

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****Assemblymember Kevin McCarty, Chair****TUESDAY, MAY 8, 2018****9:00 AM - STATE CAPITOL, ROOM 447**

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VOTE ONLY ITEMS**6100 DEPARTMENT OF EDUCATION
6360 COMMISSION ON TEACHER CREDENTIALING****ISSUE 1: DEPARTMENT OF FINANCE APRIL LETTERS**

The Administration has proposed the following adjustments to various K-12 education programs. These changes are technical adjustments reflecting the updated federal funding levels. Since the April Letters were proposed, there have been additional changes to the federal funding amounts. Staff has made these changes in the items below.

Federal Funds Adjustments

- 1. Item 6100-001-0890, Support, California Educator Development Program (Issue 257)** - It is requested that Schedule (1) of this item be decreased by \$11,327,000 federal Title II funds to remove this program funding that was provided on a one-time basis in the 2017 Budget Act. This program established a grant program that is designed to enhance the state's efforts to address teacher recruitment and retention issues throughout the state by assisting local educational agencies (LEAs) with attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders. The one-time program funding is unnecessary for fiscal year 2018-19.
- 2. Item 6100-104-0890, Local Assistance, Project Advancing Wellness and Resilience in Education Grant (Issue 020)** - It is requested that Schedule (1) of this item be increased by \$131,000 Federal Trust Fund to reflect the availability of one-time carryover funds. This project is a five-year grant program that provides funding for the State Department of Education (SDE) and LEAs to increase awareness of mental health issues among school-aged youth, provide Mental Health First Aid training to teachers and other school personnel, and ensure students with signs of mental illness are referred to appropriate services.

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

1. Of the funds appropriated in this item, \$131,000 is provided in one-time federal carryover funds to support the existing program.
- 3. Item 6100-112-0890, Local Assistance, Public Charter Schools Grant Program (Issue 635)** - It is requested that this item be decreased by \$14,000 federal Title V, Part B, funds to align to the federal grant award. This program provides startup funds to new charter schools and grants to disseminate charter school best practices in California.

4. **Item 6100-119-0890, Local Assistance, Program for Neglected and Delinquent Children (Issues 021 and 022)** - It is requested that Schedule (1) of this item be increased by \$1,450,000 federal Title I, Part D, funds to reflect a \$485,000 increase to the federal grant award and a \$965,000 increase in one-time carryover funds. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.

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

1. Of the funds appropriated in this item, \$965,000 is provided in one-time federal Title I, Part D, carryover funds to support the existing program.

5. **Item 6100-134-0890, Local Assistance, Elementary and Secondary Education Act Program, Title I State Grant (Issues 636 and 637)** - It is requested that Schedule (2) of this item be increased by \$163,962,000 federal Title I funds to reflect a \$160,574,000 increase to the federal grant award and a \$3,388,000 increase in one-time carryover funds. In accordance with California's Every Student Succeeds Act State Plan, Title I funds support eligible LEAs and schools that serve high numbers of low-income students.

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

8. Of the funds appropriated in Schedule (2), \$3,388,000 is provided in one-time federal Title I carryover funds to support the existing program.

6. **Item 6100-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program (Issues 023 and 024)** - It is requested that Schedule (1) of this item be decreased by \$137,000 federal Title VII, Part B, funds to reflect a \$435,000 decrease to the federal grant award and a \$298,000 increase in one-time carryover funds. This program provides a liaison to ensure homeless students have access to education, support services, and transportation.

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

1. Of the funds appropriated in this item, \$298,000 is provided in one-time federal Title VII, Part B, carryover funds to support the existing program.

7. **Item 6100-137-0890, Local Assistance, Rural and Low-Income Schools Program (Issues 025 and 026)** - It is requested that Schedule (1) of this item be increased by \$168,000 federal Title V, Part B, funds to reflect a \$63,000 decrease to the federal grant award and a \$231,000 increase in one-time carryover funds. This program provides financial assistance to rural districts to help them meet federal accountability requirements and to conduct activities of the federal Elementary and Secondary Education Act program.

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

1. Of the funds appropriated in this item, \$231,000 is provided in one-time federal Title V, Part B, carryover funds to support the existing program.

- 8. Item 6100-156-0890, Local Assistance, Adult Education Program (Issues 745 and 746)** - It is requested that this item be increased by \$6,208,000 federal Workforce Innovation and Opportunity Act Title II funds to reflect a \$1,292,000 decrease to the federal grant award and a \$7.5 million increase in one-time carryover funds. The Adult Education Program supports the Adult Basic Education, English as a Second Language, and Adult Secondary Education programs.

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

5. Of the funds appropriated in this item, \$7,500,000 is provided in one-time carryover funds to support the existing program.

- 9. Item 6100-161-0890, Local Assistance, Special Education (Issues 313, 314, 315, 316, 319, 320, 321, 322, and 324)** - It is requested that Schedule (1) of this item be increased by ~~\$7,177,000~~\$34,995,000 federal Individuals with Disabilities Education Act (IDEA) funds to reflect: (1) a ~~\$6,613,000~~\$34,391,000 increase to the federal grant award, (2) a \$2 million increase in one-time carryover funds, (3) an \$811,000 decrease to redirect federal funds for employee benefit costs that are already reflected in Item 6100-001-0890 per the Governor's Budget, and (4) a \$625,000 decrease to redirect federal funds for special education litigation costs that are already reflected in Item 6100-001-0890 per the Governor's Budget.

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

11. Of the funds appropriated in Schedule (1), \$2,000,000 is provided in one-time carryover funds.

It is also requested that Schedule (3) of this item be decreased by ~~\$3,294,000~~\$1,640,000 federal IDEA funds to reflect a ~~\$4,314,000~~\$2,660,000 decrease to the federal grant award and a \$1,020,000 increase in one-time carryover funds. This program provides special education and related services for children aged three, four, and five, who are not in kindergarten.

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

12. Of the funds appropriated in Schedule (3), \$1,020,000 is provided in one-time carryover funds.

It is also requested that Schedule (4) of this item be increased by ~~\$391,000~~\$491,000 federal IDEA funds to reflect a ~~\$100,000~~ decrease to the federal grant award and a

\$491,000 increase in one-time carryover funds. This program, also known as Project Read, funds efforts to increase reading and English Learning Arts outcomes for students with disabilities at a selected group of low-performing California middle schools.

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

“7. The funds appropriated in Schedule (4) are provided for scientifically based professional development as part of the State Personnel Development grant. Of the funds appropriated in Schedule (4), \$491,000 is provided in one-time carryover funds.”

It is also requested that Schedule (6) of this item be increased by \$50,000 federal Public Health Services Act funds to reflect a one-time increase in the federal grant award. The SDE uses these funds to provide outreach to families about newborn screening counseling, testing, follow-up, treatment, and educational services that are available to families of newborns with hearing disabilities.

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

13. Of the funds appropriated in Schedule (6) for the Newborn Hearing Screening Program, \$50,000 is provided in one-time federal Public Health Services Act funding to support the existing program.

10. Item 6100-166-0890, Local Assistance, Vocational Education Program (Issues 317 and 318) - It is requested that this item be increased by \$7,549,000 federal Title I funds to reflect a \$6,165,000 decrease to the federal grant award and a \$13,714,000 increase in one-time carryover funds. The Vocational Education Program develops the academic, vocational, and technical skill of students in high school, community colleges, and regional occupational centers and programs.

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

3. Of the funds appropriated in this item, \$13,714,000 is provided in one-time carryover funds to support the existing program.

11. Addition of Budget Bill Item 6100-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 258) - It is requested that Item 6100-193-0890 be added in the amount of \$323,000 federal Title II funds to reflect the availability of one-time carryover funds. The Mathematics and Science Partnerships Program provides competitive grants to three-year partnerships of low-performing K-12 schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers. While the federal Every Student Succeeds Act of 2015 eliminated this program, these carryover funds are available through September 30, 2018.

It is further requested that Item 6100-193-0890 be added as follows to conform to this action:

6100-193-0890—For local assistance, State Department of Education, Part B of Title II of the federal Elementary and Secondary Education Act (20 U.S.C. Sec 6661 et seq.; Mathematics and Science Partnership Grants) payable from the Federal Trust Fund.....323,000

Schedule:

(1) 5205096-Teacher Professional Development 323,000

Provisions:

1. The funds appropriated in this item are one-time carryover funds to support existing grantees.

12. Item 6100-195-0890, Local Assistance, Supporting Effective Instruction (Issue 255) - It is requested that Schedules (1) and (3) of this item be amended to reflect the new federal Title II program names per the federal Every Student Succeeds Act of 2015. Specifically, it is requested that “Improving Teacher Quality” be replaced with “Supporting Effective Instruction” as follows:

“Schedule:

(1) 5205168-~~Improving Teacher Quality~~ Supporting Effective Instruction
Local Grants..... 232,218,000
(2) 5205150-California Subject Matter Projects..... 3,410,000
(3) 5205180-~~Improving Teacher Quality~~ Supporting Effective Instruction
State Level Activity Grants 479,000”

13. Item 6100-197-0890, Local Assistance, Federal 21st Century Community Learning Centers (Issues 534 and 535) - It is requested that this item be increased by ~~\$3,954,000~~ \$4,161,000 million federal Title IV, Part B funds, to reflect a ~~\$1,046,000~~ \$839,000 decrease to the federal grant award and a \$5 million increase in one-time carryover funds. This program supports before and after school programs that provide disadvantaged kindergarten through twelfth-grade students with academic enrichment opportunities and supportive services to help the students meet state and local standards in core content areas.

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

1. Of the funds appropriated in this item, \$5,000,000 is provided in one-time carryover funds to support the existing program.

14. Item 6360-001-0407 and Reimbursements, Support, Commission on Teacher Credentialing - It is requested that Item 6360-001-0407 be amended by increasing reimbursements by \$160,000 to reflect a grant from the San Diego State University Foundation. These funds will support the convening of field experts that will review the outcomes of the California Administrator Performance Assessment field trial. The Assessment is a newly developed task-based, three-cycle instrument that assesses a credential candidate's knowledge, skills, and abilities of leadership as detailed by the California Administrator Performance Expectations adopted by the Commission on Teacher Credentialing. Beginning in fiscal year 2019-20, the Assessment will be embedded in all programs that prepare candidates for a preliminary administrative services credential.

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

10. Of the funds appropriated in Schedule (1), \$160,000 is for the Commission to convene field experts to review the outcomes of the California Administrator Performance Assessment field trial.

STAFF COMMENTS:

Staff has no concerns with the proposed DOF April Letters and proposed changes for the Department of Education and Commission on Teacher Credentialing. Staff recommends approving these adjustments.

Staff Recommendation: Approve updated April Letter requests.

ISSUE 2: STUDENT FRIENDLY SERVICES

The Governor's budget includes a proposal to provide an additional \$1 million in ongoing Proposition 98 funding for the California College Guidance Initiative's (CCGI) Student Friendly Services project.

BACKGROUND

In 1998 the California Department of Education, California Community Colleges, California State University, University of California and the Association of Independent California Colleges and Universities submitted a joint budget proposal for the development of a "common front door to higher education" and "an electronic transcript platform." This proposal yielded CaliforniaColleges.edu, which was launched in 2000 as the state's official College and career planning platform.

In 2013, the California College Guidance Initiative took over management of CaliforniaColleges.edu, after the site had languished due to inattention and insufficient resources. Since that time, utilization has increased each year, and the site has been repurposed from a static informational interface to a robust 6th-12th grade College and Career Planning tool with curriculum and associated educator tools. Most tools, including the ability to launch CSU and CCC applications and for educators to track who applied where are available to all students in California. A subset of tools are only available to students in school districts that opt into data sharing agreements and pay a partnership fee. For those contracted "partner districts", the platform additionally:

- Provides counselor and student facing tools necessary to increase A-G completion.
- Shares high school transcript data with the California Community Colleges and California State University system for the purposes of guidance, admission and placement decisions.
- Facilitates data matching between FAFSA data and Cal grant GPA verification.

CCGI is financed through the Riverside County Office of Education through multiple funding sources including: Proposition 98, K-12 district user fees, CCC, CSU and private philanthropy.

California College Guidance Initiative			Notes
REVENUES	FY 2018	FY 2019	
Prop 98 - State Funding (Minus RCOE Fiscal Agency fee)	\$ 2,375,000	\$ 3,375,000.00	Fiscal Agency fee to RCOE is \$125,000 flat fee.
District Revenues	\$ 1,032,959	\$ 1,100,000.00	
CSUCO investment	\$ 250,000	\$ 500,000.00	
CCCCO Investment	\$ 136,000	\$ 1,391,773.00	
Philanthropy	\$ 1,302,000	\$ 1,300,000.00	
Total Revenue	\$ 5,095,959	\$ 7,666,773.00	

Source: Riverside County Office of Education

CCGI argues that since their services have been expanding and improving, costs to maintain the site have also been increasing and additional state support is needed.

GOVERNOR'S BUDGET PROPOSALS

The Governor's 2018-19 budget includes \$1 million in ongoing Proposition 98 funding to support the continued operations and expansion of the Student Friendly Services initiative. This funding would support staffing needs, expand and improve online tools and content, and increase CCGI's data capacity and technology management efforts. According to the Budget Change Proposal (BCP) submitted by the CCGI, the funds would be used as follows:

Increase in Basic Operations and Staffing to support demand for CaliforniaColleges.edu services:

- Up-to-Date Relevant Content: With shifting federal, state and institutional policies that impact students, CCGI requires additional staffing to ensure timeliness and accuracy of the information provided to students on CaliforniaColleges.edu, as well as support to end users of the website. Requests for support from high school counseling staff and student/family users have increased approximately 350% each year as the services offered via CaliforniaColleges.edu have expanded and proven their value.

Increased Demand for Data-Informed Services:

- In addition to the management of the free and open access tools available on CaliforniaColleges.edu, CCGI currently provides fee-based data-informed tools to 38 school districts who collectively serve 423,546 6th-12th grade students (approximately 12% of all 6th-12th grade public school students in the state). Demand for those data-informed services continues to increase. Several districts have already applied for partnership in Fall 2018 and new districts, colleges and county offices of education approach CCGI weekly to explore how partnership services can support both college and career preparation within K-12 as well as regional inter-segmental collaboration focused on increasing student success in higher education.
- Additional staffing is needed to expand our data-related work and manage our regional data-related partnerships.

Operations & Maintenance of CaliforniaColleges.edu

- As we have transitioned from a static informational site to a dynamic educational and planning tool, the costs of operating the platform have increased. The previous state investment of \$1,200,000 is no longer sufficient to support this well- utilized resource.

STAFF COMMENTS:

The State decided to invest ongoing funding into the CCGI's Student Friendly Services initiative in recent years due to the website's benefits to students statewide. Staff has no concerns with the Governor's proposed increase in funding, as the workload for this project has been increasing. The majority of this funding will be used for staff to support all users and a small portion to support staff also working on expanding the fee based services.

Staff Recommendation: Approve as Budgeted.

ITEMS TO BE HEARD**6360 COMMISSION ON TEACHER CREDENTIALING**

ISSUE 1: CTC BUDGET PROPOSALS

The Subcommittee will discuss the Governor's proposed funding level for the Commission on Teacher Credentialing's state operations. The Subcommittee will also hear an update on the teacher misconduct backlog.

PANEL:

- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Kimberly Leahy, Department of Finance
- Jennifer Kuhn, Legislative Analyst's Office

BACKGROUND

The Commission on Teacher Credentialing (CTC) was created in 1970 in order to establish and maintain high standards for the preparation and licensing of public school teachers and administrators. The CTC has three primary functions: issuing teacher credentials, accrediting teacher preparation programs and conducting disciplinary reviews of credential holders. The CTC issues credentials, permits and waivers to classroom teachers, student service specialists, school administrators, and child care professionals. The CTC also adopts standards and performs accreditation reviews of teacher preparation programs, including public and private institutions of higher education and local educational agencies (LEAs) in California. In addition, the CTC is required to review and take action on misconduct cases involving credential holders and has the authority to suspend and revoke credentials.

State Operations

The CTC is a "special fund" agency whose state operations are largely supported by two special funds – the Test Development and Administration Account and the Teacher Credentials Fund. Of the CTC's \$31 million state operations budget proposed for 2018-19, about \$25 million is from credential and accreditation fees, which are revenue sources for the Teacher Credentials Fund and \$6 million is from educator exam fees, which fund the Test Development and Administration Account. The CTC also received one-time General Fund (both Proposition 98 and non-Proposition 98) in 2016-17 and 2017-18 for some one-time activities and grant programs. The chart on the next page outlines the CTC's expenditures in 2016-17 and 2017-18 and the Governor's proposed expenditures for 2018-19.

Commission on Teacher Credentialing Expenditures and Positions
(Dollars in thousands)

Fund Source	2016-17	2017-18	2018-19 Proposed
General Fund (non-Proposition 98)	\$12,346	\$100	\$0
General Fund (Proposition 98)	0	125,000	0
Teacher Credentials Fund	18,527	26,996	24,752
Test Development and Administration Account	3,715	4,786	5,710
Reimbursements	458	11,635	308
Total Expenditures (All Funds)	\$35,046	\$168,517	\$30,770
Positions	145.1	141.6	143.6

*\$100 million of the 2017-18 Proposition 98 General Fund is proposed in the 2018-19 Governor's budget for the teacher residency and Local Solutions grants. The remaining \$25 million was adopted in the 2017 Budget Act for the Classified School Employee Teacher Credential Program.

Source: Commission on Teacher Credentialing

Teacher Credentials Fund (Credential Fees)

The Teacher Credentials Fund is generated by fees for issuance, of new and renewed credentials and other documents. Current law requires, as a part of the annual budget review process, the DOF to recommend to the Legislature an appropriate credential fee sufficient to generate revenues necessary to support the operating budget of the Commission plus a prudent reserve of not more than 10 percent.

In 2012-13 the CTC increased the credential fee from \$55 to \$70 due to fund instability primarily due to a decrease in credential applications. This action restored the fee to the statutory maximum. In the 2015-16 budget trailer bill, AB 104 (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2015, the credential fee was further increased to \$100 per applicant, with the additional revenue generated intended to support processing of teacher misconduct caseload.

Test Development and Administration Account (Exam Fees)

The Test Development Administration Account is generated by various fees for exams administered by the CTC such as the California Basic Educational Skills Test (CBEST), the Reading Instruction Competence Assessment (RICA), and the California Subject Examination for Teachers (CSET), the California Teachers of English Learners (CTEL), and the California Preliminary Administrative Credential Examination (CPACE).

The CTC has the authority to review and approve the examination fee structure to ensure that the examination program is self-supporting. To determine fees for these testing programs, the CTC staff projects the number of exams, based upon their most recent figures, and compares these figures with projected examination program costs. In 2012-13, the CTC increased fees for most exams.

Backlog of Teacher Misconduct Cases

The CTC is charged with enforcing professional conduct standards and monitors the conduct of credential applicants and holders. The CTC has the authority to discipline applicants or holders for misconduct, and cases that are not resolved at the CTC may be referred to the Office of the Attorney General for an administrative hearing. In 2011, following a highly publicized educator misconduct case, the Commission released a field notification to all school district superintendents reminding them of their statutory requirement to report educator misconduct to the CTC. The number of cases reported by school districts to the CTC increased to more than double the number in the previous year and has remained at roughly double the 2010 amount in each year since. This increase in caseload to the CTC resulted in an increase in caseload referred to the Attorney General's Office. Moreover, a backlog began to grow at the Attorney General's Office as cases were not sufficiently prepared to proceed to administrative hearing.

In order to address the backlog, the 2015 Budget Act included an increase in credentialing fees. The \$5 million in revenue generated by this is used to support additional legal staff for the Attorney General's Office. The 2016 Budget Act included \$8.5 million to address this backlog, including \$2.4 million in carryover from the 2015 Budget Act. The 2017 Budget Act also included \$4.5 million in one-time Teacher Credentials Fund carryover for the cost of representation by the Office of the Attorney General in educator discipline cases.

As part of the 2017 Budget Act, the Attorney General's Office was required to provide quarterly reporting on their legal services for the CTC. The most recent report was completed in February 2018 and covers the period of September 1 through December 31 of 2017. The report shows some small progress in reducing the backlog over the prior quarter. The report also addresses the staff time at the Attorney General's Office devoted to this workload, noting that it is still below the funded level equivalent to 14 Attorney General positions. The Attorney General notes that hiring and training of new staff for this effort continued through the beginning of December 2017 and staff time should increase moving forward.

Open Cases Assigned to the Attorney General												
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
2011-12	114	110	107	106	106	110	102	100	95	90	86	89
2012-13	82	81	82	82	85	87	91	92	97	97	104	127
2013-14	126	134	141	145	147	147	151	156	159	166	169	179
2014-15	182	185	194	215	210	223	215	230	228	219	228	229
2015-16	238	238	244	249	250	254	266	265	280	281	279	278
2016-17	282	283	283	287	290	286	297	292	306	307	289	294

Source: Commission on Teacher Credentialing

Although the State has been providing more resources to reduce the backlog, the Attorney General's Office has been slow to ramp up staff and expend the additional resources. The LAO estimates that in 2017-18 only \$3 million of the \$10 million available will be spent. Although the backlog has been reduced by about 10 percent since September 2017, some of that is due to an increase in settlements.

GOVERNOR'S BUDGET PROPOSALS

The 2018-19 Governor's budget includes the following proposals related to the CTC's state operations:

- \$380,000 in one-time funds from the Teacher Credentials Fund reserve account to automate teacher assignment monitoring activities. The CTC biennially reports to the Governor and Legislature the result of assignment monitoring for certificated employees in California as submitted by the County Offices of Education. Under the current monitoring system, 30 percent of schools are monitored annually, while the remaining 70 percent are monitored once every four years. The additional funds would allow for automated monitoring through the CTC's accountability system and allow for annual monitoring of all schools.
- \$1.3 million in one-time Test Development and Administration Account funds to provide an Administrator Performance Assessment (APA) field test to all administrator candidates enrolled in credential programs in 2018-19. The CTC estimates about 3,000 candidates would take the assessment. For candidates taking the APA in 2018-19, the Administration proposes that (1) the APA be offered at no cost and (2) successful passage not be required to obtain a credential. Beginning in 2019-20, candidates would support the administration of the APA on an ongoing basis through exam fees. The Administration indicates that another year of field testing is justified because: (1) field tests conducted thus far are inadequate to develop accurate passing scores for the APA, and (2) credential programs are insufficiently prepared to implement the APA in 2018-19.
- \$1.5 million in one-time funds from the Teacher Credentials Fund reserve account to convert the portion of existing teacher credential records that are currently stored on a microfiche system to a digital format and create a searchable database. The CTC estimates there are 1.3 million records on microfiche.

LAO RECOMMENDATIONS

The LAO has no concerns with the Governor's proposals to provide additional funds to update the assignment monitoring system.

The LAO does note concerns with the additional funding for the APA field test. The LAO notes that the original budget act appropriation for this purpose was \$2 million in 2015-16, and reflected a completed test by the end of 2016-17. This original proposal included field testing and setting of scores as well as the initial administration of the exam. They also note that credential programs have had four years to prepare for the exam. The LAO recommends

that the Legislature require CTC to report at spring budget hearings as to why the APA is over budget (by \$1.3 million or 65 percent more than the original estimate of APA development and implementation costs) and behind schedule. The LAO also recommends that CTC discuss options for using existing data sets to set scores or rely on a sample of candidates.

The LAO recommends rejecting the Governor's proposal to digitize credential records because credential records are rarely used and therefore the proposal would be very costly on a per-record basis.

Regarding the teacher misconduct backlog, the LAO recommends the Legislature carefully monitor the progress as more data becomes available. If the Attorney General's Office fails to make significant progress in 2018-19, the LAO recommends the Legislature impose a statutory timeframe for the Attorney General to bring a case before an administrative law judge.

STAFF COMMENTS:

Staff has no concerns with the Governor's proposals to provide additional funds to update the assignment monitoring system or to digitize credential records. The Subcommittee should discuss why the development of the APA exam is behind schedule and over budget.

Staff recommends the Subcommittee continue to closely monitor the teacher misconduct backlog at the CTC and Attorney General's Office. The Subcommittee may wish to take further actions to address the backlog if it does not significantly improve over the next year.

Suggested Questions:

- Why is the development of the Administrator Performance Assessment (APA) delayed and over budget?
- Why has there not been more progress made on the teacher misconduct backlog? When does the CTC and Attorney General's Office anticipate the backlog to be eliminated?

Staff Recommendation: Hold Open

6360 COMMISSION ON TEACHER CREDENTIALING
6100 DEPARTMENT OF EDUCATION

ISSUE 2: TEACHER WORKFORCE

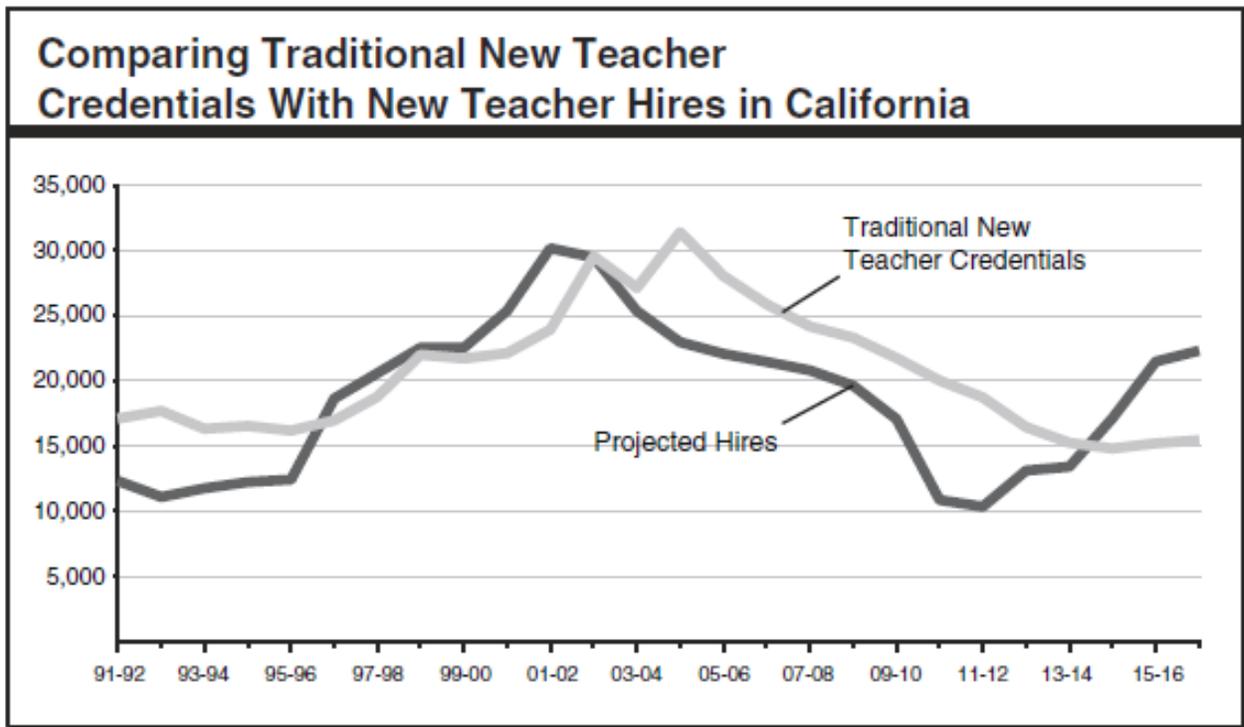
The Subcommittee will hear an update of prior investments in addressing the teacher shortage and various budget proposals related to the teacher workforce.

PANEL:

- Jennifer Kuhn, Legislative Analyst's Office
- Kimberly Leahy, Department of Finance
- Dr. Mary Sandy, Commission on Teacher Credentialing
- Debra Brown, Department of Education

BACKGROUND

As funding for schools has increased in recent years, schools are expanding programs, restoring positions eliminated during the recession and reducing class sizes, resulting in an increased demand for teachers. At the same time, the number of credentials issued to new teachers is at a historic low. As shown in the chart below, the number of projected hires is outpacing the number of new credentials being issued.



Source: Legislative Analyst's Office

Another indication that California is experiencing a teacher shortage is the number of underprepared teachers in the classroom. In 2015-16, California issued more than 10,000 substandard credentials and permits, more than double the number issued in 2012-13. The greatest growth has been in emergency permits known as Provisional Intern Permits (PIPs) and Short-Term Staff Permits (STSPs). Other factors that affect the teacher workforce include: teacher turnover rates, class size reduction efforts, credentialing requirements, the overall desirability of the teaching profession, and the availability of state funding, among other factors.

Although teacher shortages are currently occurring in all subject areas, the problem is most severe in math, science and special education. The CDE has identified teacher shortages in these areas nearly every year since 1990-91. Teacher shortages in math and science can be attributed to the small number of undergraduates trained in science, technology, engineering and math (STEM). These graduates are often attracted to other professions offering higher salaries. Teacher shortages in special education are often attributed to the high turnover rates, due to the additional stress factors faced by special education teachers. Each of these areas has seen a significant drop in the number of preliminary credentials issues to new teachers and a significant increase in the number of temporary permits, waivers and intern credentials, meaning that students in these areas are increasingly being taught by underprepared teachers.

With the passage of Proposition 58, which repealed an English-only immersion requirement, California will likely see an increase in bilingual education programs and a growing demand for bilingual education teachers.

Recent Investments in Teacher Shortage

The 2016-17 and 2017-18 budgets invested approximately \$70 million in various programs to help address the teacher shortage. These programs will begin to show results in the next three to six years. Specific investments include:

- California Classified School Employee Teacher Credentialing Program. Provided \$45 million in a grant program targeting classified staff to support completion of degrees and credential programs that will yield 2,250 new teachers (up to \$20,000 per participant) over the next two to six years.
- Integrated Teacher Preparation Program Grant. Dedicated \$10 million for 41 colleges and universities to create four-year integrated programs leading to a degree and credential. If each new program enrolls 30 students per year, California could see 1,200 new teachers emerging annually beginning in three to five years.
- California Center on Teaching Careers. Provided \$5 million to create a new Center for Teaching Careers to support LEA recruitment efforts statewide. Tulare County Office of Education is leading this effort.
- Bilingual Professional Development Program. Allocated \$5 million for the bilingual professional development program, which is enabling 8 LEAs/consortia of LEAs to support teachers in earning their bilingual authorization.

- California Educator Development Grant. Provided \$9.4 million to establish the new California Educator Development (CalED) grant, directing one-time federal funds to support teacher recruitment and development in high needs areas (\$2.9 million) and the development of principals and other school leaders (\$6.5 million). Demand for this funding far exceeded supply, with 79 applications submitted requesting over \$72 million in total funding and just 32 proposals funded.

GOVERNOR'S BUDGET PROPOSAL

The 2018-19 Governor's budget includes two proposals related to the special education teacher shortage. These proposals include:

- **Teacher Residency Grant Program.** The Administration proposes providing \$50 million in one-time Proposition 98 funding to support locally sponsored one-year intensive mentored, clinical teacher preparation programs aimed at preparing and retaining special education teachers. The CTC would administer the program and provide competitive grants to LEAs of up to \$20,000 per teacher. LEAs are required to provide a 1:1 local match. The proposal would support up to 2,500 new special education teachers. Funds could be used for a variety of purposes, including stipends for new teachers, mentor teachers, or tuition at a partner university.
- **Local Solutions Grant Program.** The Governor's budget also includes \$50 million in one-time Proposition 98 funding for a new Local Solutions Grant Program. The program would provide one-time competitive grants to local educational agencies to develop and implement new, or expand existing, locally identified solutions that address a local need for special education teachers. The CTC would administer the program and provide competitive grants of up to \$20,000 per teacher with a 1:1 local match. LEAs would have broad discretion over the use of the funds.

LAO RECOMMENDATIONS

The LAO notes that teacher shortages have long been acute in the area of special education and agree that the Governor's focus on the area has merit. However, the LAO has concerns that the proposals overlook the core causes of the special education teacher shortage, notably salary concerns, and restrictive credentialing and education requirements. The LAO recommends rejecting both of the Governor's proposals and instead focusing on reform to address the root causes of the problems. The LAO recommends providing a pay differential to special education teachers to reflect the unique roles of special education teachers and recommends the Legislature consider repealing a statutory requirement for an LEA to have a uniform salary schedule.

The LAO also recommends the State consolidate two special education credentials into one (mild/moderate and moderate/severe) and eliminate two rarely used credentials (the physical and health impairment credential and the language and academic development credential).

The LAO recommends providing funding to create four-year programs at institutes of higher education for students to obtain a degree and a special education teaching credential, similar

to the Integrated Teacher Preparation Program Grant. The LAO notes that each program could receive funding of \$250,000 to establish the program and that a modest investment of \$10 million could fund 40 programs.

Additionally, the LAO recommends the Legislature fund targeted enrollment growth at the California State Universities (CSUs) for graduate specialist programs of occupational therapy and speech and language pathology. The state could increase these programs until the critical shortage of these specialists is reduced.

STAFF COMMENTS:

In addition to the Governor's proposals, staff is aware of the following budget proposals related to teacher and classified staff support:

- **Expand Teacher Residency Programs.** There is support for a budget proposal to provide one-time funding for teacher residency programs for all shortage areas, not just special education.
- **Teacher Recruitment and Retention for STEM Education.** There is a budget request for \$200 million for various STEM Education programs. Specifically, \$50 million for professional development for STEM teachers, \$50 million to establish STEM Local Solutions grants to retain STEM teachers, \$50 million for STEM instructional materials, \$20 million to create a grant program for STEM teaching and learning in rural areas, and \$30 million to create a grant program to integrate computer science into curriculum.
- **Service Scholarships for Teachers.** There is also a Legislative proposal to establish the Golden State Teacher Grant Program to provide services scholarship of up to \$20,000 per candidate for a commitment to teach in a teacher shortage area for four years.
- **Training for Paraprofessionals.** The California School Employees Association (CSEA) is requesting \$150 million in one-time funding to provide grants to LEAs to address their classified training needs. This funding level is based on the state's commitment to set aside \$50 million per year to train paraprofessionals on the new Common Core State Standards in 2014.
- **Summer Bridge Fund.** The Service Employees International Union (SEIU) is requesting \$150 million in one-time funding to create the Summer Bridge Fund for classified employees to contribute a small portion of their paycheck, which would be matched 2:1 by the state, with a 10 day cap. The program would be voluntary and would allow members to cash in their banked hours during periods of school recess. This proposal would use one-time funding to create a five year pilot program.
- **Professional Development to Support Dual Language and English Learners.** Californians Together, Early Edge, Advancement Project and PEACH are requesting an additional \$5 million in one-time funding for the Bilingual Professional Development Program and \$5 million in one-time funding to create a new Licensed Child

Development Teacher Professional Development program to support the dual language learners in 0-5 programs.

- **Professional Development for ELA/ELD Framework.** Children Now, Californians Together, California Association for Bilingual Education and others are requesting \$12 million in one-time funding to support educators in the implementation of the English Language Arts/English Language Development (ELA/ELD) framework and the English Learner Road Map in order to address the needs of English learners.

Suggested Questions:

- Would the Administration consider expanding the Governor's proposals to include other shortage areas, besides special education?
- Is there more interest from LEAs in the Bilingual Professional Development Program created in the budget last year?
- Is there more interest in the Classified School Employee Teacher Credential Program?
- Is there interest from colleges and universities to create four-year integrated teacher preparation programs for special education credentials?

Staff Recommendation: Hold Open

6350 OFFICE OF PUBLIC SCHOOL CONSTRUCTION**ISSUE 3: SCHOOL FACILITIES**

The Subcommittee will discuss the School Facilities Program and the Administration's plan for issuing bond funds.

PANEL:

- Jennifer Kuhn, Legislative Analyst's Office
- Cheryl Ide, Department of Finance
- Lisa Silverman, Office of Public School Construction
- Debra Brown, Department of Education

BACKGROUND

The State School Facilities Program was created in 1998 for the purpose of allowing the state and school districts to share the costs of building new school facilities and modernizing existing facilities. Between 1998 and 2006 there were four-voter approved bonds for the school facilities program (totaling \$35.4 billion) which funded the program through 2012.

In 2016, voters passed Proposition 51, which authorized the State to sell \$9 billion in general obligation bonds to fund the existing school facilities program (\$7 billion for K-12 education and \$2 billion for community college facilities). Of the \$7 billion designated for projects at K-12 schools, \$3 billion is for new construction projects, \$3 billion is for modernization projects, and the remaining \$1 billion is split between charter school and career technical education projects. After bond funds are approved by the voters, the State Treasurer sells the bonds and the state repays the general obligation bonds using General Fund dollars.

Local educational agencies (LEAs) have other options for financing school facilities related projects, the most common of which are local general obligation bonds, which can be passed with 55 percent of voter approval and are repaid by increasing local property tax rates. LEAs can also levy developer fees that may cover up to a portion of the cost to build a new school, or use other local funding sources.

Backlog of Unfunded Projects

LEAs that are building new schools or modernizing old schools must work with the CDE on their plans and have their plans approved by the Division of the State Architect (DSA) to ensure they meet all requirements. Once the plans are approved, a LEA can apply to the Office of Public School Construction (OPSC) who will calculate the LEA's eligibility and check approvals, including certifying local matching funds are available and the project is shovel ready. Projects then must be approved by the State Allocation Board (SAB) before funding is released. According to the OPSC, there is currently approximately \$3.6 billion worth of projects that are on the unfunded list (they have not yet gone through the approval process at OPSC). Some of this backlog includes projects from the prior bond and some are newly submitted projects. Of these projects, 372 projects are for new construction (\$2.2 billion) and 657 projects are for modernization (\$1.4 billion).

OPSC Staffing

As workload at OPSC reduced when bond funding was exhausted, the state reduced staffing at the OPSC. OPSC historically has averaged around 130 staff, and today, is at a low point of approximately 50 staff. According to the LAO, only about 10 of the 50 staff at the OPSC are currently working on processing Proposition 51 bond applications.

GOVERNOR'S BUDGET PROPOSAL

The Governor's office has indicated that the State will issue approximately \$640 million in school bonds this fall. According to the Administration, this amount was based on the capacity of OPSC staff in processing applications. The Administration has not provided a schedule of future bond sales, but at this rate, it would likely take approximately 10 years to issue all the bond funds.

LAO RECOMMENDATIONS

The LAO believes the OPSC dedicates a small share of staff to their core responsibility of processing applications. Additionally, the LAO believes OPSC is taking a long time to process applications resulting in the backlog continuing to grow.

If the Legislature is concerned with the facility application backlog, the LAO recommends adopting provisional budget language that (1) establishes a five-year Proposition 51 expenditure plan requiring OPSC to process \$1.5 billion per year over the next four years, with any remaining funding allocated in year five; (2) directs OPSC to task additional existing staff with processing applications; and (3) directs OPSC to identify and implement ways to shorten processing times.

STAFF COMMENTS:

Staff recommends the Subcommittee consider adding additional staff at the OPSC or redirecting existing staff in order to process more Proposition 51 bond applications. This would allow for the Administration to increase the proposed bond sale in 2018-19. Additionally, the Subcommittee could consider setting benchmarks for the Treasurer to meet in selling bonds in order to ensure that bond funds are going out to schools in a timely manner.

Suggested Questions:

- Does the LAO recommend increasing the proposed bond sale in 2018-19?
- What would be the impact on the General Fund due to increased debt service if the bond sale was increased in 2018-19?

Staff Recommendation: Hold Open

0985 CALIFORNIA SCHOOL FINANCE AUTHORITY**ISSUE 4: CHARTER SCHOOL FACILITY GRANT PROGRAM**

The Subcommittee will consider the Governor's budget proposals related to the Charter School Facility Grant Program.

PANEL:

- Cheryl Ide, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Katrina Johantgen, California School Finance Authority

BACKGROUND

The Charter School Facility Grant Program (CSFGP) helps certain charter schools cover lease and related maintenance costs. In order to receive funding, a charter school must have at least 55 percent of its students qualify for Free or Reduced Price Meals (FRPM) or be located in an attendance area with at least 55 percent FRPM students.

From 2001-02 through 2016-17, grant recipients received \$750 per pupil or 75 percent of eligible facility expenditure, whichever was less. The 2017-18 budget increased the per student award from \$750 to \$1,117 and provided an annual COLA to the rate in future years. However, last year's budget did not augment funding for the program. The CSFGP is currently funded at \$112 million annually. The California School Finance Authority estimates the program is about \$25 million short of full funding in 2017-18. Under current law, CSFGP awards are prorated when the program is oversubscribed.

GOVERNOR'S BUDGET PROPOSALS

The 2018-19 Governor's budget proposes to provide an additional \$28 million in ongoing Proposition 98 funding for the Charter School Facility Grant program. This would increase funding by 25 percent and bring total funding for the program to \$140 million in 2018-19. Additionally, the Governor's budget proposes to make the following changes to the program through trailer bill language:

- **Eliminates Automatic Backfill Language.** Prior to 2010-11, the CSFGP provided funding on a reimbursement basis. However, beginning in 2010-11, the program began transitioning to providing grants for current year costs. The Governor proposes deleting language requiring any new appropriations for the CSFGP to first pay any prorated prior year awards.
- **Prioritizes Lease Costs When Program is Oversubscribed.** The Governor's budget proposes to fund lease costs before funding maintenance and building improvements when the CSFGP is oversubscribed. Currently, when the program is oversubscribed, all facility costs are prorated at the same rate.

- **Caps Growth in Lease Costs.** The Governor proposes trailer bill language to cap the growth in lease costs for CSFGP awards at the K-12 COLA.
- **Requires Independent Appraisal.** The Governor's budget requires all charter schools applying for CSFGP funding for the first time to have their lease appraised either at or below market rates. The Administration believes this proposal will help to address potential conflict of interest concerns.

LAO RECOMMENDATIONS

The LAO makes the following recommendations regarding the Governor's CSFGP related budget proposals.

Assessment and Recommendations

Summary of Recommendations. Figure 3 lists all of the Governor's CSFGP proposals and summarizes our corresponding recommendations. We discuss each of these recommendations in more detail below.

Figure 3

Summary of Recommendations

Issue	Governor's Proposal	Recommendation
2018-19 Funding Level	Provide \$140 million (a \$28 million augmentation over the 2017-18 funding level).	Provide either (1) \$162 million to fund program consistent with last year's increase in the maximum per-student grant amount to \$1,117, or (2) \$120 million to fund program at the historical maximum per-student grant amount of \$750.
Automatic Backfill for Prorated Awards	Eliminate statutory language providing an automatic backfill when program is oversubscribed the prior year.	Approve. The backfill no longer serves original purpose. The two funding level options described above also are designed to avoid oversubscription.
Treatment of Non-Lease Facilities Costs	When program is oversubscribed, prioritize funding for lease costs rather than other maintenance and building improvement costs.	Reject. In practice, lease costs likely are very difficult to distinguish from maintenance and building improvements included in lease agreements.
Lease Cost Growth	Cap growth in eligible lease costs at the K-12 cost-of-living adjustment.	Reject. Program already has strong incentive to contain lease costs.
Lease Appraisals	Require all new applicants to submit an independent appraisal verifying their lease is at or below market rates.	Reject proposal but adopt new language authorizing the California School Finance Authority to require independent appraisals of any applicant credibly suspected of having a conflict of interest.

Source: Legislative Analyst's Office

STAFF COMMENTS/QUESTIONS:

Suggested Questions:

- Did the Administration anticipate the CSFGP to be oversubscribed when proposing to increase the grant amounts in last year's budget?

- Why is the LAO's cost estimate to fully fund the program higher than the Administration's?

Staff Recommendation: Hold Open.

6980 CALIFORNIA STUDENT AID COMMISSION**ISSUE 5: COLLEGE SAVINGS PROGRAM**

The Subcommittee will discuss a new program administered by the California Student Aid Commission (CSAC) that will support local efforts to incentive families to save for college.

PANEL

- David O'Brien, California Student Aid Commission

BACKGROUND

Research indicates positive outcomes associated with college savings accounts: Children who have even small savings accounts for college are three times more likely to attend, and four times more likely to graduate from college.

Through discussion last year, the Subcommittee learned of various efforts by local governments to develop programs to incentivize families, particularly low-income families, to open savings or investment accounts to be used later when a student enters college. The city of San Francisco testified regarding their Kindergarten to College (K2C) Program. The K2C Program is a college savings program by the City and County of San Francisco in partnership with the San Francisco Unified School District (SFUSD). A K2C college savings account is automatically opened for each SFUSD student entering kindergarten, or a participating program year. The City and County of San Francisco starts each account with \$50, and families have the opportunity to earn additional incentives.

The 2017 Budget Act provided \$3 million in one-time funding to support the Every Kid Counts program, which seeks to support college savings programs.

Legislation approved in March provided further direction for this funding, calling on CSAC to administer a grant program that supports local governments and other entities that sponsor one or more comprehensive citywide or regional children's savings account programs to help families, especially low-income families with young children, establish and maintain college savings accounts.

Eligible programs shall have a college savings program in operation or development that primarily targets pupils in kindergarten and grades 1 to 6, inclusive, on or before December 31, 2018, have funding, in addition to this state funding, to support its college savings program, and agree to enter into an evaluation consortium that allows for independent research and evaluation of activities and outcomes associated with its college savings program.

Local programs that are awarded funding may be use the money for any of the following purposes:

- (1) To award seed, matching, or incentive grants for individual family college savings accounts.
- (2) For outreach efforts to educate families about local college savings programs that are in operation or development.
- (3) To support an established evaluation consortium that monitors, collects data on, and provides analysis on short-term and long-term college savings program trends and the development of best practices.
- (4) To fund one-time administrative costs.

The Commission will provide an update on this program at the hearing.

6100 DEPARTMENT OF EDUCATION**ISSUE 6: SPECIAL EDUCATION**

The Subcommittee will discuss special education funding and options for increasing investment in this area.

PANEL:

- Ryan Anderson, Legislative Analyst's Office
- Amber Alexander, Department of Finance
- Debra Brown, Department of Education

BACKGROUND

Federal law, the federal Individuals with Disabilities Education Act (IDEA), and corresponding state law requires that students with exceptional needs aged birth to 22 be provided a free and appropriate public education in the least restrictive environment. IDEA was established in 1975 and was most recently reauthorized in 2004. According to the CDE, in 2016 there were 754,000 children aged birth to 22 who were identified as having exceptional needs. 680,000 of these children were enrolled in grades K-12, representing roughly 11% of K-12 enrollment. The most common disabilities among students are specific learning disabilities, speech and language impairments, and other health impairments, which together constituted about 73% of all students with exceptional needs in 2015. While the prevalence of students with Autism Spectrum Disability (ASD) is relatively rare (affecting about 1.5 percent of California students), the number of students diagnosed with ASD has increased notably over the last decade, from 2% of all disabilities in 2002 to 13% in 2015 (see chart below). Viewed as a whole, there is a significant achievement gap between students with disabilities and their peers.

Special Education Funding

Special education in California is funded with a combination of federal, state, and local revenues, totaling \$13.2 billion in 2015-16. In 2015-16 local general purpose funds covered the largest share of these costs (\$8.2 billion, or 62 percent), followed by state special education categorical funds (\$3.8 billion, or 43 percent), combined with federal special education funds (\$1.2 billion, or 9 percent). In recent years local general fund dollars have been covering an increasing share of special education costs for a number of reasons.

About 85% of state special education funding is provided as categorical funds known as "AB 602" (Chapter 854, Statutes of 1997). This allocation method provides funding using a census-based method that allocates special education funds to SELPAs based on the total number of students attending school within the area. AB 602 was based on the assumption that students with disabilities are fairly equally distributed in the student population. The intent of AB 602 funding was to remove fiscal incentives to over-identify students with disabilities that existed under the prior funding system. AB 602 also included a "special disabilities adjustment" which accounted for variation in the enrollment of students with more severe disabilities. This adjustment was eliminated in 2011-12, and at the time totaled \$74 million.

AB 602 special education funding rates vary widely across SELPAs, ranging from \$480 to \$925 per unit of average daily attendance (ADA) in the districts comprising the SELPA. These inequities are historic inequities that originate from the prior special education funding system. From 1980, when the Master Plan for Special Education was enacted, until 1998 when AB 602 was enacted, state special education funding was allocated based on a model known as J-50. Under J-50 the state provided funding in unequal amounts to SELPAs based in part on an informal survey of special education expenditures in 1979–80.

For decades, reports have recommended that the State equalize special education funding rates, including reports from the LAO, Public Policy Institute of California, and the Special Education Task Force.

Special Education Funding for Preschool

State and federal law require LEAs to provide services for preschool-age students with exceptional needs. However, the AB 602 formula does not include specific funding for these students. Other state and federal funding is provided for special education preschool programs, but these funds do not cover the full cost of serving these students. LEAs also use their LCFF and other local funds for special education preschool costs.

GOVERNOR'S BUDGET PROPOSAL

In the 2017-18 Governor's Budget Summary, the Governor committed to engaging in stakeholder meetings throughout the spring budget process to solicit feedback on the current special education finance system. He stated that central to these discussions would be principles which are consistent with the LCFF and apply to all students, including students with disabilities. He stated that school funding mechanisms should be equitable, transparent, easy to understand, focused on the needs of students, and that general purpose funding should cover the full range of costs to educate all students. The DOF held multiple stakeholder meetings across the state to solicit input from stakeholders. However, the Governor did not propose any significant changes to the special education finance system last year.

The Governor's 2018-19 budget includes the following proposals related to special education:

- **Special Education Teacher Recruitment and Retention.** The Governor's budget includes \$50 million for a teacher residency program to recruit special education teachers and \$50 million for a Local Solutions Grant Program aimed at retaining special education teachers (discussed in the previous issue of this agenda).
- **Special Education Accountability and Support.** The Governor's budget includes \$10 million to establish SELPA regional leads as part of the new accountability system and system of support. Additionally, the Governor's budget includes trailer bill language to better link the SELPA local plans to the Local Control Accountability Plans (LCAP). (These issues were discussed in this Subcommittee on April 10th.)
- **Inclusive Early Childhood Education.** The Governor's budget includes \$125 million in Proposition 98 funding and \$42 million in federal TANF funding for a competitive

grant program aimed at increasing access to subsidized early education for children with disabilities. (This proposal was heard in this Subcommittee on March 13th.)

LAO RECOMMENDATIONS

For several years the LAO has recommended funding be allocated to equalize special education funding rates.

STAFF COMMENTS:

Although the Governor's budget does include several special education proposals related to accountability, teacher recruitment, and preschool, the Governor's proposed budget does not address the longstanding inequities in special education funding. Members of the Assembly and many advocate groups support a budget proposal to invest in special education. The proposal would do the following:

- Equalize base AB 602 funding rates to the 95th percentile
- Establish a funding formula within AB 602 for programs serving preschoolers with disabilities
- Create a high cost service allowance to provide additional funding for students with significant high-cost disabilities
- Allow school districts to calculate a declining enrollment adjustment based on individual school district average daily attendance (ADA) instead of aggregated SELPA ADA

The total cost of this proposal is \$1.2 billion. The Subcommittee may wish to dedicate a lesser amount and prorate funding for each of the components.

Another budget proposal includes trailer bill language to exempt nonpublic schools and nonpublic agencies that provide special education services from an annual audit requirement. In 2016, the California Department of Education notified all nonpublic agencies and nonpublic schools that it would enforce a law requiring an audit prior to certification as a special education provider. The audit requirement was enacted in 1999 as a part of a large foster care reform bill but that particular provision had never been enforced. CDE has twice waived this audit requirement, once in 2016 and again in 2017. The proposed trailer bill language would exempt nonpublic schools and nonpublic agencies from this audit requirement, arguing that this requirement was never intended to apply to these providers.

Additionally, staff is aware of another budget proposal to dedicate \$2 million in federal IDEA funding to provide support in the form of established mentor teachers, for new and existing teachers in special education.

Suggested Questions:

- Does the Administration support equalizing special education funding?

- What feedback did the Administration receive in the stakeholder process conducted by the DOF last spring?

Staff Recommendation: Hold Open
