AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Julia Brownley, Chair

TUESDAY, APRIL 24, 2007
STATE CAPITOL, ROOM 444
10:00 AM

ITEMS TO BE HEARD

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Items To Be Heard

5180 DEPARTMENT OF SOCIAL SERVICES
6110 CALIFORNIA DEPARTMENT OF EDUCATION

ISSUE 1: FREEZE OF INCOME ELIGIBILITY FOR CHILD CARE

BRIEF CHILD CARE OVERVIEW

Under current law, the state makes subsidized child care services available to: (1) families on public assistance and participating in work or job readiness programs; (2) families transitioning off public assistance programs; and (3) other families with financial need. Child care services provided within the California Work Opportunity and Responsibility to Kids (CalWORKs) program are administered by both the California Department of Social Services and the California Department of Education, depending upon the "stage" of public assistance or transition the family is in. Stage 1 child care services are administered by the Department of Social Services for families currently receiving public assistance, while Stages 2 and 3 are administered by the Department of Education.

Families receiving Stage 2 child care services are either receiving a cash public assistance payment (and are deemed "stabilized") or are in a two-year transitional period after leaving cash assistance; child care for this population is an entitlement under current law. The State allows counties flexibility in determining whether a CalWORKs family has been "stabilized" for purposes of assigning the family to either Stage 1 or Stage 2 child care. Depending on the county, some families may be transitioned to Stage 2 within the first six months of their time on aid, while in other counties a family may stay in Stage 1 until they leave aid entirely.

Families receiving Stage 3 child care services have exhausted their two-year Stage 2 entitlement. The availability of Stage 3 care is discretionary and contingent upon the amount of funding appropriated for the program in the annual Budget Act. Subsidized child care is also available on a limited basis for families with financial need (the "working poor"). Under current practice, services to these two populations are supplied by the same group of child care providers.

Child Care is provided through either licensed child care centers or the Alternative Payment Program.

- Child Care Centers receive funding from the state, which pays for a fixed number of child care "slots." Centers provide an educational program component that is developmentally, culturally, and linguistically appropriate for the children served. Centers also provide nutrition education, parent education, staff development, and referrals for health and social services programs. In many areas of the State, there are no available "slots" in licensed Child Care Centers or Family Day Care Centers and families are limited to the use of license-exempt care.

- Alternative Payment Program provides child care through means-tested vouchers, which provide funding for a specific child to obtain care in a licensed child care center, licensed family day care, or license-exempt care. With a voucher, the family has the choice of which type of care to utilize.

RECENT CHANGES

In recent years, the Legislature has approved a variety of Administration-driven proposals designed to "ration" the limited amount of state subsidized child care services, including: (1) eliminating subsidized child care services for 13-year old children; (2) eliminating subsidized child care services for families whose income exceeded 75 percent of the State Median Income (maximum income level under law) and who were originally "grandfathered" into law; (3) reducing the maximum rate paid to Alternative Payment providers for administration and support services -- from 20 to 19 percent; (4) reducing the reimbursement rate for providers from the 93rd percentile of the Regional Market Rate to the 85th percentile; and (5) limiting the availability of child care services to 11- and 12-year olds by tacitly shifting this age group to After School Programs. In addition, the Legislature approved, and the Administration enacted, Centralized Eligibility Lists in order to consolidate the separate waiting lists formerly housed by individual providers into a central location.

As part of the 2006-07 budget, the Legislature adopted a series of actions aimed at increasing support for child care programs. Specifically, the Legislature: (1) redirected funding for enrollment growth for Title V Centers and instead used those dollars to increase the Standard Reimbursement Rate for center-based programs; (the intent was to address long-standing issues surrounding the inability of centers to continue operating at the reimbursement rate that was previously being provided); (2) "Unfroze" the child care income eligibility ceilings and adjusted the ceiling to reflect 75 percent of the current (2006-07) State Median Income and appropriated an additional $67 million to reflect increased caseload that may result due to the increased income eligibility; (3) Adjusted the family fee schedule to add new "steps" (accounting for the higher income limits) and retained the level at which fees begin to be assessed at approximately 40 percent of SMI; and (4) Implemented compromise, county-based Regional Market Rates. The 2006-07 budget re-indexed State Median Income (SMI) guidelines for child care and preschool eligibility for the first time in six years. Families earning less than 75 percent of State Median Income are eligible for child care and preschool programs. The old guidelines artificially held the income levels the 1999 level, which was equivalent to about 56 percent of the current SMI.

BUDGET PROPOSAL TO FREEZE SMI

The budget proposes to freeze SMI indexing, and thus the income eligibility levels for families participating in the state's child care programs, at the 2006 level. In January, the Department of Finance stated there were no projected savings resulting from this proposal. Language to this effect was also proposed as part of last year's budget proposal, at which point the administration called for a working group to develop a methodology to link any future changes in eligibility to the development of a new family fee schedule. The language further called for the working group to: consider the use of alternative indexes for future income eligibility adjustments; examine the standard reimbursement rate; and review child care contracts to maximize expenditures.

As part of the current year budget process, legislative staff, working with representatives from the administration, negotiated an increase in the income eligibility levels for the current year, and developed a new family fee schedule linking these new income levels to the family fee schedule. Further, staff worked to coordinate these actions with revised standard reimbursement rates. All of the above noted changes were approved by the Legislature and the Governor and included in the current year Budget Act. However, the administration did not view these changes as being ongoing, and failed to include additional funding in its January proposal to continue adjusting income eligibility thresholds to keep pace with the changing State Median Income.

The California Budget Project states that families would lose eligibility for child care at a lower income than they would if the income eligibility limit were increased. Eligibility is limited to families with incomes at or below 75 percent of the state median income, adjusted for family size. Due to the increase in the median income between 2004 and 2005, the income eligibility limit would increase by an estimated 3.9 percent in 2007-08, absent the freeze proposed by the Governor. For example, a family of three could earn up to $3,769 per month ($45,228 per year) and remain eligible for child care in 2007-08 – $141 per month more than the current limit of $3,628 per month ($43,536 per year). This is equivalent to an annual difference of $1,692.

Families would also begin to pay fees at a lower income than they would if the income eligibility limit were increased. Families begin to pay graduated fees for child care when their incomes reach approximately 40 percent of the median income for their family size. Fees range from $2.00 per day to a maximum of $19.20 per day for full-time care. Currently, a family of three begins to pay fees when its income reaches $1,950 per month ($23,400 per year). A family of three would begin to pay fees when its income reaches $2,025 per month ($24,300 per year) if the income eligibility limit is updated in 2007-08.

REGIONAL MARKET RATE

A related issue in the rate discussion is the setting of a Regional Market Rate (RMR). Maximum reimbursements (ceilings) for subsidized child care provided through programs are subject to the RMR Survey of California Child Care Providers. A survey was conducted in 2005 and in 2006, the CDE committed to implement the regional market rate schedules based upon the county aggregates. The Department has been asked to discuss any proposed changes to the RMR and its formulation at the hearing.

PANELISTS

- California Department of Education
- Department of Finance
- Legislative Analyst's Office
- Parent Voices
- Resource and Referral Network
- Child Care Law Center

STAFF COMMENT

The SMI freeze proposal would undermine the progress made in last year's budget to keep child care accessible to families transitioning from welfare into work. This freeze could undermine work participation in CalWORKs and could lead to working families transitioning back to welfare due to a loss in needed child care.

ISSUE 2: CENTRALIZED ELIGIBILITY LIST UPDATE

BACKGROUND

Senate Bill (SB) 68 (Chapter 78), enacted July 19, 2005, added Section 8227 to the Education Code and established the requirement for each county to develop and administer a CEL for families waiting to obtain CDE administered subsidized child care and development services. SB 68 requires that the Alternative Payment Program (APP) in each county be the agency that administers the CEL. In counties where there is more than one APP, the legislation requires that the APP that is also the local Resource and Referral Program (R&R) be the CEL administrator. It further requires that in counties with multiple APPs and R&Rs, the CDE was to establish a process to select the CEL administrator. Finally, it provided for agencies operating a CEL prior to July 2005 in any county to continue to be the CEL administrator for those counties. The 2005-06 budget appropriated $7.9 million for administration of CELs in all 58 counties.

Current law specifies that each CEL administrator is to design, maintain, and administer a system to consolidate local child care waiting lists in order to establish a countywide centralized eligibility list. Each CEL shall collect at a minimum the following data:

1. Family characteristics, including ZIP Code of residence, ZIP Code of employment, monthly income, and size.

2. Child characteristics, including birth date and whether the child has special needs.

3. Service characteristics, including reason for need, whether full-time or part-time service is requested, and whether after-hours or weekend care is requested.

The statute also requires that each county CEL administrator report the collected CEL data to the CDE annually and in a manner determined by the CDE. Prior to enactment of SB 68, each child care and development contractor established and maintained its own waiting list of families and children eligible for services. The legislation required contractors to participate and use the county CEL in order to be eligible for continued funding from the CDE. The legislation did provide for an exemption for three types of child care and development service contractors from the CEL participation requirement. Exempted contractors are campus child care and development programs, migrant child care and development programs operating on a seasonal basis, and programs serving severely handicapped children. These child care and development programs may utilize any waiting lists developed at their local sites to fill vacancies for their specific population.

The department was asked to provide an update on the CEL, the status of the CEL for Los Angeles County, and any prospective implementation issues. To facilitate CEL implementation and promote consistency, the department's Child Development Division (CDD):

- Is conducting quarterly meetings with CEL Administrators in Northern, Southern and Central regions

- Formed a workgroup of CEL administrators and CDD contractors to address CEL issues and assist with CEL regulations development

- Formed a workgroup of CEL administrators and Head Start grantees to address CEL and Head Start-CDD braided programs issues

Preliminary data indicates the following:

Statewide	**3rd quarter of 2006**	**4th quarter 2006**
Children waiting for services	206,974	234,189
Families waiting for services	132,003	148,167
Children needing **full-time** care	100,096	190,741
Children needing **part-time** care	47,378	62,956
Children needing **evening** care	8,725	9,509
Children needing **weekend** care	6,632	7,375
Children needing **Part-day Preschool**	7,899	10,535
Los Angeles		
LA county children waiting	43,881	57,774

PANELISTS

- California Department of Education
- Department of Finance
- Legislative Analyst's Office
- Parent Voices

ISSUE 3: STATEWIDE CHILD CARE QUALITY PLAN

BACKGROUND

California currently spends approximately $90 million each year for more than 40 child care "quality improvement" programs. Quality improvement activities include: (1) offering health and safety training for providers; (2) conducting provider licensing inspections; (3) developing learning standards and instructional materials; and (4) providing programming (broadcast over public television stations) aimed at better educating child care providers. As a condition of receiving federal Child Care Development Block Grant Funds (CCDF), California is required to spend no less than four percent of its federal grant and matching funds on activities designed to improve the quality and availability of child care, and the expenditures noted above, are designed to meet this requirement.

LAO RECOMMENDATION

The LAO notes that expenditures occur amongst multiple agencies and are not coordinated, nor do they occur in concert with a common definition of "quality" or in support of a unified statewide plan. To meet this end, the LAO recommends that the Legislature convene a working group of relevant stakeholders and direct it to develop a strategic child care and development quality plan by March 1, 2008.

REQUEST FROM PUBLIC TELEVISION

California Public Television requests an augmentation of $1 million to be used to expand the *Ready to Learn* program through more workshops, languages, and greater outreach to at-risk populations throughout the state. Ready to Learn is a Public Broadcasting preschool education outreach program created to increase the resources available to child care professionals, particularly family care providers. The program's goals include developing an enthusiasm for reading and learning in preschool children, supporting childcare providers with tools to enhance literacy, and encouraging parental involvement with their children's education. The program broadcasts in Spanish and English and conducts workshops for teachers, childcare providers, and parents. California Public Television states that currently one-third of the *Ready to Learn* funds come from CDE, one-third from the Corporation for Public Broadcasting, and the last third from other station fundraising. The Corporation for Public Broadcasting funding is scheduled to be phased out over the next three years.

California Public Television also requests adopted of budget bill language to require CDE to use the following criteria to determine grant awards: (1) a minimum match ; (2) a plan that identifies the providers to be trained; (3) number of trainers to be trained; (4) the quality of the training offered; (5) linkages to the child care community; and (6) cost effectiveness. The proposed BBL would also state that as a condition of receiving funds in the 2007-08 fiscal year, each grantee that received funds in the 2006-07 fiscal year shall complete and submit to the CDE by March 1, 2008 an evaluation of the effectiveness of the project operated by the grantee in improving the quality of child care provided in the affected community.

PROCESS FOR PUBLIC INPUT

Federal law requires the state to submit a Statewide Plan outlining how California intends to spend federal CCDF dollars. CDE submits such a plan every other year. The plan's preparation and review process is outlined in federal regulations and the Budget Bill language; however, the language contained in the Budget Bill details the review process. Child care advocates have suggested changes to the language, which would specify the length of the public hearing process to better allow public input on the development of the state's expenditure plan.

This item will be held open to permit additional time for staff to work with the Senate, LAO, DOF, and CDE on language to address concerns related to the public hearing process surrounding the state's CCDF expenditure plan.

PANELISTS

- California Department of Education
- Department of Finance
- Legislative Analyst's Office
- California Public Television
- Child Care Law Center

ISSUE 4: PRESCHOOL AND WRAP AROUND CHILD CARE

PRESCHOOL BACKGROUND

The California Department of Education (CDE) administers state preschool programs for 3- to 5-year old children from low-income families. These pre-kindergarten educational programs focus on early childhood education and enrichment and generally last for three hours. In the current year, the preschool services were expanded by $50 million with funds earmarked in the Budget Act, but appropriated by Chapter 211, Statutes of 2006. The expansion added approximately 12,000 slots, bringing total participation to over 110,000 children. The LAO finds that the demand for state supported preschool far outweighs the capacity -- approximately 34,000 children who meet eligibility requirements for state preschool are on CDE waiting lists.

Preschool Participation in California

	California Population	In State Preschool	In Other Preschool (Private or Head Start)	Total in Preschool	Percent in Preschool
Three-year olds	520,000	57,298	55,000	112,298	22%
Four-year olds	523,425	57,575	272,949	330,524	63
Totals	**1,043,425**	**114,873**	**327,949**	**442,822**	**42%**

Source: Total state preschool numbers provided by the California Department of Education for the 2005-06 school year. All other figures come from the RAND Corporation and Policy Analysis for California Education 2005 data or are extrapolated from that data.

Research shows that high-quality preschool programs for disadvantaged children can have substantial benefits. In particular, research shows that disadvantaged children who participate in preschool programs have higher reading achievement, are less likely to repeat the same grade, less likely to use special education, and more likely to complete high school than disadvantaged children who do not attend preschool. In addition, research shows that disadvantaged children who attend preschool are less likely to become involved in the juvenile justice system and have higher adult employment rates and income earnings.

State preschool providers contract directly with CDE and are reimbursed using a Preschool Reimbursement Rate, which is established in the annual Budget Act (the Governor proposed this rate be $21.12 per child per day for 2007-08, an increase of $0.82 per child per day or 4.04 percent – consistent with the statutory COLA).

2006 PRESCHOOL EXPANSION

Chapter 211 (AB 172, Chan, Statutes of 2006) appropriated $50 million of ongoing Proposition 98 monies to expand state preschool programs in targeted neighborhoods. This expansion will provide up to 12,667 new preschool slots in the enrollment areas of low-performing elementary schools. Additionally, the bill appropriated $5 million in one-time monies for wrap around services for children in these preschool classes. This modest expansion will allow up to 1,094 children to receive wrap around care for one year. This is about a 17 percent increase in the number of funded wrap around slots.

The current year budget appropriated $50 million in preschool expansion while Chapter 211, Statutes of 2006, provided the statutory framework for the expenditure of these funds. Rather than simply expanding the existing state preschool program, Chapter 211 sought to appropriate the funds in a more targeted manner, by establishing the new Pre-Kindergarten and Family Literacy Program (PKFL). This new PKFL program expanded state preschool, added a "wrap around" care component, which seeks to bridge preschool programs with child care programs in order to provide a full day's worth of care, and included a variety of additional criteria not otherwise included in the existing State Preschool program.

Standard System	Chapter 211 (PKFL) System
Eligibility	
Age: Three and four year olds. 10 percent of participants may be older.	***Age:*** One year prior to enrollment in Kindergarten.
Participation: Two-year maximum.	***Participation:*** One-year maximum.
Income: Families must earn less than 75 percent of State Median Income (SMI). 10 percent of participants may earn more after initial enrollment.	***Income:*** Families must earn less than 75 percent of SMI. 20 percent of participants may earn more at initial enrollment.
Location: Statewide.	***Location:*** Provider must be located in the enrollment area of an elementary school ranked in bottom three deciles of the Academic Performance Index.
Program Details	
Preschool Minimum Day/Year: 3 hours per day and 175 days per year.	***Preschool Minimum Day/Year:*** "Part-day" not defined. 175-180 days per year.
Wrap Around Minimum Day/Year: 6.5 hours per day. Number of days per year depends on contract.	***Wrap Around Minimum Day/Year:*** Minimum hours per day not specifically defined. Minimum of 246 days per year.
Preschool Curriculum: Includes education, nutrition, health and social services.	***Preschool Curriculum:*** Same as state preschool with added requirement of parental involvement and education.
Wrap Around Standards: Must comply with all Title V child care requirements.	***Wrap Around Standards:*** Same as standard system.
Funding (Proposed 2007-08 Rates)	
Preschool Rate: $21.12 per day per child.	***Preschool Rate:*** Same per child rates as standard. $2,500 per classroom per year.
Wrap Around Rate: $13.10 per day per child.	***Wrap Around Rate:*** Same as standard system.

According to CDE, interest in the new PKFL program has been widespread. CDE received over 185 applications for the program, and demand exceeded the available supply of grants by $9 million. With the new funds, Preschool programs will be developed on 439 new sites across the state. Given the timing of the implementing legislation (Chapter 211 went into effect on January 1, 2007), CDE will be unable to have contracts with grantees in place prior to April of 2007. As a result, approximately $37.5 million of the original $50 million appropriation will remain unexpended in the current year. In addition, at least $4 million of the $5 million appropriated for "wrap around" care, discussed below, will also remain unexpended in the current year due to limitations placed on its usage.

The Governor generally proposes to maintain the State Preschool Program at existing levels, with additional funding provided for growth (which will add approximately 2,550 new children into the program) and COLA (which will increase the Preschool Reimbursement Rate by $0.82 per child per day).

WRAP AROUND CHILD CARE

In addition to the baseline changes, the Governor proposes to make permanent $5 million in funds provided via Chapter 211 for "wrap around" care. Total funding under the Governor's proposal would exceed $418 million. The Governor's budget includes $5 million (in ongoing funds) to bridge preschool services with state-subsidized child care services, two systems which have struggled to successfully link. Anecdotally, a major barrier for low-income family participation in state preschool has been the part-day nature of the program when families are in need of full-day care. As a result, Chapter 211, Statutes of 2006 sought to address this issue by providing funding specifically for this purpose. However, the $5 million for wrap around care (both in the current year and proposed by the Governor for 2007-08) is linked directly with the PKFL program, as funded by the $50 million in expansion funds.

LAO PRESCHOOL ROADMAP

In its “Proposition 98 Roadmap“, the LAO suggests to the Legislature that one priority should be a significant expansion of state preschool slots by 2011-12. An expansion of preschool as large as this would require planning and preparation. Even if funding were available today, not enough preschool facilities or providers are available to meet demand. Before any major expansion of the program, the LAO recommends developing better measures of program quality as well as creating stronger incentives to improve program quality on an ongoing basis. The LAO thinks these refinements are needed so that greater quantity is not provided at the expense of quality.

LAO SUGGESTION

The Governor’s budget proposal provides $5 million in new ongoing monies to support wrap around care for children participating in the new PKFL programs. Effectively, the Governor’s budget does not expand wrap around child care but instead converts the approximately 1,100 slots funded with one-time monies in 2006-07 into ongoing slots.

The LAO states that because wrap around child care operates on the general child care schedule (before and after school and all day on school holidays) and is provided at the preschool site, it promotes preschool attendance of children from low-income families by allowing their parents to maintain employment. Research indicates that a successful expansion of preschool, especially targeting low-income students, typically requires a proportionate expansion of wrap around child care. In essence, an investment in wrap around child care is an investment in preschool.

The unique specifications of the new PKFL programs requires CDE to issue a separate request for applications and to appropriate and track PKFL funds separately from the standard state preschool and wrap around child care programs. This not only creates ongoing work in tracking and reporting for state staff and providers but can reduce the potential impact of the funds. For example, because of the special PKFL requirements, little, if any, of the funds will be used in 2006-07, even though some 30,000 low-income children are on waiting lists for wrap around care.

The LAO states that the $5 million in new ongoing funds can be more efficiently used if they are available to any otherwise eligible low-income child and suggests that the Legislature designate the new funding for the standard wrap around child care program. Under this approach, PKFL providers still could apply for slots. By expanding the standard wrap around child care, the Legislature ensures a timely fund release and offering of services to approximately 1,000 low-income, disadvantaged children currently on the state waiting list for wrap around care.

PANELISTS

- California Department of Education
- Department of Finance
- Legislative Analyst's Office
- Preschool California, Fight Crime: Invest in Kids, Children NOW

ISSUE 5: AFTERSCHOOL CARE

BACKGROUND

The state makes Before and After School Programs available to children statewide with funding provided by both the state General Fund (through the After School Education and Safety Program) and the federal government (via the 21st Century Community Learning Centers Program).

In 2002, the voters approved Proposition 49 to increase the amount of state support available to Before and After School Programs. After several years of failing to meet the state General Fund revenue "trigger" contained in the initiative, the provisions of Proposition 49 went into effect in the 2006-07 fiscal year. This had the effect of requiring the state to quadruple (in a single year) the amount of funding it expends on state-funded After School Programs.

In the current year, the state is spending $547.4 million General Fund to support After School Programs and the federal government is providing the state with $162.6 million for a similar purpose. As a condition of Proposition 49, the State funds are continuously appropriated and are not appropriated in the annual Budget Act. Federal funds (for the 21st Century Learning Centers Program) are appropriated annually in the Budget Act.

The Governor's 2007-08 budget proposal holds constant funding for the State's After School program at $547.4 million, while federal support for the 21st Century Community Learning Centers Program is slated to decrease by $33.6 million (to $129 million), due primarily to the absence of prior-year carry over funds which had been previously been available to supplement the program.

CURRENT YEAR IMPLEMENTATION

CDE estimates that in the current year, all of the $447 million of Proposition 49 funds will be fully expended. Like the expanded Preschool program, the After School program was also oversubscribed, with applications exceeding resources by approximately $200 million. According to CDE, 1,900 applicants received rejection notices, although some of those have since received grants, on appeal (mainly because they were new schools which were not initially able to provide free/reduced price meal data on their student populations to meet the needs-based threshold for program participation).

SPRING FINANCE LETTER

The Subcommittee is in receipt of a Spring Finance Letter requesting an increase of $57.226 million for the 21st Century Community Learning Centers Program. This adjustment includes a reduction of $3.774 million in order to align the appropriation authority with the anticipated federal grant award amount and an increase of $61 million to provide one-time carryover authority for unspent prior year funds. The carryover shall be allocated in a manner consistent with the existing program.

The staff recommendation will be to approve this request.

PANELISTS

- California Department of Education
- Department of Finance
- Legislative Analyst's Office

ISSUE 6: CHILD CARE FACILITIES

BACKGROUND

CDE currently offers two programs intended to help child care and preschool providers purchase and maintain facilities. The CCFRF program, which was established by statute in 1997, provides no-interest loans of up to $210,000 to help child care providers purchase portable facilities and to make major renovations and repairs to existing facilities, all in order to increase child care capacity. Providers have three years to use the loan, followed by a ten-year period of repayment. Loan repayments are made back to the revolving fund, thus replenishing the fund. Since the fund's inception, the state has awarded 590 CCFRF contracts – all for the purchase of portable facilities. While the portables have indeed increased capacity (by approximately 20,000 program slots), the major renovation and repair component of the program has yet to be implemented, a concern raised by the LAO.

CDE also administers the Facilities Renovation and Repair (FRR) program, which awards grants to existing providers for minor facility repairs of existing buildings as needed to meet health and safety requirements or to comply with requirements set forth by the Americans with Disabilities Act. Unlike the above-noted CCFRF, the FRR is simply intended to maintain existing child care capacity rather than increasing capacity. Funds for this program are appropriated annually in the Budget Act; historically, all funds appropriated are expended each year. The LAO recommends that CDE explain to the committee why the major renovation and repair portion of the CCFRF program has yet to be implemented and offer any suggestion it may have to expedite implementation. Further, CDE should discuss the pros and cons of shifting administration for the program back to its School Facilities Division.

The FRR fund provides grants of up to $1,000 for minor renovation and repair of existing buildings. Most of these projects are intended to meet health and safety requirements and/or comply with Americans with Disabilities Act (ADA) requirements. Recipients have up to two years to spend the grants. There is no income source for this program other than annual budget appropriations. Historically, all monies appropriated are expended in the same year.

The CCFRF has consistently carried a healthy balance over recent years. The fund balance so routinely exceeds demand that the Legislature has reverted funds from CCFRF to support other K-12 programs four times since 2002—for a total reversion of $93.2 million. Heading into 2007-08, CDE estimates that CCFRF will have a beginning balance of almost $52 million. While the CCFRF program has a large carryover balance and no waiting list, the FRR program consistently has a long waiting list. For example, in 2005, the last time applications were accepted for FRR grants, requests for funding were three times greater than available monies (374 applications were received and 132 grants were awarded). The CDE is expecting a similar response when applications for the $7.5 million available for FRR grants in 2006-07 are accepted in spring 2007. Given such high demand, the Legislature authorized in 2006-07 the spending of up to $5 million in CCFRF monies for FRR grants.

RENOVATION FUNDING

In 2001, the Legislature authorized the use of CCFRF loans for major renovations and repairs. It did so because many providers already own facilities but either are not able to use all existing capacity because of needed repairs or else could expand capacity with major renovations. Additionally, these major renovation and repair (MRR) projects tend to be both cheaper and faster than new construction projects. After six years, the MRR program still is not in operation. The CDE claims this is because of limited staff resources and legal complexities that relate to safeguarding the state's interests. Given these issues, CDE has yet to create the needed regulations.

LAO RECOMMENDATION

Given the large carryover balances in the Child Care Facilities Revolving Fund (CCFRF) program and high demand for the Facilities Renovation and Repair (FRR) program, the LAO recommends the Legislature approve the Governor's proposal to use up to $5 million from CCFRF for the FRR program

PANELISTS

- California Department of Education
- Department of Finance
- Legislative Analyst's Office
- ABCD Initiative Low Income Investment Fund

ISSUE 7: FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT) ANNUAL PRESENTATION ON DISTRICT FINANCIAL HEALTH (INFORMATION ONLY)

The issue for the subcommittee to consider is a required presentation by the Fiscal Crisis and Management Assistance Team (FCMAT) on the overall fiscal health of school districts.

BACKGROUND:

The Fiscal Crisis and Management Assistance Team (FCMAT) provides financial and management assistance to school districts that request their assistance, and particularly those with negative or qualified financial certifications. It is housed in Kern County Office of Education.

FCMAT will give a presentation today on the latest report that districts have filed to reflect their financial status. The Education Code requires FCMAT to provide this presentation annually at a budget subcommittee hearing.

School districts required to file financial reports, reviewed by county offices. Under current law, local educational agencies (LEAs) are required to file two reports during a fiscal year (interim reports) on the status of the LEA's financial health. The first interim report is due December 15 for the period ending October 31. The second interim report is due March 17 for the period ending January 31. County superintendents are to report to the Superintendent of Public Instruction and the State Controller the certification for all districts in their county within 75 days after the close of the reporting period.

The interim reports must include a certification of whether or not the LEA is able to meet its financial obligations. The certifications are classified as positive, qualified, or negative, as follows. In addition, the Superintendent of Public Instruction may reclassify any county office of education or appeal of a school district certification.

- A **positive certification** is assigned when the district will meet its financial obligations for the current and two subsequent fiscal years.
- A **qualified certification** is assigned when the district may not meet its financial obligations for the current or two subsequent fiscal years.
- A **negative certification** is assigned when a district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year.

Results of First Interim Status report for the current year. The latest report available on CDE's website shows, that for the period ending October 31, 2006, there were three districts that received a negative certification. (Last year, for the same period, five districts had received a negative certification.) Total budgets for these five districts totaled more than $177 million. Nineteen districts received a qualified certification, compared to thirty-two districts during the same time period last year. (Staff notes that a year-to-year reduction in the number of districts receiving qualified or negative certifications does not necessarily indicate better overall financial health in California school districts.)

COMMENTS:

FCMAT will do a presentation on the latest information regarding district financial certifications.

LAO recommendation regarding fiscal solvency block grants. In its Analysis of the Governor's budget, the LAO discusses the long-term financial challenges that K-12 school district face. In particular, some have unfunded liabilities related to retiree health benefits. Because of a new policy adopted by the national Governmental Accounting Standards Board, districts must begin identifying and reporting the cost of retiree health care benefits that they have promised to its current employees and retirees. The accounting requirement will be phased in over a three-year period beginning in 2007-08. Since districts have not set aside funds to pay for these benefits (as they do with pensions), some are expected to report large unfunded liabilities.

The figure below is from the LAO's Analysis and displays selected data from a 2006 survey by the California Department of Education (CDE) on the extent of district liabilities for retiree health benefits. Since only 125 districts reported their liabilities, the cost data is likely to change as more districts conduct their cost studies.

Estimated K-12 Retiree Health Benefits
Unfunded Liabilities

(Dollars Per Student Enrollment)

Benefit	Number of Districts	Per-Pupil Liabilities[a] High	Average	Low
Lifetime	76	$23,734	$5,583	$85
Over age 65, not lifetime	116	6,662	1,878	65
Up to age 65	431	27,397	2,302	42

[a] These estimates are based on a subset of districts that provide the given benefit.

In analyzing the data, the LAO notes that in some cases the reported liabilities are very large, and are likely to put financial pressure on those districts that have them. For most districts, however, liabilities are smaller. However, even districts with lower liabilities will have to dedicate a substantial portion of their annual revenues to cover them. For example, districts with liabilities of $5,000 per student would need to set aside about $350 per student each year to retire this obligation over a 30-year period.

Because the LAO believes, the funding challenge posed by retiree health benefits is so significant, it recommends dedicating a substantial portion of the additional "Test 1" revenues expected in the next several years, to a fiscal solvency block grant that would provide districts with funds to address the above and other fiscal issues. For every $1 billion the state were to dedicate to these grants, the per-pupil funding amount would equate $175 per pupil. Under the LAO's plan, districts with unfunded retiree health benefit liabilities would be required to use block grant funds for two purposes: 1) districts would set aside an amount in each year's budget equal to the "normal" cost of retiree health benefits, and 2) any remaining funds would be set aside to reduce the unfunded liabilities that districts have already accrued. Districts without any unfunded liabilities would be able to use the block grant funds for any K-12 purpose.

ISSUE 8: CHIEF BUSINESS OFFICER TRAINING

The issue for the subcommittee to consider is the Governor's proposed funding level for this program.

BACKGROUND:

Governor's budget. The Governor's budget proposes $2.5 million in one-time funds (current year funds) for this program. Last year's budget did not contain new funds for this program, because the program was new and because the $1.05 million in funds from the prior year were still available. This funding would meet the legislative commitment to fund a certain number of officers.

Background on program. Two years ago the Legislature approved SB 352 (Scott), Chapter 356, Statutes of 2005. That bill was sponsored by the Governor, and was part of a three-year plan to train all school business officers in the state. Under that plan, 350 eligible training candidates were intended to be served each year. Statute requires the State Board of Education (SBE), in consultation with FCMAT, to begin developing rigorous criteria for the approval of state-qualified training providers, and to establish an application process for training providers. SBE is then responsible for approving applications from public and private entities to provide the training. SBE is also responsible for approving applications from districts and county offices to receive funding for the training. Districts and county offices receive $3000 per training participant for the training. The training must be at least 200 hours, with at least 40 of these involving intensive individualized support and professional development in the following areas:

- School finance, including revenue projections, cash-flow management, budget development, financial reporting, monitoring controls and average daily attendance projections, and accounting.
- School operations, including matters relating to facilities, maintenance, transportation, food services, collective bargaining, risk management, and purchasing.
- Leadership, including organizational dynamics, communication, facilitation, and presentation.

COMMENTS:

The proposed funding level for this program would provide the final two years of funding as part of the three-year plan that was envisioned by the originating statute.

ISSUE 9: OVERVIEW OF FEDERAL EDUCATION FUNDS

The issue for the subcommittee to consider is recent information about the availability of federal education funds for the 2007-08 fiscal year. (Actions items relate to this updated information are in a subsequent item in the agenda.)

BACKGROUND:

Governor's January 10 budget. At the time the Governor was assembling his January 10 budget proposal, the federal government had still not approved a budget for the federal fiscal year covering October 2006 through September 2007. That federal fiscal year determined funding levels for California's 2007-08 fiscal year. The Governor then assumed funding level from the federal government for most of the education programs (except for child development), with the expectation that he would revise those federal numbers in April, when more updated information is available. (The revisions are in an April DOF letter and are covered in a subsequent issue on the agenda.) In recent years, the federal government has failed to pass a budget on time, leading to uncertainty about the final level of funding for many programs.

Updated information – federal funds to decrease. In February the federal government passed a continuing resolution to ensure funding for the federal 2007 fiscal year. The resolution ensured the same overall funding levels as last year. However, due to hold harmless provisions that protect some states from declines in their grants, California's share of total funding is going down relative to last year's for many programs, including the largest: Title I funding, which provides supplemental funding to help districts serve the educational needs of economically disadvantaged students. Title I funding for California is expected to decline by more than 5 percent compared to last year's funding level. However, the federal government also provided a new source of funds for school improvement activities, similar to the type of uses allowable with the Title I set-aside.

The table below includes information on the expected 2007-08 federal grant for selected programs, compared to the funding level for 2006-07. As shown, several big programs are experienced decreases, with only slight decreases for special education and Title III funding for English learners.

Federal education funding for California: 2006-07 and 2007-08 ($ in millions, rounded to nearest million)

Federal Program	2006-07 amount	2007-08 estimate	Year-to-year change	
			amount	percent
Title I grants to LEA's	1,723.5	1,629.7	-93.8	-5.4%
School Improvement Grants	0	16.6		
Reading First State Grants	144.9	137.0	-7.9	-5.5%
Even Start	11.9	9.4	-2.5	-21.3%
Migrant Education	125.6	130.8	5.2	4.1%
Improving Teacher Quality (Title II)	335.5	332.0	-3.4	-1.0%
Math and Science Partnerships	25.1	23.6	-1.4	-5.7%
Educational Technology	35.0	32.6	-2.4	-6.7%
21st Century (after school programs)	131.3	127.7	-3.6	-2.8%
State assessments	34.0	34.2	0.3	0.8%
Safe and Drug Free Schools	41.5	41.5	0	0%
Title III (English learners)	167.0	169.1	2.1	1.3%
Special Education	1130.9	1150.2	19.2	1.7%
Career-Technical Education	128.8	129.5	0.8	0.6%

Figures may not compute due to rounding.

Last year's funding levels. Last year, California experienced slight decreases in federal funds for most education programs.

COMMENTS:

CDE will be available at today's hearing to provide the most recent update on available federal funds for education.

ISSUE 10: PROPOSED LOAN TO BACKFILL CUT OF NATIONAL FEDERAL FOREST AREA FUNDS

The issue for the subcommittee to consider is a proposal by the administration to set aside $69 million in non-Proposition 98 General Fund for a loan program to help school districts adversely affected by the elimination of a federal program.

BACKGROUND:

Governor's budget. The Governor proposes to set aside $69 million in non-Proposition 98 General Fund to provide short-term loans to districts that are adversely affected by the expiration of a federal program, the National Forest Area Schools Program. The program provides federal funds to schools and local governments in National Forest Areas, to help offset losses in property tax revenues that result from federally-owned land. According to the Governor's budget summary, last year's federal budget inadvertently excluded the funding, but Congress intends to restore the funding in the next budget. The proposed short-term loans will go to affected school districts to backfill the loss in federal funds, and participating school districts will have to pay back the loans by June 30, 2008. According to the administration, the federal funds are available for the 2006-07 fiscal year, but not for the 2007-08 fiscal year. The fiscal impact of the loss of these funds differs from school to school, with a much larger impact on necessary small schools in rural areas. According to DOF, these federal funds account for anywhere between three and 40 percent of schools' budgets.

The funding for this program used to originate with the U.S. Department of Agriculture and would be distributed to counties, which would then distribute half of the funds to schools and half for local roads.

COMMENTS:

According to DOF, the funding for this proposal is not contained in the budget. The vehicle to create the loan program is SB 133 (Aanestad) and the administration says that it intends to put an appropriation in that bill, instead of in the budget. It also notes that it has scored these funds in the current year (2006-07) to show that the funds are available.

Under the old federal program, did the funding go to schools or districts? Did it ever go to county offices of education?

ISSUE 11: APRIL DOF REVISIONS TO THE JANUARY 10 BUDGET: FEDERAL LOCAL ASSISTANCE FUNDS

The issues for the subcommittee to consider are various technical amendments proposed by DOF to the January 10 budget. The revisions are related to federal funds, and reflect updated information on the amount of federal funds that are available for expenditure.

BACKGROUND:

The following is a list of technical revisions that DOF proposes to the January 10 budget. The revisions are contained in a March 29 letter to the Legislature ("April DOF letter"), and are part of the annual process whereby the administration makes changes to its proposed January 10 budget. All of the changes below pertain to federal funds, and 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.

1	**6110-102-0890, Local Assistance, One-time Carryover for the Learn and Serve America Program (Issues 263 and 264)** It is requested that this item be increased by $162,000 to reflect additional one-time carryover funding to support additional service learning activities. It is also requested that this item be increased by $3,000 to conform base federal expenditure authority to available grant funding. It is further requested that provisional language be added as follows to conform to this action: X. The funds appropriated in this item include a one-time carryover of $162,000, available for the support of additional service learning activities during the 2007-08 fiscal year.
2	**6110-103-0890, Local Assistance, Robert C. Byrd Honors Scholarship Program (Issue 791)** It is requested that this item be increased by $114,000 to align the appropriation with available federal funds. The funds will be used to promote student excellence and achievement by awarding scholarships solely on the basis of academic merit to recognize students who show promise of continued academic excellence.
3	**6110-112-0890, Local Assistance, Public Charter Schools (Issue 980)**

	It is requested that this item be reduced by $2,423,000 to align the appropriatio authority with the anticipated federal grant award amount. Public Charter Schoo funds are used to fund start-up, implementation, and best practices disseminatio for charter schools.
4	**6110-119-0890, Local Assistance, Neglected and Delinquent Children Program (Issue 646)** It is requested that this item be decreased by $53,000 to align appropriation authority with the anticipated federal grant. Federal Neglected and Delinquent Children Program funds are used to address the educational needs of neglected and delinquent children and to provide education continuity for children in juvenile institutions.
5	**6110-123-0890, Local Assistance, Title V Innovative Programs (Issue 839)** It is requested that this item be increased by $104,000 to align the appropriation with the anticipated federal grant award. These grant funds are provided to districts to develop and implement innovative educational programs intended to improve school, student, and teacher performance.
6	**6110-125-0890, Local Assistance, Migrant Education Program and English Language Acquisition Program (Issues 642, 643, 649, and 650)** It is requested that Schedule (1) of this item be increased by $6,576,000. This adjustment includes an increase of $2,976,000 to align the Migrant Education Program appropriation with the anticipated federal grant and an increase of $3.6 million to reflect the availability of one-time federal carryover funds. These funds will be used to meet the educational needs of highly mobile children whose family members are employed in seasonal occupations. The program provides supplemental services to support the core academic program children receive during the regular school day. It is further requested that provisional language be added as follows to conform to this action: X. Of the funds appropriated in Schedule (1), $3,600,000 is provided in one-time carryover funds to support the existing program. It is further requested that Schedule (3) of this item be increased by $5,771,000. This adjustment includes an increase of $3,871,000 to align the English Language Acquisition Program appropriation with the anticipated federal grant and an increase of $1.9 million to reflect the availability of one-time carryover funds. These funds will be used to help students attain English proficiency and meet grade level standards.

	It is further requested that provisional language be added as follows to conform to this action: X. Of the funds appropriated in Schedule (3), $1,900,000 is provided in one-time carryover funds to support the existing program.
7	**6110-137-0890, Local Assistance, Rural/Low-Income School Program (Issue 645)** It is requested that this item be decreased by $498,000 to align appropriation authority with the anticipated federal grant. Rural/Low-Income School Program funds are used to improve instruction and achievement for children in rural and low-income schools by supporting activities such as teacher recruitment and retention, professional development, educational technology projects, and parental involvement activities.
8	**6110-156-0890, Local Assistance, One-time Carryover for Adult Education (Issue 262)** It is requested that this item be increased by $2,348,000 to reflect additional one-time carryover funding to support adult education programs, with provisional language added to specify that these one-time funds be used to ensure compliance with federal reporting requirements. It is requested that provisional language be added as follows to conform to this action: X. The funds appropriated in this item include a one-time carryover of $2,348,000, available for the support of additional adult education instructional activities and may be used by local providers to upgrade data collection and other software systems to ensure compliance with federal adult education reporting requirements as specified in Public Law 109-77.
9	**6110-166-0890, Local Assistance, One-time Carryover for Vocational Education (Issue 261)** It is requested that this item be increased by $10,718,000 to reflect additional one-time carryover funding to support vocational education programs, with provisional language added to specify that these one-time funds be used to expand and align K-12 tech prep programs with community college economic development programs. It is requested that provisional language be added as follows to conform to this action:

	X. The funds appropriated in this item include a one-time carryover of $10,718,000. These funds shall be used during the 2007-08 academic year to support additional vocational education institutional activities, with first priority being given to supporting curriculum development and articulation of K-12 technical preparation programs with local community college economic development and vocational education programs in an effort to incorporate greater participation of K-12 students in sequenced, industry-driven coursework that leads to meaningful employment in today's high-tech, high demand, and emerging technology areas of industry employment.
10	**6110-180-0890: Local Assistance, Education Technology Program (Issue 051)** It is requested that this item be reduced by $2,233,000. This proposal would realign the program budget with the new federal grant. The reduction would be allocated proportionately among competitive grants, formula grants, and the California Technology Assistance Project. We note that at least $250.0 million in private funds is available to local education agencies directly as a result of a settlement with Microsoft, which will help mitigate the impact of the federal reduction. It is further requested that Provisions 1, 2 and 3 be amended as follows: "1. Of the funds appropriated in this item, ~~$16,662,000~~ <u>$15,569,000</u> is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program. 2. Of the funds appropriated in this item, ~~$16,662,000~~ <u>$15,569,000</u> is available for competitive grants pursuant to Chapter 8.9 (commencing with Section 52295.10) of Part 28 of the Education Code and the requirements of the federal Enhancing Education Through Technology Grant Program including the eligibility criteria established in federal law to target local educational agencies with high numbers or percentages of children from families with incomes below the poverty line and one or more schools either qualifying for federal school improvement or demonstrating substantial technology needs. 3. Of the funds appropriated in this item, ~~$701,000~~ <u>$654,000</u> is available for the California Technology Assistance Project (CTAP) to provide federally required technical assistance and to help districts apply for and take full advantage of the federal Enhancing Education Through Technology grants."
11	**6110-183-0890, Local Assistance, Safe and Drug Free Schools Program (Issues 788 and 789)** It is requested that this item be increased by $3,211,000. This adjustment

	includes an increase of $811,000 to align the appropriation with the anticipated federal grant. In addition, this adjustment includes an increase of $2.4 million to reflect the availability of one-time carryover funds from 2006-07. These funds will be used to support programs that prevent violence in and around schools, prevent the illegal use of alcohol, tobacco, and drugs, and involve parents and communities. It is further requested that provisional language be added as follows to conform to this action: X. Of the funds appropriated in this item, $2,400,000 is a one-time carryover available to support the existing program.
12	**6110-193-0890, Local Assistance, Mathematics and Science Partnership Program** **(Issues 089 and 093)** It is requested that this item be increased by $2,176,000. This adjustment includes a decrease of $1,426,000 to align Title II, Part B of the Elementary and Secondary Education Act (Mathematics and Science Partnership Program) appropriation with the anticipated federal grant award and an increase of $3,602,000 to reflect the availability of one-time carryover funds. This program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support for mathematics and science teachers. It is further requested that provisional language be added as follows to conform to this action: X. Of the funds appropriated in this item, $3,602,000 is provided in one-time carryover funds to support the Math and Science Partnership Program.
13	**6110-195-0890, Local Assistance, Title II Improving Teacher Quality Local Grants** **(Issue 086)** It is requested that this item be decreased by $4,683,000 to align with appropriation authority for the Teacher and Principal Training and Recruiting Fund with the anticipated federal grant award. This program provides an apportionment to local education agencies for activities focused on preparing, training, and recruiting high-quality teachers.

COMMENTS:

Staff notes that the provisional language associated with items 8 and 9 is the same language approved in last year's budget when there was similar carryover. Thus, the proposed language does not constitute a new activity for these funds.

DOF staff have noted that they have received more updated information on the federal funding levels since their submittal of the April DOF letter to the Legislature. The subcommittee may wish to ask them if they have any technical revisions to any of the above items.

ISSUE 12: SUPPLEMENTAL INSTRUCTION

The issues for the subcommittee to consider is the Governor's proposed funding level for the state supplemental instruction programs that districts use to serve students who are behind grade level.

BACKGROUND:

Governor's budget. The Governor's budget proposes a total funding level of $419 million, which is a total increase of $16 million above last year's funding level. This increase reflects a COLA for the program.

Background on supplemental instruction programs. The state provides funding to school districts to provide supplemental instruction outside of the regular school day to students that are behind grade level. It provides funding at a rate of approximately $4 per hour of instruction per child. The budget splits the funding between four different pots of funding, as follows (amounts are the amounts proposed in the 2007-08 January 10 budget):

- Supplemental instruction for grades 7-12 ($238 million). School districts are required to offer this to students in grades 7-12 who do not demonstrate sufficient progress toward passing the California High School Exit Exam.

- Supplemental instruction for students in grades 2-9 retained or recommended for retention ($57.5 million). School districts are required to offer this to students in grades 2-9 who have been recommended for retention (repeating the same grade).

- Supplemental instruction for students in grades 2-6 with low-STAR scores and at risk of retention ($22 million). School districts may offer this program to students in grades 2-6 who score below grade level in math or reading/language arts or who are at risk of being retained.

- Supplemental instruction for students in grades K-12 (core academic) ($101 million). School districts may offer this program in math, science or other core academic areas. They are not required to offer this program.

The first two types of supplemental instruction are considered mandated because districts are required to offer them under particular circumstances. The second two types are considered non-mandated.

Information regarding annual shortfalls. Staff requested information from CDE on the extent to which previous budgets was enough to fund claims from school districts. CDE reports that there has been a shortfall in funding for the supplemental instruction program for students in grades 2-9 who are retained or recommended for retention in recent years. Fortunately, the budget contains control language that allows CDE to capture unused funds from other programs to fund shortfalls in other programs. CDE has been able to utilize this section to fund the shortfall in the program, but they must obtain approval from DOF to use the savings to fund shortfalls. It is unclear to what extent the annual shortfall causes delays in reimbursements to school districts for their programs.

COMMENTS:

Advocates have raised questions about whether the Legislature intended to restrict the supplemental instruction for grades 7-12 to just students at risk of not passing the CAHSEE, instead of the broader pre-CAHSEE definition that covered all subjects that students might need to graduate.

ISSUE 13: COMMUNITY ENGLISH TUTORING PROGRAM

The issue for the subcommittee to consider is the administration's proposal to continue funding an adult English-as-a-second language program whose authority ended last year.

BACKGROUND:

The Governor proposes $50 million to continue the Community Based English Tutoring Program, which is an English as a Second Language program for parents of K-12 students and other adults in the community who pledge to tutor English learner students. The program was created in 1997 by Proposition 227, an initiative that mandated that schools offer English immersion programs to English learners. That initiative appropriated $50 million per year for 10 years for this program, ending in 2007. Therefore, the statutory requirement that the state fund the program at previous levels is no longer in effect, but the Legislature may choose to fund the program if it wishes.

Last year, the Legislature approved SB 368 (Escutia), which authorized the continuation of the program, contingent upon annual budget appropriations. That legislation also required participating school districts to develop plans and objectives for their programs. The Governor proposes to continue the program at its previous funding level, but also adds budget bill language making the $50 million contingent upon legislation that clarifies the use of the funds.

COMMENTS:

The administration indicates that it is seeking changes in statute that would clarify that the adult education provided by the program is intended to ultimately benefit K-12 English learners. This purpose is similar to the purpose stated in the original Proposition 227.

Evaluation of the program. This program was evaluated as part of the evaluation of Proposition 227. The evaluation found that districts implemented the program in different ways, with some districts focusing mostly on ESL for adults in the community, and other focusing on supporting school-age English learners.

LAO recommendation. The LAO suggests that the Legislature may wish to consider other uses for this funding, given that it is no longer required to spend it on the program. However, if it chooses to continue the funding, it may wish to adopt clarifying legislation to emphasize that K-12 English learner students – not adult participants – should be the primary beneficiaries of the program.