

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****Assemblymember Kevin McCarty, Chair****TUESDAY, MAY 3, 2016****9:00 AM - STATE CAPITOL ROOM 444**

VOTE ONLY ITEMS		
ITEM	DESCRIPTION	PAGE
6100	CALIFORNIA DEPARTMENT OF EDUCATION	
ISSUE 1	K-12 EDUCATION - TRAILER BILL LANGUAGE	2

ITEMS TO BE HEARD		
ITEM	DESCRIPTION	PAGE
6100	DEPARTMENT OF EDUCATION	
ISSUE 1	CDE STATE OPERATIONS	3
ISSUE 2	PROPOSITION 47	7
ISSUE 3	ACADEMIC AND BEHAVIORAL SUPPORT	9
ISSUE 4	STATE SPECIAL SCHOOLS	11
ISSUE 5	CHARTER SCHOOL STARTUP GRANTS	14
ISSUE 6	STUDENT FRIENDLY SERVICES	16
ISSUE 7	AFTER SCHOOL EDUCATION AND SAFETY PROGRAM	18
ISSUE 8	SCHOOL BREAKFAST	20
ISSUE 9	FUNDING FOR STUDENT COUNCILS	22

VOTE ONLY ITEMS

6100 DEPARTMENT OF EDUCATION

ISSUE 1: K-12 EDUCATION - TRAILER BILL LANGUAGE

The Governor's January education trailer bill proposes the following technical and clarifying changes:

- 1.) Suspends the statutory split between K-12 schools, community colleges and other state agencies. This statutory split has been suspended annually since 1992-93 in order to provide the Legislature with the flexibility to prioritize Proposition 98 expenditures within K-14 education.
- 2.) Clarifies that charter schools must complete a Local Control Accountability Plan (LCAP) and Annual Update. Currently, this requirement is unclear in some sections of law.
- 3.) Clarifies what records can be maintained electronically and defines electronic copy for purposes of the Independent Study program. Current law allows written agreements for Independent Study to be maintained electronically, but the field has requested further clarity in law.
- 4.) Extends the authority for the Superintendent of Public Instruction (SPI), with State Board of Education (SBE) approval, to suspend the Academic Performance Index (API) in 2015-16. The SPI has had this authority and has suspended the API since 2013-14, due to the lack of student test scores and the state's efforts to reform the accountability system.

The California Department of Education (CDE) proposes the following technical change to the adult education trailer bill:

- 5.) Moves language from Education Code Section 52616 to Section 84914.1. Education Code related to the Adult Education Fund was revised with the 2015-16 trailer bill, AB 104 (chapter 13, statutes of 2015). This bill also enacted statutes for the new "adult education block grant program". Because Education Code Section 52616 relates to the former adult education program, it could lead to ambiguity as to whether or not the statute applies. Specifically, the proposed change includes the following language:

~~**52616. 84914.1** (a) Notwithstanding any other law, commencing July 1, 1993, the Superintendent shall determine an adult block entitlement, to be paid from appropriations to Section A of the State School Fund as part of the principal apportionment to school districts, for those school districts that maintain education programs for adults by multiplying the adult education revenue limit per unit of average daily attendance determined pursuant to Section 52616.16 and the adult education average daily attendance determined pursuant to Section 52616.17.~~

~~(b) The aAdult education block grant program funds received by school districts entitlement shall be deposited in a separate fund of the school district to be known as~~

the “adult education fund.” Money in an adult education fund shall be expended only for adult education purposes. Except for moneys received pursuant to the local control funding formula, moneys received for programs other than adult education shall not be expended for adult education.

STAFF COMMENTS

Staff has no concerns with the proposed trailer bill language.

Staff Recommendation: Approve all vote only items.

ITEMS TO BE HEARD

6100 DEPARTMENT OF EDUCATION

ISSUE 1: CDE STATE OPERATIONS

The Subcommittee will consider the Governor's proposed level of funding for the CDE's state operations.

PANELISTS

- Melissa Ng, Department of Finance
- Debra Brown, Department of Education
- Natasha Collins, Legislative Analyst's Office

BACKGROUND

California's public education system is administered at the state level by the California Department of Education (CDE), under the direction of the Superintendent of Public Instruction and the State Board of Education. The CDE is responsible for enforcing education laws and regulations, which guide the education of more than 6.2 million students in 10,393 schools, within 1,022 districts and 1,173 charter schools, and 58 county offices of education.

State Superintendent of Public instruction Tom Torlakson is charged with overseeing CDE's state operations. Superintendent Torlakson was elected to office in 2010 and he is afforded two four-year terms. The Superintendent and the CDE are responsible for providing technical assistance to local school districts and working with the education community to improve academic performance.

CDE State Operations

Most CDE staff work at the department's headquarters in Sacramento, where they administer state education programs and provide program support to local educational agencies. The CDE's administration, or state operations, is funded with a combination of non-Proposition 98 General Fund and federal funds. As shown in the chart below, much of CDE's state operations are funded through federal funds.

CDE State Operations Funding (dollars in thousands)

Fund Source	2014-15 Actuals	2015-16 Projected	2016-17 Proposed	BY to CY Change	% Change
General Fund					
CDE Headquarters	\$51,088	\$59,079	\$54,259	-\$4,820	-8.16%
<i>State Special Schools</i>					
<i>P98-General Fund</i>	\$52,425	\$54,162	\$54,307	\$145	0.27%
<i>General Fund</i>	\$45,437	\$48,608	\$50,280	\$1,672	3.44%
Federal Funds	\$149,889	\$168,866	\$160,463	-\$8,403	-4.98%
Fee Revenue	\$6,938	\$8,566	\$8,649	\$83	0.97%
Bond Funds	\$2,248	\$2,972	\$2,964	-\$8	-0.27%
Other Funds	\$18,929	\$31,156	\$27,008	-\$4,148	13.31%
Total Expenditures	\$326,954	\$373,409	\$357,930	-\$15,479	-4.73%
Percentage of FF to					
Total Expenditures	45.84%	45.22%	44.83%		
Positions	2,256.1	2,254.7	2,250.7	-4	-0.18%

Source: Department of Education

Governor's 2016-17 Budget

The Governor's Budget provides \$1.2 million in additional non-Proposition 98 General Fund and federal funds for CDE's state operations in 2016-17. The budget provides no new positions for the CDE, but funds existing positions. Specifically, the Governor's budget includes:

- 1) \$318,000 in non-Proposition 98 General Fund for 2016-17 and 2017-18 to ensure schools understand the importance of providing appropriate services to all English Learners, pursuant to DJ v. California settlement.

- 2) \$254,000 non-Proposition 98 General Fund in 2016-17 and \$60,000 ongoing to establish an advisory committee to help CDE select language development assessments for deaf and hard of hearing children age birth to five and provide ongoing technical assistance for these assessments, as outlined in SB 210, Chapter 652, Statutes of 2015.
- 3) \$207,000 non-Proposition 98 General Fund in 2016-17 and \$140,000 ongoing to develop program guidelines for identifying and educating students with dyslexia and provide ongoing technical assistance to LEAs in implementing these guidelines, as required in AB 1369, Chapter 647, Statutes of 2015.
- 4) \$54,000 in one-time non-Proposition 98 General Fund in 2016-17 and \$81,000 in 2017-18 for the CDE to collect data and submit a report to the Legislature by January 1, 2019 regarding the Educator Effectiveness block grant funds provided through the 2015 Budget Act.
- 5) \$30,000 in one-time non-Proposition 98 General Fund to develop child abuse prevention best practices required through AB 1058, Chapter 748, Statutes of 2015.
- 6) \$25,000 in non-Proposition 98 General Fund in 2016-17 and \$21,000 ongoing to administer the Homeless Youth Assessment Fee Waiver Program for homeless youth who take high school equivalency exams, as required in SB 252, Chapter 384, Statutes of 2015.
- 7) \$194,000 in ongoing federal funding to undertake additional technical assistance and monitoring as more agencies are participating in the at-risk afterschool meals component of the Child and Adult Care Food Program.
- 8) \$100,000 in federal funds in 2016-17 and 2017-18 to provide training and assistance to agencies that are operating Child and Adult Care Food Programs and still implementing changes required by the federal Healthy and Hunger Free Kids Act (2010).

LAO Recommendations

The LAO recommends approving the Governor's proposed increases for CDE's state operations.

STAFF COMMENTS

DJ v. California Settlement. In January 2013, the ACLU filed suit against the state for 1) violating state and federal law regarding the collection, interpretation and use of English learner data, and 2) for English Learner program monitoring implementation. The court found CDE negligent in their monitoring of local educational agencies (LEAs) that submitted data that services were not being provided to English learners. The ACLU requested that the CDE ensure that data is collected accurately and increase monitoring and technical assistance for those LEAs that report that no services are being provided to English learners. The CDE requested additional funds to obtain additional staff to train LEA personnel on data entry and

program requirements, conduct monitoring, expand the current collections system and provide these LEAs with technical assistance in order to resolve issues raised by the lawsuit.

The Governor's budget provides \$318,000 in ongoing funding provided to meet the terms of the *DJ v. California* settlement agreement. However, The CDE argues that this level of funding would not fully fund the three positions requested by the CDE to do this work. The CDE requested three consultant positions, and the administration provided three associate governmental program analyst positions. The CDE is requesting an additional \$105,000 to fully fund these positions. Staff recommends providing the additional \$105,000 in non-Proposition 98 General Fund for these three positions at CDE in order to avoid any additional litigation.

No funding provided for the Instructional Quality Commission. The Instructional Quality Commission (IQC) serves as an advisory body to the State Board of Education (SBE). The IQC provides recommendations to the SBE on curriculum frameworks and instructional materials adoptions as required by statute. In 2009, the Legislature suspended all work on curriculum framework development and instructional materials through July 1, 2015, due to the recession. In 2009, Governor Schwarzenegger vetoed \$705,000 from the CDE's budget due to this suspension. The IQC was reinstated in 2010 with AB 250 (Chapter 608, 2011), however, ongoing funding has not been reinstated. The CDE received one-time funding in 2013-14, 2014-15 and 2015-16 to update various frameworks and instructional materials. The CDE also collects fees from publishers and manufacturers of instructional materials in order to conduct instructional materials adoptions.

The CDE requested \$1.2 million in ongoing non-Proposition 98 General Fund to restore the activities of the IQC. The Governor's budget provides no new funding for the Instructional Quality Commission (IQC) in 2016-17. The DOF has indicated that they are still considering this request for funding at the May Revision.

Staff recommends approving the Governor's proposed increases in funding for CDE's state operations. In addition, staff recommends providing an additional \$105,000 to fully fund the three positions requested by CDE to comply with the *DJ v. California* settlement.

SUGGESTED QUESTIONS

- What are the potential implications if additional funding for the three positions for the DJ settlement is not provided?
- Why was funding for the Instructional Quality Commission not included in the Governor's budget?
- Does the CDE have other priority state operations funding requests that were not approved in the Governor's budget?

Staff Recommendation: Approve the staff recommendation.

ISSUE 2: PROPOSITION 47

The Subcommittee will hear the Governor's estimated level of savings as the result of Proposition 47. Specifically, the Subcommittee will discuss the portion of the savings dedicated to education related activities.

PANELISTS

- Rebecca Hamilton, Department of Finance
- Debra Brown, Department of Education
- Natasha Collins, Legislative Analyst's Office

BACKGROUND

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

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

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

Governor's 2016-17 Budget

The Governor's budget estimates the total savings attributed to Proposition 47 is \$29.3 million in 2016-17 and \$57 million in ongoing savings. These estimates assume savings from a reduction in the state's adult inmate population, and increased costs due to a temporary increase in the parole population and trial court workload associated with resentencing. The estimate also takes into consideration the savings associated with fewer felony filings and more misdemeanor filings, and the number of offenders resentenced and released from the Department of State Hospitals.

The Governor's estimate would result in \$7.3 million available for education related programs in 2016-17, and \$14.3 million beginning in 2017-18. This funding would go to the Department of Education to administer a grant program to reduce truancy, high school dropout, and student victimization rates. The Administration does not have a specific proposal on how this funding should be spent by the CDE.

LAO Recommendation

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

The LAO also recommends the Legislature allocate Proposition 47 funds to schools with the highest concentrations of at-risk students and then give those schools flexibility in deciding how to best address their dropout and truancy issues.

STAFF COMMENTS

Policy Considerations. The Governor's proposed trailer bill language includes intent language to enact legislation to govern the use of the funds provided from the SNSF to the CDE for purposes reducing truancy in schools and supporting students who are at risk of dropping out of school or are victims of crime. However, the Governor does not have a specific proposal on how these funds would be used. There are currently bills going through the policy process that would govern the use of these funds.

Proposition 47 and the minimum guarantee. Proposition 47 sets aside 25 percent of the savings achieved through the proposition for education programs. However, under the Governor's proposed framework, this funding is counted within the Proposition 98 minimum guarantee, meaning that these Proposition 47 savings do not result in an increase in overall education funding. If the intent of the proposition was to use the savings to increase funding for education related programs, the Subcommittee should consider increasing the minimum guarantee by \$7.3 million.

Since the administration will likely update their estimated savings at the May Revision, staff recommends holding this issue open.

SUGGESTED QUESTIONS

- Why didn't the administration rebench the minimum guarantee to account for the savings from Proposition 47?
- Does the administration anticipate making changes to the Proposition 47 estimated savings at the May Revision?

Staff Recommendation: Hold Open.

ISSUE 3: ACADEMIC AND BEHAVIORAL SUPPORT

The Subcommittee will hear an update on the \$10 million provided in the 2015-16 budget for academic and behavioral support. The Subcommittee will also discuss the Governor's 2016-17 budget proposal to provide \$30 million in additional funding for this purpose.

PANELISTS

- Mollie Quasebarth, Department of Finance
- Debra Brown, Department of Education
- Ryan Anderson, Legislative Analyst's Office

BACKGROUND

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

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

The CDE received seven applications from COEs and recently selected the Orange County Office of Education (OCOE) to administer this program. The OCOE intends to use \$2.5 million of the \$10 million to provide subgrants to LEAs to implement academic and behavioral support programs. The OCOE proposes to use the remaining \$7.5 million mainly on developing and disseminating resources, technical assistance and training for LEAs.

Governor's 2016-17 Budget

The Governor's budget dedicates an additional \$30 million in one-time Proposition 98 funding for the OCOE to support LEAs in implementing MTSS and other academic and behavioral support systems. The administration envisions that the additional \$30 million will allow for the OCOE to provide more subgrants for LEAs to implement these systems of support.

LAO Recommendation

The LAO recommends rejecting the Governor's proposal. The LAO believes the state's goals can be realized with the original grant amount.

STAFF COMMENTS

MTSS focuses on core instruction, differentiated learning, and the alignment of systems necessary for a student's academic, behavioral, and social success. The \$10 million provided in the 2015-16 budget was intended to help prevent students from entering special education programs by providing resources and technical assistance for LEAs to implement various systems of support. The Governor's proposal to provide an additional \$30 million will build on this investment. The administration has indicated that the additional funding will allow for more funding to be provided to LEAs to actually implement these systems of support.

Some stakeholders believe that this additional funding should be targeted more specifically to enhance the capacity of school districts or expand their ability to utilize alternative discipline approaches, such as restorative justice, social emotional learning, and cultural competency.

The Subcommittee could consider providing more guidance on how this additional funding should be used.

SUGGESTED QUESTIONS

- Why was Orange County Office of Education selected to administer this program?
- What resources and support does CDE currently provide related to academic and behavioral support systems?
- Does the Orange County Office of Education plan on developing any resources for LEAs to implement restorative justice practices?

Staff Recommendation: Hold Open.

ISSUE 4: STATE SPECIAL SCHOOLS

The Subcommittee will hear the Governor's proposals related to the State Special Schools. Specifically, these proposals include:

- \$91.8 million in total funding for the State Special School's ongoing budget.
- \$4 million in non-Proposition 98 General Fund to address deferred maintenance at the State Special Schools.
- \$1.7 million in non-Proposition 98 General Fund to replace a building used as an activity center for middle school students at the California School for the Deaf in Fremont.

PANELISTS

- Mollie Quasebarth, Department of Finance
- Debra Brown, Department of Education
- Ryan Anderson, Legislative Analyst's Office

BACKGROUND

The California Department of Education (CDE) operates the State Special Schools (SSS), which include two schools for deaf students, located in Fremont and Riverside, and one school for blind students, located in Fremont. In total, these schools serve about 950 deaf and blind students. Of these students, about half reside in on-site dormitories during the week. Additionally, the CDE operates three diagnostic centers, located in Fremont, Fresno, and Los Angeles. These diagnostic centers help identify students' disabilities and offer corresponding training to families and school districts. For the past few years, the SSS has had an annual support budget of approximately \$90 million (about half from Proposition 98 General Fund and half from non-Proposition 98 General Fund).

Governor's 2016-17 Budget

The Governor's budget includes a total of \$91.8 million in funding for the SSS. Of this amount, \$54.3 million is Proposition 98 General Fund and \$37.5 is non-Proposition 98 General Fund. The Governor proposes no changes to the SSS's ongoing budget, but proposes one-time funding for two capital outlay projects, outlined below.

Deferred Maintenance. The Governor's budget provides \$4 million in non-Proposition 98 General Fund to address deferred maintenance projects at the SSS. Prior to allocating the funds, the DOF is required to provide a list of projects for the SSS to the Joint Legislative Budget Committee 30 days prior to allocating any funds. This proposal is part of the Governor's larger deferred maintenance proposal, which includes a total of \$500 million for deferred maintenance for various state departments, identified in Control Section 6.10 of the Budget Bill.

New Middle School Activity Center. The Governor's budget includes \$1.7 million in non-Proposition 98 General Fund to build a new middle school activity center at the California School for the Deaf (CSD) in Fremont. Project activities would include removing the old modular building and constructing a new 2,160 square foot building on a permanent foundation, including new walkways, fencing, accessible parking, manhole and storm drain inlets, and renovated landscaping. The project would consist of a large game room, video viewing area, concession snack bar, bathrooms, storage, refrigerator and freezers, data equipment cabinet, and patio area with barbeque. This is the same proposal the administration made and the Legislature rejected last year.

LAO Recommendation

Regarding the Governor's deferred maintenance proposal, the LAO points out that addressing these concerns now, could prevent more costly repairs in the future. However, the LAO recommends the Legislature require the administration to commit to a list of specific projects prior to adopting the budget, in order for the Legislature to review the specific projects. Consistent with the action it took in 2015-16, the LAO also recommends the Legislature adopt language ensuring the SSS use the \$4 million in one-time funds in addition to, and not instead of, the level of ongoing funding CDE already dedicates towards SSS maintenance. Such language would ensure the additional funding results in further progress towards reducing the maintenance backlog.

The LAO recommends rejecting the Governor's proposal to build a new middle school activity center at the CSD in Fremont. The LAO argues that the activity center is not vital to the school's core instructional program. While the closing of the old activity center has limited extracurricular opportunities for about 60 residential middle school students, the LAO believes other state capital and maintenance projects are higher priorities. The LAO recommends the Legislature repurpose the \$1.7 million for high-priority maintenance projects, either at the SSS or at other state departments.

STAFF COMMENTS

Deferred Maintenance. The CDE has identified a backlog of maintenance projects at the SSS totaling approximately \$17 million. Therefore, providing \$4 million in one-time funding toward addressing this backlog is a smart investment and will save the state more costly repairs in the future. Since this proposal is part of the larger deferred maintenance proposal, any actions on this issue will be taken in Subcommittee #4.

New Middle School Activity Center. The Governor's proposal to build a new middle school activity center for about 60-90 students would result in a high per student cost. However, currently these students are forced to use the limited space in the "cottages," or their living quarters, for any after school activities. The CDE and SSS staff have raised safety and supervision issues with using this space. Due to the unique situation and needs of the CSD in Fremont, staff recommends approving the Governor's proposal.

SUGGESTED QUESTIONS

- Are there any deferred maintenance projects at the SSS that the LAO believes should not be funded?
- Has the CDE and DOF explored other, less expensive, options in lieu of building a new middle school activity center?

Staff Recommendation: Approve the Governor's proposed budget for the State Special Schools, including providing \$1.7 million for a new middle school activity center at the California School for the Deaf in Fremont.

ISSUE 5: CHARTER SCHOOL STARTUP GRANTS

The Subcommittee will hear the Governor's proposal to provide \$20 million in Proposition 98 General Fund for charter school startup grants.

PANELISTS

- Cheryl Ide, Department of Finance
- Debra Brown, Department of Education
- Kenneth Kappahn, Legislative Analyst's Office

BACKGROUND

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

California applied for the federal grant again last year but was not selected. Feedback provided by the U.S. Department of Education revealed that there were a number of reasons California was not selected to receive a grant. First, there were more states applying for grant funding and priority was given to states that had not received a grant in the past. Additionally, the reviewers were concerned that the state could not easily measure the academic performance of charter schools and compare this performance to non-charter schools. This is due to the fact that California recently suspended the state's assessment and accountability system during the transition to new assessments aligned to the common core state standards. Also, the federal criteria favored states that took a direct role in charter school oversight, which California scored poorly.

The CDE has reported the state has a carryover balance in the federal program of \$35.4 million. The CDE may conduct a final funding round in 2016-17 with this carryover, depending on if there is enough funding to cover the administrative costs (federal law caps the administrative allowance at 5 percent of the grant). The CDE would also need to seek federal permission to extend the term of the grant. If CDE does not conduct another funding round, the remaining balance would be reverted back to the federal government.

Governor's 2016-17 Budget

The Governor's budget includes \$20 million in one-time Proposition 98 funding to provide startup grants for charter schools, due to the lack of federal grant funds. The proposal would provide new charter schools with grants of up to \$575,000, similar to the federal program. A

charter school could apply for a grant prior to being authorized; however, funding would not be provided until the charter school was authorized. The Governor's proposal would give priority to charter schools located in low-income areas and in counties with few existing charter schools. Trailer bill language specifies that grantees can use the funding in their first and second year of operation for any one-time startup costs. Unlike the federal grant program, the Governor's proposal does not exclude any startup costs.

LAO Recommendation

The LAO recommends waiting to act on this proposal until the Legislature has additional information from the administration and CDE. If relatively little federal carryover is available in 2016-17, the LAO recommends adopting some form of the Governor's proposal to allow the state to continue to provide startup grants for the upcoming year. This would provide the state with time to consider some longer-term options and reapply for federal funding.

STAFF COMMENTS

The Governor's proposal would provide \$20 million in one-time Proposition 98 General Fund, in addition to the \$35.4 million in federal carryover, for a total of \$55.4 million to provide startup funding for charter schools. The Governor's budget would provide a temporary solution to address the loss of federal grant funding. It is unknown whether California will receive a federal grant in the future. The Subcommittee may want to consider how to address the loss in federal funds in the long-term, instead of providing one-time funding for this purpose.

Additionally, the Subcommittee could consider other priorities for using this one-time funding.

SUGGESTED QUESTIONS

- What are the main differences in the federal charter school grant program and the Governor's proposed grant program?
- Does the administration anticipate providing additional state funding for charter school startup grants in the future? What is the Governor's long-term vision for this program?
- Does the CDE anticipate conducting another round of grant funding using the federal carryover?

Staff Recommendation: Hold Open.

ISSUE 6: STUDENT FRIENDLY SERVICES PROPOSAL

The Subcommittee will consider the Governor's budget proposal to provide \$1 million in additional one-time Proposition 98 funding for the Student Friendly Services college planning website.

PANELISTS

- Brianna Bruns, Department of Finance
- Natasha Collins, Legislative Analyst's Office
- Debra Brown, Department of Education

BACKGROUND

The nonprofit California College Guidance Initiative (CCGI) manages a college planning website, also known as Student Friendly Services. The website provides high school counselors, students, and parents with various tools to access information about college planning and financial aid. Students also can create free personal accounts to plan and track their high school course taking and manage their applications for financial aid and college admissions. In addition to these publicly available services, CCGI offers enhanced services to school districts on a subscription basis. For an annual fee, the organization creates individual accounts for all of a subscribing district's students and then inputs, verifies, houses, and shares student transcript data with certain universities. In addition, the organization generates web-based student-level progress reports to help counselors in subscribing districts place students in classes. Subscribing districts also can use the website to predict course demand for classes based on students' needs.

In 2015-16, CCGI received \$1.8 million for the website. Of this amount, \$1 million was Proposition 98 General Fund (\$500,000 ongoing and \$500,000 one-time), \$450,000 was private funding, and \$60,000 came from the California State University. In addition, 15 school districts paid a combined \$250,000 for enhanced services. Twelve more districts have applied for the services in 2016-17. Combined, these 27 districts serve more than 450,000, or 13 percent, of the state's public high school students.

The Governor's 2016-17 Budget

The Governor's budget includes \$1 million in additional one-time Proposition 98 funding for the Student Friendly Services college planning website in 2016-17. The Governor's proposal does not include specific requirements for the funding, but indicates the purpose would be to expand the use of the website for more students and school districts.

LAO Recommendation

The LAO recommends the Legislature ask the administration to provide more detail about how CCGI would use the funding augmentation and what is the longer-term strategy for the website and the state's role in funding it.

STAFF COMMENTS

The CCGI indicates that it could use the proposed funding for improving the features of the free version of the website, improving and expanding the enhanced version of the website, or a combination of the two. For the free version of the website, CCGI indicates it could make various upgrades, including redesigning the financial aid sections and enriching the counselor and educator tools. For the enhanced services component of the website, CCGI indicates it could add various planning tools. The Subcommittee may wish to consider providing further direction on what this funding should be used for, or require the CCGI to report on their expenditures for this one-time funding.

SUGGESTED QUESTIONS

- Are there currently other college planning websites that districts are using to assist students with college planning?
- What is the administration's long-term strategy for funding the Student Friendly Services website?

Staff Recommendation: Hold Open.

ISSUE 7: AFTER SCHOOL EDUCATION AND SAFETY PROGRAM

The issue for the Subcommittee to consider is a request from advocates for additional funding to assist in supporting the After School Education and Safety (ASES) program.

PANELISTS

- Virginia Early, Legislative Analyst's Office
- Steve Amick, THINK Together
- Rand Martin, California After School Coalition and California Afterschool Advocacy Alliance
- Debra Brown, Department of Education

BACKGROUND

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

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

Budget Proposal

The California After School Coalition (CASC) and the California Afterschool Advocacy Alliance (CAAA) are requesting a budget augmentation of \$73.3 million in ongoing Proposition 98 General Fund for the ASES program. This increase would cover the cost of implementing the new statutory minimum wage obligations (\$1 increase effective July 1, 2014 and the second \$1 increase effective January 1, 2016). The augmentation reflects an increase in the ASES ADA rate from \$7.50 to \$8.50, a 13.33% increase.

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

- 75% of ASES funded programs reported that they had to reduce the number of enrichment activities offered, and over 60% reported it negatively impacted their ability to provide quality academic supports;

- 50% had to reduce staff hours, more than 60% reduced professional development, and over 80% found it more difficult to both attract and retain high quality staff.

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

STAFF COMMENTS

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

Proposition 49 provided dedicated funding for the ASES program, with a minimum funding level of \$550 million annually. Funding for this program has not increased since 2006. However, during the recession, when schools were cut approximately 20 percent, the ASES program did not receive a funding reduction. Additionally, the state has not provided increased funding for LEAs or other programs to account for the minimum wage increase.

SUGGESTED QUESTIONS

- What would be the impact on after school programs if the state did not provide increased funding? Are there other lower cost alternatives?
- Do any of the after school programs receive additional funding through community organizations, or school districts?
- What will be the impact of the \$15 minimum wage on after school programs?

Staff Recommendation: Hold Open.

ISSUE 8: SCHOOL BREAKFAST

The Subcommittee will consider a request from the California Food Policy Advocates to expand participation in school breakfast after the bell.

PANELISTS

- Natasha Collins, Legislative Analyst’s Office
- Tracey Patterson, California Food Policy Advocates
- Robin McNulty, Director School Meals Program, San Diego Hunger Coalition
- Debra Brown, Department of Education

BACKGROUND

The School Breakfast Program is a federally funded program which assists schools and other agencies in providing nutritious breakfasts to children at reasonable prices. The United States Department of Agriculture (USDA) is responsible for overseeing the program nationally. In California, the program is administered by the California Department of Education.

There are approximately 3.2 million low-income students that attend K-12 public school in California. Of these students, approximately 38 percent participate in the School Breakfast Program.

Budget Proposal

The California Food Policy Advocates (CFPA) has a budget proposal aimed at increasing participation in the school breakfast program by offering breakfast after the bell (after the start of the school day). Specifically, this proposal would require LEAs to:

- Offer breakfast after the bell if at least 60 percent of enrolled students are low income.
- Offer breakfast after the bell and free of charge to all students if at least 80 percent of enrolled students are low income.

The proposal intends to implement these changes by the last quarter of the 2016-17 school year. The CSFA estimates this proposal would serve an additional 583,925 students at an increased cost of \$5.8 million in Proposition 98 General Fund. The advocates estimate that this proposal would also draw down approximately \$34-\$50 million in federal reimbursements.

Implementing After-the-Bell Breakfast in High-Poverty Schools During the Last Quarter of SY 2016-17		
Additional Low-Income Students Reached	Additional State Reimbursements	Increase in Federal Reimbursements
583,925	\$5.8 million	\$34.7-\$50.8 million

Based on participation and enrollment rates for 2014-15 and reimbursement rates for 2015-16.

Additionally, the CFPA proposes providing an additional \$4.2 million for existing school breakfast startup/expansion grants.

STAFF COMMENTS

Research shows that students who routinely eat a nourishing breakfast perform better in school and have lower rates of absenteeism and tardiness. This proposal seeks to increase participation in the school breakfast program by requiring LEAs that serve a high percentage of low-income students to serve breakfast to students after the start of the school day. Many districts are already doing this and have seen increases in participation in school breakfast as a result.

This proposal includes both budget and policy changes to the school breakfast program. The CFPA sponsored a bill last year, AB 1240 (Bonta) that was substantially similar to this proposal. The bill was held in the Assembly Appropriations Committee.

SUGGESTED QUESTIONS

- What have been the successes and challenges of implementing breakfast after the bell at various school sites? Has this approach increased academic performance for those students?

Staff Recommendation: Hold Open.

ISSUE 9: FUNDING FOR STUDENT COUNCILS

The Subcommittee will consider a budget request from the California Association of Student Councils.

PANELISTS

- Edgar Cabral, Legislative Analyst's Office
- Shawn Ahdout, California Association of Student Councils
- Debra Brown, Department of Education

BACKGROUND

The California Associated Student Councils (CASC) is a student-led, non-profit organization that supports leadership development of elementary, middle, and high school students through a variety of programs. The CASC provides statewide and regional leadership-related conferences, student and advisor training, leadership experience through a 12 - region structure throughout the state, and opportunities for student to serve on advisory boards that present to the State Board of Education and the Legislature.

The CASC does not currently receive state funding, however in the past, funding has been provided from both Proposition 98 and non-Proposition 98 General Fund, in amounts ranging from \$26,000 to \$90,000.

Budget Proposal

The CASC is seeking a budget appropriation of \$150,000 in ongoing funding to support CASC's outreach and to provide leadership programs to low-income students at no charge. Specifically, this funding would provide funding for students on the free and reduced lunch program to attend two summer leadership conferences, the Staff Development Program to become trainers, the Student Advisory Board on Education and Student Advisory Board on Legislation in Education, the Youth Action Summit of California and elementary and middle school workshops.

STAFF COMMENTS

Staff recommends holding this issue open pending the May Revision.

SUGGESTED QUESTIONS

- What private funding does the CASC currently receive?
- Does CASC currently provide scholarships for low-income students to participate in CASC's leadership training and activities?

Staff Recommendation: Hold Open.
