

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****Assemblymember Kevin McCarty, Chair****WEDNESDAY, MAY 22, 2019****9:00 AM - STATE CAPITOL, ROOM 126**

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VOTE ONLY ITEMS**6870 CALIFORNIA COMMUNITY COLLEGES****VOTE-ONLY ISSUE 1: COLA AND TECHNICAL ADJUSTMENTS**

The May Revision includes numerous adjustments, including:

Budget Year, Local Assistance

Item 6870-101-0001, Apportionments Cost-of-Living Adjustment (COLA) (Issue 403)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$18,287,000 to reflect a 3.26-percent COLA.

Item 6870-101-0001, Enrollment Growth Adjustment (Issue 401)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$1,257,000 to reflect a revised estimate of the cost to maintain a 0.55-percent enrollment growth target in fiscal year 2019-20.

It is further requested that paragraphs (1) and (2) of subdivision (a) of Provision 2 of this item be amended as follows to conform to this action and the prior action:

“(1) Of the funds appropriated in Schedule (1), \$25,984,000 ~~\$24,727,000~~ shall be used to increase statewide growth of full-time equivalent students (FTES) by 0.55 percent.

(2) Of the funds appropriated in Schedule (1), \$248,293,000 ~~\$230,006,000~~ shall be used to reflect a cost-of-living adjustment of 3.46 ~~3.26~~ percent.”

Item 6870-101-0001, Hold Harmless for Student-Centered Funding Formula (Issue 457)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$50,633,000 to reflect a revised estimate of hold harmless funding for districts under the Student-Centered Funding Formula.

Item 6870-101-0001, Technical Base Apportionment Adjustments (Issue 431)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$99,795,000 to reflect various technical base apportionment adjustments.

Item 6870-101-0001, Net Offsetting Education Protection Account (EPA) Revenue (Issues 417 and 418)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$237,303,000 to reflect an increase in estimated net offsetting EPA revenue. It is also requested that corresponding adjustments be made to related non-Budget Act items.

Item 6870-101-0001, Net Offsetting Property Tax Revenue (Issues 419 and 421)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$76,673,000 to reflect a decrease in estimated net offsetting property tax revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Offsetting Student Fee Revenue (Issues 422 and 424)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$15,667,000 to reflect an associated increase in estimated offsetting student fee revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Apprenticeship Program COLA (Issue 405)—It is requested that Schedules (2) and (3) of Item 6870-101-0001 be decreased by \$89,000 and decreased by \$111,000, respectively, to align the projected related and supplemental instruction reimbursement rate with a revised estimate of the noncredit apportionment funding rate and COLA of 3.26 percent.

It is further requested that subdivision (b) of Provision 3 and subdivision (b) of Provision 4 of this item be amended as follows to conform to this action:

“3. (b) Pursuant to Section 79149.3 of the Education Code, the reimbursement rate shall be \$6.47 \$6.45 per hour.”

“4. (b) Pursuant to Section 8152 of the Education Code, the reimbursement rate shall be \$6.47 \$6.45 per hour.”

Item 6870-101-0001, Student Financial Aid Administration and Board Financial Assistance Program Funding (Issues 412 and 413)—It is requested that Schedule (5) of Item 6870-101-0001 be decreased by \$985,000 to reflect a decrease of \$490,000 for the Student Financial Aid Administration Program and a decrease of \$495,000 for the Board Financial Assistance Program. These adjustments reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived.

It is further requested that paragraphs (1) and (2) of subdivision (a) of Provision 6 of this item be amended as follows to conform to this action:

“(1) Not less than \$15,660,000 \$15,170,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of California College Promise Grants pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.

(2) Not less than \$15,832,000 \$15,337,000 is available for the Board Financial Assistance Program to provide reimbursement of 2 percent of total waiver value to community college districts for the provision of California College Promise Grants pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.”

Item 6870-101-0001, Disabled Student Programs and Services Program COLA (Issue 407)—It is requested that Schedule (6) of Item 6870-101-0001 be decreased by \$241,000 to reflect a 3.26-percent COLA for the Disabled Student Programs and Services Program.

Item 6870-101-0001, Student Services for CalWORKs Recipients Program COLA (Issue 409)—It is requested that Schedule (7) of Item 6870-101-0001 be decreased by \$91,000 to reflect a 3.26-percent COLA for the Student Services for CalWORKs Recipients Program. It is further requested that paragraphs (1) and (2) of subdivision (b) of Provision 8 of this item be amended as follows to conform to this action:

“(1) \$9,506,000 \$9,488,000 is for child care, except that a community college district may request that the chancellor approve the use of funds for other purposes.

(2) No less than \$5,070,000 \$5,060,000 shall be used to provide direct workstudy wage reimbursement for students served under this program, and \$634,000 \$633,000 is available for campus job development and placement services.”

Item 6870-101-0001, Increase Foster Care Education Program Funding (Issue 460)—It is requested that Schedule (8) of Item 6870-101-0001 be increased by \$400,000 to sustain program funding for foster and relative or kinship care education at current funding levels, due to a projected decrease of federal matching funds.

Item 6870-101-0001, Technical Adjustment for Realignment of Various Programs (Issue 400)—It is requested that Schedule (9) be decreased by \$25 million and Schedule (19) be increased by \$25 million to shift funding as a technical adjustment for the realignment of various programs within this item.

It is further requested that Schedule (9) be amended as follows to conform to this action:

(9) 5675039-Student Success and Support Program 5675109-Institutional Effectiveness
..... 52,500,000 27,500,000

It is further requested that paragraphs (1) and (2) of subdivision (a) of Provision 10 be eliminated and that subdivisions (e) and (f) be added to Provision 17 of this item as follows to conform to this action:

“(e) Consistent with the intent of Chapter 771 of the Statutes of 2014 and Chapter 772 of the Statutes of 2017, the chancellor shall enter into agreements with 20 community college districts to provide additional services in support of postsecondary education for foster youth. Up to \$20,000,000 of the funds shall be prioritized for services pursuant to Chapter 771 of the Statutes of 2014 and Chapter 772 of the Statutes of 2017. Further, the Chancellor shall ensure that the list of eligible expenditures developed pursuant to subdivision (d) of Section 78221 of the Education Code includes expenditures that are consistent with the intent of Chapter 771 of the Statutes of 2014 and Chapter 772 of the Statutes of 2017.

(f) \$5,000,000 of the funds shall be for support of Veteran Resource Centers. To the extent funding is provided in the annual Budget Act, the Chancellor shall only allocate funding to community colleges that commit to either meeting or making progress towards meeting the minimum standards developed by the Chancellor’s Office.”

Item 6870-101-0001, Adjustment to California Community Colleges Strong Workforce Program Funding (Issue 459)—It is requested that Schedule (16) of Item 6870-101-0001 be increased by \$75,188,000 to support the program using ongoing resources rather than one-time resources.

It is further requested that paragraph (1) of subdivision (b) of Provision 14 of this item be amended as follows to conform to this action:

“(1) \$171,380,000 \$246,568,000 shall be available to support the Strong Workforce Program pursuant to Part 54.5 (commencing with Section 88820) of Division 7 of Title 3 of the Education Code.”

Item 6870-101-0001, Extended Opportunity Programs and Services Program COLA (Issue 408)—It is requested that Schedule (18) of Item 6870-101-0001 be decreased by \$257,000 to reflect a 3.26-percent COLA for the Extended Opportunity Programs and Services Program. It is further requested that paragraphs (1) and (2) of subdivision (a) of Provision 16 of this item be amended as follows to conform to this action:

“(1) \$116,091,000 \$115,867,000 shall be used pursuant to Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. Funds provided in this item for Extended Opportunity Programs and Services shall be available to students on all campuses within the California Community Colleges system.

(2) \$16,857,000 \$16,824,000 shall be used for funding, at all colleges, the Cooperative Agencies Resources for Education program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. The chancellor shall allocate these funds to local programs on the basis of need for student services.”

Item 6870-101-0001, Campus Childcare Tax Bailout Program COLA (Issue 406)—It is requested that Schedule (20) of Item 6870-101-0001 be decreased by \$7,000 to reflect a 3.26-percent COLA for the Campus Childcare Tax Bailout Program.

Item 6870-108-0001, Increase the Student Success Completion Grant Funding (Issue 432)—It is requested that Item 6870-108-0001 be increased by \$7,498,000 to reflect a revised estimate of eligible Cal Grant B and Cal Grant C students for 2019-20.

Item 6870-201-0001, Adult Education Program COLA (Issue 404)—It is requested that Item 6870-201-0001 be decreased by \$1,043,000 to reflect a 3.26-percent COLA for the Adult Education Program.

It is further requested that Provision 3 of this item be amended as follows to conform to this action:

“3. Of the funds appropriated in this item, \$18,046,000 \$17,003,000 is provided as a cost-of-living adjustment.”

Item 6870-296-0001, Mandate Block Grant Adjustment and COLA (Issues 410 and 411)—It is requested that Item 6870-296-0001 be decreased by \$1,276,000 to reflect a decrease of \$1,212,000 to align block grant funding with the revised estimate of applicable full-time equivalent students and a decrease of \$64,000 for a 3.26-percent COLA for the Mandate Block Grant program.

It is further requested that Provision 1 of this item be amended as follows to conform to this action:

“1. The funds appropriated in this item are for transfer by the Controller to Section B of the State School Fund. Pursuant to Section 17581.7 of the Government Code, the funds appropriated in this item shall be distributed to community college districts that elect to participate in the block grant on the basis of funded full-time equivalent students (FTES) calculated as of the second principal apportionment for the 2018–19 fiscal year multiplied by \$30.22 \$30.16 per FTES.”

Item 6870-488, Local Assistance, Reappropriation (Issues 435, 459 and 461)—It is requested that Item 6870-488 be amended (see Attachment 1) to reflect a decrease of \$36,619,000 in one-time Proposition 98 General Fund savings and to provide \$4,852,000 for one-time repair and maintenance of facilities and the replacement of instructional equipment and library materials, and to provide \$1,432,000 to support the California Community Colleges Strong Workforce Program.

Current and Prior Year

Item 6870-101-0001, 2018-19 Apportionment Adjustments to Reflect Revised Local Revenue Estimate—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to increase Schedule (1) of Item 6870-101-0001, Budget Act of 2018 by \$63,216,000 to reflect an associated decrease in revised offsetting local revenue estimates. It is also requested that corresponding adjustments be made to related non-Budget Act items (see Attachment 2).

Item 6870-101-0001, 2018-19 Net Offsetting EPA Revenue—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to decrease Schedule (1) of

Item 6870-101-0001, Budget Act of 2018 by \$8,494,000 to reflect an associated increase in net offsetting EPA revenue. It is also requested that corresponding adjustments be made to related non-Budget Act items (see Attachment 2).

Item 6870-107-0001, 2018-19 Local District Financial Oversight and Evaluation—It is requested that trailer bill language be adopted to allow flexibility for the use of 2018-19 funds for local district financial oversight and evaluation as it relates to the provision of technical assistance, training, and short-term institutional research necessary to address existing or potential accreditation deficiencies (see Attachment 3).

2017-18 and 2018-19 Informational Offsetting Revenue Update—It is requested that non-Budget Act items be adjusted to reflect 2017-18 and 2018-19 informational offsetting local revenue and student fee revenue.

Staff Recommendation: Approve the May Revision adjustments

VOTE-ONLY ISSUE 2: FUNDING FORMULA OVERSIGHT COMMITTEE

The Governor's Budget proposes \$435,000 General Fund one-time for the Chancellor's Office to support an external contract to staff the Student Centered Funding Formula Oversight Committee. This funding shall be available for encumbrance or expenditure until June 30, 2021.

Staff Recommendation: Approve Governor's Budget

VOTE-ONLY ISSUE 3: CHANCELLOR'S OFFICE POSITIONS

The Governor's Budget proposes an increase of \$135,000 ongoing General Fund and one new position for an Information Security Officer at the Chancellor's Office, to provide increased security capacity.

The May Revision proposes an increase of \$381,000 General Fund to support three positions (two accounting positions, and one technical assistant position to monitor districts' fiscal health).

Staff Recommendation: Approve Governor's Budget and May Revision

VOTE-ONLY ISSUE 4: IMMIGRANT LEGAL SERVICES

The Governor's Budget proposes \$10 million Proposition 98 General Fund ongoing starting in 2019-20 to provide immigrant legal services through approved providers at the Department of Social Services (DSS).

Staff Recommendation: Approve Governor's Budget

VOTE-ONLY ISSUE 5: SF CITY COLLEGE FIELD ACT EXEMPTION

The San Francisco Community College District's (SFCCD) Fort Mason Center must either close or be extensively remodeled to meet the strict building standards for school buildings required under the Field Act. Given the specialized studio art instruction provided at the Fort

Mason Art Center, remodeling the building to meet the Field Act standards is cost-prohibitive. Current exceptions for the Field Act include instruction housed in a larger complex operated by city, city and county, or county agencies but not those operated by other public agencies, in this case landmark buildings in a National Park operated by a non-profit public agency.

This proposal would amend the Field Act to expand the exception allowing community college classes if the education is being offered in a complex that is not educational (ie. hospital, correctional) and is operated by a city, city and county or county. The proposed amendment would expand the exception to include a complex operated by a public agency or nonprofit corporation. This amendment only slightly expands Field Act exceptions while protecting the spirit of the current exemptions offered in the statute.

Staff Recommendation: Approve placeholder trailer bill language

VOTE-ONLY ISSUE 6: NONRESIDENT TUITION EXEMPTION

The Administration proposes trailer bill language for CCC and CSU to align state law with recently enacted amendments to the federal Veterans Access, Choice, and Accountability Act of 2014 (VACA Act). In September 2018, the federal government amended the VACA Act (Section 301 of Public Law 115-251) to require institutions to exempt students accessing federal Vocational Rehabilitation and Employment benefits from paying nonresident tuition and fees. Beginning March 1, 2019, if higher education institutions continue to charge these individuals nonresident tuition, the US Department of Veterans Affairs can bar the institution from receiving any GI Bill benefits. The state has amended its associated law several times the past few years to be in compliance with various amendments to the VACA Act.

Staff Recommendation: Approve trailer bill language

VOTE-ONLY ISSUE 7: LAO REPORT ON BA PILOT PROGRAM

Current statutes requires the LAO to report on the Community College Baccalaureate Pilot Program by July 2021. This proposal would move that reporting date up to February 2020, which would allow a review of the first two years of graduate data and better inform budget and policy discussions next year.

Staff Recommendation: Approve placeholder trailer bill language to change reporting rate

VOTE-ONLY ISSUE 8: STUDENT SUCCESS AWARENESS INITIATIVE

The Governor's Budget proposes \$5 million General Fund one-time for the Chancellor's Office to create a Student Success Awareness Team to support colleges in communicating with students information about the California College Promise, college costs, and career and transfer pathways. The Student Success Awareness Team will be responsible for researching and identifying information needs, developing resources and content that can be used locally, providing professional development to practitioners, and fully integrating the separate CCC campaigns and websites. This funding shall be available for encumbrance or expenditure until June 30, 2022. The May Revision amends the trailer bill language to also include promotion of the Associate Degree for Transfer.

Staff Recommendation: Approve trailer bill language

ITEMS TO BE HEARD

- 6100 DEPARTMENT OF EDUCATION**
- 6350 OFFICE OF PUBLIC SCHOOL CONSTRUCTION**
- 6360 COMMISSION ON TEACHER CREDENTIALING**
- 6870 CALIFORNIA COMMUNITY COLLEGES**

ISSUE 1: ASSEMBLY PROPOSITION 98 PACKAGE

The Subcommittee will vote on the Assembly’s Proposition 98 spending plan.

PROPOSITION 98 PACKAGE:

Proposition 98

The Assembly plan includes an overall Proposition 98 funding level of \$81.1 billion in 2019-20, \$78.1 billion in 2018-19 and \$75.6 billion in 2017-18. The plan includes the same Proposition 98 funding levels as the Governor’s May Revision in 2017-18 through 2019-20. The Assembly’s expected budget plan does not adopt the Governor’s tax conformity proposals generating \$1.7 billion of net new revenue in 2019-20. However, the Assembly plan appropriates more than the Proposition 98 minimum guarantee to match the Governor’s proposed funding level for Proposition 98 in 2019-20. As a result of lower General Fund revenues compared to the Governor’s proposal, the Assembly plan does not require a deposit into the Proposition 98 Reserve.

Comparing Proposition 98 Funding Under May Revision and Assembly Plan <i>(In Millions)</i>			
	2017-18	2018-19	2019-20
May Revision			
Minimum guarantee	\$75,459	\$78,146	\$81,069
Proposed Funding	\$75,576	\$78,146	\$81,069
K-14 programs	75,576	78,146	80,680
Reserve deposit	—	—	389
Assembly Plan			
Minimum guarantee	\$75,459	\$78,146	\$80,403
Proposed Funding	\$75,576	\$78,146	\$81,069
K-14 programs	75,576	78,146	81,069
Reserve deposit	—	—	—

Source: Legislative Analyst’s Office

Proposition 98 Certification and True-Up Process

The 2018-19 budget made changes to the Proposition 98 certification process. Specifically, these changes: 1) created a new process for annual certifications of the Proposition 98 minimum guarantee, 2) increased certainty around the payment of future certification settlements, 3) created a new cost allocation schedule in order to provide the state with additional budgetary flexibility, 4) provided a continuous appropriation of the LCFF COLA and 5) certified the minimum guarantee for the prior years 2009-10 through 2016-17. (These changes could be repealed if pending litigation is successful.)

The Assembly plan maintains the certification and true-up process created in the 2018-19 budget and rejects the Governor's proposal to eliminate the cost allocation schedule and prohibit the state from making any downward adjustments to the Proposition 98 funding level once a fiscal year is over. This action will maintain the Legislature's discretion to make these decisions through the budget process each year.

K-12 Education

The Assembly Proposition 98 spending plan includes the following actions related to K-12 education:

- 1) **Pensions.** Approves the Governor's January and May Revision proposals to provide a total of \$3.15 billion non-Proposition 98 General Fund for CalSTRS to make payments on behalf of employers (local educational agencies). Additionally, provides \$1.5 billion in one-time non-Proposition 98 General Fund for CalPERS to make payments on behalf of employers. Specifically, \$350 million is provided to pay down employer contributions rates in 2019-20 and 2020-21 (\$175 million each year) and \$1.15 billion is paid toward the employer's long term unfunded liability.
- 2) **Local Control Funding Formula.** Includes \$2.3 billion in ongoing Proposition 98 for a 3.88 percent COLA for the Local Control Funding Formula (LCFF) for school districts and charter schools, \$372 million above the Governor's May Revision. Approves the Governor's proposed funding level for the LCFF for county offices of education.
- 3) **Increased LCFF Target Base Rates.** Adopts the following Legislative intent related to the LCFF: It is the intent of the Legislature that, as of the 2020–21 fiscal year, the new, aspirational LCFF grade span adjusted base grants would be equal to the following amounts to meet the national average per-pupil funding level:
 - \$12,194 for kindergarten and grades 1 to 3
 - \$12,377 for grades 4 to 6
 - \$12,745 for grades 7 to 8
 - \$14,768 for grades 9 to 12

- 5) **LCFF Continuous Appropriation.** Approves the Governor's proposed trailer bill language to cap the continuous appropriation of COLA for LCFF in future years if the COLA for LCFF and other K-14 programs exceeds growth in the minimum guarantee and adjusts the COLA for programs outside the LCFF by a like amount.
- 6) **Special Education.** Rejects the Governor's proposal to provide \$695.6 million in ongoing funding for Special Education Concentration Grants. Instead provides a total of \$593 million in ongoing Proposition 98 funding for special education. Of this amount, \$333 million is provided for equalizing special education funding rates to the 90th percentile and \$260 million is provided to add an estimate of preschool ADA to the AB 602 funding formula. This funding would be sufficient to add four year olds to the AB 602 formula, with the intent to provide additional funding in future years to include funding for both three and four year olds.
- 7) **Career Technical Education.** Shifts \$150 million in ongoing Proposition 98 funding from the K-12 component of the Strong Workforce Program within the community college Chancellor's Office to the Career Technical Education (CTE) Incentive Grant program within the California Department of Education (CDE), for a total of \$300 million. Eliminates the K-12 Technical Assistance Providers within the Strong Workforce program and allows for CDE to use up to two percent of the grant funding to contract with county offices of education (COE) to provide technical assistance to grantees.
- 8) **Low Performing Student Block Grant.** Provides \$50 million in one-time Proposition 98 funding for the Low Performing Student Block Grant. This funding would build on the \$300 million in one-time funding provided in the 2018-19 budget. Modifies the allocation methodology to ensure the funding follows the student to the LEA they are attending at the time of the allocation.
- 9) **After School Education and Safety Program.** Rejects the Governor's proposal to use \$80.5 million in Proposition 64 funding for alternative payment child care vouchers. Instead dedicates \$80.5 million in Proposition 64 funding to increase rates for the After School Education and Safety (ASES) program. (The Assembly Early Education plan also provides \$163 million General Fund for alternative payment slots).
- 10) **Cost of Living Adjustment (COLA).** Approves the Governor's May Revision proposal to provide a 3.26 percent COLA for certain categorical programs outside the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers and the American Indian Early Childhood Education Program. Also provides a 3.26 percent COLA and makes ADA changes for county offices of education.

- 11) **Educator Training.** Approves the Governor's May Revision proposal to provide \$34.8 million in one-time non-Proposition 98 funding for the Educator Workforce Investment Grant to provide competitive grants for professional learning opportunities for teachers and paraprofessionals. Grants would be allocated by the Department of Education and the California Collaborative for Educational Excellence to institutions of higher education or nonprofit organizations to provide training and resources for teachers around inclusive practices, social emotional learning, computer science and restorative practices. Amends trailer bill language to also include training for ethnic studies.
- 12) **Classified Employee Summer Assistance Program.** Approves the Governor's May Revision proposal to provide \$36 million in one-time Proposition 98 funding for an additional year of funding for the Classified School Employees Summer Assistance Program. Amend trailer bill language to allow additional funds to be available over three years, increase the minimum salary requirements, and make other technical changes.
- 13) **Broadband Infrastructure in Schools.** Approves the Governor's May Revision proposal to dedicate \$15 million in one-time non-Proposition 98 funding for broadband infrastructure in schools. Requires the Department of Education to contract with the Corporation for Education Network Initiatives in California (CENIC) to administer the program and identify broadband connectivity solutions to the most poorly connected school sites.
- 14) **Administrator Training.** Approves the Governor's May Revision proposal to provide \$13.8 million in ongoing federal funds for the 21st Century California School Leadership Academy, administered by the Department of Education and the California Collaborative for Educational Excellence (CCEE) to provide professional development for school administrators and other school leaders. Approves the May Revision proposal to dedicate \$150,000 in federal funds for one position for CDE and \$200,000 for the CCEE to administer the program.
- 15) **California Subject Matter Projects.** Approves the Governor's May Revision proposal to provide \$10 million in one-time non-Proposition 98 General Fund for the Department of Education to transfer to the University of California for the California Subject Matter Projects. Adopts provisional language requiring the funding to be allocated to the nine projects as follows: \$1.75 million each for Writing, Reading and Literature, Mathematics, and Science, with the balance split equally among the remaining five projects.
- 16) **Charter School Enrollment.** Defers to the policy process the Governor's proposed trailer bill language related to charter school enrollment. The proposed trailer bill language would prohibit charter schools from discouraging students from enrolling in a

charter school or encouraging students to disenroll from a charter school on the basis of academic performance or student characteristic, or from obtaining specified student information prior to enrollment. Also the proposed trailer bill language requires CDE to conduct a study on the feasibility of using student enrollment data from the California Longitudinal Pupil Assessment Data System to identify potential instances of practices that discourage students from enrolling in charter schools.

17) **CDE State Operations.** Approves the Governor's proposed funding level for CDE's state operations, including:

- a. \$1.778 million in ongoing non-Proposition 98 General Fund and 13 positions for increased workload associated with the expansion of early education programs.
- b. \$279,000 in one-time General Fund for the Instructional Quality Commission to update content standards and curriculum frameworks for visual and performing arts and world languages and develop model curriculum in ethnic studies.
- c. \$213,000 in one-time non-Proposition 98 General Fund to support the revision of the math curriculum framework.
- d. \$452,000 in ongoing General Fund for three positions to provide technical assistance to districts identified as having poor outcomes for students with disabilities on either the new School Dashboard or under a revised federal formula for monitoring district compliance with special education law.
- e. \$284,000 non-Proposition 98 General Fund and 2 positions to monitor SBE authorized charter schools in 2019-20 and 2020-21.
- f. \$207,000 in reimbursement authority to reflect increased student fees that will support CDE's costs associated with administering the California High School Proficiency Examination.

18) **Homeless Student Coordinators.** Rejects the Governor's May Revision proposal related to the federal McKinney-Vento Act funding. Instead provides \$480,000 in ongoing federal McKinney-Vento Act funding for three additional positions within CDE for homeless student coordinators.

19) **Maintenance of the Dashboard and School Accountability Report Card.** Approves the Governor's May Revision proposal to provide \$178,000 (\$154,000 ongoing) to support maintenance of the California School Dashboard and the School Accountability Report Card.

20) **School Districts in Distress.** Approves \$3.6 million in one-time Proposition 98 funding for Inglewood Unified School District and \$514,000 for Oakland Unified School district, pursuant to AB 1840 (Chapter 426, Statutes of 2018).

- 21) **Administrator to Teacher Ratio Waiver.** Adopts trailer bill language to exempt a school district with average daily attendance of more than 400,000 from administrator to teacher ratio penalties (calculated pursuant to Education Code Section 41404) for the 2019-20 through 2021-22 fiscal years. Add language requiring annual reporting on the administrator to teacher ratio calculation for each year a school district receives a waiver under this provision, including historical information for past years and the school district's plan to meet the ratio requirements over time.
- 22) **Breakfast After the Bell.** Includes \$3 million in one-time Proposition 98 funding for the Breakfast After the Bell grant program.
- 23) **Southern California Regional Occupational Center (SoCal ROC).** Approves \$2 million in Proposition 98 funding for instructional and operational costs in the 2019-20 fiscal year and to assist SoCal ROC in transitioning to a fee supported funding model.
- 24) **Computer Science Coordinator.** Approves the Governor's May Revision proposal to provide \$1 million in one-time non-Proposition 98 funding over four years to establish a Computer Science Coordinator. Transfers this funding to the CDE instead of the State Board of Education.
- 25) **Special Education and School Based Health Interagency Collaborative.** Approves the proposed funding for the Governor's May Revision proposal to provide \$500,000 in one-time non-Proposition 98 funding to create a workgroup to increase the ability of schools to draw down federal funds for medically related special education services and improve transition of three-year olds with disabilities from regional centers to schools. Amends the provisional language and adopts placeholder trailer bill language to broaden the scope of the workgroup to include recommendations and best practices for drawing down federal funds for medical services for all students, including the Medi-care Early and Periodic Screening, Diagnosis, and Treatment program and improving collaboration between the Department of Education and the Department of Health Care Services.
- 26) **Disaster Relief Provisions for Districts Impacted by Wildfires.** Approves the Governor's proposed trailer bill language to extend the hold-harmless funding provisions to school districts and charter schools that experienced attendance losses as a result of the 2018 wildfires through 2020-21. Also approves the Governor's proposal to backfill wildfire affected basic aid school districts for property tax losses in 2018-19 and 2019-20.
- 27) **Special Education Redevelopment Agency Revenue Backfill.** Approves the Governor's proposed trailer bill language to backfill Special Education programs for 2018-19 and 2019-20 to the extent that property tax revenues from Redevelopment

Agency dissolution is not sufficient to cover the appropriation in the 2018 and 2019 Budget Acts for Special Education.

- 28) **Settle-Up Payments.** Approves the Governor's proposed settle-up payment of \$686.6 million with changes to the distribution to align with the Assembly Proposition 98 package.
- 29) **K-12 High Speed Network.** Approves the Governor's May Revision proposal to provide \$8.5 million of E-rate subsidies received by the K-12 High Speed Network to support their operating budget for 2019-20.
- 30) **Postretirement Limitation Exemption.** Rejects the Governor's May Revision proposed trailer bill language to provide an exemption to the postretirement compensation limitations for certain positions at school districts that have received an emergency appropriation from the state, if certain requirements are met.
- 31) **Uniform Complaint Procedures for Physical Education Minutes.** Approves the proposed trailer bill language that expands the Uniform Complaint Procedures to include complaints of non-compliance with required minimum instructional minutes for physical education for grades 9 to 12. This change conforms to the existing process for grades 1 to 8.
- 32) **Improving School Site Data.** Approves the Governor's proposed trailer bill language to improve transparency and comparability by requiring that local indicators reflect school site-level data, if it is currently collected statewide by CDE.
- 33) **Special Education Local Plan Area (SELPA) Assurances Plan.** The Administration proposes trailer bill language to extend the deadline for the development of the SELPA assurances support template by one year, to give CDE additional time to consider stakeholder input. Moreover, this change requires adjusting the deadline by which SELPA's must submit the assurances support plan to align it with the development of the template.
- 34) **Out-of-Home Care Funding Amounts.** Approve the Governor's proposed trailer bill language to reinstate the reference to 2017-18 in the section relating to the calculation of out-of-home-care funding rates for the 2017-18 through the 2019-20 fiscal years.
- 35) **K-12 Mandate Block Grant.** Approves the Governor's proposed trailer bill language that adds the Cal Grant: Opt-Out Notice and Grade Point Average Submission mandated program to the K-12 mandate block grant and allocates \$300,000 to the

block grant for this program. Approves other technical adjustments to the K-12 mandate block grant.

- 36) **LCFF Transparency.** Approves the Governor's January budget proposal to provide \$350,000 one-time Proposition 98 funding for the State Board of Education to contract with the San Joaquin County Office of Education to merge the Dashboard, LCAP electronic template, and other local school site and school district reports into a single web-based application.
- 37) **California School Dashboard and School Accountability Report Card.** Approves the Governor's proposed trailer bill language to require the SDE to contract with the San Joaquin County Office of Education to provide ongoing maintenance for the California School Dashboard and School Accountability Report Card.
- 38) **Student Councils.** Provides \$150,000 ongoing non-Proposition 98 General Fund for CDE to allocate to the California Association of Student Councils to provide leadership development opportunities for financially disadvantaged students.
- 39) **Non-Waivable Local Control Funding Formula Sections.** Approves the proposed trailer bill language to expand the list of non-waivable sections of law to include all Education Code sections that pertain to the LCFF apportionment calculations. Apportionment statutes are not subject to waiver by the State Board of Education.
- 40) **Schoolsite Council Meeting Requirements.** Approves the May Revision proposed trailer bill language to make technical amendments to clarify the schoolsite council requirements for schools and local educational agencies, in line with the provisions of Chapter 471, Statutes of 2018 (AB 716).
- 41) **Reappropriation for Legal Costs.** Approves the Governor's May Revision proposal to provide \$754,000 in one-time reappropriations for CDE's external legal costs.
- 42) **Federal Funds and Other Adjustments.** Adopts various federal fund adjustments and other technical changes proposed in the Governor's May Revision.

Commission on Teacher Credentialing

- 43) **Teacher Misassignment Monitoring.** Adopts the Governor's proposed trailer bill language related to teacher misassignment monitoring, with the following modifications:
- a. Makes county offices of education the monitoring authority for all charter schools

- b. Requires that the misassignment monitoring system be designed to ensure that all teachers hold the correct credential or permit for their positions, including teachers employed at charter schools
- c. Provides protections for probationary teachers who object to their misassignment
- d. Clarifies that all teaching assignments are subject to misassignment monitoring, including assignments held by contract employees
- e. Other changes as reflected in AB 1219 (Jones-Sawyer).

44)**Teacher Discipline Investigations.** Approves the Governor's May Revision proposal to shift \$52,000 and 3 positions from existing resources at the Office of the Attorney General's legal services to the CTC to continue to investigate teacher discipline cases prior to submitting them to the Office of the Attorney General, which represents the CTC at teacher discipline hearings administered by the Office of Administrative Hearings.

Office of Public School Construction

45)**School Facilities.** Approves the Governor's proposal to release \$1.5 billion in Proposition 51 bond funds in 2019-20, an increase of \$906 million from 2018-19, for school construction projects that have been approved and are awaiting funding. Approves the Governor's proposal to provide \$1.2 million in ongoing Proposition 51 bond funds for 10 positions for the Office of Public School Construction to support the increased workload.

California Community Colleges:

Below are the major community college actions recommended by staff. The Proposition 98 chart also includes many of these proposals.

46)**Online College.** Reduces spending on the online college by \$15 million ongoing and \$50 million one-time Proposition 98 General Fund. This leaves the college with \$5 million ongoing and \$50 million one-time.

47)**Promise.** Approves the Governor's Budget proposal to provide a second year of tuition waivers for first-time, full-time students. Approves the May Revision adjustment to the cost of this proposal, to \$42.6 million ongoing Proposition 98 General Fund.

48)**Funding Formula.** Makes the following changes to the funding formula:

- a. Caps performance funding at 10% of the formula.

- b. Caps the growth in performance funding for a college at 10%.
- c. Approves the Governor's Budget definition of a transfer student.
- d. Extends the hold harmless period by one year, through 2021-22.
- e. Directs the funding formula oversight committee to review instructional service agreements and make recommendations on funding for these students by January 1, 2020.

49)**Full Time Faculty.** Provides \$40 million ongoing Proposition 98 General Fund to increase the hiring of full time faculty. Also requires colleges to use Equal Employment Opportunity best practices when hiring.

50)**Part Time Faculty Office Hours.** Provides \$17.3 million ongoing Proposition 98 General Fund to increase part time faculty office hours.

51)**Puente.** Provides an augmentation of \$3 million ongoing Proposition 98 General Fund.

52)**Umoja.** Provides an augmentation of \$2 million ongoing Proposition 98 General Fund.

53)**Deferred Maintenance.** Approves \$38.6 million one-time Proposition 98 General Fund to support deferred maintenance projects.

54)**Student Mental Health.** Provides \$10 million ongoing and \$15 million one-time Proposition 63 state administration fund to support student mental health services.

55)**Veterans Resource Centers.** Provides an augmentation of \$10 million ongoing Proposition 98 General Fund. Also provides \$1 million one-time Proposition 98 General Fund each to expand the Norco College VRC, the San Bernardino Valley College VRC, and \$2 million one-time Proposition 98 General Fund for the Mira Costa College VRC.

56)**Workforce Development Grants.** Provides grants of \$1 million one-time Proposition 98 General Fund each to Imperial Valley, Fresno, Bakersfield, Norco, San Bernardino, Modesto community colleges to improve workforce development programs.

57)**Palo Verde College Child Development Center.** Provides \$2 million for relocation and expansion of the Palo Verde College Child Development Center.

58)**Sacramento City College Basic Needs and Veteran Resource Centers.** Provides \$3.4 million one-time Proposition 98 General Fund to support the creation of a basic needs/veterans resource center.

- 59) **Rapid Rehousing.** Provides \$10 million one-time Proposition 98 General Fund to support a rapid rehousing pilot program.
- 60) **Basic Needs.** Provides \$20 million one-time Proposition 98 General Fund to support student basic needs.
- 61) **Dreamer Resource Centers.** Provides \$4.6 million one-time Proposition 98 General Fund to support Dreamer Resource Centers.

STAFF COMMENTS

The Subcommittee held numerous hearings throughout the spring budget process in order to discuss the Governor's budget proposals, Legislative proposals and proposals from advocates and the public. The Subcommittee also heard many hours of public comment and input on these proposals. Staff recommends adopting the Subcommittee's Proposition 98 package.

Staff Recommendation: Approve the Assembly Proposition 98 Package

ISSUE 2: ASSEMBLY EARLY EDUCATION PACKAGE

The Subcommittee vote on the Assembly's early education spending plan.

ASSEMBLY EARLY EDUCATION PACKAGE:

The Assembly's early care and education spending plan includes the following actions:

- 1) **Child Care Access.** Provides \$166 million in ongoing funding (\$153.2 million General Fund and \$12.8 million federal funds) for 16,831 alternative payment child care vouchers and \$100 million in ongoing General Fund for 6,172 General Child Care slots in order to increase access to subsidized child care for low-income families.

- 2) **Full-Day Kindergarten and Preschool Facilities Grants.** Approves the Governor's proposal to provide additional funding for the Full-Day Kindergarten Facilities Grant program, with the following modifications:
 - Reduces the grant amount from \$600 million to \$200 million in one-time non-Proposition 98 General Fund to be used over 3 years.
 - Expands eligibility to include facilities for LEAs to expand full-day State Preschool programs.
 - Approves the Governor's proposed trailer bill language to prioritize schools converting part-day to full-day programs and allow for any remaining grant funding to be used for other one-time costs to implement the full-day program.
 - Rejects the Governor's proposed trailer bill language to increase the state share of the facility grant from 50 percent to 75 percent.
 - Amends the trailer bill language to ensure that the Full-Day Kindergarten and Preschool Facilities Grant program is an incentive program and does not impact a district's eligibility in the School Facility Program.

- 3) **Preschool.** Adopts the following actions related to State Preschool:
 - Approves the Governor's May Revision proposal to provide 10,000 full-day State Preschool slots for non-LEAs beginning April 1, 2020. Allocates \$31 million in ongoing non-Proposition 98 General Fund in 2019-20 and approximately \$125 million in 2020-21 to annualize these additional slots.
 - Adopts trailer bill language to expand eligibility for the State Preschool program to include all families that live in a school attendance area where 80 percent or more students qualify for Free or Reduced Price Meal (FRPM).
 - Approves the Governor's proposed trailer bill language to eliminate the work requirement for full-day State Preschool, to be refined as necessary.

- Approves the Governor's proposal to shift Proposition 98 funding for part-day State Preschool at non-local educational agencies to the non-Proposition 98 General Fund.
- 4) **Facilities.** Approves the Governor's proposal to provide \$245 million in one-time non-Proposition 98 General Fund for the Early Learning and Care Infrastructure Grant Program. Adopts placeholder trailer bill language to align with AB 452 (Mullin) and make the following modifications:
- Transfers all funding in the Child Care Facilities Revolving Loan Fund into the Early Learning and Care Infrastructure Grant Program as of December 31, 2019.
 - Allows the Department of Education to use up to 5 percent of the grant funding to contract with financial intermediaries in order to provide technical assistance and support to grantees.
 - Other changes as necessary.
- 5) **Workforce Development.** Approves the Governor's proposal to provide \$245 million in one-time non-Proposition 98 General Fund for the Early Learning and Care Workforce Development Grants Program. Approves the Governor's May Revision proposed trailer bill language with additional modifications to align with AB 324 (Aguiar-Curry).
- 6) **Early Learning and Care Master Plan.** Approves the Governor's proposal to contract with a research entity to develop recommendations for future investment in the state's system of subsidized child care and early learning for children birth to age five, with the following amendments: 1) Reduce total funds to \$5 million; 2) Require the SBE to convene stakeholders (including designees from the Governor's Office, Senate, and Assembly) to recommend priority areas of study related to gaps in the current research; 3) Require reporting to Department of Finance with notification to JLBC on selected studies and costs before expenditure of funds for research studies; 4) Of the \$5 million total, provide \$1 million each for a study on facilities arrangements and a study on child care and accessibility per the Legislative Analyst's May Revision recommendations; 5) Extend the reports to include care for children ages 0-12, with a focus on those ages 0-5; 6) Remove the exemptions to the regular contracting process. Additionally, provides \$2.25 million in ongoing General Fund to establish the Early Childhood Policy Council to continue and build on the work of the Assembly Blue Ribbon Commission on Early Childhood Education. Adopts placeholder trailer bill language for the Council including a parent advisory committee and a workforce advisory committee in order to advise the Governor, Legislature and Superintendent on working toward the recommendations outlined in the Blue Ribbon Commission report and other ECE planning processes.

- 7) **Reimbursement Rate Reform.** Adopts trailer bill language to establish a single regionalized state reimbursement rate system for subsidized child care and preschool based on the cost of providing care in different settings, recognizing regional cost differences and providing incentives for increased quality. Provides \$45 million in 2019-20 (\$21.6 million General Fund and \$23.4 million Proposition 98) and \$88 million in ongoing funding toward increasing rates under the new single reimbursement rate system.
- 8) **Emergency Childcare Bridge Program.** Adopts placeholder trailer bill language and provides \$47 million in ongoing General Fund for the Emergency Childcare Bridge Program for Foster Children to provide additional access to early care and education services for abused and neglected children. Specifically, the funding will be provided for the following purposes:
- \$38 million to expand the amount of funding available to counties to be able to provide additional vouchers to children in care,
 - \$5 million to support additional navigators who are working to find child care for foster children, and,
 - \$4 million to deliver additional trauma-informed training for child care providers as they care for foster children in their local early childhood programs.
- 9) **Emergency Childcare Voucher Pilot Program.** Rejects the Governor's May Revision proposal to provide \$12.8 million in federal funds to create the Emergency Child Care Diversion Pilot Program.
- 10) **Proposition 64.** Rejects the Governor's proposal to use \$80.5 million in Proposition 64 funding for alternative payment child care vouchers. Instead dedicates \$80.5 million in Proposition 64 funding to increase rates for the After School Education and Safety (ASES) program (the plan also provides \$163 million General Fund for alternative payment slots, as discussed above).
- 11) **CDE State Operations.** Provides an additional \$2 million in ongoing General Fund to support the Department of Education's Early Learning and Care Division in implementing the investments made for early childhood education in the 2019-20 budget.
- 12) **Data Infrastructure.** Provides \$30 million in one-time General Fund for CDE to improve data collection, including \$16 million to begin a state program reporting system for state-funded ECE programs, \$10 million to improve local strategic planning councils, and \$4 million for provider organization information collection. Adopts placeholder trailer bill language.

- 13) **AB 603 Clean-Up.** Adopts trailer bill language to provide the following exceptions for alternative payment programs in meeting the 14 day notice to a child care provider of a change in reimbursement: 1) an increase in work hours, 2) a decrease in income resulting in a decrease in their family fee and 3) a request to change child care providers due to safety, quality or other concerns from the parent.
- 14) **Variable Work Schedule Trailer Bill Language.** Adopts trailer bill language to allow alternative payment programs to pay providers up to the maximum certified hours, instead of the actual days and hours of attendance, in order to support providers that serve families with variable work schedules.
- 15) **Caseload and Other Adjustments.** Adopts the Governor's May Revision proposed COLA and caseload adjustments. Approves other technical adjustments including the Governor's May Revision federal fund adjustments.

Staff Recommendation: Adopt the Assembly Early Education Package
