AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Kevin McCarty, Chair

TUESDAY, APRIL 19, 2022

9:00 A.M. - STATE CAPITOL, ROOM 127

(PLEASE NOTE ROOM CHANGE)

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub2@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted. All are encouraged to watch the hearing from its live stream on the Assembly's website at https://www.assembly.ca.gov/todaysevents.

The hearing room will be open for attendance of this hearing. Any member of the public attending a hearing is strongly encouraged to wear a mask at all times while in the building. The public may also participate in this hearing by telephone.

To provide public comment, please call toll-free:
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6440 UNIVERSITY OF CALIFORNIA
6610 CALIFORNIA STATE UNIVERSITY
6870 CALIFORNIA COMMUNITY COLLEGES

ISSUE 1: STUDENT HOUSING

The Subcommittee will discuss student housing issues and review the Department of Finance's recommendations for the first round of student housing grant funding available in the 2021-22 budget.

PANEL 1

- Esmeralda Quintero-Cubillan, President, University of California Student Association
- Fabiola Moreno Ruelas, Vice President of Systemwide Affairs, Cal State Student Association
- Jasmine Prasad, Vice President of Legislative Affairs, Student Senate for California Community Colleges

PANEL 2

- Jennifer Kaku, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Seija Virtanen, University of California
- Elvyra San Juan, California State University
- Lizette Navarette, California Community Colleges Chancellor's Office

BACKGROUND

Significant need for more student housing. As discussed in a November 2021 Subcommittee hearing, the need for more student housing on or around many California campuses is clear:

- Homelessness is prevalent across California's three higher education segments, with 1 in 20 students at University of California (UC), 1 in 10 students at California State University (CSU), and 1 in 5 students at California Community Colleges (CCC) reporting experiencing homelessness at some point during the academic year. Even more students experience some form of housing insecurity. For example, 16 percent of UC students in 2020 reported sleeping in nontraditional housing arrangements (such as a hotel, transitional housing, or outdoor location) because they lacked permanent housing.

- Affordable, on-campus housing is a benefit to students. A report to the CSU Board of Trustees in July 2020 noted that research across college campuses nationally and within the CSU suggest that students living on campus have higher grade point averages and lower academic probation rates, higher retention and graduation rates, and shorter time to graduation than their off-campus peers.

- Insufficient student housing can hinder campuses' ability to increase enrollment and serve more Californians. Both UC Davis and UC Santa Cruz, for example, have agreements with local governments that limit increased enrollment unless housing is added to accommodate that growth. CSU Humboldt has launched a plan to become a polytechnic university and more than double its student body in the next decade, but campus officials note that on-campus housing must be built before dramatically increasing enrollment. The local housing market cannot accommodate thousands of new students.

According to Zillow, California is home to four of the eight most expensive rental markets in the nation (the metropolitan areas of San Jose, San Francisco, Los Angeles, and San Diego, and Ventura County). Average rents range from $1,400 in Bakersfield to $2,900 in San Jose and San Francisco. For most California college students, housing costs (including room and board) are higher than tuition and fees.

Budget Act created new grant program. The Budget Act of 2021 created the Higher Education Student Housing Grant Program, which will provide $2 billion over three years to support UC, CSU and CCC student housing projects. Section 2 of Chapter 262, Statutes of 2021 (SB 169), appropriated $500 million one-time General Fund in fiscal year 2021-22 for the program, and called for $750 million in 2022-23 and 2023-24 to support one-time grants to either construct student housing or acquire and renovate commercial properties to provide affordable, low-cost housing options for students. Of the appropriated funding, up to $25 million is available to California Community Colleges to support planning grants to determine if it is feasible for a community college to construct and offer affordable student rental housing. Community colleges are to receive at least half of the funding appropriated, while 30 percent of the funds shall be available for the California State University, and 20 percent shall be available for the University of California.

Trailer bill language required campuses to submit applications by October 2021 to the Department of Finance, which in turn was required to submit a list of recommended projects to the Legislature by March 1. The Legislature will then support projects in the Budget Act or other subsequent legislation.

UC, CSU and CCC submitted 42 construction grant applications requesting approximately $2.8 billion in state funding. California Community Colleges submitted 75 planning grant applications requesting approximately $191 million in state funding.

DEPARTMENT OF FINANCE RECOMMENDATIONS

Per statute, the Department of Finance provided a list of recommended construction and planning grant projects to the Legislature on March 1.

For available construction grant funding, the department prioritized support for eligible construction grant applications that reflected an intersegmental housing arrangement, and then prioritized further applications based upon a weighted ranking that combined an applicant's state-supported per bed construction costs and an applicant's proposed student rental rates. The department prioritized available planning grant funding to support early stage planning activities for all colleges requesting planning grants, including feasibility studies, engineering studies, financing studies, and environmental impact studies.

The charts below indicate the projects recommended by the department. The first chart shows proposed constructions grants, totaling $470.3 million, and the ranking system the department used to select projects. The second chart shows proposed community college planning grants, which totals $18.2 million.

Attachment 1 – Construction Grant Applications Proposed for 2021-22 Appropriation

#	Applicant (a)	Segment (b)	Proposed Grant Amount[1] (c)	Additional Students Housed (d)	Region (e)	Factor 1: Cost Per Student Housed (f) = (c) / (d)	Factor 1: Rank – Cost Per Student Housed (g)	Factor 2: Rent[2] as Percent of Statutory Max (h)	Factor 2: Rank – Rent as Percent of Statutory Max (i)	Cumulative Score (j) = (g) + (i)
1	Imperial Valley College/San Diego State	Intersegmental[3]	$8,860,000	51	San Diego/Imperial	$174,000	8	100%[4]	13	21
2	Fresno City College	CCC	$34,080,000	360	Central Valley	$95,000	2	37%	1	3
3	College of the Siskiyous	CCC	$32,613,000	252	Sacramento/Far North	$129,000	4	66%	6	10
4	San Francisco State University	CSU	$116,300,000	750	Bay Area	$155,000	7	65%	5	12
5	Ventura College	CCC	$62,923,000	320	South Central Coast	$197,000	11	44%	2	13
6	UC Los Angeles	UC	$35,000,000	358	Los Angeles/Orange County	$98,000	3	86%	11	14
7	UC San Diego	UC	$100,000,000	1,100	San Diego/Imperial	$91,000	1	100%	13	14
8	Sierra College	CCC	$80,497,000	354	Sacramento/Far North	$227,000	15	53%	3	18
		Total[5]	**$470,273,000**	**3,545**						
		UC	**$135,000,000**	**1,458**						
		CSU	**$120,730,000**	**776**						
		CCC	**$214,543,000**	**1,312**						

Notes:

[1] Proposed grant amounts for community college projects include a 10-percent contingency.

[2] A project's rent is computed as a weighted average of rental rates across unit types, weighted by the number of units per unit type.

[3] This project was prioritized due to the state interest in intersegmental housing arrangements, particularly those that support transfer pathways between community colleges and four-year public postsecondary institutions. This project's funding is attributed to both the CSU and CCC segments' share of student housing funds.

[4] This project was assumed to provide rent at 100 percent of the project's statutory maximum level.

[5] Any differences for summed totals are due to rounding.

#	Applicant(s)	CCC District	Region	Proposed Grant Amount
1	Chabot College	Chabot-Las Positas CCD	Bay Area	$155,000
2	Las Positas College	Chabot-Las Positas CCD	Bay Area	$155,000
3	Contra Costa College	Contra Costa CCD	Bay Area	$180,000
4	Diablo Valley College	Contra Costa CCD	Bay Area	$180,000
5	Los Medanos College	Contra Costa CCD	Bay Area	$180,000
6	De Anza College	Foothill CCD	Bay Area	$132,000
7	Foothill College	Foothill CCD	Bay Area	$132,000
8	Ohlone College	Ohlone CCD	Bay Area	$290,000
9	Ohlone College	Ohlone CCD	Bay Area	$290,000
10	Berkeley City College	Peralta CCD	Bay Area	$110,000
11	College of Alameda	Peralta CCD	Bay Area	$110,000
12	Laney College	Peralta CCD	Bay Area	$110,000
13	Merritt College	Peralta CCD	Bay Area	$110,000
14	Evergreen Valley College	San Jose-Evergreen CCD	Bay Area	$235,000
15	San Jose City College	San Jose-Evergreen CCD	Bay Area	$235,000
16	San Mateo Community College	San Mateo CCD	Bay Area	$200,000
17	Solano College	Solano CCD	Bay Area	$150,000
18	Cerro Coso Community College	Kern CCD	Central Valley	$314,000
19	Porterville College	Kern CCD	Central Valley	$314,000
20	Merced College	Merced CCD	Central Valley	$145,000
21	Merced College; UC Merced ***[Intersegmenta***	Merced CCD	Central Valley	$564,000
22	Fresno City College	State Center CCD	Central Valley	$449,000
23	Madera College	State Center CCD	Central Valley	$449,000
24	West Hills College Coalinga	West Hills CCD	Central Valley	$250,000
25	Copper Mountain Community College	Copper Mountain CCD	Inland Empire	$70,000
26	Mt. San Jacinto College	Mt. San Jacinto CCD	Inland Empire	$155,000
27	Moreno Valley College	Riverside CCD	Inland Empire	$540,000
28	Norco College	Riverside CCD	Inland Empire	$590,000
29	Riverside City College	Riverside CCD	Inland Empire	$470,000
30	Crafton Hills College	San Bernardino CCD	Inland Empire	$845,000
31	San Bernardino Valley College	San Bernardino CCD	Inland Empire	$845,000
32	Antelope Valley Community College	Antelope CCD	Los Angeles/Orange Count	$200,000
33	Cerritos College	Cerritos CCD	Los Angeles/Orange Count	$225,000
34	El Camino College	El Camino CCD	Los Angeles/Orange Count	$110,000
35	Long Beach City College	Long Beach CCD	Los Angeles/Orange Count	$120,000
36	East Los Angeles College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
37	Los Angeles City College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
38	Los Angeles Harbor College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
39	Los Angeles Mission College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
40	Los Angeles Pierce College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
41	Los Angeles Southwest College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
42	Los Angeles Trade Technical College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
43	Los Angeles Valley College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
44	West Los Angeles College	Los Angeles CCD	Los Angeles/Orange Count	$110,000
45	Cypress College	North Orange CCD	Los Angeles/Orange Count	$150,000
46	Pasadena College	Pasadena CCD	Los Angeles/Orange Count	$50,000
47	Rancho Santiago CCD	Rancho Santiago CCD	Los Angeles/Orange Count	$500,000
48	Rio Hondo College	Rio Hondo CCD	Los Angeles/Orange Count	$522,000
49	Santa Monica College	Santa Monica CCD	Los Angeles/Orange Count	$110,000
50	Irvine Valley College	South Orange County CC	Los Angeles/Orange Count	$323,000
51	Saddleback College	South Orange County CC	Los Angeles/Orange Count	$483,000
52	Butte College; CSU Chico ***[Intersegmental]***	Butte CCD	Sacramento/Far North	$500,000
53	Feather River College	Feather River CCD	Sacramento/Far North	$349,000
54	American River College	Los Rios CCD	Sacramento/Far North	$110,000
55	Cosumnes River College	Los Rios CCD	Sacramento/Far North	$110,000
56	Folsom Lake College	Los Rios CCD	Sacramento/Far North	$110,000
57	Sacramento City College	Los Rios CCD	Sacramento/Far North	$110,000
58	Mendocino-Lake College	Mendocino CCD	Sacramento/Far North	$250,000
59	Shasta College	Shasta Tehama CCD	Sacramento/Far North	$255,000
60	Cuyamaca College	Grossmont CCD	San Diego/Imperial	$155,000
61	Grossmont College	Grossmont CCD	San Diego/Imperial	$155,000
62	MiraCosta College	MiraCosta CCD	San Diego/Imperial	$150,000
63	Palomar College	Palomar CCD	San Diego/Imperial	$820,000
64	San Diego City College	San Diego CCD	San Diego/Imperial	$344,000
65	Southwestern College	Southwestern CCD	San Diego/Imperial	$60,000
66	Southwestern College	Southwestern CCD	San Diego/Imperial	$60,000
67	Southwestern College	Southwestern CCD	San Diego/Imperial	$60,000
68	Southwestern College	Southwestern CCD	San Diego/Imperial	$148,000
69	Southwestern College	Southwestern CCD	San Diego/Imperial	$290,000
70	Allan Hancock College	Allan Hancock CCD	South Central Coast	$185,000
71	Cabrillo College	Cabrillo CCD	South Central Coast	$242,000
72	Hartnell College	Hartnell CCD	South Central Coast	$325,000
73	Santa Barbara City College	Santa Barbara CCD	South Central Coast	$150,000
74	Moorpark College	Ventura CCD	South Central Coast	$250,000
75	Oxnard College	Ventura CCD	South Central Coast	$249,000
			Total	**$18,174,000**

In addition, the department provided a list of construction grant applications that it determined met the program's eligibility requirements, but that the department is not recommending be funded with the $500 million one-time General Fund appropriated in fiscal year 2021-22. The department noted it would further review these applications, along with any newly submitted or resubmitted construction grant applications, when determining which projects it will recommend the Legislature consider for inclusion in the 2022 and 2023 Budget Acts or other legislation. This list is below.

						Factor 1		Factor 2		
#	Applicant (a)	Segment (b)	Proposed Grant Amount[1] (c)	Additional Students Housed (d)	Region (e)	Cost Per Student Housed (f) = (c) / (d)	Rank – Cost Per Student Housed (g)	Rent[2] as Percent of Statutory Max (h)	Rank – Rent as Percent of Statutory Max (i)	Cumulative Score (j) = (g) + (i)
1	CSU Long Beach	CSU	$53,300,000	403	Los Angeles/Orange County	$132,000	5	100%	13	18
2	Humboldt State University	CSU	$21,107,000	138	Sacramento/Far North	$153,000	6	100%	13	19
3	Napa Valley College	CCC	$31,000,000	124	Bay Area	$250,000	18	63%	4	22
4	Santa Rosa Junior College	CCC	$15,000,000	70	Bay Area	$214,000	13	78%	9	22
5	Fresno State	CSU	$31,050,000	175	Central Valley	$177,000	9	100%	13	22
6	CSU Northridge	CSU	$37,500,000	200	Los Angeles/Orange County	$188,000	10	100%	13	23
7	CSU Dominguez Hills	CSU	$48,750,000	238	Los Angeles/Orange County	$205,000	12	100%	13	25
8	UC Irvine	UC	$65,000,000	300	Los Angeles/Orange County	$217,000	14	86%	12	26
9	Cosumnes River College	CCC	$44,144,000	145	Sacramento/Far North	$304,000	20	69%	7	27
10	CSU Fullerton	CSU	$88,900,000	390	Los Angeles/Orange County	$228,000	16	100%	13	29
11	CSU San Marcos	CSU	$91,000,000	390	San Diego/Imperial	$233,000	17	100%	13	30
12	Compton College	CCC	$80,389,000	250	Los Angeles/Orange County	$322,000	21	83%	10	31
13	Lake Tahoe Community College District	CCC	$39,369,000	100	Sacramento/Far North	$394,000	24	74%	8	32
14	UC Santa Cruz	UC	$89,000,000	320	South Central Coast	$278,000	19	100%	13	32
15	UC Berkeley	UC	$100,000,000	310	Bay Area	$323,000	22	100%	13	35
16	Bakersfield College	CCC	$60,245,000	154	Central Valley	$391,000	23	100%	13	36
17	College of the Canyons	CCC	$61,858,000	100	Los Angeles/Orange County	$619,000	25	100%	13	38
		Total[3]	**$957,612,000**	**3,807**						
		UC	**$254,000,000**	**930**						
		CSU	**$371,607,000**	**1,934**						
		CCC	**$332,005,000**	**943**						

Notes:

[1] Proposed grant amounts for community college projects include a 10-percent contingency.

[2] A project's rent is computed as a weighted average of rental rates across unit types, weighted by the number of units per unit type.

[3] Any differences for summed totals are due to rounding.

Finally, the department also identified projects that were ineligible for funding consideration because the application did not meet the program's statutory requirements or because the applicant requested a planning grant and a construction grant for the same project.

#	Applicant	Segment	Requested Grant Amount	Region
1	Cabrillo College	CCC	$47,205,500	Bay Area
2	Ohlone College	CCC	$111,832,000	Bay Area
3	Ohlone College	CCC	$136,576,000	Bay Area
4	San Mateo Community College	CCC	$88,743,000	Bay Area
5	Fresno City College	CCC	$7,640,000	Central Valley
6	Antelope Valley Community College	CCC	$168,687,000	Los Angeles/Orange County
7	Cerritos College	CCC	$10,000,000	Los Angeles/Orange County
8	Cypress College	CCC	$40,416,120	Los Angeles/Orange County
9	Long Beach City College	CCC	$83,667,000	Los Angeles/Orange County
10	College of the Redwoods	CCC	$36,200,000	Sacramento/Far North
11	San Diego City College	CCC	$130,223,800	San Diego/Imperial
12	Sacramento State	CSU	$32,000,000	Sacramento/Far North
13	Merced College/UC Merced	Intersegmental	$102,314,000	Central Valley
14	Hastings College of the Law	UC	$218,755,000	Bay Area
15	UC Merced	UC	$58,511,000	Central Valley
16	UC Merced	UC	$98,757,000	Central Valley
17	UC Riverside	UC	$51,000,000	Inland Empire

LAO ASSESSMENT AND RECOMMENDATIONS

Assessment

Administration's Approach to Selecting Projects Is Reasonable. We think the administration's approach to selecting first-round projects generally is reasonable. The factors DOF uses to rank projects (primarily state funding per bed and the proposed rents) align with the program's intent. We further think the administration's approach of funding only the initial planning activities of the planning grant applications is reasonable, as most college applicants are in the very early stages of developing their projects. Moreover, we think the administration's approach appropriately excludes projects from the first round that do not meet the statutory requirements or are not yet at the construction stage.

Recommend Legislature Weigh Governor's Approach Against Alternative Approaches. Although we think the administration's approach is reasonable, it is only one of many approaches the Legislature could take to select projects. Given the broad and varied guidance offered in statute, the Legislature could take many other approaches to selecting projects that still meet the program's objectives. Ultimately, the Legislature's goals and priorities will determine whether modifications to the Governor's prioritization approach are warranted. Below, we offer four ways the Legislature could consider modifying the Governor's approach.

Legislature Could Consider Other Approaches to Measure Project Affordability. Because 13 (of the 25) eligible projects proposed charging rents at 100 percent of the statutory limit, they all ranked equally affordable under the administration's approach. One alternative that would yield more nuanced rankings would be to compare a project's proposed on-campus rent to off-campus housing costs in the nearby community. Based on an initial review of data on off-campus rental rates submitted by the universities, we found that this alternative approach could boost the rankings of a few projects at campuses in particularly expensive housing markets, such as those at UC Berkeley and UC Santa Cruz. It also lowers the rankings of several projects in lower-cost areas of the state. (As of the timing of this brief, only a few community colleges had submitted to our office data on off-campus housing costs.)

Legislature Could Consider Other Factors Too. DOF only directly considered one of the seven additional prioritization factors specified in statute—whether the project is intersegmental. (As DOF's approach yields projects located throughout the state, it also aligns with the statutory factor of ensuring geographic coverage.) The Legislature might wish to incorporate other factors in lieu of or in addition to the factors used by the administration. For example, the Legislature might wish to prioritize projects in areas with particularly constrained housing markets and high unmet demand for student housing. If so, the Legislature could use measures of unmet housing demand to rank projects, such as waitlists for on-campus housing or off-campus housing vacancy rates in the surrounding area. The Legislature might also prefer prioritizing projects with relatively early construction start dates. For example, the joint Imperial Valley College-CSU San Diego project, which DOF ranks first in its list, is not scheduled to begin construction until early 2024, whereas other lower-ranked projects are scheduled to begin construction as early as 2022.

Legislature Could Prioritize Projects That Leverage Nonstate Funds. Though several applicants proposed covering a portion of their project costs with nonstate funds, more than half of applicants did not do so. Encouraging more nonstate funding contributions could permit some projects to construct additional affordable beds. It also might encourage some projects to construct more standard-rent beds. In either case, the overall stock of on-campus housing could be increased. Were the Legislature interested in encouraging more nonstate funding, it could provide higher ranking for projects with nonstate funding. Alternatively, it could direct first-round grantees to submit an adjusted proposal that meets some minimum threshold (for example, 10 percent of project costs covered with nonstate funds). Given the end of this year's budget cycle is just a few months away, the Legislature would want initiate this request soon if it were interested in pursuing it. The Legislature also could influence applications in future rounds by amending statute to include specific expectations regarding nonstate funding contributions.

Legislature Could Award More Grant Funding This Budget Cycle. The Legislature could alter statute to support more than $500 million in projects this year. On the one hand, approving more projects this year would enable campuses to commence with projects sooner, thereby increasing housing stock more quickly and avoiding higher construction costs in future years. The Legislature might find this approach particularly appealing given the relatively high inflation the state currently is experiencing. On the other hand, the Legislature might prefer to hold off on approving more projects and instead allow campuses more time to submit better applications in future rounds. According to the segments, some campuses already have expressed interest in revising their projects to make them more competitive and correct for any deficiencies.

Cost Overruns Could Undermine Objectives of Grant Program. Though all capital projects are susceptible to cost overruns, we view this risk as particularly salient for the proposed student housing projects. These risks are highest for CCC, as most community colleges have no experience constructing and operating any on-campus housing facilities. Given this lack of experience, campuses might be more likely to misjudge their projects' financial feasibility, construction costs, or student demand. Cost overruns could put campuses and the state in a difficult situation. Campuses might face pressure to cover the higher costs by raising rents or constructing fewer affordable beds, thereby undermining the program's intent. Alternatively, the state could face pressure to cover cost overruns to preserve a project's feasibility and affordability, thereby potentially increasing program costs significantly.

Recommendations

Recommend Requiring Projects to Have Contingency Plans. Given the risks present with these projects, we think the administration's approach of ensuring minimum funding amounts for contingency is warranted. To further protect the state, we recommend requiring first-round award recipients to submit plans documenting nonstate fund sources they would use to cover any further cost overruns. This action would better signal legislative intent that campuses, rather than the state, bear the risks of their projects. (We also note that UC, CSU, and CCC campuses already tend to cover cost overruns from nonstate sources for their state-funded academic facility projects.) Looking ahead to the remaining grant rounds, we recommend the Legislature adopt in statute minimum project contingency expectations (for example, 5 percent for UC and CSU and 10 percent for CCC) and intent language specifying that campuses cover any further cost overruns from nonstate sources.

Recommend Adopting Notification Process. We further recommend the Legislature take measures to improve its oversight of project cost and scope changes. Specifically, we recommend granting the administration the ability to authorize changes to a project's cost or scope, but only with 30-days advance notification to the Legislature. To ensure campuses have adequate flexibility to manage their projects, we recommend only triggering this notification process when the change is greater than 10 percent over what was projected in the original application (that is, if costs are more than 10 percent higher than expected and/or affordable beds are 10 percent lower than expected). This process would allow both the Legislature and the administration to be active participants in the project implementation process, ensuring that the selected projects continue to align with program goals. We also note that other state capital outlay programs have similar notification processes for cost and scope changes.

Recommend Strengthening Reporting Requirements. Finally, we recommend the Legislature strengthen the program's existing statutory reporting requirements in two ways. First, we recommend specifying what the segments must include in their annual program reports. Currently, statute offers little guidance on the content of the reports, instead giving the segments flexibility to determine the content and thus potentially undermining the Legislature's ability to compare progress across segments and projects. At a minimum, the Legislature could require these annual reports to include updated project construction costs, updated project time lines, projected or actual rents of the new housing facilities, the projected or actual number of affordable beds, and occupancy rates for completed projects. In addition to providing consistent project-level information, this information would provide the Legislature better data moving forward on the kinds of projects that are particularly susceptible to cost and scope changes. Second, we recommend requiring the segments to submit their reports each November, ahead of the upcoming legislative session.

STAFF COMMENT/POTENTIAL QUESTIONS

Staff notes the overwhelming demand for this program. Despite just a few months between the creation of the program and the due date for the first round of funding, the state received about $3 billion in requests for the $500 million available in the current year. It seems likely that even more requests will be submitted during the next two rounds of funding, particularly as community colleges complete planning activities and the program is more well-known and understood by all three segments.

Staff also notes that the department's recommendations are just that - recommendations. A final list of projects receiving funding must now be negotiated. The department's methodology is one reasonable way to consider these projects, as cost per bed and cost for students are important factors. However, as the LAO notes, the statute creating this program also listed other potential priorities. The Legislature could consider the following issues as it determines its final list:

Finance methodology might favor less costly regions and did not consider need for housing. The department did not consider differences in construction costs by region, which could favor areas of the state where construction is cheaper. Additionally, no consideration was given for the need for student housing, such as student housing waitlists, the number of housing-insecure students on a campus, or rental costs or vacancy rates in areas surrounding campuses. Unmet demand for student housing is listed in statute as a possible selection criteria.

Finance methodology was unknown to campuses before they applied. The department provided a template for campuses to fill out when submitting information, but it was not clear to applicants that they would be "graded" primarily on construction and rental costs. Additionally, some community colleges have complained that they were not aware that their construction proposal would be disqualified if they also applied for a planning grant.

Other issues, such as impact on enrollment, could be considered. In addition to providing more affordable student housing, a key legislative priority in supporting more housing was to enable enrollment growth, particularly at UC and CSU campuses. The impact a project could have on campus capacity also was listed in statute as a possible selection criteria. Many campuses have noted that lack of housing is a key constraint in increasing access; thus the Legislature may wish to consider which housing projects will allow the most enrollment growth. Other issues to consider are how much financial risk the project may pose for a campus, and how shovel-ready a project truly is – staff notes that some projects do not have an identified site yet.

More funding, or partially funding more projects, could be considered. Given the overwhelming demand, the Legislature could consider allocating more than $500 million for this program this year. In addition, the Subcommittee received some feedback during a November hearing that partial funding for projects could allow the state to support more projects while still lowering housing costs for students.

The Legislature could also consider other programs to support student housing. AB 1602 (McCarty, Cervantes, Medina, Ting, Lee, and Quirk-Silva) proposes to create the California Student Housing Revolving Fund in the state Treasurer's Office to provide zero-interest loans to qualifying applicants of the University of California, the California State University, and the California Community Colleges for the purpose of constructing affordable student housing and faculty and staff housing.

The Subcommittee could consider the following questions during this discussion:

- Shouldn't regional cost differences be considered when assessing construction costs or rental rates?
- How should the need for student housing at each campus be considered?
- Was the Department of Finance able to determine that all projects it is recommending are viable and reasonable?
- Should the Legislature consider providing partial funding to allow more projects to receive some state funding?
- What should the Department of Finance and Legislature do to ensure that the student rental costs in these proposals are actually what is charged to students once the projects are built and operational?
- Is there a way to assess the validity of construction costs, rental rates, and other campus-reported costs in evaluating these proposals?

Staff Recommendation: Hold open until after the May Revision.

0650 OFFICE OF PLANNING AND RESEARCH

ISSUE 2: HIGHER EDUCATION PROPOSALS

The Subcommittee will discuss the Governor's Budget proposals for the Office of Planning and Research (OPR) related to higher education, including adding $3 million ongoing General Fund to the California Education Learning Laboratory (CELL), $20 million one-time General Fund to support a new facility for the Carnegie Institution for Science, and $30 million one-time General Fund to support the Golden State Awards.

PANEL

- Jack Zwald, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Lark Park, California Education Learning Laboratory

BACKGROUND

CELL

CELL Supports Development of Online Higher Education Courses. Created in 2018-19, the purpose of CELL is to expand lower-division online and hybrid courses in science, technology, engineering, and mathematics (STEM) at the University of California (UC), California State University (CSU), and California Community Colleges (CCC). The program accomplishes this objective primarily by awarding competitive grants to intersegmental faculty teams, which in turn develop the online course content. Beyond awarding grants for new online course content, state law allows CELL to undertake other actions to support instructional best practices, such as supporting faculty professional development and developing a "best of" library of online materials.

State Reduced Funding to CELL During Pandemic. The 2018-19 budget provided $10 million ongoing General Fund to OPR for CELL. As part of its package of solutions to an anticipated pandemic-related budget problem in 2020-21, the state reduced ongoing support for CELL by $2 million (to $8 million). According to the administration, CELL managed this reduction by awarding fewer grants, supporting less professional development, and delaying development of its "best of" library.

Program Has Supported A Total of 250 Courses. According to CELL, from fall 2019 through spring 2022, a total of 250 STEM courses used CELL-funded content. (A course is counted each time it was provided by a campus. Thus, a course provided once per academic year at three campuses over the three-year period is counted as nine courses.) Of these courses, CELL estimates 38 percent were at CCC, 31 percent were at CSU, 20 percent were at UC, and 11 percent were at high schools. (According to CELL, a small portion of intersegmental projects affected advanced-level math courses in several high schools.) CELL estimates about 40,000 students took these courses over the three-year period. For comparison, at CCC (the only segment that publicly reports course-level enrollment data), 334,472 students enrolled in general math courses (one of the STEM areas) in fall 2020 (one of the terms of the period).

Golden State Awards

State Has Provided Higher Education Innovation Awards. In every budget cycle from 2014-15 to 2020-21, Governors have proposed one-time grant initiatives to support innovative practices at the state's public higher education institutions that improve student outcomes. The Legislature approved these initiatives in some years and rejected them in other years. Key characteristics of the approved initiatives have varied. For example, in some years the grant initiatives rewarded higher education institutions for existing programs, while in other years the grants supported new approaches. Some of the initiatives supported programs at all of the higher education segments, while others were targeted at specific segments (such as the community colleges) or specific regions (such as the San Joaquin Valley and Inland Empire). Some grants were allocated through a special committee, whereas others were allocated by state agencies.

Carnegie Science

Institute Conducts Research. Founded in 1902, Carnegie Science is a nonprofit organization that conducts research on astronomy, life sciences, and earth sciences, among other subjects. It is headquartered in Washington D.C. and conducts research at several sites nationally and abroad. In California, it has sites in Stanford and Pasadena. According to Carnegie Science, in 2019-20 (the most recent year of data available), it supported a total of 67 researchers across its sites.

Institute Is Primarily Supported From an Endowment. As a private entity, Carnegie Science does not receive direct appropriations from the state to support its operations or facilities. For its operating costs, it relies on investment income from its endowment. Similar to other endowed institutions, a portion of the endowment income Carnegie Science earns must be spent on donor-specific activities (such as supporting specific research topics), with the remaining funds unrestricted. Carnegie Science also relies on government and private research grants and contracts (primarily from the federal government) to support specific research projects and activities. Comprehensive information is not readily available on how Carnegie Science has funded previous facility construction projects.

Certain Capital Projects Are Excluded From State Appropriations Limit (SAL). As we noted in our recent report The State Appropriations Limit, the California Constitution limits the amount of revenue the state can appropriate each year. The state, however, can exclude appropriations for certain capital outlay projects from the SAL calculation.

For this purpose, state law defines a capital project to be an appropriation supporting a fixed asset with a useful life of 10 or more years and a value of at least $100,000.

GOVERNOR'S 2022-23 BUDGET PROPOSALS

The Governor's Budget proposes the following:

- $3 million ongoing General Fund for CELL. Of this amount, $2 million would restore CELL's ongoing base to its pre-pandemic level of $10 million. According to the administration, this restored base would allow the program to offer more grants, support more professional development, resume efforts to develop its "best of" library, and host intersegmental convenings on effective pedagogical practices. The remaining $1 million would support the expansion of a free, online, adaptive learning homework system. The existing system, which was developed by faculty at UC Davis, CSU San Bernardino, and Mendocino College for introductory chemistry, was supported by a one-time CELL grant. According to CELL staff, the ongoing funding would enable faculty to expand the system for more chemistry courses and STEM subjects, as well as improve the system's current functionality.

- $30 million one-time General Fund for the Golden State Awards. The initiative would support at least 20 awards to individuals or teams at, or associated with, the public higher education segments who have developed or are developing innovative practices. Unlike past innovation award programs, this initiative not only would aim to improve student outcomes but also could cover any activity deemed innovative and high impact, including, but not limited to, programs that improve student outcomes, research on climate change, and research on low-carbon industries. CELL would administer the grant program, with oversight from a 12-member grant selection committee, with 10 members appointed by the Governor, 1 member by the President pro Tempore of the Senate, and 1 member by the Speaker of the Assembly. CELL would have three years to award the funds and would be required to report by January 1, 2026 on how the awards were allocated.

- $20 Million one-time General Fund to support a grant to Carnegie Science for a research hub facility. No other detail is provided for this proposal in budget or trailer language. According to information released by the institute, the proposal would support the construction of a 135,000 square foot facility in Pasadena. The building would co-locate the institute's global ecology, plant biology, and embryology departments. (The first two departments currently are located in Stanford and third department currently is located in Maryland.) The administration states that the total cost of the project is expected to be $120 million and that the institute currently is raising private funding to cover the remaining $100 million in project costs. No information was provided on the project's timeline. This proposal is included in the Governor's package of climate change proposals.

LAO ASSESSMENT AND RECOMMENDATIONS

CELL Assessment

Campuses Already Have Been Expanding Online Course Development. As we noted in past years, (for example, in our brief The 2018-19 Budget: The California Education Learning Lab), CELL's core mission overlaps with activities campuses already are undertaking. As part of the base ongoing support they receive from the state, campuses already are expected to develop online content, provide faculty professional development, and improve student outcomes. Moreover, beyond base support, the state provides each segment with targeted ongoing funding specifically for online course development and related faculty professional development. The state also provides funding to CSU and CCC for activities intended to boost student outcomes and close achievements gaps between certain student groups. Given the numerous existing activities that already are occurring across the three public segments (happening on a much larger and broader scale), the advantage of augmenting a small, separate program is unclear.

Pandemic Is Accelerating Campus Efforts to Increase and Improve Online Course Content. When the state first provided CELL $10 million in the 2018-19 budget, campuses had not yet experienced the rapid transition to remote instruction brought on by the COVID-19 pandemic. Since the start of the pandemic in early 2020, campuses and faculty have devoted more resources and attention to online education. Over the past two years, campuses also have allocated a portion of their COVID-19 related federal relief funds to improve their online courses and support associated faculty professional development. Moreover, campuses indicate that they have been more closely examining their online courses and seeking to sustain lessons learned over the past couple of years. Given the enhanced level of campus engagement with online education since the onset of the pandemic, the administration has not made a strong case to restore CELL's budget to its pre-pandemic level.

CELL Has Flexibility to Scale Promising Initiatives From its Base Funding. To the extent CELL identifies promising new course content or other effective interventions, it has discretion to prioritize its $8 million in base support to further scale those efforts. Given this flexibility, the administration has not made a strong case to provide CELL augmentations for specific initiatives.

CELL Recommendation

Reject Proposal. Given the issues we discussed above, we recommend rejecting the proposed $3 million augmentation for CELL. In lieu of augmenting CELL's budget, the Legislature could redirect the funds toward its other ongoing higher education budget priorities, including those aimed at expanding access to higher education or improving student outcomes.

Golden State Awards Assessment

Innovation Awards Have Unclear Statewide Benefit. Past innovation award initiatives have had a few basic shortcomings—all of which also apply to the Governor's new award initiative. One shortcoming is the initiative would provide relatively large sums to a small number of recipients without any clear mechanism for disseminating best practices. A related shortcoming is that the initiative is unclear in how selected activities would be sustained and scaled, in turn potentially creating considerable future cost pressure for the state. A third shortcoming is that the added value of rewarding existing activities potentially begun without state direction, funding, or reporting is questionable.

Proposed Award Initiative Lacks Focus. Though innovation award initiatives by design are problematic, the Governor's proposal is especially concerning given its broad scope ranging from higher education to climate change to any other area of interest to the administration. This lack of focus almost certainly would undermine the initiative's ability to meaningfully impact any one area. The broad scope also means the program likely overlaps with other existing state efforts. For example, the state has funded research on climate-related issues through other programs and departments.

Golden State Awards Recommendation

Reject Golden State Awards. Given its fundamentally poor design, we recommend the Legislature reject the proposed $30 million General Fund and redirect the funds toward other high one-time priorities.

Carnegie Institute Assessment

No Guarantee Institute's Research Would Align With State Efforts. As we noted in our recent post The 2022-23 Budget: UC Climate-Related Proposals, the state in recent years has sought to coordinate various climate change mitigation and activities, including research, among its various environmental protection and natural resource agencies. This is because of the multifaceted nature of climate change, which touches on many areas of state government. The Legislature, however, has no guarantee that the research at the proposed facility would align with state research priorities or be coordinated with other state efforts. As a private entity, Carnegie Science would have flexibility to set its own research agenda based on its priorities, as well as the priorities specified from private donors and government grants and contracts. Moreover, the Legislature would have no recourse to hold the private entity accountable were the research not to meet state objectives.

State Has Many Higher Capital Priorities. For example, UC estimates having a facility maintenance backlog of $7.3 billion, as well as an approximately $15.5 billion cost to bring all of its academic facilities up to seismic standards. Some of these renovations and seismic upgrades involve UC's research facilities. The state's total deferred maintenance and seismic renovation need across all agencies is far greater than just the UC amounts, though an exact estimate statewide is not available. Addressing critical maintenance and seismic renovation projects across state agencies are important budget issues as they involve mitigating life-safety hazards, avoiding disruptions to state programs, and minimizing future escalation in repair costs. These projects also qualify as SAL-excludable. In light of these critical state facility issues, funding the construction of a private facility that houses nonstate activities is particularly questionable.

Carnegie Institute Recommendation

Weigh Proposal Against Other Climate Change and Capital Priorities. Given the issues raised above, we recommend the Legislature weigh this proposal against its other climate change and capital priorities and consider alternatives to funding a portion of the nonprofit institute's new facility. For example, were the Legislature interested in funding more climate change research, it could redirect the funds to other existing state climate change research initiatives. Alternatively, if the Legislature wants to support more SAL-excludable capital projects, it could redirect the funds to high-priority state capital projects. (Were the Legislature to redirect the funds to an activity that is not SAL-excludable, it likely would want to identify a like amount of funding for other excludable capital projects to meet the SAL expectation.)

Ensure Any State Funding in This Area Is Connected to State Objectives. After weighing these alternatives, if the Legislature still deems the Carnegie Science project to be a high priority, we recommend adopting three modifications. First, we recommend adopting intent language clarifying that the research at the facility is to assist the state in attaining its greenhouse gas reduction goals and support its climate change adaptation efforts. Second, we recommend adopting intent language specifying that Carnegie Science, rather than the state, will be responsible for covering any unanticipated project costs or shortfalls in private donations. Third, we recommend requiring OPR (as the agency administering the funds) to report on the Carnegie Science facility upon its completion. At a minimum, this report should include (1) a summary of the construction project's scope, timeline, and costs; and (2) a description of the specific research activities at the facility and how these activities will support state climate change mitigation and adaptation efforts. These modifications would offer the Legislature better information as to the statewide benefit of supporting the construction of the new facility.

STAFF COMMENT

These proposals were also discussed last month in Subcommittee No. 4, where it was noted that the Office of Planning and Research has become the host of a disparate group of programs that are difficult to track for the Legislature and unknown to many stakeholders.

Regarding the California Education Learning Lab, the lab has outcomes it can point to, such as creating new and innovative STEM courses and bringing together groups of faculty from different segments. The proposal includes some specific actions to be undertaken with new funding; the Subcommittee could ensure that there is increased focus on scaling up proven courses or programs throughout the state's higher education segments.

Staff notes that the Subcommittee has received at least seven letters from faculty across all three public segments who support the Governor's proposal.

Regarding the Golden State Awards, this Subcommittee has generally opposed similar proposals in the past, based on concerns raised by the LAO. Numerous campuses have just spent the past two years innovating almost every aspect of their academic and support services to students; the Subcommittee could consider whether there are other priorities for this funding.

Regarding the Carnegie Science project, OPR would essentially act as a pass-through agency to this project, which would in turn support a facility for a non-profit. This may be a worthy project, but the Subcommittee could also consider other capital outlay projects.

Staff Recommendation: Hold open until after the May Revision.

0954 SCHOLARSHARE INVESTMENT BOARD

ISSUE 3: CALKIDS IMPLEMENTATION

The Subcommittee will discuss the Governor's Budget proposals to support the California Kids Investment and Development Savings (CalKIDS) Program. The proposals include $238,000 ongoing General Fund and two positions for the Scholarshare Investment Board (SIB), $5 million ongoing General Fund for financial literacy outreach, $4 million one-time General Fund in 2022-23 to notify participants in grades 1 through 12 of their CalKIDS accounts, $400,000 ongoing General Fund beginning in 2023-24 to notify each incoming cohort of first graders, and $1 million one-time General Fund in 2022-23 for a short-term marketing campaign to increase awareness of the CalKIDS program upon its launch. Additionally, a Spring Finance Letter requests $336,000 ongoing General Fund to support increased information technology costs for the program.

PANEL

- Gabriela Chavez, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Stanley Zeto, Scholarshare Investment Board

BACKGROUND

State Created CalKIDS Program in 2019-20 to Serve All Newborns. Under the original program, the state is to open a college savings account for every newborn in California and provide a seed deposit of at least $25 in each account. The 2019-20 budget provided $25 million one-time General Fund to SIB to launch the program. This funding was deposited into the newly created CalKIDS Program Fund, from which funding is continuously appropriated. While the program was intended to serve all children born on or after July 1, 2020, the eligibility date was postponed in the 2021-22 budget to a SIB-determined date no later than July 1, 2022. The 2021-22 budget also provided $15.3 million ongoing General Fund to SIB to support deposits for future cohorts of newborns. Upon launching, the program is expected to enroll approximately 450,000 newborns annually.

2021-22 Budget Added Low-Income Public School Students to Program. The 2021-22 budget also added a new component to the CalKIDS program. Under this new component, the state is to open a college savings account for every low-income public school student (as identified under the Local Control Funding Formula) in grades 1 through 12 and provide a deposit of $500 in each account. Students qualify for an additional $500 deposit if they are foster youth and an additional $500 deposit if they are homeless (for a maximum deposit of $1,500). The budget provided $1.8 billion one-time federal American Rescue Plan Act funds and $92 million one-time General Fund to provide these deposits in 2021-22. Similar to the accounts for newborns, SIB anticipates opening the accounts for low-income public school students before July 1, 2022, with an associated 3.5 million students added to the CalKIDS program.

Budget Agreement Also Added Future Cohorts of Low-Income First Graders. The 2021-22 budget agreement also included $170 million ongoing General Fund beginning in 2022-23 to provide deposits for each incoming cohort of first graders. The Governor's 2022-23 budget includes these funds. The eligibility criteria and award amounts will be the same for public school students in 2021-22—meaning each low-income first grader will receive a deposit of $500, and first graders who are foster youth or homeless will receive additional $500 deposits. The state will add these deposits to the existing CalKIDS accounts of any first graders who had an account created as a newborn, and it will create new accounts for any first graders who do not already have one. Approximately 320,000 first graders annually are expected to receive these deposits.

State Has Provided Some Resources for Program Administration. In addition to the funding provided for the college savings accounts, the 2021-22 budget included an ongoing augmentation of $700,000 to SIB for CalKIDS administrative costs. Based on data from the administration, SIB is planning to use these funds for various expenses, including staffing and contract services. (Most notably, SIB intends to contract for the IT platform it will use to administer the program.) SIB has had one staff position partially dedicated to CalKIDS since the program was first created in 2019-20. The 2021-22 budget did not add any positions.

GOVERNOR'S 2022-23 BUDGET PROPOSAL

The Governor's Budget proposes $238,000 ongoing General Fund and two positions (associate governmental program analysts) to administer the CalKIDS program. The positions would have various responsibilities, including but not limited to compiling and analyzing participant data, conducting marketing and outreach, assisting with regulations, and communicating with stakeholders.

As Figure 5 shows, the Governor also has three proposals related to CalKIDS outreach. First, the Governor proposes $5 million ongoing General Fund for financial literacy outreach to inform CalKIDS participants and their families of the long-term benefits of saving for college. Second, the Governor proposes $4 million one-time General Fund in 2022-23 to notify participants in grades 1 through 12 of their CalKIDS accounts, as well as $400,000 ongoing General Fund beginning in 2023-24 to notify each incoming cohort of first graders. Third, the Governor proposes $1 million one-time General Fund in 2022-23 for a short-term marketing campaign to increase awareness of the CalKIDS program upon its launch.

Figure 5

Governor Has Three CalKIDS Outreach Proposals

General Fund (In Millions)

	2022-23	2023-24[a]
Participant financial literacy	$5.0	$5.0
Participant notifications	4.0	0.4
Marketing campaign	1.0	—
Totals	**$10.0**	**$5.4**

[a] Reflects ongoing funding level.

CalKIDS = California Kids Investment and Development Savings Program.

Additionally, a Spring Finance Letter requests $336,000 ongoing General Fund to support costs for an integrated recordkeeping platform and critical IT needs for the CalKIDS program.

LAO ASSESSMENT AND RECOMMENDATIONS

Assessment

Assessment Proposed Positions Are Linked to New Workload. While the CalKIDS program was originally intended to serve newborns, the 2021-22 Budget Act significantly expanded the size and complexity of the program by adding a new component serving 3.5 million public school students, as well as an estimated 320,000 first graders annually in future years. In addition to opening accounts and providing deposits, SIB needs to oversee the accounts until each cohort reaches college age, as well as make payments from the accounts at that time. (Under state law, any unspent funds in a participant's account are to revert to the CalKIDS program when the participant reaches age 26, unless an appeal is submitted.) Given the ongoing workload associated with these changes, we think it is reasonable to increase staffing at SIB. The administration has provided a workload analysis justifying both proposed positions.

Some Outreach Is Needed if Program Is to Meet Its Objectives. The CalKIDS program is intended to expand college access, particularly for low-income students. In order for the program to have the intended effect, participants and their families need to know about their CalKIDS account and any deposits from the state, as well as how they can contribute their own funds toward saving for college. Statute already requires SIB to provide notifications containing this information to the parents of newborns. At a minimum, the state would likely want SIB also to provide such notifications to the families of participants in grades 1 through 12 and to each new cohort of participating first graders. Additional outreach efforts, if designed well, could also have potential benefits. For example, SIB intends to use a portion of the proposed funds for a marketing campaign, potentially including television announcements, online advertisements, and social media. These channels could potentially reach some families who do not receive (or disregard) the participant notifications.

Opportunity Exists to Better Coordinate Proposed Outreach Initiatives. The Governor's three outreach proposals have similar purposes. The participant notifications and marketing campaign are designed to make participants aware of their accounts, while the financial literacy outreach initiative is intended to inform participants of the benefits of those accounts (for example, by introducing participating families to the concept of compound interest). Incorporating these separate components into one initiative could provide a more coordinated message to students and their families—simultaneously notifying them of their accounts and informing them of the associated benefits. A consolidated approach could also reduce duplication across initiatives, potentially leading to lower overall costs.

Funding for Certain Outreach Activities Has Not Yet Been Justified. In particular, limited justification has been provided for the financial literacy outreach funding. The administration indicates this initiative would allow SIB to produce informational materials, translate those materials into various languages, update the program website, and provide other financial literacy activities to participants and their families. However, the proposed funding level is not linked with the cost of these activities. Instead, the administration determined the proposed funding level based on the combined one-time cost of the other two initiatives (participant notifications and marketing campaign). In addition, while the proposed funding is ongoing, several of the proposed activities (including producing initial informational materials and updating the website) would be one time.

Recommendations

Approve Two Positions and Associated Funding. Given the workload increases associated with the recent expansion of the CalKIDS program, we recommend approving the two positions proposed in the Governor's budget and the associated funding.

Modify Outreach Proposals. Rather than funding separate initiatives for financial literacy outreach, participant notification, and marketing, we recommend creating one combined initiative. Within that initiative, we recommend providing at least the proposed $4 million one time and $400,000 ongoing for participant notification, as participants and their families need a basic level of awareness of their CalKIDS accounts for the program to have its intended effect. The Legislature could also consider including the proposed $1 million one-time General Fund for a short-term marketing campaign to further increase program awareness. However, we recommend withholding action on the proposed $5 million ongoing for financial literacy outreach and requesting the administration develop a more detailed proposal. Such a proposal would identify the specific financial literacy outreach activities that would occur, the estimated cost of those activities, the duration of those costs (one time vs. ongoing), and any opportunities to coordinate or consolidate these outreach activities with the related participant notification and marketing activities.

The LAO does not yet have a recommendation regarding the Spring Finance Letter.

STAFF COMMENT/POTENTIAL QUESTIONS

The CalKIDs program was created in part through discussions in this Subcommittee, which has supported the concept of college savings programs in multiple ways. Previous budgets provided one-time funding for local college savings programs, in addition to the statewide program.

Staff concurs with the LAO recommendation that new staff seem warranted for the expanded CalKIDS program. Staff also agrees with the LAO's assessment of the various outreach proposals. Outreach is a critical component of this program, and therefore it is reasonable to consider funding for outreach efforts. But the department's proposal may be too bifurcated, and the financial literacy proposal needs to be more clearly described.

The Subcommittee could consider further support for local programs as well, which often provide college savings accounts for youth, and other locally-based support services for youth and their families. A coalition of local programs is seeking $50 million in one-time funding to further expand their programs.

1701 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

ISSUE 4: STUDENT LOAN BORROWER ASSISTANCE

The Subcommittee will discuss the Governor's Budget proposal and Spring Finance Letter to provide $10 million one-time General Fund to assist California student loan borrowers in understanding their rights and options, as well as understanding where to go for additional assistance.

PANEL

- Andrew Hoang, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Suzanne Martindale, Department of Financial Protection and Innovation

BACKGROUND

Many Californians Have Student Loan Debt. In California, 3.9 million individuals owe a combined $145 billion in federal student loan debt. (The federal government issues the vast majority of student loans, with the remainder coming from private lenders including financial institutions.) Although the federal government suspended repayment on student loans at the onset of the pandemic in March 2020, repayments are scheduled to resume in May 2022. There are several repayment options for federal student loans— including four income-driven repayment plans in which a borrower's monthly payment is capped at a certain percentage (between 10 percent and 20 percent) of their discretionary income, and any loan balance that remains after a set repayment period (between 20 and 25 years) is forgiven.

Borrowers Unable to Repay Loans Risk Going Into Default. If a borrower does not make payments for a certain time period (typically nine months for federal student loans), the loan goes into default. Borrowers who default on their loans can face various consequences, including collection fees, wage garnishing, reduced credit scores, and loss of access to additional student financial aid. The U.S. Department of Education reports that 7.3 percent of borrowers nationally who entered repayment on their federal student loans in 2017-18 defaulted within three years. (This rate may be artificially low, as the three-year window includes six months during which repayments were paused under the pandemic. The three-year default rate for the 2016-17 cohort was 9.7 percent.) The default rate in California is somewhat lower than the national average. Based on U.S. Department of Education data, we estimate that the three-year default rate was approximately 6 percent among borrowers in the 2017-18 cohort who attended California institutions.

Certain Groups of Borrowers Have Relatively High Default Rates. National studies have found that student loan default rates are higher for students who do not complete a college degree or certificate, compared to students who do complete. As Figure 6 shows, default rates also vary by segment of attendance, with borrowers attending community colleges and for-profit institutions more likely to default. Moreover, research has found notable demographic disparities. For example, a 2019 study from the Federal Reserve Bank of San Francisco and the San Francisco Treasurer's Office of Financial Empowerment found that the percentage of student loan borrowers in default was nearly three times as high in Bay Area neighborhoods in the lowest income quintile (15 percent) compared to those in the highest income quintile (5.6 percent). The study further found that default rates were considerably higher in Bay Area neighborhoods with higher percentages of Black and Hispanic residents

Figure 6

Default Rate Varies by Segment

Estimated Three-Year Default Rate for 2017-18 Cohort[a]

Segment	Default Rate
California Community Colleges	13%
Private for-profit	9
California State University	3
Private nonprofit	3
University of California	2
State Total	**6%**

[a] Percent of borrowers entering repayment on federal loans during federal fiscal year 2017-18 who defaulted by September 30, 2020. Reflects LAO estimates based on the U.S. Department of Education's Official Cohort Default Rates for Schools.

DFPI Regulates Student Loan Servicers and Receives Borrower Complaints. Broadly, DFPI provides consumer protection and oversight of financial service providers. As part of this work, DFPI regulates student loan servicers—the companies the federal government assigns to manage billing and payments on student loans. Recently, Chapter 154 of 2020 (AB 376, Stone) also created a student loan ombudsman under DFPI. The ombudsman's duties include receiving and reviewing complaints from student loan borrowers, providing information to the public regarding borrowers' concerns, and monitoring the development of relevant federal and state policies, among other activities.

Students Also Receive Information on Borrowing From Various Other Sources. The U.S. Department of Education provides mandatory entry and exit counseling to all federal student loan borrowers. These online sessions provide information on student budgets, loan terms, repayment, and default. Many colleges and universities also offer financial literacy services that cover student loans, among other topics. In addition, the state provides funding to the Bureau of Private Postsecondary Education (through the

Office of Student Assistance and Relief) to offer outreach on student loans and other topics to prospective, current, and former students of private colleges and universities

GOVERNOR'S 2022-23 BUDGET PROPOSAL

The Governor's Budget proposes $10 million one-time General Fund to the Department of Financial Protection and Innovation to launch a communications, education, and outreach campaign to assist California student loan borrowers in understanding their rights and options, as well as understanding where to go for additional assistance. A Spring Finance Letter provided further detail on how funding would be utilized. The proposal would:

- Provide $5 million to create a statewide communications campaign to inform student borrowers about critical deadlines, repayment options, provide general information, and also help identify when issues with student loan servicers need to be reported to the Department.

- Provide $4.25 million to support a grant program to help expand grassroots efforts to educate and assist student borrowers and provide access to legal aid groups and community-based organizations. Proposed budget bill language would allow grantees to use the funds to design, develop, or offer financial education content, as well as provide individualized financial coaching or legal services.

- Provoide $750,000 for DFPI to administer the marketing campaign and grant program. A portion of the activities across the components would be targeted toward borrowers who qualify for the Public Service Loan Forgiveness program (a federal program that forgives loan balances after ten years for borrowers who work for a public or nonprofit employer). All of the proposed funds would be available for expenditure through June 30, 2024.

LAO ASSESSMENT AND RECOMMENDATION

Assessment

Governor's Student Loan Proposal Lacks Clear Problem Definition. The Governor's proposal does not clearly identify the problems facing student loan borrowers, including those at risk of delinquency or default. In particular, it is unclear whether borrowers have difficulty with repayment because they lack information on their repayment options or because of other barriers, such as an inability to pay. As a result, it is difficult to assess whether the Governor's proposal—which focuses on providing information—addresses the problem. Moreover, borrowers already receive information on loans and repayment from various other sources. For example, the U.S. Department of Education provides mandatory entrance and exit counseling to all federal student loan borrowers, and many colleges and universities also offer financial literacy services that cover student loans, among other topics. The administration has not identified what information gaps, if any, exist.

Proposed Borrower Assistance Activities Could Duplicate Existing Efforts. Several activities included in the Governor's proposal appear to duplicate existing efforts to assist student loan borrowers. One area of duplication is that the proposal would create a borrower-facing website to provide information on student loans, even though the U.S. Department of Education already maintains such a website. The proposal also would provide grants to organizations to develop and offer financial education content, even though other organizations (including colleges and universities) already provide such content. In addition, the proposal would provide targeted outreach to borrowers eligible for the Public Service Loan Forgiveness program, even though the 2021-22 federal budget provides $2.3 million to the U.S. Department of Education for a similar purpose.

Some Proposed Activities Are Not Well-Suited for One-Time Funds. Providing accurate and timely information related to student loans is an ongoing activity, with a new cohort of borrowers entering repayment every year. The Governor's proposed marketing campaign and grant program, however, would primarily reach current borrowers in the near term. Notably, the Governor's proposal also does not specify that organizations receiving grants to provide individualized financial coaching or legal services have a plan for sustaining those activities after the proposed funding expires. Overall, using one-time funds for such purposes could result in a short-lived impact, while creating pressure for the state to provide additional funding for these activities in the future.

Federal Changes Affect Need for Additional Borrower Assistance in Near Term. At the start of the pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act suspended repayment on federal student loans for six months. Since then, the federal government has extended this suspension six times, most recently on April 6, 2022. It remains uncertain whether repayments will resume on the currently scheduled date (September 1, 2022), or if the date will be further postponed. If the suspension of repayments is further extended into 2022-23, additional assistance related to student loan repayment would become less relevant during that fiscal year.

State Appropriations Limit (SAL) Places Constraints on New Spending. As we discuss in *The 2022-23 Budget: State Appropriations Limit Implications*, the state could face a budget problem over the next few years. If the economy continues to grow, the state likely will not be able to afford its current spending base and constitutional requirements. If the economy does not continue to grow, the state would experience revenue shortfalls. In either of these scenarios, the state could need to reduce existing ongoing services to balance the budget in future years. Given this overarching budget issue, the Legislature will want to be cautious about approving new discretionary spending in 2022-23, including but not limited to the Governor's student loan borrower assistance proposal.

Recommendation

Reject Proposal. Given all the reasons discussed above, we recommend rejecting the proposed $10 million one-time General Fund for student loan borrower assistance. We recommend saving these funds to address anticipated budget challenges over the next few years.

STAFF COMMENT

While increasing awareness and understanding of student loans is a worthy goal, it is unclear how effective a statewide public relations campaign would be, or what types of activities locally-funded programs would conduct.

This one-time funding could be used in numerous ways to support college affordability, such as emergency financial aid or microgrant programs that help students clear institutional debt. The Subcommittee should weigh this proposal against other priorities.

Staff Recommendation: Hold open until after the May Revision.

6100 DEPARTMENT OF EDUCATION

ISSUE 5: COMMUNITY SCHOOLS

The 2021-22 Budget Act included a historic, one-time investment of $3 billion in Community School models. This panel will review the implementation status for these prior year investments, as well as recommended policy changes to the program in the Governor's Budget.

PANEL

- Paula Fonacier Tang, DOF
- Michael Alferes, LAO
- Steve Zimmer, California Department of Education (CDE)
- Karen Hunter Quartz, UCLA Center for Community Schooling
- Alison Yoshimoto-Towery, Los Angeles Unified School District

BACKGROUND

According to CDE and the State Board of Education's recently adopted community schools framework, a community school is a "whole-child" school improvement strategy where the local educational agency (LEA) and school(s) work closely with teachers, students, and families. Community schools partner with community agencies and local government to align community resources to improve student outcomes. These partnerships "provide an integrated focus on academics, health and social services, youth and community development, and community engagement." Many community schools operate year-round, morning to evening, and serve children and adults. Community schools often serve neighborhoods where economic and social barriers to learning are prevalent.

Healthy Start model

The Healthy Start Support Services for Children Act (Healthy Start Initiative) was established in 1991, and provided comprehensive, school-community integrated services and activities to improve the lives of children, youth, and families. The services included health, dental, and vision care; mental health counseling; family support and parenting education; academic support; health education; safety education and violence prevention; youth development; employment preparation; and others—serving as the seed funding for most existing Community School models in California. The Healthy Start Initiative provided grants to local education agency partnerships for program development and implementation. Schools with 50 percent of the students eligible for free and reduced meals in the lower grades, and 35 percent eligible in middle through high schools were eligible for the competitive grant. In addition, English learners were a

targeted population. Planning, operational, and combined grants that included planning and implementation activities were awarded to local educational agencies and their collaborative partners for locally coordinated, school-linked services.
The Healthy Start Initiative was designed to do the following:

- Ensure that each child receives the physical, emotional, and intellectual support that he or she needs-in school, at home, and in the community-to learn well.
- Build the capacity of students and parents to be participants, leaders, and decision makers in their communities.
- Help schools and other child and family-serving agencies to recognize, streamline and integrate their programs to provide more effective support to children and their families.

The CDE administered Healthy Start and awarded two-year planning, five year operational, and seven-year combined planning and operational grants to LEAs. Healthy Starts developed community partnerships with public and private partners to deliver coordinated physical and mental health services to children and their families. These services were provided to students at the school site or at other district locations. After the Healthy Start grants expired, LEAs were expected to sustain the partnerships, programs, and services through other funding sources. State funding for the Health Start Initiative funding was eliminated in 2007. Some community school models found other funding sources to maintain services, including MediCal LEA billing (MAA), local First 5 funding, and other local health and community partnership funding. A total of 823 Healthy Start planning grants, 651 operational grants, and 19 combined grants were awarded during the Initiative's existence, impacting over 1,500 school sites.

The California Community Schools Partnership Program

The final 2020-21 Budget Act authorized the initial California Community Schools Partnership Program (CCSPP) grants and appropriated $45 million in one-time federal relief aid from the Elementary and Secondary School Emergency Relief Fund, with the intent to support existing Community School models during the COVID-19 pandemic.
According to CDE and the Budget Act, grant funding may be used for any of the following purposes:

- Expanding and sustaining existing community schools
- Coordinating and providing health, mental health, and pupil support services to pupils and families at community schools
- Providing training and support to local educational agencies (LEAs) personnel to help develop best practices for integrating pupil supports.

Applicants are also required to include four key pillars in their community school model, which are aligned and integrated into high-quality, rigorous teaching and learning practices and environments:

- Integrated support services;
- Family and community engagement;
- Collaborative leadership and practices for educators and administrators; and
- Extended learning time and opportunities.

According to CDE, 102 LEAs applied for this initial program, for a total of $167.5m in funding. 20 LEAs received awards.

Community Schools At Scale. The final 2021-22 Budget Act appropriated $3 billion through June 2028 to plan for, implement, expand, and sustain Community school models across the state. This investment marks the largest investment in school transformation through community schools strategies in the nation. The California Community Schools Partnership Act prioritizes school sites whose unduplicated count exceeds 80 percent of the overall enrolled student body.

Based on statute and feedback ascertained through a facilitated community input process, the CDE drafted the California Community Schools Framework (Framework) which outlines California's intentional approach to community schools as a school transformation approach rooted in equity and charged with changing outcomes for students most impacted by present and historical educational disparities. The SBE approved the proposed Framework at its January 2022 meeting, which supplements state statute on program design.

Under the new investment, Community schools continue to include four evidence-informed programmatic features, which are aligned and integrated into high-quality, rigorous teaching and learning practices and environments:

- Integrated support services;
- Family and community engagement;
- Collaborative leadership and shared decision-making; and
- Extended/expanded learning time and opportunities.

While aligning governmental and community resources is central to the community schools approach, elevating the assets and meeting the needs of children by building a positive school climate through trusting relationships, combined with rich learning opportunities that prepare all students to succeed in life, is the foundation of the program.

Notably, the Community Schools RFA emphasizes that the funding is not for program, but rather for an equity-enhancing strategy that aligns with and can help coordinate and extend a wide range of state, district, and school site initiatives. These initiatives include new state investments in youth-focused behavioral health, nutrition, universal prekindergarten, and expanded learning, as well as ongoing efforts involving Multi-Tiered System of Supports, social-emotional learning, college and career readiness, and school improvement.

Planning Grants. The California Community Schools Partnership Program will offer two rounds of planning grants. Grantees in the current round will be designated Cohort 1, with grant awards approved by the SBE in May 2022. The RFA for the second round of planning grants will be posted in fall 2022. CCSPP planning grants are for LEAs with no existing community schools.

The CCSPP provides funding for a planning grant period beginning June 1, 2022, through June 30, 2024. Funds available to each applicant are based on the content and quality of the submitted application and proposed budget. The total grant budget for Cohort 1 planning grants is up to $134,741,350. According to statute, awards for the CCSPP planning grant shall not exceed $200,000 for a two-year period for LEAs.

Qualifying Entities are required to provide a local match equal to one-third of the CCSPP grant amount. The local match shall be contributed in cash or as services/resources of comparable value, as determined by the CDE.

According to the RFA, planning grant funding may be used for any of the following purposes:

- Staffing costs for a community school coordinator.
- Conducting a comprehensive school and community needs and asset assessment, including, but not limited to, student and community demographics, school climate, integrated support services, expanded learning time, family and community engagement, new or existing partnerships with governmental entities or community-based organizations, and available funding sources.
- Grant application support, service billing development, and other administrative costs necessary to launch a community schools model at scale.
- Partnership development and coordination support between the grantee and cooperating agencies.
- Providing training and support to LEA and cooperating agency personnel to develop best practices for integrating student supports.
- Preparing a community school implementation plan for submission to the governing board or body of the LEA and to the CDE.

Pursuant to the California EC Sections 8900–8902, the application scoring process will prioritize grant funding to qualifying entities that meet all of the following competitive priorities, not listed in any specific order of importance:

1. Applicants serving students in schools in which at least 80 percent of the pupil population are unduplicated pupils.

2. Applicants with a demonstrated need for expanded access to integrated services, including those disproportionately impacted by the COVID-19 pandemic.

3. Applicants that involve students, parents, certificated and classified school staff, and cooperating agency personnel in the process of identifying the needs of students and families, and in the planning of support services to be offered.

4. Applicants that commit to providing trauma-informed health, mental health, and social services for students within a multitiered system of support at or near the school site, and partner with other schools, school districts, county agencies, or nongovernmental organizations.

5. Applicants that commit to providing early care and education services for children from birth to five years of age, inclusive, through one or more LEAs or community-based organizations.

6. Applicants that identify a cooperating agency collaboration process, including cosignatories, a mechanism for sharing governance, and for integrating or redirecting existing resources and other school support services.

7. Applicants that identify a plan to sustain community school services after grant expiration, including by maximizing reimbursement for services from available sources, including, but not limited to, the LEA Medi-Cal Billing Option Program, School-Based Medi-Cal Administrative Activities program, and reimbursable mental health specialty care services provided under the federal Early and Periodic Screening, Diagnosis and Treatment program (42 U.S.C. Sec. 1396d(a)(4)(B)).

According to SBE approval in January 2022, the application scoring process will also prioritize grant funding to qualifying entities that meet the following competitive priority:

8. Applicants serving small and rural schools.

The CDE will provide an update on the Cohort 1 RFA application deadline and application demand in this hearing.

Implementation Grants. Pursuant to the Budget Act, up to seventy percent of total CCSPP grant funding ($2,011,914,800) is available for Implementation Grants for the 2021–22 through 2027–28 program years. As the name suggests, Implementation Grants are for conducting a Community Schools initiative on one or more eligible school campuses, and expanding the initiative to new schools for

LEAs that have existing community schools and want to expand, continue or add new schools to their community schools initiative are not eligible to apply for CCSPP Planning Grants and are encouraged to apply for a CCSPP Implementation Grant as part of this first cohort. LEAs may apply for implementation grant funding in each of the funding rounds to support the establishment of new community schools and/or expansion or continuation of their existing community schools.

The CCSPP will offer multiple rounds of implementation grants. Grantees in the current round will be designated Cohort 1, with grant awards to be approved by the SBE in May 2022. The RFA for the second round of implementation grants (Cohort 2) will be posted in fall 2022. To ensure that adequate funds are available for future rounds of implementation grants, the total grant budget for this RFA for Cohort 1 is up to $400,000,000.

Implementation grant funding to LEAs supporting community schools may be used for any of the following purposes:

- Staffing, including, but not limited to, a community school coordinator, and contractor capacity.
- Coordinating and providing support services to pupils and families at or near community schools, including through childcare, expanded learning time before and after school, and during school intersessions.
- Providing training and support to local educational agency personnel, and partner agency personnel on integrating school-based pupil supports, social-emotional well-being, trauma-informed practices, and establishing sustainable community school funding sources.
- Designing and executing community stakeholder engagement strategies.
- Ongoing data collection and program evaluations.

Statute dictates that awards shall not exceed $500,000 per school and that new community schools shall be funded for at least five years. Annual grant amounts will step down in year five by twenty-five percent to encourage LEAs to ensure sustainability after grants expire:

Enrollment Category	Annual Grant Amount *Years One through Four*	Annual Grant Amount *Year Five*	Total Grant Amount over Five Years
Very Small: 25-150 students	$150,000	$112,500	$712,500
Small: 151-400 students	$250,000	$187,500	$1,187,500
Medium: 401-1,000 students	$300,000	$225,000	$1,425,000
Medium/Large: 1,001-2,000 students	$400,000	$300,000	$1,900,000
Large: 2,001 or more students	$500,000	$375,000	$2,375,000

Source: CDE

Applicants are required to provide a local match equal to one-third of the total CCSPP implementation grant amount. The local match shall be contributed in cash or as services/resources of comparable value, as determined by the CDE.

The CDE will provide an update on the Cohort 1 RFA application deadline and application demand in this hearing.

The Governor's 2022-23 January Budget

The Governor's January Budget is requesting multiple changes to the authorizing statute for the existing $3 billion in California Community Schools Partnership Program funding:

- Allocates up to $60 million through 2027 for County Offices of Education to support community school initiatives in their region, in addition to the 5 Regional LEA leads across the state;
- Eliminates coordination grants scheduled to begin in 2024 for supporting post-implementation Community School initiatives;
- Adds pupil engagement requirements;
- Restricts the definitions of consortia, cooperating agencies, and qualifying entities;
- Clarifies allowable costs for implementation grant sustainability efforts;
- Expands evaluation requirements and reporting periods; and
- Provides various technical and clarifying amendments.

STAFF COMMENTS & QUESTIONS

The 2021-22 Budget Act committed historic funding amounts to a state-wide community schools approach, however, the design of current statute may not have benefited fully from the best practices and research on prior California community school initiatives:

Lessons Learned from Healthy Start. A 1996 longitudinal evaluation of the Healthy Start Initiative, conducted by Stanford Research Institute International (SRI) found improved student outcomes in reading, math, and student attendance. The SRI evaluation also recommended five policy changes to Healthy Start to strengthen the program (*emphasis* added by staff for recommendations not fully addressed in current Community Schools statute): 1) *Better integration of student services with direct instruction*, 2) Inclusion of parents and families in decision-making bodies, 3) Greater support for coordination time to manage and lead local initiatives and partnerships, 4) *Better follow-up for student service integration into a comprehensive service plan*, and 5) Recognize the trade-offs between single school and multiple-school LEA approaches in systems-change goals.

A 2011 white paper by the UC Davis Center for Community School Partnerships, CRESS Center (the original Healthy Start Initiative technical assistance provider) and the Partnership for Children and Youth, made further recommendations to strengthen the original Healthy Start model for future Community School initiatives: 1) *Limit grant funding to planning and coordination, rather than services*; 2) *Require LEA commitment beyond single-site models*, 3) *Encourage greater involvement from county health and human service agencies*, 4) *Require more intentional integration of plans for providing learning support services in to the educational systems at the school and district levels*, and 5) *Provide guidelines for tracking outcomes*.

They further recommend two state-level improvements to support local models: 1) *a state-level "Children's Cabinet" to improve interagency partnering at the state level,* and 2) *state guidance around best practices for local interagency partnerships*.

Effective Community School Policies. According to the *Community School Playbook*, published in partnership with the Learning Policy Institute and the Partnership for the Future of Learning: Community Schools are a place-based school improvement strategy in which "schools partner with community agencies and local government to provide an integrated focus on academics, health and social services, youth and community development, and community engagement." The Playbook provides recommendations for policymakers, particularly relevant to supporting new community school development (*emphasis* added by staff for recommendations not fully addressed in current Community Schools statute):

- Define community schools comprehensively, organized around four pillars;
- Specify the criteria by which schools will be selected for grants *and other types of support*;
- Provide specific language about the purpose of the four pillars, while allowing for flexibility in local implementation;
- Build a strong foundation by *specifying key aspects of implementation, including hiring a fulltime community school director for each school*, broad and deep engagement in an assessment/ planning process, and regular reporting around implementation and outcome metrics;
- *Support school transformation strategies aimed at improving teaching and learning, rather than simply focusing on out-of-classroom supports and activities*;
- *Invest in professional development to support collaborative leadership structures and practices and to encourage and facilitate cross-agency collaboration*;
- *Identify a leadership structure and clearly defined next steps, including—where there will be more than one community school*—language specifying a cross-sector steering committee or implementation team and a clear articulation of its authority. Baltimore and Los Angeles provide the best examples of this type of language;
- Ensure the participation of teachers, families, and communities at every stage of the process;
- *Address issues of interagency collaboration, including data sharing with appropriate privacy protections*;

• *Specify which entities will need to be involved for successful local implementation;* and
• *Invest in professional development to support continuous improvement*, the process that follows the broad and deep engagement in an assessment/planning process.
A common theme throughout the various community school analyses: As the state develops the regional and state infrastructure authorized in current statute, it will be crucial to address these best practices, and revisit local requirements as necessary to drive systems change and sustainability, as well as a community school approach that is integrated with school-day instruction, rather than merely a programmatic layer for out-of-school time.

Questions:

- What technical assistance infrastructure has CDE developed for supporting the expansion and sustainability of the Community Schools model?

- How is the Collaborative for Education Excellence and the state's Differentiated Assistance systems integrating support for a community schools approach?

- What lessons-learned from the Healthy Start initiative and other community school research should be added to the Community Schools program to support student outcomes and sustainability?

- In the midst of pandemic response, is the current timeline for planning and implementation of the community school approach too ambitious?

- How can the Community Schools model be sustainable without ongoing state funds?

Staff Recommendation: Hold Open.