

## AGENDA

### ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Wilmer Amina Carter, Chair

TUESDAY, APRIL 20, 2010  
STATE CAPITOL, ROOM 444  
9:00 AM

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**CONSENT CALENDAR**

**6110 DEPARTMENT OF EDUCATION**

**ISSUE 1: DOF APRIL LETTERS – VARIOUS STATE OPERATIONS AND LOCAL ASSISTANCE ADJUSTMENTS**

The issues for the Subcommittee to consider are various technical amendments proposed by the Department of Finance (DOF) to the 2010-11 Budget Act.

**PANELISTS**

- Nick Schweizer and Thomas Todd - Department of Finance
- Carol Bingham - Department of Education
- Jim Soland - Legislative Analyst's Office

**BACKGROUND:**

As part of the annual budget process, DOF submits a letter to the Legislature on April 1 that includes proposed changes to the Governor's January budget. The proposed revisions are largely technical and include adjustments to state operations and local assistance funding.

**Federal Funds Adjustments.** The Administration proposes the following federal funds adjustments. These adjustments reflect updated estimates of both a) how much money California will receive from various federal programs and b) unused funds (carryover) from prior years that are available for re-appropriation.

<b>Consent Calendar</b>	
<b>Federal Funds – State Operations Items</b>	
1)	<p><b>Add One-Time Carryover Authority for Document Translation Workload (Issue 278).</b> It is requested that Item 6110-001-0890 be increased by \$250,000 federal Title III funds and that Item 6110-001-0001 be amended to reflect the availability of one-time carryover. These funds will support the continued translation of parental notification and information forms in multiple languages to assist school districts in complying with the requirements of current law. The carryover is a result of delay in securing contracts with vendors to translate parental notification documents.</p> <p>It is further requested that provisional language be added to conform to this action as follows:</p> <p>X. Of the funds appropriated in this item, \$250,000 is available in one-time carryover funds to support additional translations of parental notification and information templates.</p>
2)	<p><b>Add One-Time Reimbursement Authority for Specialty Crop Block Grant Program (Issue 643).</b> It is requested that Item 6110-001-0001 be increased by \$180,000 in reimbursement authority to reflect one-time federal funds available from the California Department of Food and Agriculture (CDFA). The Specialty Crop Block Grant funds will be used to promote the consumption of fresh fruits and vegetables among preschoolers.</p>

	<p>It is further requested that provisional language be added to Item 6110-001-0001 as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$180,000 is provided in one-time reimbursement authority for Specialty Crop Block Grant Funds from the California Department of Food and Agriculture.</p>
3)	<p><b>Administration of Commodity Supplemental Food Program (Issue 644).</b> It is requested that Item 6110-001-0890 be increased by \$45,000 Federal Trust Fund and that Item 6110-001-0001 be amended to reflect the anticipated approval of administrative funds for the Commodity Supplemental Food Program (CSFP). In 2009-10, the SDE received approval from the United States Department of Agriculture (USDA) to retain an additional \$45,000 to implement the CSFP. The SDE expects to receive this additional allowance in future years but cannot request it until information about final funding is received in December.</p> <p>It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$45,000 is for the administration of the Commodity Supplemental Food Program, contingent on approval from the United States Department of Agriculture.</p>
4)	<p><b>Special Child Nutrition Grants Programs (Issue 645).</b> It is requested that Item 6110-001-0890 be increased by \$2,235,000 Federal Trust Fund and that Item 6110-001-0001 be amended to reflect the anticipated receipt of special child nutrition grants for the Summer Food Service, Administrative Reviews and Training, Team Nutrition, Direct Certification, and Fresh Fruit and Vegetable Programs. These grants are awarded by the USDA, and the funds would be used to develop and implement training needed to implement federal requirements associated with the Child Nutrition Program.</p> <p>It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$2,235,000 is provided for the following special child nutrition grants, contingent on receipt of grant awards from the United States Department of Agriculture: \$1.0 million on a one-time basis for the Summer Food Service grant, \$535,000 for the Administrative Reviews and Training (ART) grant, \$300,000 for the Team Nutrition grant, \$250,000 for the Direct Certification grant, and \$150,000 for the Fresh Fruit and Vegetable grant.</p>
5)	<p><b>Support for Completion of Child Nutrition Information and Payment System (CNIPS) (Issue 647).</b> It is requested that Item 6110-001-0890 be increased by \$125,000 Federal Trust Fund and that Item 6110-001-0001 be amended to reflect the availability of funds to extend CNIPS project management contracts through December, 2010. These contracts will support the completion of CNIPS, which is critical to the state's Child Nutrition Program.</p> <p>It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$125,000 is available on a one-time basis to extend project management contracts to support completion of the Child Nutrition Information and Payment System implementation.</p>
6)	<p><b>Support for CNIPS Interface with Federal Computer System (Issue 648).</b> It is requested that Item 6110-001-0890 be increased by \$247,000 Federal Trust Fund and that Item 6110-001-0001 be amended to reflect one-time funds available to develop the interface</p>

	<p>between the state’s Child Nutrition Information and Payment System and the United States Department of Agriculture’s (USDA’s) new computer system. This federally required system compatibility will facilitate tracking orders of food commodities from the USDA.</p> <p>It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$247,000 is available on a one-time basis to develop the interface between the Department of Education’s Child Nutrition Information and Payment System and the United States Department of Agriculture’s new Web-Based Supply Chain Management System.</p>
<p><b>Federal Funds – Various Local Assistance Items</b></p>	
<p>7)</p>	<p><b>Item 6110-102-0890, Local Assistance, Learn and Serve America Program (Issue 402).</b> It is requested that this item be increased by \$585,000 to reflect a \$468,000 increase in the federal grant and \$117,000 in one-time carryover. The Learn and Serve America Program provides opportunities for students to engage in academic based service-learning projects.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$117,000 reflects one-time carryover funds for the Learn and Serve America Program.</p>
<p>8)</p>	<p><b>Item 6110-103-0890, Local Assistance, Robert C. Byrd Honors Scholarship Program (Issue 649)</b>—It is requested that this item be increased by \$114,000 Federal Trust Fund to align the budget appropriation with the federal grant award. These funds will be used to recognize exceptionally able high school seniors who show promise of continued excellence in postsecondary education.</p>
<p>9)</p>	<p><b>Item 6110-112-0890, Local Assistance, Public Charter Schools Grant Program (Issue 723).</b> It is requested that this item be decreased by \$780,000 federal Public Charter Schools Grant Program (PCSGP) funds. This adjustment includes a decrease of \$1,871,000 to align with the estimated federal grant award and an increase of \$1,091,000 in available one-time carryover funds. The PCSGP provides planning and implementation grants to new startup and conversion charter schools and best practices dissemination grants.</p> <p>It is further requested that provisional language be added to conform to this action.</p> <p>X. Of the funds appropriated in this item, \$1,091,000 reflects one-time carryover funds.</p>
<p>10)</p>	<p><b>Item 6110-125-0890, Local Assistance, Migrant Education Program and English Language Acquisition Program (Issues 291, 292, 297, and 298).</b> It is requested that Schedule (1) of this item be increased by <del>\$7,810,000</del> <u>\$7,747,000</u> Title I Migrant Education Program funds. This adjustment includes a decrease of <del>\$590,000</del> <u>\$653,000</u> to align the Migrant Education Program with the anticipated federal grant award and an increase of \$8.4 million to reflect the availability of one-time federal carryover funds. LEAs will use these funds for educational and support services to meet the needs of highly-mobile children.</p> <p>It is also requested that Schedule (2) of this item be <del>increased</del> <u>decreased</u> by <del>\$1,574,000</del> <u>\$1,907,000</u> federal Title III funds. This adjustment includes a decrease of <del>\$126,000</del> <u>\$3,607,000</u> to align the federal Title III English Language Acquisition Program with the anticipated federal grant award and an increase of \$1.7 million to reflect the availability of one-time federal carryover funds. LEAs will use these funds for services to help students attain English proficiency and meet grade level standards.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p>

	<p>X. Of the funds appropriated in Schedule (1), <del>\$8.4 million</del> <u>\$8,400,000</u> is provided in one-time carryover funds to support the following existing program activities: (1) extended day/week and summer/intersession programs to help prepare middle and secondary students for the high school exit exam, (2) investments aimed at upgrading curricula, instructional materials, educational software, and assessment procedures, (3) tutorials and intensified instruction, and (4) investments in technology used to improve the proficiency of limited English proficient students.</p> <p>X. Of the funds appropriated in Schedule (2), <del>\$1.7 million</del> <u>\$1,700,000</u> is provided in one-time carryover funds to support the existing program.</p>
11)	<p><b>Item 6110-134-0890, Local Assistance, Title I Basic Elementary and Secondary Education Act Program (ESEA) (Issues 301 and 302).</b> It is requested that Schedule (4) of this item be increased by <del>\$19,976,000</del> <u>\$37,653,000</u> federal Title I funds. This adjustment includes an increase of <del>\$15,876,000</del> <u>\$33,553,000</u> to align the Title I Basic ESEA program with the anticipated federal grant award and an increase of <del>\$4.1 million</del> <u>\$4,100,000</u> to reflect the availability of one-time federal carryover funds. LEAs will use these funds to support services that assist low achieving students enrolled in the highest poverty schools.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (4), <del>\$4.0 million</del> <u>\$4,100,000</u> is provided in one-time carryover funds to support the existing program.</p>
12)	<p><b>Item 6110-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program and Title I Even Start Program (Issues 293, 295, and 296).</b> It is requested that Schedule (1) of this item be decreased by \$4,310,000 federal Title I McKinney-Vento Homeless Children Education funds. This adjustment includes a decrease of <del>\$4.7 million</del> <u>\$4,737,000</u> to align the McKinney-Vento Homeless Children Education Program with the anticipated federal grant and an increase of \$427,000 to reflect the availability of one-time federal carryover funds. LEAs will use these funds to provide services to homeless students.</p> <p>It is also requested that Schedule (2) of this item be increased by <del>\$640,000</del> <u>\$688,000</u> federal Title I Even Start funds. <u>This adjustment includes an increase of \$48,000 to align the Even Start program with the anticipated federal grant award and an increase of \$640,000</u> to reflect the availability of one-time carryover. LEAs will use these funds to improve the educational opportunities of low-income families and to support a unified literacy program that integrates early childhood education and parenting education.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (1), \$427,000 is provided in one-time carryover funds to support the existing program.</p> <p>X. Of the funds appropriated in Schedule (2), \$640,000 is provided in one-time carryover funds to support the existing program.</p>
13)	<p><b>Item 6110-166-0890, Local Assistance, Vocational Education Program (Issue 405).</b> It is requested that this item be increased by \$6,035,000 federal Vocational Education funds to reflect \$6.5 million in one-time carryover and a decrease of \$465,000 in the federal grant. The federal Vocational Education Program develops academic, vocational, and technical skills of students in high schools, community colleges, and Regional Occupational Centers and Programs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$6.5 million is provided from one-time carryover funds for Vocational Education Programs.</p>

14)	<p><b>Item 6110-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 144).</b> It is requested that this item be increased by <del>\$2,272,000</del> <u>\$3,000,000</u> federal Title II funds to reflect one-time carryover. The Mathematics and Science Partnership Program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support to mathematics and science teachers.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, <del>\$2,272,000</del> <u>\$3,000,000</u> is provided in one-time carryover funds to support the California Mathematics and Science Partnership Program.</p>
15)	<p><b>Item 6110-240-0890, Local Assistance, Advanced Placement Fee Waiver Program (Issue 650).</b> It is requested that this item be increased by \$1,578,000 Federal Trust Fund to align the budget appropriation with the federal grant award and to reflect the availability of \$871,000 in one-time carryover funds for the Advanced Placement (AP) Fee Waiver Program. These funds will be used to reimburse school districts for specified costs of AP test fees paid on behalf of eligible students. The AP program allows students to pursue college-level course work while still in secondary school.</p> <p>It is further requested that provisional language be added to Item 6110-240-0890 as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (2) of this item, \$871,000 is provided in one-time carryover funds to support the existing program.</p>
16)	<p><b>Item 6110-156-0890, Local Assistance, Adult Education Program (Issue 404)</b>—It is requested that this item be increased by \$13,770,000 federal funds to reflect a \$10,770,000 increase in the federal grant and \$3.0 million in one-time carryover. The federal Adult Education Program supports the Adult Basic Education, English as a Second Language, and Adult Secondary Education programs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$3.0 million is provided in one-time carryover funds for the federal Adult Education Program.</p>

**State Special Schools – Capital Outlay Project Reappropriations.** Pursuant to Budget Letter 08-33 in December 2008, state departments were directed to suspend any projects that require cash disbursement from Pooled Money Investment Account loans. In order to comply with this budget letter, the State Department of Education (SDE) suspended project activities for four lease-revenue bond funded projects at the State Special School in Riverside. These projects were all authorized in previous state budgets. As a result of suspension, implementation of these projects was delayed in 2008-09 and 2009-10 and it is now necessary to reappropriate the unexpended fund balances for these projects to allow SDE to fulfill its obligations for the identified projects once they are able to resume. The four DOF April Letter requests are outlined below.

**Consent Item**

**Addition of Budget Bill Item 6110-490, Capital Outlay, Department of Education (Issue 350).** It is requested that Item 6110-490 be added to reappropriate the unencumbered balances of the bond funded appropriations for four SDE projects at the California School for the Deaf - Riverside. Funding for these projects was originally appropriated in the Budget Acts of 2005, 2006, 2007, and 2008. This request will add budget authority in the 2010-11 budget for the unencumbered balances of these four projects, as follows:

- **\$22,467,000** for the New Gymnasium and Pool Center Project – Construction and Equipment.
- **\$18,009,000** for the Career and Technical Education Complex and Service Yard Project -- Construction and Equipment.
- **\$12,273,000** for the Kitchen and Dining Hall Renovation Project – Construction and Equipment.
- **\$9,727,000** for the Academic Support Core, Bus Loop and Renovation Project – Working Drawings, Construction and Equipment.

**STAFF COMMENTS:**

Staff recommends approval of all of the DOF April Letter proposals listed above, including staff revisions highlighted for some issues. These revisions provide corrections to the April Letter requested by both SDE and DOF. No issues have been raised for any of these issues.

**QUESTIONS:**

- 1) Does the Department of Finance have any technical revisions to these proposals?

**6360 COMMISSION ON TEACHER CREDENTIALING****ISSUE 1: DOF APRIL LETTERS – CREDENTIAL WEB INTERFACE PROJECT REAPPROPRIATION**

The issue for the Subcommittee to consider is the DOF April Letter request that funding authority for the Commission on Teacher Credential (CTC) state operations budget be increased by \$413,000 in the 2010-11 Budget Act to reflect the reappropriation of one-time funds available for completion of the Credential Web Interface Project.

**PANELISTS**

- Juliana Morozumi - Department of Finance
- Crista Hill - Commission on Teacher Credentialing
- Jim Soland - Legislative Analyst's Office

**Consent Item****Item 6360-001-0408, State Operations, Add Funding for the Credential Web Interface Project (Issue 150).**

Requests an increase of \$413,000 to the budget item for the Test Development and Administration Account, Teacher Credentials Funds to reflect the availability of one-time funds for the completion of the Credential Web Interface Project (CWIP). This project would allow the Commission on Teacher Credentialing (CTC) to capitalize on its existing infrastructure to consolidate data bases into one unified system, streamline the processes for updating and posting information, and eliminate more costly contract services by bringing in-house the internet-based client interface that stakeholders use to access credential data.

The Budget Act of 2009 provided \$413,000 on a one-time basis for this project; however, the development of the business and technical requirements has delayed the Request of Offers. The CTC is currently in the process of selecting a contractor to manage the project and does not anticipate completing the project in the current year. Therefore, the current appropriation will revert.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$413,000 is available on a one-time basis to contract for the completion of the Credential Web Interface Project.

**STAFF COMMENTS:**

Staff recommends approval of the DOF April Letter request to allow reappropriation of one-time funds to complete the Credential Web Interface Project. No issues have been raised for this item.

**QUESTIONS:**

- 1) Does the Department of Finance have any technical revisions to this proposal?

## ITEMS TO BE HEARD

### 6110 DEPARTMENT OF EDUCATION

#### ISSUE 1: FEDERAL FUNDS OVERVIEW (INFORMATION ONLY)

In addition to the background provided in this agenda, the Legislative Analyst's Office will provide a comprehensive handout that provides detail of available federal funding for K-12 education.

#### PANELISTS

- Jim Soland - Legislative Analyst's Office
- Carol Bingham - Department of Education
- Nick Schweizer - Department of Finance

#### BACKGROUND:

California annually receives more than \$6 billion in federal funds to support K-12 education. While some of this funding is awarded competitively, most federal funding is provided on a formula basis to target particular student populations, such as low-income students and students with disabilities.

In addition to ongoing federal funding, the state received more than \$6 billion in one-time support for K-12 education through ARRA. While California distributed most of its unrestricted ARRA funds to school districts in 2009, these funds can be spent through 2010-11. In addition, significant monies from the stimulus package associated with specific activities, such as school improvement and education data, remain uncommitted.

#### American Recovery and Reinvestment Act (ARRA) Funding as of March 1, 2010 PreK-12 Programs

Program	Award to California	Anticipated Award	Total	Disbursed to LEAs and Other Grantees/Awardees	Comments
State Fiscal Stabilization Funds (SFSF) Formula Phase I	\$2,919,000,000	\$0	\$2,919,000,000	\$2,483,200,000	
State Fiscal Stabilization Funds (SFSF) Formula Phase II		\$213,000,000	\$213,000,000	\$0	Application submitted to U.S. Dept. of Education
Title I Basic Local Grants (Part A and D)	\$1,079,883,000	\$0	\$1,079,883,000	\$463,442,000	
School Improvement Grant	\$17,588,000	\$334,175,000	\$351,763,000	\$0	Application submitted to U.S. Dept. of Education. The U.S. Dept. of Education awarded 5 percent of the funds early for states' use in administering the program. The SDE lacks budget authority to spend these funds.

Special Ed (IDEA) Part B	\$1,226,944,000	\$0	\$1,226,944,000	\$396,337,000	
Special Ed (IDEA) Part B- Preschool	\$41,028,000	\$0	\$41,028,000	\$8,598,000	
Child Care Development Block Grant	\$220,274,000	\$0	\$220,274,000	\$77,173,000	Expenditure authority for \$110 million was provided in the 2009-10 Budget Act. Governor's 2010-11 Budget proposal includes expenditure authority for remaining funds.
National School Lunch (equipment grants)	\$12,865,000	\$0	\$12,865,000	\$11,815,000	
McKinney-Vento (Assistance to Homeless Youth)	\$13,796,000	\$0	\$13,796,000	\$3,713,000	
Enhancing Education Through Technology	\$71,578,000	\$0	\$71,578,000	\$0	Section 28 Letter denied. SDE revising expenditure plan.
Teacher Incentive Fund	Competitive				Competitive grants are made by the U.S Dept. of Education to LEAs, states, or partnerships of one or more local educational agencies (LEAs) or states and at least one non-profit organization.
Statewide Longitudinal Data Systems	Competitive				Application submitted. Competitive grants are administered by the Institute of Educational Sciences.
Race to the Top	Competitive				California did not receive funding in the first round. Decision on applying for second round of funding is pending.
Head Start*		\$82,495,000	\$82,495,000	\$0	Direct grants are made by the U.S. Dept. of Health and Human Services to local agencies.
Impact Aid*	Competitive				Competitive grants are made by the U.S Dept. of Education to eligible LEAs.
Teacher Quality Partnerships*	Competitive				Grants are made by the U.S. Dept. of Education to existing higher education programs.
Innovation Grants*	Competitive				Competitive grants are made by the U.S. Dept. of Education to LEAs or partnerships including one or more non-profit organizations, LEAs, or consortia or schools.
Qualified Zone Academy Bond (QZAB) Tax Credits	\$200,000,000	\$0	\$200,000,000		Provides additional QZAB issuing authority to State and local governments in 2009 and 2010.
Qualified School Construction Bond Tax Credits	\$1,350,000,000	\$1,350,000,000	\$2,700,000,000		Provides a new category of tax credit bonds for the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which a public school will be constructed.
*These funds are not administered by SDE.					<b>Source: SDE</b>

**State Fiscal Stabilization Funds (SFSF) – Phase II.** The federal State Fiscal Stabilization Fund (SFSF) program provides one-time formula grants to states under the *American Recovery and Reinvestment Act of 2009 (ARRA)* for the purpose stabilizing state and local government budgets in order to minimize and avoid reductions in education and other essential public services.

The SFSF grant is issued to states in two phases. California received \$2.9 billion for K-12 education in Phase I. California's Phase II application for an additional \$213 million is pending with the federal government.

The status of California's Phase II application is not clear. As part of the state's application, each governor must include an assurance that the state will maintain the same level of support (maintenance of effort or MOE) for elementary, secondary, and postsecondary education in FY 2009 through FY 2011 as it did in FY 2006. However, the statute authorizes the USDOE to waive this maintenance-of-effort requirement under certain conditions.

Some education advocates have taken issue with the Governor's efforts to meet the federal MOE for requirements for the ARRA State Fiscal Stabilization Fund for the 2009-10 fiscal year. It is not clear if this has been a factor in the delay of federal approval of Phase II funds.

**Race to the Top (RTTT) Grant update.** The federal government authorized a series of separate competitive grants as part of the ARRA legislation in February 2009. Among those grants was the Race to the Top (RTTT) grant. This grant was to be issued in two competitive phases and according to the US Department of Education (USDOE), California was eligible to receive between \$350 million and \$700 million in RTTT one-time funding in Phase 1.

RTTT is a competitive grant program designed to encourage and reward states that are creating the conditions for education innovation and reform; achieving significant improvement in student outcomes, including making substantial gains in student achievement, closing achievement gaps, improving high school graduation rates, and ensuring student preparation for success in college and careers; and implementing ambitious plans in four core education reform areas:

- 1) Adopting standards and assessments that prepare students to succeed in college and the workplace and to compete in the global economy;
- 2) Building data systems that measure student growth and success, and inform teachers and principals about how they can improve instruction;
- 3) Recruiting, developing, rewarding, and retaining effective teachers and principals, especially where they are needed most; and
- 4) Turning around our lowest-achieving schools.

In January the Governor signed two bills SBX5 4 (Romero) and SBX5 1 (Steinberg) that intended to make California's RTTT application more competitive. The bills also placed several new requirements on school agencies, regardless of whether they choose to apply for the RTTT funding locally or not. Some of those new provisions include:

- 1) A definition of "persistently low performing" for purposes of implementing one of four federally created intervention models;
- 2) Authority for pupils enrolled in low-achieving schools to transfer to another school in the district or another school district;
- 3) Establishment of a Parent Empowerment program that authorizes parents or guardians of pupils to sign petitions in up to 75 schools statewide, that would result in a school being required to implement one or more of four interventions for turning around persistently lowest-achieving schools;
- 4) Establishment of an alternative route for teacher credentialing known as the Science, Technology, Engineering, Math (STEM), and Career Technical Education Educator Credentialing Program; and
- 5) Requirement of state participation in a national consortium or interstate collaborative to develop common core academic standards.

California's Phase 1 application was signed and sent to the federal government on January 15, 2010. On March 4, 2010 California was notified that it was not among the finalists to receive Phase 1 funding. On March 29, 2010 Delaware and Tennessee were the only two states awarded Phase 1 grants. California ranked 27<sup>th</sup> out of 41 states that applied.

According to the USDOE, Delaware and Tennessee got high marks for the commitment to reform from key stakeholders, including elected officials, teacher's union leaders, and business leaders. In both states, all school districts committed to implementing Race to the Top reforms. Delaware and Tennessee also have aggressive plans to improve teacher and principal evaluation, use data to inform instructional decisions, and turn around their lowest-performing schools.

**Federal Special Education Funding.** According to the LAO, in 2010-11, California expects to receive \$1.3 billion in ongoing federal funding for special education. These funds are part of a longstanding federal commitment to help states pay for the education of students with disabilities. In 1975, Congress passed the first piece of federal legislation protecting the right of students with disabilities to a "free and appropriate public education." The law was largely a response to growing national awareness that many states were either excluding students with disabilities from the education system or severely limiting their access. While this law's successor, the Individuals with Disabilities Act (IDEA), has used different methods to allocate funding to states over time, the general intent was to help states afford the additional costs generated by the federal requirements.

Under the current allocation method, IDEA funds are provided to states based on their relative school-age populations (85 percent) and school-age populations living in poverty (15 percent). Additionally, IDEA set forth a policy that the federal government would cover a maximum of 40 percent of excess special education costs, with states and local education agencies to cover remaining costs. The federal methodology for "full funding" is based on the federal government's national estimates of the excess cost of educating students with disabilities.

Feds not funding 40 percent-of-cost policy. According to the LAO, despite the federal government more than doubling its share of costs between 1995 and 2005, IDEA has never covered more than 19 percent of excess costs. Appropriations, as well as share of cost covered by the federal government, have dropped between 2004 and 2008, despite a 2004 IDEA funding schedule designed to accelerate augmentations. (Even with the one-time ARRA IDEA allocation in 2009, the 40 percent full-funding target was not reached.)

Governor's budget. The Governors 2010-11 proposed budget includes a plan to request an additional one-time allocation of \$1 billion from the federal government as compensation for not covering 40 percent of special education costs. (The \$1 billion equates very roughly to about one year of special education costs that would have been covered by the federal government had the 40 percent target been met.) However, should the additional funds materialize, the Governor proposes not to use these funds for special education costs but instead use the funds for General Fund savings.

### LAO RECOMMENDATION

The LAO generally supports the Governor's efforts to obtain more federal funding for special education, however, by planning to use the money for general fiscal relief, the LAO contends that the Administration misses an opportunity to make a strong case on policy grounds for additional IDEA funding. California—along with other states—can make a compelling argument to receive additional IDEA funding.

The LAO recommends California request the federal government fully fund its 40 percent-of-cost policy and permanently increase IDEA funding for all states. For California, this would mean freed up Proposition 98 resources. The LAO approach would provide ongoing rather than one-time benefit to the state and does not require any special treatment for California.

### QUESTIONS:

1. SDE/DOF – Has California applied for all competitive ARRA funds for which it is eligible? If not, why?
2. DOF – Does the Governor intend to apply for the second round of Race to the Top funds? Has the federal government indicated whether they will move the application date back from June 2010?
3. DOF – What is the status of the State Fiscal Stabilization Fund (SFSF) Phase II funds? Has the federal government raised any concerns with the Governor's approach to meeting the MOE requirements?
4. DOF – Explain the rationale for requesting an additional \$1 billion for special education but directing that funding to the General Fund and not to education specifically? Has the Administration formally requested these additional federal funds? What is the status of this request? Does the Administration have a position on the LAO recommendation?

**ISSUE 2: FEDERAL TITLE I: SET-ASIDE AND SCHOOL IMPROVEMENT GRANT (SIG) FUNDS**

The issues for the Subcommittee to consider are options for appropriating \$485.1 million in unobligated federal School Improvement Grant (SIG) and Title I set aside funds.

**PANELISTS**

- Jim Soland - Legislative Analyst's Office
- Carol Bingham - Department of Education
- Nick Schweizer - Department of Finance

**BACKGROUND:**

**Background on Federal Accountability.** Pursuant to the federal No Child Left Behind (NCLB) act, each year, schools and school districts must meet four sets of requirements to make Adequate Yearly Progress (AYP), the federal mechanism used to measure if schools and districts are meeting performance targets for all students. The requirements include: (1) student participation rate on statewide tests, (2) percentage of students scoring at the proficient level or above in English-language arts and mathematics on statewide tests, (3) API score, and (4) graduation rate (if high school students are enrolled). Numerically significant groups of students at a school or school district also must meet the four requirements. LEAs that receive federal Title I funds (funds that primarily serve poor pupils) and do not meet AYP targets for two consecutive years, are identified for Program Improvement (PI).

**Corrective action process for schools in PI.** Title I schools enter PI after failing to meet the same indicator or any AYP indicator in the same content area for two consecutive years. NCLB also requires the state and LEA to provide technical assistance to schoolsites during the PI process. School districts decide what corrective action is appropriate for each schoolsite in PI. Schools exit PI if they make AYP for two consecutive years. According to the SDE, there are 2782 schools in PI under NCLB in 2009-10. Of this number, 1502 are in PI year four and five, the years that restructuring begins.

**Corrective action process for districts in PI.** Different from the corrective action process for schools, districts enter PI only if they fail the same indicator or an AYP indicator in the same content area for all grade-spans for two consecutive years. Another difference between the district corrective action process and the schoolsite process is that the state decides the type of corrective action for districts whereas for schools, the district makes that decision. When a district reaches PI year 3, the state is required to impose one of the four following sanctions: reconstituting the district, replacing district personnel, placing a trustee in the district, and requiring the district to implement a new curriculum. In addition to the sanction, federal law requires states to provide LEAs with technical assistance in implementing the sanction. LEAs exit PI if they make AYP for two consecutive years. According to the SDE, there are 298 districts in PI under NCLB in 2009-10. Of this number, 173 are in PI year three, the year that restructuring begins.

**Federal Funding for School Improvement.** The federal government provides two streams of funding to states to be used to improve student achievement in Title I schools identified for improvement, corrective action, or restructuring so as to enable those schools to make adequate yearly progress (AYP) and exit PI status.

- **Federal Title I Set-Aside.** NCLB requires states to set aside four percent of their total Title I grant to help schools and districts improve their performance.
- **School Improvement Grant (SIG).** The state also receives federal funding under the School Improvement Grant (SIG). The federal government established the SIG program in 2008 to provide technical assistance for Title I schools in PI under NCLB.

In 2009, the federal American Recovery and Reinvestment Act (ARRA) also provided one-time funding to California under the Title I set-aside and the SIG program on top of the base funding provided to California.

As the chart below indicates, after funding existing program obligations, the state has a total of \$485.1 million in unobligated SIG and Title I set aside funds combined.

<b>Federal School Improvement Funds</b>				
<i>(In Millions)</i>				
	<b>Authority</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>Funds</b>				
Carryover	6110-134-0890 <sup>d</sup>	\$51.0	\$78.2	\$415.9
Reverted Funds <sup>b</sup>		\$12.5	\$0.0	\$0.0
Set Aside	6110-134-0890 <sup>d</sup>	\$65.0	\$65.0	\$66.6
SIG	6110-134-0890 <sup>c</sup>	\$62.0	\$64.1	\$69.2
ARRA - Set Aside	6110-134-0890 <sup>d</sup>	\$0.0	\$45.0	\$0.0
ARRA - SIG	6110-134-0890 <sup>c</sup>	\$0.0	\$351.8	\$0.0
<b>Subtotal</b>		<b>\$190.5</b>	<b>\$604.1</b>	<b>\$551.7</b>
<b>Program Costs</b>				
AB 519 <sup>a</sup>	6110-134-0890 <sup>c</sup>	-\$102.0	-\$25.0	-\$61.0
S4	6110-134-0890	-\$10.0	-\$10.0	-\$10.0
S4 Eval		-\$0.3	\$0.0	\$0.0
QEIA	6110-134-0890 <sup>d</sup>	\$0.0	-\$153.2	\$0.0
<b>Subtotal</b>		<b>-\$112.3</b>	<b>-\$188.2</b>	<b>-\$71.0</b>
<b>TOTAL REMAINING</b>		<b>\$78.2</b>	<b>\$415.9</b>	<b>\$485.1</b>

a. Continues SDE's practice of funding AB 519 entirely from set aside.

b. Funding US ED allowed the state to keep even though it technically reverted in 2008-09.

c. Can be used for AB 519, the remainder can be expended pursuant to legislation.

d. Authority provided per ABX3 56.

e. Assumes funds prorated beginning in 2010-11.

**New SIG guidance.** In January 2010 the federal government issued new regulations for the SIG program that will influence how the state decides to allocate these funds. For example, states are required to use SIG resources to turn around the bottom 5 percent of schools in PI (frequently referred to as the "persistently lowest achieving schools"). Schools can receive up to \$2 million per year for three years. As a condition of receiving funds, schools must implement one of four intensive intervention strategies.

Figure 17

**New Regulations for Federal School Improvement Program****Priority for Intervention**

- ✓ First priority is for schools receiving Title I funds that either are in the bottom 5 percent of Program Improvement schools, as measured by standardized test scores in math and Language Arts, or are high schools with a graduation rate below 60 percent for several consecutive years.
- ✓ Second priority is for high schools that would have been in the bottom 5 percent but do not receive Title I funds.
- ✓ Third priority is for additional schools receiving Title I funds that the state identifies at its discretion.

**Intervention Models<sup>a</sup>**

- ✓ Close the school.
- ✓ Convert the school into a charter school.
- ✓ Release at least 50 percent of instructional staff and provide certain flexibility related to staffing and instructional time.
- ✓ Give schools considerable flexibility, including control over personnel decisions, budgeting, and length of the school day/year.

**Funding Rules**

- ✓ Schools in the bottom 5 percent and with low graduation rates can receive up to \$2 million per year for three years.
- ✓ Districts can pool their total allotment and redistribute among identified schools such that some top-priority schools receive even more.
- ✓ Provide funding to schools for three years rather than one year.

<sup>a</sup> Applies only to the persistently lowest-achieving schools.

Source: LAO

**State Department of Education (SDE) SIG application.** In March 2010, the State Board of Education (SBE) approved the SDE's federal SIG application. The application is now pending federal approval. The SDE also submitted five SIG waiver requests with their application to the federal government:

- Time Extension Waiver - to extend the period of availability of school improvement funds the state and LEAs to September 30, 2013.
- Timeline Waiver - to permit LEAs to allow their Tier I schools that will implement a turnaround or restart model to “start over” in the school improvement timeline.
- Poverty Threshold Waiver - Waive the 40 percent poverty eligibility threshold to permit LEAs to implement a schoolwide program in a Tier I school that does not meet the poverty threshold.
- N Size Waiver - permit the inclusion of a “minimum n size” in the identification criteria for persistently lowest-achieving schools. The “minimum n-size” requested is 100 valid scores.

- Tier II Definition Waiver - Waive the definition of “persistently lowest-achieving schools” in Tier II and incorporate an alternate definition in identifying Tier II schools.

Along with approval of the SIG application and waiver requests, the SBE approved methodology developed by SDE to identify the state's 5 percent "persistently low performing" schools. Using this methodology, out of 2,708 eligible Title I schools, 139 were identified as "Tier I" schools. Forty nine schools (of the 968 secondary schools that are eligible for, but do not receive, Title I funds) were identified as "Tier II." While states have the option of identifying a third tier of schools, the SDE application did not include these schools because the SDE plan "anticipates the funds that will be available to California through the SIG award will fund only the lowest-achieving Tier I and a limited number of Tier II schools." Staff notes that the methodology used by SDE for purposes of developing a list of "persistently low performing" schools for the SIG grant differs from the methodology codified in SB 1 X5 (Steinberg) developed for the purposes of the federal Race to the Top (RTT) grant.

As a condition of receiving SIG funding, all 188 schools identified by SDE as "persistently low performing" must choose one of the four intervention models to implement by the 2011–12 school year, unless they have already implemented one of the models within the previous two years that conforms to all the requirements of the interventions required by the SIG program, and is showing significant progress.

The SDE application does not include a specific expenditure plan for SIG funding. Instead, SDE will do an individual needs analysis of every application. Applications that address all the requirements described in the application will be recommended to the SBE for funding. The maximum grant allowed under federal law is \$2 million per school per year.

#### **LAO RECOMMENDATIONS**

The LAO recommends creating a SIF budget plan (Title I set-aside and SIG funds combined) that ensures all the funds are used during the allotted period while maximizing potential programmatic benefits and minimizing overlap among school improvement efforts.

The LAO also recommends consolidating the states Quality Education and Investment Act (QEIA) program to account for SIF overlap and recommends eliminating the AB 519 program.

***Develop a method for determining which schools would receive funding.*** According to the LAO, while new SIG guidance requires funding to first be spent on Title I schools in the bottom 5 percent of PI, new regulations provide significant freedom to states in deciding which additional PI schools receive funding. The LAO recommends expanding schools eligible to receive funding from the "persistently lowest achieving" to roughly the bottom one-third of schools in PI, which is equivalent to roughly 10 percent of all schools statewide. The LAO would, however, recommend excluding schools that were making progress and did not appear to be in need of intervention.

Figure 18

**Schools Identified Under LAO-Recommended School Improvement Program**

Identification Process	Schools
<b>Persistently Lowest-Achieving Schools</b>	
1. Identify the bottom 5 percent of schools in federal Program Improvement (PI) based on average proficiency rates on state math and Language Arts tests combined. Exclude schools that have made more than 50 points of Academic Performance Index (API) growth over the last five years. <sup>a</sup>	177
2. Add secondary schools that have had a graduation rate of 60 percent or lower for the past three years. <sup>b</sup>	27
3. Add all high schools eligible for but not receiving Title I funds that otherwise would have been identified in step one.	10
<b>Additional Low-Achieving Schools</b>	
Identify the bottom third of schools in PI using largely the same process as described under (1) above. Exclude schools that have more than 50 percent of their students scoring proficient and have made more than 100 points of API growth over the last five years. The Quality Education Investment Act schools meeting these criteria would have priority for funding. <sup>a</sup>	776
<b>Total</b>	<b>990</b>
<b>Percent of Statewide Total</b>	<b>10%</b>
<sup>a</sup> Excludes all non-PI schools as well as all alternative schools except continuation schools. Also excludes schools that do not meet minimum group size for federal accountability purposes (usually 100 students).	
<sup>b</sup> In addition to the schools excluded in step one, also excludes continuation schools.	

**Link Funding With Need.** The LAO recommends allocating SIF funds to schools in a way that matches funding to the needs of the school. Under the LAO proposed allocation method, most funding would be based on school-wide enrollment, with the "persistently lowest-achieving" schools receiving a higher per-pupil rate than the other identified schools. Linking most funding with enrollment would ensure larger schools receive more for student and teacher support. The LAO method, however, also would have minimum and maximum school allocations in recognition that some fixed costs as well as some economies of scale exist. Specifically, the LAO recommends giving the "persistently lowest achieving" schools \$900 per pupil, with total allocations ranging from a minimum of \$250,000 to a maximum of \$2 million per school. Other identified schools that are not among the persistently lowest-achieving (those in the bottom one-third of PI schools not already identified) would receive \$300 per pupil, with a minimum of \$50,000 and a maximum of \$500,000 per school. These schools generally would receive less in school improvement funding as they would not have to implement an intensive intervention strategy. Instead, these schools could use more targeted improvement strategies consistent with federal PI and Race to the Top guidance.

**Figure 19****LAO-Recommended Budget for Federal School Improvement Program***(In Millions)*

	2010-11	2011-12	2012-13
<b>Ongoing Funding</b>			
School Improvement Grants (SIG)	\$68	\$68	\$68
Title I set aside	65	65	65
<b>One-Time Funding</b>			
American Recovery and Reinvestment Act (ARRA) SIG	\$352	—	—
ARRA Title I set aside	45	—	—
Carryover	119	\$355	\$193
<b>Totals</b>	<b>\$650</b>	<b>\$488</b>	<b>\$326</b>
<b>Expenditures</b>			
Intervention: persistently lowest-achieving schools <sup>a</sup>	\$126	\$126	\$126
Intervention: additional low-achieving schools <sup>b</sup>	159	159	159
Regional technical assistance/intervention	10	10	10
<b>Totals</b>	<b>\$295</b>	<b>\$295</b>	<b>\$295</b>
<b>Balances</b>	<b>\$355</b>	<b>\$193</b>	<b>\$31</b>

<sup>a</sup> Generally provides \$900 per pupil, with a minimum grant of \$250,000 and a maximum grant of \$2,000,000.

<sup>b</sup> Generally provides \$300 per pupil, with a minimum grant of \$50,000 and a maximum grant of \$500,000.

**Build a three-year SIF budget.** The LAO recommends building a three-year SIF budget using their expanded list of schools and accompanying allocation model. The LAO budget maximizes federal support for the state's low performing schools while adhering to the federal government's three-year budget cycle. (The LAO budget also continues to provide \$10 million annually for regional technical assistance and intervention to ensure some funding remains budgeted for regional support.) By the end of the three year period, new federal rules are expected. At that time, the state could reassess its efforts in this area and develop a more refined program based on the new federal rules as well as the lessons learned over the prior three years.

**LAO recommendations for the QEIA program.** In addition to building a multiyear SIF plan, the LAO identifies areas of overlap between the SIF and the state's QEIA program, and, to the degree possible, consolidates the state and federal school improvement programs.

The QEIA program, developed as part of a settlement the administration reached with the California Teachers Association regarding the Proposition 98 suspension that occurred in 2004-05, provides \$2.8 billion over seven years to support schools ranked in the bottom two deciles on state assessments. The state annually provides \$402 million (non-Proposition 98) for the program until 2013-14, with the bulk of funding supporting efforts to reduce class sizes in grades 4 through 12. In 2009-10 the state supported QEIA with Proposition 98 funding on a one-time basis. The state also took action through ABx3 56 (Evans) to allocate up to \$165 million in federal Title I Set-Aside funds, which, if available, would offset Proposition 98 funding for QEIA in 2009-10.

The LAO contends that the PI and QEIA programs overlap considerably. Under the LAO model, more than 65 percent of QEIA schools would be eligible for federal SIF funding. Under the LAO proposal, if a QEIA school is identified for the federal program, then it would receive federal dollars instead of state dollars and only be subject to federal requirements. A QEIA school not funded under the LAO SIF plan, or currently receiving more in QEIA funds

than allowed under the maximum SIF allotment, would continue to receive state funds, but could use those resources to conduct a school improvement activity approved under the federal PI program. Districts also would be free to redistribute state dollars among schools in the district in accordance with the local SIF plan, allowing districts to provide more funding to QEIA schools if they so chose.

The LAO would recommend a sunset of the QEIA program at the end of 2012-13, which is when the federal SIF funds expire. Beginning in 2013-14, the state would have a clean slate and could start a new round of school improvement efforts, if it desired.

The LAO plan leaves the state with a remaining settlement obligation of \$1 billion in 2013-14. The LAO would recommend the Legislature use this funding to reduce the K-14 mandate backlog, which now totals \$3.6 billion.

**AB 519 program.** *AB 519 (Chapter 757, Statutes of 2008)*, established a process for allocating federal funds to districts in their third year of PI in order to support certain corrective actions assigned to the district by the SBE. According to the SDE, there are 298 districts in PI under NCLB in 2009-10. Of this number, 173 have received sanctions from the SBE.

In addition to providing a sanction, AB 519 also authorizes the LEA to contract with a district assistance and intervention team (DAIT) or other technical assistance provider to aid in implementing the sanction. LEAs may receive between \$150,000 and \$50,000 per PI school within their district to contract with a DAIT or other technical assistance provider.

Prior to the release of the new SIG guidance, the state set up the AB 519 program in a manner that would allow SIG dollars to flow to districts for this purpose. Despite legislative intent and budget act authority for the use of SIG dollars, SDE has used Title I set-aside to fund the program rather than SIG funds. Since 2008, the state has funded the program with a total of \$125 million in federal Title I set-aside funds.

Under the new SIG guidance, ongoing SIG dollars must be directed to schools in PI. If the Legislature plans to continue to fund the AB 519 program, it would have to dedicate Title I set-aside funds for this purpose. According to SDE, approximately 63 LEAs are expected to enter corrective action, which is estimated to cost between \$45.6 million and \$67.1 million.

**LAO AB 519 recommendation.** Given the new federal PI regulations, the LAO recommends the Legislature discontinue the AB 519 program. According to the LAO discontinuing the AB 519 program would reduce unnecessary overlap among programs—helping to streamline school improvement efforts.

**Department of Finance April Letter Adjustments.** The Department of Finance has included three issues in their April letter related to the SIG and Title I set-aside funds.

1	<p><b>Item 6110-134-0890, Local Assistance, Federal Title I Set Aside for the Local Educational Agency Corrective Action Program (Issue 005)</b>—It is requested that Schedule (2) of this item be increased by \$1,720,000 federal Title I Set Aside funds for the Local Educational Agency Corrective Action Program (Program) to align the appropriation with the available federal grant estimated for 2010-11. The Program provides funding for technical assistance to LEAs entering federal Corrective Action.</p>
2	<p><b>Item 6110-134-0890, Local Assistance, Federal School Improvement Grant Program (Issue 006)</b>—It is requested that Schedule (3) of this item be increased by \$7,040,000 federal School Improvement Funds to align the appropriation with the available federal grant estimated for 2010-11. The School Improvement Grant Program provides grants to the lowest-achieving Title I schools identified for federal Program Improvement, Corrective Action, or Restructuring to implement evidence-based strategies for improving student achievement.</p>
3	<p><b>Item 6110-134-0890, Local Assistance, Prorate Local Educational Agency Corrective Action Program Funds (Issue 007)</b>—It is requested that provisional language be amended to prorate 2010-11 federal Title I Set Aside funds for the Local Educational Agency Corrective Action Program (Program) and to prohibit schoolsites from earning Title I Set Aside funds if schoolsites also earn federal School Improvement Grant (SIG) funds. It is requested that Provision 6 of this item be amended to conform to this action as follows:</p> <p>“6. The funds appropriated in Schedule (2) are for purposes of Title I, Part A, Section 1116 and 1117 of the No Child Left Behind Act (P.L. 107-110) and shall <del>first</del> be used to fund the Local Educational Agency Corrective Action program (<u>Program</u>) established by Article 3.1 (commencing with Section 52055.57(c)) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code. <u>In the event that 2010-11 Title I Set Aside funds are insufficient to fully fund all local educational agencies that become eligible, apply for, and are selected by the State Board of Education (Board) to receive those federal funds, and notwithstanding any other provision of law, the State Department of Education and the Board shall in the following order:</u></p> <ol style="list-style-type: none"> <li>a) <u>Identify all schools that qualify to receive, have applied for, and have been selected by the Board to receive a 2010-11 federal School Improvement Grant and also are within a local educational agency that has been selected by the Board to receive 2010-11 federal Title I Set Aside funds.</u></li> <li>b) <u>Ensure that schools identified in (a) of this provision are excluded for purposes of calculating Program funding.</u></li> <li>c) <u>Determine the federal Title I Set Aside grant amount to be awarded to each qualifying local educational agency pursuant to levels specified in Section 52055.57(d)(3) of the Education Code and exclude schools identified in (a) of this provision.</u></li> <li>d) <u>In the event that 2010-11 federal Title I Set Aside funds are insufficient to fully fund all eligible Corrective Action program local educational agencies, the Board shall proportionately reduce each Corrective Action program grant so that all approved local educational agencies may be funded with the maximum amount of Title I Set Aside funds possible.”</u></li> </ol>

### STAFF COMMENTS

**SIG funding.** Participation in the SIG program is voluntary. Schools identified by SDE as being "persistently low performing" for purposes of SIG are not required to implement any of the intervention models unless they receive SIG funds. Given the high stakes involved with most of the required reforms, schools may choose not to apply for this funding. The state should consider a plan that allows for schools beyond those identified as "persistently low performing" to participate.

While the SDE plan includes criteria that will be used to evaluate the elements in LEA applications, the decision as to who gets funded and by how much is at the discretion of the SDE and SBE. SDE claims that their approach will only allow for the funding of Tier I schools

and "a portion of Tier II schools." It is not clear how SDE arrived at that determination as their application lacks a specific funding model. Further, given the major reforms that all 188 schools in Tiers I and II are required adopt, a SIG funding plan should ensure that all of these schools receive funding.

Staff recommends the Legislature look to the LAO approach which develops a specific allocation method for distributing SIG funds that maximizes distribution of funds to an expanded list of schools, particularly schools in Tiers I and II.

**AB 519 program.** The AB 519 program is an important program in that it specifically targets funding to districts in PI so that funds may be used for all schools in the district. For example, if a district falls into PI due to low achievement of specific subgroups (ie. English learners or special education students), this program allows the district to provide professional development, training in the use of data or instructional coaches that could benefit the subgroup across all schools in the district. Given the large amount of funding targeted to specific schools through SIG, staff recommends the Legislature continue to provide funds to assist with interventions for districts in PI.

<b>QUESTIONS:</b>
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- 1) SDE – How did you determine that your plan would only be able to fund Tier I schools and a portion of Tier II schools? What is your funding methodology?
- 2) SDE/LAO – Given the major reforms required under SIG, is it possible to make the first year a planning year for schools? Has the federal government issued guidance on this?
- 3) DOF – Does the Administration have a proposal for the use of the unobligated SIG and Title I set aside funds? Do you have a position on the SDE approach?
- 4) Is the state in danger of reverting any funds in the current or budget year?