

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assemblymember Kevin McCarty, Chair

MONDAY, MAY 16, 2016

UPON ADJOURNMENT OF FLOOR SESSION - STATE CAPITOL, ROOM 444

VOTE ONLY ITEMS

ITEM	DESCRIPTION	PAGE
6100	DEPARTMENT OF EDUCATION	2
ISSUE 1	PROPOSAL TO ELIMINATE REPORTING REQUIREMENTS	2

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
6100	DEPARTMENT OF EDUCATION	3
6360	COMMISSION ON TEACHER CREDENTIALING	3
6870	CALIFORNIA COMMUNITY COLLEGES	3
ISSUE 1	OVERVIEW OF THE GOVERNOR'S 2016-17 MAY REVISION: PROPOSITION 98 AND K-12 EDUCATION PROPOSALS	3
	PUBLIC COMMENT	

VOTE ONLY ITEMS

6100 DEPARTMENT OF EDUCATION

ISSUE 1: PROPOSAL TO ELIMINATE REPORTING REQUIREMENTS

The California Department of Education (CDE) has requested eliminating the following reporting requirements from the Budget Bill. The CDE argues that these reports are duplicative or not currently used, and the information can be provided upon request.

	Report	Budget Bill Section	Rational
1	Summary of carryover for federal 21st Century after school grant.	BA: 6110-197-0890 Provision 1	CDE can provide information upon request.
2	Summary of carryover for federal Carl D. Perkins Career and Technical Education grant.	BA: 6110-166-0890 Provision 3	CDE can provide information upon request.
3	Limited-scope audit reports for grantees receiving between \$25,000 and \$500,000 in federal adult education funds.	BA: 6110-156-0890 Provision 2(b)	CDE can provide information upon request.
4	Summary of activities and performance of federal Workforce Investment Act grantees.	BA: 6110-156-0890 Provision 3	Duplicative of federally required report that contains similar information, which CDE can provide upon request.

STAFF COMMENTS

Staff has no concerns with eliminating these reporting requirements. The Department of Finance and Legislative Analyst's Office have raised no concerns with these proposed changes.

Staff Recommendation: Eliminate the reporting requirements.

ITEMS TO BE HEARD

6100 DEPARTMENT OF EDUCATION
6360 COMMISSION ON TEACHER CREDENTIALING
6870 CALIFORNIA COMMUNITY COLLEGES

ISSUE 1: OVERVIEW OF THE GOVERNOR'S 2016-17 MAY REVISION: PROPOSITION 98 AND K-12 EDUCATION PROPOSALS

The Subcommittee will hear testimony of the Governor's May Revision proposals related to Proposition 98. This hearing will focus on the major K-12 education related proposals. An overview of the major community college proposals will be provided at the Subcommittee's higher education overview on May 17th.

PANELISTS

- Kenneth Kappahn, Legislative Analyst's Office
- Lisa Mierczynski, Department of Finance
- Debra Brown, Department of Education
- Commission on Teacher Credentialing
- Public Comment

BACKGROUND**Overall Proposition 98:**

The Governor's May Revision includes the following major adjustments to the Proposition 98 funding levels:

- Increases the overall Proposition 98 funding level over the last three years (2014-15 to 2016-17) by a total of \$626 million above the Governor's January Budget. Specifically, the May Revision makes the following changes to the Proposition 98 minimum guarantee due to changes in state revenue:
 - Increases the minimum guarantee by \$463 million in 2014-15, totaling \$67.2 billion.
 - Decreases the minimum guarantee by \$125 million in 2015-16, totaling \$69.1 billion.
 - Increases the minimum guarantee by \$288 million in 2016-17, totaling \$71.9 billion.

The May Revision estimates that the state's maintenance factor obligation would increase by \$360 million, compared to the January Budget. The May Revision estimates the total maintenance factor at the end of 2016-17 to be \$908 million. Additionally, the May Revision reduces the proposed settle-up payment to \$218 million, a reduction of \$39 million.

Major K-12 Education Proposals:

The Governor's May Revision proposes the following major K-12 education related spending proposals:

- Local Control Funding Formula. Increases funding for the Local Control Funding Formula (LCFF) by \$154 million, for a total increase of \$3 billion in 2016-17. Under this proposal, total funding for the LCFF would be \$55.6 billion in 2016-17, funding the formula at 96 percent of full implementation.
- One-Time Discretionary Funds. Provides a total of \$1.4 billion in discretionary funding for K-12 schools in 2016-17, \$135 million more than the Governor's January budget. This funding would be allocated on a per-pupil basis and would offset any applicable mandate reimbursement claims for these schools and community colleges. Consistent with the Governor's January Budget, the proposal includes intent language that the funding be used to further implement the state's content standards, purchase technology, provide professional development, offer induction programs for beginning teachers, and address deferred maintenance.
- Early Childhood Education Block Grant. Maintains the Governor's January proposal to consolidate funding for Transitional Kindergarten, the California State Preschool Program and the Quality Rating and Improvement System into a \$1.6 billion Early Education Block Grant. The May Revision includes the following details to the proposal:
 - Specifies that school districts would administer the early education programs and county offices of education would provide technical support.
 - Includes a transition year for county offices of education to begin working with school districts and other providers to implement early education programs in 2017-18.
 - Includes the development of a regional early learning plan, which includes stakeholder input.
 - Uses the existing locally based quality rating system to define the minimum standards for a pre-kindergarten program.
 - Maintains current levels of funding for school districts and regions during a transition period.

The May Revision provides \$20 million Proposition 98 General Fund (\$10 million ongoing and \$10 million one-time) for county offices of education to transition to the new early education program.

- School Facilities Emergency Repair Revolving Loan Program. Dedicates \$100 million in one-time Proposition 98 General Fund to establish an emergency repair revolving loan program to provide temporary funding to schools with insufficient resources to address imminent health and safety issues. The Department of Education would administer the program. In order to qualify, schools would have to demonstrate that they have closed their facilities for at least one week, have no available alternative facilities or resources, and can repair the issues quickly. The loans would be interest free for one year, and could be paid off over 20 years.
- Integrated Teacher Credential Programs. Provides \$10 million in one-time non-Proposition 98 General Fund for grants to California postsecondary institutions to develop or improve four-year integrated teacher credential programs. This funding would go to the Commission on Teacher Credentialing to provide \$250,000 grants to institutions of higher education to develop a four-year credentialing program. Programs issuing credentials in designated shortage areas would receive priority.
- Teacher Recruitment Center. Proposes \$2.5 million in one-time Proposition 98 General Fund to create the California Center on Teaching Careers, to strengthen statewide recruitment of individuals into the teaching profession. The Commission on Teacher Credentialing would competitively select a local education agency to conduct a statewide teacher recruitment campaign.

Other K-12 Adjustments:

- Decreases Proposition 98 General Fund by \$196.5 million in 2015-16 and \$211.3 million in 2016-17 for school districts, special education local plan areas and county offices of education due to higher offsetting property tax revenues.
- Provides up to \$29 million Proposition 98 General Fund to backfill an anticipated shortfall in redevelopment agency property taxes for special education.
- Makes adjustments to state preschool and certain K-12 categorical programs for 2016-17 to reflect a change in the cost-of-living adjustment (COLA) from 0.47 percent to 0.00 percent. This change reduces preschool funding by \$4.3 million and K-12 categorical programs by a total of \$18 million.
- Makes funding adjustments due to increased average daily attendance (ADA) in 2015-16 and a projected decrease for 2016-17.
- Increases the amount of energy efficiency funds available to K-12 schools through Proposition 39 in 2016-17 by \$33.3 million, for a total of \$399 million.
- Increases the amount of savings as a result of Proposition 47, resulting in a total of \$9.9 million in Proposition 98 General Fund available for CDE to administer a grant program to reduce high school dropout, truancy and victimization rates. This is \$2.6 million above the amount estimated in January.

- Provides \$3 million in one-time Proposition 98 General Fund for CDE to contract with a county office of education, to contract with a vendor, to replace the Standard Accounting Code System (SACS), the state's financial data system for local education agencies.
- Increases funding for the Student Friendly Services college planning website by \$1 million, and makes this funding ongoing. Under the Governor's May Revision proposal, total funding for the website would be \$2.5 million in ongoing Proposition 98 General Fund.
- Shifts the Governor's proposed \$20 million in one-time Proposition 98 General Fund for the Charter School Startup Grant program from the CDE to the California School Finance Authority.

SUGGESTED QUESTIONS

- Does the LAO agree with the Administration's revenue projections?
- Why does the Proposition 98 minimum guarantee only decrease slightly in 2015-16, despite a larger decrease in revenue?
- Why is the COLA estimated to be 0.00 for 2016-17?
- Does the CTC support the Governor's proposals aimed at addressing the teacher shortage? Are additional efforts needed?