

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Julia Brownley, Chair

TUESDAY, APRIL 10, 2007  
STATE CAPITOL, ROOM 444  
10:00 AM

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### ITEMS TO BE HEARD

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## ITEMS TO BE HEARD

### 6110 DEPARTMENT OF EDUCATION

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#### ISSUE 1: ACHIEVEMENT GAP ISSUES IN CALIFORNIA (INFORMATION ONLY)

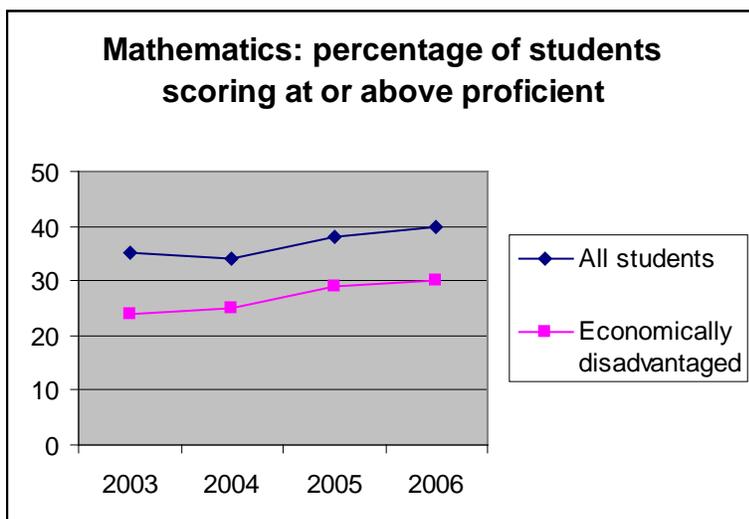
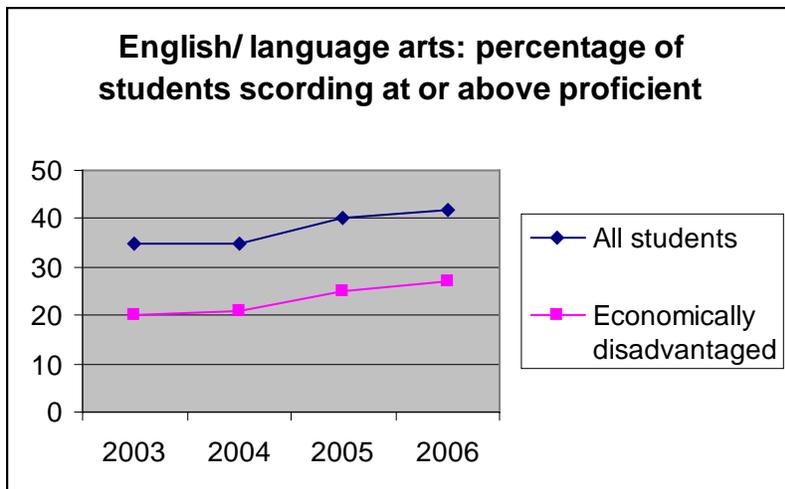
The issue for the subcommittee to consider is information on the gap in achievement levels between the overall population and particular groups of students, especially economically disadvantaged students and English learners.

#### BACKGROUND:

Below is information on the achievement gap, from the Assembly Budget Committee's *Preliminary Review of the Governor's 2007-08 Proposed Budget*, which was published February 2 of this year.

Recent research has highlighted the persistence of the "achievement gap" in California and other states – that is, the difference in achievement levels between students that are economically disadvantaged and students who are not. The following provides information on that gap, as measured in different ways.

**Scores on statewide achievement tests.** While research on the strong link between student poverty and low academic achievement is not new. The issue has gained more attention in recent years as states begin to implement the requirements of the federal No Child Left Behind Act (NCLB), which requires states to establish minimum performance targets and then ensure that 100 percent of students in the state meet that target within 10 years of implementation. The State Board of Education chose the level of "proficient" as the universal target for all California students to achieve in 10 years. The graphs below demonstrate the gap in achievement between all students and economically disadvantaged students in meeting this proficient target in two subjects English/language arts and mathematics. As shown below, the achievement gap has persisted over the past four years, putting economically disadvantaged students at least ten percentage points behind the overall population in terms of those meeting the state achievement target.



**California High School Exit Exam passage rates.** As noted above, the class of 2006 was the first graduating class to be subject to the requirement that students pass the California High School Exit Exam in order to graduate from high school and receive a diploma. According to the most recent data collected by CDE, nearly 40,000 seniors from the class of 2006 did not pass by the end of the 2005-06. It is unclear whether these students are still working to pass it, or what effect this had on their educational goals. Overall, CDE reported that 91 percent of all students in the class of 2006 passed the CAHSEE. (This does not include students who were scheduled to graduate by 2006 but dropped out before they got to their senior year.) However, this rate varied by school and by sub-group.

- Special education and English learner students.** As shown in the charts below, the passage rate for special education students was abysmally low compared to the overall rate, with only 48 percent of special education students in the class of 2006 passing the exam. In recent years, the Legislature has

passed legislation exempting special education students from the classes of 2006 and 2007 from the requirement that they pass the CAHSEE to obtain a diploma. However, the status of this requirement for special education students in future classes remains unclear. For English learners, the passage rate was a full 15 percentage points lower than the overall population, at 76 percent.

- High-poverty schools.** According to CDE, passing rates for students in demographic groups with low pass rates were lower in schools with a high proportion of similar students. That is, economically disadvantaged students in high-poverty school are at higher risk of not passing than similar students in better-off schools. Similarly, English learners at schools with high percentage of English learners are at higher risk of not passing than English learners in school that have a lower percentage of English learners.

**Percentage of students, by graduating class, that passed the CAHSEE by the end of their senior year, by sub-group**

	Class of 2006
All	91%
Economically disadvantaged	86
English learner	76
Special education	48

Source: CDE

**Percentage of students, by graduating class, that passed the CAHSEE by the end of 11<sup>th</sup> grade, by sub-group**

	Class of 2006	Class of 2007
All	78%	79%
Economically disadvantaged	66	68
English learner	51	52
Special education	36	34

Source: CDE

**Percentage of students, by graduating class, that passed the CAHSEE by the end of 10<sup>th</sup> grade, by sub-group**

	Class of 2006	Class of 2007	Class of 2008
All	73%	75%	73%
Economically disadvantaged	48	50	51
English learner	30	31	27
Special education	19	20	21

Source: CDE

**Graduation and College-Going Rates.** The above scores on the CAHSEE include only those students that persisted in high school until the 10<sup>th</sup> grade. Many students leave school before 10<sup>th</sup> grade.<sup>1</sup> According to a 2005 report by the Urban Institute, less than 60 percent of Latinos, African Americans and American Indians graduate from high school. Graduation rates were also very low among certain Asian and Pacific Islander groups: Hmong (35 percent), Laotian (42 percent), and Cambodian (44 percent). This is compared with a statewide overall graduation rate of 72 percent and a graduation rate of 78 percent for white students. The problem is worse in urban districts with high proportions of economically disadvantaged students, with less than 50 percent of Latinos, African Americans, and American Indians graduating from high school in some of these districts.<sup>2</sup>

The achievement gap also exists in college-going rates. Despite the fact that over 80 percent of parents of color expect their children to attain an associate or higher degree, only 15 percent of African-American, Latino and American Indian students complete high school with the necessary courses required for the CSU and UC systems, according to the University of California/All Campus Consortium for Research Diversity (UC/ACCORD). This is less than half the rate for white students (at 33 percent), and lower than the overall rate of 26 percent. According to UC/ACCORD's, "Removing the Roadblocks: Fair College Opportunities for All California Students," some of this disparity can be explained by the fact that low-income families have fewer educational resources at their disposal, and may not be familiar with college requirements. However, some of the disparity is explained by unequal access to the A-G courses necessary to enter CSU and UC. Shortages of these courses are much more common in schools where African-American and Latino students are in the majority. For example, only 30 percent of schools enrolling 90-100 percent African-American and Latino students had sufficient college preparatory course offerings, compared with 55 percent of schools where African-American and Latino students were in the minority. In addition, even in schools where African-American and Latino students were not in the majority, they had less access to advanced courses.<sup>3</sup>

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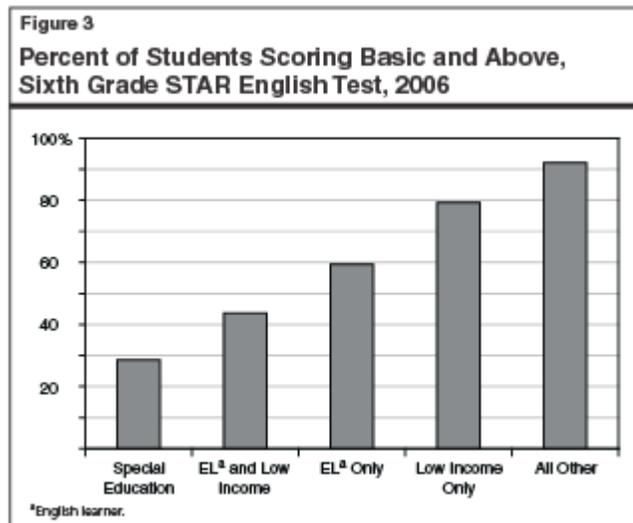
<sup>1</sup> While statewide data on dropout rates is available, it is problematic. Districts report their own dropout rates to the state based on available data, but don't always have accurate data regarding students' whereabouts, leading to self-reported data that generally understates the problem of high dropout rates, particularly among certain groups.

<sup>2</sup> Urban Institute, Education Policy Center Policy Bulletin, Who Graduates in California? Information on graduate rates for economically disadvantaged students was unavailable in this report. March, 2005

<sup>3</sup> University of California/All Campus Consortium for Research Diversity (UC/ACCORD) and UCLA Institute for Democracy, Education and Access (UCLA/IDEA), Removing the Roadblocks: Fair College Opportunities for All California Students, November, 2006

**COMMENTS:**

**LAO Findings.** In addition to the above information, the LAO's analysis of the Governor's budget contains a number of important findings regarding the achievement and learning opportunity gap in California. In particular, they find that "major subgroups of our student population struggle to work at levels consistent with graduating from high school," as demonstrated by the graph below, which comes from the LAO analysis (p. E-40):



In reference to the above data, the LAO notes that "it is also important to recognize the limitations of these data. More importantly, students are not permanently assigned to three "risk" groups." That is, students often stay in certain categories until their performance improves, leading to test results that may understate the progress of students in these groups. Getting better information about the long-term progress of these groups requires testing data that measure individual students' growth.

**LAO Recommendations.** The LAO recommends that the Legislature consider the needs of students that are falling behind as it develops a "roadmap" for the additional billions of dollars of Proposition 98 funds that will required to be spent on K-14 education once the "test 1" piece of the Proposition 98 formula is triggered, in the next few years. In particular, its roadmap for these funds would dedicate a significant amount of new discretionary funds under a "test 1" scenario for programs that support supplemental services to low-performing and at-risk students: special education, Economic Impact Aid, alternative high schools and vocational education programs. The LAO also recommends that the Legislature consider altering the Quality Education Investment Act program, which was enacted late last year to address the needs of low-performing schools, to allow school districts to select one of three teacher-oriented reform options, to provide more local flexibility in implementation and to provide the state with better information about the effectiveness of several reform strategies.

**ISSUE 2: OVERVIEW OF NO CHILD LEFT BEHIND ACT ACCOUNTABILITY REQUIREMENTS**

The issue for the subcommittee to consider is:

- An overview of the No Child Left Behind Act's accountability provisions that require schools and districts receiving Title I funds to make annual progress toward a statewide achievement goal.
- An update from CDE regarding California's compliance with the law, especially:
  - the number of schools that have been identified as not meeting NCLB performance goals, and what this identification means for them, and
  - the number of school districts that have been identified as not meeting NCLB performance goals, and the potential sanctions and interventions that some of these districts may face from the state **as early as this fall**.
- An update from CDE on the required re-authorization of this act and any changes to the law that Congress may be considering.

**BACKGROUND:**

**Overview of NCLB's Accountability Provisions Related to Title I.** The federal No Child Left Behind Act (NCLB) was approved in 2001 by Congress and signed by the President. Among its provisions is the requirement that states establish minimum performance targets and then ensure that 100 percent of students in the state meet that target by 2013-14. Several years ago, the State Board of Education voted to approve the level of "proficient" as the universal target for all California students to achieve in 10 years. ("Proficient" is the second highest achievement level on the state STAR testing system, which has five levels of achievement: far below basic, below basic, basic, proficient, and advanced.) Therefore, under the state's implementation of No Child Left Behind, 100 percent of students must score at a proficient level in math and reading/language arts by 2013-14. As required by NCLB, the State Board also adopted a timeline that specifies the adequate yearly progress (AYP) that schools and districts must make toward that universal goal. Schools must do the following each year to ensure that they meet the annual yearly progress toward the universal goal, in order to avoid state intervention and sanctions:

- Ensure that 95 percent of students participate in state testing programs.
- Ensure that a minimum percentage of students score at the proficient level or above in English-language arts, and math in statewide tests (the minimum percentage increases each year according to the timeline approved by the State Board). For the 2006-07 this minimum percentage is between 22.3 percent, and 26.5 percent for English/language arts (depending on whether the school or district serves elementary schools or high schools), and between 20.9 percent, and 23.7 percent for math. These percentages will sharply increase to 100

percent by 2013-14, (they will increase by 12 percentage points a year beginning in 2007-08.)

- Ensure growth in the API – For the 2006-07 school year the requirement is 590 on the statewide academic performance index or 1-point growth.
- Ensure a minimum graduation rate – For the 2006-07 year, the minimum requirement is any of the following: an 82.9 percent graduation rate for high schools and high school districts, a one-year increase of 0.1 percent or a two-year increase of 0.2 percent.

**Schools not meeting adequately yearly progress and what happens to them.** Under the terms of NCLB, schools receiving federal Title I funds that do not meet the state's definition of adequate yearly progress for two consecutive years within specific areas are labeled "program improvement" schools (PI schools). Once a school is identified as PI, its district must implement different interventions, based on the number of years that school has been in PI, as shown in the table below. A school is eligible to exit PI status if it makes adequate yearly progress goals for two consecutive years.

**Sanctions/interventions related to years a school is in Program Improvement**

Sanction	Year 1	Year 2	Year 3	Year 4	Year 5
District must notify school's parents of program improvement status	√	√	√	√	√
District must offer parents option to transfer children to another school and pay for transportation costs.	√	√	√	√	√
School must revise its school improvement plan.	√	√	√	√	√
School must set aside 10% of its Title I grant for professional development.	√	√	√	√	√
District must offer supplemental services (tutoring) to school's children and pay for it with Title I funds. District must use state-approved vendor for the tutoring.		√	√	√	√
District must do at least one of the following <b>corrective actions</b> : <ul style="list-style-type: none"> <li>▪ Replace school staff</li> <li>▪ Impose new curriculum</li> <li>▪ Decrease school's management authority.</li> <li>▪ Appoint outside expert to advise the school.</li> <li>▪ Increase amount of instructional time.</li> </ul>			√	√	√
District must do one of the following things to <b>restructure the school</b> : Yr 4 is planning <ul style="list-style-type: none"> <li>▪ Replace staff.</li> <li>▪ Reopen school as charter.</li> <li>▪ Hire outside agency to operate school.</li> <li>▪ Have the state manage the school.</li> </ul>				√	√

The following is information from CDE on the number of schools identified as PI and their year of status. Out of 9,553 in the state, approximately 2,218 (37 percent of Title I schools) have been identified as program improvement.

*This report was revised on February 16, 2007.*

*This report is based on the 2005 Accountability Progress Reports posted on December 21, 2006 and on the 2006 Adequate Yearly Progress Reports revised on February 16, 2007.*

## Data Items

- Year:** Represents the level of [Program Improvement](#) (PI) implementation.
- Advance:** Represents the number of schools or Local Educational Agencies (LEAs) that moved into PI or the number that moved from the prior year of PI implementation (e.g., 616 schools were new to PI and 244 schools moved from Year 1 to Year 2).
- Remain:** Represents the number of schools or LEAs that did not change the year of PI implementation from 2005-06 to 2006-07.
- Total:** Represents the number of schools or LEAs in PI and each year of implementation, as well as, the number of schools or LEAs that advanced and remained the same.

### 2006-07 Title I Program Improvement Status Statewide Summary of Schools

Year	Advance	Remain	Total
<b>Year 1</b>	616	84	700
<b>Year 2</b>	244	96	340
<b>Year 3</b>	402	82	484
<b>Year 4</b>	310	30	340
<b>Year 5</b>	111	243	354
<b>Total</b>	1,683	535	2,218

**School districts not meeting adequate yearly progress and what happens to them.** School districts that are identified as program improvement face interventions much sooner than program improvement schools. Districts that receive federal Title I funds are labeled as program improvement based on meeting two tests: a) the district failed to meet annual yearly progress toward the state goal and b) all grade spans failed to meet annual yearly progress. The year-one requirements for program improvement districts are similar to those for program improvement schools: notify parents of its status, reserve 10 percent of its funds for professional development, and revise its district improvement plan with assistance from an external entity. Program improvement districts that don't meet adequate yearly progress for three years in a row, are subject to one or more of any of the following corrective actions as recommended by the SPI and approved by the SBE:

- Replacing any staff who are relevant to the failure to make adequate yearly progress.
- Removing schools from the jurisdiction of the district and establishing alternative governance arrangements for the governance and supervision of those schools.
- Appointing a receiver or trustee to administer the district.
- Abolishing or restructuring the district.
- Authorizing pupils to transfer to schools operated by other districts, and providing those students with transportation. (This has to be accompanied by another sanction).
- Instituting a new curriculum based on state academic content and achievement standards, including professional development.
- Deferring programmatic funds or reducing administrative funds.

In addition to the above sanctions, the SPI and SBE may require that the district contract with a district assistance and intervention team (DAIT), in which case the district may annually receive \$50,000 plus \$10,000 for each school supported by Title I, to contract with the DAIT and implement its recommendations.

Below is information from CDE on the number of school districts in program improvement. Note that there are 100 districts in their second year of program improvement. If any of these districts does not meet adequate yearly progress for a third year, they will be subject to the above interventions. ***The soonest that program improvement districts could first face state sanctions is the fall of 2007.***

### 2006-07 Title I Program Improvement Status Statewide Summary of LEAs

Year	Advance	Remain	Total
Year 1	34	25	59
Year 2	100	0	100
Year 3	0	0	0
<b>Total</b>	134	25	159

#### COMMENTS:

**Re-authorization by Congress this year?** NCLB is up for re-authorization this year. If it is not re-authorized by Congress this year, it is likely that Congress will extend it for a year or two until it is reauthorized.

**Potential flexibility by federal government?** In November of 2005, the U.S. Secretary of Education Margaret Spellings announced a pilot project that would allow up to 10 states to use a measure of progress other than annual yearly progress toward the universal goal. Unfortunately, California was unable to participate in this pilot because it lacked both a) a longitudinal database that would allow measurement of individual student progress (the CALPADS system, which is still in development and will be heard at a future hearing), and b) vertical scaling of its testing system, which would also allow the state to measure individual student progress from year to year with accuracy. It is unclear to what extent the federal government will provide more opportunities for states to receive more flexibility in future years.

**Dueling systems?** Before the enactment of NCLB, California had adopted its own accountability system and measurement system: the Academic Performance Index, which is a single-number index ranging from 200 to 1000, summarizes a school's performance over a number of indicators. Currently, these indicators consist of results from the statewide assessment program. Results from the California Standards Tests (CSTs) furnish most of the weight of the API. Growth or decline in a school's API determines eligibility for the state awards or interventions programs in general. A school's annual growth target is determined by taking 5 percent of the difference between a school's current API and the statewide performance target of 800. Numerically significant subgroups within the school are expected to demonstrate comparable improvement as well.

The state's required use of adequate yearly progress under NCLB and its continued use of the system predating it (the API) has meant some confusing and frustrating situations where one day a school is lauded for its performance gains and then on the next day condemned as a failure. This situation is not unique to California; it often occurs in other states with established accountability systems that antedated the enactment of the NCLB. The SPI has argued that if this situation is allowed to continue, the resulting frustration will soon turn into cynicism and seriously undermine the credibility of both federal and state initiatives in the area of educational accountability. For these reasons, the SPI has argued that the federal government allows California to use its API model to comply with the requirements of NCLB.

**SPI position on use of a growth model.** The SPI has argued for the use of a "growth model" that would give school districts and schools credit for moving students from one level of achievement to another. Under the "status" system of NCLB, if a school moves a significant number of its students from a below basic level to a basic level, this progress would not be reflected in its annual yearly progress, because those students in question would not be meeting the universal standard of proficient. The SPI argues that the use of a growth model would provide better data about the progress that schools and districts are making toward this goal.

**ISSUE 3: NO CHILD LEFT BEHIND ACT: TITLE I SET-ASIDE FOR PROGRAM IMPROVEMENT SCHOOLS AND DISTRICTS**

The issues for the subcommittee to consider are:

- The administration's proposal for these funds.
- The build-up of one-time carryover funds from this pot of funding, and the potential for an increase in federal funds for this purpose in the coming federal budget.
- A proposal by CDE to support district assistance and intervention teams, and the need for budget authority to do this.
- A technical proposal to make it easy for CDE to fund the PI schools and districts that are eligible for support funding from the Title I set-aside.

**BACKGROUND:**

**NCLB Title I set-aside to help program improvement schools and districts.** The federal No Child Left Behind Act allows states to set aside four percent of their total Title I grant to help schools improve their performance. For California, this set-aside amounts to \$49.8 million in ongoing funds for 2007-08, as reflected in the Governor's budget but, it is expected to increase to 65 million upon passage of the federal appropriations measure. In addition, there is approximately \$45 million in unused funds from prior years (carryover) available. The Governor does not propose to appropriate these unused funds, but instead leaves them unappropriated.

**Background on program.** Two years ago, the Legislature approved AB 953 (Coto) to specify how these Title "set-aside" funds are to be distributed. The funding supports program improvement schools and program improvement districts, as well as districts that have large numbers of PI schools.

Under the current law, districts that are identified as program improvement are required to a) conduct a self-assessment, b) contract with a county office of education or another external entity to verify the needs and problems of low-achieving pupils, c) revise the district improvement plan to reflect the findings of the self-assessment, and d) contract with an external provider to provide support and implement recommendations. PI districts are eligible to receive \$50,000 plus \$10,000 for each Title I supported school, for two years, to support the above activities (subject to the availability of funds from the Title I "set-aside.") AB 953 also established that the lowest-performing PI districts should receive priority in receiving funds from this set-aside. Districts that are not PI districts but have lots of PI schools may also receive up to \$15,000 per PI school identified within its borders, per year, for up to three years, to support them in their attempts to improve student achievement. (Districts may receive no less than \$40,000 and no more than \$1.5 million total for this purpose.) In addition, the state uses some of

the set-aside funds to support a Statewide System of School Support to provide technical assistance to low-performing schools and districts. This system must give highest priority to serving districts and county offices with schools that are subject to corrective action under the terms of NCLB.

**Governor's budget.** The administration proposes the following amounts from these Title I set-aside amounts:

- \$10 million for the Statewide System of School System (regional consortia providing technical assistance to schools and districts in need of improvement).
- \$1.6 million to support State Intervention and Assistance Teams (SAIT) that enter into contracts with Title I PI schools, HP or II/USP schools that have failed to meet growth targets (\$75,000 for each SAIT team assigned to an elementary or middle schools, and \$100,000 per team assigned to a high school).
- \$22 million to provide \$150 per pupil for schools to implement corrective actions resulting from their work with SAIT teams.
- \$16.2 million for school districts identified as program improvement, to help these districts work with external providers to perform assessments related to developing and implementing improvement plans. Districts receive \$50,000 plus \$10,000 per schools that is Title I supported from this set-aside.

**Need for technical fix to allow for flexibility in amounts.** In recent years, the budget language associated with this item has made it difficult for CDE to adjust the amounts for the different components according to the number of schools and districts that are identified for program improvement. (CDE and DOF do not know what the distribution of this funding is until they know the number of PI schools and districts and this information is typically not available until after the budget passes.) To address this problem, the administration proposes new budget control language that would allow CDE to adjust the above amounts based on the number of schools and districts that are ultimately identified as program improvement, after the budget passes. In lieu of this language, CDE is proposing a technical fix that will restructure the item into schedules, which will allow for transfer of funds between areas in an easier and more timely manner.

**The proposed technical fix is below:**

6110-136-0890--For local assistance,  
 Department of Education, payable from  
 the Federal Trust Fund..... 1,710,241,000  
\$1,660,392,000

Schedule:

(1) 10.30.060-Title I- 1,652,483,00  
 ESEA..... 0  
\$1,640,978,735

(2) 10.30.065-McKinney-  
 Vento Homeless  
 Children Education.. 7,909,000

(3) 10.30.XXX - Even Start 11,504,265  
Program

~~(3) 10.30.080 Title I-  
 School Improvement.. 49,849,000~~

~~Provisions:~~

~~1. In administering the  
 accountability system required  
 by this item, the Department of  
 Education shall align the forms,  
 processes, and procedures  
 required of local educational  
 agencies in a manner that they  
 may be utilized for the purposes  
 of implementing the Public  
 Schools Accountability Act, as  
 established by Chapter 6.1  
 (commencing with Section 52050)  
 of Part 28 of the Education  
 Code, so that duplication of  
 effort is minimized at the local  
 level.~~

~~2. Of the funds appropriated in  
 Schedule (3), \$10,000,000 shall  
 be available for use by the  
 Department of Education for the  
 purposes of the Statewide System  
 of School Support established by  
 Article 4.2 (commencing with  
 Section 52059) of Chapter 6.1 of  
 Part 28 of the Education  
 Code.~~

~~3. Of the funds appropriated in  
 Schedule (3), up to \$1,600,000~~

~~shall be made available to support school assistance and intervention teams that enter into a contract with a school pursuant to subdivision (a) of Section 52055.51 of the Education Code. These funds shall be allocated in the amount of \$75,000 for each school assistance and intervention team assigned to an elementary or middle school, and \$100,000 for each team assigned to a high school. The Department of Education and Department of Finance may approve applications with justification for a total funding level of \$125,000.~~

~~4. Of the funds appropriated in Schedule (3), up to \$22,069,000 shall be made available to provide \$150 per pupil for each pupil in a school that is managed in accordance with paragraph (3) of subdivision (b) of Section 52055.5 of the Education Code or that contracts with a school assistance and intervention team pursuant to subdivision (a) of Section 52055.51 of the Education Code.~~

~~5. Of the funds appropriated in Schedule (3), \$16,180,000 shall be available pursuant to Article 3.1 (commencing with Section 52055.57) of Chapter 6.1 of Part 28 of the Education Code, for Title I district accountability.~~

~~6. The Department of Education may expend funds from Schedule (3) in amounts greater or less than designated in Provisions 2, 3, 4, and 5 to meet the requirements of all programs. Expenditures greater than designated in the provisions~~

~~\_\_\_\_\_ shall not be valid without prior  
\_\_\_\_\_ approval by the Department of  
\_\_\_\_\_ Finance.~~

6110-XXX-0890--For local assistance,  
Department of Education, payable from  
the Federal Trust Fund..... 49,849,000

Schedule:

- (1) 10.30.XXX - Statewide System  
Of School Support 10,000,000
- (2) 10.30.XXX - School Assist  
And Intervention Teams 1,600,000
- (3) 10.30.XXX - SAIT Correct  
Actions 22,069,000
- (4) 10.30.XXX - Program Imp -  
LEA's 16,180,000

Provisions:

1. In administering the  
accountability system required  
by this item, the Department of  
Education shall align the forms,  
processes, and procedures  
required of local educational  
agencies in a manner that they  
may be utilized for the purposes  
of implementing the Public  
Schools Accountability Act, as  
established by Chapter 6.1  
(commencing with Section 52050)  
of Part 28 of the Education  
Code, so that duplication of  
effort is minimized at the local  
level.

**COMMENTS:**

**Possible need for district assistance and intervention teams.** Given that there are 100 PI districts that could be eligible for state interventions if they fail to make AYP a third year in a row, CDE is piloting a state intervention approach for districts that is modeled after its intervention approach for schools. The approach would utilize district assistance and intervention teams (DAIT) to work with districts to help them restructure and make necessary changes to improve their performance. However, CDE would need authority in the budget to do this. It currently has a proposal before the administration to do this; it is under consideration by DOF.

**Potential new federal funds.** CDE notes that the continuing resolution for the federal budget adds \$125 million nationwide for states to intervene in PI schools and districts. The purposes of these funds are similar to those of the existing Title I set-aside. CDE estimates that this could translate into \$17.6 million for California. These funds are not reflected in the Governor's budget, as they were not available at the time of publication. The administration may include these funds in their May Revision proposal.

**CDE state operations proposal.** CDE has a proposal that is before the administration for consideration that would provide more staff to support state interventions in program improvement schools and districts.

**ISSUE 4: HIGH PRIORITY SCHOOLS GRANT PROGRAM (STATE ACCOUNTABILITY PROGRAM)**

The issues for the subcommittee to consider are:

- The Governor's proposed funding level for this program.
- The slow build-up of unused funds from this program, due to the lack of new participants in the program, and the exit of previous participants because their grants have expired.
- An issue related to the ineligibility of alternative schools for this program.

**BACKGROUND:**

**Governor's budget.** The Governor's budget proposes a total funding level of \$243 million for this program, which provides grants of \$400 per pupil to the lowest-performing 20 percent of districts. This is the same funding level provided in last year's budget. The Governor also proposes to continue \$6 million for corrective action for non-Title I schools working with School Assistance and Intervention Teams or non-Title I schools subject to state and federal sanctions after participating in the Immediate Intervention/ Underperforming Schools Program (II/USP). In addition, the administration proposes to capture \$49 million in unused funds from the 2005 budget appropriation for this program and use it for other K-12 purposes (the Proposition 98 Reversion Account).

**Background on HP program.** The High Priority Schools Grant program was created in 2001 to address the special challenges of turning around the lowest-performing schools. Eligible schools (decile 1 and 2 schools) may apply for grant funding of \$400 per pupil. In exchange, participants may be subject to state interventions if they do not make significant progress toward state goals in three years. The program establishes highest priority for schools in decile 1, second priority for schools in decile 2.

**COMMENTS:**

**Recent evaluation of the program.** A recent evaluation of the program showed achievement gains in participating schools that were only slightly higher than gains in similar schools that did not participate in the program. It also found that "while a greater percentage of HPSGP schools met their schoolwide API targets in two of the three implementation years in relation to the comparison schools; this trend was also present prior to program implementation." The evaluation suggested that the minimal effect might have been a result of the basic design of the program in which a relatively short-term injection of funds is insufficient to affect long-term school performance. The evaluation recommended that:

- The role of the district be enhanced in the system.
- The long-term role of external evaluators be explicitly clarified.
- CDE should target failure early.
- The timing of the funds should be carefully considered for the next cohort.
- There should be clear guidance on how to meaningfully integrate the HP objectives and API growth targets into the Single Plan for Academic Achievement.

**What to do with savings.** In previous years, the administration set aside part of the funding for this program for new participants. The proposed budget for 2007-08 does not assume that new participants will enter the program, leaving the potential for unspent funds in the current and budget year. The administration is currently having internal discussions regarding what to do with these savings. Options for these savings include:

- Grants for new participants for the existing program (a third round of grants, or "cohort 3"). If the administration and Legislature were to agree on this options, it would have to determine which schools would be eligible to participate (e.g., expand to decile 3 schools or allow schools that have already participated in the program but are still decile 1 and 2 to apply again).
- Capturing the savings for other K-12 purposes. The administration proposes this for 2005 savings from the program, by capturing \$49 million for the Proposition 98 reversion account.
- Using the savings for an altered version of the program that addresses the findings of the recent evaluation of the program. CDE has a proposal before the administration to direct the funds to more district-centered intervention program, in accordance with the HP evaluation findings.

**Need for state support and intervention at the district level?** Research on school improvement as well as a recent evaluation of the HP program point to the important role that districts play in school improvement, suggesting the need for the state to switch from a school-based accountability and intervention system to a district-based system. CDE has a proposal before the administration that would develop a district-based system to allocate funds and use some of the savings from the program for the new system.

**CDE'S proposal to serve alternative schools.** Staff notes that half of all alternative schools (such as continuation high schools) do not have valid API's, due to their small size and the mobility of their student population and are therefore not eligible to participate in the HP program. At the same time, these schools are an important option for students who are not successful in traditional programs. Because these schools serve a disproportionate number of students behind grade level, these schools may be in need of assistance to improve their instruction. CDE has a proposal before the administration that would allow the use of some of the unused funds from this program to be used for a pilot project to serve alternative schools. CDE envisions that the pilot would develop an accountability system that would suit the unique needs and circumstances of these schools and their student populations. CDE notes that in absence of specific programs to meet the unique circumstances of these schools, they will not be subject to accountability measures.

**HP program part of Williams settlement.** The terms of the Elizer Williams et. al. v. State of California settlement specifies that any savings from the phase-out of the Immediate Intervention in Under-performing schools program (II/USP) be used to increase participation in the HP program.

**ISSUE 5: ENGLISH LEARNERS**

The issues for the subcommittee to consider are findings and recommendations by the LAO on English learners.

**BACKGROUND:**

In its analysis of the budget, the LAO makes a number of findings related to English learners, among them:

- 85 percent of the state's K-12 English learners speak Spanish as their primary language.
- 85 percent are economically disadvantaged (as measured by participation in the state's free and reduced priced meal program, as compared with 41 percent of the non-English learner population.
- 61 percent are in elementary schools, with middle and high schools each serving about 20 percent of the state's English learner population.
- English learner student achievement consistently trails that of English-speaking pupils. Of note, only half of English learner tenth graders passed the English portion of the California High School Exit Exam in 2005-06.
- California provides about 13 percent more funding for English learner students than other students, which appears low compared to other states such as Florida and Maryland, which provide 28 percent and 100 percent more, respectively.

**LAO recommendations.** The LAO makes the following recommendations regarding the way the state supports these students:

- Adopt a more strategic approach to funding English learner students, based on a rationale for determining the funding level, rather than the current system of disconnected categorical programs that result in an implicit funding weight.
- Couple funding reform with accountability reform.
- Fund an evaluation of last year's new pilot project to identify best practices to teach English learners.
- Include the following components within the best practices pilot project research: a) an assessment of the different types of materials on English learner student performance, b) an assessment of commonly used approaches to professional development for teachers of English learner students.
- Fund a separate evaluation to identify effective approaches to preparing new teachers to work with English learners.
- Require state assessments to be vertically scaled so that English learner progress can be measured.

**COMMENTS:**

The LAO will present their findings and recommendations at today's hearing.

**Recent report on English learners in secondary grades.** In addition to the LAO report, a recent report by researchers at UC Davis School of Education and the Linguistic Minority Research Institute found that while English learners in grades 7-12 do comprise the majority of English learners in the state's system, they are the fastest growing segment of the English learner population. Approximately one third of all English learners are found in grades 7-12, and these students face unique challenges that are often overlooked. In particular, these students have less time to acquire English and get ready for high school graduation, and teachers of these students often lack expertise in teaching basic skills such as reading. These students also have dropout rates that are much higher than the overall population. The report found that the curriculum for these students often focuses too narrowly on English acquisition, to the detriment of other areas such as academic content knowledge and motivation and social skills.

**Recommendation to identify core competencies for teachers of English learners.** Among the study's recommendations is to convene a panel of experts to include academics and practitioners to determine the critical competencies that teachers of English learners should have before they enter the teaching profession. This recommendation is related to the LAO's recommendation to evaluate teacher training programs for teachers of English learners.

**ISSUE 6: STATUS OF LAST YEAR'S INITIATIVES FOR ENGLISH LEARNERS**

The issues for the subcommittee to consider are:

- An update by CDE on last year's augmentations to address the needs of English learners: a) 50 percent increase to the Economic Impact Aid program and b) funding for a pilot of best practices to teach English learners.
- The LAO's recommendations regarding the implementation of this pilot.
- A technical issue related to providing Economic Impact Aid funding to charter schools.

**BACKGROUND:**

**Augmentations in last year's budget.** Last year's budget contained the following budget augmentations intended to address the particular challenges that English learners face in meeting state standards:

- **Additional flexible funding for poor students and English learners (Economic Impact Aid).** Last year's budget provided an increase of \$350 million in ongoing funds for a 50 percent increase to the Economic Impact Aid program, which directs supplemental funds to districts to address the learning needs of economically disadvantaged students and English learners. Funding for the program is distributed namely based on the number of economically disadvantaged students and English learners, along with other factors. The funding corresponds to a recommendation by the Assembly Education Committee Working Group on Education Finance. This increase was accompanied by a change in the formula for distributing the funds. The formula changes held districts harmless from any loss in funds as a result of the change, and generally simplified the calculations used to determine districts' grant levels. The formula changes also updated the data used for identifying poor students, by replacing the current use of CalWORKs data with Title I eligible students.
- **Professional development for teachers of English learners.** Last year's budget provided an increase of \$25 million to expand existing professional development programs to better serve the needs of teachers of English learners. This funding was pursuant to SB 472 (Alquist) that improved the existing Math and Reading Professional Development Program to better meet the needs of these teachers. This funding was in response to research findings in which teachers reported receiving very little professional development specifically designed to address the special learning needs of English learners. This funding corresponded to a recommendation by the Assembly Education Committee Working Group on English Learners.

- **Research on best practices for English learners.** Last year's budget provided \$20 million in one-time funds for incentive grants to districts that agree to participate in a multi-year statewide research pilot program to identify best practices to improve the academic skills and English language development of English learners. This funding corresponded to a recommendation by the Assembly Education Committee Working Group on English Learners. The implementing legislation was AB 2117 (Coto), which was approved by the Legislature and signed by the Governor last year.
- **Supplemental instructional materials for English learners.** Last year's budget provided \$30 million in one-time funds for districts to purchase off-the-shelf supplemental instructional materials that help English learners learn English, so that they can better benefit from the state-approved instructional materials. This funding was proposed by the Governor's May Revise. The budget also included state operations funding for CDE to administer this funding.

<b>COMMENTS:</b>
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CDE will provide a status report at today's hearing on all of these augmentations.

**LAO recommendations regarding implementation of the English learner best practices pilot.** The LAO's analysis of the budget contained the following recommendations relative to implementation of the pilot project to identify best practices for improving the outcomes of English learners:

- Fund the evaluation of the pilot project. (Funding for the evaluation was not included in last year's budget.)
- Include the following components within the best practices pilot project research:
  - a) an assessment of the effect of different types of instructional materials on English learner student performance.
  - b) an assessment of commonly used approaches to professional development for teachers of English learner students.

**Technical issue related to EIA funding for charter schools.** Although EIA funding is distributed to school districts, charter schools also receive EIA funding as part of their categorical block grant funding, which is intended to provide charter schools with categorical funding comparable to what non-charters receive. Last year's budget contained a technical provision in the EIA budget item that authorized CDE to transfer funds from the EIA item to the charter school categorical block grant item so that charter schools would share in the 50 percent augmentation to EIA. CDE indicates that it is technically cleaner to appropriate the charter EIA funds in the charter categorical block grant item, as was the practice in budget prior to last year's increase. This is a technical issue that will not affect the amount of EIA funding going to charter schools and non-charter schools, but would only make it easier for CDE to distribute intended funding to these two groups.

<b>ISSUE 7: TESTING – STATEWIDE STAR AND CELDT SYSTEM</b>
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The issues for the subcommittee to consider are:

- The Governor's overall budget proposals related to the state's testing system, specifically:
  - The administration's proposal to continue funding for 2<sup>nd</sup> grade testing in the state's testing system.
  - The administration's inclusion of \$1.4 million for the development of a test of English language proficiency for English learners in kindergarten and first grade, pursuant to the requirements of the No Child Left Behind Act.
- A federal requirement that the state test English learners in grades K-1 for their reading and writing skills in English.
- The LAO's recommendations regarding the testing system for English learners particularly the need for data on individual year-to-year progress (vertical scaling).

<b>BACKGROUND:</b>
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**Governor's proposed budget on testing.** The Governor's budget does not reflect any major policy initiatives on testing, with the exception of a proposal to continue testing 2<sup>nd</sup> graders. The total proposed funding level and last year's funding level for testing is reflected in the table below. The funds go toward two major purposes: 1) reimbursing school districts for their local costs of administering the tests and 2) paying for the statewide costs of developing and maintaining these tests, including payment to the private companies that develop the test items. According to the administration, the proposed reduction in overall funding is due to lower contract costs associated with the private company that develops test items for the California Standards Tests.

**Funding for the State's Testing System (\$ in millions) (1)**

	2006-07	2007-08 (proposed)	Change
Proposition 98 funds	\$ 88.9	\$ 85.1	- \$ 3.8
Federal Funds	32.8	32.8	0
<b>Total</b>	<b>\$ 121.7</b>	<b>\$117.9</b>	<b>- \$ 3.8</b>

(1) Does not include funding for CDE's state operations costs of managing the system.

**Background on the State's testing programs.** Appendix I contains information on the state's testing system, which includes the STAR (measure progress toward mastery of the state content standards), the CELDT (California English Language Development Test) (measure progress of English learners toward mastery of English – speaking, reading and writing) and the California High School Exit Exam (CAHSEE) (required to get a high school diploma).

**Second-grade testing.** The current state testing system was created by legislation passed in 1997. The existing program was re-authorized in 2004 by SB 1448 (Alpert), Chapter 233, which re-authorized the state testing system for grades 3-11 until 2011 but only re-authorized the test for 2<sup>nd</sup> grade until June 30, 2007. Unless this law is changed, there will be no legal authority for the continuation of the state system in 2<sup>nd</sup> grade beginning July 1 of this year. The Governor proposes trailer bill legislation to extend the authorization for 2<sup>nd</sup> grade testing until July 1, 2011, when the rest of the program sunsets. Accordingly, he includes funding for 2<sup>nd</sup> grade testing in his proposed budget for 2007-08.

CDE estimates the cost to the state of administering and supporting second grade testing at \$4.5 million.

**K-1 testing for reading and writing English.** NCLB requires that states develop testing systems in specific areas. In a recent review of California's testing system, the federal government cited the state for not testing English learners in grades K-1 for reading and writing skills. CDE notes that the state already tests English learners in these grades for listening and speaking skills in English via the CELDT. The federal requirement would involve reading (e.g., letter recognition) and writing (e.g., tracing letters) as part of the same test. Previous budgets have contained funding for this purpose, but the test was never developed. The Governor's budget continues to contain \$1.4 million for the development of this test. Once developed, the administration of this portion will result in approximately \$1 million in annual costs.

<b>COMMENTS:</b>
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**Arguments for and against 2<sup>nd</sup> grade testing.** Some advocates argue that second grade testing is developmentally inappropriate, takes time away from classroom instruction and does not provide diagnostic data that can help inform instructional practices or identify areas that students need help in. Others argue that the availability of this data helps identify children that are behind before 3<sup>rd</sup> grade, and is important for statewide accountability purposes.

**LAO recommendation regarding vertical scaling of the California Standards Test**

As part of its recommendations regarding English learners, the LAO recommends that the state's STAR system be revised to be "vertically scaled" – that is, so that performance levels mean the same thing in each grade. This would allow the state to measure student gains and losses across years. The LAO notes that this data is particularly important for English learners, because aggregate comparisons of how English learners perform as a group from one year to the next are not particularly meaningful because the students classified as English learners change every year due to redesignation and immigration. As a first step, the LAO recommends that the CDE be required to contract out for a report on the feasibility of this change. Staff notes that the state already collects this information for the California English Language Development Test (CELDT), which is used to assess the progress of English learners in acquiring skills in speaking, reading and writing English. Staff also notes that the availability of this data would allow the state to apply to the federal government to receive more flexibility in implementing NCLB.

**ISSUE 8: TESTING – CALIFORNIA HIGH SCHOOL EXIT EXAM**

The issues for the subcommittee to consider are:

- The administration's budget proposals regarding this exam, and
- The most recent information on passage rates for the California High School Exit Exam.

**BACKGROUND:**

The Governor's budget proposes the following amounts to administer the exam and help students pass it:

- **Funding for CAHSEE maintenance and administration.** The budget proposes \$10.9 million in Proposition 98 funds and \$10.6 million in federal funds for the maintenance and administration of this exam. This funding level is comparable to last year's level, although slightly lower.
- **California High School Exit Exam Supplemental Instruction.** Last year's budget provided an increase of \$49 million for a supplemental instruction program designed to assist 12<sup>th</sup> graders who have not yet passed the California High School Exit Exam (CAHSEE). The Governor proposes to continue this increase, and provides a COLA for the program, for a total proposed funding level of \$72.4 million. The Governor also proposes to hold the program harmless from the negative statewide growth.
- **Individual Intervention Materials to Pass the CAHSEE.** Last year's budget provided \$5.5 million in one-time funds for districts to purchase state-approved individual intervention materials for students who have failed the CAHSEE. The Governor proposes to continue this program at \$5 million, and also with one-time (Proposition 98 reversion account) funds.

**California High School Exit Exam passage rates.** As noted above, the class of 2006 was the first graduating class to be subject to the requirement that students pass the California High School Exit Exam in order to graduate from high school and receive a diploma. According to the most recent data collected by CDE, nearly 40,000 seniors from the class of 2006 did not pass by the end of the 2005-06. It is unclear whether these students are still working to pass it, or what effect this had on their educational goals. Overall, CDE reported that 91% of all students in the class of 2006 passed the CAHSEE. (This does not include students who were scheduled to graduate by 2006 but dropped out before they got to their senior year.) However, this rate varied by school and by sub-group. The following charts contain information on passage rates by group of students:

**Percentage of students, by graduating class, that passed the CAHSEE by the end of their senior year, by sub-group**

	Class of 2006
All	91%
Economically disadvantaged	86
English learner	76
Special education	48

Source: CDE

**Percentage of students, by graduating class, that passed the CAHSEE by the end of 11<sup>th</sup> grade, by sub-group**

	Class of 2006	Class of 2007
All	78%	79%
Economically disadvantaged	66	68
English learner	51	52
Special education	36	34

Source: CDE

**Percentage of students, by graduating class, that passed the CAHSEE by the end of 10<sup>th</sup> grade, by sub-group**

	Class of 2006	Class of 2007	Class of 2008
All	73%	75%	73%
Economically disadvantaged	48	50	51
English learner	30	31	27
Special education	19	20	21

Source: CDE

**COMMENTS:**

CDE will provide an update on the distribution of last year's funding increases, as well as updated data on passage rates for the CAHSEE.

**ISSUE 9: GOVERNOR'S NEW PROGRAM: PARTNERSHIP FOR SUCCESS**

The issue for the subcommittee to consider is a new program proposed by the Governor in the budget with one-time funds.

**BACKGROUND:**

The Governor proposes \$1.5 million in one-time funds to create this new program to increase the number of students academically prepared to succeed in college. The program would provide grants totaling \$1.5 million to three partnerships between local school districts and a California State University (CSU) campus. The partnerships will develop roadmaps to guide participating students through middle and high school to ensure that they complete the necessary courses to meet CSU entrance requirements. The participating CSU campus would guarantee admission for students who complete the program and would provide necessary financial assistance to ensure graduation in four years. According to the administration, the reform model would foster a "college going culture" for a district's entire class of 7<sup>th</sup> grade students that follows them through middle and high school, eventually leading to improved college attendance and completion rates.

According to the administration, this proposal is modeled after the Compact for Success program, a public-private partnership between the Sweetwater Unified School District and San Diego State University.

**COMMENTS:**

Staff poses the following questions:

- Does this program have out-year costs? If so, is it appropriate to fund with one-time funds?
- Is this program something the Legislature has considered in the past, but was proposed in the CSU budget?
- Is the program trying to increase access to A-G courses by increasing the capacity of the schools to offer them (through professional development for teachers, course outlines, etc.)?

**ISSUE 10: SUPPLEMENTAL INSTRUCTION**

The issues for the subcommittee to consider is the Governor's proposed funding level for the state supplemental instruction programs that districts use to serve students who are behind grade level.

**BACKGROUND:**

**Governor's budget.** The Governor's budget proposes a total funding level of \$419 million, which is a total increase of \$16 million above last year's funding level. This increase reflects a COLA for the program.

**Background on supplemental instruction programs.** The state provides funding to school districts to provide supplemental instruction outside of the regular school day to students that are behind grade level. It provides funding at a rate of approximately \$4 per hour of instruction per child. The budget splits the funding between four different pots of funding, as follows (amounts are the amounts proposed in the 2007-08 January 10 budget):

- Supplemental instruction for grades 7-12 (\$238 million). School districts are required to offer this to students in grades 7-12 who do not demonstrate sufficient progress toward passing the California High School Exit Exam.
- Supplemental instruction for students in grades 2-9 retained or recommended for retention (\$57.5 million). School districts are required to offer this to students in grades 2-9 who have been recommended for retention (repeating the same grade).
- Supplemental instruction for students in grades 2-6 with low-STAR scores and at risk of retention (\$22 million). School districts may offer this program to students in grades 2-6 who score below grade level in math or reading/language arts or who are at risk of being retained.
- Supplemental instruction for students in grades K-12 (core academic) (\$101 million). School districts may offer this program in math, science or other core academic areas. They are not required to offer this program.

The first two types of supplemental instruction are considered mandated because districts are required to offer them under particular circumstances. The second two types are considered non-mandated.

**Information regarding annual shortfalls.** Staff requested information from CDE on the extent to which previous budgets was enough to fund claims from school districts. CDE reports that there has been a shortfall in funding for the supplemental instruction program for students in grades 2-9 who are retained or recommended for retention in recent years. Fortunately, the budget contains control language that allows CDE to capture unused funds from other programs to fund shortfalls in other programs. CDE has been able to utilize this section to fund the shortfall in the program, but they must obtain approval from DOF to use the savings to fund shortfalls. It is unclear to what extent the annual shortfall causes delays in reimbursements to school districts for their programs.

<b>COMMENTS:</b>
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Advocates have raised questions about whether the Legislature intended to restrict the supplemental instruction for grades 7-12 to just students at risk of not passing the CAHSEE, instead of the broader pre-CAHSEE definition that covered all subjects that students might need to graduate.

**ISSUE 11: WILLIAMS SETTLEMENT FUNDING FOR EMERGENCY REPAIRS IN LOW-DECILE SCHOOLS**

The issue for the subcommittee to consider is the availability of \$320 million in funding for emergency facilities repairs pursuant to the Williams lawsuit, and the fact that very little of this money has been applied for and distributed to districts since its availability.

**BACKGROUND:**

**Governor's budget.** The Governor's proposed budget provides an increase of \$100 million in one-time Proposition 98 Reversion Account funds to the School Facilities Emergency Repair Account, pursuant to the terms of the Elizer Williams v. State of California lawsuit settlement of 2004. The settlement intended to ensure that students in low-performing schools have access to adequate teachers, instructional materials and facilities. The settlement requires that the greater of \$100 million or half of all funds from the Proposition 98 Reversion Account, which contains prior-year Proposition 98 savings from education programs, must go toward the School Facilities Emergency Repair Program, until the state has appropriated a total of \$800 million for the program. The program funds emergency repairs in low-performing schools.

Last year's budget provided a total increase of \$137 million in Proposition 98 Reversion Account funding for this purpose.

**Total funding available for the program.** According to staff that administers this program, as of the end of February, there was approximately \$320 million in funds available for this program, not including the additional \$100 million proposed by the administration for the 2007-08 fiscal year.

**Background on program, Williams lawsuit.** In addition to setting aside funding for emergency facilities repairs, the Williams settlement required that school districts complete school facilities needs assessments on their decile 1-3 schools. Districts had to complete the needs assessments by December 31 of 2005. (The 2003-04 budget provided \$25 million for this purpose.) The Facilities Emergency Repair Program was created to fund facilities repairs that pose a threat to the health and safety of students or staff. Prior to changes made to the program last year, funding was provided on a reimbursement basis and districts had to make repairs for applying for reimbursement.

**LAO findings as to why funding went undistributed last year.** Last year, in its Analysis of the Budget, the LAO had the following findings as to why so little funding had been distributed:

- Districts fear their projects won't be approved.
- Small districts don't have the cash flow to front the costs of the repairs while they wait for reimbursement.
- Districts can't afford the time to complete the paperwork to obtain the reimbursement.
- There is confusion among districts about which types of repairs qualify for reimbursement.

**Last year's changes to the program.** In response to the LAO's findings that less than \$1 million of the funding had gone out, the Legislature adopted an LAO recommendation to change the program from a reimbursement program to a grant program.

<b>COMMENTS:</b>
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**Funding distributed to date.** According to officials from the State Allocation Board, which administers this program, since this funding became available two years ago, only \$14 million of the \$320 million available has been distributed as of the end of February. However, they indicate that the new grant program is still not quite yet off the ground, and anticipate that the funding will be allocated at a quicker pace than previously, although they do not anticipate spending all of the funding in the budget year. The regulations for the new grant program are not expected to be approved before May of this year.

**ISSUE 12: COMMUNITY ENGLISH TUTORING PROGRAM**

The issue for the subcommittee to consider is the administration's proposal to continue funding an adult English-as-a-second language program whose authority ended last year.

**BACKGROUND:**

The Governor proposes \$50 million to continue the Community Based English Tutoring Program, which is an English as a Second Language program for parents of K-12 students and other adults in the community who pledge to tutor English learner students. The program was created in 1997 by Proposition 227, an initiative that mandated that schools offer English immersion programs to English learners. That initiative appropriated \$50 million per year for 10 years for this program, ending in 2007. Therefore, the statutory requirement that the state fund the program at previous levels is no longer in effect, but the Legislature may choose to fund the program if it wishes.

Last year, the Legislature approved SB 368 (Escutia), which authorized the continuation of the program, contingent upon annual budget appropriations. That legislation also required participating school districts to develop plans and objectives for their programs. The Governor proposes to continue the program at its previous funding level, but also adds budget bill language making the \$50 million contingent upon legislation that clarifies the use of the funds.

**COMMENTS:**

The administration indicates that it is seeking changes in statute that would clarify that the adult education provided by the program is intended to ultimately benefit K-12 English learners. This purpose is similar to the purpose stated in the original Proposition 227.

**Evaluation of the program.** This program was evaluated as part of the evaluation of Proposition 227. The evaluation found that districts implemented the program in different ways, with some districts focusing mostly on ESL for adults in the community, and other focusing on supporting school-age English learners.

**LAO recommendation.** The LAO suggests that the Legislature may wish to consider other uses for this funding, given that it is no longer required to spend it on the program. However, if it chooses to continue the funding, it may wish to adopt clarifying legislation to emphasize that K-12 English learner students – not adult participants – should be the primary beneficiaries of the program.

**ISSUE 13: COUNSELING PROGRAM: STATUS OF IMPLEMENTATION**

The issue for the subcommittee to consider is an update by CDE on the status of last year's augmentation for a new program to increase the number of counselors in middle and high schools.

**BACKGROUND:**

**Last year's budget.** Last year's budget provided \$200 million in ongoing funds for a new block grant to support additional counseling services for students in grades 7-12. The Governor proposes to continue this program at last year's funding level, along with an increase for COLA, at a total proposed funding level of \$208 million. As with EIA and other programs, the Governor proposes to hold the program harmless from negative statewide growth by not adjusting the total funding level downward. As a condition of receiving these funds, participating districts must do the following:

- Give priority in receipt of the additional counseling services to students who have not passed the California High School Exit Exam (CAHSEE), are at risk of not passing the CAHSEE, or risk not graduating due to insufficient credits.
- Hold a meeting between a counselor, the student, and the student's parents for the following types of students at risk of not graduating: 7th graders who score below basic on the California Standards Test, 10th graders who fail the CAHSEE on their first try, and 12th graders who have not yet passed the CAHSEE. The meeting must identify coursework designed to help students meet state standards, pass the CAHSEE, and obtain sufficient credits to graduate, and this information must be included in the identified students' files as they move from grade level to grade level.

**COMMENTS:**

CDE has indicated that its initial attempts to implement the program yielded fewer-than-expected applicants. It subsequently extended the deadline for application and will provide an update on the most recent number of applicants at today's hearing, including any expected savings from the proposed funding level.

County offices of education argue that they should be eligible to receive funding from the program, and are sponsoring a bill to make them eligible for the 2006-07 funding and beyond.

**APPENDIX I: BACKGROUND ON THE STATE'S TESTING SYSTEM**

The state's testing programs include the following statewide tests, which are managed by the Department of Education and administered locally by school districts:

1. **The Standardized Testing and Reporting Program (STAR)**, which is designed to measure students' progress towards mastery of state content standards in English/language arts, mathematics, science and history/social science and also look at California students' achievement compared to other states. The program includes the following tests:
  - **The California Standards Tests** which are aligned to the state content standards and cover the following subjects in the following grades:
    - i. English/language arts in grades 2-11
    - ii. Mathematics in grades 2-9 (Students in grades 10-11 may take tests in Algebra I, geometry, Algebra II, integrated math and summative high school math, upon completing these courses).
    - iii. Science in grades 5, 8 and 10 (Students in grades 9-11 may take science tests in biology, chemistry, earth science, physics and integrated/coordinated science, upon completing these courses)
    - iv. History/social science in grades 8, 10 (world history) and 11 (U.S. History).
  - The primary language version of the **California Standards Tests**. Three years ago, the Legislature provided funding for CDE to develop a version of the CST's for students whose primary language was other than English, to help provide better information about the skills of these students. To date, the test is available in Spanish for grades 2-4. CDE is in the process of developing the test in Spanish for grades 5-7.
  - **The California Alternate Performance Assessment (CAPA)**, which is administered to students with significant cognitive disabilities in, grades 2-11.
  - **The California Achievement Tests (CAT/6)**, which is a national-norm-referenced test administered to students in grades 3-7. The test is intended to provide information on California students' achievement compared to students in other states.
  - **The Aprenda**, which is a national norm-referenced test in Spanish which is administered to Spanish-speaking English learner students who have been in school in the United States less than 12 months or who are in bilingual Spanish/English instructional programs. (These students are also required to take the CST's and the CAT/6 in English.)

2. **The California English Language Development Test (CELDT)**, which measures the progress that English learners make towards proficiency in speaking, reading and writing English.
3. **The California High School Exit Exam (CAHSEE)**, which students are now required to pass in order to obtain a high school diploma. This requirement took effect for the first time for the class of 2006. There are two parts of the exam: a math portion and a reading/language arts portion; students must pass both. Students begin taking the exam in 10<sup>th</sup> grade. The math portion of the exam is designed to measure proficiency on the state's 6<sup>th</sup> and 7<sup>th</sup> grade math standards plus Algebra I. The Reading/Language arts portion of the exam is designed to measure proficiency on the state's 9<sup>th</sup> and 10<sup>th</sup> grade English/Language Arts standards. The requirement was created by Chapter 1, First Extraordinary Session of 1999 (SB 2x1 (O'Connell)). While the original legislation called for the class of 2004 to be subject to the requirement, the State Board of Education later postponed the requirement until the class of 2006.