

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE**

Assembly Member Mervyn Dymally, Chair

TUESDAY, APRIL 4, 2006
STATE CAPITOL, ROOM 444
10:00 AM

ITEMS TO BE HEARD

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ITEMS TO BE HEARD

6110 DEPARTMENT OF EDUCATION

ISSUE 1: INSTRUCTIONAL MATERIALS

The issues for the subcommittee to consider are:

- Total funding available for instructional materials (including Proposition 98 funding and lottery funding) and whether to adopt the Governor's proposed increase to the state instructional materials program.
- Whether to re-instate a set-aside for instructional materials to help English learners learn English.
- Various oversight issues related to the state's upcoming adoption of new materials for English/Language Arts.

BACKGROUND:

Total funding available for instructional materials, under the Governor's budget. School districts have two major sources of state funding that are solely dedicated to the purchase of instructional materials: the state Instructional Materials Block Grant and lottery funds. Funding for the state Instructional Materials Block Grant is Proposition 98 funding and is provided through the annual state budget. Lottery funds are provided to school districts outside of the budget process and go to schools in two forms: 1) funds that can be used for any purpose and 2) funds that can only be used for instructional materials (Proposition 20, passed by the voters in 2000, requires that 50% of the growth in lottery funds available to schools be only for the purchase of instructional materials by school districts and community colleges). For the 2006-07 fiscal year, the Governor's proposed budget provides **a total of \$592 million for instructional materials**, broken down as follows:

- \$402 million in Proposition 98 funds through the state Instructional Materials block grant, and
- an estimated \$190 million in lottery funds that must be used to purchase instructional materials, pursuant to Proposition 20 of 2000 (see above). (Note that \$190 million reflects the amount available to K-12; community colleges are expected to receive \$34 million)

According to the LAO, total funding available for instructional materials has increased significantly in recent years, as demonstrated in the following table, which is extracted from the LAO's Analysis of the Budget.

Figure 1**Instructional Materials Funding***(Dollars in Millions)*

	2003-04	2004-05	2005-06	2006-07
Instructional Materials Block Grant	\$175	\$333	\$361	\$402
Lottery funds for Instructional materials	115	150	190 ^a	190 ^a
Totals	\$290	\$483^b	\$551	\$592
Year-to-year change	—	66%	14%	7%

a LAO estimates based on lottery revenue projections.

b In addition to the figure shown here, \$168 million in one-time funding was provided in this year.

The Governor's proposed increase in state (non-lottery) funding for instructional materials. The Governor's budget proposes a total funding level of \$401.5 million for the state Instructional Materials Block Grant, which provides funding to school districts to purchase standards-aligned materials. This is an increase of \$40.6 million over last year's funding level. Approximately half (\$20.6 million) of this increase is due to growth and COLA for the program and half (\$20 million) is an increase to the program. The Governor does not include funding for a set-aside for English learner materials, which was included in the budget two years ago, but instead converts \$20 million that was appropriated last year by the Legislature for this purpose (and vetoed) into an overall increase to the regular instructional materials program. (See below for more information)

Background on 2004-05 set-aside for English learner instructional materials. Two years ago, the subcommittee advocated for some amount of funding to be provided to school districts to help them pay for instructional materials that support English learners in their efforts to learn English. The subcommittee did this in response to testimony from school districts that the State Board-adopted instructional materials were insufficient to meet the English language development needs of English learners, and that they had to spend their own funding to purchase materials to supplement the State Board-adopted materials. The issue went to conference, with the final version of the budget containing provisional language to set aside \$30 million "on a one-time basis to provide supplemental instructional materials specifically for English learners" in grades K-12. School districts and county offices were eligible for up to \$25 per English learner, and could spend up to \$30 million for specified materials. Assuming an English learner population of 1.3 million students, the \$30 million was approximately \$23 per English learner. The funding was available for two years. Last year, the Legislature attempted to continue the set-aside, at a funding level of \$20 million, but the Governor vetoed the funding.

- **Overall purpose of the set-aside.** The accompanying budget bill language for the 2004-05 set-aside specified that "the purpose of these materials will be to accelerate pupils as rapidly as possible towards grade level proficiency," and that the "funds shall be used to purchase supplemental materials that are designed to help English learners become proficient in reading, writing and speaking English." That is, the funds were to purchase materials that *supplement* (and not replace) the regular standards-aligned instructional materials that districts can purchase through the regular instructional materials program. The accompanying language also required that materials purchased with the set-aside be substantially *correlated to two types of standards*: 1) statewide academic content standards (Reading/Language Arts, math, science, etc.), and 2) English language development standards that are intended to guide English learners as they acquire skills in listening to, reading, speaking and writing English.
- **Process for distributing the set-aside funds.** The process for distributing the funds was as follows: CDE first developed correlation matrices for districts and county offices to use in determining whether materials were correlated to the standards. Publishers were also required to submit standards maps to CDE and any requesting school district or county office of education, so that CDE and locals could determine materials' correlation with standards. School districts and county offices then used the information from CDE and publishers to determine materials' correlation with state standards. They then had to certify that the materials they intended to purchase were substantially correlated with state standards, and submit this certification to CDE. CDE was then required to verify districts' certifications that materials were correlated with state standards and submit its verification results to the State Board of Education for approval. The State Board was required to approve or disapprove the materials at the next regularly scheduled meeting after receipt of CDE's verification.
- **Status of the program.** According to information presented by CDE at a September 2005 State Board of Education hearing, more than 650 school districts and county offices applied for and received funding from the set-aside. Ultimately, funding was distributed at a rate of \$19.76 per English learner for districts to purchase the supplemental materials that CDE verified were substantially correlated to both academic content standards and English Language Development standards.

Background on instructional materials program and upcoming adoptions. Under current law, the State Board of Education is required to adopt instructional materials every six years for use in grades K-8 in the following areas: 1) Reading/ Language Arts, 2) Mathematics, 3) Science, 4) Social Science, and 5) Bilingual or bicultural subjects. School districts are **required** to purchase these adopted materials (as well as locally adopted materials for grades 9-12) for every student within 24 months after adoption by the State Board. While state law permits districts to use the state funds for uses other

than to purchase state-adopted materials (such as purchasing supplemental materials or technology, purchasing tests, providing in-service training on the materials, or purchasing library materials), districts may *only do so after they have purchased SBE-adopted materials* for all students in grades K-6, or locally-adopted materials for students in grades 9-12. Districts argue that this flexibility in the use of the funding is essentially non-existent because the cost of the instructional materials is so high that they use up all their state funding on purchasing the SBE-adopted materials, and then have nothing from the state program to purchase supplemental materials.

The State Board is currently working on an upcoming adoption of new materials for Reading/Language Arts. It intends to approve criteria for the new adoption this year, after which time publishers will either custom-make materials to the criteria or submit already-existing materials for adoption. The State Board states that it will provide publishers 30 months to submit the materials for its consideration, after which time it will approve a new list of materials, which districts will then have two years to purchase.

LAO recommendation. Given the significant and unexpected increase in lottery funds available for instructional materials in the current and budget years, the LAO recommends that the Legislature reject the Governor's proposed \$40 million augmentation to the state Instructional Materials Block Grant. It recommends that it score this savings to the state for purposes of addressing the budget deficit. If the Legislature chooses to re-direct this savings to another Proposition 98 purpose, it offers its recommendations on Economic Impact Aid as a possible use of the redirected \$40 million.

COMMENTS:

Top-down approach? Is California's textbook adoption process consistent with a statewide accountability model? Theoretically, under a statewide accountability program, if the state establishes state content and performance standards, and holds schools accountable for meeting those standards, it should refrain from telling districts how to achieve those standards. California has established statewide content and performance standards, and holds districts and schools accountable for meeting those standards. However, by requiring districts to purchase standards-aligned instructional materials, isn't California dictating *how* districts achieve those standards, and thereby restricting local innovation and ignoring local needs in meeting those standards? If a district finds the State Board-adopted instructional materials insufficient in helping kids meet standards, it must find some other materials or methods and pay for them out-of-pocket, or risk state censure for failing to meet state standards.

Success of professional development programs also linked to the effectiveness of instructional materials. Staff notes that the state invests approximately \$500 million a year for programs whose success is linked to the effectiveness of the State Board-adopted instructional materials. These programs include the state Instructional Materials Block Grant, as well as staff development programs designed to train teachers on the proper use of these materials. These programs are summarized below. In

addition, when a school is identified as "program improvement" under the federal No Child Left Behind Act, based on a school's failure to meet progress on state tests, the state encourages more intensive use of the State Board-adopted instructional materials as part of its focus on the "nine essential elements" of school improvement.

Programs tied to the State Board-adopted instructional materials

Program	Proposed funding level for 2006-07	Funding source
Instructional Materials block grant	\$402 million	State (Prop. 98)
Reading First	\$145 million	Federal
Math and Reading Professional Development Programs	\$ 32 million	State (Prop. 98)
Total	\$579 million	

Materials not responsive to the needs of English learners. Some school districts and Members of the State Assembly and Senate argue that the State Board-adopted instructional materials do not adequately serve the remedial needs of students who are behind grade level or the English Language Development needs of English learners. In particular, they advocate that the Board include both the Reading/Language Arts academic content standards *and* the English Language Development standards (created to guide English learners in acquiring English) in the criteria that publishers are required to address when they develop instructional materials for consideration by the State Board. Inclusion of both standards will help ensure that the materials districts are required to purchase help English learners acquire English at the same time they are learning to read. Their arguments are echoed by the findings of a 2005 report by the Center for the Future of Teaching and Learning titled, "Listening to Teachers of English Language Learners." That study surveyed teachers of English learners in various parts of the state and found that teachers with the greatest amount of preparation for working with English learner students noted a lack of appropriate tools and materials to address the needs of English learners.

Administrative needs relative to set-aside. Staff notes that the 2004-05 budget provided CDE with three limited-term positions to administer the \$30 million set-aside for English learner instructional materials. Those positions expire at the end of June of this year. If the subcommittee wishes to continue the set-aside, CDE notes that it would like funding for the positions to continue, as well as an extension of their terms.

ISSUE 2: MATH AND READING PROFESSIONAL DEVELOPMENT PROGRAM

The issues for the subcommittee to consider are:

- The Governor's proposed funding level for the Math and Reading Professional Development Program.
- Current law, which requires the sunset of the program on July of this year, unless urgency legislation is enacted to continue the program.
- Various oversight issues related to the program.

BACKGROUND:

Governor's budget. The Governor's budget proposes \$31.7 million in Proposition 98 funding for this program, which provides funding for professional development to teachers in mathematics and reading/language arts. This is the same level of funding provided in previous budgets.

Program sunsets July 1, 2006. Under current law, the program will sunset July 1, 2006. By providing funding for the program for the 2006-07, the Governor assumes that the Legislature will enact urgency legislation to continue the program. Last year, the Legislature considered SB 414 (Alquist) to reauthorize the program. However, the Governor vetoed the legislation, citing drafting errors that would have allowed districts to be double-funded for the same activity. This year, the SPI is sponsoring SB 472 (Alquist) to reauthorize the program.

Background on program. The Math and Reading Professional Development program was created by Chapter 737 of 2001 (AB 466). It provides districts with reimbursements of \$2,500 per teacher that attends 40 hours of intensive professional development and 80 hours of follow-up training (coaching, follow-up instruction, or any activity that directly supports what was provided during the 40 hours of intensive training) on how to use adopted instructional materials for math and reading/language arts. The 40 hours of intensive training may only be provided by a provider that meets CDE criteria and is approved by the State Board of Education. Training is linked to instructional materials, and districts may send teachers for training only to those providers that have been approved for the materials used by the district. Only teachers that have state-adopted materials in their classrooms are eligible for the training, unless they are high school teachers, in which case the materials may be locally-adopted. District are permitted, but not required, to use up to \$1000 of the per-teacher allotment for stipends for participating teachers.

According to information provided by CDE last June 2005, as of that date, 75,109 (duplicated count) had taken advantage of Math and Reading Professional Development opportunities. Of the 66,251 teachers for whom training and credential

information was collected, approximately 86% completed professional development in reading/language arts and 14% completed professional development in mathematics.

Part of statewide intervention in failing schools. As noted above, when a school identified as program improvement fails to make sufficient improvement, CDE then applies its "nine essential elements" of school improvement to the school, one of which is teachers' participation in the Math and Reading Professional Development program. Such schools may use corrective action funding to pay for this training.

COMMENTS:

Lack of professional development specific to the needs of English learners. A 2005 survey of teachers of English learners by the Center for the Future of Teaching and Learning found a severe lack of professional development that addresses the specific instructional needs of English learners. Teachers with more than 26% English learners in their classes reported that in the past five years they had very little or no professional development focused on how to teach English learners. They also reported that what little professional development they had during that time was often of poor quality, and led by presenters with very limited knowledge of the subject. To quote the study, "they described attending professional development in which attention to how they could adapt the curriculum to English learner students was an afterthought on the part of in-service developers and clearly not the area of the presenters' expertise." Staff notes that the Assembly Education Committee's Working Group on English Learners is considering this problem and will have recommendations that the subcommittee can consider at a future hearing.

ISSUE 3: READING FIRST

The issues for the subcommittee to consider are:

- Criteria before the State Board for consideration regarding the “sufficient progress” for 4th year funding and the potential effect on waived classrooms.
- Whether to approve a 5th year of funding for round one grantees.
- Whether to set aside funding for new districts to participate.
- Oversight issues related to the success of the program and its structure.

BACKGROUND:

Governor’s budget. The Governor’s budget includes \$145 million in federal Reading First funds. This assumes a slight decrease in federal funds relative to last year’s funding level of \$152 million. The provisional language accompanying the funding is similar to last year’s language, with two exceptions: a) it assumes that the Legislature will grant approval for round one grantees to receive a 5th year of funding and b) it deletes references to new grantees, thereby appearing to assume that the final budget will not provide any funding for districts not currently participating to receive new grants (see below). Since the inception of the program, the budget has set aside \$6.65 million for technical assistance to districts that participate in the program. Specifically, it provides \$250,000 to the Sacramento County Office of Education for the administrative costs of running the training program, and \$6.35 million to eight regional technical assistance centers located in county offices of education.

Background on program. Federal Reading First funds were first provided to states upon the passage of the No Child Left Behind Act several years ago. Funds are provided to states to improve the reading instruction of their schools and the reading achievement of their students. The federal law cites K-3 teachers and special education teachers in grades K-12 as the intended targets of the training. According to California’s implementation, eligible school districts may receive three-year grants up to \$6,500 per teacher in kindergarten through grade 3. (Districts may receive more if they submit a plan that adequately justifies the need for more money; the plan must be jointly approved by CDE and DOF.) Districts are eligible to apply for funding if they have large numbers of economically disadvantaged students and reading scores below state performance benchmarks. State law specifies that the funding can be used for purchasing reading materials, participating in state-approved professional development in reading and language arts, hiring reading coaches and reading assessments. In order to receive funding, districts must purchase standards-aligned textbooks for English/ Language Arts.

Participating schools must send teachers to training administered by the Sacramento County Office of Education for the first year of the program, and then may send

teachers to other providers for the second and third years of training. Many teachers attend training administered by the Sacramento County Office of Education for all three years.

California initiated its version of the program in 2002-03. To date, the State Board of Education has provided approximately 110 school districts with Reading First grants, affecting approximately 20,000 classrooms. It has provided three rounds (cohorts) of funding and is in the process of providing a fourth round. However, it currently funds 55% of all eligible classrooms (see below).

Definition of "significant progress" and the potential effect on waived classrooms. Although the program was originally established as a three-year grant program, two years ago the administration stated its intent to provide a fourth year of funding for round 1 grantees that demonstrate significant progress in improving reading scores. Round 1 grantees have already received three years of funding, and are awaiting the State Board's approval of a definition of "significant progress" that would allow some grantees to receive a fourth year of funding this year (2005-06). Round 1 grantees include some waived classrooms that provide bilingual instruction in Spanish and English to English learners. Teachers in these waived classrooms argue that the most recent definition of "significant progress" before the State Board would disproportionately deny waived classrooms a fourth year of funding. Specifically, the criteria would disproportionately affect waived classrooms because 1) the criteria unfairly compares waived classrooms whose teachers have only received two years of funding¹ to classrooms that have received a full three years of funding, and 2) problems with the assessments and professional development for waived classrooms have not been addressed. Last year the subcommittee approved language that required CDE to establish an advisory committee to address the problems in #2 above, but the advisory committee has only recently met and has not had an opportunity to put forth recommendations to CDE to address the problems.

Provide 5th year of funding to round 1 grantees? Last year the administration indicated its intent to provide a 5th and 6th year of funding to round one grantees if they demonstrate significant progress. Due to the Legislature's concerns about this deviation from the original plan to provide three-year grant, and questions about how this might affect the availability of funds for new grants, the Legislature included budget control language requiring legislation in order for the State Board to provide a fifth year of funding to round 1 grantees. CDE is sponsoring AB 2248 (Coto) to authorize a fifth year of funding. Staff notes that if the Legislature chooses to provide a 5th year of funding, it might consider whether this will create pressure on the General Fund to continue, the program after the federal funding is expected to expire in two years.

Set aside funding for new districts to participate? Last year, the subcommittee specified that carryover funds (one-time unused funds from prior years) be used to fund

¹ Waivered classrooms in round 1 districts were late to receive funding because they were initially denied the opportunity to receive funding, and had to sue to be able to participate, which denied their entry.

currently unfunded school districts. It did this in response to a finding that the program was only funding 55% of eligible classrooms across the state, as demonstrated in the table below, which details the number of eligible classrooms and schools that are and are not participating in Reading First. CDE reports that \$6.5 million was available in carryover in the current year and nine districts applied for the funding. The subcommittee may wish to ask CDE and the LAO to estimate how much ongoing and carryover funding may be available for a similar purpose in 2006-07.

Participation in Reading First program: 2002-03 through 2004-05: Funded and unfunded districts

	Schools	Classrooms/ Teachers
Round 1	329	9,342
Round 2	360	7,566
Round 3	135	2,953
Subtotals – existing grantees through 2004-05	824	19,861
Unfunded but eligible in currently funded districts	274	6,600
Unfunded but eligible in currently unfunded districts	496	9,673
Subtotals – unfunded eligible grantees	770	16,373
Total eligible grantees	1,594	36,234

Evaluation results. A three-year evaluation of California's Reading First program was completed in November 2005. While the evaluation concludes that the program is having a positive impact on student achievement, when it compared Reading First schools to demographically similar non-Reading First schools the results were more inconclusive. To quote the report,

When compared to a demographically matched sample of non-Reading First schools called the "Comparison Group," all three cohorts of Reading First schools show somewhat larger achievement gains than the Comparison Group over time, though the differences are often not significant. Why the differences between Reading First schools and Comparison Group schools are not more significant may, perhaps, be explained by a recent history of statewide, and district reading initiatives that may have impacted Comparison Group schools. At present, however, such a history is not available, making Reading First and non-Reading First comparisons hard to interpret.

COMMENTS:

More flexibility in the program? According to program experts, California's implementation of the federal funding is distinct from that of other states. That is, relative to other states, California has created a program that is more restrictive in the training it provides and the allowable uses of funds. The fact that districts representing about a quarter of the state's eligible classrooms are not applying for the money raises questions about whether the program might be adjusted to make it more appealing. Specifically, the Legislature might consider providing more flexibility in the types of professional development that schools can use the funding for, to make it universally appealing to apply for the funding, so that all eligible classrooms can benefit from the money.

ISSUE 4: GOVERNOR'S PROPOSAL TO PROVIDE AN ADDITIONAL YEAR OF TRAINING (BTSA) FOR TEACHERS IN LOW-PERFORMING SCHOOLS

The issue for the subcommittee to consider is the Governor's proposal to provide an additional year of training through the Beginning Teacher Support and Assessment (BTSA) program for teachers in the lowest-performing 30% of schools (deciles 1-3).

BACKGROUND:

Governor's proposal. The Governor proposes a \$65 million increase to the Teacher Credentialing Block Grant, for an additional year of participation in the Beginning Teacher Support and Assessment (BTSA) program for teachers in the lowest-performing 30 percent of schools. The additional year would be mandatory for beginning teachers and optional for veteran teachers who are new to decile 1-3 schools. According to budget bill language detailing the proposal, the year of support would provide an emphasis on issues such as diagnostic assessments, differentiated instruction, classroom management, and parental involvement. According to the administration, of the proposed \$65 million increase, \$24 million would be to pay for the mandatory additional year for third-year holders of preliminary teaching credentials teaching at these schools. Funding would be provided at a rate of \$3,865 per teacher (the standard rate). Approximately \$41 million of the proposed increase would be for the voluntary additional year of training for veteran teachers that are in their first year of teaching in a decile 1-3 school. Funding for this voluntary training would be at a reduced rate of \$1,933 per teacher. The Governor's proposal assumes that 25% of veteran teachers at these schools would choose to participate in the additional training.

The total amount proposed by the Governor for the Teacher Credentialing Block Grant is \$167.5 million. This proposed funding level includes an increase of \$9.5 million for growth and \$5 million for COLA, in addition to the proposed \$65 million increase to pay for the above proposal.

Background on program. The purpose of BTSA is to provide intensive support and mentoring to first-year and second-year teachers in California, and to establish an effective, coherent system of performance assessments based on the teaching standards adopted by the Commission on Teacher Credentialing. The program is jointly administered by CDE and the Commission on Teacher Credentialing, and provides funding of more than \$3000 per teacher to participating districts to provide the training.

LAO recommendation. This proposal is one of seven new categorical programs proposed by the Governor that the LAO recommends rejecting. In particular, the LAO notes that the low-performing schools targeted by this proposal have a high number of teachers with emergency permits or intern credentials. These teachers pose the greatest challenge to low-performing schools, yet they would not be eligible to participate in this proposal. The LAO also notes that the proposal contains no planning, reporting, evaluation, or accountability.

COMMENTS:

Does this proposal make the credentialing requirements different for teachers, depending on where they teach? Does this proposal create a disincentive for teachers to teach at low-performing schools?

The Governor does not propose legislation to implement this proposal, but instead includes budget bill language detailing the proposal. It is unclear whether the proposal would require statutory changes.

ISSUE 5: GOVERNOR'S PROPOSALS FOR STATEWIDE TEACHER RECRUITMENT

The issues for the subcommittee to consider are two teacher recruitment programs proposed by the Governor:

- \$3 million for county office teacher recruitment programs.
- \$375,000 to continue UC's math and science recruitment programs

BACKGROUND:

The Governor proposes the following two initiatives to improve the supply of credentialed teachers in California:

- **\$3 million to recruit highly qualified teachers at low-performing schools.** The Governor proposes \$3 million in one-time Proposition 98 reversion account funds for "allocation to a county office of education on a competitive basis for the purpose of contracting, on a competitive basis, with an outside entity to recruit highly qualified teachers to qualifying schools in deciles 1-3." This continues \$3 million that was provided in last year's budget as a carve-out from the \$49.5 million provided for the school enrichment/teacher recruitment block grants. This year, the Governor proposes the \$3 million as separate from the \$100 million he proposes for the block grants.
- **\$375,000 to UC to expand the Governor's Math and Science Initiative program.** The Governor proposes this funding to expand the program to the three campuses that were not covered by last year's \$750,000 for the same purpose. Under this initiative, UC has committed to increasing the number of math and science teacher graduates from the current level of 250 per year to 1,000 per year by 2010. The subcommittee will consider this proposal at a future hearing that covers UC issues.

Status of the \$3 million provided in last year's budget. According to CDE, it has selected a county office through a competitive bidding process, and that county office is expected to take months to solicit bids and choose an entity to do the recruiting. Staff notes that this timeline makes it unlikely that last year's \$3 million will be expended before the end of the current year.

COMMENTS:

Report on the impending statewide teacher shortage. According to a recent report by the Center for the Future of Teaching and Learning, "based on the combination of increased retirements, attrition of more junior teachers and estimates of new teacher production, we project *California will again face a huge teacher shortage in less than a decade*" (emphasis added). The following are excerpts from the report:

- Of its 306,000 teachers, California now has 97,000 (32%) who are older than 50, about half of whom are older than 55.
- There is a severe inequity in the distribution of experienced teachers: in the lowest-performing 25% of schools, the odds of having more than one underprepared teacher are 3 in 10, whereas in the highest-performing 2% of schools, the odds of having more than one underprepared teacher are 1 in 50.
- More than half of all veteran teachers have no training to work with English learners, although nearly all teachers face a good chance of having English learners in their classroom at some point in their career.
- The statewide shortage of teachers prepared to teach special needs students is exacerbated in schools with high numbers of students of color. (For example, schools with 91-100% students of color have an average school-level percentage of 22% underprepared special education teachers.)

Need goals, more detail for the \$3 million for recruitment of highly qualified teachers? Staff notes that the only detail that the state has provided for the \$3 million for the teacher recruitment is in the budget bill. According to the administration, the funding is intended to provide technical assistance to district recruiting programs, and to help clarify the credentialing process for prospective teachers. However, these details are not specified in the budget bill language. In addition, the language contains no goals by which to measure the program's success, and no details specifying why the county office should contract with an outside entity or what type of outside entity it should be. In addition, it is unclear whether the \$3 million in one-time funding provided in last year's budget as part of the last-minute budget negotiations was intended to be one-time or ongoing.

ISSUE 6: GOVERNOR'S PROPOSAL FOR SCHOOL ENRICHMENT/TEACHER RECRUITMENT BLOCK GRANTS.

The issue for the subcommittee to consider is a proposal by the Governor to provide \$100 million to double the size of a low-performing school enrichment/teacher recruitment block grant that was initiated last year through the budget.

BACKGROUND:

Governor's proposal. The Governor proposes \$100 million to continue and expand a block grant program that was initiated just last year. Last year, in the May Revise, the administration proposed a new program to provide merit pay to teachers with students who show marked increases in test scores. The Legislature rejected the merit-pay concept, due to concerns about the implementation problems and the equity problems inherent in such a proposal. However, as part of budget negotiations, the Legislature approved up to \$46.5 million² in one-time funds for block grants to the lowest performing 30 percent of schools, to be used on any purpose related to improving the educational culture and environment at those schools. CDE has received applications for the funding in last year's budget but is still evaluating the proposals and has not distributed the funding. This year, the Governor proposes to continue the \$46.5 million provided last year, and add \$53.5 million to that amount, for a total of \$100 million in ongoing funds. Each qualified district or charter school would receive \$50 per pupil in the qualifying school, with a minimum of \$5,000 per qualified school site. The Governor lists the following possible uses for the money, although the uses are not limited to the following:

- Assuring a safe, clean school environment for teaching and learning.
- Forgiveness of student loans for teachers and principals.
- Activities, including differential compensation, focused on the recruitment and retention of highly qualified teachers.
- Payment of signing bonuses to teachers and principals.
- Payment of recognition pay to teachers and principals.
- Monetary assistance for housing and relocation costs to teachers and principals.
- Training for human resource professionals in effective recruitment and retention practices.
- Professional development and leadership training for teachers and principals.
- Activities, including differential compensation, focused on the recruitment and retention of highly qualified principals.

² Depending on the availability of funds in the Proposition 98 Reversion Account, which contains unused funds from prior year Proposition 98 appropriations.

LAO recommendation. This proposal is one of seven new categorical programs proposed by the Governor that the LAO recommends rejecting.

COMMENTS:

Is this the same proposal as last year? Staff notes that the proposed budget bill language that accompanies the \$100 million for this program is different than the language that accompanied last year’s \$49.5 million. These differences are summarized in the table below. The administration notes that the language in the bill does not restrict the funding to purposes listed in the bill, so that the language changes do not drastically affect the program. They note that they changed the language to emphasize different things for districts to consider in using the funding.

Changes in the budget bill language accompanying the proposed Low-Performing School Enrichment Block Grant

Suggested purposes deleted from last year’s language	Suggested purposes added to last year’s language
<ul style="list-style-type: none"> ▪ providing support services for students and teachers 	<ul style="list-style-type: none"> ▪ forgiveness of student loans for teachers, principals
<ul style="list-style-type: none"> ▪ small group instruction 	<ul style="list-style-type: none"> ▪ payment of signing bonuses to teachers and principals
<ul style="list-style-type: none"> ▪ providing time for teachers and principals to collaborate regarding improved outcomes for students 	<ul style="list-style-type: none"> ▪ payment of recognition pay to teachers and principals
	<ul style="list-style-type: none"> ▪ monetary assistance for housing and relocation costs to teacher and principals
	<ul style="list-style-type: none"> ▪ training for human resource professionals in effective recruitment and retention practices
	<ul style="list-style-type: none"> ▪ professional development and leadership training for teachers and principals

ISSUE 7: GOVERNOR'S CHIEF BUSINESS OFFICER TRAINING PROGRAM

The issue for the subcommittee to consider is whether to provide \$1.05 million in one-time Proposition 98 Reversion Account funds to continue the School Chief Business Officer Training Program that was initiated last year.

BACKGROUND:

Chief Business Officer Training Program. The Governor's budget proposes \$1,050,000 in one-time funding from the Proposition 98 Reversion Account for the purpose of funding the Chief Business Officer Training Program, pursuant to legislation passed last year, creating the program. The Governor proposed the amount in one-time funding for this purpose in last year's budget, and this was included in the final budget.

Background on program. Last year the Legislature approved SB 352 (Scott), Chapter 356, Statutes of 2005. That bill was sponsored by the Governor, and was part of a three-year plan to train all school business officers in the state. That bill requires the State Board of Education, in consultation with FCMAT, to begin developing rigorous criteria for the approval of state-qualified training providers, and to establish an application process for training providers. SBE is then responsible for approving applications from public and private entities to provide the training. SBE is also responsible for approving applications from districts and county offices to receive funding for the training. The training must be at least 200 hours, with at least 40 of these involving intensive individualized support and professional development in the following areas:

- School finance, including revenue projections, cash-flow management, budget development, financial reporting, monitoring controls and average daily attendance projections, and accounting.
- School operations, including matters relating to facilities, maintenance, transportation, food services, collective bargaining, risk management, and purchasing.
- Leadership, including organizational dynamics, communication, facilitation, and presentation.

Background on funding. The terms of last year's legislation specify that each year's funding is intended to serve 350 eligible training candidates per year. The program then provides funding to districts or county offices based on the number of training candidates, at \$3,000 per candidate.

COMMENTS:

Subcommittee's action on this item last year. Staff notes that last year the Subcommittee approved the \$1 million in one-time funds proposed by the Governor for this program. The amount approved was subject to legislation, which was not finalized at the time of the subcommittee's action.

ISSUE 8: GOVERNOR'S PHYSICAL EDUCATION PROGRAM

The issue for the subcommittee to consider is whether to fund the Governor's proposal to create two new programs related to physical education.

BACKGROUND:

The Governor proposes a total of \$85 million for two new programs related to physical education.

- **Physical Education Block Grant.** The Governor proposes \$60 million for a new block grant to increase physical activity and implement a comprehensive standards-based physical education programs in grades kindergarten through eight. Minimum grants would be \$3,000 per site for schoolsites with 10 or fewer students, and \$5,000 per site for schoolsites with more than 10 students but less than 421 students. Schools with more than 420 students would then receive an additional amount per-pupil, depending on the amount of funding available after providing minimum grants. Receiving schools could use the funding for purposes relating to support physical education programs, including but not limited to: hiring staff, providing standards-aligned professional development, reducing class size, purchasing equipment, and developing or purchasing standards-aligned curriculum. The administration has indicated that it intends to introduce broad physical education legislation, which would implement this proposal as well as eliminate the current exemption from physical education for students 16 and over.
- **Physical Education Teacher Recruitment Incentives.** The Governor proposes \$25 million for new incentive grants to 1,000 elementary, middle or junior high schools, to support the hiring of more credentialed physical education teachers. Funding would be distributed to 1000 schools in the amount of \$25,000 per schoolsite, and would require a local match of equal value. Charter schools as well as non-charter elementary, middle and junior high schools would be eligible for funding. Funding could only be used to hire additional credentialed physical education teachers. The selection of schools to receive funding would be based on a random selection or qualified applicants, with some assurance that the funding be equitably distributed based on type of school, size, and geographic location. The administration has indicated that it intends to introduce legislation to implement this and the above proposal.

LAO recommendation. The LAO recommends rejecting this program, along with five other new programs proposed by the Governor. Specifically, they recommend redirecting this money to the General Fund (non-Prop. 98), because they think the Governor's proposed total Proposition 98 spending level is unsustainable in out years, or, if the Legislature decides to adopt the Governor's spending level, they recommend redirecting the \$400 million to fiscal solvency block grants.

In addition to LAO's beliefs that there are higher priorities for the \$400 million the Governor earmarks for the seven new programs, including this one, the LAO recommends rejection of the new programs because: 1) it is a reversal of the recent trend toward categorical consolidation, 2) the proposals have some basic flaws, and 3) the proposals have no planning, reporting, evaluation or accountability.

COMMENTS:

Really a shortage of physical education courses and teachers? The LAO notes that this block grant is predicated on the belief that the number of physical education course offerings in elementary and middle schools has been drastically reduced. Yet, the data for middle schools shows that the number of physical education courses has increased in this area since 2001-02. The proposal also presumes that there is a shortage of physical education teachers, yet physical education is not one of California's officially designated teacher shortage areas.

ISSUE 9: GOVERNOR'S PROPOSAL TO PROVIDE NUTRITIOUS FRUIT AND VEGETABLES FOR BREAKFAST

The issue for the subcommittee to consider is whether to fund the Governor's proposal for a new program to provide nutritious fruit and vegetables for breakfast.

BACKGROUND:

Governor's proposal. The Governor proposes \$18.2 million in ongoing funding to continue a program initiated last year to include more canned and fresh fruits and vegetables in subsidized school breakfasts. The California Fresh Start Pilot Program was created by Chapter 236, Statutes of 2005, SB 281 (Maldonado) of last year. It allows school districts and charter schools to apply for an additional reimbursement of \$0.10 per meal, to supplement funding they receive through the state and federal School Breakfast Programs. Receiving districts must spend at least 90 percent of the funding for the direct purchase of "nutritious" fruits and vegetables, which may be canned or fresh, but may not be juice or deep-fried. Districts may spend the remaining 10% on costs related to providing the required nutrition education and taste testing, and for related administrative costs. Receiving districts must also agree to serve one or two servings of fruits or vegetables at breakfast, and include tasting and sampling as part of nutrition education. Districts must use the funds to provide either an additional serving of nutritious fruit or vegetables or a larger quantity or better quality of serving. Districts must use the funds at breakfast, unless they already have two servings of nutritious fruits or vegetables during breakfast, in which case they can use the money to provide the supplement during the after school snack. Last year's funding contained \$300,000 for a county office of education to do an independent evaluation of this program, and \$100,000 for the development of an online training program on how best to prepare, store and serve fresh fruits and vegetables.

Basis of the \$18.2 million. The proposed funding level assumes 100% participation by districts that currently serve breakfast. The \$18.2 million is based on the fact that 180,000 school breakfasts are served statewide. Approximately 1,100 school districts and charter schools currently participate in the breakfast program.

Status of last year's funding. Last year's budget contained one-time funding for this proposal. This year's proposed amount would continue the program at the same level as last year, but with ongoing money. According to CDE, the emergency regulations necessary to begin the program were recently approved by the Office of Administrative Law. CDE indicates that it can now begin approving reimbursements to districts for providing the additional fruits and vegetables.

COMMENTS:

Are canned fruits nutritious? The Governor states that the purpose of the new program is to offer more nutritious foods during breakfast, in part to address the obesity

crisis among school-age children. However, SB 281 specifies that districts may use this funding to purchase “nutritious” fruit or vegetables, which is defined as including fresh **and canned** fruit and vegetables. Nutrition experts note that canned fruit is not as nutritious as fresh fruit, because it may contain syrup. Syrup can double the amount of calories per serving relative to fresh fruit, thereby contributing to the obesity crisis, not addressing it.

Rejected by subcommittee last year. Staff notes that the Governor proposed this program last year during the May Revise, proposing to fund it with one-time funds. The subcommittee rejected the Governor’s proposal, along with a number of new programs proposed in last year’s May Revise, and instead redirected the funding to pay off prior-year mandates. As a result of final budget negotiations, the proposal was included in the final budget but funded with one-time funds (Proposition 98 Reversion Account funds).

Other nutrition issues to consider. CDE staff has suggested that the state might want to provide an increase in the amount the state provides to supplement the federal funds school districts receive for free and reduced price lunches. Specifically, CDE argues that the state supplemental rate of 14.5 cents per meal has not been increased for about 10 of the last 15 years, and has therefore not kept pace with growing costs.

CDE accordingly proposes an increase of about 6.5 cents per meal in the amount of supplemental funding the state provides. Also, during the fire disaster that occurred in October 2003, a number of districts in southern California offered free meals to students who were rendered homeless as a result of the fires. CDE suggests reimbursing those districts for the free meals they offered, at a total cost of \$2.7 million.

ISSUE 10: HIGH SCHOOL COACHES TRAINING PROGRAM

The issue for the subcommittee to consider is whether to provide funding for a new type of training for high school coaches, as proposed by the Governor.

BACKGROUND:

Governor's budget. The Governor's budget proposes \$500,000 in one-time Proposition 98 Reversion Account funds for the high school coaches training program, pursuant to legislation passed last year, creating the program (Chapter 673, Statutes of 2005, SB 37 (Speier). Last year's budget did not contain funding for this purpose. The program uses a train-the-trainer model, and the proposed funding level would provide \$400 per trainer to take the train-the-trainer course.

Details on the new program. Last year the Legislature approved SB 37 (Speier), Chapter 673, Statutes of 2005. That bill requires, effective December 31, 2008, that each high school sports coach complete a coaching education program developed by his or her school district or the California Interscholastic Federation that includes education on the use of steroids and performance-enhancing drugs. Prior to the passage of that bill, there was a coaching education program, but it was not funded in the state budget.

COMMENTS:

Subcommittee's action last year. Last year the Governor proposed the same level of one-time funding for the same purpose as part of his May Revise proposal. The subcommittee rejected the proposal, along with millions of dollars of one-time funding for other new programs. The final budget did not contain funding for this purpose.