

AGENDA – PART II**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****Assemblymember Kevin McCarty, Chair****TUESDAY, MAY 24, 2016****3:00 PM - STATE CAPITOL, ROOM 437**

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VOTE-ONLY ITEMS

6870 CALIFORNIA COMMUNITY COLLEGES

ISSUE 1: ENROLLMENT FUNDING

The Governor's Budget proposes \$114.7 million to support 2% enrollment growth in the community college system. This represents about 23,000 full-time equivalent students.

Staff Recommendation: Approve the Governor's Budget proposal

ISSUE 2: COST-OF-LIVING ADJUSTMENTS

The May Revision proposes to decrease the cost-of-living adjustments from 0.47 percent to 0 percent, resulting in the following decreases: (1) \$29.29 million apportionments, (2) \$61,000 and \$75,000 for the hourly non-credit funding rate for community college and K-12 apprenticeship programs, (3) \$579,000 decrease for the Extended Opportunity Programs and Services Program, (4) \$542,000 for the Disabled Student Programs and Services Program, (5) \$164,000 for the Student Services for CalWORKs Recipients Program, (6) \$16,000 for the Campus Childcare Tax Bailout Program.

Staff Recommendation: Approve the May Revise proposal

ISSUE 3: INSTITUTIONAL EFFECTIVENESS DIVISION

The Governor's Budget proposed augmenting the Institutional Effectiveness Division by \$10 million Proposition 98 General Fund. Specifically, the proposal augments the statewide professional development activities by \$8 million, and augments technical assistance funding by \$2 million. This program appears to be meeting a system-wide demand, and an augmentation appears warranted.

Staff Recommendation: Approve the Governor's Budget proposal

ISSUE 4: DATA SECURITY

The Governor's Budget proposes \$3 million Proposition 98 General Fund to support a range of technical services for community colleges and statewide projects through the system's TTIP program.

The Chancellor's Office reports that the proposal would enable the system to create a comprehensive suite of security services for community colleges and statewide technology

projects. Services would include providing support for colleges in the event of a data breach, offering more in-depth vulnerability scans and risk analyses, promoting the CCC information security standards and creating incentives for institutions to meet these standards, and enhancing security monitoring. The funding also would support creation of a CCC system wide data sharing committee to ensure the security of personally identifiable information.

Staff Recommendation: Approve the Governor's Budget proposal

ISSUE 5: APPRENTICESHIP RATES

The May Revision proposes to adjust the hourly apprenticeship reimbursement rate to \$5.71 per hour.

Staff Recommendation: Approve the May Revise proposal

ISSUE 6: MANDATES

The Governor's Budget proposed to provide \$76.3 million one-time Proposition 98 General Fund for the mandate backlog. The May Revise proposes an additional \$29.2 million one-time Proposition 98 General Fund for the mandate backlog.

This flexible one-time funding will reduce mandate debt while also providing districts with discretion to pay for other one-time expenses such as professional development, campus security infrastructure, technology infrastructure, and developing open education resources and zero-textbook cost degrees.

Staff Recommendation: Approve the May Revise proposal

ISSUE 7: PROPOSITION 39

The May Revises proposes \$49.3 million Proposition 39 funds to support campus energy efficiency programs. Colleges receive the funding through a formula and use the funding for lighting efficiency, systems efficiency, and other projects that reduce energy usage and cut costs.

Staff Recommendation: Approve the May Revise proposal

ISSUE 8: TELECOMMUNICATIONS AND TECHNOLOGY INFRASTRUCTURE PROGRAM

The May Revision requests \$5 million ongoing, and \$7 million in 2015-16 Proposition 98 General Fund to support efforts within the Telecommunications and Technology Infrastructure Program to expand broadband capacity across community college campuses

to ensure appropriate internet access is available for students, faculty, and community college administrators. The Administration notes that the improvements are needed to meet demand for connectivity and to prepare for statewide rollout of the common assessment, education planning, online education, and other statewide technology initiatives.

Staff Recommendation: Approve the May Revise proposal

ISSUE 9: COMPTON COMMUNITY COLLEGE LOAN

The May Revision proposes trailer bill language to adjust the interest rate to 2.307 percent on any outstanding General Fund emergency apportionments made to Compton Community College District, which is reflective of the rate recently provided to other K-12 agencies. The administration requests General Fund interest revenue be reduced by approximately \$134,000 in 2016-17 and principal repayment amounts be increased by approximately \$51,000 in 2016-17 to revise the interest rate on three Compton Community College District emergency apportionments. The current outstanding loan balance is \$17.8 million.

Staff Recommendation: Approve the May Revise proposal

ISSUE 10: APPORTIONMENT ADJUSTMENT

The May Revision proposes to increase Item 6870-101-0001 by \$41.5 million to reflect the City College of San Francisco’s estimated declining enrollment protection. The purpose of this adjustment is to ensure that, if the community college system meets enrollment targets, there will be sufficient appropriation to fund all enrollment growth to which districts are entitled plus the extended stability funding that CCSF will receive.

Staff Recommendation: Approve the May Revise proposal

ISSUE 11: TECHNICAL ADJUSTMENTS

The May Revision proposes to increase Item 6870-101-0001 by \$5.34 million to reflect various technical base apportionment adjustments associated with updates in enrollment.

The May Revision also proposes trailer bill language to appropriate \$38.57 million in 2015-16 Proposition 98 General Fund to backfill a projected shortfall in estimated offsetting local community college district revenue. To the extent the appropriation exceeds the final shortfall, the language proposes that the funding would be used to make additional mandate debt payments.

The May Revision requests an increase of \$164,930,000 to reflect a decrease in apportionment funding associated with an increase in estimated net offsetting EPA revenue.

The May Revision also requests that item 6870-101-0001 be increased by \$51,179,000 to reflect an increase in apportionment funding associated with a decrease in estimated net offsetting local tax revenue.

The May Revision proposes Item 6870-101-0001, Budget Act of 2015, be increased and conforming adjustments be made to reflect a \$115,766,000 decrease in estimated 2015-16 EPA revenues.

The May Revision proposes Item 6870-101-0001, Budget Act of 2015, be decreased by \$578,000 to reflect differences between the estimated and actual impact of excess revenue districts receiving EPA funding that does not offset apportionment funding.

The May Revision proposes that (1) of Item 6870-101-0001 be decreased by \$9,837,000 to reflect a decrease in apportionment funding associated with an increase in estimated offsetting student fee revenue.

The May Revision proposes an increase of \$2,333,000 to reflect an increase of \$1,173,000 for the Student Financial Aid Administration Program and an increase of \$1,160,000 for the Board Financial Assistance Program. These adjustments reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived.

Staff Recommendation: Approve the May Revise proposals

ISSUE 12: ACADEMIC SENATE

The May Revision proposes to increase funding for the Academic Senate of California Community Colleges by \$300,000 to more expeditiously develop, promote, and act upon policies in support of recent statewide community college programmatic efforts and initiatives.

Staff Recommendation: Approve the May Revise proposal

ISSUE 13: APRIL FINANCE LETTERS

An April Finance Letter requests authority to reappropriate funds from the 2015-16 fiscal year to 2016-17 FY due to various delays for the following projects:

- El Camino Community College District, El Camino College Compton Center: Instructional Building Replacement: This project consists of demolishing one permanent building and parts of two other permanent buildings; removing two portable instructional buildings; and constructing a new, two-story instructional building on the site of the demolished structures. The new building will replace 32,117 assignable square feet (asf) in the current structures with 17,180 asf (26,500 gross square feet). The new building will consist of 9,575 asf classroom space, 4,175 asf laboratory space, 3,180 asf office space, and 250 other asf. Construction for this project was delayed because the California

Environmental Quality Act review process took longer than anticipated resulting in a several month delay in the project schedule. This project is now estimated to be completed in July 2019. The reappropriation of \$13.4 million in construction funds will allow this project to continue without further delay.

- Redwoods Community College District, College of the Redwoods: Utility Infrastructure Replacement: This project will replace or rebuild utility infrastructure at the College of the Redwoods Eureka campus to mitigate seismic risks. The scope for the entire project includes (a) seismic mitigation for campus utility infrastructure and (b) ensuring environmentally sensitive areas are protected from the consequences of a seismic event. The project will not change existing asf. The working drawings phase of the project was delayed because of necessary geotechnical studies requiring geotechnical borings and a ground motion study, which took longer than planned to complete. The ground borings and ground motion study were finalized on February 2, 2016. The project is now estimated to be completed by July 2018. The reappropriation of \$33.15 million in construction funds will allow this project to continue without further delay.

An April Finance Letter requests authority to shift facilities planning unit support between bond funds to reflect available bond fund authority. The Facilities Planning Unit (FPU) provides assistance and support to the California Community Colleges' 72 districts encompassing 113 colleges, 72 approved off-campus centers, and 23 separately reported district offices. The Facilities Planning Unit reviews and approves the districts' Five-Year Capital Outlay Plans as part of the annual Capital Outlay Grant Application Process. Assistance and support is provided for the construction and remodeling of new buildings and centers.

Staff Recommendation: Approve the April Finance Letters

6100 DEPARTMENT OF EDUCATION

ISSUE 14: CAREER TECHNICAL EDUCATION PATHWAYS PROGRAM

An April Letter requests that Budget Bill Item 6100-170-0001 be added to reflect the reimbursement of \$15,360,000 for the CDE to continue administration of the Career Technical Education Pathways Program with the California Community Colleges Chancellor's Office. This request allows for the enactment of an interagency agreement between the California Department of Education and the California Community Colleges Chancellor's Office.

Staff Recommendation: Approve the April Finance Letter.

ITEMS TO BE HEARD**6100 DEPARTMENT OF EDUCATION
6360 COMMISSION ON TEACHER CREDENTIALING****ISSUE 1: PROPOSITION 98 SPENDING PLAN**

This year the Subcommittee has held numerous hearings, including public comment, on the Governor's proposed budget and other budget proposals. Today, the Subcommittee will present and vote on the Assembly's Proposition 98 spending plan, which includes K-12 education and community colleges.

PANELISTS

- Department of Finance
- Legislative Analyst's Office
- Department of Education
- Community College Chancellor's Office

PROPOSITION 98 PACKAGE:

The Subcommittee's Proposition 98 spending plan includes the following actions:

K-12 Education

- Uses the DOF's May Revision revenue estimates, but uses the LAO's estimated property taxes, resulting in the following changes to the Proposition 98 minimum guarantee:
 - Decreases the minimum guarantee by \$7 million in 2014-15
 - Makes no change to the minimum guarantee in 2015-16
 - Increases the minimum guarantee by \$54 million in 2016-17
- Rebench the Proposition 98 minimum guarantee by \$9.9 million to account for the education portion of the Proposition 47 savings.
- Provides \$1.25 billion in one-time Proposition 98 General Fund for discretionary funding for local educational agencies, which also pays down the K-12 education mandates backlog. This funding would be allocated on a per-student basis, as proposed by the Governor.
- Dedicates a total of \$3.1 billion in Proposition 98 General Fund to further implement the LCFF in 2016-17, slightly higher than the amount provided in the Governor's May Revision.

- Reject the Governor's Early Education Block Grant proposal, including providing \$20 million (\$10 million one-time and \$10 million ongoing) in Proposition 98 General Fund for county offices of education to implement the block grant.
- Rejects the Governor's proposal to dedicate \$100 million in one-time Proposition 98 General Fund to create a School Facilities Emergency Repair Revolving Loan Program.
- Provides \$73 million in ongoing Proposition 98 General Fund to augment the After School Education and Safety (ASES) program in order to cover the costs of the new minimum wage increase.
- Approves the Governor's proposal to dedicate \$30 million in one-time Proposition 98 funding for the Orange County Office of Education to support LEAs in implementing academic and behavioral support within the Multi-Tiered Systems of Support (MTSS) framework.
- Dedicates \$20 million in one-time Proposition 98 General Fund to be allocated through the Proposition 47 grant process to be administered by CDE (legislation pending). This is in addition to the \$9.9 million in ongoing funding dedicated for this purpose through the savings generated through Proposition 47.
- Provides \$20 million in one-time Proposition 98 General Fund and adopts placeholder trailer bill language to reestablish the Paraprofessional Teacher Training Program as the California Classified School Employee Teacher Credentialing Program. The program would recruit classified employees into the teaching profession, in order to reduce the teacher shortage and provide more diversity in the teacher workforce. The program would be administered by the CTC and would provide 1,000 grants per year of up to \$4,000 for applicants that meet certain criteria.
- Rejects the Governor's proposal to provide \$20 million in one-time Proposition 98 General Fund for the Charter School Startup Grant program, to backfill the loss in federal funds.
- Approve the Governor's May Revision proposal to dedicate \$10 million in one-time non-Proposition 98 General Fund to California postsecondary institutions to develop or improve four-year integrated teacher credential programs. This funding would go to the Commission on Teacher Credentialing to provide \$250,000 grants to institutions of higher education to develop a four-year credentialing program. Programs with designated shortage areas would receive priority.
- Approves the Governor's May Revision proposal to provide \$2.5 million in one-time Proposition 98 General Fund to create the California Center on Teaching Careers, to strengthen statewide recruitment of individuals into the teaching profession. The Commission on Teacher Credentialing would competitively select a local educational agency to conduct a statewide teacher recruitment campaign.

- Provides \$4 million in one-time Proposition 98 General Fund to expand the existing School Breakfast Startup Grant program to use over four years and adopt placeholder trailer bill language to specify that these funds could be used to implement "breakfast after the bell" in order to increase school breakfast participation.
- Creates a plan to transition to a differentiated funding rate for full-day and part-day kindergarten programs in order to incentivize schools to provide full-day kindergarten. Adopts placeholder trailer bill language directing the CDE to develop a differentiated funding rate for full-day and part-day kindergarten programs, and report to the Legislature by September 1, 2016. This new funding rate would go into effect for the 2018-19 school year. This change would not impact the overall K-12 education funding level.
- Provides \$6 million in one-time Proposition 63 administration funding and adopts placeholder trailer bill language to require CDE to develop a three year pilot program for certain schools in order to provide technical assistance and disseminate statewide resources that encourage and assist local educational agencies establish and align schoolwide, data-driven systems of learning, to encourage inclusive practices that integrate mental health, special education, and school climate interventions following a multi-tiered framework.
- Dedicates \$2 million (\$1 million ongoing and \$1 million one-time) in Proposition 98 General Fund for the Student Friendly Services college planning website.
- Provides \$150,000 in ongoing funding for the California Association of Student Councils to conduct more outreach and provide additional scholarships for low-income students to participate in leadership training and conferences.
- Adopt placeholder Supplemental Report Language directing the CDE to report to the Legislature with options for making the Smarter Balanced Assessment Consortium (SBAC) interim and formative assessment tools more accessible and user friendly for teachers and parents.
- Updates the cost-of-living adjustment (COLA) for various education programs within Proposition 98 to reflect a COLA of 0.00 percent.
- Approves the Governor's May Revision amount of energy efficiency funds available to K-12 schools and community colleges through Proposition 39.
- Approves the Governor's May Revision proposal to provide up to \$29 million Proposition 98 General Fund to backfill an anticipated shortfall in redevelopment agency property taxes for special education.
- Adopts the Governor's May Revision adjustments due to changes in average daily attendance (ADA) in 2015-16 and 2016-17.
- Makes other technical and clarifying changes to conform to the Proposition 98 package.

Community Colleges

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

- Approve the May Revise proposal creating the Strong Workforce program, with the following changes. Allow 75% of funding to go directly to colleges, with 25% to regional consortia. Also eliminate the cap requiring that colleges may use only 60% of direct revenue for ongoing costs. Add the following trailer bill language: "Community college districts and other participating entities within a regional collaborative are encouraged develop partnerships and work closely with public and private organizations that offer workforce development programs and pathways specifically to young adults with autism and other developmental disabilities to provide a comprehensive approach to addressing workforce readiness and employment."
- Approve the May Revise proposal to provide \$5 million for a zero-textbook-cost degree program and trailer bill language. Amend trailer bill language to allow college book stores to participate in the multimember team approach to developing the degrees.
- Approve an increase of \$174.2 million Proposition 98 General Fund for deferred maintenance and instructional equipment. Of this amount, \$20 million is from 2014-15 funds and the rest is from 2016-17 funds.
- Approve \$30 million ongoing Proposition 98 General Fund to augment the Basic Skills categorical program. Adopt placeholder trailer bill language specifying that in 2016-17, the additional \$30 million shall go to colleges who applied for the Basic Skills Transformation Program and were designated as eligible for the program but not funded due to limited resources. Adopt placeholder trailer bill language requiring the Chancellor's Office to develop a basic skills funding formula that distributes funding based on need and requires districts to adopt best practices in basic skills programs and courses. Reject the Governor's Budget proposal to implement performance-based funding.
- Reject the Governor's Budget proposal to provide \$25 million Proposition 98 General Fund for Innovation Awards.
- Approve the May Revise proposal to provide \$75 million Proposition 98 General Fund for a base apportionment increase.
- Reject the May Revise proposal to provide \$20 million one-time Proposition 98 General Fund to the Online Education Initiative. Redirect this one-time funding to deferred maintenance and instructional equipment. Reduce ongoing funding from deferred maintenance and instructional equipment by \$20 million.
- Augment funding for the Puente Project within the Fund for Student Success by \$1 million Proposition 98 General Fund.

- Augment funding for part-time faculty office hours by \$3.6 million Proposition 98 General Fund.
- Augment funding for the Equal Employment Opportunity categorical by \$2 million Proposition 98 General Fund.
- Augment funding for the Student Success and Support Program by \$15 million Proposition 98 General Fund to support Veterans Resource Centers. Adopt placeholder trailer bill language creating minimum criteria for colleges to receive funding, including size of center, staffing levels, services offered, adherence to best practices, and number of veterans attending college.
- Augment apportionment funding by \$21.9 million to increase the number of full-time faculty within the community college system. Adopt budget bill language that requires colleges with lower faculty numbers to hire more faculty and clarifies that funding shall be distributed to all districts, even basic aid districts. Conform to Senate Subcommittee No. 1 action to adopt trailer bill language clarifying that 2015-16 funding for this purpose also be distributed to all colleges, including basic aid districts. Also require report from Chancellor's Office on the outcomes associated with this funding.
- Augment funding for the Student Financial Aid Administration by \$1.5 million Proposition 98 to support student outreach and marketing efforts. Adopt budget bill language to stipulate that the additional funding shall be allocated to expand outreach for students from non-English speaking households and bilingual households and to communities with a history of declining community college attendance.
- Augment funding for the Student Success and Support Program by \$15 million Proposition 98 General Fund to support regional K-20 partnerships or regional partnerships between community colleges and California State University or University of California campuses. Adopt placeholder trailer bill language to develop a grant program to distribute funds to regions seeking to implement a "Promise" program, or a partnership between a community college campus and a UC or CSU campus program that reduces time to a bachelor's degree. Funding is intended to support programs that replicate the Long Beach Promise Program or the 3-year Bachelor's Degree in Computer Science Program at Hartnell College and CSU Monterey Bay.
- Approve placeholder trailer bill language to allow City College of San Francisco to receive funding in excess of its growth cap for any actual growth it may realize during a five-years period beginning in the 2017-18 academic year. Specifically, CCSF would be allowed to exceed its calculated growth cap and would be eligible for growth to the level of full-time equivalent students in the 2012-13 fiscal year.
- Conform to state Senate on placeholder trailer bill language to extend the Career Technical Education Pathways Program for one year and state legislative intent that beginning in 2017-18 the program may be a part of the Strong Workforce Program. Add the following trailer bill language: "The chancellor and the Superintendent may grant additional priority for contracts and grants to applicants that include in their plan

programs and services that specifically assist young adults with autism and other developmental disabilities."

- Approve the May Revise proposal to provide \$3 million Proposition 98 General Fund to support digital course content for inmates.
- Approve the May Revise proposal to increase the Full Time Student Success Grant by \$2.2 million Proposition 98 General Fund to include Cal Grant C students in the program.
- Approve the May Revise proposal to provide \$2.3 million special funds to support the Equal Employment Opportunity Program.
- Approve the May Revise proposal to provide \$5 million Proposition 98 General Fund to adult educational regional consortia, and approve placeholder trailer bill language requiring consortia fiscal agents to distribute funding within 45 days of receiving state funding. Also conform to Senate action requiring annual reporting on adult education appropriations and outcomes.
- Adopt budget bill language requiring the Chancellor's Office to report to the Legislature by March 1, 2017 regarding policy and budget changes necessary to align certificate and associate degree attainment with the California Strategic Workforce Development Plan, which establishes a goal of producing 1 million industry-valued and recognized postsecondary sub-baccalaureate credentials with demonstrable labor market value between 2017 and 2027. The report shall also provide specific actions and recommendations to close the attainment gap for targeted subgroups.
- Adopt budget bill language requiring the Chancellor's Office to report by Dec. 1, 2016, and annually for the next five years, on the racial/ethnic and gender composition of faculty, and efforts to assist campuses in providing equal employment opportunity in faculty recruitment and hiring practices as well as system-wide training, monitoring and compliance activities.

STAFF COMMENTS:

The Subcommittee's Proposition 98 package uses the Governor's proposed framework, with some differences. For K-12 education, the Assembly's plan uses one-time funding for other Assembly priorities, such as early childhood education, further addressing the teacher shortage, and increasing funding for Proposition 47 education programs targeted at keeping kids out of the criminal justice system.

The attached spreadsheets include the Subcommittee's Proposition 98 package, compared to the Governor's proposed plan. The early education related Proposition 98 expenses are explained in more detail in issue 4 of the agenda.

Staff Recommendation: Adopt the Subcommittee's Proposition 98 spending plan.

ISSUE 2: CHILD CARE AB 104 STAKEHOLDER TRAILER BILL

The May Revision includes two proposed statutory changes to implement administrative efficiencies recommended by the AB 104 Stakeholder group.

BACKGROUND

Last year's education trailer bill AB 104 (Chapter 13, Statutes of 2015) convened a stakeholder group to deliberate on options for improving administrative efficiencies in state child care programs. The stakeholder group came up with several recommendations, and two of them were included in the May Revision by the Department of Finance:

- Single-Parent Verification: allows one parent to sign the application for child care on behalf of a family.
- Notice of Action Simplification: language to have CDE create new notice of action notices, with the intent to make the notices more simplified and helpful to parents.

STAFF COMMENTS

Both of these changes appear to be positive, however some stakeholders had expressed some concern with the wording of the Notice of Action language is not clear. Staff recommends adopting both provisions as "placeholder" language and then ask the Department of Education to seek feedback from stakeholders over the next week so that the language can be adjusted, if necessary, to achieve the stated intent of both items.

Staff Recommendation: Adopt placeholder Trailer Bill Language

ISSUE 3: CHILD DEVELOPMENT TEACHER AND SUPERVISOR GRANT PROGRAM AND FEDERAL QUALITY FUNDING LANGUAGE

The May Revision proposes to eliminate a program and require CDE to submit a quality funding plan.

BACKGROUND

The May Revision proposes to eliminate the Child Development Teacher and Supervisor Grant program. The Child Development Teacher and Supervisor Grant Program is a need-based grant designed to encourage students to enter the field of child care and development in a licensed children's center. The program is administered by the California Student Aid Commission. The program is currently funded with \$318,000 of federal quality child care funds.

The May Revision also includes provisional budget bill language prioritizing Quality Rating Improvement System (QRIS) for federal quality funding California receives as part of the Child Care and Development Block Grant.

The proposed language is detailed below:

7. (a) By March 1, 2017, the Department of Education shall develop a new quality funding expenditure plan for submission as an amendment to the state's Child Care and Development Block Grant State Plan.
- (b) The new quality expenditure plan shall prioritize activities that support the Quality Rating and Improvement System. It is the intent of the Legislature that to the greatest extent possible, the state utilize funding from the state's Child Care and Development Block Grant quality allocation to support the Quality Rating and Improvement System.
- (c) The new quality expenditure plan shall maintain funding for resource and referral agencies, local planning councils, and licensing enforcement.
- (d) The new quality expenditure plan shall comply with the federal Child Care and Development Block Grant of 2014.
- (e) No later than February 1, 2017, the Department of Education shall provide a draft of the new quality expenditure plan to the Department of Finance and the Chairperson of the Joint Legislative Budget Committee for review and comment.

STAFF COMMENTS

Staff is unfamiliar with the Child Development Teacher and Supervisor Grant program and thus could not make a determination as to the impact of the proposed elimination of the program. Given recent interest in funding the Quality Rating Improvement System, it may make sense to reprioritize resources from this program instead to that goal. However, due to the lack of time available to explore this issue, staff recommends rejecting this proposal at this time.

The proposed budget bill language makes sense on the surface, but staff due to the tight timeframes of May Revision, staff was unable to check with stakeholders on this language to see if it had broader implications. It was also not clear if the report was necessary if Child Development Teacher and Supervisor Grant program was not eliminated.

**Staff Recommendation: Reject the proposed elimination of the Child Development Teacher and Supervisor Grant program.
Adopt May Revision Proposed Budget Bill Language**

ISSUE 4: ASSEMBLY EARLY EDUCATION PLAN

The Subcommittee will consider the Assembly Early Education Plan.

BACKGROUND

The Subcommittee held a hearing on Early Education on April 12, 2016.

STAFF COMMENTS

The Assembly believes that investment in early education should be a top budget priority. Research has shown that such investments have incredible return on investment, thus such an investment itself is fiscally prudent.

Towards that end, Speaker Rendon will be establishing a Blue Ribbon Commission on Early Care and Education, to improve services for children 0-3, and to develop options for establishing Universal Pre-K for all 4 year olds. This will allow for a thoughtful planning process to develop a pathway toward these goals beyond the budget process.

The early care and education investment goal in 2016-17 is to adjust the rates and eligibility levels of the program to reflect recent increases in the State Minimum Wage. While the proposed investment this year is one of the largest items in the Assembly spending plan, it is a modest step toward making affordable quality early education available to all California families.

To achieve the 2016-17 goal, staff recommends taking the following action to adopt a \$618.6 million Early Education Package (\$405 million General Fund and \$213.5 million Proposition 98). The plan includes the following elements:

Assembly Early Education Plan**Rates:**

- Increase the Standard Reimbursement Rate by 15 percent.
- Increase the Regional Market Rate to the 80th percent of the 2014 survey.
- Increased Licensed Exempt rates to 80 percent of the current Family Child Care Home rate.

Adopt Eligibility Changes:

- Implement streamlined 12 month eligibility reporting
- Increase income eligibility 85 percent of the current SMI

Access:

- Add 10,000 new preschool slots (7,500 part day and 2,500 full day)

- Add 6,000 Alternative Payment Program slots

Quality Improvements:

- \$25 million for additional Quality Rating Improvement System investments (ongoing)
- \$25 million in one-time Proposition 98 early education investments.
- \$15 million for the Data Efficiency Management Project
- \$12 million General Fund in one-time quality improvements.
- \$1.4 million to extend the SEIU Apprenticeship program

Future Planning:

- Speaker Rendon will be establishing a Blue Ribbon Commission on Early Care and Education, to improve services for children 0-3, and to develop options for establishing Universal Pre-K for all 4 year olds.
- \$317,000 in one-time federal Child Care and Development Funds (CCDF) quality set aside and adopt placeholder trailer bill language to direct CDE to develop statewide plan for providing one year of pre-kindergarten for all four-year-olds.

Conforming Technical Adjustments:

In addition, the May Revision includes several adjustments to the budget to reflect technical changes to the budget to conform to updated expenditure data, caseloads, and COLA estimates that should be adopted:

- One time carry-over adjustment (Issues 488 and 489)
- Adjust federal funds (Issues 490 and 493)
- Early Head Start-Child Care partnership One-Time Carryover (Issue 483)
- Adjust CalWORKs Caseload funding (Issue 491)
- Authorization for mid-year transfers between CalWORKs Stages 2 and Stage 3 Child Care (Issue 507)
- Adjust Child Care Program Cost of Living (Issue 495)
- Restoring of 6100-196-0001/Deletion of 6100-198-0001 (Issues 486, and 487)

Conforming to Prior Action:

Finally, the Assembly should reject the following May Revision proposal, consistent with prior actions take to reject the Department of Finance's Early Education proposal on April 12, 2016:

- Local County Office of Education Funding to implement the Early Education Block Grant
- Early Education Block Grant
- Child Care Single System Plan
- Local Planning Councils

As the Assembly begins to outline a pathway towards offering early education to all families, the ideas and stakeholder discussions facilitated by the Department of Finance this year may be informative to constructing an infrastructure that could better support the increased level of investment.

Staff Recommendation: Adopt Assembly Early Education Plan and Conforming Technical Adjustments; Reject the provisions related to the Early Education Reform
