

AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

ASSEMBLYMEMBER SARAH REYES, CHAIR

**TUESDAY, MAY 11, 1999
STATE CAPITOL, ROOM 127
4:00 P.M.**

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6110 DEPARTMENT OF EDUCATION (K-12)

ISSUE 1: ENGLISH LEARNERS

The issues for the Subcommittee to consider are: 1) a \$60 million set-aside for English learners, to assist them and those that teach them and 2) a LAO recommendation to provide some flexibility in the amount of money that Proposition 227 sets aside for adult English tutoring.

BACKGROUND:

\$60 million set-aside: The Governor's budget proposes to set aside a total of \$60 million for English learners: \$50 million for supplemental services for English learners and \$10 million for professional development for teachers and paraprofessionals that serve English learners. In his Budget Summary, the Governor states:

In recognition of the large number of ELL students enrolled in K-12 schools statewide, the 1999-00 Governor's Budget includes an additional \$60 million to meet the needs of students learning English and their teachers. The Governor is requesting the Superintendent of Public Instruction, the President of the University of California, the Chancellor of the California State University, and the Chancellor of the Community Colleges to identify successful strategies to teach ELL's, and jointly recommend the most effective use of these funds. Receipt of this report should be within 90 days after the Governor's budget is released. The results of this effort will be used to develop course curricula, teaching strategies, and an implementation plan for Proposition 227. Of the \$60 million included in the budget, \$50 million will provide funding for supplemental instructional time, such as after-school or summer school programs, for ELL's. These funds are intended to be used in concert with the \$50 million provided annually by proposition 227 for adult tutors of English. The remaining \$10 million will fund professional development for teachers, administrators, paraprofessionals and other personnel who provide instruction and support to ELL's.

Recommendations for spending set-aside: The SPI, and the heads of the California Community Colleges, California State University and University of California forwarded a letter to the Governor, dated April 5, which recommends the following plan for spending the \$50 million set-aside for supplemental instruction:

- \$30 million for reading academies and intensive tutorials for English learners enrolled in grades K-12.

- \$10 million to support models for advising and tutorials for English learners in grades 6-9 and their parents to assist them in planning for high school graduation and transitioning to higher education.
- \$10 million for successful family literacy models (programs that promote parents' literacy and involvement with their children's education), with priority for projects that support middle and high schools students and their families.

The report recommends spending the \$10 million set-aside for professional development on the following groups of teachers:

- Teachers with the required credentials for teaching English learners, but who need new information to work under the new requirements of Proposition 227.
- Mainstream classroom teachers that must now teach English learners alongside native English speakers in their mainstream classes, pursuant to the changes driven by Proposition 227.
- Teachers working with emergency credentials in the sheltered English programs mandated by Proposition 227.

The report also recommends approximately \$1 million annually in General Fund support to SDE for state leadership and evaluation activities regarding Proposition 227. Specifically, the report suggests that there is a need for state leadership in developing guidelines, materials, resources and a list of best practices. It also recommends that \$350,000 be provided as part of the \$1 million to evaluate the efficacy of the various approaches taken by school districts in serving English learners. (Staff notes that AB 56 (Mazzoni), which is currently being considered by the Legislature, requires the SPI to contract for an independent evaluation of the implementation of Proposition 227 and its effects on student learning.)

227 funds for adult ESL: Proposition 227 was a ballot initiative that was approved by California voters in June, 1998. Proposition 227 mandates a one-year, intensive English program for teaching English to English learners, and establishes particular circumstances under which parents may make a request for a different instructional method for their children. It allows parents to sue school board members, teachers and administrators for not implementing the statute. Proposition 227 also appropriates \$50 million a year for ten years, for programs to teach adults English so that they can then tutor children in English.

In addition to the \$50 million appropriated for 1999-2000 by Proposition 227 for adult ESL, the Governor's budget proposes to reappropriate unspent funds (\$50 million) from prior-year Proposition 227 appropriations for the same purpose.

COMMENTS:

Questions raised about report: Staff notes that questions have been raised about whether the joint task force report's recommendations meet the specific request as stated in the Governor's budget summary. Specifically, there are questions as to whether the report meets the specific request to identify successful strategies for teaching English learners. The Senate Subcommittee on Education Finance, in its April 21th hearing, took action to form a staff working group to attempt to form some recommendations for spending the \$60 million set-aside.

Recommendations overlap with existing budget proposals: Staff also notes that the budget already contains funding for some of the proposals recommended by the report for the \$50 million set-aside. For example, last year's budget provided \$5 million in Proposition 98 funds for outreach activities to promote awareness about requirements for entering higher education institutions. In addition, new federal legislation, the Workforce Investment Act (WIA), also sets aside federal adult education funding for family literacy activities. SDE's state plan for spending part of the approximately \$40 million in federal adult education funding through WIA establishes that the state will allocate up to 10 percent of its federal adult education local assistance funding for family literacy to agencies that meet the qualifications for a grant. (See below, under WIA.)

What could \$50 million "buy"? Staff notes that the \$50 million proposed in the Governor's budget for a set-aside for supplemental instruction works out to approximately \$40 per English learner, considering all currently identified English learners in the state. If the \$50 million set-aside were to be used for after-school or summer school instruction at the current deficiated rate for summer school, the money could provide a 120-hour program to approximately 166,000 English learners. If the budget were to implement the report's recommendations to spend only \$30 million of this amount for supplemental instruction, the number of students that could be served with a 120-hour program at the current rate for summer school would drop to 100,000. The administration notes that the term "supplemental instruction" referred to in the context of the \$50 million does not exclusively refer to programs that occur outside of the normal school day, such as summer school or after-school programs. They state that it refers to any type of assistance that is provided in addition to the level of services that students would normally receive.

LAO recommendation regarding 227 funds for adult ESL. The LAO recommends that the Legislature enact legislation to broaden the permissible uses of the \$50 million annually appropriated by Proposition 227 for adult ESL classes for adults that intent to tutor children in English. Proposition 227 appropriates the \$50 million annually for the following purpose: "Free or subsidized programs of adult English language instruction to parents or other members of the community who pledge to provide personal English language tutoring to California school children with limited English proficiency."

The LAO believes that the overall purpose of Proposition 227 is to teach children English as rapidly and effectively as possible and the \$50 million might be better used to fulfill this overall purpose by allowing districts some flexibility as to how they use it. They point to a joint informational hearing held by the Assembly and Senate Education Committees in the fall of 1998 regarding the implementation of Proposition 227. The districts that testified at the joint hearing cited the following needs in implementing the new law:

- Additional instructional time outside of the regular school day for students attempting to learn English in the one-year programs mandated by 227.
- Instructional material specifically designed for sheltered English courses.
- Staff development for teachers that teach in the sheltered English immersion classes.
- Staff development for mainstream teachers who will need to be prepared to address the specific needs of students who have had only one-year of sheltered English immersion and are then passed to mainstream classes with native English speakers.

The LAO recommends that the Legislature adopt legislation to allow districts to use the \$50 million currently slated for adult ESL for any needs, such as the ones above, that districts identify for effectively teaching children English. Staff notes that there are a number of bills currently being considered by the Legislature that address the implementation of Proposition 227, that could be used as a vehicle for carrying out LAO's recommendation. These include: AB 1027 (Cardenas), AB 25 (Mazzoni) and AB 56 (Mazzoni).

ISSUE 2: SPECIAL SCHOOLS

The issues for the Subcommittee to consider are capital outlay proposals for state special schools.

BACKGROUND:

The Governor's budget proposes to increase funding for the School for the Deaf, in Fremont, by \$1.1 million, as follows:

- \$146,000 and two positions to improve assessment services,
- \$37,000 and half a position for the physical education program, and
- \$953,000 to install a visual fire alarm system.

The Subcommittee received a letter from DOF dated March 30, amending the Governor's January 10 budget, by proposing to augment the amount currently proposed for installing the visual fire alarm system by \$875,000, for a total of \$1.8 million for installation.

In addition, the Governor's budget proposes the following two major capital outlay projects for the state special schools:

- \$241,000 in General Fund for the first-year phase of constructing a 5,430 gross square foot health services facility at the California School for the Blind in Fremont.
- \$619,000 in General Fund for the first-year phase of constructing a 20,000 gross square foot middle school facility at the California School for the Deaf in Riverside.

The Governor's budget also proposes a minor capital outlay project of \$218,000 in General Fund to address fire and life safety deficiencies at the California School for the Deaf in Riverside.

According to the Governor's Budget Summary, there are six state special schools under the jurisdiction of SDE. These are located in Fremont, Riverside, Fresno and Los Angeles and include two Schools for the Deaf in Fremont and Riverside and a School for the Blind in Fremont. There are three diagnostic centers located in Fresno, Fremont and Los Angeles. Capital outlay projects for these schools are managed by the Department of General Services, whose staff are responsible for coordinating work done by contractors and designers and keeping projects on schedule and within the legislatively-approved scope and cost.

COMMENTS:

LAO recommendation regarding new capital outlay projects: In its Analysis of the 1999-2000 Governor's Budget, the LAO recommends the deletion of some funding proposed in the budget for new capital outlay projects, due to concerns that DGS cannot manage the number of new projects proposed in the Governor's budget in addition to its current workload. Specifically, the LAO recommends that the Subcommittee fund only the preliminary plans for the middle school facility at the School for the Deaf in Riverside and that the Subcommittee deny funding in the budget year for the working drawings phase of the project. The LAO bases its recommendations on concerns that DGS' workload will not allow it to get to the working drawing phase of the project in the budget year, and that the budget consequently does not need to appropriate funding for this phase until 2000-01.

ISSUE 3: ADULT EDUCATION AND THE WORKFORCE INVESTMENT ACT

The issues for the Subcommittee to consider are: 1) SDE's first year of implementation of the Workforce Investment Act and its effect on federal funding for adult education and 2) the opportunity that the changes required by WIA pose for the state-funded system of adult education.

BACKGROUND:

The Governor's budget appropriates approximately \$40 million in federal funds for adult education. A new federal law, the Workforce Investment Act (WIA), makes significant changes to federal law that determines how these funds may be used. WIA requires states to submit implementation plans by the year 2000 for most of the programs affected by WIA, with the exception of Title II of WIA (which provides federal adult education funding), for which the state was required to submit an implementation plan by April of this year. For the budget year, California must distribute federal adult education funds according to its recently submitted plan.

State plan submitted for implementation of Title II: Pursuant to the requirements of WIA, the state recently submitted a five-year plan for implementing Title II of WIA, the "Adult Education and Family Literacy Act." This plan establishes the following funding priorities for federal adult education funds:

- 1) Literacy for those with below-basic literacy skills who enroll in adult basic education courses or English as a second language courses (including ESL-citizenship courses).
- 2) Workplace literacy for those with below-basic literacy skills who enroll in adult basic education or ESL courses provided in a workplace context.
- 3) School-based literacy for those with basic literacy skills who enroll in adult basic education or ESL courses.
- 4) Family literacy for those with below-basic and basic literacy skills. Family literacy programs focus on the education of adults but provide interactive parent-child activities that are based on the research premise that children's achievement level is linked to parents' education level.
- 5) Adult secondary education for those with intermediate basic literacy skills. Courses that fall into this category are adult secondary education (ASE) courses, or courses leading to a high school diploma or GED certificate.

The plan establishes that 80 percent of federal local assistance dollars will be spent on priorities one through three and 20 percent will be spent on priorities four and five. WIA establishes that school districts, community-based organizations, volunteer literacy organizations, higher education institutions and nonprofit agencies are eligible to receive Title II funding. WIA also requires that 82.5 percent of a state's grant be used for grants, 12.5 percent be used for state leadership activities and five percent be used for SDE's administrative expenses. WIA also requires states to serve adults in correctional institutions.

WIA's accountability element. Title II of WIA also contains a performance accountability element. States must identify core indicators of performance that include a) improvements in literacy skill levels, English language acquisition and other skills, b) placement in postsecondary education and c) receipt of a secondary school diploma or a recognized equivalent. WIA authorizes states to adopt additional performance indicators, if desired. States must then fund providers based on the number of students that have met core performance indicators, or benchmarks. At the beginning of a fiscal year, providers establish goals on the number of students they believe can meet statewide performance indicators, and states then provide funding based on the extent to which they have met goals. For the first year of implementation (1999-2000), providers will not be penalized for not meeting goals, which they will set based on historical performance. For the second year, providers will receive funding based on the extent to which they meet goals for having students meet performance targets. For the third year and beyond, California and other participating states may be subject to fiscal sanctions for not meeting statewide performance goals.

Background on adult education courses: School districts provide daytime and evening adult education programs in ten areas. The following areas make up the bulk of the classes for which providers receive funding 1) English as a Second Language (ESL) (42 percent of state funding), 2) Adult Secondary Education (13 percent), and 3) vocational education (15 percent). Districts claim funding for the services they provide based on the number of hours served. Programs are typically run on an open-entry, open-exit basis, whereby courses theoretically are set up to allow participants to enter at any point during the course, so that adults receive the services they need on demand without having to wait for the beginning of a course. Adult education programs serve a broad spectrum of clients, from older adults to high school students (under certain restrictions). Of the different categories of classes offered by adult education programs, ESL classes account for the largest proportion of hours claimed.

COMMENTS:

WIA will have the following effects on how federal adult education funding is distributed to providers.

- Change in funding basis. Currently, adult education providers apply for the funding, and the state distributes it based on the number of hours of services provided for ESL, ESL-citizenship and adult basic education courses. For programs that receive state funding, the federal funding serves as an add-on to their state funding. The state's plan for implementing WIA will mean that funding will go out on a competitive grant basis to providers that meet certain criteria laid out in WIA, and grant recipients will receive funding based on whether they meet certain performance targets for ensuring that a certain number of individuals meet statewide improvement benchmarks (as determined by test scores).
- Change in types of courses funded: Currently the state provides federal funding for ESL, ESL-citizenship and adult basic education courses. Under the state's plan for implementing WIA, federal funding will also support family literacy activities, as well as adult secondary and work-based programs.
- Change in rates: Under the current state plan for federal adult education funding, different programs receive funding based on the type of class provided. (For example, providers receive \$10 per every one hundred hours of service provided in Adult Basic Education, \$13 per every 100 hours in ESL, and \$250 per every 100 hours in ESL-citizenship. The state plan for implementing WIA proposes a uniform rate for all types of classes provided, of approximately \$50 per adult student that meets the state benchmark of a certain number of points gained on the statewide adult education assessment tool, CASAS. The state plan proposes different benchmarks based on whether individuals enter a program at a below-basic literacy level or not.

Implications for state funding? The Governor's budget proposes to spend more than half a billion dollars in state General Fund money on adult education programs. State funding is provided to school districts based on the number of hours of instruction provided, although the total number of hours that a district can claim is capped based on historical levels of service. There have been some criticisms of the current form of funding, some of which focus on its use of "seat-time" as a basis of funding, particularly in programs that tend to have very high attrition rates. Some states, such as Florida, provide incentive funding to their adult education programs based on students' outcomes. (Florida also provides higher funding for individuals that are difficult to serve, defined as those with low literacy rates when they enter programs.)

Staff suggests that the Subcommittee may wish to collect information on the implementation of Title II of WIA and its effect on adult education programs for the following reasons: a) the drastic changes that WIA will create in the system for distributing federal funding, b) the questions that have been raised regarding the state's funding system, and c) the progression toward accountability that is occurring in the state's K-12 system. Information regarding the state's implementation of Title II might assist the Legislature and SDE in evaluating the effectiveness of the accountability-based funding system required by WIA and the feasibility of expanding WIA's accountability-based approach to the state funding system.

Data system. According to SDE, all adult education programs will be required to collect data on students that have attended for more than 12 hours, as of July of this year. SDE requires providers that receive federal funding to utilize a specific software system, but it does not require this of those that do not receive federal funding.

ISSUE 4: APPRENTICESHIP PROGRAMS

The issue for the Subcommittee to consider is the proposed funding level for apprenticeship programs.

BACKGROUND:

The Governor's budget proposes a funding level of \$8.3 million for apprenticeship programs. This is the same level of funding provided in last year's budget for the programs.

This item funds apprenticeship programs that are affiliated with a local public education agency and certified by the Division of Apprenticeship Standards. Adult education programs, ROC/P's and community colleges contract with a sponsor associated with a specific apprenticeable trade.

COMMENTS:

Last year's Budget Act required that SDE report to DOF and the Legislature on "the amount of funds expended for and the hours of related and supplemental instruction offered in the apprentice program during the 1997-98 fiscal year." This year's proposed budget continues this language. The report SDE has submitted in response to this requirement states that in 1997-98 17,670 apprentices were trained statewide. It also noted that the funding level for the program has remained essentially unchanged over a five-year period. The report also provided information on projected enrollment increases reported by programs and suggested that the program could easily absorb an increase of up to 20 percent.

There are questions as to whether the existing rate for apprenticeship programs has been adjusted for inflation over the years, or remained unchanged. An increase in the rate would require a corresponding budget augmentation.

ISSUE 5: DROPOUT PREVENTION

The issue for the Subcommittee to consider is the proposed funding level for dropout prevention programs and a proposal to coordinate the various existing program for dropouts and children at risk of dropping out of school.

BACKGROUND:

The Governor's budget proposes funding for a number of alternative programs and dropout prevention categorical programs, including approximately \$20 million in dropout preventing funding included in the Mega-item. This appropriation includes ongoing funding for Motivation and Maintenance programs at 200 schools across the state. Motivation and Maintenance programs include an outreach coordinator who identifies children at risk of school failure or dropping out and attempts to identify existing services for these children. The funding for this program goes to pay part of the salary of the outreach coordinator. These programs also involve student study teams that include parents, teachers and the identified students. Motivation and maintenance programs were established in the 1980's as part of a package of dropout prevention programs that were intended to be expanded statewide but were never funded at the necessary level to be expanded statewide.

COMMENTS:

AB 1008 (Honda) proposes to establish the Dropout Prevention and Recovery Reform Act of 2000, which would require school districts a) to develop master plans for addressing the needs of children at risk of dropping out, including those attending alternative settings, b) to collect and report outcome information on students that attend alternative settings and c) to consider adopting a multidisciplinary intervention team model that links students with existing services and provides her or him with continuous support. The bill also proposes to require the SPI to develop guidelines and a funding formula to enable all alternative programs to convert to a five-hour minimum day or 300 minutes of instruction. (Under current law, many alternative programs require a three- or four-hour minimum day.) SDE has provided staff with a timeline for the implementation of AB 1008, which is sponsored by SDE. The timeline includes an expansion of the Motivation and Maintenance programs in the 2000-01 budget year to another 200 schools.

Several years ago, SDE contracted for an evaluation of the effectiveness of Motivation and Maintenance programs. The evaluation was conducted by SRA Associates and found that, while the programs alone could not eliminate the dropout problem in many schools, "Where key aspects of the program – school-based coordination, Study Teams, school community planning, and a meaningful integration of the outreach consultant into the school culture – has been implemented, the program works."

OPEN ISSUE: TITLE I

The Subcommittee considered the proposed funding level for Title I and related issues on March 23, but held the item open with the understanding that SDE and DOF would return to the Subcommittee with information on how the Title I system and the Governor's new accountability system might be streamlined.

BACKGROUND:

The agenda for the March 23 hearing of this Subcommittee raised the following issue regarding the presence of the Title I low-performing schools program and the creation of a new statewide accountability system as created by special session legislation this year, as follows: "In the past few weeks the Legislature has considered legislation (SB 1x (Alpert)) to implement an accountability system that will identify low-performing schools, provide them with assistance and require improvement over time. This system mirrors the requirements of Title I in many ways. SDE and DOF report that they are looking into ways to streamlining the two systems, after the accountability legislation is considered...."

DOF letter: The Subcommittee received a letter dated March 30 from DOF proposing to amend the Governor's January 10 budget, by increasing the federal Title I appropriation by \$500,000, to reflect an increase in the grant amount to offset advance placement examination fees for low-income students. The letter also request provisional language to specify what the funding is for. The federal program addressed by the letter is similar to a state program that also funds low-income students for their AP fees. However, the eligibility levels for the two programs are different. While the eligibility level under the state program is 200 percent of the national poverty level, the eligibility level under the federal program is 150 percent of the national poverty level.

OPEN ISSUE: GOALS 2000

The Subcommittee considered the Governor's budget proposals for federal Goals 2000 funding on March 23. It approved the local assistance portion, with the exception of the \$5 million for secondary schools reading, which was left open pending receipt of language for the proposal. The Subcommittee also held the state operations proposals open.

BACKGROUND:

The following is a table included in the agenda for the March 23 hearing for this Subcommittee, regarding the Governor's proposals for spending Goals 2000 money.

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

* Appropriation in SB 2x (O'Connell)

COMMENTS:

Staff notes that federal law allows ten percent of a state's total grant award to be used for state operations support. The proposed funding level for state operations falls \$479,000 short of the maximum allowed under federal law.

OPEN ISSUE: CTC

On March 16, the Subcommittee considered the Commission on Teacher Credentialing's budget. At that time, the Subcommittee took action to approve the new positions proposed by the budget and approve language requiring an evaluation of CTC's business practices. The Subcommittee approved some language regarding the evaluation which was provided at the hearing, with the understanding that staff would work with CTC and LAO to address any technical concerns with the language. The Subcommittee also held open the Governor's proposal to waive the teacher credential fee, pending further review.

BACKGROUND:

CTC evaluation language: The following is the language agreed upon by staff, CTC and the LAO. It differs slightly from the language passed out at the March 16 hearing and has been approved by the Senate:

**BUDGET BILL LANGUAGE
(6360-407-0001)**

This item of appropriation includes up to \$250,000 for transfer to the Office of the Legislative Analyst for the purposes of contracting for a comprehensive management study of the Commission on Teacher Credentialing's organizational structure and credential processing protocols in collaboration with the Department of Finance and Commission on Teacher Credentialing. Such collaboration shall at a minimum extend to the selection of members of an advisory committee, design of the request for proposal, selection of the contractor, and review of the final report. The study shall include at a minimum, to the extent feasible and appropriate the following information: (1) identification of regulations and statutes related to teacher credentialing that may be modified to improve the efficient processing of credentials; (2) evaluation of the extent to which the Commission on Teacher Credentialing's information technology plans achieve improvements in efficiency and timeliness in credential processing and other service areas, and provide recommendations for further improvement; (3) recommendations regarding the appropriate level of staff to process credentials in an efficient and timely manner; (4) recommendations for any customer service improvements, including but not limited to accessibility; (5) recommendations for an appropriate credential fee structure to support the Commission on Teacher Credentialing's average cost to process a credential, including the costs of potential discipline review, professional standards development, institutional accreditation, and agency administration; and (6) recommendations for further topics of study.

The Office of the Legislative Analyst, Department of Finance, and the Commission on Teacher Credentialing, shall submit a report prepared by the contractor of findings and recommendations to the Governor and the appropriate policy and fiscal committees in each house no later than March 1, 2000.

DOF letter: In addition, the Subcommittee received a letter from DOF, dated March 30, proposing amendments to the Governor's January 10 budget as it relates to CTC's budget. The letter proposes the following:

- A reappropriation of unencumbered funds from an amount set aside for CTC to develop a model performance assessment tool to be used statewide to assess teachers' ability, skill and knowledge. (The Governor's budget proposes to continue two positions on a limited-term basis to complete the development of this tool; the Subcommittee approved this proposal.)
- An augmentation of \$121,000 in federal funds from the federal Troops to Teacher Program, which provides outreach services to military personnel adversely affected by military base closures. The program encourages such personnel to retrain for teaching careers in public schools. The proposed augmentation is from an additional year of funding that the state received for the program.

COMMENTS:

The proposed trailer bill needed to implement the Governor's proposed waiver of the teacher credential fee provides DOF with the authority to augment the budget appropriation that backfills the loss in fee revenues. If it wishes to approve the proposal, the Subcommittee may wish to consider amending this language to ensure that any augmentation by DOF would be subject to normal notification and review procedures required for any amendment to the Budget Act.

The Legislature is currently considering the following Assembly legislation, which would affect the alternative credentialing and paraprofessional programs administered by CTC: AB 309 (Mazzoni), which raises the cap on state funding of teacher internships under the alternative credentialing program from \$1,500 to \$2,500 per participant; AB 471 (Scott), which requires CTC to report on the number of classroom teachers who receive credentials, internships and emergency permits in the previous year; AB 319 (Lempert), which creates a grant program for the employment and training of paraprofessional in grades K-6. In addition, the Legislature is currently considering AB 192 (Scott), which creates a new program to recruit future teachers in high school. The Subcommittee provided funding on a checklist for this program.

OPEN ISSUE: STATE LIBRARY

The Subcommittee considered the Governor's proposed budget for the California State Library at its April 6 hearing. At that time, the Subcommittee approved the proposal as contained in the Governor's January 10 budget, but did not approve amendments as proposed in a March 30 letter from DOF, nor trailer bill language proposed by the Governor affecting the State Library.

BACKGROUND:

DOF letter: The Budget Committee has received a letter from the Department of Finance, dated March 29, 1999, requesting a \$163,000 augmentation in expenditure authority for the California State Law Library Special Account. This account receives revenues from a \$50 set-aside from appellate court filing fees, and is the sole source of funding for the Wilkins State Law Library. In its letter, DOF also proposes new trailer bill language to increase the appellate court filing fee from \$250 to \$265 and to increase the set-aside from this fee for the State Law Library from \$50 to \$65. DOF argues that the increase in fees and corresponding expenditure authority is needed to fund three additional positions at the State Law Library "to support eliminating a backlog of unprocessed legal authorities, bills and legal briefings."

Proposed trailer bill language: The Governor's budget proposes trailer bill language to eliminate the January 1, 2000 sunset date for the current funding mechanism for the Law Library (section 11 of RN 9902192). Under current law the State Law Library is funded from a \$50 set aside from appellate court filing fees. Staff notes that the trailer bill language does not extend the sunset date, but rather eliminates it entirely.

The Governor's budget also proposes trailer bill language to allow the California State Library to spend in 1999-2000 any remaining funds from the \$5 million provided in the current year for the start-up phase of the Library of California Act.

COMMENTS:

Staff notes that the proposed budget provides \$5 million to the California State Library's budget to fully fund legislation passed last year that created the Library of California. Last year's budget also provided \$5 million for this program, which began a multi-year project to link all public and private libraries into one statewide framework. This funding level is continued in the Governor's proposed budget. However, the original amount proposed for this program was \$10 million; last year's budget process cut this appropriation in half to its current level.

OPEN ISSUE: SUMMER SCHOOL AND SUPPLEMENTAL INSTRUCTION

The Subcommittee considered the proposed funding levels for summer school and supplemental instruction on March 23. At that time it took action to approve the proposed amounts and combine the different programs into one budget item. The Subcommittee also instructed staff to form a working group to draft language that could provide flexibility to districts to move funds between programs. At the time of the hearing, Subcommittee expressed its intent to consider any such language at a later date.

BACKGROUND:

A staff working group produced the following proposed changes to current law, to simplify local implementation of proficiency summer school, core summer school and the new supplemental instruction program:

- Combine proficiency summer school and the mandated portion of the new supplemental instruction program into one item of "mandated supplemental" programs. Delete the current cap on grades 2 through 6 for the mandated portion of the new supplemental instruction program, to make it consistent with the proficiency summer school program which has no funding cap. (Although these programs would not be capped at a maximum number of hours for which districts could claim funding, the proposal would maintain an appropriation for this item, which would provide the Legislature with some control over total spending.) Maintain existing law that defines the two programs.
- Combine core summer school and the optional supplemental instruction program into one item of "optional supplemental programs." Maintain existing law that defines the two programs. Blend existing caps for these programs to eight percent of enrollment, with any unused funds available to fund additional programs above eight percent on a pro-rata basis.
- Streamline reimbursement rates so that there is one rate for all programs.
- Allow districts flexibility in providing programs at any time that best serves their needs (before school, after school, Saturdays), but clarify that supplemental instruction funded under these programs must be in addition to the regular instructional day.
- Delete unnecessary restrictions on Saturday school under existing law.

In its Analysis of the Governor's Proposed 1999-2000 Budget, the LAO argues that the existence of the various remedial and supplemental instruction programs with their varying requirements does not allow districts to utilize the corresponding resources to meet differing local needs. At the March 23 hearing, the LAO recommended that the Subcommittee combine new and existing supplemental instruction programs into a block grant, to provide maximum flexibility to school districts.

COMMENTS:

Staff notes that last year's budget inadvertently excluded a deficit factor for summer school program funding. Consequently, the funding level provided in the current year, at \$2.68 per hour, is likely to be more than the deficiated level proposed for the budget year, at \$2.51 per hour.

OPEN ISSUE: CHILDCARE

The Subcommittee heard childcare issues at its April 13 hearing. It left certain issues open, as detailed below.

BACKGROUND:

Contract funding terms and conditions: This issue involves proposed budget and trailer bill language to require DOF approval of certain aspects of the contract funding terms and conditions developed by SDE for the contracts it lets to child care providers. The Subcommittee held this item and the corresponding proposed budget bill and trailer bill language open so that SDE and DOF could meet to develop compromise language. SDE and DOF have agreed to compromise language which will be provided at the hearing.

Stage III set-aside: This issue involves proposed budget bill language which eliminates a pot of Stage III money originally set-aside for child care for former CalWORKs participants. The Subcommittee held this issue open, pending action by Subcommittee No. 1, which handles all CalWORKs issues. As of the date of this hearing, Subcommittee No. 1 had not taken action on this issue.

Quality funds: This issue involves the Governor's proposed funding levels for quality improvement for childcare. The Subcommittee held this issue open, pending action by Subcommittee No. 1 on these funds, with the exception of \$1.5 million proposed to develop capacity in underserved areas, which the Subcommittee approved.

CalWORKs capacity-building pilot project: This issue involves budget bill language that sets aside up to \$100 million in federal funds for SDE to develop child care centers in neighborhoods with high concentrations of CalWORKs participants. The Subcommittee approved this proposal, with slight modifications to the language. However, SDE testified at the hearing that they preferred specified technical changes to the language. The Subcommittee may wish to consider SDE's proposed changes at this hearing.

COMMENTS:

Family fee schedule: At its April 16 hearing, the Subcommittee took action to approve BBL directing SDE to forward the proposed revised family fee schedule, hold public hearings on it and revise it is necessary for implementation in 2000-01. Staff notes that budget bill language contained in the 1997 Budget Act directed SDE and DOF to develop a new schedule to be included in a legislative proposal. The Subcommittee may wish to clarify its budget bill language so that it is consistent with this prior intent to implement any new fee schedule through legislation.

OPEN ISSUE: TESTING

The Subcommittee considered testing issues at a April 6 hearing, when it made reductions to the Governor's proposed budget based on information that the matrix-sampled test and the English Language Development Test would not be available to be administered in the budget year. At that hearing, SDE testified that there was a need to change the statutory deadlines for the development of the matrix sampled test and the adoption of statewide performance standards in reading, writing, mathematics, history-social science and science.

BACKGROUND:

According to the letter provided by SDE at the April 6 hearing, current law requires the State Board of Education to adopt performance standards in reading, writing and math by July 15, 1999, the matrix-sampled test covering these subjects by December 31, 1999, performance standards in history-social science and science by March 31, 2000 and the matrix-sampled test covering these subjects by December 31, 2000. The letter stated that the request for proposals for the development of the performance standards and assessment was not yet completed and consequently SBE's compliance with the statutory deadlines was not feasible.

COMMENTS:

Staff notes that the English Language Development test is also behind schedule in its development. The Subcommittee may wish to consider adopting a detailed timeline for the different benchmarks necessary to produce an English Language Development test.

OPEN ISSUE: FEDERAL FOOD PROGRAMS

At a April 20 hearing, the Subcommittee took action to approve the proposed federal local assistance funding levels for state nutrition programs, but held the federal state operations item open so that staff could work with SDE to develop language to address concerns about a recent report by the Office of the Inspector General of the U.S. Department of Agriculture regarding SDE's management of its external audit functions.

BACKGROUND:

In response to the issues raised by the Office of the Inspector General, the Senate took action to approve the following trailer bill language, which was proposed by SDE to provide it with the authority to take appropriate action in addressing problems it encounters among providers that contract with the state to provide services through the federal child and Adult Care Food Program: "The State Department of Education shall adopt regulations to establish eligibility requirements for participation in the child care food programs and to impose penalties and sanctions for noncompliance by sponsoring organizations, to the extent permitted by federal law. Nothing in this section shall be construed to prohibit the Department from terminating contracts with sponsoring organizations."

Further discussions with SDE have revealed a need for SDE to have the authority to administer 12-month contracts, especially for those providers that have a high-risk profile. The Subcommittee may wish to consider adding the following sentence to the above language adopted by the Senate: "The State Department of Education is authorized to establish 12-month contracts for providers with high-risk profiles."

The Senate Subcommittee on Education Finance also took action to write a letter to the Joint Legislative Audit Committee requesting a performance audit of SDE which would provide information specific to the concerns raised in the federal report.

PROPOSED CONSENT ITEMS

The following items are proposed for consent. No issues have been raised regarding these items.

Item	Description	Amount
6110-101-890	Federal IASA Title VI funds	\$35,461,000
6110-008-001	State Special Schools: transportation allowances	\$1,064,000
6110-007-001	SDE support: biennial instructional materials adoption	\$97,000
6110-013-0001	SDE support: audit resources	\$475,000
6110-021-0001	SDE support: child nutrition projects	\$598,000
6110-105-0001	Regional Occupational Centers and Programs	\$321,709,000
6110-121-0001	Foster Youth Programs	\$3,000,000
6110-128-0890	Federal Eisenhower Professional Development/ Math/Science	\$31,873,000
6110-166-0001	Partnership Academies	\$15,315,000
6110-176-0890	Federal Emergency Immigrant Education	\$39,174,000
6110-194-0001	Administrator Training and Evaluation Program	\$3,201,000
6255-001-0001	California State Summer School for the Arts	\$723,000
6330-001-0890	California Occupational Informational Coordinating Committee	\$282,000

Also proposed for consent is Section 13 of the proposed trailer bill, which requires that the SPI certify amounts to the Controller which do not exceed amounts needed to fund school district and county office revenue limits.