

**AGENDA – Part I****ASSEMBLY BUDGET SUBCOMMITTEE NO. 2  
ON EDUCATION FINANCE**

Assembly Member Mervyn Dymally, Chair

TUESDAY, MAY 18, 2005  
STATE CAPITOL, ROOM 444**ITEMS TO BE HEARD**

<b>ITEM</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
<b>6110</b>	<b>Department of Education</b>	<b>2</b>
ISSUE 1	GOVERNOR'S NEW PROPOSAL TO REDUCE CLASS SIZES IN LOW-PERFORMING SCHOOLS	2
ISSUE 2	GOVERNOR'S NEW PROPOSAL FOR A RECOGNITION PAY/ RECRUITMENT AND RETENTION BLOCK GRANT.	4
ISSUE 3	GOVERNOR'S NEW PROPOSAL TO PROVIDE SUPPLEMENTAL INSTRUCTION TO PASS THE HIGH SCHOOL EXIT EXAM	5
ISSUE 4	GOVERNOR'S NEW PROPOSAL TO ESTABLISH CAREER-TECHNICAL PILOT PROGRAM FOR GRADES 7 AND 8	6
ISSUE 5	GOVERNOR'S NEW PROPOSAL TO PROVIDE FRUITS AND VEGETABLES IN STUDENT BREAKFAST PROGRAMS	7
ISSUE 6	GOVERNOR'S NEW PROPOSAL TO EXPAND BTSA SERVICES BEYOND THE 2 <sup>ND</sup> YEAR OF TEACHING	8
ISSUE 7	GOVERNOR'S NEW PROPOSAL TO EXPAND PHYSICAL FITNESS TESTING TO THIRD GRADE	9
ISSUE 8	GOVERNOR'S NEW PROPOSAL TO PROVIDE PERFORMANCE-ENHANCING SUBSTANCES AWARENESS TRAINING FOR COACHES	10
ISSUE 9	MAY REVISION PROPOSAL TO FUND JANUARY 10 SCHOOL-SITE BUDGETING PROPOSAL	11
ISSUE 10	MAY REVISION PROPOSAL TO FUND JANUARY 10 SMALLER LEARNING ENVIRONMENT PROPOSAL	12

## ITEMS TO BE HEARD

### 6110 DEPARTMENT OF EDUCATION

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#### ISSUE 1: GOVERNOR'S NEW PROPOSAL TO REDUCE CLASS SIZES IN LOW-PERFORMING SCHOOLS

The issue for the subcommittee to consider is a May Revision proposal to create a new program to reduce class sizes in schools in deciles 1-3.

#### BACKGROUND:

The Governor's May Revise proposes a total augmentation of \$175 million (\$123 million in ongoing money and \$52 million in one-time Proposition 98 settle-up funds) to fund a new program to reduce class sizes beyond grades K through 3 in deciles 1-3 schools, as follows:

- It is requested that this item be increased by \$123,009,000. This, along with \$52.4 million in settle-up funds (see corresponding issue under Current Year Adjustments), would allow schools in deciles 1, 2, and 3, based on the 2004 Academic Performance Index scores, to provide smaller class sizes beyond grades K through 3. While some one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets. In addition, it is intended that some of the settle-up funding will be available to address facilities needs for participating schools.

It is also requested that provisional language be added as follows:

*2. Of the funds appropriated for this item, \$123,009,000 is available for schools in deciles 1, 2, and 3, based on the 2004 Academic Performance Index scores to provide smaller class sizes beyond grades K through 3. These funds are contingent on the passage of legislation.*

- It is requested that this item be increased by \$52,361,000 in settle-up funds. This appropriation will allow schools in deciles 1, 2, and 3, based on the 2004 Academic Performance Index (API) scores, to provide smaller class sizes beyond grades K through 3. It is intended that some of this settle-up funding also will be available to address facilities needs for participating schools.

**COMMENTS:**

**Ongoing costs partially funded with one-time funds.** The administration estimates that the ongoing costs of the program would be approximately \$155 million, yet it provides only \$132 million in ongoing funds to support the project, with the remainder of the funds being one-time. This means that \$32 million (21%) of the program's ongoing costs would be funded with one-time funds. The administration indicates that it intends some of the one-time funds to be used for facilities.

**Trailer bill language:** The Governor proposes trailer bill language to implement this proposal. The language specifies that:

- The program would be funded at the same rate as the K-3 class size reduction program, in which the state rate only covers a portion of the local costs of implementation. Rules would also be similar to the existing K-3 class size reduction program.
- Funding would be distributed based on grade 4 enrollment, but school districts could use funds to lower class sizes in any grade.

**ISSUE 2: GOVERNOR'S NEW PROPOSAL FOR A RECOGNITION PAY/  
RECRUITMENT AND RETENTION BLOCK GRANT.**

The issue for the subcommittee to consider is a May Revision proposal to provide \$49.5 million in one-time Proposition 98 settle-up funds to create a new teacher recruitment, retention and recognition pay block grant for deciles 1-3 schools.

**BACKGROUND:**

The Governor's May Revise contains the following proposal to provide \$49.5 million in one-time Proposition 98 settle-up funds to create a new block grant program for teacher recruitment, retention and recognition pay for schools in deciles 1-3 (using the 2004 API).

**6110-640-0001, Local Assistance, Recruitment, Retention and Recognition Pay Block Grant (Issue 001)** -- It is requested that \$49.5 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, for a block grant to allow schools to provide teachers and principals with recognition pay in order to attract and retain them in schools performing within the bottom three deciles, based on 2004 API results. Funds from this item would also be used to provide funding for the purpose of recruiting teachers in hard to staff schools. This funding is contingent on the enactment of legislation for this purpose during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**COMMENTS:**

**2/3 of funds would have to be used for recognition pay.** Under the administration's proposed trailer bill language for this program,

- Participating school districts would have to spend 2/3 of their block grant funds on "recognition pay" for teachers and principals in deciles 1-3 schools. Districts must specify how recognition pay will be determined in their plan.
- Participating districts would have to adopt a plan for spending the money, in order to receive it. Districts could receive \$50 per pupil in qualifying schools.
- The districts' implementation plans could not be subject to collective bargaining.
- \$3 million of the amount would be available to county offices for teacher recruitment in deciles 1-3 schools.

**ISSUE 3: GOVERNOR'S NEW PROPOSAL TO PROVIDE SUPPLEMENTAL INSTRUCTION TO PASS THE HIGH SCHOOL EXIT EXAM**

The issue for the subcommittee to consider is a May Revision proposal to provide \$57.5 million in one-time Proposition 98 settle-up funds to provide additional supplemental instruction to pupils who have failed or are at risk of failing the High School Exit Exam.

**BACKGROUND:**

The Governor's May Revision contains the following proposal:

**6110-701-0001, Local Assistance, Supplemental Instruction–High School Exit Exam (Issue 350)** It is requested that \$57.5 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, in order to provide additional supplemental instruction to pupils who have failed or are at risk of failing the High School Exit Exam. It is intended that these funds supplement and do not supplant the existing Supplemental Instruction Program funds. This funding is contingent on the enactment of legislation for this purpose during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**COMMENTS:**

Under existing law, supplemental instruction programs for students at risk of passing the high school exit exam are uncapped, so it is unclear how these funds would interact with the existing program.

**Trailer bill:** Also, the administration proposes trailer bill language to accompany this proposal. The proposed language:

- Specifies that the rate for these programs would be the same as the existing rate for other supplemental instruction programs, which provide funding for summer, intersession and Saturday classes to help students come up to grade level.
- Would require participating districts to certify that the percent of students passing the exit exam has increased over the prior year.
- Specifies that these funds would supplement existing programs.

**ISSUE 4: GOVERNOR'S NEW PROPOSAL TO ESTABLISH CAREER-TECHNICAL PILOT PROGRAM FOR GRADES 7 AND 8**

The issue for the subcommittee to consider is a May Revision proposal to provide \$30 million in one-time Proposition 98 settle-up funds to establish a new pilot program to provide career-technical education courses in grades 7 and 8.

**BACKGROUND:**

The Governor's May Revise contains the following proposal:

**6110-638-0001, Local Assistance, Career-Technical Education Exploration Courses (Issue 801)** It is requested that \$30.0 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to establish a pilot program for career exploration coursework in the 7<sup>th</sup> and 8<sup>th</sup> grades. This program would allocate grant funding to schools operating 7<sup>th</sup> and 8<sup>th</sup> grades for the purpose of introducing students to a variety of careers and professions. This funding is contingent on the enactment of legislation for this purpose during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**COMMENTS:**

The administration indicates that it intends for this funding to pay for an additional half-semester career-technical education class for 7<sup>th</sup> and 8<sup>th</sup> graders.

**ISSUE 5: GOVERNOR'S NEW PROPOSAL TO PROVIDE FRUITS AND VEGETABLES IN STUDENT BREAKFAST PROGRAMS**

The issue for the subcommittee to consider is a May Revision proposal to provide:

- A \$1 million augmentation in one-time Proposition 98 settle-up funds to provide breakfast start-up grants for schools that currently don't have breakfast programs, and;
- \$17.2 million in one-time Proposition 98 settle-up funds for a new proposal to provide fruits and vegetables in student breakfast programs.

**BACKGROUND:**

The Governor's May Revise contains the following proposal:

**6110-639-0001, Local Assistance, Fruits and Vegetables for Breakfast Programs (Issue 001)**

It is requested that \$18.2 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, of which \$17.2 million is available to provide 10 cents per pupil per day to the existing school breakfast program to allow additional fruits and vegetables to be served in the program. In addition, \$1.0 million is set aside to provide breakfast start-up grants for schools that currently do not have breakfast programs. This funding is contingent on the enactment of legislation for this purpose during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**COMMENTS:**

The administration indicates that this augmentation is intended to fund SB 281 (Maldonado).

How much fruits and vegetables are currently required in school breakfast programs?

**ISSUE 6: GOVERNOR'S NEW PROPOSAL TO EXPAND BTSA SERVICES BEYOND THE 2<sup>ND</sup> YEAR OF TEACHING**

The issue for the subcommittee to consider is a May Revision proposal to provide \$30 million in one-time Proposition 98 settle-up funds to expand the Teacher Credentialing Block Grant to provide additional services to teachers beyond their 2<sup>nd</sup> year of teaching.

**BACKGROUND:**

The Governor's May Revise contains the following proposal:

**6110-637-001, Local Assistance, Teacher Credentialing Block Grant Expansion Beyond Years 1 and 2 (Issue 001)** It is requested that \$30.0 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to expand the Teacher Credentialing Block Grant to provide additional services for teachers beyond the first and second years of teaching. This funding is contingent on the enactment of legislation for this purpose during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**COMMENTS:**

**Accompanying trailer bill language.** The administration proposes accompanying trailer bill language that would attempt to address some of the technical problems with last year's categorical reform bill, AB 825 (Firebaugh-Alpert). Staff advises that these clean-up changes be considered by policy committees. The Legislature is currently considering bills to similarly address the technical problems with AB 825 (Firebaugh-Alpert).



**ISSUE 7: GOVERNOR'S NEW PROPOSAL TO EXPAND PHYSICAL FITNESS TESTING TO THIRD GRADE**

The issue for the subcommittee to consider is a May Revision proposal to provide \$2.15 million in one-time Proposition 98 settle-up funds to expand physical fitness testing to 3<sup>rd</sup> grade.

**BACKGROUND:**

The Governor's May Revise contains the following proposal:

**6110-791-0001, Local Assistance, Physical Fitness Testing for Third Grade and Testing Result Notification (Issue 001)** It is requested that \$2,150,000 be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to provide funding for expanded physical fitness testing for third graders and to notify parents or guardians of pupil physical fitness testing results for grades three, five, seven, and nine. This funding is contingent on the enactment of legislation during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**COMMENTS:**

The administration indicates that this funding is intended to implement SB 559 (Torlakson).

**ISSUE 8: GOVERNOR'S NEW PROPOSAL TO PROVIDE PERFORMANCE-ENHANCING SUBSTANCES AWARENESS TRAINING FOR COACHES**

The issue for the subcommittee to consider is a May Revision proposal to provide \$500,000 in one-time Proposition 98 settle-up funding for a new proposal to provide training to coaches on performance-enhancing substances.

**BACKGROUND:**

The Governor's May Revise contains the following proposal:

**6110-641-0001, Local Assistance, Performance-Enhancing Substances Awareness Training for Coaches (Issue 001)** It is requested that \$500,000 be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to provide training for coaches. The training will raise coaches' awareness and address the use of performance-enhancing substances by student athletes. This funding is contingent on the enactment of legislation for this purpose during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**ISSUE 9: MAY REVISION PROPOSAL TO FUND JANUARY 10 SCHOOL-SITE BUDGETING PROPOSAL**

The issue for the subcommittee to consider is a May Revision proposal to provide \$1.2 million General Fund (non-Proposition 98) to fund the California Local Education Accountability Reform (CLEAR) Program, which the Governor proposed – without funding – in his January 10 budget.

**BACKGROUND:**

The Governor's May Revision contains the following funding to support a January 10 proposal to create a pilot project for school-site-based budgeting.

**Issue 090: California Local Education Accountability Reform (CLEAR) Program**—It is requested that this item be increased by \$1,200,000 and that three positions (one Program Administrator and two Education Consultants) be approved to implement and oversee the CLEAR Program, a pilot project providing flexibility for 15 school districts to plan and implement programs to increase pupil academic achievement and to meet accountability targets. This amount includes \$882,000 to contract technical assistance and staff development services for the participating districts.

It is further requested that the following provisional language be added as follows:

*X. Of the amount appropriated in Schedule (5), \$1,200,000 shall be available to the State Board of Education to implement and oversee the California Local Education Accountability Reform (CLEAR) Program, and is subject to the passage of conforming legislation during the 2005-06 Regular Session that is effective on or before January 1, 2006.*

**COMMENTS:**

The administration indicates that this funding will implement AB 1212 (Wyland), which creates the CLEAR initiative.

Staff notes that the administration proposes to have the State Board of Education administer this program. This would be a departure from the current practice, in which CDE administers programs, and the State Board provides policy guidance.

**ISSUE 10: MAY REVISION PROPOSAL TO FUND JANUARY 10 SMALLER LEARNING ENVIRONMENT PROPOSAL**

The issue for the subcommittee to consider is a May Revision proposal to provide \$1.6 million in one-time Proposition 98 settle-up funds to fund a new Smaller Learning Environment Grant Program, which the Governor proposed – without funding – in his January 10 budget.

**BACKGROUND:**

The Governor's May Revision contains the following funding to support a January 10 proposal to create the new Smaller Learning Environment Grant Program.

**6110-700-0001, Local Assistance, Smaller Learning Environment Grant Program (Issue 184)** It is requested that \$1.6 million be appropriated, on a one time basis from Proposition 98 prior year settle-up funds, for the new Smaller Learning Environment Grant Program pending legislation to be enacted before January 1, 2006. This program is intended to provide incentives for districts to create smaller learning environments, or schools-within-schools. This funding is contingent on the enactment of legislation for this purpose during the 2005-06 Regular Session. While one-time funds are used for this purpose, the Administration proposes to evaluate program implementation to determine the appropriate focus and magnitude of ongoing funding in subsequent budgets.

**COMMENTS:**

The administration indicates that this proposal funds AB 1177 (Chan), a Governor-sponsored bill.