

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE

ASSEMBLYMEMBER JOE SIMITIAN, CHAIR

TUESDAY, MAY 7, 2002
 STATE CAPITOL, ROOM 444
 9:30 AM

ITEMS TO BE HEARD

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ITEM # 6360 COMMISSION ON TEACHER CREDENTIALING**ISSUE 1: OPEN ISSUES**

The issues for the subcommittee to consider are an oversight issue from a prior hearing regarding CTC's processing time for first-time credentials and various open issues.

BACKGROUND:

Two weeks ago, the subcommittee heard testimony from CTC regarding its attempts to reduce credential processing time for first-time credentials. CTC agreed to return to the subcommittee with a proposal to do so. CTC will present its proposal at today's hearing.

COMMENTS:**Additional open issues:**

Possible unused funding. At an earlier hearing, the Senate Subcommittee on Education Finance requested information on unused funding from the California Mathematics Initiative for Teaching program, due to under enrollment. (The Governor already proposes a \$600,000 reduction in the budget to this program, based on under utilization.) In response to the request, CTC reports that \$1,284,510 is available for reversion in fiscal year 2001-02 and an additional reduction of \$513,000 could be taken in fiscal year 2002-03 without any impact on the current program.

BBL regarding federal funds carryover. At its April 16 hearing, the subcommittee took action to adopt budget bill language requiring CTC to report on its federal carryover funding. The subcommittee took action in response to concerns about the use of Section 28 letters, which are intended to be used to spend unanticipated federal funds in the current year. The subcommittee's concern stemmed from the use of Section 28 letters to spend federal carryover funding. In response to the subcommittee's request, staff has drafted the following budget bill language:

By March 15, 2003, CTC shall report on the amount of federal Title II carryover money it expects to have at the end of the 2002-03 fiscal year.

ITEM # 6110 DEPARTMENT OF EDUCATION**SPECIAL ORDER OF BUSINESS: 10:00 AM****ISSUE 1: ADULT AND VOCATIONAL EDUCATION**

The issues for the subcommittee to consider are: 1) options for the subcommittee in considering whether to restore the Governor's proposed cut to adult education funding for CalWORKs participants and 2) the status of a proposal by the Governor to reform workforce training programs, including adult and vocational education programs

BACKGROUND:

Adult education and ROC/P's for CalWORKs participants. The Governor's budget proposes to eliminate \$36 million in Proposition 98 funding for adult education and regional occupational centers and programs (ROC/P's) to serve CalWORKs recipients, leaving \$9.9 million in federal funds to allow adult education programs and ROC/P's to serve CalWORKs participants above their enrollment caps. The subcommittee heard this issue at its March 19 hearing and asked SDE to return with information regarding unused funding in the program. The funding, proposed to be cut dates back to the inception of the CalWORKs program, and has two components:

- \$26 million to allow adult education programs and ROC/P's to serve CalWORKs participants without having to displace regular clients served within their enrollment caps. Only adult education programs and ROC/P's that meet or exceed their enrollment caps receive this funding.
- \$10 million for instructional and training supportive services for CalWORKs participants attending adult education programs and ROC/P's. These services are provided through an inter-agency agreement between the Department of Social Services and SDE.

The administration proposes to delete this funding because it is no longer needed to meet the state's CalWORKs maintenance of effort requirement under federal law. The administration argues that the above set-asides were originally created, in part, to help the state meet this requirement, and that other increases in CalWORKs mean that the adult education and ROC/P set-asides are no longer needed for this purpose. It also argues that CalWORKs recipients can still receive services from adult education programs and ROC/P's, as long as these programs serve them within their existing enrollment caps. The administration also argues that CalWORKs recipients can access education programs provided by the counties, and that there has been unused funding in this program in recent years (see comments below).

Workforce training reform proposal. The Governor's budget summary cites a four-pronged reform of California's workforce development system, including a) the consolidation of all existing apprenticeship programs (including those administered by SDE) under the Department of Industrial Relations, and b) consolidation of all vocational and adult education programs under the community college system. The Governor's office now states that it does not intend to divert any adult or vocational education funding to community colleges. The task force charged with developing the proposal is still soliciting input from the public, and plans to have

final recommendations at the end of April. DOF will be available at today's hearing to answer any questions about the progress of the workforce's proposal.

COMMENTS:

Unused funding from adult education CalWORKs. SDE has indicated the following unused funding from the \$26 million add-on that allows adult education programs and ROC/P's to enroll CalWORKs participants above their enrollment caps: 1) \$17 million in unused funding from the 1999-2000 fiscal year (which the Governor's budget captures as savings) and 2) \$13 million in unused funding from the 2000-01 fiscal year (which the Governor's proposed budget does not capture in savings). SDE indicates that providers used all of the \$10 million provided for supportive services and it recommends restoring this entire amount of the Governor's proposed cut. If the subcommittee desires to restore all or a portion of the Governor's proposed reductions, it can use some of the one-time unused funding identified from the 2000-01 fiscal year to do this.

In addition, SDE has identified \$28 million in unused funding from base adult education funding from the 2000-01 fiscal year, which the Governor's proposed budget does not capture in savings. In addition, the subcommittee can use this funding to restore all or a portion of the Governor's proposed cut, as well for other K-12 purposes.

Addressing maintenance-of-effort issue. If the subcommittee chooses to restore part or all of the proposed cut, the restoration may still count against the state's maintenance-of-effort spending, over which the Governor has indicated an unwillingness to spend above the minimum amount required. The subcommittee may wish to defer to Subcommittee #1 on this matter, as it is considering this issue.

Redistribution of unused adult education funding from base program. Last year, the subcommittee appropriated unused funding from base adult education programs (non-CalWORKs) to programs that continuously exceed their enrollment caps and are in bad need of expansion funding. Unfortunately, the Governor vetoed this language, citing the fact that SDE has the authority to distribute any unused funding to school districts in need of expansion funds. SDE does not believe it has this authority. In response to this discrepancy, the subcommittee obtained a Legislative Counsel opinion that indicates that current statute does not give SDE the authority to redistribute unused funds to districts with higher need. The Legislature is currently considering legislation (SB 192 (Karnette)) that would give SDE the authority to redistribute unused base funding to districts that can demonstrate a need for additional funding.

ISSUE 2: CHARTER SCHOOLS

The issues for the subcommittee to discuss are 1) the proposed funding level for charter schools, 2) various recommendations by the LAO regarding the direct funding model for charter schools, as well as 3) an update on information the subcommittee requested at a prior hearing.

BACKGROUND:

The Governor's proposed budget includes the following amounts related to charter schools:

- \$49.7 million in General Fund Proposition 98 funds for the charter school categorical block grant, a 20 percent increase over the current year. This funding is part of the direct funding model approved three years ago to help ensure that charter schools receive funding equal to that provided to non-charter schools. The proposed increase is an estimate of growth and COLA increases. The May Revision will update this figure.
- An increase of \$17.6 million in federal charter school funds, for a total funding level of \$30.2 million.
- \$820,000 in federal funds and three, 3-year limited-term positions to increase monitoring, review and technical assistance to charter schools.

Three years ago, the Legislature approved a direct funding model for charter schools to provide charter schools the same level of funding that non-charter schools receive. This funding model includes continuously apportioned revenue limit funding (similar to that received by school districts) and a categorical block grant that includes average funding for a number of categorical programs (without the programmatic requirements that non-charters must comply with). Charter schools may also apply directly to the state to receive funding from a number of categorical programs, and must comply with their related programmatic requirements. These programs are excluded from the calculation of the categorical block grant. While most categorical programs were originally included in the categorical block grant, the number of categorical programs now excluded from it is substantial.

COMMENTS:

LAO recommendation: The LAO recommends that the Legislature adopt statute to extend the revenue limit portion of the charter school direct funding model, given that it is scheduled to sunset July 1, 2002. Staff notes that the Legislature is currently considering legislation to extend the sunset.

In addition, the LAO recommends that the Legislature amend the statutory funding calculation for the charter school categorical block grant so that it reflects appropriation levels made in the final budget act instead of the Governor's May Revise. Current law requires DOF to calculate the growth rate for the categorical block grant every year at May Revise, which allows DOF to determine, for purposes of calculation, which programs are in the block grant and which programs charter schools must apply for separately. The LAO provides the following reasons why the existing system is flawed:

1. The original reason for giving DOF the authority to calculate the growth rate was to provide an early calculation that would allow charter schools to plan their budgets. However, early has never calculated it earlier than July, negating the original benefit behind the statute.
2. The current statute gives DOF the authority to determine which categorical programs are excluded from the block grant (e.g., programs which charters must apply to directly), even if the Legislature disagrees.
3. DOF's May Revise calculation reflects proposed spending levels in the Governor's May Revise, and not final appropriations in the final budget act.
4. The May Revise calculation is difficult to verify.

The LAO accordingly recommends that the Legislature adopt language to require DOF to calculate the block grant growth rate based on the final adopted budget and accompanying trailer bills.

SB 955 update. At a prior hearing, the subcommittee requested information on the number of school districts affected by SB 955 (Alpert) of last year, which contains various provisions related to charter schools, including a requirement as to how much basic aid school districts must transfer to charter schools in support of students that reside in the basic aid district.

ISSUE 3: FEDERAL FUNDS -- NO CHILD LEFT BEHIND ACT

The issues for the subcommittee to consider are: 1) an update on the state plan to be submitted in late May or early June and 2) options for expenditure of the increased federal funds relative to the No Child Left Behind Act.

BACKGROUND:

I. State plan for preliminary implementation of the No Child Left Behind Act. At an April 9 hearing, the subcommittee heard testimony from SDE regarding federal requirements that states submit preliminary implementation plans for the new federal law by June of this year. As part of that testimony, SDE noted that the timeline for development of the plan is very short, but states will be allowed to refine their plans by May of next year. While SDE and the State Board of Education are expected to include many of the major decisions (such as the definition of "proficiency" which all students will be expected to meet in 12 years), in next year's plan, the preliminary plan may include some major decisions, such as the definition of "highly qualified teacher," which all teachers in California will be expected to meet by December 31, 2005. The subcommittee may wish to ask SDE and the administration about what decisions it is considering making in the preliminary plan, and in particular the options it is considering in defining "highly qualified teacher."

II. Options for expenditure of new federal funds. When the subcommittee heard this issue at a April 9 hearing, it heard testimony from SDE regarding the fact that regulations governing implementation of the federal law will not be released until after the preliminary state plan is due, and after the state budget is due to be passed by the Legislature. While the state will have very little discretion over the expenditure of some of the federal local assistance funding that automatically flows to locals on a formula basis, it does have discretion over the amount of funding it sets aside for state operations and state-level activities. Yet, California will not have important guidance it needs (via federal regulations) to help it shape its strategy to meet federal goals until after it has to make important budget decisions about the federal increases.

In order to accommodate this timing problem, the subcommittee may wish to try to spend some of the state operations and state-level activities funding on one-time purposes, in order to allow a year to develop the state plan and the corresponding budget decisions. (SDE adopts this strategy in its proposal for the use of federal assessment funding.) It can also create a mechanism for the Legislature and the administration to develop expenditure proposals related to state operations and state-level activities after the budget is approved and throughout the 2002-03 fiscal year, as the state is refining its plan to implement federal requirements.

The table below summarizes the increases in federal funding and the maximum amounts the state can set aside of state operations and state-level activities:

FEDERAL FUNDS UNDER THE NO CHILD LEFT BEHIND ACT: CALIFORNIA (\$ IN MILLIONS)

Program	\$ (millions)		Local assistance: Formula or competitive ?	Max for state ops.		Other state-level activities		
	CY	BY		%	Amt.*	%	Amt.	Purposes
Title I - basic grant	\$1186	\$1454	Formula	1	\$14.5	2	\$29.1	School improvement
Reading First State Grants	\$0	\$133	Competitive	2	\$2.66	13 ₁	\$17.3	School improvement
						5 ₁	\$6.7	Technical assistance
Class Size Reduction	\$175	\$0						
Eisenhower State Grants	\$54	\$0						
Improving Teacher Quality	\$0	\$332	Formula = 95% of total Compet. = 2.5% of total	1	\$3.3	1.5	\$5	Reforming certification; Teacher support; Technical assist. Program eval.
Education Technology	\$55.9	\$86	Formula = 50% Compet. = 50%	5 ₂	\$4.3			
Language Acquisition Grants	0	\$115	Formula	3 ₃	\$3.5	5 ₃	\$5.75	Technical assistance, evaluation, rewards
Immigrant Education	\$32	0	Formula	N/a	N/a	N/a	N/a	N/A
Assessment	\$0	\$28.9 ₄	N/a	all		All		Standards; Assessment; Data systems

1. State-level percentages are maximum allowable.
1. Maximum of 5 percent for state-level activities including technical assistance, promoting access, developing performance measures and evaluation.
2. States must distribute at least 95 percent of their grant as local assistance. The total for both state operations and state-level activities must not exceed 5 percent. Of the 5 percent, states may set-aside two-third of this amount for state operations.
3. Funding is available for state operations and state-level activities related to developing standards and assessments, professional development related to state standards, expanding testing accommodations to English learners and special education students and assisting in linking records of student achievement over time.

COMMENTS:

Federal funding available for one-time legislative initiatives. The following are one-time legislative proposals for which federal funding is available:

- **Substitute teacher training.** Last year, the subcommittee approved \$300,000 for a pilot program to help train substitute teachers, which disproportionately affect the instructional environment of students in low-performing schools. Unfortunately, the appropriation was vetoed in last year's budget act. The original author of the proposal has modified the original proposal so that it now modifies an existing training program offered by the Los Angeles County Office of Education, to ensure that the training is appropriate for district teachers. The new proposal would cost \$100,000 and would establish a pilot training program for substitute teachers in each school district with an enrollment of 500,000 or more. Each new substitute teacher who will provide services in low-performing schools will be provided with a minimum of two days of training before the teacher begins to provide services as a substitute teacher. Staff notes that under the federal Title II, Improving Teacher Quality program, the state can set aside up to \$5 million for state-level activities, including the purposes described here.
- **Evaluation of teacher training programs.** The subcommittee is currently considering legislation to conduct an independent evaluation of the availability and effectiveness of cross-cultural training for teachers. Staff notes that under the federal Title II, Improving Teacher Quality program, the state can set aside up to \$5 million for state-level activities, including program evaluation. The federal Title III, Language Acquisition Program also allows California to set aside up to \$2.3 million for state-level activities related to improving the achievement of English learners, including program evaluation.
- **Other evaluations.** As noted in the above table, the Legislature may set aside federal funds for program evaluation for a number of purposes related to improving the achievement of economically disadvantaged children.

ISSUE 4: PROPOSITION 98 REVERSION ACCOUNT -- INFORMATION

The issue for the subcommittee to consider is the Proposition 98 reversion account, and the need for more information regarding amounts flowing into it and balances available.

BACKGROUND:

The Governor proposes to spend \$535 million from the Proposition 98 reversion account for a variety of K-12 and community college purposes, including instructional materials. The Proposition 98 reversion account contains all funds that were appropriated for K-14 purposes in a prior budget, but were unused. Normally, General Fund appropriations that are unused revert back to the General Fund and are available for any purpose, but because these funds were originally appropriated for Proposition 98 purposes, they can only be re-appropriated for Proposition 98 purposes.

COMMENTS:

Currently, there is no systematic reporting of the amounts flowing into the Proposition 98 reversion account, or the amount available for expenditure. For example, there is no fund condition statement for the account in the Governor's budget summary, as there is for other special funds. Given the large amount of money appropriated from this account, the subcommittee may wish to ask staff to investigate ways to improve the information available to the Legislature and the public regarding the status of the Proposition 98 reversion account.

ISSUE 5: TRAILER BILL ISSUES

The issue for the subcommittee to consider is proposed trailer bill language strictly related to the implementation of the budget.

BACKGROUND:

The Governor proposes the following trailer bill provisions that are necessary to implement the K-12 education provisions of the budget. These provisions were not part of AB 2995 and AB 3005, which contained trailer bill provisions proposed by the Governor and were considered by the Assembly Education Committee earlier this spring.

1. Extend sunset on Educational Telecommunications Fund (section 1 of RN 0205106) The proposed language would extend the sunset date from January 1, 2003 to January 1, 2004, for the Educational Telecommunications Fund. The subcommittee has approved a similar provision for the past two years.
2. Suspend the required percentage split of Prop. 98 funding between K-12 school districts and community colleges for the 2002-03 fiscal year (section 7). The Legislature approved this language last year, as it has in previous years.
3. Conforms statute to current-year funding levels for the principal training program, (section 8) as follows:

44515. (a) Program funding is intended to serve ~~one-third~~ one-sixth of the total number of public school principals and vice principals in ~~each of the first two years~~ year of program implementation, one-third in the second year, with the remaining public school principals and vice principals to be served in the third and final year of the program.

(b) A local education agency shall receive program funding to train up to ~~one-third~~ one sixth of its schoolsite administrators in the 2001-02 fiscal year, one-third in the 2002-03 fiscal year, and ~~one-third~~ the remainder in the 2003-04 fiscal year.

(c) If all of the statewide funding is not expended in a fiscal year, it may be redistributed on a pro rata basis to local education agencies that have served more than ~~one-third~~ the proportion specified in subdivision (a) of their schoolsite administrators during that fiscal year.

(d) It is the intent of the Legislature that a local education agency give highest priority to training administrators assigned to, and practicing in, low-performing or hard-to-staff schools.

4. Delay's implementation of the kindergarten readiness pilot program, by one year (sections 12-19).
5. Makes the California Reading Campaign subject to annual appropriations (section 31).

6. Targeted Improvement Block Grant -- clarify statute so that districts receive at least the amount they received in 2000-01, adjusted for COLA, (section 32) as follows:

54201. (a) The State Department of Education shall calculate the per pupil amount that was received by each school district pursuant to the court-ordered desegregation claims filed pursuant to Sections 42243.6 and 42247, and the per pupil amount that was received based on voluntary integration claims filed pursuant to Sections 42247 and 42249 for the 2000-01 fiscal year. This amount shall be determined by dividing the total funds by the actual average daily attendance as reported on the second principal apportionment for 2000-01.

(b) The amount determined pursuant to subdivision (a) for each school district, adjusted by the percentage increase calculated pursuant to Section 42238.1, multiplied by the districts' total average daily attendance for each fiscal year shall be the total per pupil funding received for the Targeted Instructional Improvement Grant. This amount shall be adjusted annually thereafter by the percentage increase calculated pursuant to Section 42238.1. The total amount a school district may receive in any subsequent year shall be at a minimum the same amount determined pursuant to subdivision (a).

Staff notes that DOF proposes to amend the last sentence to read: The total amount a school districts shall receive in any subsequent year shall be at a minimum the total amount it received in the 2000-01 fiscal year adjusted annually pursuant to section 42238.1.

7. Math and Reading Professional Development program -- amend statutes to conform to a longer implementation timeline. DOF proposes language as it appears in Attachment 1.
8. Specifies that funding for categorical programs is in lieu of amounts otherwise required by law (section 40). This language annually appears in the trailer bill and the subcommittee has approved this language in the past.
9. Urgency clause. This language annually appears in the trailer bill and the subcommittee has approved this language in the past.

ISSUE 6: DOF LETTERS

The issues for the subcommittee to consider are the various amendments that DOF proposed to the January K-12 budget, via DOF letters.

BACKGROUND:

A letter dated March 29, 2001 from DOF proposes the following amendments to the January budget. Most of these amendments are minor or technical, or conform to Section 28 letters the subcommittee has recently approved regarding similar current-year amendments.

6110-202-0890, New School Renovation and Repair Program (Issue 100)

It is requested that Item 6110-202-0890 be added to allow for the distribution of up to \$138,524,000 in federal School Renovation and Repair Program funding that was received in 2001-02, but has not yet been expended by SDE. Due to the timeline associated with implementing the complex federal rules and regulations associated with this program, it now appears likely that most of the program funding will not be distributed during the 2001-02 fiscal year. It is requested that Item 6110-202-0890 be added to the 2002-03 Budget Bill as shown in Attachment A.

6110-001-0001, Healthy Kids Resource Center (Issue 350)

It is requested that Item 6110-001-0001 be increased by \$141,000 to correct a technical error. The funding for the Healthy Kids Resource Center website was inadvertently reduced from this item. The reduction should have been posted to Item 6110-021-0001. See Item 6110-021-0001 (Issue 350) for corresponding action.

6110-001-0001, Extend Two Digital High School Limited-Term Positions for One Year (Issue 451)

It is requested that two positions set to expire at the end of 2001-02, that currently administer the Digital High School program be extended for one additional year. The base budget already contains sufficient funding for these positions so only position authority is requested. The proposal will allow SDE to assist the final cohort of grantees in transitioning from installation to ongoing technology support and staff training grants. Specifically, the workload includes, but is not limited to, processing installation grant completion documents, conducting compliance visits, reviewing applications for ongoing support grants, and awarding funds.

6110-001-0001, Extend Positions for School-to-Work Program (Issue 501)

It is requested that Item 6110-001-0001 be amended by increasing Reimbursements by \$324,000 from the Employment Development Department to extend for one year three limited-term positions in the federal School-to-Work program. These are funds that will be carried over from the 2001-02 fiscal year. This proposal would enable the department to fully utilize available federal funds and will ensure that local school-to-career partnerships have continued leadership, direction, oversight, contract monitoring, and outcome reporting.

6110-001-0001, Restoration of California School Information Services (CSIS) Position (Issue 250)

It is requested that one Education Consultant position that was inadvertently deleted from the Technology Services Division's Educational Demographics Office during the preparation of the 2002-03 Governor's Budget be restored. This position is needed to assist in CSIS implementation activities. No funding adjustments are required, as the funding for this position was not deleted.

6110-001-0001 and 6110-001-0890, Statewide Cost Allocation Plan (Issue 400)

It is requested that Item 6110-001-0890 be increased by \$1,200,000 and Item 6110-001-0001 be amended to reflect increased Statewide Cost Allocation Plan recoveries. This proposal will allow the federal government to cover its appropriate share of centralized administrative expenses to the full extent allowed under federal law. This will increase the General Fund recoveries reflected in the General Fund Credits from Federal Funds budget (9910) by the same amount.

6110-001-0890, Alternative Accountability System (Issue 200)

It is requested that Item 6110-001-0890 be increased by \$1,272,000 and Item 6110-001-0001 be amended to pay for the second year of activities associated with developing and implementing the Alternative Accountability System. The SDE proposed using \$1.2 million of funds available in 2001-02 and \$1.3 million in 2002-03 to develop the Alternative Accountability System to continue work required to meet federal requirements. The 2001-02 funding is the subject of a Section 28.00 notification dated February 13, 2002. A hearing by budget subcommittees is requested pursuant to a response dated March 14, 2002, from the Chair of the Joint Legislative Budget Committee.

6110-001-0001 and 6110-001-0890, Assessment Evaluations (Issue 201)

It is requested that Item 6110-001-0890 be reduced by \$3,300,000 and Item 6110-001-0001 be amended to reflect the elimination of appropriation authority provided for conducting an evaluation of the Golden State Exams and for activities associated with ensuring that the High School Exit Exam and standards-based STAR exams are aligned to State-adopted content standards. These funds were provided on a one-time basis in 2001-02 and expenditure authority for the funds was inadvertently duplicated in the 2002-03 Governor's Budget.

It is further requested that Provisions 14 and 15 of Item 6110-001-0890 be deleted to conform to this action.

~~"14. Of the funds appropriated in Schedule (2) of this item, \$3,000,000 shall be used solely for the purposes of activities associated with ensuring that the High School Exit and standards-based STAR exams are aligned to the state-adopted standards. Encumbrance of these funds is contingent upon prior approval of an expenditure plan by the State Board of Education. These funds shall be available through June 30, 2002."~~

~~"15. Of the funds appropriated in Schedule (2) of this item, \$300,000 shall be used solely for the purposes of contracting for a study to determine the reliability of the Golden State Exams. The choice of a contractor and the contents of the~~

contract shall be subject to approval by the State Board of Education. These funds shall be available through June 30, 2002.”

6110-021-0001, Healthy Kids Resource Center (Issue 350)

It is requested that Item 6110-021-0001 be decreased by \$141,000 to correct a technical error. The funding for the Healthy Kids Resource Center website was inadvertently reduced from Item 6110-001-0001 instead of this item. See 6110-001-0001, (Issue 350) for corresponding action.

6110-194-0001, Project LINKS Grant Expiration (Issue 001)

It is requested that Schedule 2 of this item be reduced by \$300,000 to account for the expiration of Project LINKS grant funding. These funds, which were provided by the State of Washington, were used to develop a website to provide school administrators with resource information.

It is further requested that \$300,000 in corresponding reimbursement authority contained in Schedule 5 of this item be deleted, along with the deletion of Provision 3, to conform to this action.

~~“3. The amount appropriated in Schedule (5) of this item is provided pursuant to a grant received from the State of Washington for development of a Web-based staff development project by the Santa Cruz County Office of Education.”~~

6110-295-0001, Restore Funding for Open Meetings Act Mandate (Issue 202)

It is requested that Item 6110-295-0001 be increased by \$3,412,000 to restore funding for the Open Meetings Act mandate. These mandated activities are necessary to the effective operation of school districts.

COMMENTS:

DOF proposes the following amendment to the January budget regarding a set-aside in federal migrant education funding for the Mini-Corps program. The budget has contained this set-aside in previous years, but DOF proposes the following change to give SDE some flexibility, in the event some of the \$7.1 million goes unused. Based on information regarding the amount that Mini-corps has used in previous years, staff recommends adoption of a range of between \$6,500,000 and \$7,100,000.

6110-141-0890, Migrant Education Program (Issue 406)

It is requested that Provision 1 of this Item be amended to provide administrative flexibility for redirecting any unexpended federal Mini-Corps funds in excess of \$6 million to local Migrant Education grants. The Mini-Corps program has not fully spent its prior allocations and it is estimated that current year expenditures will be approximately \$6 million.

“1. Of the funds appropriated in this item, the State Department of Education shall use no less than ~~\$6,000,000~~ **\$6,500,000** and up to \$7,100,000 is for the California Mini-Corps Program.”

Staff recommends changing the proposed DOF amendments slightly (as indicated above), the better reflect the amount of unused funding in the program.

ISSUE 7: MANDATES

The issues for the subcommittee to consider are the results of an audit report on the claims for the School Bus Safety II mandate, and various other related issues.

BACKGROUND:

School Bus Safety II. The Governor's budget contains no funding for the budget-year estimated claims for this mandate (estimated at \$66.7 million annually), deferring payment until the results of an audit are released. This is consistent with the Legislature's actions last year, when it deleted \$290 million in proposed funding for the cost of current and prior-year claims for the School Bus Safety II mandate, after hearing testimony from the LAO that raised questions about the legitimacy of the claims (for example, some school districts claimed for salaries of school bus drivers), as well as questions about the clarity of the guidelines for submitting claims. The subcommittee also submitted a request to the Joint Legislative Audit Committee to look into the LAO's allegations.

Audit findings: The State Auditor released its report in March of this year, and presented its findings at the March 23 hearing. Findings include:

- The costs for the mandate (annually estimated at \$67 million) were significantly higher than the \$1 million the Legislature expected the mandate to cost.
- The costs claimed by districts varied based upon the approach taken by the consultant each used to file claims.
- The different approaches taken by the consultants appear to result from a lack of clarity in the guidelines adopted by the Commission on State Mandates.
- Most of the school districts reviewed lacked sufficient support for the amounts they claimed.

The State Auditor recommends that the Legislature amend the guidelines for claims for this mandate through legislation to more clearly define activities that are reimbursable and to ensure that those activities reflect what the Legislature intended.

COMMENTS:

Options to address School Bus Safety II audit findings. Based on the auditor's findings that the claiming guidelines allow for claims not originally intended by the legislation, the Legislature may wish to try to address this problem, using several options. The subcommittee heard this issue at an April 23 hearing, and asked LAO to draft language related to the options it presented. The options include:

Prior-year claims. If the subcommittee wishes to address the unanticipated high prior-year costs of this mandate, which total \$290 million, it can amend the parameters and guidelines for the mandate, through legislation, as recommended by the State Auditor. The LAO recommends that the parameters and guidelines be amended in the claims bill. Staff notes that the Legislature has successfully amended parameters and guidelines in the past, regarding a mandate related to high school graduation requirements.

Prospective claims. To address prospective claims, including the budget year costs, the LAO believes the Legislature has several following options. It could suspend the mandate for one-year with budget bill language, or it could repeal the mandate through legislation.

The LAO also believes that the Legislature could change the way districts claim for mandates, by creating a mandate budget item, which would contain funding for all mandates, and would be distributed on a statewide basis. The LAO believes that such an item would create an incentive for districts to reduce costs in implementing mandates.

Social promotion mandate. There is currently a test claim before the Commission on State Mandates that would allow district to claim mandates for complying with state anti-social promotion legislation. The Commission made a decision Thursday, April 24, as to whether the legislation constitutes a state mandate. This mandate may result in additional claims in future years.

ISSUE 8: SUPPLEMENTAL INSTRUCTION

The issues for the subcommittee to consider are: 1) a DOF letter amending the January budget provisions related to supplemental instruction and 2) SDE's responses to supplemental report language requested by the subcommittee last year.

BACKGROUND:

The Governor proposes a total of \$449 million for remedial supplemental instruction programs, an increase of approximately \$14 million over the prior-year funding level. The budget also proposes \$12.7 million for 7th and 8th grade math academies, and \$30.5 million for elementary school programs.

DOF letter. DOF proposes to amend the provisional language related to this program, as follows, to allow it to transfer funds between the various supplemental instruction programs.

6110-104-0001, 6110-204-0001, and 6110-205-0001, Remedial Supplemental Instruction Programs (Issue 405)

It is requested that provisional language in these items be amended as shown below to: (1) clarify that the authority granted by provisional language to transfer funds within the program schedule is in lieu of similar authority granted by Section 26.00, and (2) stipulate that any transfers shall be allowable only for the purpose of providing additional instructional hours. These technical changes will allow SDE to more effectively administer the program, apportion funds, and address deficiency demands in a timely manner, as intended.

Item 6110-104-0001

"3. Notwithstanding Section 26 of this act, or any other provision of law, the Director of Finance may, transfer funding between schedules, to prevent deficiencies for instructional hours in any of the programs funded by the appropriation in this item, use the authority granted by Section 26.00 of this act to transfer funding between schedules of this item. The Department of Finance shall notify the Joint Legislative Budget Committee of any transfers made pursuant to this provision."

"5. Notwithstanding any other provision of law, the Department of Finance may transfer amounts between Items 6110-104-0001, 6110-204-0001, and 6110-205-0001 of this act in order to minimize deficiencies for instructional hours in any of the programs budgeted in those items. **The Department of Finance shall notify the Joint Legislative Budget Committee of any transfers made pursuant to this provision.**"

Item 6110-204-0001

"3. Notwithstanding any other provision of law, the Department of Finance may transfer amounts between Items 6110-104-0001, 6110-204-0001, and 6110-205-0001 of this act in order to minimize deficiencies for instructional hours in any of the programs budgeted in those items. **The Department of Finance shall notify the Joint Legislative Budget Committee of any transfers made pursuant to this provision.**"

Item 6110-205-0001

“2. Notwithstanding any other provision of law, the Department of Finance may transfer amounts between Items 6110-104-0001, 6110-204-0001, and 6110-205-0001 of this act in order to minimize deficiencies for instructional hours in any of the programs budgeted in those items. **The Department of Finance shall notify the Joint Legislative Budget Committee of any transfers made pursuant to this provision.**”

(Staff recommends technical modifications to DOF's proposed amendments, as indicated.)

COMMENTS:

Supplemental report language. Last year, the subcommittee requested that SDE administer a survey to obtain answers to the following questions. SDE surveyed 300 school districts, including the 100 largest districts in the state. Two hundred of these districts responded, and their responses are included below:

Q: What policies have school districts adopted in response to anti-social promotion legislation?

A: Most policies address transitions from 1) second to third grade, 2) third to fourth grade, and 3) fourth to fifth grade.

Percentage of District Policies Identifying Grade Level Transitions

Grade transition	Percentage
Kindergarten to Grade 1	53%
Grades 1 to 2	57%
Grades 2 to 3	87%
Grades 3 to 4	87%
Grades 4 to 5	84%
Grades 5 to 6	79%
Grades 6 to 7	79%
Grades 7 to 8	65%
Grades 8 to 9	75%

Q: What standards for promotion do these policies entail?

A: Ninety-eight percent of responding districts use more than STAR test scores as criteria for promotion. Districts reported a wide range of cut scores on the STAR.

- What tools are districts using to help prevent retention? How are districts coordinating existing programs? How many children have been retained as a result of the new policies? Is the number going down every year?

**Percent of Students Retained or At Risk of Retention
1999-2000 and 2000-01**

	1999-2000		2000-01	
	Grades 2-6	Grades 7-9	Grades 2-6	Grades 7-9
% of retained students	5%	7%	4%	8%
% of students at risk of retention	10%	7%	9%	9%
% of retained English learners	2%	3%	1%	3%

Percent of Students Participating in Supplemental Instruction Programs

	1999-2000		2000-01	
	Grades 2-6	Grades 7-9	Grades 2-6	Grades 7-9
% of students recommended for retention or at risk of retention receiving supplemental instruction	58%	49%	75%	76%
% of students meeting promotion criteria through supplemental instruction	49%	59%	52%	33%

Q: Are districts making progress in ensuring that children are meeting grade level standards?

A: Seventy-three percent of responding districts agreed that they were making progress.

At-risk provision sunsets January 1. Under current law, provisions that allow school districts to serve students in grades 2-6 who are at risk of retention with state summer school funding will sunset January 1, 2003. The Legislature is currently considering a couple of bills that would repeal this sunset, thereby allowing school districts to use state summer school funding to serve these students. One of those bills is AB 2130 (Simitian). The Governor's proposed budget does not assume any savings to reflect the expectation that the provision sunset January 1.

ISSUE 9: HEALTHY START

The issue for the subcommittee to consider is a proposal requested by the subcommittee related to funding implementation grants for this program.

BACKGROUND:

The Governor's budget proposes to delete \$39 million for new implementation grants under this program, continuing a current-year reduction of \$38 million proposed by the Governor and approved by the Legislature in SB 1xxx (Peace). The proposed cut would not affect current grantees (who are in their second, third, fourth or fifth year of implementation), since funding for their implementation grants was provided in prior budgets. However, the cut would affect a number of schools that received planning grants in 1999-2000 and 2000-01, some of whom who were expecting to apply for implementation grants in the current year or budget year. Healthy Start is a competitive grant program that provides \$400,000 implementation grants to schools to provide comprehensive school-integrated services and activities. Schools receive \$200,000 for the first year of implementation, and \$100,000 each year for two years thereafter. Grantees are expected to obtain their own funding (public or private) after their implementation grants expire.

There are approximately 74 grantees that received planning grants in 2000-01, and 47 that received planning grants in 1999-2000. Some of these were expecting to apply for implementation grants in the current year, but could not due to the current-year reductions.

COMMENTS:

Request to staff. At an April 23 hearing, the subcommittee asked staff to return with a proposal to fund implementation grants, at a cost of between \$19 and \$24 million. Staff has met with DOF, SDE and OSE regarding the cost and structure of funding implementation grants for planning grantees. A funding level of \$19 million would be sufficient to cover the first-year costs of implementation grants for the program, with the second- and third-year costs to be provided in out years. This proposal would change the way the program is currently funded, but would be similar to the way other grant programs are funded (such as II/USP, after school programs, etc.) Statutory changes would not be needed to effect the change in the way the program is funded, however the subcommittee could adopt the following language to clarify the way it intends the program to be funded, as follows:

The amount appropriated in this item is for 2002-03 planning grants and the first year costs of operational grants awarded in 2002-03. It is the intent of the Legislature that the second year costs of operational grants awarded in 2002-03 be appropriated in the 2003-04 Budget and the third year costs for these grants be appropriated in the 2004-05 Budget.

The language above mentions planning grants because in previous years, Healthy Start budget act appropriations could be used for implementation grants or planning grants, depending on the quality of applications received by SDE. Also, while the amount of \$19 million would not fund all planning grantees, SDE notes that some planning grantees may not be ready to apply for implementation grants, or may not submit applications worthy of funding. The proposed

funding level would fund the same proportion of applicants that are usually funded, based on quality of applications.

ISSUE 10: SDE SUPPORT BUDGET

The issue for the subcommittee to consider is SDE's support budget and various requests to utilize available increases in federal funding to support increases in workload.

BACKGROUND:

In a series of letters from the Superintendent of Public Instruction to the administration, the Department of Education has made a number of requests to address its state operations needs. In light of an increased workload, additional responsibilities and the administrative implications of a significant increase in new federal funds, the SPI has outlined a number of state support needs, outlined in Attachment II.

COMMENTS:

In particular, there are two issues worth highlighting within the context of SDE's request:

- **Special education** -- SDE notes that it has important oversight responsibilities related to special education, and has been under increased pressure from the federal government to improve school districts' compliance with federal special education requirements. It accordingly requests authority to use federal funds available for state operations to support those activities. It notes that California will receive an increase of more than \$100 million in federal special education funding, some of which is available for state operations activities.
- **Increase in federal funds.** SDE notes that the federal No Child Left Behind Act provides additional local assistance funds to school districts, but also imposes a number of additional administrative responsibilities on SDE, such as a need to provide technical assistance to low-performing schools, and the need to approve and monitor providers authorized to provide supplemental instruction services to students in low-performing schools. All states are authorized to utilize a certain percentage of the increase for state operations. The amounts available are summarized under Issue 3.

ISSUE 11: FUNDING FOR CHILDCARE REFORM STUDY

The issue for the subcommittee to consider is a proposal to continue funding for data collection related to the Governor's childcare reform efforts.

BACKGROUND:

The Governor's budget proposes \$300,000 for continuing data analysis associated with the administration's childcare reform proposals. This is the same funding level provided for the past two years, and has been provided from the \$20 million the Legislature set aside several years ago to create a statewide childcare data collection system. For the past two years, the state and Consumer Affairs Agency has contracted with the Results Group to run cost models related to the Governor's childcare reform proposal. (There is no statewide childcare data system that provides the necessary information to estimate the costs of reforms.) A DOF letter dated March 29, proposes that the funding be transferred from SDE's budget to the Department of Social Services, which is under the purview of Subcommittee #1. (The January budget originally proposed that the funding be transferred to the Secretary of State and Consumer Affairs.)

COMMENTS:

The Governor has used this funding to run cost models related to his childcare reform proposal, but given the Legislature's questions about the proposal, is there a need to continue funding for this data collection in the budget year? Moreover, the data collection has been limited to the options put forth by the administration. Legislative staff has had limited access to the contractor, and has therefore been unable to request that the contractor provide cost estimates of variations of or alternatives to the administration's proposals.

ISSUE 12: CHILDCARE DATA COLLECTION SYSTEM

The issue for the subcommittee to consider is SDE's progress in developing a statewide childcare data collection system.

BACKGROUND:

The Governor's budget carries over unused funding from a \$22 million set-aside created five years ago to create a statewide childcare data collection system. The 1997-98 budget provided this one-time federal funding for SDE to develop a childcare data collection and analysis system that would provide basic information for state policymakers and help SDE comply with federal reporting requirements. Currently, there is no statewide data system to provide basic aggregate information about the state's \$3 billion childcare system, such as the number and ages of children currently funded, by geographic location and income. As a result, the administration had to request funding in the budget to have a contractor collect basic data that it could use to develop various reform options. This data, however, has limited uses, because it reflects one point in time. (The budget funded the contractor's costs out of the funding pot reserved for the childcare data collection system.)

At the start of this proposal, SDE had proposed the development of an interim data collection process to automate its efforts to collect data to comply with federal reporting requirements. It then proposed to transition this interim system to a more comprehensive system originally envisioned by the Legislature when it set aside the federal funding.

SDE's progress to date. Last year, the subcommittee heard updates from SDE regarding its progress in implementing the interim system and the comprehensive system. Due to concerns about its progress, the subcommittee adopted supplemental report language, requiring SDE to report on its progress on the following timeline:

	<u>Task</u>	<u>Dates</u>
Milestone I	Contract for Project Manager	7/01/01 to 9/30/01
Milestone II	Develop the Feasibility Study Report (FSR)	10/01/01 to 7/31/02
Milestone III	DOIT and DOF/TIRU Approval of the FSR	08/01/02 to 12/31/02
Milestone IV	Develop the Data Collection System	01/01/03 to 12/31/03

To date, SDE has met and even exceeded the timeline benchmarks it proposed last year. For example, it completed the feasibility study report and sent it to DOF and TIRU for approval, nearly four months ahead of schedule. In addition, it has convened the data collection taskforce, as required by budget control language, to solicit suggestions regarding what data elements should be included in the comprehensive system. The supplemental report language and SDE's responses are included in attachment I.

COMMENTS:

Base funding. SDE is requesting that it receive a base funding level in the budget year, to allow it continue to develop the comprehensive system. Although the budget contains funding for the development of the system, budget control language requires SDE to submit expenditure plans every few months to DOF for approval. SDE argues that uncertainty about the approval

of its plans has meant that it does not have a predictable, stable stream of funding with which to fund contractors involved in the development of the system.

Use of system for compliance purposes. DOF proposes budget control language that would specify a number of data elements for the comprehensive system and specifies that the measures be used to ensure compliance. DOF indicates its intent to utilize the system to detect fraud, yet staff notes that fraud detection was not part of the legislative intent in developing the system. Staff also notes that the use of the system for fraud detection may require a number of technical additions to the system that may delay its implementation, and SDE may face legal impediments that would prevent it from collecting the information that would allow the system to be used for fraud detection and compliance. Given the urgent need for basic information about the state's childcare system, staff accordingly recommends deletion of the proposed language, as follows, to allow implementation of the system to move forward as planned, in an expeditious fashion.

Proposed Language: provision 8 (c)

The State Department of Education shall ensure that any long-term data collection system adopted by the department is able to collect the data specified by Provision 8(c)(6) of Item 6110-196-0001 of the Budget Act of 2000 (Ch. 52, Stats. 2000) to the extent determined feasible by the data collection task force, pursuant to provision 8 (b). ~~Additionally, the State Department of Education shall ensure the data collection system will facilitate childcare reforms consistent with legislation adopted in the 2002 Legislative Session, including cumulative family time receiving subsidies, family fee and income verification, and other measures to ensure compliance.~~

ISSUE 13: PRESCHOOL EDUCATION PROJECTS

The issue for the subcommittee to consider is a request to add Sacramento to the list of sites that benefit from preschool education projects.

BACKGROUND:

The Governor's budget proposes language that would allocate \$425,000 to preschool education projects operated by public television stations in a number of municipalities across the state. This language has been in the budget for several years. Advocates from Sacramento ask that Sacramento be added to the list of municipalities that benefit from this funding. They assert that the other municipalities currently listed are amenable to distributing the existing funding with an additional city.

ITEM # 0558 SECRETARY FOR EDUCATION**ISSUE 1: OFFICE OF THE SECRETARY FOR EDUCATION**

The issue for the subcommittee to consider is the budget for the Office of the Secretary for Education.

BACKGROUND:

The Secretary of Education, a member of the Governor's Cabinet, is responsible for advising the Governor and making recommendations on state education policy and legislation. The Office of the Secretary for Education (OSE) administers several education programs, including the Academic Volunteer and Mentor Service Program, the Governor's Reading Award Program, READ California, and the Education Technology Grant Program.

A. State Operations. The Governor's budget proposes \$2.4 million for support of the Office of the Secretary for Education (OSE). The support funding proposed in the Governor's budget represents a \$6.9 million reduction in OSE state operations, (although some of this reduction is due to the phase-out of one-time expenditures). The reductions include: two Associate Intergovernmental Program Analysts, representing a 7 percent decrease in OSE personnel, \$3.0 million in one-time funds for contracting to develop and validate research-based school readiness assessment instruments for the School Readiness Initiative in cooperation with the Children and Families (Proposition 10) Commission, and \$3.8 million for the READ California public involvement campaign to promote reading.

B. Local Assistance

Academic Volunteer and Mentor Service Program. The Governor's budget proposes \$10.0 million Proposition 98 General Fund to maintain funding for this program at the level provided the 2001-02 Budget Act. Under this program, university students offer tutoring services to 20,000 at-risk children and youth. This program, established by Chapter 901, Statutes of 1992 (SB 1114, Leonard), which funds local projects to recruit, screen, train and place volunteers who want to act as mentors to students. Each year, three-year grants of up to \$100,000 are awarded on a competitive basis to over 145 local mentor programs operated by school districts and county offices of education. As the three-year grants expire, funding from these grants becomes available to support new program sites.

The Subcommittee may also wish to consider continuing budget bill language included in this item in 2001-02 that "\$500,000" (or some lesser or greater amount), of the \$10.0 million be prioritized for mentoring programs targeted at youth in foster care placement.

COMMENTS:

LAO option. The LAO points out that the budget proposes funding for new implementation grants for Volunteer Mentor Service Program. It notes that if the Legislature were to decide to only fund existing grants and not new grants, it could save \$4.6 million in the budget year.

ATTACHMENT 1:

Proposed trailer bill language regarding the Math and Reading Professional Development Program.

99234. (a) The Superintendent of Public Instruction shall notify local education agencies that they are eligible to receive an incentive award for up to 12 percent of its eligible teachers in the 2001-02 fiscal year, up to ~~28.5~~ 19 percent in the 2002-03 fiscal year, and up to ~~28.5~~ 22.5 percent in the 2003-04 fiscal year, up to 22.5 percent in the 2004-05 fiscal year, with the remainder for its eligible teachers in the ~~2004-05~~ 2005-06 fiscal year. It is the intent of the Legislature that a local education agency give highest priority to training teachers assigned to low-performing schools. It is also the intent of the Legislature that funding appropriated in one fiscal year that is not expended by a local education agency be redirected to local education agencies that have trained more eligible teachers than the percentage funded. When a redirection of funding occurs, funding in subsequent fiscal years for the local education agencies involved shall be adjusted to reflect the redirection of funding.

(b) A school district that cannot make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237 for all the grade levels it maintains in reading and mathematics may apply for and receive incentive funding for the grade levels and subjects for which it can make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237, in which case the certified assurance submitted pursuant to Section 99237 shall apply only to the professional development provided to teachers and instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading in the grade levels and subjects for which it can make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237.

(c) Of the incentive provided pursuant to subdivision (c), a local education agency may use not more than one thousand dollars (\$1,000) of the per teacher per subject amount to provide an individual teacher stipend.

(d) The Superintendent of Public Instruction shall notify local education agencies that the maximum funding for the purpose of this article for which they are eligible each year is equal to the percentage set forth in subdivision (a), multiplied by the sum of the following two factors multiplied by two thousand five hundred dollars (\$2,500):

- (1) Twice the number of multiple subjects teachers teaching in a self-contained classroom and special education teachers, as specified in paragraphs (1) and (2) of Section 99233, that provide direct instruction in reading and mathematics as reported in the most recent available CBEDS data, who have not received training pursuant to either this article or Article 2 (commencing with Section 99220).
- (2) The number of mathematics, English, science, and social science teachers as specified in paragraphs (3) to (6), inclusive, of Section 99233 that were reported in the most recent available CBEDS data, who have not received training pursuant to either this article or Article 2 (commencing with Section 99220).

(e) The Superintendent of Public Instruction shall allocate funding appropriated for the purposes of this article in the following order of priority:

- (1) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to subdivision (a) in the prior year for whom the local

- education agency did not receive funding due to insufficient availability of funds in the prior fiscal year.
- (2) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to this article, subject to the limitations in subdivision (d).
 - (3) Five hundred dollars (\$500) for each qualifying teacher for each qualifying program as specified in Article 2 (commencing with Section 99220) who successfully completes mathematics or reading standards training, or both, at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) in the 2001-02 fiscal year to the 2004-05 fiscal year, inclusive, using funds received pursuant to Article 2 (commencing with Section 99220), and has had specific approved training on the mathematics or reading instructional materials selected for use in the school.
 - (4) Five hundred dollars (\$500) for each qualifying teacher in each qualifying program pursuant to Article 2 (commencing with Section 99220) who successfully completed mathematics or reading standards training, or both, at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) in the 1999-2000 or 2000-01 fiscal year, using funds received pursuant to Article 2 (commencing with Section 99220), and has had specific approved training on the mathematics or English-language arts instructional materials selected for use in the school.
 - (5) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to this article in excess of limitations in subdivision (d).

(f) For purposes of this article, qualifying teachers who, in the 2000-01 fiscal year, received training at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) that was paid for by a local education agency using funds that were not received pursuant to Article 2 (commencing with Section 99220) shall be deemed to have received training in the 2001-02 fiscal year. A local education agency shall receive funding for these qualifying teachers in accordance with paragraph (2) of subdivision (e).

A(g) Except as provided in subdivision (f) of Section 99237, funding may not be provided to a local education agency until the State Board of Education approves the agency's certified assurance submitted pursuant to Section 99237.

(h) Of the funding a local education agency is eligible to receive pursuant to this section for each eligible teacher, up to the number specified in subdivision (a), 50 percent shall be awarded following the provision of 40 hours of professional development as specified in subdivision (b) of Section 99237, with the remaining funding to be awarded following certification of the provision of the 80 hours of followup instruction as specified in subdivision (b) of Section 99237.

(i) Except as provided in paragraphs (3) and (4) of subdivision (e), a local education agency may not receive funds pursuant to this article for teachers who receive training pursuant to Article 2 (commencing with Section 99220) using funding provided pursuant to Article 2 (commencing with Section 99220).

99235. (a) The Superintendent of Public Instruction shall notify local education agencies that they are eligible to receive funding to provide instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading with professional development training in mathematics and reading, in an amount equal to one thousand dollars

(\$1,000) per qualifying instructional aide. Funding will be provided to local education agencies on a first-come, first-serve basis. A local education agency that chooses to participate in the program is eligible to receive funding for no greater than 11.5 percent of its instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading in the 2001-02 fiscal year, 29.5 percent in the 2002-03 fiscal year, ~~29.5~~ 18 percent in the 2003-04 fiscal year, 18 percent in the 2004-05 fiscal year, with the remainder to be funded in the 2004-05 ~~2005-06~~ fiscal year. However, the statewide total number of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading served under this program may not exceed 22,000 over the ~~four~~ five fiscal years.

(b) Of the incentive provided pursuant to subdivision (a), a local educational agency may use not more than five hundred dollars (\$500) of the per instructional aide and paraprofessionals who directly assist with classroom instruction in mathematics and reading amount to provide an individual instructional aid stipend.

99240. (a) By July 1, 2003, the State Department of Education, in cooperation with the University of California and the California Professional Development Institutes authorized pursuant to Article 2 (commencing with Section 99220), shall develop, and the State Board of Education shall review and approve, an interim report regarding the program established pursuant to this article for submission to the Legislature. The interim report shall, at a minimum, detail the following:

- (1) The number of teachers, by credential type, who have received training offered pursuant to this article.
- (2) The number of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading who have received training offered pursuant to this article.
- (3) The entities that have received funds for the purpose of offering training pursuant to this article and the number of teachers and instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading, respectively, that each has trained.

(b) By June 30, ~~2004~~ 2005, the State Department of Education shall submit, subject to review and approval by the State Board of Education, a final report to the Legislature regarding the program established pursuant to this article. The final report shall, at a minimum, detail the following:

- (1) The number of teachers, by credential type, who received training offered pursuant to this article.
- (2) The number of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading who received training offered pursuant to this article.
- (3) The entities that received funds for the purpose of offering training pursuant to this article and the number of teachers and instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading, respectively, that each has trained.
- (4) Information detailing the effectiveness of the program established pursuant to this article. This information shall, at a minimum, incorporate survey data concerning program effectiveness that has been gathered from program participants and school principals.

- (5) To the extent information is available, information detailing the retention rate, by credential type, of teachers who participated in training offered pursuant to this article. The information shall, at a minimum, incorporate sample data concerning teachers who are no longer in the profession.
- (6) To the extent information is available, information detailing the retention rate of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading who participated in training offered pursuant to this article. The information shall, at a minimum, incorporate sample data concerning aides who are no longer in the profession, as well as aides who have obtained a teacher credential subsequent to training.

99242. This article shall become inoperative on July 1, ~~2005~~, 2006 and, as of January 1, ~~2006~~, 2007 is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2006~~, 2007 deletes or extends the dates on which it becomes inoperative and is repealed.

ATTACHMENT II -- SPI state operations requests to DOF

General Fund	
Independent verification consultant(s) for CSIS independent project oversight	\$150,000
Independent Evaluation of the Advanced Placement Challenge Program	500,000
CDE Legal Office Staffing: 5 additional staff attorneys	661,000
Administration funding (restore) for the College Preparation Partnership Program	83,000
Monitoring and close out activities for Federal school-to-work program— extend three limited term positions.	324,024
Restore portion of Governor's East End Project rent reduction proposal	886,010
Existing lease obligations due to expedited move to East End Project	4,555,155
Principal Apportionment System Rewrite 2001-02 carryover funds	658,666
High Priority Schools Grant Program (to attain full year funding)	494,000
California School Information Services (CSIS) 1 position	118,000
CSIS reauthorization of limited term position	63,000
San Francisco Unified School District Interagency Agreement— desegregation activities (reimbursement authority)	57,027
Oversight of SBE Approved Charter Schools \$130,000 reimbursement authority; \$71,000 for one of two requested new positions	130,000 71,000
CalSAFE Support permanent authorization for limited term position	87,000
<i>Chapman, et. al v. CDE</i> U.S. District Court Case--Attorney General's Office	536,000
State Board of Education Meeting Minutes	34,000
Data Management Study of the CDE \$275,000 for 3 positions to support and implement state functions associated with comprehensive data management and Develop a Data Management Framework Implementation plan; \$725,000 set aside for systematic work to implement the plan's recommendations.	1,000,000

Federal Funds	
<u>NCLB Act of 2001</u>	
Title I Reading First Program 13 positions 6 re-directed; 7 new	2,274,000
Title I Policy and Partnership Office 4 positions	796,000
Title III English Learner Programs	4,184,000
Title IV 21 st Century Community Learning Centers Grant Program	2,070,000
High School Leadership Division: Assist regional centers in assisting Low Performing/High Priority schools	1,450,000
NCLB Data Management for ESEA	777,000
School Fiscal Services increased workload to provide fiscal services to NCLB programs	201,000
Quality Teacher Program (per Title II) Regional infrastructure for professional development	558,000
Math and Science Partnerships :technical support, professional development	416,000
Reading First, professional development, upper grades students	352,000
"No Child Left Behind" Uniform Management Information and Reporting System	359,000
ESEA Title V funds: Smaller Learning Communities Grant for Low Performing High Schools	202,000
Audits and Investigations. Increased workload under NCLB Act 3 positions	281,000
Counseling and School Support to assist under performing students and low	250,000

performing schools. 1 position and a contract to technical assistance network	
Title I and Title II Administrator Support Program	377,000
Assessment and Accountability System 19 positions	14,585,000
Accounting services associated with expansion of ESEA 2 positions	150,000
Title V Innovative Programs 1 position	213,334
Title II New Paraprofessional Standards	1,460,000
Information Technology Support: new/enhanced programs under NCLB 3 positions	309,000
Title I NCLB, Homeless Education (McKinney-Vento Homeless Assistance Act)	183,000
NCLB Rural and Low-Income Schools 1 position	112,000
NCLB Community Services for Expelled or Suspended Students	334,000
State Interventions and Sanctions for Low Performing Schools	371,000
<i>Comité de Padres v. SPI</i> , SBE compliance with court order 15 positions	1,500,000
Even Start Literacy Program 3 positions to support administration/ implementation	1,382,000
Enhancing Education Through Technology: 5 new; 1 reauthorized position(s)	867,000
California Healthy Kids Survey	900,000
Other Federal Funds	
Special Education-operating expenses to meet federal IDEA and state mandates	\$2,400,000
New School Renovation Program—Education Technology Office: AGPA \$96,000-CDE	302,000
Legal workload associated with McGeorge School of Law due process contract	\$2,013,390
Outside contractor: administer Family Empowerment Centers proposals(SB 511)	25,000
Special Education: \$1.995 million in federal carryover funds for critical one-time activities; \$4,681,000 (of additional \$19.3 million federal funds not proposed in the Governor's Jan 10, budget) for one-time and ongoing state operations activities and grants to LEAs.	6,676,000
Vocational Education - \$330,000 for CDE administration; \$163,000 for CA Community Colleges Chancellor's Office (CCCCO) administration.	330,000 163,000
Child Development Data Collection	3,684,000
Child Development Audit Resources	397,000