

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2

ON EDUCATION FINANCE

ASSEMBLYMEMBER KEVIN McCARTY, CHAIR

TUESDAY, APRIL 25, 2023

9:00 A.M. – STATE CAPITOL, ROOM 447

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**THE GOVERNOR'S 2023-24 JANUARY BUDGET
PREK-12 EDUCATION PROPOSALS**

ITEMS TO BE HEARD		
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0511	GOVERNMENT OPERATIONS: THE OFFICE OF CRADLE 2 CAREER	
0950	STATE TREASURER: SCHOOL FINANCE AUTHORITY	
6100	CALIFORNIA DEPARTMENT OF EDUCATION	
7760	GENERAL SERVICES: OFFICE OF PUBLIC SCHOOL CONSTRUCTION	
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ITEMS TO BE HEARD

0511 GOVERNMENT OPERATIONS: THE OFFICE OF CRADLE 2 CAREER

0950 STATE TREASURER'S OFFICE: CALIFORNIA SCHOOL FINANCE AUTHORITY

6100 CALIFORNIA DEPARTMENT OF EDUCATION

7760 GENERAL SERVICES: OFFICE OF PUBLIC SCHOOL CONSTRUCTION

ISSUE 1: EXPANDED LEARNING OPPORTUNITIES PROGRAM

This panel will discuss implementation of the new Expanded Learning Opportunities Program (ELO-P), and the January Budget trailer bill proposal.

PANEL

- Jodi Lieberman, Department of Finance (DOF)
- Jackie Barocio, Legislative Analyst's Office (LAO)
- Michael Funk, California Department of Education (CDE)
- Zandra Jo Galván, Greenfield Unified School District

BACKGROUND

Expanded Learning Opportunities Program

“Expanded learning” means before school, after school, summer, or intersession learning programs that focus on developing the academic, social, emotional, and physical needs and interests of pupils through hands-on, engaging learning experiences. Expanded learning programs are pupil-centered, results driven, include community partners, and complement, but do not replicate, learning activities in the regular school day and school year.

The 2021-22 Budget Act authorized the on-going Expanded Learning Opportunities Program (ELO-P) and the 2022-23 Budget Act provided \$4 billion in annual, ongoing funding for school districts and charter schools to provide in-person expanded learning time opportunities to students in TK through grade 6.

The ELO-P program is intended to be California's universal “after school” program, and provide all students with no- or low-cost access to a total of nine hours of developmentally appropriate academics and enrichment activities per instructional day and for 30 non-school days of summer/intersession days. The nine hours of activities are inclusive of the traditional school day bell schedule. All local educational agencies, regardless of

community demographics, are encouraged to offer free or subsidized ELOP services to all students, using a fee schedule that considers family income and ability to pay.

In 2022-23, districts and charter schools with a student body that is equal to or more than 75 percent unduplicated pupils receive \$2,750 per unduplicated student enrolled in TK through grade 6 for ELO-P allowable services. LEAs with concentrations of unduplicated pupils less than 75 percent receive approximately \$2,000 per unduplicated student enrolled in TK through grade 6. The minimum LEA apportionment is \$50,000.

Beginning in the 2023-24 school year, as a condition of ELOP funding, districts and charter schools with a student body that is equal to or more than 75 percent unduplicated pupils must offer the program to all TK through grade 6 students in classroom-based settings and provide access to any students whose parent or guardian requests their placement in a program. LEAs with less than 75 percent concentrations of unduplicated pupils all districts and charter schools must offer expanded learning opportunity programs to all TK through grade 6 students attending classroom-based programs who are unduplicated and must provide access to at least 50 percent of these students.

ELO-P quality standards and the program plan guide are aligned to the pre-existing After School Education & Safety (ASES) statute, however, ELO-P does not require a local funding match or competitive application process. The most significant programmatic differences are 1) that the ELO-P teacher to child ratio for TK and kindergarten is 1:10, while ASES allows 1:20, and 2) ASES funding explicitly funds students through grade nine, while ELO-P funds may support students through the twelfth grade, but only requires access through the sixth grade.

According to CDE, 539 school districts that received initial ELO-P funding in 2021-22 did not have a history of receiving ASES or federal 21stCCLC expanded learning funding.

Funds provided to a LEA are to be used to support student access to ELO-Ps, which may include, but is not limited to hiring literacy coaches, high-dosage tutors, school counselors, and instructional day teachers and aides to assist students as part of the LEAs program enrichment activities.

Other California “After School” Investments

The After School Education and Safety (ASES) Program. ASES baseline funding is required by the 2002 voter-approved initiative, Proposition 49. This proposition expanded and renamed the former state Before and After School Learning and Safe Neighborhood Partnerships Program. The ASES Program funds the establishment of local after school education and enrichment programs. These programs are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive afterschool alternatives for students in transitional kindergarten (TK) through ninth grade. ASES programs must include an educational and literacy

element that provides tutoring or homework assistance, as well as an educational enrichment element, physical activity, and a healthy snack or meal. Funding is designed to maintain pre-Prop 49 before and after school program funding, and provide eligibility to all public elementary and middle schools that submit quality applications.

Proposition 49 requires a minimum of \$550 million in annual state funding for after school programs. No more than 1.5 percent of these funds is available to the Department of Education (CDE) for technical assistance, evaluation, and training services. The 2022-23 funding level for the ASES program is \$744,866,000. Per statute, CDE awards ASES grants on a competitive, 3-year grant cycle, which provides priority for current grantees.

ASES currently supports 4,231 elementary and middle schools offering afterschool and summer programs to more than 400,000 students daily. According to CDE, in 2020-21 the agency awarded \$213,312,709 in ASES funds for schools serving grades 7 or higher. The current state funding rate for ASES programs is \$10.18 per day. A 30 percent local funding match is required to supplement the state rate, and the program is also authorized to collect family fees for students with a family income above 185 percent of federal poverty.

21st Century Community Learning Centers. The 21st Century program was established by the federal Elementary and Secondary Education Act in 1994, and reauthorized in the federal Every Student Succeeds Act in 2015. The 21st Century Community Learning Centers (CCLC) Program, as described in federal statute, provides opportunities for communities to establish or expand activities that focus on improved academic achievement, enrichment services that reinforce and complement the academic program, and family literacy and related educational development services.

California uses 21st CCLC funds to support TK-12 afterschool programs through state statute. TK-8 programs are aligned to ASES standards and high school programs are guided by After School Safety and Enrichment for Teens (ASSETS) statutory standards. The CDE conducts a competitive grant process for any available 21st CCLC funds. Unlike ASES, 21st CCLC fund cycles are five years in length, and do not necessarily fund the same grantees each cycle. \$146 million in annual 21st CCLC funds currently support 721 school sites, serving students TK-12. 374 school sites are funded with both ASES and 21st CCLC funds.

ELO-P and ASES/21st CCLC. CDE guidance has allowed ASES and 21st CCLC funds to be blended with Expanded Learning grants and ELO-P to create streamlined expanded learning opportunities. For example, unduplicated students who are counted towards ASES program funding are allowed to be counted towards the Expanded Learning Opportunities Program requirements, and funds provided through the Expanded Learning Opportunities Program are allowed to be used for the local match in ASES. However, ASES and 21st CCLC are funded at the school site level, while the Expanded Learning Opportunities Program funds are allocated to local educational agencies, with a priority

for school sites in the LEA's lowest income communities while maximizing the number of schools and neighborhoods with expanded learning opportunities programs across their attendance area.

Expanded Learning Opportunities Grant. The revised 2020-21 Budget included \$4.6 billion one-time funding in Expanded Learning Opportunities Grants that was provided to LEAs proportionate to each agency's share of the Local Control Funding Formula allocation. These funds are for local educational agencies to provide supplemental instruction and support to students in TK through grade 12 to address learning loss due to pandemic school closures. Specified uses included extended instructional learning time, accelerated learning strategies, summer school, tutoring or one-on-one support, professional development, and social-emotional wellbeing supports, among others. LEAs have until September 2024 to use these grant funds, which can include afterschool support for learning recovery. No CDE data is yet available on LEA uses for these funds.

System of Support for Expanded Learning. The state uses a portion of ASES (1.5% Prop 49) and 21st Century program (5%) allocations (\$16 million in 2020-21) to fund a regional system of support for expanded learning programs. This system of support includes the California Department of Education, 16 county offices of education across 11 regions, and contracted technical assistance providers. The technical assistance provides schools with ongoing support to help them create effective programs. The specific technical assistance activities can include coaching, training, resource brokering, and mentoring. The 2021-22 Budget Act increased the CDE staff capacity for the new universal Expanded Learning system, but did not increase funding for the regional systems of support.

The 2021-22 Budget Act also provided \$5 million one-time to the Collaborative for Education Excellence (CCEE) to provide statewide technical assistance on expanded learning and learning recovery. The specific support to LEAs can include guidance on the effective use of diagnostic and formative assessments, curricular resources, best practices for contacting and reengaging disengaged students, models for providing supplemental instruction, and models to address student social-emotional needs. Funding was for May 2021 through June 30, 2023.

Governor's 2023-24 Budget

The January Budget maintains the Expanded Learning Opportunity Program funding at \$4 billion on-going Proposition 98 funding for after school and summer options for all students.

The January Budget also adjusts penalty statute for local educational agencies that fail to offer or provide access to Expanded Learning Opportunities Programs.

STAFF COMMENTS & QUESTIONS

Local education leaders are struggling with the enormity of pandemic response. The Expanded Learning Opportunities Program is intended to be one transformation investment in student engagement and learning recovery—germane to pandemic response as well as long-term policy goals for student outcomes—but in the midst of nationwide staffing shortages and general exhaustion, some LEAs are struggling to see how to leverage ELO-P funding as an asset.

In this third year of program planning, implementation, and investment, it will be imperative to identify and strengthen key design elements for the program to support student outcomes and access: data and accountability, final funding formulas, program standards, and system supports. These design elements should be sensitive to the post-pandemic environment in which schools and students are, but also focus on long-term student engagement and learning.

Questions

- Is the Administration’s final funding goal for the ELO-P initiative still \$5 billion? What will that final goal look like, programmatically and for the program funding rates?
- Should all LEAs be expected to “offer” a program to all students, regardless of income? Does statute support inclusion?
- Is state and regional support capacity sufficient in the short-term to sunrise a universal program in all LEAs? Would doubling the ASES system of support be sufficient?

Staff Recommendation: Hold Open.

ISSUE 2: SCHOOL FACILITY PROGRAM

The following panel will cover the January Budget proposals to amend prior Budget actions for the School Facility Program.

PANEL

- Michelle Nguyen, Department of Finance (DOF)
- Sara Cortez, Legislative Analyst's Office (LAO)
- Barbara Kampmeiner, Office of Public School Construction

BACKGROUND**School Facilities Program**

In November 2016, the voters passed the Kindergarten through Community College Facilities Bond Act of 2016 (Proposition 51), which authorizes the state to sell \$9 billion in general obligation bonds for K-14 facilities (\$7 billion for K-12 and \$2 billion for community colleges).

The California State Auditor released a report in January 2022, which found that California will need \$7.4 billion in state funding to meet anticipated modernization requests over the next five years. It additionally found that the state could increase equity in the facilities program by adjusting its first-come, first-served approach to reviewing and approving modernization projects by prioritizing funding for districts from financially challenged districts. Districts that can complete projects on their own with local funding can receive reimbursement from the State after their projects are finished. Conversely, financially challenged districts apply for "financial hardship" so that the state fund the local share of facilities projects, but can be left waiting for state funds in order to begin their projects, delaying improvements to their facilities. School districts can apply for "facility hardship," in cases of extraordinary circumstances that have caused an imminent health and safety threat. Unlike districts that apply for "financial hardship," school districts that apply for facility hardship are exempted from the first-come, first-served approach and may move up in priority for funding.

The 2022-23 budget included the remaining bond authority, which costs approximately \$1.4 billion in K-12 bond authority in 2022-23, for new construction, modernization, career technical education, and charter facility projects, and a total of \$4.2 billion one-time General Fund (\$1.3 billion in 2021-22, \$2.1 billion in 2023-24, and \$875 million in 2024-25).

Universal Preschool and Kindergarten Facilities

Preschool and Kindergarten (including TK) facilities have additional requirements compared to other school facilities, such as restrooms that must be self-contained in the classroom or separate from those of older students and an easily supervised play area. A lack of space meeting these requirements may prevent schools from expanding their kindergarten offerings, and offering full school day kindergarten programs.

The 2018-19 , 2021-22, and 2022-23 Budget Acts have provided a total of \$1.24 billion in one-time non-Proposition 98 General Fund for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. Grant funds may be used to construct new school facilities or retrofit existing school facilities for the purpose of providing transitional kindergarten classrooms, full-day kindergarten classrooms, or preschool classrooms. Participation in this program does not impact LEA eligibility for the School Facility Program.

The Governor's 2023-24 January Budget

The Governor's Budget proposes to reduce the General Fund appropriation for the School Facility Program by \$100 million in 2023-24, from \$2.1 billion to \$2 billion, for a total appropriation of \$4.1 billion (reduced from \$4.2 billion).

The Governor's Budget proposes to delay the \$550 million for the Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25. This proposal was heard in the March 23, 2023 hearing.

The Budget also includes \$5.57 million one-time General Fund for various facility upgrades at the State Special schools.

STAFF COMMENTS

Prior year budget agreements were intended to provide sufficient funding for the School Facility Program, until voters can pass a new school facilities bond. AB 247 (Muratsuchi) is currently in print, with intentions to place a new bond before voters in 2024.

Questions:

- Is the January Budget proposal sufficient to support full funding for the School Facility Program through 2024?
- In light of the January Budget proposal to delay UPK facility funding, should school facility bond discussions for 2024 include a comprehensive approach for preschool, TK, and full day kindergarten infrastructure?
- Should the state consider the inclusion of State Special Schools modernization needs in a state school construction bond?

Staff Recommendation: Hold Open.

ISSUE 3: CALIFORNIA SCHOOL FINANCE AUTHORITY PROPOSALS

This panel will review January Budget proposals relevant to the State Treasurer's role in supporting public school and school facility finance.

PANEL

- Michelle Nguyen, DOF
- Edgar Cabral, LAO
- Katrina Johantgen, California School Finance Authority (CSFA)

BACKGROUND**Charter School Facility Leasing**

The Charter School Facility Grant Program (CSFG) was established in 2002 by SB 740 (O'Connell), to offset the unique facility leasing costs of charter schools. Funding under statute is allowable for lease costs and lease facility capital improvement. In the 2013-14 Budget Act, the CSFG program's administration was transferred from CDE to the Charter School Finance Authority (CSFA), in the State Treasurer's Office. The CSFG provides annual grants to offset annual on-going facility costs for charter schools serving a high percentage of students eligible for free or reduced-price meals (FRPM) or for charter schools located within a public elementary school boundary that serves a similar demographic for FRPMs.

Prior to the 2016-17 Funding Round, the CSFG was typically undersubscribed, which resulted in the CSFA not awarding the entire annual apportionment. Subsequently, the California Department of Finance (DOF) implemented a programmatic change, and reduced the FRPM program eligibility threshold for charter schools from 70% FRPM to 55% FRPM. Since this change went into effect, the number of Program applicants, along with the percentage of funding disbursed has steadily risen. The chart below provides historical information related to Program apportionments, amounts awarded to schools, the number of applicants as well as the percentage of funding disbursed to schools.

<i>History of Apportionments, Awards, and Distribution Allocation for the Charter School Facility Grant Program</i>				
Fiscal Year	State Budget Appropriation	Funds Awarded	Percentage of State Budget Appropriation Disbursed	School Awardees
2011-2012*	\$76,509,000	\$5,166,452	6.75%	43
2012-2013*	\$92,031,000	\$37,525,209	40.77%	261
2013-2014	\$92,031,000	\$65,575,245	71.25%	318
2014-2015	\$92,031,000	\$74,902,988	81.39%	331
2015-2016	\$112,031,000	\$89,969,742	80.31%	372
2016-2017	\$112,031,000	\$98,667,899	88.07%	396
2017-2018	\$133,177,000	\$133,177,000	100.00%	418
2018-2019	\$136,786,000	\$136,786,000	100.00%	415
2019-2020	\$136,786,000	\$136,533,900	99.82%	426
2020-2021	\$136,786,000	\$136,724,676	99.96%	423
2021-2022	\$143,520,000	\$141,621,748	98.68%	424
2022-2023**	\$154,273,000	\$104,298,261	67.60%*	419
<p>* Program under CDE administration; upon program transfer, the Authority issued \$42,691,661 in awards to schools that had applied through CDE</p> <p>** The 2022-23 Funding Rounds was allocated \$30 million specifically for other eligible facility related costs. These awards will be made after the after the close of the associated fiscal year.</p> <p>* The 2022-23 Funding Round is still active and only the first two disbursements have been awarded. These awards will be made after the after the close of the associated fiscal year.</p>				

Source: Office of State Treasurer

2019-20 was the first time SB740 was oversubscribed to the point where rent/lease-based awards left no pro-rated funds available for other facility related costs. During the 2018-19 funding round around 277 applicants submitted other costs, requesting a total of \$37,362,321 or about \$90,685 per applicant. A majority of these applicants, 272, are also applicants for 2019-20 Funding Round and were not able to submit other costs due to the oversubscription.

The final 2022-23 Budget Act increased the program with \$30 million, one-time, in addition to the COLA increases.

This program receives a statutory COLA.

The Governor's 2023-24 January Budget

Charter School Leased Facilities Maintenance. The January Budget includes an increase of \$30 million one-time Proposition 98 for the Charter School Facility Grant program to support total charter demand for both lease and capital improvement costs for leased facilities.

The January Budget also proposes two new positions to administer the Charter School Facility Grant Program, and trailer bill language to authorize county intercept programs for basic aid districts.

STAFF COMMENTS

While the 2022-23 Budget agreement and the January Budget proposed a \$30 million increase to the Charter School Facility Grant Program, in addition to the statutory COLA, a more recent State Auditor report urges more systemic reforms.

State Auditor's 2023 report. The State Auditor released their report on the CSFGP and Conduit Financing Program on February 14, 2023. The audit identified several issues that should be addressed through legislative and regulatory reform, before additional funding for the program is considered:

There is no consistency among CSFGP recipients in the degree to which charter schools prioritize admissions for nearby students.

- Charter schools qualify for grant funds from the CSFGP by one of two methods: either a) serving 55% or more of pupils eligible for free or reduced price meals (FRPM), or b) physically locating in the attendance area of a public elementary school in which 55% or more of pupil enrollment is eligible for FRPMs and the school site gives a preference in admissions to pupils who are currently enrolled in that public elementary school and to pupils who reside in the elementary school attendance area where the charter school site is located (EC 47614.5 (c)(2)).
- In a review of just four charter schools that qualify for CSFGP funds (under method b above), the auditor found that “each established a different priority level for the admission of nearby students.” This means that the nearby FRPM students the program is meant to serve may receive fourth or fifth priority for admissions preference if charter interest exceeds enrollment capacity, behind the children of teachers and administrators or siblings of current students. The auditor wrote, “under the current law, nearby students are not necessarily a highly preferred admission group, which could undermine the purpose of the program.”

Tax-exempt LLCs that often hold title to publicly funded charter school properties are not subject to existing law requiring AG for the sale of assets.

- Existing law imposes safeguards for transactions involving charter schools or CMO subsidiaries that are nonprofit public benefit corporations. Those safeguards include requiring that the nonprofit public benefit corporation provide notice to the AG if it seeks to sell or lease its corporate assets and obtain a written waiver of objections if it seeks to dissolve. However, these safeguards do not exist for tax-exempt LLCs, which commonly hold title to charter school facilities. On this, the auditor wrote, “Thus, a charter school subsidiary that is an LLC may sell or lease a school facility without notifying the AG of the transaction. Although state law grants the AG the authority to investigate transactions involving charitable assets, including those owned by tax-exempt LLCs, we question the effectiveness of this provision if there is no mandate that tax-exempt LLCs notify the AG of these transactions.”

Charter school closures contribute to classroom overcrowding in nearby schools.

- Although it is not an explicit goal of the program, the auditor found that CSFGP recipients operate in areas of the state where classroom space is needed. In reviewing a selection of 20 CSFGP recipients, the auditor found that 60% of those schools were located in areas where the Office of Public School Construction identified a need for additional classroom space.
- Therefore, should a charter school that paid CSFGP funds to a wholly-owned subsidiary close, existing public schools would need to find space to accommodate those students in a short timeframe and the closed charter facility that had been funded through public grant would not automatically be available option to the district, as it is not a public property.

CSFA does not identify possible conflicts of interest involving nonprofit CMOs and subsidiaries.

- CSFA has promulgated regulations to address and examine conflicts of interest affecting rent or lease agreements for grant program recipients. Those regulations defined the term “related parties” to include school officials and their close family members, as well as certain corporate entities affiliated with those officials or family members. The regulations impose additional requirements on agreements and transactions between those parties to ensure compliance with Government Code 1090 and the Political Reform Act of 1974.

- Notably, however, CSFA’s definition of “related parties” excludes agreements between charter schools and nonprofit CMOs or their subsidiaries, even when the nonprofit CMOs or subsidiaries employ school officials or their family members. At least half of all CSFGP recipients engage in agreements with their closely associated CMOs and subsidiaries. The lack of scrutiny around these agreements leaves open the possibility that schools out of compliance with Government Code 1090 and the Political Reform Act of 1974 will improperly receive grant program funds. “In implementing the Facility Grant Program, CSFA has established a narrow definition of related parties that excludes nonprofit CMOs and the subsidiaries of those CMOs and charter schools. As a result, CSFA does not apply the same scrutiny to lease and rental agreements involving these entities as landlords.”

CSFA relies on CSFGP applicants to self-certify their program eligibility.

- CSFA staff has established robust procedures to review any related parties reported by a charter school program applicant for compliance with program regulations. However, staff does not review assertions by CSFGP applicants that no related-party conflicts exist. Staff are directed to “identify a charter school as eligible for the Facility Grant Program if the charter school reports no related parties.”
- The auditor states that this practice risks CSFA improperly funding or not appropriately vetting its grant program applicants. In fact, the auditor reviewed 11 applications in which charter schools reported they had no relationship with their landlord and found that in three of those 11 cases, “there was a heightened risk that the applicant and landlord were closely associated despite the charter school not saying so on its application.”

The state collects insufficient data on the organizational types of charter schools.

- The state auditor was unable to determine the type of charter school organization (CMO, single management, none, or other) for 35% of CSFGP recipients during their review period in part because the California Department of Education’s annual survey on charter school information is not mandatory. The absence of this crucial information undermines oversight and accountability work by CSFA and charter authorizers.

The state loses track of publicly funded charter school facilities after charter schools close.

- Existing law requires a charter school to complete an independent final close-out audit after a charter school closes, including in cases where a school closes voluntarily or when its charter is revoked or nonrenewed (EC 47605.6 (b)(5)(P)).

However, in the auditor's review of 10 close-out audits of schools that received funding from the CSFGP, none identified how the facilities they had occupied were used after their closure. In cases where a facility is owned by a charter school, CMO, or one of its closely associated entities, it's vital that authorizers retain a record of this information as it relates to educational facility space capacity. (Source: State Auditor, 2023)

Questions:

- Are any funding increases for this program justifiable, in light of the State Auditor's findings?
- What new safeguards can be ensured for public funds, supporting private facilities?
- All other school facility programs are proposed for reductions or delay, in light of the reduced state revenues available. Why is this program still proposed for an increase?

Staff Recommendation: Hold Open.

ISSUE 4: CRADLE TO CAREER DATA PROPOSALS

This panel will review approximately \$11.3 million in ongoing January Budget proposals to expand data system capacity, as part of the Cradle 2 Career system.

PANEL

- Alex Shoap, Department of Finance (DOF)
- Paul Steenhausen, Legislative Analyst's Office (LAO)
- Jackie Barocio, Legislative Analyst's Office (LAO)
- Cindy Kazanis, California Department of Education (CDE)
- Mary-Ann Bates, Office of Cradle 2 Career

BACKGROUND**Cradle 2 Career Data System**

California's education system is made up of numerous segments and other entities. Specifically, the system includes early education programs, elementary and secondary schools, county offices of education, community colleges, and universities in both the public and private sectors. Currently, each of these entities collects and maintains data on its students, but the data generally are not linked across the segments of education (such as from high school to community college). Not linking data limits the ability of policymakers, educators, researchers, parents, and others to get answers to many basic questions about student progression from preschool through K-12 education, through higher education, and into the workforce.

The 2019-20 budget package provided \$10 million one-time non-Proposition 98 General Fund for initial work related to developing an integrated data system. The budget package included intent language that the data system be built to "advance academic and governmental research on improving policies from birth through career" as well as "create direct support tools for teachers, parents, advisors, and students."

The 2021-22 Budget package created a 21-member governing board comprised of a mix of chief executives from those state agencies tasked with contributing data to the data system, along with members of the public and legislative members. Regarding system management, the Budget Act included \$15 million non-Proposition 98 General Fund (\$11.5 million ongoing, \$3.5 million one-time) to the Government Operations Agency (GovOps). A portion of the funds supports 12 staff (including an executive director) in 2021-22 at a newly created Cradle-to-Career office within GovOps. The one-time funds provided in 2021-22 will be used to cover various operating and technology acquisition costs related to the integrated data system, including funds to upgrade CDE's K-12 database.

The 2022-23 Budget Act increased authorized Cradle 2 Career staff to 16 in 2022-23 and provides an additional \$500,000 ongoing funding for GovOps at that time, bringing its funding to \$12 million annually beginning in 2022-23.

The Cradle-to-Career Data System plan includes three core components:

Tools for policy makers, researchers, educators, and advocates, including dashboards, a query builder, summaries of key student and employment outcomes, and a research library. These tools would be accessible to the general public and provide actionable information on education, social services, employment patterns, and equity gaps in opportunities and outcomes. Researchers could request access to restricted data for authorized purposes.

Tools for students and the educators who support them, including college and career planning, college-eligibility monitoring, electronic transcripts, college applications, and access to financial aid and other services such as medical care and food.

Tools to support data use including outreach, professional development, and clear feedback loops with intended users, designed to build the capacity of policymakers, educators, parents, and students to make better-informed decisions.

Cradle 2 Career staff may provide an update on system implementation during the hearing.

California College Guidance Initiative

The California College Guidance Initiative (CCGI) offers access to college planning, financial aid, and career exploration tools to students from grades six to 12 through its online platform CaliforniaColleges.edu. CCGI also partners with school districts to streamline the college application process through verified electronic transcripts. Partner districts can upload verified academic transcript data onto the platform and into students' accounts. When students from these partner districts apply to a California Community College (CCC) or California State University (CSU), certain high school data is shared. The college or university, in turn, can use the data to inform decisions about admissions and course placement.

As of 2022-23, 144 out of 420 target school districts participate in CCGI. CDE reports that another 191 LEAs are onboarding into CCGI for the 22-23 school year, and 49 LEAs have begun onboarding for the 23-24 school year.

The state currently funds CCGI as part of the California Department of Education's budget, with Riverside County Office of Education (COE) and the nonprofit Foundation for California Community Colleges acting as intermediaries. CCGI also receives funding from private philanthropy and institutional partners. For example, CCC and CSU cover participation fees for 77 districts in the Central Valley and Inland Empire.

The 2019-20 budget package included intent language that the C2C data system “create direct support tools for teachers, parents, advisors, and students” and have the ability to “transfer high school pupil educational records to postsecondary educational institutions.” The final work group report released in June 2021 included a recommendation to expand CCGI to school districts throughout the state to fulfill certain components of legislative intent.

The 2021 Budget Act budget increased CCGI funding to begin scaling statewide (bringing total ongoing Proposition 98 funding to \$7.3 million), and authorized CCGI to provide its services to all California school districts. The budget also included intent language that, upon full implementation, CCGI would be expected to provide several services—including free college planning, financial aid lessons, and career planning curricula—for students in grades six through 12. Trailer legislation also requires CCGI to provide an annual report every year, with information such as budget change proposals; details for participating districts and charter schools; and, in the first report, a needs assessment examining platform usage and relevance of existing features to users.

Current CCGI Budget. The final 2022-23 Budget Act provided an ongoing augmentation of \$9.3 million (bringing total Proposition 98 funding to \$16.8 million) and \$4.4 million one-time to support full-scale implementation of the college planning online platform, [CaliforniaColleges.edu](https://www.californiacolleges.edu). The ongoing augmentation covers the cost of new districts joining the platform, as well as fees previously paid by participating districts to operate the platform. The one-time funding is to establish a regional network of COEs to increase utilization of the platform and provide technical assistance to districts.

Of this funding, \$4.5 million was proposed to cover the cost of operating the platform for existing districts, including covering the costs of fees previously paid by participating districts. The remaining \$4.8 million would cover costs associated with new districts participating on the platform, including technology operations, maintenance, and development, as well as CCGI personnel. The \$4.4 Million one-time Proposition 98 funding was to establish a regional network of 11 COEs to increase utilization of the CCGI platform and provide technical assistance to participating schools. Funding would be available over three years.

Department of Education Data Support

The final 2022-23 Budget Act provided CDE with 80.5 new positions and an associated \$24.7 million (52 percent is ongoing and 48 percent is one time) to accommodate new workload. Notably, ten positions and \$5.8 million were to fund general purpose information technology and information security for CDE, and nine positions and \$1.7 million ongoing were to fund CDE’s role in the Cradle 2 Career system.

The Governor's 2023-24 January Budget

California College Guidance Initiative. The budget proposes an increase of \$3.9 million ongoing Proposition 98 General Fund to expand the California College Guidance Initiative.

Cradle to Career BCP. The Governor's proposed budget allocates an additional \$4.89 million General Fund to the Office of Cradle-2-Career for 10 new positions in the office. The new positions will be supporting board coordination, partnerships and engagement, data infrastructure, and more.

Data Support BCPs. The budget proposes an increase of \$2.5 million non-Proposition 98 General Fund and 15 positions for the California Department of Education to meet state and federal data and accountability reporting requirements, support data exchanges with other agencies, and to quickly respond to emergent needs for data both internally and externally.

LAO Comments*

Full Costs for Scaling CCGI Remain Unclear. With the 2022-23 augmentation, CCGI plans to expand the platform to an additional 136 districts. As a result, roughly 230 out of 424 unified and high school districts (54 percent overall) would be participating in CCGI statewide. CCGI plans to fully scale by 2025-26. The 2022-23 augmentation brings total ongoing CCGI funding to \$16.6 million, with 294 districts that still need to be added to the platform. CCGI initially estimated the cost of fully scaling operations between \$18 million and \$20 million, but given the large number of districts that have yet to be added to the platform, the LAO states that uncertainty remains about the long-term costs for fully scaling CCGI.

CCGI Could Benefit From Long-Term Implementation Plan. Although CCGI assumes more districts will want to participate as the platform becomes more helpful to students during the college application and financial aid process, there is no clear plan to expand to the remaining districts. A long-term implementation plan could be particularly beneficial given the challenges of scaling statewide. For instance, there is no state mandate requiring schools to use the CCGI platform or incentive funding to encourage more districts to participate. A long-term implementation plan could clarify how CCGI would target outreach and resources to engage new districts and address any barriers to participation. For example, CCGI could use a regional approach based on local college attendance rates or focus on the state's largest school districts first. The plan could also identify ways to encourage more district participation in CCGI, including amending existing state law.

*above are LAO Comments from 2022 publication

STAFF COMMENTS

The goals of providing easy-to-use college guidance support for K-12 statewide, and expanding state operations capacity around Cradle 2 Career are laudable, but the Subcommittee may wish for more information about these expansion plans, in light of General Fund revenue availability and large prior Budget augmentations.

Questions:

- How many students are utilizing CCGI currently?
- What is CCGI's long-term plan for fully scaling the platform?
- What are the ongoing costs associated with fully scaling CCGI?
- C2C: What is the full scale cost estimate for the Cradle 2 Career ongoing administrative infrastructure?
- C2C: What is the timeline for data system connectivity?
- CDE: What planning does CDE need to undertake in the near-term to prepare for CalPADS' successor data system and how it may need to work within the C2C system?
- CDE: What is the timeline for a new early childhood education data system that will be ready for federation in the C2C system?

Staff Recommendation: Hold Open.

ISSUE 5: K12 HIGH SPEED NETWORK

This panel will review the \$3.8 million January Budget proposal to maintain the K-12 High Speed Network capacity.

PANEL

- Alex Shoap, Department of Finance (DOF)
- Jackie Barocio, Legislative Analyst's Office (LAO)
- Geoff Belleau, California Department of Education (CDE)

BACKGROUND**California K-12 High School Network**

According to the CDE website, the K-12 High-Speed Network (K12HSN) was established to enrich pupil educational experiences and improve pupil academic performance by providing high-speed, high-bandwidth Internet connectivity to the California public school system.

Through a grant from the CDE, the Imperial County Office of Education is responsible for administering the network, as well as providing for the continuation and growth of network services and other support activities. Lead agency responsibilities include:

- Technical oversight of the project
- Financial and administrative services, such as personnel, contracts, and budgets
- Collaboration and coordination with other agencies and projects
- Advancement of network usage
- State reporting and auditing

According to the Network's 2022 annual report to the Legislature, 4.7M students are benefiting from the K12HSN program, with 3.4M students connected at over 1,000 Kbps per student.

The 2014–15 Budget Act allocated \$26,689,000 for a Broadband Infrastructure Improvement Grant to support network connectivity infrastructure grants and the completion of a statewide report of network connectivity by the K12HSN in consultation with the CDE and State Board of Education (SBE). The intent of these funds was to assist schools that did not have sufficient internet connectivity to conduct the California Assessment of Student Performance and Progress (CAASPP) System that includes the Smarter Balanced computer-based assessments.

The 2015–16 Budget Act allocated \$50,000,000 to the K12HSN for an additional Broadband Infrastructure Improvement Grant (BIIG) to support network connectivity infrastructure grants in consultation with the CDE and SBE. The funds from this grant

award were to be used to distribute network connectivity infrastructure grants to fund the following in order of priority. First priority for critical need grants was for local educational agencies (LEAs) that were unable to administer computer-based assessments at the school site and would experience the greatest benefit in terms of the number of students able to be assessed at the school site as a result of the grant. Second priority for critical need grants was for LEAs that have to shut down essential operations to administer computer-based assessments at the school site, including, but not limited to, business services, email, and access to other critical online activities.

The 2017-18 Budget Act removed an \$8 million ongoing appropriation for K12 HSN, and instead directed K12HSN to utilize balances in BIIG funding and reserves to fund operational costs.

The 2021-22 Budget Act authorized a transfer of \$8,000,000 from the Broadband Infrastructure Improvement Grant dollars to fund operations for the K12HSN program.

K12HSN Operational Budget Projection

	Audited Actuals	Unaudited Actuals	Approved Budget	Proposed Budget
	2020-21	2021-22	2022-23	2023-24
Beginning Balance Unused Resources	6,157,350	5,744,691	5,254,001	5,540,691
Current Year Resources				
State Appropriation				3,787,083
Authorized Transfer from BIIG 1.0 for Operations		8,000,000	814,821	397,894.78
Authorized Transfer from BIIG 2.0 for Operations	7,500,000		9,185,179	6,212,917
E-rate	4,263,660	4,194,253	5,256,899	4,692,189
CTF	3,604,472	3,412,247	3,646,143	3,461,492
Other	2,000	183,086	170,000	-
Total Resources	15,370,132	15,789,585	19,073,041	18,551,576
Expenditures				
Certificated and Classified Salaries & Benefits	1,307,769	1,402,293	1,414,352	1,527,500
Books, Materials and Supplies	44,535	20,622	48,164	49,609
Services/Other Operating Expenditures	511,323	394,329	578,790	563,500
Other Outgo	-		2,916	2,916
CENIC	13,831,075	14,109,684	16,525,107	16,492,735
Capital Outlay*	53,966	193,685	50,000	50,000
Indirect Costs	141,350	159,662	167,022	174,678
Total Expenditures	15,890,018	16,280,275	18,786,351	18,860,939
Resources Used Surplus (Deficit)	(519,886)	(490,690)	286,690	(309,363)
Ending Balance Unused Resources	5,637,464	5,254,001	5,540,691	5,231,328

Source: CDE

The Governor's 2023-24 January Budget

The January Budget proposes an increase of \$3.8 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program. This funding would backfill expiring one-time funding.

STAFF COMMENTS**Questions:**

- The January Budget does not fully fund the difference between the Network's proposed annual budget and ongoing resources. Is the Administration also proposing reductions to the Network's staff or program capacity to match resources available?
- In light of the crucial role connectivity plays in modern education, post-pandemic, should school facility bond discussions for 2024 include a comprehensive approach for Network capacity?

Staff Recommendation: Hold Open.
