

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2  
ON EDUCATION FINANCE**

**Assemblymember Kevin McCarty, Chair**

**THURSDAY, MAY 21, 2015**

**1:30 OR UPON CALL OF THE CHAIR - STATE CAPITOL ROOM 447**

6100 Department of Education  
6870 California Community Colleges  
Issue 1: Assembly Proposition 98 Package

5180 Department of Social Services  
6100 Department of Education  
Issue 2: Assembly Early Education and Child Development Proposal

**6100 DEPARTMENT OF EDUCATION**  
**6870 CALIFORNIA COMMUNITY COLLEGES**

**ISSUE 1: ASSEMBLY PROPOSITION 98 PACKAGE**

The Subcommittee will consider adopting the Proposition 98 Framework for the 2015 budget package.

**BACKGROUND**

The Assembly Proposition 98 package is built up the Governor's May Revision proposal, for both the K-12 programmatic areas and the Community Colleges. In general, the Assembly adopts the major elements identified in the May Revision but reflects a higher Proposition 98 guarantee level of \$69.1 billion in 2015 due to the assumption of the LAO revenue forecast.

**K-12 Education**

The major elements of the Assembly Plan for K-12 are:

- Provides higher levels of Local Control Funding Formula funding than the May Revision.
- Repays mandates at or above the May Revision, Subject of Final Scoring of the package.
- Career Technical Education - Approves the \$400 million proposed in the May Revision for Career Technical Education but allocates the funds on an ADA basis with no matching funds, with a requirement of development plans.
- Adult Education - Approves \$500 million for Adult Education proposed in the May revision and adopt placeholder trailer bill provisions.
- Special Education - Approve the \$64 million May Revision Plan with LAO Recommendation to make the funding for Office of Administrative Hearings one-time.
- Reject \$4.6 million in one-time funding augmentation for QEIA proposed by the Administration.
- Adopts language to require CDE to report on LCFF distribution annually.
- Makes the following augmentations in Proposition 98:
  - *Teacher Support/Professional Development.* Provides a combined \$190 million for the Peer Assistance and Review (PAR) and the Beginning Teacher Support and Assessment (BTSA) programs.

- *Foster Youth Alignment.* Provides \$30 million (with any federal matching funds) to expand the definition for Foster Youth Services to include youth living in relative foster care settings.
- *After School Education and Safety (ASES).* Provides \$50 million to raise the per student rate to assist with rising program costs and retain capacity.
- Makes the following non-Proposition 98 General Fund augmentations:
  - *CDE State Operations.* Provides \$1.2 million to allow the California Department of Education (CDE) to carry out its responsibilities, including additional support for a Standards Implementation Office.
  - *English Mastery Evaluation.* Provides \$1 million for LAUSD for an evaluation through UCLA of the English Mastery Program, with associated Budget bill language.

### **Community Colleges**

The major elements of the Assembly Plan for Community Colleges are:

- Approves 3% enrollment growth, as proposed by the May Revise.
- Approves the May Revise proposal for the Basic Skills and Student Outcomes Transformation Program.
- Provides \$39 Million Proposition 98 General Fund to augment Cal Grant B Access Awards for community college students who take 12 or more units.
- Approves the May Revise proposal for \$500 million Proposition 98 General Fund for adult education, and the trailer bill language, with minor changes.
- Provide augmentations to five categorical programs – the Fund for Student Success, the Extended Opportunity Programs and Services, Student Services for CalWORKs Recipients, Part-Time Faculty Office Hours, and the Child Care Tax Bailout – to restore the programs to pre-recession levels.

<b>STAFF COMMENTS</b>
-----------------------

This description is intended to provide an overview of the package. There are three attachments that provide detailed description of the elements of the package.

1. A matrix of detailed action on K-12 budget proposals and Trailer Bill is attached to more fully outline the Assembly Plan.
2. A chart of Community Colleges budget adjustments
3. A list of Community Colleges bullets.

The next issue, Early Education and Child Development, has some programmatic funding elements that are funded in Proposition 98 and conform to the overall plan contained in this issue.

---

**Staff Recommendation: Adopt Assembly Proposition 98 Plan**

---

**5180 DEPARTMENT OF SOCIAL SERVICES**  
**6100 DEPARTMENT OF EDUCATION**

**ISSUE 2: ASSEMBLY EARLY EDUCATION AND CHILD DEVELOPMENT PROPOSAL**

The Subcommittee will consider the Assembly plan for Early Education and Child Development.

**BACKGROUND**

The Assembly could improve the Governor's May Revision proposal by increasing funding for Early Education and Child Development programs. The State of California directly and indirectly funds 30 percent of all early care and child development capacity in the State. Despite the massive State divestment in these programs that took place during the Great Recession, the State's share of the overall child development market has actually increased. This occurred because families increasingly can't afford to pay for care and the existing providers have difficulty meeting increasing costs for operations. As a result less than half of all 3 and 4 year old children currently attend a preschool, head start, day care or nursery school program of any kind.

The Assembly is proposing a meaningful package of program improvements designed to be the first step in a multi-year investment strategy. Such an approach would improve access and quality of the existing system for the entire system and all families with children in care in California.

**STAFF COMMENTS**

The Subcommittee could consider adopting an Early Education and Child Development Package. This package is projected to cost \$605 million (\$452.4 General Fund and \$153.3 million Proposition 98) in the Budget Year, which would grow to \$975.7 million (\$779.4 million General Fund and \$196.25 Proposition 98) in 2016-17 and beyond. This comprehensive package would serve as meaningful step toward the goal of fully restoring funding for these programs, which would be well within reach. This proposal does not include moving any programs into the Proposition 98 Guarantee. The package contains the following provisions:

**Professionalizing Child Development Compensation:** Early Education and Child Development programs are run by professionals and have to meet the high standards set by the field and the families they serve. However, the pay for teachers in many of these programs are equivalent to the level of many entry-level unskilled occupations. The Assembly Plan seeks to remedy this challenge with the following approaches:

- 20 percent increase to the Statewide Reimbursement Rate for center-based care (effective January 1, 2016)

- Increase voucher child care rates at a similar amount by setting rates at the Regional Market Rate to 85<sup>th</sup> Percentile of the 2014 Survey with a 10 percent deficit factor (effective January 1, 2016).
- Increase the Licensed Exempt Rate to 70 percent of the 85<sup>th</sup> percentile (effective January 1, 2016)
- Adopt Trailer Bill Language to extend the collective bargaining process to Family Child Care providers.

**Increase Slots:** The Assembly Plan continues the rebuilding of the State's capacity with an additional 20,500 slots. These include:

- 10,500 Full-Day Preschool slots, with wrap-around care (Starting March 1, 2016)
- 10,000 Alternative Payment vouchered child care slots (Starting January 1, 2016)

**Improving Quality:** The Assembly Plan has large investments in the fundamental infrastructure necessary to build, improve, and maintain quality early education capacity at all levels. This multi-pronged approach contains several provisions:

- \$80 million of programmatic quality programs including:
  - \$25 million to Support the QRIS block grant expansion for infant and toddler providers: This proposal will build upon the ongoing Quality Rating and Improvement System (QRIS) block grant for the California State Preschool Program and set the stage for providing additional resources to state subsidized infant and toddler providers
  - \$30 million to Establish the Community College ECE Professional Development Consortium: This proposal will improve the quality and consistency of ECE professional training and education throughout the state and raise the quality of the education and care provided to children birth through five who are served in the community college laboratory schools. The Consortia will assess current community college early childhood instructional practices and practicum opportunities and support local implementation of evidenced-based professional preparation and development.
  - \$25 Million to Invest in local Professional Development opportunities for early care and education providers: This proposal builds upon the state's significant investment in K-12 professional development by providing professional development funds for state preschool and other subsidized child care programs, and includes incorporation of evidence-based practices, training and delivery, such as practice-based coaching, teacher-child interactions, mentoring and cohort-based programs.

- Increasing the Center Adjustment Factor Weightings for Infants and Toddlers, to encourage centers to offer these types of programs.
- Encouraging Full Day Care by allowing Centers to receive the Full Day Plus rate after providing care for over 9 hours (instead of 10.5).
- Stabilizing Alternative Payment Programs by restoring the Alternative Payment administration rate to its historic 20 percent level.
- Reinstating the \$10 million annual nutrition increment, this allowed early education programs to receive the same level of funding per meal as school site meals, so that these meals can be more nutritious.
- Appropriating \$300,000 for the Resource and Referral Networks to create a Consumer Education Website Statewide Database.
- Eliminating the Sunset on the San Francisco Child Care Pilot.
- Adopting stakeholder Trailer Bill language proposed by the Department of Finance.

**Increasing Eligibility:** The Assembly Plan seeks to increase access to Early Education and Child Development Programs by making the following changes:

- Increasing the maximum State Median Income threshold to 100 percent of the current State Median Income.
- Adopting trailer bill language to conform requirements on income reporting to other programs by limiting the reporting to changes of income of greater than 10 percent.
- Adopt Supplemental Reporting Language to analyze a refundable dependent care credit to increase access to child development programs for middle class families.

**Other:** The cost estimates for the Assembly Plan were based upon the Governor's May Revision caseload and federal funds assumptions; therefore the following actions on the May Revisions child development program provisions would be necessary to conform:

- Adopt Early Learning Challenge Grant language (Issues 802 and 803)
- Adopt Early Head Start Partnership Grant language (Issues 800 and 801)
- Reject the proposed provisional language for the Federal Child Care and Development Block Grant Determination and Funding Priorities (Issue 806) and the Infant and Toddler QRIS Language (Issue 807)—these are funded in the Assembly Plan so the language is not necessary.
- Adopt One-Time Quality Carryover (Issue 808)
- Adopt Adjust Federal Child Care Funds (Issues 811 and 813)

- Adopt Local Assistance, Adjust CalWORKs Child Care Caseload Funding (Issue 804)
- Adopt Adjust Cost of Full-Year Regional Market Rate Update Implementation (Issue 805)
- Adopt Adjust Child Care Programs for Growth (Issue 815)
- Adopt Adjust Child Care Programs for Cost-of-Living (Issue 817)
- Adopt Adjust 4,000 Full-Day State Preschool Wraparound Slots for Change in Cost-of-Living Adjustment (Issue 830)
- Adopt Adjust State Preschool for Growth (Issue 816)
- Adopt Adjust State Preschool for Cost-of-Living (Issue 818)

The following two issues would conform to actions taken in regards to Special Education:

- State Preschool Professional Development and Parental Information (Issue 809)
- Add Part-Day State Preschool Slots with Priority for Children with Exceptional Needs (Issue 828)

---

**Staff Recommendation: Adopt the Assembly Early Education and Child Development Plan**

---