

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Wilmer Amina Carter, Chair

TUESDAY, MAY 12, 2009
STATE CAPITOL, ROOM 444
9:00 AM

ITEMS TO BE HEARD

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ITEMS TO BE HEARD

6110 DEPARTMENT OF EDUCATION

ISSUE 1: FEDERAL TITLE I: SET-ASIDE AND SCHOOL IMPROVEMENT GRANT FUNDING

The issue for the Subcommittee to consider is the various options for appropriating unobligated ongoing and one-time federal Title I funds.

PANELISTS

- Legislative Analyst's Office
- Department of Education
- Department of Finance

BACKGROUND:

Federal No Child Left Behind (NCLB): Adequate Yearly Progress and Program Improvement. Pursuant to the federal No Child Left Behind (NCLB) act, each year, schools, and school districts must meet four sets of requirements to make Adequate Yearly Progress (AYP), the federal mechanism used to measure if schools and districts are meeting performance targets for all students. The requirements include: (1) student participation rate on statewide tests, (2) percentage of students scoring at the proficient level or above in English-language arts and mathematics on statewide tests, (3) API score, and (4) graduation rate (if high school students are enrolled). Numerically significant groups of students at a school or school district also must meet the four requirements.

LEAs that receive federal Title I funds (funds that primarily serve poor pupils) and do not meet AYP targets for two consecutive years, are identified for Program Improvement (PI). Title I schools enter PI after failing to meet the same indicator or any AYP indicator in the same content area for two consecutive years. For example, a school would be identified for PI if it failed to meet its graduation requirement for two consecutive years or its math achievement target in one year and its math participation requirement the next year. In comparison to schools, districts enter PI only if they fail the same indicator or an AYP indicator in the same content area *for all grade-spans* for two consecutive years. Schools and LEAs exit PI if they make AYP for two consecutive years.

Corrective action process for districts in PI. Federal law requires states to choose a sanction for a district or county office of education in corrective action (i.e., has failed to meet AYP after being in PI for two consecutive years). These sanctions may include reconstituting the district, replacing district personnel, placing a trustee in the district, and requiring the district to implement a new curriculum. In addition to the sanction,

federal law requires states to provide LEAs with technical assistance in implementing the sanction.

Last year, the education trailer bill, *AB 519 (Chapter 757, Statutes of 2008)*, established a process for implementing the federal NCLB PI corrective action for school districts. State law requires the Superintendent of Public Instruction (SPI) to recommend a sanction to the State Board of Education (SBE) for approval. According to CDE, there are 246 LEAs in PI under NCLB in 2008-09. To date, the SBE has sanctioned 147 LEAs. Each LEA received the same sanction: to implement a new curriculum. In addition to providing a sanction, AB 519 authorizes the SPI to recommend, with SBE approval, that the LEA contract with a district assistance and intervention team (DAIT) or other technical assistance provider to aid in implementing the sanction. LEAs may receive between \$150,000 and \$50,000 per PI school within their district to contract with a DAIT or other technical assistance provider. This funding is condition upon the availability of federal funds.

Corrective action process for schools in PI. Similar to districts, NCLB also requires Title I schoolsites in PI to adhere to a series of requirements/sanctions that become more severe as the schoolsite advances in PI status. According to the SDE, there are 2,253 schools in PI under NCLB in 2008-09. Of this number, 1,182 are in PI year four and five, the years that restructuring begins.

Like PI districts, schoolsites in PI year 3 also are subject to federal sanctions. In addition to federal sanctions, if a schoolsite advances to PI year four, it must continue to offer parental choice and supplemental education services while at the same time prepare a restructuring plan. NCLB also requires the state and LEA to provide technical assistance to schoolsites during the PI process.

One difference between the district corrective action process and the schoolsite process is that the school district decides what the corrective action is for each schoolsite in PI as opposed to the state deciding corrective action for districts.

Undesignated funding for PI districts and schools. The state has a total of \$193 million in base federal funding for school and program improvement activities. Of this amount, about \$165 million remains undesignated. Additionally, the federal American Recovery and Reinvestment Act (ARRA) provides about \$400 million in stimulus funding that is undesignated. The LAO will provide a handout detailing the funds available for expenditure. The following details each funding source:

- ◆ **Title I Set-Aside.** NCLB requires states to set aside four percent of their total Title I grant to help schools and districts improve their performance. Sixty six (\$66) million in ongoing funding is available for 2009-10.
- ◆ **School Improvement Grant (SIG).** The state also receives federal funding under the School Improvement Grant (SIG). The federal government established the SIG program, a grant available to states in 2008, to provide technical assistance for Title I schools in PI under NCLB. Sixty two (\$62) million in ongoing funding is available for 2009-10.
- ◆ **Federal stimulus funding.** Under the federal stimulus plan (ARRA), California is set to receive \$45 million in Title I set-aside and \$346 million in SIG funding. These amounts are on top of the base funding amounts available. The state received \$22 million of the Title I set-aside in April and the remaining funds will come in October. It is not certain when the SIG funds will flow to the state but likely in the fall of 2009.

COMMENTS:

The Legislative Analyst's Office will provide suggestions for ways the Legislature can allocate the available Title I dollars. Some options include:

- ◆ Increasing existing grant amounts for schools in PI districts.
- ◆ Expanding the type of districts that are funded.
- ◆ Extending the length of time districts are funded.
- ◆ Dispersing Title I set-aside funds using existing grant formulas.

Related Legislation.

- **AB 451 (De Leon).** This bill, pending in the Assembly Appropriations Committee, increases the current grant amounts authorized for districts in year 3 of PI by \$50,000 (allowing schools to receive between \$100,000 to \$200,000 each). The bill also establishes a technical assistance process for schoolsites in year four and five of PI under NCLB.
- **AB 683 (Chesbro).** This bill, pending in the Assembly Appropriations Committee, authorizes an LEA in corrective action that received a sanction, but does not have any PI schools, to receive federal funding to implement the sanction, as specified.

- **SB 742 (Romero).** This bill, pending in the Senate Appropriations Committee, requires the Superintendent of Public Instruction (SPI) and the State Board of Education (SBE) to annually identify the 10 lowest performing schools in the state and require the schools' districts to notify parents and employees of the school of specific facts and options, while initiating specific renewal efforts. The bill proposes to use federal funds to support the school district's renewal efforts.

QUESTIONS:

- 1) CDE/DOF: Does CDE and DOF have a proposal for the use of these funds?
- 2) Is the state in danger of reverting any funds in the current or budget year?

ISSUE 2: DOF APRIL LETTERS – READING FIRST

The issue for the Subcommittee to consider is one-time carryover funds available under the federal Title I Reading First program.

PANELISTS

- Department of Finance
- Department of Education
- Legislative Analyst's Office

BACKGROUND:

Federal Title I Reading First funds were first provided to states upon the passage of the No Child Left Behind Act in 2001. Six-year grants were provided to states to improve the reading instruction of their schools and the reading achievement of their students. The federal law cites K-3 teachers and special education teachers in grades K-12 as the intended targets of the training.

The program has faced criticism throughout the years suggesting that the program places too much emphasis on explicit phonics instruction and does not focus on reading comprehension. The program has also faced allegations of mismanagement and financial conflicts of interest.

The federal government signaled a phase out of the program in 2008-09 by reducing grant amounts by 64% and no funding has been provided for the program in the federal 2009 budget. Given the signal that the funding would not continue for this program, the Subcommittee took action last year to phase the program out and spread the remaining funds among existing grantees to ensure that all four cohorts were able to receive a full six years of funding.

Remaining Carryover funds available. The actions taken by the Subcommittee last year attempted to spend all remaining Reading First funds. CDE however has identified \$27.6 million in additional carryover funds for this program that are required to be spent by an LEA no later than September 2010.

DOF April letter proposal. The Department of Finance (DOF) submitted an April letter request to the Legislature to appropriate the Reading First carryover funds. The letter appropriates the entire carryover amount for the Special Education Teacher Professional Development Pilot Program (SETPD) but CDE has indicated only \$4.7 million is needed for this purpose.

Item 6110-126-0890, Local Assistance, Reading First Program (Issue 085)—It is requested that this item be increased by \$27,612,000 federal Title I Reading First funds to reflect the availability of one-time carryover funds. The Reading First Program aims to improve Kindergarten through grade 3 general education and Kindergarten through grade 12 special education reading achievement. Competitive grants are provided to eligible schools to train teachers in the use of Board-adopted reading/language arts instructional programs to teach reading.

The federal No Child Left Behind Act of 2001 intended that the Reading First Program include Kindergarten through grade 12 special education teachers. As of 2007, California's schools had given priority to Kindergarten through grade 3 and special education teachers had not fully participated in the training. The Budget Act of 2007 appropriated one-time federal Title I Reading First carryover funds for a three-year Special Education Teacher Professional Development Pilot Program (SETPD) to focus on providing Reading First training to special education teachers.

The federal government eliminated ongoing funding for Reading First from its 2009 budget, leaving only this carryover amount for one-time use. Committing this one-time carryover funding to established cohorts in SETPD will allow additional eligible special education teachers to receive Reading First training.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$27,612,000 is provided in one-time carryover funds to support existing Reading First Special Education Teacher Professional Development Pilot Program participants with priority given to previously unfunded teachers. Of this amount, up to \$750,000 may be used for state and regional administration, support, and technical assistance. As a condition of receiving funds, the State Department of Education, in consultation with the California Technical Assistance Center, shall submit an expenditure report to the Department of Finance. This report shall include, at a minimum, the sum and distribution of participating schools and teachers and expenditure information of each technical assistance center by category of personnel, training, training materials, travel, general expense, and indirect costs.

CDE proposal for use of carryover. CDE proposes the \$27.6 million be appropriated as follows:

- ◆ \$18.9 million for Reading First LEAs to develop/enhance a Response to Intervention (RtI²) school model.
- ◆ \$4.7 million for additional LEAs to participate in the Special Education Teachers Professional Development Pilot Project (SETPD).
- ◆ \$2.8 million for the eight Regional Technical Assistance Centers (R-TACs) to continue to provide technical assistance and professional development to help LEAs continue Reading First implementation.
- ◆ \$1.1 million for CDE for continued monitoring and administration of the program.

Special Education Teacher Professional Development Pilot Program (SETPD). A 2007 report on the Reading First program indicated that only 2,720 K-12 special education teachers have participated in some Reading First professional development since the inception of the program in 2002-03. In response to this report, the 2007-08 Budget Act appropriated \$35 million in one-time federal Reading First funds for a three

year pilot program directed to providing professional development in reading for special education teachers. In selecting proposals, budget act provisions require CDE to give first priority to K-12 special education teachers in eligible Reading First districts not currently participating in the Reading First program, and second priority to K-12 special education teachers within already participating Reading First districts that have yet to receive professional development in reading.

CDE was able to provide grant funding to 27 districts with the 2007-08 funds however the \$35 million did not cover the remaining 17 districts with approved applications. CDE proposes to provide \$4.7 million to fund these districts. LAO and DOF have indicated their support for providing these additional funds for this purpose.

Response to Intervention (Rtl). CDE proposes to use \$18 million to provide incentive funding for Reading First districts to develop or enhance an Rtl² model.

According to CDE, Response to Intervention is emerging nationally as an effective strategy to support every student. CDE has developed its own term "Response to Instruction and Intervention (Rtl²)." The process utilizes all resources within a school and district in a collaborative manner to create a single, well-integrated system of instruction and interventions informed by student outcome data.

Rtl is cited in the reauthorization of the Individuals with Disabilities Education Act (IDEA) of 2004 related to the determination of Specific Learning Disability (SLD) and research has shown that implementation of Rtl in general education reduces the disproportionate representation of certain groups of students identified as needing special education services.

QUESTIONS:

- 1) Can CDE clarify the source of the \$27.6 million in carryover? Given that the Subcommittee took action last year to allocate all known available carryover, why is there an additional \$27.6 million available?
- 2) DOF/CDE/LAO: Could the \$18 million be used to support local professional development activities?
- 3) DOF/CDE/LAO: How should these funds be allocated? Should all Reading First districts receive the funds or should the funds be targeted to the specific cohorts?
- 4) What is the Department of Finance's position with regard to the use of these funds?
- 5) Does the LAO have any recommendations for the Subcommittee?

ISSUE 3: DOF APRIL LETTERS – TRANSLATION OF DOCUMENTS

The issue for the Subcommittee to consider is the Department of Finance April letter request related to translation of documents.

PANELISTS

- Department of Finance
- Legislative Analyst's Office
- Department of Education

BACKGROUND:

Per the April letter process, the Department of Education (CDE) submitted a request to the Department of Finance (DOF) for \$385,000 in ongoing federal Title III funds to be allocated to support the continuation of the translation of parental notification and parental information templates. The translation project is overseen by the CDE Clearinghouse for Multilingual Documents (CMD).

In the Budget Acts of 2005 and 2006, two allocations of \$450,000 each (Title III) were given to CDE on a one-time basis to translate parental notification templates. The translations, posted online, serve as a form of technical assistance to schools. Education code requires that when a school's enrollment has 15 percent or more of students who speak a primary language other than English, notifications sent to the parents of those students must be provided in English and in translation. CDE translations help reduce schools' duplication of effort, provide uniform information to parents throughout the state and minimize local time and work loads.

As a result of the CDE Translation Project over the last three years, the CMD now contains more than 4,000 documents reflecting up to 25 languages and the CDE has more than 200 source documents. Translated templates address a wide range of topics and programs, with priority given to statewide testing (e.g., STAR, CAHSEE) and accountability materials. Each year, notices are either subject to revisions or updates, or are replaced entirely. As new templates become available, translations must also be modified or replaced.

DOF April letter proposal. Although CDE submitted a request for *ongoing* funding based on the ongoing nature of the translation duties, the Department of Finance (DOF) approved an allocation of \$385,000 federal Title III funds on a *one-time* basis. According to DOF, this is consistent with the approach taken in prior years. DOF also required any expenditure of funds be approved by the Translations Advisory Group (TAG).

The April letter proposal from DOF is as follows:

Add One-Time Funding Authority for Document Translation Workload (Issue 245)—It is requested that Item 6110-001-0890 be increased by \$385,000 federal Title III funds and that Item 6110-001-0001 be amended to support the continued translation of parental notification and information forms in multiple languages to assist school districts in complying with the requirements of current law.

It is also requested that provisional language be added to specify that expenditure of these one-time funds must first be approved by the Translations Advisory Group (TAG). The TAG is an advisory body responsible for identifying and assessing gaps in the types of documents being translated, prioritizing which documents should be translated and in what languages, as well as providing input to the SDE on translation procedures, quality, dissemination, and outreach.

It is further requested that provisional language be added to Item 6110-001-0890 to conform to this action as follows:

X. Of the funds appropriated in this item, \$385,000 is available on a one-time basis to support additional translations of parental notification and information templates. Any expenditure of these one-time funds must first be approved by the Translations Advisory Group.

Why are ongoing funds needed? According to CDE, annual, ongoing funding will enable CDE to continue translation efforts, and a regular allocation will ensure reasonable and timely contracts. Ongoing funding will also provide assurance to districts that the templates will be available, offsetting costs to local districts.

Recent budget cuts imposed upon schools makes the translation project even more vital. Schools faced with deficits will need to rely upon CDE assistance for translations. Yearly funding ensures that annually updated or revised notifications, such as those related to STAR, CAHSEE, and the School Accountability Report Card, and other priority documents can continue to be made available to schools.

Translations Advisory Group (TAG) role. The TAG consists of representatives from Legislative offices, state agencies, and organizations. The group provides specific guidance on the CDE's translations work. In CDE's request, they specify that guidance on the prioritization of documents for translation will continue to come from the TAG. With regard to expenditure of funds, while the TAG should be notified of the expenditures, it does not seem appropriate for expenditures to be required to be approved by the TAG.

COMMENTS:

Staff proposed compromise. Committee staff proposes a compromise that provides \$125,000 on an ongoing basis which is consistent with the ongoing needs per CDE. The balance (\$260,000) is provided on a one-time basis for translation of new documents. The compromise language also ensures the TAG is consulted with regard to expenditures but does not specifically require approval.

X. Of the funds appropriated in this item, ~~\$385,000~~ \$125,000 is available on an ongoing basis to support updates, as necessary, for existing parental notification and information templates and \$260,000 is available on a one-time basis to support the development of additional translations of parental notification and information templates. ~~Any expenditure of these one-time funds must first be approved by the Translations Advisory Group. The Translations Advisory Group shall be consulted regarding expenditure of these funds.~~

QUESTIONS:

- 1) DOF/CDE/LAO: What is your recommendation with regard to this proposal?

ISSUE 4: DOF APRIL LETTERS – VARIOUS BUDGET AMENDMENTS

The issues for the Subcommittee to consider are April Department of Finance amendments to the 2009-10 Budget Act.

PANELISTS

- Department of Finance
- Department of Education
- Legislative Analyst's Office

BACKGROUND:

The proposed revisions are technical and include adjustments to state operations and local assistance funding.

1	<p>Item 6110-125-0890, Local Assistance, Migrant Education Program (Issues 246)—It is requested that this item be increased by \$3.5 million federal Title I Migrant Education funds to reflect the availability of one-time carryover funds. LEAs will use these funds for educational and support services to meet the needs of highly-mobile children.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (1), \$3,500,000 is provided in one-time carryover funds to support the following existing program activities: (1) extended day/week and summer/intersession programs to help prepare middle and secondary students for the high school exit exam, (2) investments aimed at upgrading curricula, instructional materials, educational software, and assessment procedures, (3) tutorials and intensified instruction, and 4) investments in technology used to improve the proficiency of limited English proficient students.</p>
2	<p>Item 6110-492 and 6110-001-3085, Reappropriation, Mental Health Services Act, Proposition 63 (Issue 562)—It is requested that \$319,000 in Mental Health Services funds appropriated in Schedule (1) of Item 6110-001-3085, Budget Act of 2008, be reappropriated in 2009-10. These funds were provided to allow SDE to contract with <u>mental health/educational professionals</u> other departments to implement trainings and develop mental health best practices resources pursuant to the Mental Health Services Act. However, due to contract bid issues (non-qualified bids and appeals), the funds cannot be spent until 2009-10.</p> <p>It is further requested that language be added as follows to conform to this action:</p> <p>6110-492—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balance of the appropriation provided in Schedule (1) of Item 6110-001-3085 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008), is reappropriated and shall be available for encumbrance or expenditure until June 30, 2010, <u>to contract with mental health/educational professionals to support the involvement of local educational agencies in local mental health planning and implementation efforts</u> for the purpose of fulfilling contracting services with other departments pursuant to the Mental Health Services Act (Proposition 63).</p>

3	<p>Item 6110-166-0001, Local Assistance, One-time Carryover for “Green” California Partnership Academies (Issue 403)—It is requested that Schedule (2) of this item be amended by increasing Reimbursements by \$438,000 Federal Trust Fund to reflect one-time carryover of reimbursement authority to support “Green” Partnership Academies. This amount, coupled with \$4.0 million currently budgeted for 2009-10, will allow the SDE to fully fund 61 academies in 2009-10. LEAs receiving funding create partnership academies with local private interests that focus on clean technology such as energy conservation, renewable energy, and pollution reduction.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (2) of this item, \$438,000 in reimbursements is provided on a one-time basis to support “Green” Partnership Academies.</p>
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ISSUE 5: OPEN ISSUES: TITLE II: PROFESSIONAL DEVELOPMENT FOR PRIVATE SCHOOLS

The issues for the Subcommittee to consider is the Department of Education (CDE) request to provide federal Title II funds for professional development for private schools.

PANELISTS

- Department of Education
- Legislative Analyst's Office
- Department of Finance

BACKGROUND:

States receiving Title II Part A funding are federally mandated to provide statewide private school professional development consultation and services in addition to that provided at the local LEA level.

In April 2008, a federal audit found that the Department of Education (CDE) Title II program was out of compliance relative to providing professional development to private schools statewide. The state is required to provide at least \$500,000 toward the effort to ensure private school teachers and administrators receive proportional statewide professional development services. CDE is recommending the following provisional language be added to the budget:

Amend section 6110-195-0890 as follows:

6110-195-0890--For local assistance,
Department of Education, Program 20.60-
Instructional Support, Part A of Title II
of the Elementary and Secondary Education
Act (Teacher and Principal Training and
Recruiting Fund), payable from the
Federal Trust Fund..... 316,836,000

Schedule:

- (1) 20.60.280-Improving
Teacher Quality
Local Grants..... 310,932,000
- (2) 20.60.270-
Administrator
Training Program.... 1,554,000
- (3) 20.60.190.300-
California Subject
Matter Projects..... 4,350,000

Provisions:

1. The funds appropriated in
Schedule (2) shall be for the
Administrator Training Program
authorized pursuant to Article
4.6 (commencing with Section
44510) of Chapter 3 of Part 25
of Division 3 of Title 2 of the
Education Code.
2. The funds appropriated in
Schedule (3) shall be for
transfer to the University of
California, which shall use the
funds for the Subject Matter
Projects pursuant to Article 1
(commencing with Section 99200)
of Chapter 5 of Part 65 of
Division 14 of Title 3 of the
Education Code.

3. Of the funds appropriated in Schedule (2), up to \$500,000 may be used to provide professional development for private school teachers and administrators in accordance with federal law.

QUESTIONS:

- 1) DOF/LAO: What is your recommendation with regard to this proposal?