

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE Assembly Member Mervyn Dymally, Chair

WEDNESDAY, MAY 4, 2005
STATE CAPITOL, ROOM 126
4:00 PM

VOTE ONLY ITEMS

ITEM	DESCRIPTION	PAGE
6110	Department of Education	2
ISSUE 1	CDE State Operations Issues - <u>VOTE ONLY</u>	2
ISSUE 2	State Special Schools -- <u>VOTE ONLY</u>	4
ISSUE 3	Sunnyvale Desegregation -- <u>VOTE ONLY</u>	6

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
6110	Department of Education	8
ISSUE 1	Parental Involvement	8
ISSUE 2	Family Empowerment Centers	10
ISSUE 3	English Language Acquisition Program	12
ISSUE 4	List of Open Issues	14
APPENDIX A	Information on High School Exit Exam	16

VOTE ONLY ITEMS**6110 DEPARTMENT OF EDUCATION****ISSUE 1: CDE STATE OPERATIONS ISSUES**

The subcommittee heard this issue last week at its May 4 hearing. It is on today's agenda for vote only.

The issues for the subcommittee to consider are various proposals by the Governor to adjust CDE's state operations, as well as an issue raised by CDE.

BACKGROUND:

Governor's proposal. The Governor proposes the following changes to CDE's state operations:

1. A total \$433,000 General Fund reduction from the expiration of 4.7 limited-term positions (proposed in Jan 10 budget)
2. \$102,000 in General Fund and \$68,000 in federal reimbursements to extend two limited-term positions for the Career Technical Education Accountability System (Jan 10 and April DOF letter)
3. \$232,000 in federal special education funds and \$600,000 in reimbursement from fees (the fees are charged to non-public licensed children's institutions) for increased monitoring of non-public, non-sectarian schools and licensed children's institutions per AB 1858 of last year. (5.7 positions) (Jan 10)
4. \$242,000 in federal charter school funds to make three limited-term staff positions permanent in the charter schools division (Jan 10)
5. \$68,000 in federal funds to provide an additional staff position to support local education agency financial reporting (Jan 10)
6. \$100,000 in federal Title III funds and one position to support additional workload for the California English Language Development Test. According to the administration, this position will coordinate and provide psychometric and statistical assistance to district staff implementing the CELDT and ensure compliance with NCLB requirements. (April DOF letter)
7. \$200,000 in federal Title I funds and two positions to process and monitor statewide assessment data for determining school and district adequate yearly progress and program improvement status. (April DOF letter)

8. Provide carryover authority for the principal apportionment system re-write, to allow CDE to spend \$143,000 in unexpended funds to provide staff training and maintenance of the new system. The administration also proposes language that would allow CDE to use any unexpended funds previously provided for the Principal Apportionment System through 2006-07 for a contract for staff training and maintenance of the system. (April DOF letter)
9. Increase reimbursement authority by \$50,000 and convert one limited-term position to permanent to provide ongoing state operations support for the School Facilities Program. The position is funded through fees charged to school districts for approval of new school sites and review of building plans. (April DOF letter)

COMMENTS:

CDE issues. According to CDE, it is now required to purchase office supplies through a statewide contract that the Department of General Services negotiated for all state agencies according to a statewide initiative that is intended to reduce negotiating costs by having DGS negotiate on behalf of all agencies for certain contracts. CDE states that it spends more on office supplies under the new contract negotiated by DGS than under its old contract.

ISSUE 2: STATE SPECIAL SCHOOLS

The subcommittee heard this issue last week at its May 4 hearing. It is on today's agenda for vote only.

The issues for the subcommittee to consider are:

- Various increases proposed by the Governor for the state special schools programs, which serve visually and hearing-impaired children in residential facilities in Riverside and Fremont.
- CDE's findings regarding two sources of deficiencies and its effects on the schools.

BACKGROUND:

Governor's proposal. The Governor proposes the following augmentations to the state special schools:

- **Transportation costs.** An augmentation of \$963,000 in federal special education funds for additional transportation costs in state special schools. The administration notes that federal law requires that the state provide these students with transportation to and from their home. Since these schools are residential facilities, many students have homes in a different city than the schools.
- **Capital outlay for bus shelters.** An augmentation of \$470,000 General Fund to construct bus shelters for the California School for the Deaf and Blind in Fremont.
- **Capital outlay for new complex.** \$16.5 million in lease revenue bond funding to construct a new career and technical education complex at the California School for the Deaf in Riverside.

COMMENTS:

LAO has not raised any issues with the two capital outlay proposals.

Deficiencies: CDE states that the state special schools are experiencing two deficiencies which are putting pressure on existing resources for the schools:

- 1) A deficiency related to transportation costs, which the state is required to fund for these students. In recent years, transportation costs have escalated, in part due to increased insurance costs. State appropriations for transportation costs have not kept up with increased costs.
- 2) A deficiency related to wage increases that were negotiated two years ago by the bargaining unit that represents special schools teachers, CYA teachers, and teachers in state development centers. According to CDE, it never received an increase to pay for the wage increases, and CDE has been funding the increases with other funds, necessitating the deferral of building maintenance and other projects. CDE estimates the value of this deficiency at a little over \$1 million in the budget year.

ISSUE 3: SUNNYVALE DESEGREGATION

The subcommittee heard this issue last week at its May 4 hearing. It is on today's agenda for vote only.

The issue for the subcommittee to consider is the Governor's proposal to provide a total sum of \$6.4 million in one-time funds to Sunnyvale School District to pay for amounts the state owes it for desegregation claims covering the years 1983-84 through 1991-92.

BACKGROUND:

Governor's proposal. The Governor proposes to provide Sunnyvale School District with a total of \$6,385,000 in one-time Proposition 98 reversion account funds for desegregation claims owed through fiscal year 1991-92. While the Governor originally proposed \$4.9 million for this purpose in his January 10 budget, he later increased the amount to \$6.4 million in an April DOF letter amending his budget proposal. In his April DOF letter, the Governor also proposes adding that the amount shall be reverted to the General Fund if a similar appropriation is included in a Victims Compensation claim for the same purpose during the 2005-06 legislative session. The administration indicates that the additional language is to prevent an accidental double-payment, in the event there is a claims bill that includes this same appropriation.

Background on issue. According to the administration, the state owes Sunnyvale School District approximately \$6.4 million for desegregation claims it filed from 1983-84 through 1991-92. Before 1992, school districts could receive reimbursement from the state for costs of court-ordered and voluntarily-initiated desegregation programs, based on cost claims they filed with the State Controller's Office. Between 1983-84 and 1991-92, the State Controller's Office reduced Sunnyvale's claims for what it determined were non-reimbursable activities. Sunnyvale filed a lawsuit over those reductions plus interest. It also filed a claim with the Government Claims Board, which took action in February in agreement with the district. Sunnyvale School District and the Government Claims Board came to an agreement that if the total owed to the district was included in a claims bill or the budget bill, the accumulation of interest would cease.

COMMENTS:

Staff notes that the proposed \$6.4 million to Sunnyvale would not affect the amount that the district receives under the Targeted Instructional Improvement Block Grant (TIIG). (The TIIG program was created when amounts under the voluntary and court-ordered desegregation programs were block granted to school districts.)

ITEMS TO BE HEARD

6110 DEPARTMENT OF EDUCATION

ISSUE 1: PARENTAL INVOLVEMENT

The issue for the subcommittee to consider is information regarding the Nell Soto Parent/Teacher Involvement Program.

BACKGROUND:

Governor's budget. The Governor's budget does not include any funding for the Nell Soto Parent/Teacher Involvement Program. This is consistent with the budget for the past few years, which has not contained any funding for this program.

Background on program. The Nell Soto Parent/Teacher Involvement Program was created in 1999 by AB 33 (Soto), Chapter 734, Statutes of 1999, and was funded for the first time in the 1999-2000 at \$15 million. The program provides grants to schools (including charter schools and the California Schools for the Deaf and Blind) to improve communication between schools and parents as a means of improving students' academic achievement.

To receive a grant, at least 50% of teachers must agree to periodic visits to the homes of their pupils at convenient times, and 50% of parents must sign parent/teacher/pupil contracts in which parents agree to home visits at least once annually. In addition, participating middle and high schools must hold at least monthly community-based meetings at various sites located throughout the attendance area. Teachers and paraprofessionals that provide home visits must receive training and are compensated for their participation at an hourly rate comparable to their regular base salary.

CDE provides grant funding based on the size of the school. Schools with fewer than 500 pupils receive up to \$15,000, schools with 500-799 pupils receive \$20,000, schools with 800-1,499 pupils receive \$30,000, and schools with 1500 pupils or more receive \$35,000. Under current law, CDE must give priority to schools in the lowest two deciles, the California School for the Deaf and the California School for the Blind.

The program was last funded in the 2001-02 budget, at \$15 million in one-time (Proposition 98 reversion account) funds.

COMMENTS:

Legislation approved in 2002 gave CDE the authority to use \$75,000 of the 2001-02 appropriation to evaluate the program. It was to evaluate the program by January 1, 2003.

ISSUE 2: SPECIAL EDUCATION -- FAMILY EMPOWERMENT CENTERS

The issue for the subcommittee to consider is information regarding family empowerment centers, which serve families of special education students across the state.

BACKGROUND:

Governor's proposal. The Governor's budget provides \$2.7 million in federal special education funds to support 12 family empowerment centers across the state, serving families of special education students. This is the same amount sustained in last year's final budget act for the centers.

Last year's augmentation vetoed. Last year the Legislature provided an additional \$700,000 in federal special education funds to establish four more centers. The Governor vetoed that augmentation. In his veto message, the Governor cited an outstanding evaluation of the program, and stated that "if the study shows these centers are effective in helping students with special needs, their families and schools, I will consider an augmentation to provide better access."

Background on program. Family empowerment centers were created in 2001 pursuant to SB 511, Chapter 690, Statutes of 2001. CDE administers the program, and provides competitive grants to different regions of the state to operate the centers. In order to receive funding, each grant applicant shall demonstrate that services will be delivered in a manner that accomplishes all of the following:

- All families have access to services regardless of cultural, linguistic, geographical, socioeconomic, or other similar barriers.
- Services are provided in accordance with families' linguistic and cultural preferences and needs.
- Services are coordinated with the existing family support organizations within the region.
- Promotes positive parent and professional collaboration with local educational agencies, special education local plan areas, and other community agencies.

As a condition of receipt of funds, each center must train and support parents and guardians of children and young adults with disabilities to do the following:

- Better understand the nature of their children's disabilities and their children's educational and developmental needs.

- Communicate effectively with personnel responsible for providing special education, early intervention, and related services.
- Participate in decision making processes and the development of individualized education programs.
- Obtain appropriate information regarding the range of options, programs, services, and resources available to assist children and young adults with disabilities and their families.
- Participate in school improvement and reform activities.
- Advocate for the child's needs in a manner that promotes alternative forms of dispute resolution and positive relationships between parents and professionals.

COMMENTS:

Last year's budget contained \$180,000 for CDE to contract with an outside entity to evaluate 12 family empowerment centers. CDE will comment on the status of the evaluation at today's hearing.

The California Association of Family Empowerment Centers argues that the originating legislation contained a goal of creating 32 centers statewide, and that the new federal funding could be used to further this goal.

ISSUE 3: ENGLISH LANGUAGE ACQUISITION PROGRAM

On April 5, the subcommittee heard the Governor's proposal to change this program, which included budget control language to restrict the uses of the money from this program. While the subcommittee rejected that proposal, a member requested that this issue be re-heard at a subsequent hearing.

BACKGROUND:

The Governor's proposal. In its January 10 proposal, the administration proposed new budget control language for the English Language Acquisition Program. The new language would have placed new requirements on how program recipients spend the money from this program. Specifically, the language would have required participating school districts to use their existing program funds to provide services that are consistent with the Reading First program, which are different than the existing allowable uses for the program. The Governor proposes a total funding level of \$57.6 million for this program, roughly the same level provided last year, adjusted for growth and COLA. This program serves English learners in grades 4-8. Due to concerns that the proposed language would change the allowable uses of these funds, and thereby require some districts to redirect some of their existing expenditures for English learners, the subcommittee rejected the proposed language on a 4-0 vote.

Background on program. Under current law, the English Language Assistance Program provides up to \$100 per English learner in grades 4-8, per school year. As a condition of receiving funding from this program, participating school districts and county offices of education must certify that they will do all of the following, and may use these funds to accomplish these goals:

- Conduct academic assessment of English learners to ensure appropriate placement.
- Provide a program of instruction to assist English learners in achieving existing English language development standards.
- Provide supplemental instructional support (such as before and after school opportunities or summer school) to provide students with continuing English language development.
- Coordinate existing services and funding for English learners.

Existing law also provides for a one-time \$100 per-pupil allocation for each English learner that is reclassified as English proficient, but to date the budget has never contained funding to implement that provision.

Existing uses of the funding. According to information provided to CDE at staff's request, there are 868 school districts that are eligible to receive funds under the existing program. Of these, 631 applied and 532 were funded. Approximately 550,000 English learners in grades 4-8 receive funding from the program, at \$100 per student. Participating school districts reported that they spent the funds as follows:

- Roughly 20% on core academic instructional programs.
- Roughly a third on ELD instructional programs.
- Between 16% and 23% on extended time programs.
- Roughly 4% on newcomer services
- 8% on staff development
- Between 9% and 20% on language assessment and testing
- Between 6 and 10% on other programs.

COMMENTS:

This issue on today's agenda because a member of the subcommittee requested that it be re-heard.

EIA information. The Economic Impact Aid program provides funding to school districts to provide compensatory education services to economically disadvantaged and English learner students. The formula for distributing the funds is based on a primary formula and a secondary formula, both of which are based on measures of economically disadvantaged children and English learners. According to the LAO, there are potential problems this year in the data used for the formula. Namely, the LAO claims that the Department of Social Services is no longer making the CalWORKs data upon which EIA is calculated available to CDE. In last year's analysis, the LAO argued for changes in the formula based on its findings that the current formula results in what it believes are arbitrary funding levels, as well as unpredictability in the amount of funding that each district will receive.

ISSUE 4: LIST OF K-12 OPEN ISSUES

The following is a list of issues already heard by the subcommittee but left open to date.

Open K-12 Issues

Issue	Date of hearing
Total Proposition 98 funding level for K-12 schools and community colleges	3-15
Growth and COLA for K-12 education	3-15
Governor's proposed increase in discretionary funding (Deficit reduction)	3-15
Mandates	3-15
Federal Funds: No Child Left Behind Act Title I	3-29
Federal Funds: 21 st Century after school funds	3-29 and 5-3
Special Education – Overall Funding issues and Compliance with New Federal Requirements	4-5
Special Education --- Governor's Proposal to Suspend Mental Health Mandate for Special Education Students	4-5
Special Education – Implementation of New Formula for Special Education Students in Licensed Children's Institutions	4-5
Special Education – Incidence Factor	4-5
Governor's Proposal for School Business Officer Training	4-5
Categorical Reform	4-12
School Districts' Financial Condition	4-12
Declining Enrollment	4-12
Charter schools: Governor's proposal for new funding formula	4-12
Charter Schools: Charter School Facility Grant Program	4-12

Control Section – Former Mega-item	4-19
Governor's Proposed Reductions: Healthy Start	4-19
Governor's Proposed Reductions: Early Mental Health Initiative (EMHI)	4-19
Statewide Information Technology Systems: High Speed Network	4-19
Williams Settlement Funding	4-26
Accountability Programs (II/USP, High Priority Schools Grant Program)	4-26
Instructional Materials	4-26
Funding School Apportionments Based on Enrollment	4-26
Federal Funds: Reading First	5-3
Statewide Information Technology Systems: California School Information Services (CSIS)	5-3
Statewide Information Technology Systems: California Longitudinal Pupil Achievement Data System (CALPADS)	5-3
Statewide Information Technology Systems: Professional Development Database	5-3
Local Arts Education Partnership Program	5-3
Child Care: Tiered Reimbursement	5-3
Child Care: Policy Proposals	5-3
Child Care: In-and-Out of Market Rate Setting Implementation	5-3
Child Care: State Allocation of Quality Set-Aside Funding	5-3
Child Care for 11 and 12 Year Olds	5-3
Testing Programs	5-4
CDE State Operations – Translations	5-4

Appendix A: Information on High School Exit Exam

Due to the high level of interest in the California High School Exit Exam, below is information regarding the exam, including information regarding passage rates known to date.

Background. Under current law, students will be required to pass the High School Exit Exam (CAHSEE) in order to obtain a high school diploma, beginning in the 2005-06 academic year (beginning with the class of 2006). The amounts proposed in the Governor's budget reflect the cost of developing and administering the test to students who will be subject to the future requirement, and are taking it early to try to pass it or assess their probability of passing it. The Governor's budget provides \$287,500 for ongoing evaluation of the extent to which content standards assessed by CAHSEE are covered in existing coursework offered by school districts. The total amount planned to be spent on this type of evaluation (from 2004-05 through 2007-08) is approximately \$1.5 million. The subcommittee may wish to ask CDE about the findings from these evaluations. The Governor's proposed funding level of the CAHSEE, as well as all testing programs, is summarized in the table below, which was included in last week's May 4 agenda.

**State and federal funding for state's testing programs:
2004-05 and 2005-06 (proposed)**

Program	2004-05			2005-06 (proposed)			change (totals)
	State	fed.	total	state	fed.	total	
STAR program	\$53.8	\$8.5	\$62.4	\$63.9	\$2.2	66.1	6 %
STAR test development	1.4	0.5	1.9	1.4	0.5	1.9	0 %
STAR primary language test development (a)		3.0	3.0		3.0	3.0	0 %
California English Language Development Test (CELDT)	11.4	10.2	21.6	11.4	10.2	21.6	0 %
CELDT vertical scaling (b)		0.3	0.3		0.3	0.3	0 %
High School Exit Exam	10.4	7.9	18.3	6.8	8.1	14.9	-18.5%
High School Exit Exam workbooks		2.5	2.5		2.5	2.5	0 %
HSEE: evaluation of instruction (c)		0.5	0.5		0.3	0.3	-47.6%
California Alternate Performance Assessment		2.2	2.2		2.2	2.2	0 %
California High School Proficiency Exam	1.0		1.0	1.0		1.0	0 %
Assessment Review and Reporting (d)	2.3	0.6	2.9	2.3	0.6	2.9	0 %
TOTAL	80.4	36.2	\$116.6	86.8	29.9	\$116.7	0.12%

Note: Figures may not add, due to rounding.

Passage rates. According to State Board of Education agendas, in the spring of 2004, the high school exit exam was administered to all grade 10 students in the class of 2006. Overall, 75% of those tested passed the math portion and 75% passed the English/Language Arts portions.

However, passing rates were disproportionately low for students in low-decile (low-performing) schools and for special education students. For special education students, the passage rate for the math portion statewide is 30%, but only 11% for special education students in decile 1 schools. For non-special education students, the passage rate on the math portion statewide is 77%, yet only 55% in decile 1 schools, 68% in decile 2 schools, etc.