeds Act (ESSA). Funding for these contractors expired at the end of June 2019. Technical assistance infrastructure remains for the K-12 SWP through the California Community College Chancellor's office.

The Governor's January Budget

There are no proposals specific to Career & College Readiness initiatives in the January Budget. The CTEIG program is not on the list of programs for a recommended COLA.

STAFF COMMENTS & QUESTIONS

- Initial demand for CTE funds in the first year of implementation was more than double the appropriation. What would CDE recommend as a sustainable on-going increase to the CTEIG program?
- What is the total amount of LEA match and Perkins match estimated statewide?
- How is the Perkins funding supporting regional CTE infrastructure?

Staff Recommendation: Information Only.

ISSUE 5: K-12 Omnibus Trailer Bill Proposals**PANEL**

The following individuals will participate virtually in the discussion of this issue:

- Melissa Ng, Department of Finance
- Michael Alferes, Legislative Analyst's Office
- Elly Garner, Department of Education

BACKGROUND**Governor's January Budget Proposals**

The K-12 Omnibus trailer bill contains multiple policy proposals:

Adult Students in Charter Schools Program. This language would narrow the eligibility for charter schools to enroll adult students in their programs and receive state funding through the Local Control Funding Formula. Additional reporting would also be required of charter schools operating these models. Schools previously serving adult students in 2019-20 would be grandfathered in at their 2019-20 funding level.

Standardized Account Code Structure System. \$3.1 million in one-time federal funds for the Standardized Account Code Structure System. This funds the next phase of a multi-year project to replace and update this system for tracking and reporting of funds.

Special Olympics. \$4 million in one-time General Fund for the Special Olympics of Northern and Southern California. These funds support various programs and would be available for expenditure through 2023-24.

AB 1200 Clean-up for County Offices of Education. This language would make technical clarifying changes to process by which county office of education budgets are certified and overseen by the Superintendent of Public Instruction.

Revising Repayment Terms for Funds Owed to the School Facilities Program. This language would change the maximum repayment period for funds owed by districts to the School Facilities Program from 5 years to 20 years, aligning with the repayment period for repaying emergency apportionments. In addition, this language updates the requirements to repayment of funds not expended in accordance with the terms of the School Facilities Program to include funds from the 2006 and 2016 State School Facilities Funds.

School District Lapsation Process. This language provides for additional control over the lapsation process at the local level, allowing lapsation to occur upon resolution of the

local governing board of the school district with written concurrence of the county superintendent.

Alignment of Distance Learning Attendance and Record-Keeping Penalties. This language would revise the calculation of penalties associated with distance learning attendance to reflect penalties only for the specific number of days out of compliance with requirements.

School District Hold Harmless Language. Adjustments to funding calculations for Pioneer Union School District and Paradise Unified School District to provide funding relief related to natural disasters.

Net Charter Shift Proposal. This language suspends the calculation of allocating charter school average daily attendance (ADA) to a sponsoring school district in the 2021-22 fiscal year, to conform to other ADA changes made during the pandemic.

Charter Mid-Year Closure. This language would allow the Superintendent of Public Instruction to reduce funding apportioned for charter schools that close during the 2020-21 school year if the school operated for 175 days or less.

STAFF COMMENTS & QUESTIONS

- How does the Administration's proposal for adults in charter schools differ from previous proposals?
- How does this proposal interact with the adult education program?
- Does the Administration intend to revisit the emergency hold harmless provisions in the May Revision, as part of the 2021-22 pandemic response?

Staff Recommendation: Anticipate revisiting significant policy trailer bill proposals after the May Revision.

0511 CALIFORNIA GOVERNMENT OPERATIONS AGENCY

ISSUE 6: CRADLE TO CAREER DATA SYSTEM

The Subcommittee will discuss the Governor's Budget proposal to provide \$12 million ongoing and \$3 million one-time General Fund to develop the Cradle-to-Career data system within the Government Operations Agency. Additionally, the Budget provides \$3.8 million ongoing Proposition 98 General Fund to support the California Career Guidance Initiative (CCGI). CCGI provides an interface for student data between high schools, students, and families that could be integrated into the Cradle-to-Career Data System.

PANEL

- Kathy Booth, WestEd
- Chris Ferguson, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office

BACKGROUND

The 2019 Budget Act appropriated \$10 million one-time General Fund to the Office of Planning and Research (OPR) for initial work related to developing an integrated education data system. Of this amount, \$4 million was for work group planning and matching student records between K-12 and higher education. The work group included 15 representatives from specified education and other departmental agencies. Remaining funding was intended to support the initial build-out of the data system, contingent on approval of an expenditure plan by Joint Legislative Budget Committee.

December report proposes governance structure and how the system would work.

Over the course of 2020, more than 170 people from 15 state agencies and many educational institutions, research and policy organizations, and community groups joined work group meetings, and eventually made recommendations for the first five years of creating and implementing the data system.

The proposed data system is imagined as a neutral source of high-quality information, allowing the public open access to analytical tools, including dashboards, a query builder, summaries of key student and employment outcomes, and a research library. Researchers could request access to restricted data for authorized purposes. Students and their families could use a suite of operational tools that support college and career planning, college-eligibility monitoring, electronic transcripts, and access to financial aid and other services. The workgroup recommended a five-year timeframe for building out the data system. Among the other recommendations and features:

- Initially, the system would link existing K–12, public postsecondary, employment, and financial aid data. Researchers and data providers worked together to identify more than 160 data points that relate to critical milestones in student progress, the effectiveness of financial aid, and living-wage attainment.
- Information from each data provider would be stored in the cloud in a secure repository. The core data set used for the dashboards and query builder would be kept in a centralized database, and other information would be linked for approved purposes. Each data provider would upload a subset of their information once per year. To help safeguard individual privacy, records for individuals would be matched using a variety of data points, and unique identifiers would be assigned for each data pull.
- The system would be governed by a board made up of representatives of state agencies and stakeholders who use the information. Two-thirds of the governing board's seats would be apportioned to entities providing data, and one-third to stakeholders appointed by the Governor and Legislature. The governing board would set the strategic direction and ensure that the system is supporting the state's goals. Two advisory boards would also be created, one to ensure that the system includes actionable data, and the other to ensure that the intended audiences are aware of the data system and know how to use the information it provides.
- The governing board would also oversee the managing entity, which would be a new program within the state's Government Operations Agency (GovOps). Consistent with its mission of supporting the work of other state agencies, GovOps would provide the services and technical expertise necessary for the data system. It would incubate the Cradle-to-Career Data System for the first five years, after which the managing entity structure would be reassessed by the governing board.

Report provides five-year plan. The workgroup recommended a five-year plan, beginning with the already-appropriated funding. Below are deliverables for each year:

- Proof-of-concept deliverables: Produce a proof-of-concept dashboard, expand access to college planning tools in low-income regions, upgrade K–12 data infrastructure for college eligibility, electronic transcripts, and application tools
- Year one deliverables: Establish governance and staff, secure technology solutions, create initial analytical data set (focused primarily on K–12, public postsecondary, financial aid, and employment information), release summaries of student and employment outcomes, design dashboards and query builder interface

- Year two deliverables: Launch the dashboards and query builder, train the public on using data tools, commence fulfilling data requests, expand analytical data set (teacher credentialing), expand access to college planning tools, upgrade electronic transcript infrastructure for competency-based education and social service eligibility tools.
- Year three deliverables: Expand analytical data set (independent and out-of-state colleges), provide electronic transcripts for all public colleges, expand access to college planning tools
- Year four deliverables: Expand analytical data set (private colleges and early learning and care), provide electronic transcripts for all private and independent colleges, expand content of college planning tools
- Year five deliverables: Expand analytical data set (social service, health, and workforce information), finish scaling college planning and electronic transcript tools, plan for phase two

California College Guidance Initiative (CCGI) provides information, support to students and parents. CCGI supports 6th –12th grade students and their families as they prepare for college. As of the 2020-21 budget act, \$3.5 million in ongoing Proposition 98 General Fund is provided for the initiative, CSU provides approximately \$250,000, and CCGI collects district fees for some services and pursues philanthropy to support the project with a total budget of approximately \$7 million. CCGI uses technology planning tools that link academic data between K-12 districts and higher education for the purpose of student admission, placement, guidance, and educational planning. CCGI manages the website, CaliforniaColleges.edu, which allows all California students to: (1) explore career interests, (2) explore majors and programs of study, (3) develop a college financing plan, and (4) choose the high school courses needed to meet college eligibility requirements. In addition, CCGI partner districts pay extra fees to receive personalized services. For participating districts, CCGI articulates with application platforms for the CCC and CSU, and enables students to launch applications from an account that is tied to their K-12 Statewide Student Identifier. Housed at the Foundation of California Community Colleges, CCGI was launched in 2013 in a handful of school districts, and currently supports nearly 100 districts that serve more than 669,000 California 6th-12th grade students.

GOVERNOR'S BUDGET PROPOSAL

The Governor's Budget provides \$12 million ongoing General Fund and \$3 million one-time General Fund to establish an office within the Government Operations Agency to provide support and resources for:

- The acquisition, development, and maintenance of the system's analytical tools, including data storage and querying functions;
- The administration and maintenance of the data system;
- Updating the K-12 California Longitudinal Pupil Achievement Data System (CalPADS) data system software to facilitate smoother system compatibility;
- Expanding eTranscript functionality to additional colleges and universities;
- The hiring of management level data system coordinators at the University of California, California State University, California Student Aid Commission, and California Community Colleges Chancellor's Office;
- Governance and operational costs.

Additionally, the Budget provides \$3.8 million ongoing Proposition 98 General Fund to support the California Career Guidance Initiative (CCGI). CCGI provides an interface for student data between high schools, students, and families that will be integrated into the Cradle-to-Career Data System.

Trailer bill legislation outlines governance issues related to the system and specifies that housing of the new office at the Government Operations Agency would be in effect at least until July 1, 2026. The system's Governing Board is proposed as 18 members, including:

- (1) Superintendent of Public Instruction or his/her designee
- (2) Chancellor of the California Community Colleges or his/her designee
- (3) Chancellor of the California State University or his/her designee
- (4) President of the University of California or his/her designee
- (5) President of the Association of Independent California Colleges and Universities or his/her designee
- (6) Chief of the Bureau of Private Postsecondary Education or his/her designee
- (7) Executive Director of the California Student Aid Commission or his/her designee
- (8) Executive Director of the Commission on Teacher Credentialing or his/her designee
- (9) Director of the California Department of Social Services or his/her designee

- (10) Secretary of the California Health and Human Services Agency or his/her designee
- (11) Secretary of the California Labor and Workforce Development Agency or his/her designee
- (12) Director of the Employment Development Department or his/her designee
- (13) Four public members, to be appointed by the Governor, as follows:
 - (A) Two K-12 practitioners to serve as a representative of K-12 educators, counselors and administrators.
 - (B) Two members of the public.
- (14) Two members of the public, to be appointed by the Legislature, as follows:
 - (A) One member of the public to be appointed by the Speaker of the Assembly.
 - (B) One member of the public to be appointed by the President Pro Tempore of the Senate.

Current Year Proposal

In addition to the proposals in the January Budget, the Administration recently notified the Legislature through the Joint Legislative Budget Committee of the expenditure plan for the remaining 2019-20 funds. Approximately \$6 million one-time General Fund remains available to support system development.

The expenditure plan reflects the following three core one-time General Fund expenditures in support of the system's development:

- \$1.8 million to support partial year administrative startup costs. These funds would be used to hire a project start-up and data workgroup administrative transition team, which would include hiring a retired annuitant, Project Director and technology contracts manager.
- \$2.6 million to support a "proof of concept" pilot project and one-time technology costs. These funds would be used to support a "proof of concept" pilot project between the California Commission on Teacher Credentialing, the California Department of Education, and the California State University to test the transfer of data between the participating entities. In addition, these funds would support one-time technology and software acquisition costs.
- \$1.6 million to regionally scale the California College Guidance Initiative (CCGI) in the Central Valley and Inland Empire, and to begin California Longitudinal Pupil Achievement Data System (CALPADS) data integration. As part of the mandated report to the Legislature from the Cradle-to-Career Data System Workgroup, the Workgroup recommended the statewide scaling of the CCGI to support having a

single program serve as the statewide “operational tool” for college guidance and transition. These funds would enable CCGI to expand its program to Central Valley and Inland Empire school districts and support these districts in assessing University of California and California State University college readiness for individual students, streamline the college application process, and align CCGI to improve data integration with postsecondary education. It would additionally provide the California Department of Education with the capacity needed to bring CALPADS data submissions into alignment with the needs of the Cradle-to-Career data system, and develop a technological integration between CALPADS and CCGI.

The Joint Legislative Budget Committee has asked the Administration for an extension of the review window for this request to April 15, 2021 to allow time to review the second statutorily required progress report, anticipated to be submitted by April 1, 2021.

STAFF COMMENT/POTENTIAL QUESTIONS
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California is one of a handful of states that lacks a comprehensive education data system. While existing data systems capture student outcomes within K-12 and higher education, the state lacks the ability to follow students as they progress from one segment to the next. Each system also sets their own data definitions, which hinders comparisons and analysis of measures across segments. A longitudinal data system could help identify the types of support services that help more students learn, stay in school, prepare for college, graduate, and secure at least a living-wage job.

However, the proposed system is complex and will require buy-in and cooperation from numerous stakeholders. This is a large-scale information technology project that faces technology, governance and implementation challenges. The proposal presents several difficult decision points for the Subcommittee. Among the questions the Subcommittee can consider are:

- The Governor’s proposal regarding a governing board provides a 2/3 majority of data providers. Should there be a higher proportion of public members? Should the Legislature have more than just two appointees?
- Will this project follow the Project Approval Lifecycle process through the Department of Technology?
- Will there be additional costs in the next few years? Are there projected costs for all of the data-providing agencies?
- How does the current year budget request that is under review by the Joint Legislative Budget Committee intersect with the Governor’s Budget proposal?

Could the current year request be delayed until final legislative decisions are made on the direction of this project?

- How does the CCGI expansion fit within the overall project? Given the significant operational and end-user differences between CCGI and the overall data system, aren't these two separate projects/systems?
- Are all stakeholders in agreement on the Governor's proposal, or are there areas of disagreement?
- Does this proposal adequately fund CDE and the CalPADS system to meet the desired functionality and capacities?

Staff notes that the Subcommittee has received numerous letters in support of this project, including from about a dozen school districts supporting CCGI. Organizations like Education Trust-West and California EDGE Coalition are supportive of the overall proposal but are advocating for more public members on the governing board. Additionally, staff notes that AB 99 (Irwin) has been introduced to allow for a policy discussion of this proposal as well.

Staff Recommendation: Hold Open

6100 CALIFORNIA DEPARTMENT OF EDUCATION
6360 CALIFORNIA COMMUNITY COLLEGES

ISSUE 7: ADULT EDUCATION

The Subcommittee will discuss the Governor's Budget proposal to provide an increase of \$8.1 million in ongoing Proposition 98 General Fund for a cost-of-living-adjustment (COLA) of 1.5% for the California Adult Education Program, and \$1 million ongoing Proposition 98 General Fund to support technical assistance for the program.

PANEL

- Jennifer Kaku, Department of Finance
- Elly Garner, Department of Education
- Lizette Navarette, Community College Chancellor's Office
- Paul Steenhausen, Legislative Analyst's Office

BACKGROUND

The Adult Education Program was created in 2015-16 and was provided \$500 million in ongoing Proposition 98 General Fund for the provision of adult education through the K-12 and community college systems and their local partners. This new program was built on two years of planning to improve and better coordinate the provision of adult education by the California Community College Chancellor's Office and the California Department of Education. The program restructured the provision of adult education through the use of regional consortia, made up of adult education providers, to improve coordination and better serve the needs of adult learners within each region.

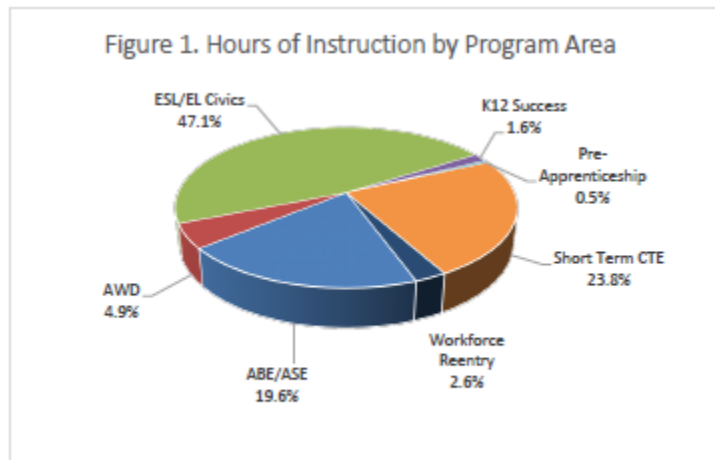
There are currently 71 regional consortia with boundaries that coincide with community college district service areas. Formal membership in consortia is limited to school and community college districts, county offices of education (COEs), and joint powers agencies (JPAs). Each formal member is represented by a designee of its governing board. With input from other adult education and workforce service providers, such as local libraries, community organizations, and workforce investment boards, the consortia have developed regional plans to coordinate and deliver adult education in their regions.

State-funded adult education supports the following programs:

- Elementary and secondary reading, writing, and mathematics (basic skills).
- English as a second language and other programs for immigrants.
- Workforce preparation for adults (including senior citizens) entering or re-entering the workforce.

- Short-term career technical education with high employment potential.
- Pre-apprenticeship training activities coordinated with approved apprenticeship programs.
- Programs for adults with disabilities.
- Programs designed to develop knowledge and skills that enable adults (including senior citizens) to help children to succeed in school.

The following chart shows a breakdown of instructional hours by program area.



The Budget Acts of 2018 and 2019 provided a COLA for the Adult Education Program, and based on Governor's Budget funding levels, total funding for the adult education program in 2021-22 would be \$552.6 million. In addition, according the LAO, the state provides approximately \$300 million annually in noncredit apportionment funding for community college adult education programs.

GOVERNOR'S BUDGET PROPOSAL

The Governor's Budget includes an increase of \$8.1 million in ongoing Proposition 98 funding for a cost-of-living-adjustment (COLA) of 1.5%. The funds would be distributed to consortia based on their current allocation.

The Governor's budget proposal also includes an increase of \$1 million ongoing Proposition 98 General Fund to support technical assistance for the Adult Education Program. Budget bill language states activities could include researching, developing, and disseminating effective practices, providing adult education consortia with technical assistance to enhance the effectiveness of their local adult education programs, providing professional development opportunities to adult education consortia, and evaluating and reporting on the effectiveness of the Adult Education Program.

**STAFF COMMENT/POTENTIAL
QUESTIONS**

Many regional consortia are working well together and providing much-needed programs to more than 600,000 adult learners. However, staff is aware of some challenges within this system, including the length of time it takes each fiscal year for the Chancellor's Office and CDE to work together to distribute funding to providers, and large reserves among some providers, while others face significant unmet need. Potential questions the Subcommittee could ask in this hearing:

- CCC/CDE: What impacts from the pandemic have consortia reported? Are any trends being reported that track with state or regional unemployment data?
- CCC/CDE: Have the departments looked at the issue of reserves/carryover by individual consortia? Should consideration be given to capping the amount of reserves a provider can keep?
- CCC/CDE: Why does it take several months for funding to be distributed to consortia? What can be done get the money out of Sacramento faster?
- DOF: Has the Administration considering providing additional COLA funds to the adult education program, similar to what was provided in 2018-19, and the current "super" COLA provided for the K-12 Local Control Funding Formula, to make up for the foregone COLA in 2020-21?
- DOF: What issues is the technical assistance funding seeking to address?

6980 CALIFORNIA STUDENT AID COMMISSION

ISSUE 8: FAFSA/DREAM ACT REQUIREMENT

The Subcommittee will discuss the Governor's Budget proposal to require school districts to confirm that all high school seniors complete a Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAA,) unless the student chooses to opt out or the district exempts the student due to extenuating circumstances.

PANEL

- Gabriela Chavez, Department of Finance
- Jake Brymner, California Student Aid Commission
- Lisa Qing, Legislative Analyst's Office

BACKGROUND

Students must fill out the FAFSA to become eligible for federal financial aid, such as the Pell Grant or student loan programs. FAFSA is also used in the state Cal Grant eligibility process. Students not eligible for federal financial aid can apply for Cal Grant and other state and institutional aid programs using the CADAA.

Fewer applications for aid. Fifty-eight percent of California public high school seniors submitted a FAFSA or CADAA for the 2020-21 award year. Applications for the 2021-22 award year opened on October 1, 2020. As of late fall, CSAC was reporting that application rates among incoming freshmen were down compared to the same time in the previous year, with declines notably larger among CADAA filers (46 percent) than FAFSA filers (9 percent).

Recent state and federal policies have aimed to increase applications. Chapter 533 of 2018 (AB 2015, Reyes) requires school districts to ensure that all students receive information on how to complete a FAFSA or CADAA before entering their senior year. Other states have gone one step further to require high school students to submit a FAFSA. At the federal level, the recent Consolidated Appropriations Act, 2021, reduces the amount of information required of financial aid applicants. According to federal estimates, the new rules could decrease the number of FAFSA questions from 108 to 36. These changes are scheduled to take effect in the 2023-24 award year.

GOVERNOR'S BUDGET PROPOSAL

The Governor's Budget proposes trailer bill language that would require school districts to confirm that all high school seniors complete a FAFSA or CADAA, unless the student chooses to opt out or the district exempts the student due to extenuating circumstances. Districts would also be required to direct students to support services provided by California Student Aid Commission (CSAC) outreach programs. These requirements would take effect for seniors in the 2021-22 academic year (applying for the 2022-23 award year). The trailer bill language provides districts with "complete discretion on how to implement" the requirements. The proposal has no associated funding.

LAO ANALYSIS/RECOMMENDATION

The LAO suggests that the Governor's proposal would lead to an increase in financial aid application and utilization rates among recent high school graduates. One key benefit is that this would leverage additional federal Pell Grant funding to support students with their total cost of attendance. Although the total amount of additional federal funds that would be drawn down is uncertain, it could conceivably be in the low hundreds of millions of dollars annually at full implementation.

State Cal Grant costs could be impacted as well, with the LAO estimating new costs in the tens to low hundreds of millions of dollars annually. In contrast to policies enacted in some other states, the Governor's proposal does not tie the completion of a financial aid application to high school graduation requirements. This provision, together with the opt-out and exemption provisions, are intended to remove the burden of filling out the form for students who otherwise might not benefit from doing so. The Governor's proposal also requires districts to direct students to CSAC's outreach programs in order to help students navigate the application process.

The LAO also notes that this proposal could create a mandate for school districts. Under Proposition 4 (1979), the state is required to reimburse local governments, including school districts, for the cost of new programs and higher levels of service imposed by the state. If the Governor's proposal were enacted—and if the Commission on State Mandates (CSM) were to determine that it constitutes a mandate—then the state would need to cover the associated cost for school districts. The cost would depend on the specific activities that CSM determines to be reimbursable. Although the cost has yet to be determined, it would likely be minor compared to the other fiscal impacts of this proposal (primarily increased Cal Grant spending).

The LAO recommends adopting the proposal in concept and working with the administration to further ensure that the new requirement does not create any unnecessary costs for school districts.

**STAFF COMMENT/POTENTIAL
QUESTIONS**

Staff notes that the intent of this proposal is to increase financial aid opportunities for students, which has long been a goal of this Subcommittee. This proposal appropriately places the onus on the schools – not the students – to ensure FAFSA or CADAA completion.

6120 CALIFORNIA STATE LIBRARY

The Governor's Budget proposes about \$43.4 million in General Fund support for the California State Library in 2021-22. Overall revenue for the State Library is \$65.3 million. The chart below was compiled by the LAO and indicates funding based on the Governor's Budget.

California State Library Budget

(Dollars in Millions)

	2019-20 Actual	2020-21 Revised	2021-22 Proposed	Change from 2020-21	
				Amount	Percent
Local Assistance					
Library Services and Technology Act	\$11.3	\$14.8	\$11.3	-\$3.6	-24.1%
Library Literacy and English Acquisition Program	7.3	7.3	7.3	—	—
California Library Services Act	4.6	1.9	2.9	1.0	53.2
Statewide Library Broadband Services Program	2.8	3.3	3.5	0.2	6.1
Carryover from one-time broadband initiative ^a	—	—	1.3	1.3	—
Lunch at the Library	1.0	—	0.8	0.8	—
Telephonic Reading for the Blind	0.6	0.6	0.6	—	—
California Newspaper Project	0.4	0.4	0.4	—	—
State Government Oral Histories Program	0.2	0.3	0.3	—	—
Early learning and after school library programs	5.0	—	5.0	5.0	—
Grants for mobile libraries	3.0	—	3.0	3.0	—
Other one-time initiatives	11.1	—	—	—	—
Subtotals	(\$47.4)	(\$28.6)	(\$36.3)	(\$7.7)	(27.1%)
State Operations					
State Library Services	\$22.5	\$21.5	\$22.6	\$1.1	5.0%
Library Development Services	3.6	3.5	3.7	0.2	5.6
Information Technology Services	2.9	2.7	2.7	0.1	3.1
Subtotals	(\$29.0)	(\$27.7)	(\$29.0)	(\$1.4)	(4.9%)
Totals	\$76.4	\$56.2	\$65.3	\$9.1	16.2%
Funding					
General Fund Ongoing	\$32.7	\$31.0	\$34.1	\$3.1	10.1%
General Fund One Time	22.1	0.3	9.3	9.0	N/A
Federal Trust Fund	18.8	22.1	19.0	-3.2	-14.3
Other ^b	2.8	2.8	2.9	0.1	4.8
^a Reflects unspent one-time funds from a total of \$3 million provided in 2018-19 to assist local libraries with increasing their internet speeds.					
^b Includes California State Law Library Special Account, Central Service Cost Recovery Fund, and the Deaf and Disabled Telecommunications Program Administrative Committee Fund.					

6120 CALIFORNIA STATE LIBRARY

ISSUE 9: STATE LIBRARY ONGOING PROPOSALS

The Subcommittee will discuss Governor's Budget proposals to provide increased ongoing General Fund to the State Library: \$1 million for the Zip Books program, \$800,000 for the Lunch at the Library program, and \$500,000 to support increased broadband costs.

PANEL

- Jennifer Louie, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Greg Lucas, California State Librarian

BACKGROUND

Zip Books program allows library patrons to order books online. The Zip Books program began as an alternative to interlibrary loans for local libraries in rural areas where delivery might be especially expensive. Under the Zip Books program, patrons may request books that libraries purchase through Amazon. In these cases, Amazon delivers the books directly to the patron. After completing a book, a patron gives it to the library. The library can either keep the book, give it to another library, or sell it. The program began as a pilot in 2011 in Butte County but has since expanded.

From 2011-12 through 2017-18, the program received a total of \$1.7 million in federal funds. The program received \$1 million in state funding for the past three out of four years: 2017-18, 2018-19, and 2019-20.

Lunch at the Library offers meals to low-income students during the summer. Established in 1946, the National School Lunch Program provides public school children free or reduced-price lunches while they attend school. Under the program, the United States Department of Agriculture (USDA) reimburses schools for providing meals that meet certain nutrition standards. To ensure low-income students have access to nutritious meals during the summer when they are not enrolled in school, USDA also reimburses states for providing free summer meals. During the summer many more organizations—including local government agencies and nonprofit organizations—are eligible to provide summer meals.

Initiated in 2013, Lunch at the Library was established as a partnership with the California Library Association (an association of California local libraries) and the California Summer Meal Coalition (a multisector group dedicated to increasing summer meal participation).

Because the federal summer meal program supports the cost of providing meals to students, Lunch at the Library focuses on other services and initiatives that support summer meal sites. Specifically, the program funds: (1) training and technical support to library staff to help them establish their libraries as summer meal sites; (2) library learning, enrichment, and youth development opportunities that wrap around the summer meal program; and (3) library resources at other community summer meal sites.

The Lunch at the Library program received \$1 million one-time General Fund in both 2018-19 and 2019-20. More than 200 library sites participated in the program in 2019, serving nearly 300,000 meals. The funding also allowed libraries to offer “pop-up library” services at other summer meal program sites.

Libraries use CENIC to access high-speed internet. The Corporation for Education Network Initiatives in California (CENIC) was formed in the 1990s to provide the state’s public education agencies access to a high-speed internet network. Since 2014-15, the state has provided funding to the State Library to allow local libraries to use this network. The State Library pays its CENIC charges using General Fund and a special fund, the California Teleconnect Fund (CTF). Local library jurisdictions are responsible for covering the cost of annual internet service charges from the CENIC network to their local sites. Local libraries use their local funds and state and federal technology discounts to pay these costs.

In May 2020, CENIC’s Board of Directors approved changes to its fee structure for member agencies, including the State Library. According to staff at CENIC, the changes are intended to cover a structural budget deficit at CENIC and bolster some of its services.

GOVERNOR’S 2021-22 BUDGET PROPOSAL

The Governor’s Budget proposes \$1 million ongoing General Fund to support the Zip Books program, \$800,000 ongoing General Fund for the Lunch at the Library program, and \$300,000 one-time and \$500,000 ongoing General Fund to support increased CENIC costs. Additionally, the Governor proposes \$300,000 one-time General Fund and reappropriation of \$1.3 million to address library Internet upgrades.

LAO ANALYSIS/RECOMMENDATION

The LAO recommends assessing the first two proposals in May, once the Legislature has a clearer picture of available funding. The LAO notes that local libraries already have funding and arrangements to facilitate book sharing, and the state and federal government already support student meal programs and after school programs. The LAO also states that no evaluations have been undertaken to assess the cost-effectiveness of the Zip Books and Lunch at the Library initiatives since receiving state funding.

Regarding the CENIC costs, the LAO notes that the state has \$1.3 million in unspent local library grant funds that could be used to help cover some costs, and the \$500,000 ongoing may be higher than actual cost increases.

STAFF COMMENT

The first two proposals turn one-time programs supported by the Legislature in the past into ongoing programs. Both proposals have merit, and expand library functions and services to address community needs. The Zip Book program offers Californians who do not live close to a library the ability to tap into library resources, while Lunch at the Library provides free meals to California kids during the summer when they are not in school. Should the Subcommittee approve these proposals, it may wish to consider requiring some type of routine reporting on these programs to help assess their effectiveness going forward, and to help determine the appropriate level of funding.

Staff notes the Subcommittee has received letters of support for these programs from at least 15 library jurisdictions and the California Library Association. Many supporters, including the California Library Association, have asked the Administration and Legislature to support the Lunch at the Library program as an early action item, to allow libraries to provide meals this summer. Additionally, advocates are asking for a restoration of \$1.8 million General Fund for the California Library Services Act, which was reduced in the 2020 Budget Act.

Staff Recommendation: Hold Open

ISSUE 10: STATE LIBRARY ONE-TIME PROPOSALS

The Subcommittee will discuss Governor's Budget proposals to provide \$5 million one-time General Fund for early learning and after school programs and \$3 million one-time General Fund for bookmobiles.

PANEL

- Jennifer Louie, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Greg Lucas, California State Librarian

BACKGROUND

In 2019-20, the state provided one-time General Fund for local assistance grants focused on: (1) early learning and after school library programs (\$5 million); and (2) mobile library initiatives (\$3 million). (Mobile library initiatives focus on extending services to patrons who have difficulty visiting their local libraries for health or other reasons.)

The State Library had flexibility to determine key parameters for these grants, such as eligibility and local match requirements. The State Library allowed local libraries to apply for one or both of these grant opportunities using a single application. According to the State Library, it awarded grants to 75 projects, representing virtually all of the applications received. (The State Library does not have a break out for each of the grant opportunities.) Award recipients were required to match between 20 percent to 30 percent of their awards with their local funds, with the match depending on the average income levels of residents in their respective service areas.

GOVERNOR'S 2021-22 BUDGET PROPOSAL

The Governor's Budget proposes another round of one-time funding for these activities: \$5 million General Fund for early learning and after school programs and \$3 million General Fund for bookmobiles. Similar to the proposal in 2019-20, the State Library would have flexibility to determine eligibility and local match requirements.

LAO ANALYSIS/RECOMMENDATION

The LAO notes that the state provides billions of ongoing funds to early education providers and schools to provide instruction to California's pre-K and K-12 students. Schools also are receiving billions of dollars in one-time federal and state funding to address student learning loss during the pandemic. With these large amounts targeted for California students, the statewide impact of the Governor's small, one-time library

proposals likely would be very limited. Furthermore, the state has not fully evaluated the outcomes of the last round of educational enrichment library grants to assess their success or compared their cost-effectiveness with school-based programs.

In contrast to the early learning and after school grants, the bookmobile grants appear to be more narrowly tailored specifically toward library services. The bookmobile proposal also could be viewed as having a loose connection to the effects of the pandemic, as some individuals likely have been less inclined to access on-site library materials. Having said that, the state provided funding for bookmobiles prior to the pandemic and other issues, such as learning loss, appear more strongly linked to the effects of the pandemic. In addition, similar to the grants for early learning and after school programs, the state has not fully evaluated the outcomes of the last round of bookmobile grants to assess their impact.

The LAO recommends rejecting the proposed \$5 million in grants for early learning and after school programs and redirect those funds for higher one-time budget priorities. The LAO recommends consideration of the proposed \$3 million for bookmobiles, but still assess this request in light of the state's other pressing one-time priorities.

STAFF COMMENT

Staff concurs with the LAO on the bookmobile proposal, which is a library service that could be critical to some communities, particularly during the COVID-19 pandemic. The Subcommittee may wish to discuss how the early learning and after school program funding connects to other educational programs offered in K-12 or other settings.

Staff Recommendation: Hold Open

6600 HASTINGS COLLEGE OF THE LAW

The Governor's Budget proposes about \$16.8 million in ongoing General Fund support for the Hastings College of the Law in 2021-22. Overall revenue for Hastings in 2021-22 is projected to be \$65.8 million. The chart below was compiled by the LAO and indicates funding based on the Governor's Budget.

Figure 1
Hastings' Core Budget Would Increase Under Governor's Proposal
(Dollars in Millions, Except Per-Student Amounts)

	2019-20 Actual	2020-21 Estimated	2021-22 Proposed	Change From 2020-21		Change From 2019-20	
				Amount	Percent	Amount	Percent
Core Funding							
General Fund ^a	\$15.2	\$14.7	\$16.8	\$2.1	14.3%	\$1.6	10.2%
Student tuition and fees	42.7	43.1	47.3	4.2	9.7	4.6	10.8
Other ^b	1.8	1.5	1.7	0.2	15.3	-0.1	-7.3
Totals	\$59.8	\$59.3	\$65.8	\$6.5	11.0%	\$6.0	10.1%
Full-Time Equivalent Students	944	963	1,054	91	9.5%	110	11.6%
Funding Per Student	\$63,298	\$61,587	\$62,426	\$839	1.4%	-\$872	-1.4%

^a Excludes ongoing General Fund for lease revenue bond debt service and one-time General Fund.
^b Consists of numerous fund sources, including state lottery, investment income, and overhead charged to auxiliary programs.

ISSUE 11: HASTINGS OPERATIONS INCREASE

The Subcommittee will discuss Governor's Budget proposals to provide a \$2.1 million ongoing General Fund increase for Hastings operational costs.

PANEL

- Brian Rutledge, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- David Faigman, Hastings College of the Law
- David Seward, Hastings College of the Law

BACKGROUND

Hastings College of the Law (Hastings) was founded in 1878 by Serranus Clinton Hastings, the first Chief Justice of the State of California. On March 26, 1878, the Legislature provided for affiliation with the University of California (UC). Hastings is the oldest law school, and one of the largest public law schools in the western United States. Additionally, Hastings is the only stand-alone, public law school in the nation and the campus is located in San Francisco.

Policy for the college is established by the board of directors and is carried out by the chancellor and dean and other officers of the college. The board has 11 directors: one is an heir or representative of S.C. Hastings and the other 10 are appointed by the Governor and approved by a majority of the Senate. Directors serve for 12-year terms. Hastings is a charter member of the Association of American Law Schools and is fully accredited by the American Bar Association. The Juris Doctor degree is granted by the UC regents and is signed by the president of the UC and the chancellor and dean of Hastings College of the Law.

Hastings does not receive funding from UC; instead Hastings has a separate budget line item. Hastings contracts with UC for payroll, police services, investment management and reprographic services, and it is a passive participant in UC's retirement and health benefits program. Hastings' core budget (consisting primarily of state General Fund and student tuition revenue) has had a deficit since 2015-16. The deficit is connected to a decision by the school in 2015-16 to increase its tuition discounts for students. Hastings used reserves to cover this lost revenue, and has returned to its more traditional level of tuition discounting for new student cohorts.

Though the school received a reduction in state funding in the 2020-21 budget (\$546,000) and experienced a notable drop in its relatively small masters of law degree program (89 percent), these decreases were partially offset by additional tuition revenue resulting from 3.3 percent enrollment growth in the school's core juris doctor program. Taking all these factors into account, Hastings' core funding in 2020-21 is estimated to be \$483,000 (0.8 percent) lower than in 2019-20. Compared to Hastings' core budget, its auxiliary budget has been impacted more adversely by the pandemic. Hastings' staff project auxiliary revenues in 2020-21 to be at least \$2.8 million (about 33 percent) below pre-pandemic projections, largely resulting from operating its housing program at 30 percent capacity. Partially offsetting these impacts, Hastings has received \$859,671 in total federal relief funds (from the two higher education funding rounds to date), of which \$583,053 is for offsetting campus revenue losses and covering new costs.

Hastings broke ground in October 2020 on a 14-story, 356,000-square-foot, building that will include 670 units of housing for Hastings' students and UC San Francisco students.

GOVERNOR'S BUDGET PROPOSAL

The Governor's Budget provides Hastings with a \$2.1 million ongoing General Fund increase (about 14 percent), tied to Hastings not increasing student tuition charges in 2021-22.

LAO ANALYSIS/RECOMMENDATIONS

The LAO notes that the Legislature likely will want to consider not only Hastings' specific budget and program goals but also the broader context of the state's other spending priorities as well as the state's own projected out-year operating deficits.

Some of Hastings' planned spending increases are largely unavoidable. For example, same as other agencies, Hastings will need to cover benefit cost increases, as its employer contribution rates for both pensions and health care are projected to increase in 2021-22. Other planned spending increases—for example, for salary increases—are more discretionary, particularly those increases for nonrepresented faculty and staff. Hastings' budget is in better shape this year than in any of the past five years, with the school projecting a surplus rather than deficits for the first time over this period. The improvement in its fiscal situation is due to several factors, including several consecutive years of increases in its state General Fund support, increases in its enrollment, and moving back to its more traditional tuition discounting policy.

The LAO recommends the Legislature treat the Governor's proposed General Fund augmentation for Hastings as a maximum potential increase, even were the state's budget situation to improve in May. In line with recommendations for the other higher education segments, the LAO recommends the Legislature adopt an expectation that Hastings report on its experience with online education. Such a report should include: (1) data on pre-pandemic enrollment in its online courses, (2) analysis as to which courses are most suitable for online instruction, (3) an estimate of the fiscal impact of expanding online education, (4) a plan for improving student access and outcomes using technology, and (5) an assessment of the need for additional faculty professional development.

STAFF COMMENT

Staff notes that while the proposed operating increase is a much higher percentage than proposed for UC and CSU, Hastings' budget is significantly smaller than those large systems, and Hastings does not enjoy the same economies of scale, given its position as a stand-alone law school.

Staff Recommendation: Hold Open
