

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assemblymember Kevin McCarty, Chair

TUESDAY, MAY 23, 2017
9:00 AM - STATE CAPITOL ROOM 447

PART I: PROPOSITION 98 AND EARLY CHILDHOOD EDUCATION

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VOTE ONLY ITEMS

**6100 DEPARTMENT OF EDUCATION
6360 COMMISSION ON TEACHER CREDENTIALING**

VOTE-ONLY ISSUE 1: MAY REVISION AND APRIL LETTER CHANGES

The Governor’s May Revision and the Department of Finance April Letters propose the following federal fund and General Fund adjustments.

	Federal Fund Adjustments
1	<p>Item 6100-112-0890, Local Assistance, Public Charter Schools Grant Program (PCSGP) (Issues 385 and 386)—The Department of Finance April Letters requested that this item be added and that \$40,964,000 federal Title V, Part B funds, be provided to reflect \$15 million in one-time carryover funds and a \$25,964,000 increase to the federal grant award. The state was recently awarded a three-year renewal of the federal Charter Schools Program Grant to support the PCSGP, which provides startup and initial operating capital for new charter schools as well as grants to charter schools to disseminate best practices.</p> <p>Staff Comments: The Subcommittee heard this proposal on April 25th and held the issue open. Staff recommends approving the reappropriation of the federal one-time carryover.</p>
2	<p>Item 6100-001-0890, Support, Amend Provisional Language Governing Title II State Administration (Issue 620)—It is requested that Provision 11 of this item be amended to require the State Department of Education (SDE) to receive Department of Finance approval prior to expending federal Title II state administration funds, and to require the SDE to submit a plan to Finance illustrating how the funds will support the priorities identified in the Every Student Succeeds Act State Plan adopted by the State Board of Education (SBE).</p> <p>Staff Comments: Staff recommends approving the May Revision proposal with one modification. Staff recommends also requiring the CDE to notify the Joint Legislative Budget Committee (JLBC) of these expenditures.</p>
3	<p>Items 6100-001-0890 and 6100-161-0890, Support and Local Assistance, Special Education (Issues 672 and 671)—It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$806,000 Individuals with Disabilities Education Act funds and that Schedule (1) of Item 6100-161-0890 be decreased by \$806,000 Individuals with Disabilities Education Act funds to support increased costs associated with special education dispute resolution services, which are required by both state and federal law. The SDE contracts</p>

	<p>with the Office of Administrative Hearings to provide these services, which include hearings, mediations, and related due process activities. The number of claims filed and the cost per case have increased over the past few years. The Governor's Budget included an ongoing increase of \$2,653,000 Individuals with Disabilities Education Act funds to support these costs.</p> <p>Staff Comments: This funding was requested by the California Department of Education (CDE) in order to fund increased contract costs with the Office of Administrative Hearings for dispute resolution services. Staff recommends approving this item.</p>
4	<p>Items 6100-113-0890 and 6100-113-0001, Local Assistance, Student Assessment Program (Issues 264 and 267)—It is requested that Schedule (2) of Item 6100-113-0890 be decreased by \$59,000 federal Title VI funds to reflect a \$2,844,000 decrease in the federal grant award and an increase of \$2,785,000 in one-time carryover funds. It is also requested that Schedule (2) of Item 6100-113-0001 be increased by \$59,000 Proposition 98 General Fund to reflect a corresponding adjustment due to the federal funds decrease. Federal funds for state assessments are provided for costs associated with the administration of statewide testing.</p> <p>Staff Comments: These changes are technical adjustments related to assessment funding due to changes to the federal grant amount and providing one-time carryover funds. Staff recommends approving this item.</p>
5	<p>Item 6100-134-0890, Local Assistance, School Improvement Grant (Issue 256)—It is requested that provisional language be amended to allow funds that were previously used for the School Improvement Grant program to be available for activities that support the Every Student Succeeds Act State Plan.</p> <p>Staff Comments: The School Improvement Grant program was eliminated under the ESSA. These changes update provisional language to align with the new ESSA State Plan. Staff recommends approving this item, but also requiring the CDE to report to the Department of Finance and the JLBC on how the funds will be used.</p>
6	<p>Items 6100-194-0890 and 6100-194-0001, Local Assistance, Federal Child Care and Development Fund One-Time Carryover (Issues 491 and 492)—It is requested that Schedule (5) of Item 6100-194-0890 be increased by \$10,917,000 Federal Trust Fund to reflect an increase in one-time federal carryover funds available from prior years. It is also requested that Schedule (6) of Item 6100-194-0001 be decreased by \$10,917,000 non-Proposition 98 General Fund to reflect this change. The increased federal funds will offset an identical amount of non-Proposition 98 General Fund in the California Work Opportunity and Responsibility to Kids (CalWORKs) Stage 3 child care program. The Governor's Budget identified \$19,101,000 one-time Federal Trust Fund carryover available in fiscal year 2017-18 and this adjustment will increase the total available carryover funds to \$30,018,000.</p>

	<p>Staff Comments: This change is necessary in order to adjust the amount of federal carryover provided for CalWORKs Stage 3 child care. Staff recommends approving this item.</p>
	<p>General Fund and Other Adjustments</p>
<p>7</p>	<p>Fremont School for the Deaf: Middle School Activity Center – The Department of Finance April Letter proposed to reappropriate \$1.7 million in capital outlay funding for the CDE to build a middle school activity center at the Fremont School for the Deaf. The 2016 Budget included \$1.7 million for this project, however due to design and contracting delays, this funding has not been expended. Construction is scheduled to begin in August 2018 and the project is scheduled to be complete in April 2019.</p> <p>Staff Comments: The Subcommittee rejected this request for funding last year, but it was provided in the final budget. However, no funding has been spent on this project in 2016-17. Staff recommends rejecting this proposed reappropriation in order to use on other General Fund priorities.</p>
<p>8</p>	<p>Item 6100-001-0903 and Reimbursements, Support, Schoolbus Driver Instructor Training Program (Issue 052)—The May Revision requests that \$175,000 in reimbursements be added to support the Schoolbus Driver Instructor Training program. It is also requested that provisional language be added to reflect the availability of \$170,000 Special Deposit Fund to support program operations and to specify total program funding of \$1,389,000. This program trains and certifies instructors responsible for training drivers of school buses, school pupil activity buses, transit buses, and farm labor vehicles.</p> <p>Staff Comments: The May Revision proposes to expand the fees for this program, due to declining revenues. This item aligns with the Administration’s proposed trailer bill language clarifying that CDE can assess fees on all participants in the program in order to offset the cost of administering the program. Staff recommends approving this change.</p>
<p>9</p>	<p>Item 6100-006-0001 and Reimbursements, Support, State Special Schools (Issue 670)—It is requested that Schedule (5) of this item be increased by \$1 million reimbursements, Schedule (6) of this item be increased by \$1.2 million reimbursements, Schedule (7) of this be item increased by \$1.3 million reimbursements, and Schedule (8) of this item be increased by \$1.2 million reimbursements. These adjustments reflect a one-time increase in reimbursements for the three state special schools and the Diagnostic Centers to purchase technology through the Education Technology K-12 (Ed Tech) Voucher Program. The Ed Tech Voucher Program is a grant program established with funds from a settlement agreement between California consumers and the Microsoft Corporation. Through this agreement, K-12 schools were awarded grants to purchase specified information technology products and services. After the first of five grant distribution periods, a balance of \$4.7 million was available for reallocation. The SDE, with approval</p>

	<p>from the Microsoft Corporation, has proposed awarding the remaining balance to the state special schools and diagnostic centers. The state special schools and Diagnostic Center serve students with low incidence disabilities requiring high-cost adaptive equipment and technology.</p> <p>Staff Comments: This change will allow for funds provided through a settlement agreement to be used on equipment and technology at the three State Special Schools and Diagnostic Centers. Staff recommends approving this item.</p>
10	<p>Item 6100-101-3309, Local Assistance, Tobacco Prevention and Control Programs (Issue 059)—It is requested that Schedule (1) of this item be increased by \$471,000 Tobacco Prevention and Control Programs Account, California Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund (Proposition 56) to reflect revised revenue estimates. These funds are used for school programs that prevent and reduce the use of tobacco and nicotine products by young people as specified by Proposition 56.</p> <p>Staff Comments: Staff recommends approving the updated Proposition 56 (2016 Tobacco Tax) revenue estimates.</p>
11	<p>Item 6100-102-0231, Local Assistance, Tobacco-Use Prevention Education Program (Issue 053)—It is requested that Schedule (1) of this item be decreased by \$30,000 to reflect decreased revenue estimates for the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Proposition 99). These funds are used for health education efforts aimed at preventing and reducing tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.</p> <p>Staff Comments: Staff recommends approving the updated Proposition 99 (1988 Tobacco Tax) revenue estimates.</p>
12	<p>Items 6100-139-8080, 6100-639-0001, and 6100-698-8080, Local Assistance, Proposition 39 (Issue 726)—It is requested that Item 6100-139-8080 be decreased by \$46,720,000 Clean Energy Job Creation Fund to reflect reduced projected revenues in 2017-18 tied to the corporate tax changes enacted by Proposition 39. It is also requested that conforming adjustments be made to related non-Budget Act Items 6100-639-0001 and 6100-698-8080.</p> <p>Staff Comments: Staff recommends approving the updated Proposition 39 revenue estimates for energy efficiency projects.</p>
13	<p>Item 6100-161-0001, Local Assistance, Special Education (Issues 434, 435, 673, 674, 675, and 676)—It is requested that Schedule (1) of this item be increased by \$21,821,000 Proposition 98 General Fund. This adjustment includes: (1) an increase of \$15,663,000 to reflect reduced offsetting property</p>

	<p>tax revenues; (2) an increase of \$1,108,000 to reflect increased estimates of growth in average daily attendance; (3) an increase of \$2,969,000 to reflect an increase in the cost-of-living adjustment, and (4) an increase of \$2,081,000 to reflect revised estimates for out-of-home care services.</p> <p>Staff Comments: This change makes several adjustments to Special Education funding due to reduced property tax revenues, increased estimates for attendance, increased cost-of-living adjustment and revised estimates for out of home care services. Staff recommends approving these changes.</p>
<p>14</p>	<p>Item 6100-182-0001, Local Assistance, K-12 High-Speed Network (Issue 194)—It is requested that this item be decreased by \$8 million Proposition 98 General Fund to reflect savings achieved by authorizing the K-12 High-Speed Network to expend available network connectivity infrastructure grant funding for operational support.</p> <p>It is also requested that provisional language be amended and added to reflect revised operational expenditure authority for the K-12 High-Speed Network. Specifically, the K-12 High-Speed Network would be authorized to expend \$11.9 million from E-rate and California Teleconnect Fund moneys, \$8 million from available network connectivity infrastructure grant funding, and \$2.5 million from available operational reserve funding. Additional language is also proposed to clarify that the specified spending authority does not apply to ongoing network connectivity infrastructure grant expenditures applicable to funding provided by Item 6110-182-0001, Budget Act of 2014 and Item 6100-182-0001, Budget Act of 2015, as well as professional development and technical assistance expenditures applicable to funding provided by Section 58 of Chapter 104, Statutes of 2014.</p> <p>Staff Comments: The May Revision removes \$8 million in operational support for the K-12 High Speed Network (K-12 HSN) in 2017-18 and allows for the K-12 HSN to use available one-time funding for their operations. The 2014 Budget Act provided \$27 million and the 2015 Budget Act provided \$50 million in one-time funding for the Broadband Infrastructure Improvement Grant Program to help schools update their internet connection and infrastructure. Funding for most eligible projects has been allocated, but approximately \$20 million in funding still remains. The May Revision proposal would allow the K-12 HSN to use \$8 million of this available one-time funding for their 2017-18 operating budget. Staff recommends approving the May Revision proposal.</p>
<p>15</p>	<p>Item 6100-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issues 192 and 193)—It is requested that this item be increased by \$146,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the per-meal reimbursement rates for the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and homes.</p>

	<p>It is also requested that this item be increased by \$1,226,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2017-18.</p> <p>Staff Comments: The May Revision provides a COLA and revises the estimate of meals served in the child nutrition program. Staff recommends approving these changes.</p>
16	<p>Item 6100-295-0001, Local Assistance, Increase Mandate Reimbursement Funding (Issue 190)—The May Revision proposes to increase mandate reimbursement funding by \$1,000 Proposition 98 General Fund to reflect the addition of the California Assessment of Student Performance and Progress (CAASPP) mandate to the mandate reimbursement program.</p> <p>Staff Comments: New mandates are typically added to this item and \$1,000 is provided to the mandate reimbursement program. Staff recommends approving this item.</p>
17	<p>Item 6100-296-0001, Local Assistance, Increase Mandate Block Grant Funding (Issue 195)—It is requested that Schedule (1) of this item be increased by \$90,000 Proposition 98 General Fund to align mandate block grant funding with revised average daily attendance estimates. This additional funding is required to maintain statutory block grant funding rates assuming 100 percent program participation.</p> <p>Staff Comments: Staff recommends approving this item.</p>
18	<p>Items 6100-501-3286 and 6100-601-3286, Support and Local Assistance, Proposition 47 (Issues 060 and 061)—It is requested that non-Budget Act Item 6100-501-3286 be increased by \$33,000 Safe Neighborhoods and Schools Fund and that non-Budget Act Item 6100-601-3286 be increased by \$628,000 Safe Neighborhoods and Schools Fund to reflect increased General Fund savings pursuant to Proposition 47. This funding is intended to improve outcomes for public school pupils in K-12 by reducing truancy and supporting pupils who are at risk of dropping out of school or are victims of crime.</p> <p>Staff Comments: Staff recommends approving the updated Proposition 47 savings estimates provided for truancy and drop-out prevention programs.</p>
19	<p>Reappropriation for Attorney General Services for the Commission on Teacher Credentialing (Issue 005)— The Administration requests that Item 6360-490 be added to reflect the reappropriation of \$4.5 million in one-time Teacher Credentials Fund carryover for the cost of representation by the Office of the Attorney General in educator discipline cases.</p> <p>Staff Comments: Additional ongoing funds were provided beginning in 2015-16 for increased workload at the Attorney General's Office to address a</p>

	<p>backlog in teacher misconduct caseload. In 2015-16 and 2016-17, not all of the funds were used, as the AG's office has not fully implemented their plan for increased staffing levels in the current year. Staff recommends approving the May Revision proposal to reappropriate these funds.</p>
<p>20</p>	<p>Reporting Requirements for the Office of the Attorney General and Commission on Teacher Credentialing – The May revision requests to amend provisional language to reflect available data maintained by the Office of the AG that will facilitate reporting the status of teacher discipline caseload that has been referred by the Commission for representation in administrative hearings. Amendments include specified reporting requirements for applicable costs incurred by the Office of the AG for associated CTC workload.</p> <p>Staff Comments: Staff recommends approving the amended provisional language with the language modified to clarify reporting between average total cost and time to close a case versus the total time spent by the Office of the Attorney General within a reporting period.</p>
<p>21</p>	<p>State Board of Education Positions – The May Revision proposes to extend three positions for the Governor’s Office of Planning and Research (OPR) to support the State Board of Education’s implementation of the Local Control Funding Formula (LCFF). Specifically, the May Revision requests \$280,000 in non-Proposition 98 funding for 2018-19 and \$572,000 for 2019-20 through 2021-22.</p> <p>Staff Comments: The 2013 Budget Act and 2016 Budget Act provided funding for three limited term positions through 2017-18 to implement the LCFF. The May Revision proposes to extend these positions for four years, since the State Board is still working on implementation of the LCFF, including developing and maintenance of the new California School Dashboard, the LCAP eTemplate and coordination of the new state and federal accountability systems. Staff recommends approving the May Revision proposal.</p>

STAFF COMMENTS

Staff recommends adopting the staff recommendations on the above May Revision and April Letter proposals.

Staff Recommendation: Approve Staff Recommendations

VOTE-ONLY ISSUE 2: TRAILER BILL LANGUAGE

The Subcommittee will consider the following minor and technical changes proposed through trailer bill language. These changes have been proposed either in the Governor's January Budget, the May Revision or by other sources.

	Proposed in Governor's January Budget
1	<p>Repeal Obsolete Revenue Limit Calculation – The Administration proposes to repeal Education Code Section 2558.2, which includes an outdated revenue limit calculation.</p> <p>Staff Comments: This is technical clean-up language. The state replaced the revenue limit system with the Local Control Funding Formula, so this calculation is no longer needed in statute. Staff recommends approving the proposed change.</p>
2	<p>Update Property Tax Reference – The Administration proposes a technical change to Education Code Section 2572 in order to update a property tax reference.</p> <p>Staff Comments: Staff recommends approving this technical change.</p>
3	<p>Deferred Maintenance and Emergency Repair Program—The Governor's January budget proposed technical trailer bill changes to ensure remaining unencumbered funds in the State School Deferred Maintenance Fund are transferred to the State School Site Utilization Fund and that balances from the School Facilities Emergency Repair Account is transferred to the General Fund, as of July 1, 2018.</p> <p>The May Revision proposes to revise trailer bill legislation to direct any remaining balance in the School Facilities Emergency Repair account goes to the Proposition 98 reversion account.</p> <p>Staff Comments: Staff has no concerns with the proposed clean-up language. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
4	<p>State Board of Education Testing Waivers – The Administration proposes trailer bill language to update the name of the assessment system from the STAR program to the CAASPP program.</p> <p>Staff Comments: Staff recommends approving this technical change.</p>
5	<p>Update School Funding Reference for LCFF – The Administration proposes trailer bill language to update references to the LCFF with the correct code section.</p>

	Staff Comments: Staff recommends approving these technical changes.
6	<p>Suspend K-12/Community College Proposition 98 Split – The Administration proposes to suspend the statutory split (89/11 percent) for K-12 education and community colleges.</p> <p>Staff Comments: The state has suspended the split every year since 1992 in order to provide some flexibility in budgeting. Staff recommends approving the proposed trailer bill language.</p>
7	<p>Charter School CCEE Support- The Administration proposes trailer bill language allowing the CCEE to provide support to a charter school at the request of the chartering authority and after consulting with the Superintendent of Public Instruction (SPI) (rather than the SPI assigning the CCEE to provide support).</p> <p>Staff Comments: Staff has no concerns with this proposed change, as it is consistent with how support for school districts is provided. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
8	<p>Charter In-Lieu Transfer- The Administration proposes technical changes to adjust when the final adjustments to the amount of funding for in lieu of property taxes are allocated to a charter school and updates references to the Local Control Funding Formula (LCFF).</p> <p>Staff Comments: Staff has no concerns with this technical change. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
9	<p>State Board of Education Approval of LCAP Template and Rubrics – The Administration proposes trailer bill language to allow for the State Board to adopt revisions to the LCAP template in accordance with the Bagley-Keene Open Meeting Act, instead of the Administrative Procedure Act. Current law allows for this exemption through January 31, 2018. The Governor's proposed trailer bill language would extend this process indefinitely.</p> <p>Staff Comments: Staff recommends adopting trailer bill language, to be refined as necessary, to extend the exemption from the Administrative Procedures Act for adopting revisions to the LCAP through December 31, 2018.</p>
10	<p>Out of Home Care Rate Extension – The Administration requests trailer bill language to be adopted to reflect anticipated changes in funding for the Out-of-Home Care program for foster students with exceptional needs receiving special education services, pursuant to Chapter 773, Statutes of 2015.</p> <p>Staff Comments: Staff recommends approving the trailer bill language, to be refined as necessary.</p>

<p>11</p>	<p>Special Education Local Plan Area (SELPA) Reorganization – The Administration proposes technical trailer bill language specifying that if SELPAs reorganize, the CDE shall adjust rates for payment so that overall funding neither increases nor decreases from what it would have been prior to the reorganization.</p> <p>Staff Comments: Staff has no concerns with this language. It would ensure that funding for SELPAs does not change during SELPA reorganization. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
<p>12</p>	<p>Publisher Fees for Instructional Materials – The Governor proposes trailer bill language to allow the CDE to charge publishers a fee to participate in the instructional materials adoption process. This fee structure has been in place for certain subject areas since the recession. The proposed language would allow CDE to assess publisher fees for all subject areas.</p> <p>Staff Comments: Staff has no concerns with this proposal. Staff recommends approving the trailer bill language, to be refined as necessary.</p>
<p>13</p>	<p>Special Education Redevelopment Agency Revenue Tax Backfill—The Governor’s January budget proposed trailer bill language providing that if redevelopment agency revenues are less than estimated in the 2017 Budget Act, the state will provide additional General Fund for special education programs.</p> <p>The May Revision proposes a technical amendment to trailer bill legislation to ensure the correct budget year is cited in trailer bill.</p> <p>Staff Comments: Staff has no concerns with this language. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
	<p>Proposed in Governor’s May Revision</p>
<p>14</p>	<p>Career Technical Education for the K-12 School Facilities Program—The Administration proposes trailer bill legislation to allow \$500 million in state General Obligation bond funding for the Career Technical Education Program (CTE) to align with the language approved by voters in Proposition 51 Kindergarten through Community College Public Education Facilities Bond Act of 2016. Prior to the passage of Proposition 51, the State Allocation Board, governing body of the School Facilities Program, took action to suspend funding for CTE projects and to prioritize remaining program funding for new construction and modernization projects.</p> <p>Staff Comments: Staff has no concerns with this proposed language, as it aligns with what voters approved with Proposition 51. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>

15	<p>Schoolbus Driver Instructor Training Program Fees—The Administration proposes trailer bill legislation to clarify that the SDE may charge all bus driver instructor applicants, or applicable employers of applicants such as local educational agencies, a fee to enroll in the Schoolbus Driver Instructor Training Program. The fees collected will partially offset the SDE’s costs for administering the program. Current law only specifies that instructor applicants enrolled to train drivers of transit buses may be assessed fees.</p> <p>Staff Comments: Revenues for this program have declined. This language will allow for CDE to assess fees to more participants and generate more revenue to offset the cost of administering the program. Staff recommends approving the trailer bill language, to be refined as necessary.</p>
16	<p>Middle and Early College High School Instructional Minute Averaging—The Administration proposes trailer bill legislation authorizing early and middle college high schools to average their 180-minute minimum daily minute requirement over a five-or ten-day period. This language provides early and middle college high schools with the same authority already provided to the governing boards of school districts maintaining a junior high school or a high school.</p> <p>Staff Comments: Staff has no concerns with this proposal, as it aligns with existing authority for middle and high schools. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
17	<p>Child Nutrition Advisory Council—The Administration proposes trailer bill legislation that would require the Superintendent of Public Instruction to make the member appointments to the Child Nutrition Advisory Council rather than the SBE as currently required.</p> <p>Staff Comments: Staff has no concerns with this proposed change. Staff recommends approving the trailer bill language, to be refined as necessary.</p>
18	<p>Allowing for Revisions in Local Control and Accountability Plans—The Administration proposes trailer bill legislation to allow the SBE to adopt revisions to the Local Control and Accountability Plan (LCAP) template. This change will align with the intent of the Administration to allow for updates and clarifications to the LCAP template.</p> <p>Staff Comments: This change is necessary in order to allow for the State Board of Education to make changes to the LCAP template. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
19	<p>Fiscal Agent for the California Collaborative for Educational Excellence (CCEE) – The Administration proposes trailer bill language to streamline the fiscal agent selection process by allowing the CCEE to select its fiscal agent the SDE and SBE currently have this authority, and both are members on the CCEE board.</p>

	<p>Staff Comments: Staff has no concerns with this proposed change, which would allow for the CCEE board to select the fiscal agent, instead of only two of the board members. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
<p>20</p>	<p>Payments and Recoveries for Student Assessment Contractors—The Administration proposes trailer bill legislation to specify that contractors for the CAASPP are paid or can recover payments by test administration rather than by fiscal year. These changes will align with current practice and allow SDE to be more targeted in its payment to and fund recovery from CAASPP contractors.</p> <p>Staff Comments: This change was requested by the CDE. Staff has no concerns with the proposed language. Staff recommends approving the proposed trailer bill language, to be refined as necessary.</p>
	<p>Other Proposed Trailer Bill Language</p>
<p>21</p>	<p>School Nutrition and After School Program Procurement Process – CDE legal staff recently found that due to California Public Contract Code, school districts may only award RFP contracts to the lowest bidder. This has caused concerns from districts and school nutrition advocates on school nutrition contracts for schools and after school programs. These programs argue that they often prefer to award school nutrition contracts that are higher quality, with more diverse foods, but may not be the lowest bid.</p> <p>Staff Comments: Staff recommends including trailer bill language to align CDE’s RFP procurement requirements with the federal requirements, which allows for other considerations when awarding a contract, instead of only cost.</p>
<p>22</p>	<p>AB 2785 Clean-Up – AB 2785 (Chapter 579, Statutes of 2016) required the CDE to develop a manual providing guidance to local educational agencies on English learners with exceptional needs. The CDE is requesting the following changes to AB 2785:</p> <ul style="list-style-type: none"> • Extend due date of the manual by 6 months from July 1, 2018 to January 1, 2019 • Replace the term “pupils with disabilities” with “individuals with exceptional needs.” • Clarify the type of guidance to be provided in the manual. • Amend the definition of “English learners,” “individuals with exceptional needs,” and “reclassification” to align with current definitions already in statute and state regulations. <p>Staff Comments: The CDE is requesting to extend the deadline for developing the manual for English learners with exceptional needs by six months and make other technical changes. The CDE is unable to meet the original deadline. No additional funding is needed to extend the deadline by six</p>

	months. Staff recommends approving the requested trailer bill language, to be refined as necessary.
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STAFF COMMENTS

Staff recommends approving the staff recommendation for the proposed trailer bill language discussed in this issue.

Staff Recommendation: Approve Staff Recommendations

6870 CALIFORNIA COMMUNITY COLLEGES

VOTE-ONLY ISSUE 3: ENROLLMENT FUNDING
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The May Revision reduces enrollment growth funding from \$79.3 million Proposition 98 General Fund to \$57.8 million Proposition 98 General Fund. This change reduces the enrollment growth target from 1.34% systemwide to 1%, or about 11,527 full-time equivalent students.

Staff Recommendation: Approve the May Revision proposal

VOTE-ONLY ISSUE 4: COST-OF-LIVING ADJUSTMENTS
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The May Revision proposes to increase the cost-of-living adjustment from 1.48% to 1.56%, resulting in slight increases to apportionments and selected categoricals.

Staff Recommendation: Approve the May Revise proposal

VOTE-ONLY ISSUE 5: PROPOSITION 39
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The May Revision decreases Proposition 39 funding by \$5.7 million to reflect a decrease in estimated Clean Energy Job Creation Fund revenue. The revised funding amount for community colleges is \$46.6 million. Colleges receive the funding through a formula and use the funding for lighting efficiency, systems efficiency, and other projects that reduce energy usage and cut costs.

Staff Recommendation: Approve the May Revise proposal

VOTE-ONLY ISSUE 6: TECHNICAL APPORTIONMENT ADJUSTMENTS FOR BUDGET YEAR

In addition to the enrollment funding change and the change to the cost-of-living adjustments the May Revision also proposes other changes to the apportionment Item 6870-101-0001. The changes are: .

- It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$73,213,000 to reflect various technical base apportionment adjustments.
- It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$28,490,000 to reflect estimated full-time equivalent student stability restoration earned back by community college districts that declined in enrollment during the previous three fiscal years.
- It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$23,579,000 to reflect unused prior year enrollment growth funding.
- It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$45,079,000 to reflect an increase in apportionment funding associated with a decrease in estimated net offsetting EPA revenue. It is also requested that corresponding adjustments be made to related non-Budget Act items.
- It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$68,190,000 to reflect an increase in apportionment funding associated with a decrease in estimated net offsetting local tax revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.
- It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$24,763,000 to reflect a decrease in apportionment funding associated with an increase in estimated offsetting student fee revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Staff Recommendation: Approve the May Revise proposals

VOTE-ONLY ISSUE 7: ACADEMIC SENATE

The Academic Senate has requested trailer bill language that would allow the Chancellor's Office to contract directly with the Academic Senate for the purpose of supporting statewide initiatives, projects, and programs. The Senate is requesting this language to allow it to continue its work on the Course Identification Numbering System, which assigns numbers to courses so that students and all postsecondary institutions can recognize similar courses for the purposes of transfer or receiving credit.

The proposal would amend Education Code 70901 to include language allowing the Chancellor's Office to enter into a direct contract with the Academic Senate for California Community Colleges for the purpose of supporting statewide initiatives, projects, and programs within the purview of the Academic Senate for California Community College.

Staff Recommendation: Approve the Academic Senate proposal

VOTE-ONLY ISSUE 8: EXTEND THE GRANT PERIOD FOR CALIFORNIA APPRENTICESHIP INITIATIVE AWARDS

The May Revision proposes budget bill and trailer bill language extending the encumbrance and expenditure period for the California Apprenticeship Initiative. Budget bill language would extend encumbrances or expenditures until June 30, 2020, and trailer bill language would extend the expenditure period for funds distributed in this program until June 30, 2018.

Staff Recommendation: Approve the May Revision proposal

VOTE-ONLY ISSUE 9: DECREASE MANDATE BLOCK GRANT

It is requested that Item 6870-296-0001 be decreased by \$115,000 to align block grant funding with the revised estimate of full-time equivalent students.

Staff Recommendation: Approve the May Revise proposal

VOTE-ONLY ISSUE 10: EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

The May Revision proposes \$1.8 million from the Employment Opportunity Fund to promote equal employment opportunities in hiring and promotion at community colleges.

Staff Recommendation: Approve the May Revise proposal

VOTE-ONLY ISSUE 11: APPRENTICESHIP AUDIT TRAILER BILL LANGUAGE

The Governor's Budget proposes trailer bill language to provide the Chancellor's Office the ability to audit and verify hours for related and supplemental instruction reported to each community college district by a participating apprenticeship program sponsor. Additionally, trailer bill language provides the Chancellor's Office the authority to provide guidance regarding procedures for verifying if the hours for related and supplemental instruction. The Department of Education has proposed an amendment that would clarify that the Chancellor's Office is responsible for ensuring that a local educational agency has corrected any apprenticeship program audit exceptions. This additional clarity is consistent with the intent of the proposed language and with the Chancellor's Office responsibility for administering both the K-12 and CCC sides the apprenticeship program.

Staff Recommendation: Approve placeholder trailer bill language

VOTE-ONLY ISSUE 12: EXTEND ECONOMIC AND WORKFORCE DEVELOPMENT PROGRAM

The Economic and Workforce Development Program provides funding to regions and colleges for career technical education. The Governor's Budget proposes extending the sunset date of this program until January 1, 2023.

Staff Recommendation: Approve the sunset extension until January 1, 2023

VOTE-ONLY ISSUE 13: ADULT EDUCATION TECHNICAL LANGUAGE

The Governor's Budget proposes trailer bill language that would require Adult Education Block Grant Program funds received by a participating school district to be deposited in a separate fund of the school district to be known as the Adult Education Fund and would require moneys in the Adult Education Fund to be expended only for adult education purposes.

Staff Recommendation: Approve the May Revise proposal

VOTE-ONLY ISSUE 14: REPEAL AUTHORITY FOR CHANCELLOR TO ALLOCATE EXCESS APPORTIONMENTS

Under current law, if local property tax or student fee revenues exceed budget estimates, the Chancellor may allocate the excess amounts to community college districts on an FTE basis for one-time purposes. The Governor's Budget proposes trailer bill language to repeal this authority, noting that it is unnecessary and rarely applied.

According to the Chancellor's Office, it has only exercised its existing statutory authority to use excess local revenues for one-time purposes once in the last 20 years. This is because the state regularly adjusts current-year and prior-year appropriations during the annual budget process. In years when the state initially has underestimated local CCC revenues, it subsequently raises its estimates based on more current data. When local revenues come in below budget expectations, the state provides a General Fund backfill, state fiscal condition permitting.

The LAO recommends approving this language as it would align state law more closely with traditional state practice.

Staff Recommendation: Approve the trailer bill language

VOTE-ONLY ISSUE 15: REDWOODS UTILITY INFRASTRUCTURE REPLACEMENT REAPPROPRIATION

The Governor's Budget included a capital outlay budget change proposal that would reappropriate \$33,146,000 General Obligation bond funds for the construction phase of the College of the Redwoods Utility Infrastructure Replacement project. The project is currently in the working drawings phase; however, two active earthquake fault traces were found at the current site of fire suppression water tanks. As a result, the project was delayed in search of alternate locations for the water tanks. Completion of working drawings is scheduled for June 2017 and construction is scheduled to begin in September 2017. Project completion is scheduled for July 2019.

Staff Recommendation: Approve the capital outlay budget change proposal

VOTE-ONLY ISSUE 16: STUDENT FINANCIAL AID ADMINISTRATION

The May Revision proposes a decrease of \$1.23 million to reflect a decrease in financial aid administration program, and the Board Financial Assistance Program. This adjustment reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived.

Staff Recommendation: Approve the May Revision proposal

VOTE-ONLY ISSUE 17: CHANCELLOR'S OFFICE POSITIONS

The May Revision rescinds the Governor's Budget proposal and instead requests an increase of \$618,000 General Fund, and \$454,000 in reimbursement authority for 6 positions and funding to support a vacant Executive Vice Chancellor position that would be reclassified to a Deputy Chancellor. These positions include four specialist positions, one Administrator for academic planning and development, and one attorney. The resources would assist the Chancellor's Office in refocusing its efforts away from regulatory oversight and toward providing colleges with more direct technical assistance to help them improve student outcomes.

Staff Recommendation: Approve the May Revision proposal

VOTE-ONLY ISSUE 18: CONTRACTING FLEXIBILITY TRAILER BILL LANGUAGE

The Administration proposes trailer bill language to exempt the Chancellor's Office from the requirements of the competitive bidding process when contracting with community college districts, limited to new contracts of \$20 million or less. Any existing contracts that are up for renewal would not be subject to competitive bidding requirements if the contract would be with the same college district. The LAO recommends modifying the May Revision proposal on district contracts to exempt only contract renewals from competitive bidding requirements.

Staff Recommendation: Approve placeholder trailer bill language to exempt competitive bidding requirements on contract renewals

VOTE-ONLY ISSUE 19: EXEMPTION OF NON-RESIDENT TUITION FOR VETERANS

The federal Veterans Access, Choice and Accountability Act (VACA) of 2014 required states to charge instate tuition to all eligible veterans and their dependents. Institutions not in compliance with these provisions are ineligible to receive GI Bill funding, a financial loss to California of approximately \$68 million. Recently, Congress modified VACA and as a result of these new changes California is no longer in compliance with federal law, jeopardizing the state's GI Bill funding. Language is needed to bring California in compliance with federal law to ensure that U.S. military veterans and their dependents who are enrolled at a CSU or CCC remain eligible to receive federal education benefits. On May 17, Senate Budget Subcommittee No. 1 adopted placeholder trailer bill language to modify resident eligibility requirements for veterans who meet the requirements to qualify for education benefits under either the federal Montgomery GI Bill or Post 9/11 GI Bill program, to align with federal law.

Staff Recommendation: Approve placeholder trailer bill language

ITEMS TO BE HEARD

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

ISSUE 1: PROPOSITION 98 PACKAGE

The Subcommittee will vote on the Assembly's Proposition 98 funding package.

PROPOSITION 98 PACKAGE:

The Subcommittee's Proposition 98 spending plan includes the following actions:

K-12 Education

- Provides an overall Proposition 98 funding level of \$74.6 billion in 2017-18, consistent with the Governor's May Revision funding level. The Subcommittee's plan also includes a Proposition 98 funding level of \$69.1 billion in 2015-16 and \$71.4 billion in 2016-17, providing funding above the Proposition 98 minimum guarantee.
- Approves the May Revision trailer bill language, to be refined as necessary, to suspend the Proposition 98 supplemental appropriation in 2016-17 through 2020-21 (Test 3 years).
- Eliminates the LCFF payment deferral included in the Governor's proposed January budget.
- Includes a settle-up payment of \$603 million in 2017-18, consistent with the Governor's May Revision.
- Provides a total of \$855 million in one-time discretionary funding for K-12 schools in 2017-18. This funding is provided on a per student basis and offsets any applicable mandate reimbursement claims owed to schools. The Subcommittee plan also rejects the Governor's May Revision proposal to delay the release of the one-time discretionary funding until May 2019.
- Includes the following actions to provide further support for implementing the Local Control Funding Formula (LCFF) and Local Control and Accountability Plans (LCAPs):
 - \$1.4 billion in Proposition 98 funding for school districts and charter schools to further implement the LCFF.
 - \$20 million in one-time Proposition 98 funding in 2017-18 for county offices of education to provide additional support to school districts in developing their LCAP. Includes trailer bill language requiring county offices of education to work collaboratively with the California Collaborative for Educational Excellence

- (CCEE) in providing consistent support to districts across the state on utilizing the new California School Dashboard in developing their LCAPs.
- Approves the Governor's proposed trailer bill language, to be refined as necessary, to provide \$350,000 in one-time Proposition 98 funding to develop an electronic template for the Local Control Accountability Plan (LCAP).
 - \$50,000 in one-time Proposition 98 funding in 2017-18 for the CDE to contract with the San Joaquin County Office of Education to develop a California School Dashboard App in order for parents and community members to better access information on how their local schools are doing.
- Provides \$200 million in one-time Proposition 98 reappropriation funding for the third and final year of the Career Technical Education (CTE) Incentive Grant program.
 - Includes the following proposals to address the state's teacher shortage:
 - \$25 million in one-time Proposition 98 funding, to be used over three years, for the CDE to administer grants to local educational agencies or consortia of local educational agencies to assist those agencies to establish, maintain, or expand teacher residency programs, where a prospective teacher would teach alongside an experienced mentor teacher. Under this program, the CDE would provide first priority to programs that target chronic teacher shortage areas, including special education, mathematics, science, and bilingual education.
 - \$25 million in one-time Proposition 98 funding for the existing Classified School Employee Teacher Credential Program for the Commission on Teacher Credentialing to administer an additional 1,000 grants for classified employees to obtain their teaching credential.
 - \$25 million in one-time Proposition 98 funding to the CDE to administer the Golden State Teacher Grant Program to provide one-time grant funds of \$20,000 to each student enrolled on or after January 1, 2018 in a professional preparation program leading to a preliminary teaching credential, if the student commits to working in a high-need field, as certified by the Commission on Teacher Credentialing, for five years after he or she receives a teaching credential.
 - \$10 million in one-time Proposition 98 funding for the Bilingual Teacher Professional Development Program. This funding is provided to CDE to allocate to consortium to provide professional development for existing teachers that are certified to teach bilingual education but have not taught bilingual education in three or more years, or teachers that are fluent in a language other than English and wish to be certified as a bilingual education teacher. The consortium shall include two or more of the following entities: county offices of education, community colleges, public or private four-year higher education institutions, professional organizations or nonprofit organizations with English learner

- expertise, or school districts with significant and successful bilingual education programs.
- Approves the Governor's May Revision proposal to provide \$11 million in Title II federal funds for the Commission on Teacher Credentialing, in conjunction with the California Center on Teaching Careers, to develop a competitive grant program to help local educational agencies attract and support teachers, principals and other school leaders. Approves the proposed trailer bill language, to be refined as necessary.
- Includes the following actions to address the increased costs due to the minimum wage for the After School Education and Safety (ASES) program:
 - Provides \$70 million in one-time Proposition 98 funding in 2017-18.
 - Dedicates any funding provided to the Department of Education for school programs to prevent and reduce the use of tobacco generated through Proposition 56 (Tobacco Tax) to be allocated to the ASES program (approximately \$30 million in 2017-18). This funding is intended to reduce tobacco-related disparities by targeting funding for after school programs serving low-income students.
 - Requires a portion of revenues generated through Proposition 64 (Marijuana Legalization) to be used to augment the ASES program beginning in 2018-19, or when revenues become available. Specifically, of the funding deposited in the Youth Education, Prevention, Early Intervention and Treatment Account, requires \$70 million to be allocated to the CDE to be provided to the ASES program.
 - In order to receive Proposition 56 and Proposition 64 funding, requires ASES programs to establish a tobacco and drug prevention enrichment program approved by the CDE, beginning in 2019-20.
 - Reappropriates \$20 million in unspent funds provided for Charter School Startup Grants to be provided to the CDE to develop a grant program for startup costs for magnet schools.
 - Provides \$15 million in ongoing K-12 Proposition 98 funding for the existing programs operated through the Career Technical Education Pathways program. Funding for these programs were previously provided through the community college budget.
 - Approves the Governor's May Revision proposal to provide \$10 million in Proposition 98 funding over 4 years for the Southern California Regional Occupational Center (SoCal ROC) for instructional and operational costs. Specifically, the proposal provides \$4 million in 2017-18, \$3 million in 2018-19, \$2 million in 2019-20 and \$1 million in 2020-21. Additionally, the Subcommittee plan adopts placeholder trailer bill language, to be refined as necessary, to require SCROC to develop a plan that includes the following: 1) Information on how SCROC will become a regional CTE

provider for high school students, including serving students in multiple districts; 2) A permanent cost structure in order for SCROC to operate for multiple years; 3) An annual budget; and 4) The reporting of data regarding the number of students served.

- Includes funding for the following Legislative priorities:
 - \$10 million in one-time Proposition 98 funding for the Department of Social Services (DSS), in consultation with CDE, to provide funding to school districts with high refugee populations, consistent with the allocation methodology used for the federal Refugee School Impact grant.
 - \$5 million in one-time Proposition 98 funding for the California Historical Society, in partnership with the California History-Social Science Project, to collect archival resources to offer teachers and their students a collection of primary and secondary sources, lesson plans, and related instructional materials, aligned with and organized around the questions embedded within the new History-Social Science Framework.
 - \$2.5 million in one-time non-Proposition 98 funding to establish the Equity Performance and Improvement Team within the CDE in order to support and build capacity within CDE and local education agencies to promote equity in California's public schools.
 - \$2.7 million in one-time funding for the "Teaching About Labor, Immigrant Workers, and Workplace Rights" pilot project. This three-year pilot program would provide training and other resources for lead teachers and students in four school districts across the state on the history of labor, with a focus on immigrant workers, farm labor and workers of color.
- Approves the Governor's proposed trailer bill language to add the school facilities bond funding to the K-12 audit guide, with the following modification:
 - Ineligible expenditures shall be repaid pursuant to Education Code Section 17076.10, consistent with current law and Proposition 51 (School Facilities Bond) as passed by the voters in 2016. This allows for school districts to use any local funding source to repay ineligible expenses, repays ineligible expenses back to the bond fund, and charges the State Allocation Board with approving a repayment plan (instead of the Director of Finance and the Office of Public School Construction).
- Rejects the Governor's May Revision proposal to increase eligible grant amounts for charter schools participating in the Charter School Facilities Incentive Grant program and provides a cost-of-living adjustment annually.
- Includes trailer bill language requiring school districts to offer beginning teacher induction programs at no cost to teachers.

- Approves the Governor's January proposal to include the new mandatory reporters training mandate and \$8.5 million in ongoing funding to the K-12 mandate block grant. The Subcommittee's plan also approves the Governor's May Revision proposal to include the California Assessment of Student Performance and Progress (CAASPP) mandate in the K-12 mandate block grant program and provides no additional funding to the block grant for this mandate.
- Approves the Governor's May Revision proposal to dedicate \$502,000 in one-time Proposition 98 student assessment funding to support the CAASPP Science Academy for purposes of providing professional development to instructional leaders in science content areas on the California Next Generation of Science Standards (NGSS) and the California Science Test.
- Includes trailer bill language, to be refined as necessary, to extend the encumbrance date for Proposition 39 projects by one year, until June 30, 2019.
- Provides a 1.56 percent cost-of-living adjustment for programs outside of the Local Control Funding Formula, including: special education, Foster Youth Services Coordinating program, American Indian Early Childhood Education program, American Indian Education Centers, Child Nutrition and the California State Preschool program.
- Makes other technical adjustments reflected in the Proposition 98 spreadsheet (attached).

California Community Colleges:

Below are the major community college actions recommended by staff. The Proposition 98 chart also includes many of these proposals.

- Approves the May Revision proposal augmenting the unallocated base increase for college apportionments. In total, the state will provide \$183.6 million of flexible funding for colleges to use on costs such as retirement benefits, facilities, professional development, full-time faculty and other general expenses.
- Approves the planning phase of the 29 capital outlay projects proposed by the Chancellor's Office for use with Proposition 51 funding.
- Approves budget bill and placeholder trailer bill language to create an ongoing funding stream to support veterans resource centers using \$15 million Proposition 98 General Fund from within student equity funding. Placeholder trailer bill language describes a funding formula to distribute funding based on veterans enrolled at colleges, and describes minimum staffing and facilities requirements to receive the funding. Also provides \$2 million one-time Proposition 98 each to Norco, El Camino and Fullerton community colleges to improve veterans resource center facilities or public safety center facilities.
- Approves \$10 million Proposition 98 General Fund from within the Economic Development categorical to be used to support the creation or expansion of career

technical education programs in areas with high unemployment. Funding would be distributed within the Economic and Workforce Development program. Approves budget bill language stating: "\$10 million can be distributed as grants to regions with high unemployment in order to scale or innovate projects that accelerate workforce development."

- Provides \$10 million ongoing from the Mental Health Services Act (Proposition 63) administration fund to support increased mental health services on campuses. Approves placeholder trailer bill language developing this program and requiring campuses to provide matching funds to receive funding.
- Increases Proposition 98 General Fund support of the part-time faculty office hours categorical by \$5 million.
- Provides \$11 million in one-time Proposition 98 General Fund and \$4 million ongoing Proposition 98 General Fund to increase support of the apprenticeship categorical program.
- Provides \$150 million one-time Proposition 98 General Fund to create the Guided Pathways program. Approves placeholder trailer bill language to develop the program, including a funding formula for distributing the funding to colleges that allows the Chancellor's Office the ability to distribute funding once specific benchmarks are met, requiring that 15% of the funding be retained centrally for professional development activities, and specific outcomes measures that can be used to determine a college's progress. Includes language specifying that colleges consider multi-year scheduling as part of this program.
- Includes previous action taken by the Subcommittee to increase Proposition 98 General Fund of the Full-Time Student Success grant by \$50 million. The grant will provide up to \$1,380 per year for students taking at least 12 units per semester. Also accepts the May Revision proposal to increase funding by \$5 million.
- Includes previous action taken by the Subcommittee to waive fees for all first-time, full-time freshmen at community colleges. Approves placeholder trailer bill language that requires students to fill out the FAFSA or FAFSA-equivalent form to be eligible for this program and the following budget bill language: "Of the funds appropriated in schedule (1), \$32,000,000 is to support fee waivers provided pursuant to subdivision (m) of Education Code Section 76300. The Chancellor shall allocate these funds to all districts based on that districts' number of units waived pursuant to subdivision (m) of Section 76300, excluding any units eligible to be waived pursuant to subdivisions (g) through (i), inclusive, of Education Code Section 76300. All districts, including districts that have offsetting local revenues that exceed the funding calculated pursuant to the districts' budget formula, shall receive funding pursuant to this subdivision. Any fee shortfall due to waivers pursuant to subdivision (m) of education code 76300 shall be deficated across all districts, including districts that have offsetting local revenues that exceed the funding calculated pursuant to the district's budget formula."

- Provides \$11.3 million one-time Proposition 98 General Fund to Compton Community College to support costs associated with regaining accreditation. The funding level has been reviewed by the Fiscal Crisis and Management Assistance Team and will cover expenses such as information technology and start-up personnel. Also approves placeholder trailer bill language allowing Compton enrollment stabilization funding once accredited.
- Provides \$15 million one-time Proposition 98 General Fund and approves placeholder trailer bill language to support previously unfunded California College Promise grants to colleges that develop a K-12 and higher ed partnership and perform other evidence-based practices designed to increase college-going rates in their region.
- Provides \$5 million one-time Proposition 98 General Fund and approves placeholder trailer bill language to provide incentive grants to campuses that perform activities to become a hunger-free campus, including creating food pantries, designates a campus employee to help students access the Cal Fresh program, and creates a program to allow students to donate unused meal-plan credits.
- Rejects the Innovation Awards in the Governor's Budget.
- Provides \$1 million one-time Proposition 98 General Fund and approves placeholder trailer bill language to support the work of the Academic Senate to develop a course identification system to ease student transfer among postsecondary institutions.
- Provides \$2.5 million Proposition 98 General Fund to support the Umoja program. Approves budget bill language creating the program within the Fund for Student Success categorical program.
- Approves Governor's Budget proposal to provide an additional \$10 million ongoing Proposition 98 General Fund for the Online Education Initiative.
- Approves Governor's Budget proposal to provide \$6 million one-time Proposition 98 General Fund to support the development of a systemwide Integrated Library System.
- Provides \$62.4 million one-time Proposition 98 General Fund to support deferred maintenance projects, instructional equipment purchases, or water conservation projects.
- Redirects a total of \$49.3 million one-time Proposition 98 General Fund to support Assembly priorities.

STAFF COMMENTS:

The Subcommittee's Proposition 98 package uses the Governor's proposed Proposition 98 funding level and overall framework. For K-12 education, the Assembly's plan includes other Assembly priorities, such as addressing the teacher shortage, funding after school programs and providing other support for students and teachers.

The attached spreadsheets include the Subcommittee's Proposition 98 package, compared to the Governor's proposed plan. The preschool related Proposition 98 expenses are explained in more detail in the next issue.

Staff Recommendation: Adopt the Subcommittee's Proposition 98 spending plan.

ISSUE 2: EARLY CHILDHOOD EDUCATION PACKAGE

The Subcommittee will vote on the Assembly's Early Childhood Education funding package.

EARLY CHILDHOOD EDUCATION PACKAGE:

The Subcommittee's early childhood education spending plan includes the following actions:

- Approves the Governor's May Revision proposal to restore funding for child care and preschool programs agreed to in the 2016 Budget Act (rescinds the Subcommittee's previous action on this issue in order to align with the Governor's proposed funding levels). These increases include:
 - \$67.6 million (\$43.7 million Proposition 98 and \$23.9 million non-Proposition 98 General Fund) to provide the full 10 percent increase to the reimbursement rate for State Preschool and center-based child care providers and an additional \$92.7 million (\$60.7 million Proposition 98 and \$32 million non-Proposition 98 General Fund) to provide an additional six percent increase beginning July 1, 2017.
 - \$40.6 million General Fund to increase the reimbursement rate for voucher-based child care providers to the 75th percentile of the 2016 survey beginning January 1, 2018. Includes a one-year hold harmless provision to ensure that no provider will receive a lower reimbursement rate through December 31, 2018. This is a slight decrease from the Governor's May Revision, due to updated cost estimates.
 - \$7.9 million in Proposition 98 funding for an additional 2,959 full-day State Preschool slots.
- Provides \$20 million in ongoing General Fund to update the state's outdated income eligibility requirements for subsidized child care and preschool, including:
 - Updating the income eligibility requirements for subsidized child care and preschool to 70 percent of the most recent State Median Income (SMI) (based on data published by the United States Census Bureau).
 - Allowing parents to remain eligible for subsidized child care and preschool until they reach 85 percent of the SMI.
 - Providing continuous 12 month eligibility, allowing families to receive subsidized care for not less than 12 months prior to having their eligibility re-determined (unless the family established eligibility on the basis of seeking employment).
- Includes \$30 million General Fund to support an additional 2,710 slots for families to access subsidized child care. Specifically, the Subcommittee plan includes 1,590 Alternative Payment Program slots and 1,120 General Child Care slots.

- Provides \$30 million in Proposition 98 funding to support an additional 2,624 full-day slots for families to access the California State Preschool Program at local educational agencies (LEAs). These slots are in addition to the 2,959 full-day CSPP slots included in the Governor's May Revision. The Subcommittee plan also includes provisional language specifying that CDE shall prioritize funding for full-day programs at LEAs first, and then allocate any unused slots for part-day programs at either LEAs or non-LEAs.
- Includes the following actions related to the Governor's proposed trailer bill language aimed at aligning the State Preschool and Transitional Kindergarten program requirements:
 - Adult-to-Child Ratios. Approve with modifications the Governor's proposed trailer bill language, to allow for State Preschool programs to have a minimum of one adult for every 12 children (rather than the 1:8 ratio currently required) if the lead teacher has a multiple subject teaching credential and has met the same requirements of a Transitional Kindergarten teacher. The Subcommittee's action would only apply the increased ratios for classrooms with four year olds, not three year olds.
 - Health and Safety Requirements. Adopt placeholder trailer bill language to allow for State Preschool programs operated at LEAs to be waived from the initial inspection required by the Department of Social Services (DSS) in order to expedite the process for opening new State Preschool programs, but still require LEA run State Preschool programs to meet Title 22 health and safety standards and are subject to later inspections.
 - Stakeholder Process. Require CDE and DSS to convene a stakeholder process this fall to hear input on 1) what changes should be made to Title 22 and Title 5 regulations and how the state can alleviate duplicative requirements for LEAs, and 2) what ratios are appropriate for three and four year olds and how can the state better align ratios to allow for blending of programs, including: State Preschool, Head Start and Transitional Kindergarten.
 - Align Program Minutes. Approve the Governor's proposed trailer bill language to allow for LEAs to align program minutes for State Preschool and Transitional Kindergarten programs. Approves the May Revision changes clarifying that program minutes can be aligned at the same or different school sites.
 - Expand Access for Children with Exceptional Needs. Approve the Governor's proposed trailer bill language to allow children with exceptional needs whose families exceed income eligibility requirements to access part-day State Preschool, if all other eligible children have been served. Approve the May Revision clarifying changes.
- Approves the following proposed trailer bill language to provide administrative efficiencies for early education providers:

- Allow for providers to use electronic applications for families applying for subsidized child care.
- Align the state's definition of homelessness with the federal McKinney-Vento Act for purposes of child care eligibility.
- Requires the Legislative Analyst's Office (LAO) to provide an analysis and recommendations on options for incentivizing full-day Kindergarten programs, including providing full-day and part-day funding rates for Kindergarten and Transitional Kindergarten. The 2016-17 budget required the CDE to provide the Legislature with an evaluation of the average costs associated with full-day and part-day kindergarten programs and recommendations for incentivizing full-day programs. This report is due July 1, 2017. Building on this report, the LAO shall provide recommendations based on CDE's report and their own analysis. The LAO shall report to the Legislature by December 1, 2017 with these recommendations.
- Provides \$1.825 million General Fund for the YMCA of West San Gabriel Valley to build a designated child care facility to serve underprivileged and homeless youth.
- Includes a 1.56 percent cost-of-living adjustment for child care and preschool programs.
- Approves the proposed caseload adjustments and other technical changes.

STAFF COMMENTS:

The Governor's May Revision funds the commitment made to families in the 2016 Budget. However, the May Revision does not address any of the additional needs for subsidized child care and preschool. The Subcommittee's early education package prioritizes additional resources for child care and preschool in order to update the state's outdated income eligibility requirements and restore additional child care and preschool slots for low-income families.

Staff Recommendation: Adopt the Subcommittee's Early Childhood Education Package
