

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE

ASSEMBLYMEMBER SARAH REYES, CHAIR

TUESDAY, MARCH 23, 1999
STATE CAPITOL, ROOM 447
4:00 P.M.

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6110 DEPARTMENT OF EDUCATION (K-12)

ISSUE 1: GOALS 2000

The issue for the subcommittee to consider is the proposed expenditures for federal Goals 2000 funds.

BACKGROUND:

Description of Goals 2000: Goals 2000 funding is provided by the federal Goals 2000: Educate America Act, which was signed into law in 1994. Goals 2000 awards grants to participating states and districts to support communities in the development and implementation of their own standards-based education reforms.

The U.S. Department of Education provides the following description of the purpose of Goals 2000 funding:

"The authorization of Goals 2000 was based on recognition of fundamental principles that underlie effective school change: 1) all students can learn; 2) lasting improvements depend on school-based leadership; 3) simultaneous top-down and bottom-up reform is necessary; 4) strategies must be locally developed, comprehensive, and coordinated; and 5) the whole community must be involved in developing strategies for system-wide improvement (Title III, Section 301 Findings). As a result, Goals 2000 legislation and State and local implementation concentrate on comprehensive change, school improvement, and achievement for all children.

Goals 2000 support the development and implementation of State standards for student learning and achievement that drive systemic improvement at the various levels. Goals 2000 therefore supports the development of comprehensive reform plans for adopting high student standards and for aligning assessments and accountability, professional development efforts, and broad community involvement and coordination. Goals 2000 awards support implementation of reform plans both at the State and local level, through subgrants to districts and consortia of districts."

Governor's proposal: The Governor's budget proposes to spend a total of \$52.7 million in Goals 2000 funding on the following initiatives:

Local Assistance:

- \$5 million for Student Academic Partnerships – The Governor's budget proposes to continue funding for Student Academic Partnerships, which are funds provided on a competitive grant basis to districts and county offices. The grants go to provide preservice training to agencies that train and hire college students to work as academic tutors for students in grades K-6 in English-language arts and mathematics.

- \$6 million for the Advancement via Individual Determination (AVID) program – The budget proposes a total allocation of \$7 million for this program (\$6 million in Goals 2000 funds and \$1 million in General Fund), which amounts to a \$5 million increase over the level provided in the current year for this program. AVID is a college preparatory program for educationally disadvantaged secondary students. The program provides academic support to these students and pairs them with college student mentors. It also provides support to participating teachers. This proposal is one of the Governor's education reform initiatives and the appropriation is included in the \$444 million cited by the Governor as the total spending level for the package of initiatives. The proposed augmentation will more than double the number of students that may participate in the program and will increase support to participating schools.
- \$28.5 million for math staff development -- The Governor's budget proposes to use Goals 2000 funds to continue math staff development programs initiated through legislation last year. It proposes to spend a total of \$28.5 million, with \$14.25 million going toward in-service math staff development provided by school districts (pursuant to Chapter 315, Statutes of 1998 (Alquist)) and \$14.25 million going to pay for stipends for teachers to take math courses at higher education institutions (pursuant to Chapter 316, Statutes of 1998 (Mazzoni)).
- \$5 million for a Secondary School Reading Improvement program – The budget proposes that this money go to support a program enacted through legislation. This proposal is one of the Governor's education reform initiatives and the appropriation is included in the \$444 million cited by the Governor as the total spending level for the package of initiatives.
- \$3.4 million to expand the California School Paraprofessional Teacher Training Program – The budget proposes that this money go to expand a program currently administered by the Commission on Teacher Credentialing, which provides scholarships to paraprofessionals to enroll in a college or university on a part-time basis with the intent that they eventually obtain their bachelors degree and a teaching certificate. The budget also contains a \$6.6 million General Fund augmentation for this program. This proposal is one of the Governor's education reform initiatives and the appropriation is included in the \$444 million cited by the Governor as the total spending level for the package of initiatives.

State Operations:

- \$1.2 million for SDE to use in administering local assistance programs that are funded with Goals 2000 funding, as well as other local assistance programs. Last year's budget provided the same level of funding to SDE for this purpose.
- \$120,000 to SDE for the administrative costs of administering the Class Size Reduction Program evaluation.

- \$500,000 for the contract costs of an independent evaluation of the Class Size Reduction Program. Last year's budget also contained this funding level for the evaluation contract. (The legislation requiring the evaluation requires that matching funds be obtained from third party sources.)
- \$500,000 to support the California State University Center for Teaching Careers (Cal-Teach). This is a continuation of last year's funding level for Cal-Teach.
- \$2 million for a contract to develop a high school exit exam. (This amount is not appropriated through the budget bill but rather through SB 2x (O'Connell).)

Purpose	1998-99 \$ (thousands)	1999-2000 \$ (thousands)
<i>Local Assistance</i>		
Reading Improvement (staff development)	\$36,500	
Local Improvement plans	15,200	
Student Academic Partnerships	5,000	\$5,000
Advancement via Individual Determination	1,000	6,000
Mathematics Staff Development		28,500
Support for Secondary Schools Reading		5,000
Paraprofessional Teacher Preparation		3,400
Sub-Total	\$57,700	\$47,900
<i>State Operations</i>		
General administration	\$1,220	\$1,220
Management of CSR evaluation		120
Evaluation of CSR	500	500
Evaluation of California Reading Initiative	500	
Support for CSU Center for Teaching Careers	500	500
Align Golden State Examination to state standards	450	450
Development of a high school exit exam		2,000*
Sub-Total	\$3,170	\$4,790
Total	\$60,870	\$52,690

* Appropriation in SB 2x (O'Connell)

COMMENTS:**LAO recommendations regarding the Governor's proposal for spending Goals 2000 funding:**

Math staff development: The LAO recommends against approving the \$28.5 million in Goals 2000 funding for math staff development, as it similarly argued in its Analysis of the Budget Bill of last year, because it would unnecessarily restrict the ability of districts to provide staff development to meet their particular needs.

Expansion of paraprofessional program: The LAO recommends against approval of the \$3.4 million in federal Goals 2000 funding proposed to expand the paraprofessional program (although it does recommend approval of the \$6.6 million proposed increase in General Fund for this program). It argues that the total proposed \$10 million increase for this program would mean a five-fold increase in the program and that the program does not need the \$3.4 million in federal Goals 2000 funding.

Block grant: The LAO recommends that the Subcommittee redirect the \$28.5 million in Goals 2000 funding proposed for math staff development, along with \$3.4 million in Goals 2000 funding proposed for expansion of the paraprofessional program and combine it with General Fund money redirected from other uses proposed by the budget, to form a staff development block grant that school districts can use for whatever type of staff development their local needs dictate. The table below summarizes the funds the LAO proposes to be used for this block grant

Use proposed in Governor's budget	Amount (\$ in millions)
Math staff development	\$28.5
Expansion of paraprofessional program	3.4
English learner staff development	10
Reading professional development institutes (at higher education institutions, pursuant to AB 2x)	12
Total amount proposed to be available for staff development block grant	\$53.9

The LAO argues that districts have different needs and local priorities and that the state is not in a position to identify those needs or priorities. It argues that the state should not restrict the use of staff development funds for a specific purpose (such as math staff development or staff development specific to the teaching of English learners), because this needlessly restricts the ability of districts to use the funds to meet local needs and priorities.

Math staff development: SDE notes that the current appropriation for one of the staff development programs proposed to be funded by Goals 2000 funds – the program that provides stipends for teachers to take math courses at higher education institutions – may be too high because expected district participation in this program will not use up the entire \$14.25 million reserved for it.

ISSUE 2: SUPPLEMENTAL INSTRUCTION PROGRAMS

The issue for the subcommittee to consider is the LAO's proposal for block-granting supplemental instructional programs.

BACKGROUND:

The Governor's budget proposes the following spending levels for the following programs intended to provide children with extra assistance and instructional time:

Proficiency Summer School – This program has existed since the 1980's and reimburses districts for the costs of providing additional classes to students in grades 7-12 that do not meet local proficiency standards in basic skill areas. There is no limit on the number of hours that districts can claim for this program, however the total amount the state pays for reimbursement is somewhat limited by the annual appropriation for this item. The Governor's proposed budget includes \$72 million for this program.

Core Summer School – This program reimbursed districts for the costs of providing additional classes to students in all grades. Unlike the proficiency summer school program, participating students in this program do not have to be identified as not meeting local proficiency standards to participate. Districts may only serve up to seven percent of their students with this program. The Governor's budget proposes \$121 million for this program.

Remedial Supplemental Instruction – This is a new program intended to assist districts in implementing anti-social promotion legislation passed last year (AB 1626 (Wayne) Chapter 742, Statutes of 1998). The legislation requires all school districts to adopt a policy regarding promoting students between grades 2 and 3, 3 and 4, 4 and 5, 6 and 7 (or whenever a district has children move from intermediate grades to middle school grades), and middle school and the beginning of high school. Districts may choose one of two options in adopting criteria for students passing on to the next grade: 1) they may use a minimum score on the statewide STAR test – a score that is determined by the State Board of Education or 2) they may adopt local criteria that includes pupils' grades and other indicators of academic achievement designated by the district. Other legislation passed last year (AB 1639 (Sweeney) Chapter 743, Statutes of 1998) requires school districts to offer supplemental instruction during the summer, after school, during intersession or on Saturdays for students in grades 2-9 that are retained as a result of districts' retention policies. Districts may claim funding under this Remedial Supplemental Instruction Program for students in grades 2-9 that are retained or at risk of being retained. Districts may claim reimbursements for five percent of their students in grades 2-6 and up to ten percent if funds are available. The Governor's budget proposes \$107 million for this program.

After School Learning and Safe Neighborhoods Partnership Program – This is a new program established last year through legislation and intended to provide competitive grants to school districts to provide children in grades K-9 with after school enrichment and tutoring programs. The budget includes \$50 million in the budget year for this purpose. (Note: Last year's budget also provided \$50 million for this program but because of delayed implementation the Governor's budget assumes that current year funding will go unused and re-routes it for other uses.)

Miller-Unruh Basic Reading Program – This is a competitive grant program that provides funding to pay for salaries of reading specialists for students in grades K-6. Funding priority is given to kindergarten and first grade and districts with low test scores. The Governor's budget provides \$33 million for this program, which is part of the Mega-item.

In recent years, a portion of the amount appropriated in the budget for core summer school has sometimes gone unclaimed and SDE has been authorized to transfer unused funds to the proficiency summer school program.

Section 42239 of the Education Code authorizes the SPI to reallocate any unexpended balance from the core summer school program in the current year on other similar programs, in the following order of priority:

- 1) Remedial Supplemental Instruction which districts are required to offer for students that have been retained.
- 2) Core summer school reimbursement claims made by districts above their seven percent cap (however, no district may receive funding for more than ten percent of their enrollment multiplied by 120 hours multiplied by the hourly rate).
- 3) Deficiencies in the proficiency summer school program.
- 4) Remedial Supplemental Instruction for students in grades 2-6 who have been recommended for retention or who are at risk of being retained. (Districts are not mandated by law to offer this program to these students but may offer it and claim funding for it.)
- 5) General vocation work experience education (only up to \$100,000).

COMMENTS:

Improving Academic Skills Consolidated Item. The LAO recommends that the Subcommittee combine the above programs and two of the Governor's proposals for providing supplemental instruction into a "Improving Academic Skills" consolidated item. The table below summarizes the funds the LAO proposes to be used for this block grant:

Use proposed in Governor's budget	Amount (\$ in millions)
Remedial Summer School	\$103
Core Summer School	121
Remedial Supplemental Instruction	76
Miller-Unruh Reading Program	33
After School Learning and Safe Neighborhoods	50
K-4 Intensive Reading	75*
English Language Learners Supplemental Program	50
Total amount proposed to be available in Improving Academic Skills Consolidated Item	\$508

* This amount is not included in the budget bill. It is appropriated in AB 2x (Mazzoni).

The LAO argues that districts have different needs when attempting to improve academic achievement among all students or a specific population of students and that state programs should provide maximum flexibility to districts to allow them to appropriately address their needs. It points out that maximum flexibility is important in any state program to improve academic achievement because 1) populations differ from community to community, 2) student populations may change over time (e.g., immigration), 3) districts' existing programs may differ, and 4) academic needs may differ due to different approaches districts have taken in the past to attempt to improve achievement.

The LAO proposes to model its Improving Academic Skills Consolidated Item after the Mega-item, with the major difference that districts would be able to move funds around between programs in the item without restriction. The LAO recommends approving a Mega-item-style consolidated item in the short-run and creating block grants to replace categorical programs in the long-run.

Staff notes that anecdotal evidence suggests that the existing system of multiple remedial and summer school programs with their different funding caps and different program requirements is needlessly complex and administratively costly for school districts. Senator Escutia has introduced a bill (SB 410) that attempts to address this problem by streamlining or consolidating existing programs.

(Preliminary information indicates a possible 20 percent increase in the number of hours claimed by districts for Proficiency Summer School in the current year. The reason for any possible increase in claims for this program is unclear. However, claims for this program have shown growth in prior years.)

ISSUE 3: STAFF DEVELOPMENT BUY-OUT PROGRAM

The issue for the subcommittee to consider is the proposed funding level for the Staff Development Buy-Out Program.

BACKGROUND:

The Governor's budget proposes \$221.9 million for this program. This amount is an increase over the amount provided by the Legislature for this program in the current year, at \$195 million. This increase is due to an estimated increase in the number of teachers participating in the Staff Development Buy-Out Program. However, the proposed funding level for the budget year does not include a cost-of-living adjustment (COLA) for this program. Current law does not require the state to fund a COLA for this program.

SB 85 (Peace) Chapter 929, Statutes of 1997 and SB 1193 (Peace and Schiff) Chapter 313, Statutes of 1998 created the existing Staff Development Buy-Out Program. This program:

- a) Eliminates the ability of districts to count up to eight staff development days a year as instructional time; and
- b) Establishes a new program to provide funding for new staff development offered by school districts, county offices of education and charter schools. The program provides funding at a rate of \$270 per day for up to three days for staff development for eligible instructional certificated staff. The program also provides \$140 per day for at least one day (and possibly three, depending on funding availability) of staff development for eligible classified instructional staff. (Current law guiding this program requires that any unexpended funds be used to fund districts that provide more than one day of staff development for certificated staff.)

Those districts that were unable to implement provision (a) of the program in 1998-99 had to request a waiver from the State Board of Education. SDE reports that SBE has approved 650 waivers to date. Districts that received a waiver may only apply for funding in the current year to the extent that they convert one or more days of staff development under the old system into an equal number of instructional days. Beginning in the year 1999-2000, districts will be required to implement provision (a) and will not have the option of seeking waivers from this requirement.

In order to receive funding through the Staff Development Buy-Out Program, districts must provide staff development that meets program guidelines established by SDE, which require that the staff development focus on instructional methods and other training designed to improve pupil performance. The state provides funding for each staff person that participates fully in the districts' staff development.

COMMENTS:

For the current year, SDE reports that to date approximately \$76 million of the \$195 million appropriated for the Staff Development Buy Out Program has been spent. Districts have until June 30 of this year to apply for funding under this program. After this time, any unexpended funds will go to districts that have applied for funding for more than one day (up to a total of three days) of staff development for eligible classified instructional staff.

AB 1137 (Strom-Martin) proposes to add two staff development days, for a total of five days, to the number of days for which school districts may apply for reimbursement for eligible instructional certificated staff. The cost of this bill is unknown, but estimates range up to \$140 million dollars (\$70 million per additional day). SB 344 (Schiff) proposes to add two staff development to the number of days for which school districts may apply for funding, regardless of whether the participants are certificated classroom teachers, classified classroom instructional aides or certificated teaching assistants. SB 344 also proposes to provide an annual COLA for the Staff Development Buy-Out Program and makes other changes to the program.

ISSUE 4: TITLE I

The issue for the subcommittee to consider is the proposed amount for this program.

BACKGROUND:

The budget contains a spending level of \$845 million in federal Title I local assistance funds.

The federal Improving America's School's Act (IASA) includes a number of federal education programs that in total serve as the largest source of federal funding for schools. Title I is a program within IASA and is intended to provide additional services to children in high poverty schools. Title I funds are allocated to schools based on their concentration of children in poverty. Schools use Title I funds to pay for teacher aides, staff development and curricular materials, among other uses.

Federal law governing Title I was reauthorized in 1994 and requires states to develop standards-based assessment and accountability systems. However, those states that have not adopted content and performance standards, nor assessment systems aligned to those standards, are required to adopt transitional systems for identifying low-performing schools. Since California has only recently approved content and performance standards and is in the process of aligning its assessment system to the new standards, it has been operating under a transitional system for identifying low-performing schools, pursuant to Title I requirements.

COMMENTS:

Last year the Legislature Analyst expressed concerns about the way California was administering its transitional system for identifying low-performing schools. The state's system established that any school in which 60 percent or more of the students were "below standard" would be considered low-performing. The LAO's concerns about this system stemmed from the state's requirement that districts use local criteria in identifying low-performing (or "below standard") students.

In response to the LAO's findings, the Legislature adopted the LAO's recommended budget bill language, in order to provide some uniform criteria for the identification of low-performing schools. The Governor's proposed budget contains this same language, which defines a "program improvement school" (low-performing school) as a school that ranks among the lowest in the state in STAR results.

In the past few weeks the Legislature has considered legislation (SB 1x (Alpert)) to implement an accountability system that will identify low-performing schools, provide them with assistance and require improvement over time. This system mirrors the requirements of Title I in many ways. SDE and DOF report that they are looking into ways to streamline the two systems, after the accountability legislation is considered, so that schools and districts are not faced with two different sets of systems with different improvement requirements.

ISSUE 5: TEACHER CADET PROGRAM**BACKGROUND:**

AB 192 (Scott) establishes a Teacher Cadet Program to provide grants to school districts to assist them in offering yearlong coursework to introduce high school students to the teaching profession. The bill establishes that the program would be operated by the California Center on Teaching Careers in conjunction with the Superintendent of Public Instruction and the Chancellor of CSU. The California Center on Teaching Careers would develop the grant program and distribute one-time grants of \$2,500 for the start-up costs of the program. The bill requires the Legislative Analyst's Office to contract for an evaluation of the program, subject to the availability of funding in the Budget Act, and report to the Legislature by January 1, 2004.

The bill sets aside the following amounts from an appropriation of an unspecified amount:

- \$25,000 to the SDE for the administrative costs associated with the program; and
- \$150,000 to the California Center on Teacher Careers to fund two positions to provide technical assistance and outreach regarding the program

The bill also contains an unspecified appropriation for the cost of the grants.

COMMENTS:

The bill's author notes that the program is modeled after an approach utilized by the state of South Carolina since the early 1980's to expand their pool of teachers. In California, some school districts have developed cadet-type programs to promote the teaching profession, including programs with rigorous curriculum in which students concurrently receive CSU credit. He also notes that studies show that only four percent of high school students plan to enter teaching.

The author estimates that if all 850 high schools choose to participate in this program, the cost would be \$2,125,000 for the local assistance portion.

ISSUE 6: CONSENT FILE

Below is a list of items proposed for consent. No issues have been raised regarding these items.

ITEM	DESCRIPTION	AMOUNT
6110-102-0890	Federal Learn and Serve American Program	\$2,100,000
6110-103-0001	Gang Risk Intervention Program	\$3,000,000
6110-177-0001	Local Arts Ed. Partnership Grant Program	\$3,000,000
6110-130-0001	AVID	\$1,000,000
6110-152-0001	Indian Education Centers	\$ 376,000
6110-111-0890	Title I Character Education	\$ 175,000
6360-001-0890	CTC support from federal funds	\$ 37,000
6360-001-0001	Funds to support CTC's administrative costs related to paraprofessional program	\$ 60,000