

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Julia Brownley, Chair

TUESDAY, APRIL 29, 2008
STATE CAPITOL, ROOM 444
9:00 AM

ITEMS TO BE HEARD

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ITEMS TO BE HEARD**0558 OFFICE OF THE SECRETARY FOR EDUCATION**

ISSUE 1: STATE OPERATIONS AND STATE BOARD POSITIONS

The issue for the Subcommittee to consider is the proposed funding for the Office of the Secretary (OSE) of Education and the Governor's proposal to transfer staff from the State Board of Education (SBE) to the OSE.

PANELISTS

- Office of the Secretary for Education
- Department of Finance
- Legislative Analyst's Office

BACKGROUND:

The Office of the Secretary for Education advises the Governor on K-12 and higher education issues. Although the office has never been created in statute, it has operated for a number of years in an advisory role for the Administration. Funding is provided annually through two separate budget items. Half of the OSE's budget appropriation is contained in its main support item (0558-001-0001); the other half of its appropriation is provided through the Governor's Office of Planning and Research (0650-011-0001).

The Governor's budget proposes \$3.7 million for OSE in 2008-09, an increase of \$1.6 million above the 2007-08 budget. Of total funding proposed, \$3.5 million is General Fund and \$273,000 is provided through reimbursements.

COMMENTS:

Governor's proposal to combine OSE and State Board of Education (SBE) staff. The Governor's budget proposes to shift \$1.567 million (GF) and 8.0 positions for the SBE to the OSE, providing a total of 25.1 positions to the OSE. The Governor then applies an unallocated reduction of \$351,000 to the OSE budget. Without the State Board shift, the unallocated reductions would equal \$200,000 for OSE.

The State Board of Education (SBE) is the governing and policy-making body of the California Department of Education (CDE) and is funded through the CDE. The SBE sets K-12 education policy in the areas of standards, instructional materials, assessment, and accountability. OSE staff currently provides policy guidance and assistance to SBE staff in preparing items for the SBE board meetings. In an attempt to streamline administrative functions, the Governor's budget proposes to consolidate the positions and duties of staff for the OSE and SBE.

The Administration has informed legislative staff that they are rethinking the consolidation as the logistics of physically moving SBE staff from the CDE building to the OSE building would be difficult. Though the Administration has signaled that they do not wish to go forward with the January 10 proposal, they do not plan to propose a change in the May Revision.

LAO RECOMMENDATIONS. The LAO recommends action to move toward the governance structure for OSE and the State Board, as recommended by the K-12 Master Plan report. The LAO will provide more detailed recommendations at the Subcommittee hearing.

6110 DEPARTMENT OF EDUCATION

ISSUE 1: CDE STATE OPERATIONS

The issues for the Subcommittee to consider are:

- The Governor's January 10 unallocated reduction and proposed augmentations to CDE's state operations.
- CDE's state operations requests still pending before the Administration.

PANELISTS

- Department of Education
- Department of Finance
- Legislative Analyst's Office

BACKGROUND:

Governor's across-the-board reduction. The Governor's budget proposes an unallocated reduction of \$5.6 million to CDE's state operations as part of the across-the-board reductions. Since this is an unallocated reduction, CDE would determine how to absorb the reduction. While CDE testified before the Subcommittee in February on the potential effects of this reduction, CDE has not presented a specific plan to the Subcommittee detailing how they would implement the unallocated reduction.

Augmentations to CDE state operations. Although an unallocated reduction is proposed, the Governor's budget includes some augmentations to CDE's state operations. These are achieved through the use of both federal and general funds. This is an important distinction as General Fund dollars are particularly scarce in the budget year.

General Fund Adjustments:

- 1) **Reading Language Arts Adoption** - \$102,000 General Fund (GF) to provide support for the 2008 Reading Language Arts instructional materials adoption.
- 2) **SB 80.** \$131,000 (GF) for one position to meet reporting requirements required as part of the sunset extension of the Districts of Choice program. SB 80 (Chapter 174; Statutes of 2007) mandated new reporting and evaluation requirements. Districts must report data and information about student inter-district transfers. CDE must now collect, analyze, and post information about inter-district transfers and must also prepare a comprehensive evaluation study of transfer options for students.

- 3) **Math and Reading Professional Development Program.** \$109,000 (GF) and 1.0 position. SB 472 reauthorized AB 466 and added an English Learner Professional Development component. CDE had been authorized a limited term position until June 30, 2008. This funding would make the position permanent.
- 4) **Harassment monitoring.** \$40,000 (General Fund) for 0.3 positions to implement the requirements of AB 394 (Levine), Chapter 566, Statutes of 2007 which requires CDE to assess LEAs, as part of CDEs existing monitoring process, for compliance with specific anti-discrimination and harassment policies and procedures, and display on their web site specific bias-related and discrimination and harassment information.
- 5) **CTE website development and maintenance.** \$100,000 (General Fund) and a 1.0 limited term position to implement AB 597 (Committee on Education), Chapter 529, Statutes of 2007 which requires CDE to create a comprehensive, easy to access, user-friendly website with information about CTE opportunities and programs available in the state.

Federal Funds adjustments:

- 1) **CALTIDES** – \$231,000 (one-time) from federal Title II funds for two limited term positions related to the development of the California Longitudinal Teacher Integrated Data System (CALTIDES). The limited term positions are for one year.
- 2) **Child Nutrition and Information and Payment System (CNIPS).** \$1.874 million in federal Child Nutrition funds to extend 7.2 limited term positions for an additional year. CNIPS is an information technology system used to administer four United States Department of Agriculture (USDA) programs, including School Nutrition, Child and Adult Care Food, Summer Food, and Food Distribution. The CNIPS was originally anticipated to take two years however, CDE encountered a six month delay in getting the software contract approved and estimates that due to the complexity of the State's nutrition programs, the design of the system will require six months of additional time to build and implement. This results in an overall delay of 12 months to the project.
- 3) **High School Exit Exam.** \$103,000 in federal Title VI funds for 1.0 position to monitor changes to the CAHSEE pursuant to AB 347 (Nava), Chapter 526, Statutes of 2007. AB 347 implemented a settlement agreement in the *Valenzuela v. O'Connell* lawsuit by requiring school districts to provide intensive instruction and services to pupils who have not passed the high school exit examination by the end of twelfth grade. According to CDE, this position will facilitate the administration of the requirements, communicate with LEAs, prepare bill analyses and SBE items and help to monitor the CAHSEE contractor for compliance.

April Letter positions. The Administration has included the following positions for CDE in their April Finance letter:

- 1) **Federal School Improvement Grant.** \$378,000 from the federal Title I School Improvement Grant funds and 4.0 positions to support this new program. According to the letter, these positions would establish a competitive grant process, review applications, award funds, and monitor progress associated with the new federal grant. The Subcommittee heard the SIG issue on April 15th as part of the larger Title I corrective action discussion. This issue was held open. Staff recommends these positions be considered as part of the overall decision made with regard to Title I funds.

Federal School Improvement Grant Program (Issue 567)—DOF proposed language:

X. Of the funds appropriated in this item, \$378,000 and 4.0 positions are provided to support workload for the federal School Improvement Grant (SIG) program. Expenditure of these funds is contingent upon approval of SIG local educational agency and school site selection and participation criteria by the State Board of Education at or after the May 2008 board meeting.

- 2) **Child and Adult Care Food Program (6110-001-0890 - Issue 643)**—It is requested that this item be increased by \$172,000 Federal Trust Fund to establish 2.0 positions to improve the Department's compliance monitoring and technical assistance for the federal Child and Adult Care Food Program. This program provides funding to licensed child care centers, adult day care centers, and organizations that sponsor day care homes to ensure participants receive nutritionally-adequate meals and snacks. Recently, the federal government found an increasing number of sponsors that are seriously deficient in their administration of the program. As a result, the U.S. Department of Agriculture and Congress have imposed new financial management requirements on sponsors and additional oversight responsibilities for the Department.

COMMENTS:

CDE's state operations budget. CDE's state operations are funded with a mix of non-Proposition 98 General Fund and federal funds. CDE relies heavily on federal funds to maintain state operations. Approximately 64% of CDE state operations are funded with federal funds.

CDE requests not approved by the Administration. The above augmentations represent augmentations that DOF approved for the January 10 budget. There are a number of requests that CDE submitted to DOF that were not funded. CDE will comment on issues they deem as a high priority, some of which include:

- **California School Information System (CSIS).** The purpose of CSIS is to support local education agencies (LEAs) in their efforts to collect, maintain and share student-level data. CSIS builds local capacity for effective and efficient data

management and provides the 1,265 districts and independently reporting charter schools in California with the technical means to assign and maintain a unique Statewide Student Identifier (SSID).

CDE submitted 3 proposals to DOF requesting a total of \$13 million (Proposition 98 General Fund) for local assistance activities for CSIS:

- 1) **\$8.4 million (Prop. 98 GF) local assistance to fund CSIS Best Practices Cohort and LAUSD's participation in CSIS.** The 2006-07 budget provided \$29.5 million in local assistance funding for local education agencies (LEAs) that chose to work with CSIS to prepare for CALPADS implementation. Participating LEAs receive funding according to the formula specified by AB1453 (Chapter 1002, Statutes of 2002). When this funding formula is used, the total funding needed to fully fund all 997 eligible LEAs is \$36,559,500. This project, referred to as "CSIS light" during the 2006-07 budget process, was named the CSIS Best Practices Cohort project. At the time the 2006-07 budget was passed, it was also acknowledged that Los Angeles Unified School District (LAUSD) had received a portion, but not all of the \$6,113,371 this district was scheduled to receive in exchange for working with CSIS to improve its local data management capacity and capability. Specifically, LAUSD was to receive an allocation of \$3,856,800 for Phase 3 of their data management project. A balance of \$10,916,300 is needed to fully fund the Best Practices Cohort Project and LAUSD.
- 2) **\$1.6 million (Prop. 98 GF) to support the development of CALPADS.** A 2005 report to DOF indicated that CSIS would provide subject matter expertise on CALPADS development and work on system integration. CSIS needs these resources to fulfill contractual obligations to the CALPADS vendor.

- 3) **\$2.9 million (Prop. 98 GF) to support the CSIS program until CALPADS is implemented.** The request includes a one-time allocation of \$2,402,600 for expenditure over the 2008-09 and 2009-10 fiscal year to CSIS for the support of 2 staff positions devoted to keeping the system stable, 2.5 positions for improved testing, 5.5 positions for improved client support; and 1 position for project management and \$595,876 in operating expenses, including funding for testing software and replacement hardware.

ISSUE 2: CDE STATE OPERATIONS: STATE SPECIAL SCHOOLS

The issues for the Subcommittee to consider are the Governor's January 10 proposals for the State Special Schools and proposed April letter adjustments.

PANELISTS

- Department of Education
- Department of Finance
- Legislative Analyst's Office

BACKGROUND:

Across-the-board reductions. The three State Special Schools, administered by the California Department of Education, include the California School for the Blind in Fremont, the California School for the Deaf in Fremont and the California School for the Deaf in Riverside. The state also funds three Diagnostic Centers located in Los Angeles, Fresno and Fremont. The schools and diagnostic centers are state operated programs and are funded through a mix of Proposition 98 General Fund and non-98 General Fund monies.

The Governor's budget proposes to provide a total of \$78.8 million for the State Special Schools and diagnostic centers for 2008-09. Of this amount, \$41.4 million is Proposition 98 General Fund and \$37.4 million is non-98 General Fund. This is \$9.2 million less than was provided in 2007-08. This reduction includes a 10.9% reduction to the Proposition 98 General Fund appropriation (\$5.1 million) and a 10% reduction for the non-Proposition 98 General Fund appropriation (\$4.2 million).

In order to absorb the proposed reduction, CDE suggests the schools would need to lay off 10 teachers and several other support staff for a total reduction of 26.5 positions. They would also demote 5.5 positions and leave 36.5 positions vacant. The schools are currently operating with a 7.8% vacancy rate. This reduction in teaching staff will result in increased class size and less course offerings. The Subcommittee should inquire about other options for reductions without directly affecting classroom instruction.

Capitol Outlay. The Governor's budget includes \$31.5 million for construction and renovation of the athletic facilities at each of the schools for the deaf. Pursuant to an April finance letter, DOF is also requesting that an additional \$4.9 million to augment construction of a kitchen/dining hall renovation at the School for the Deaf in Riverside. All projects will be funded with lease revenue bonds and subject to the Field Act.

- **Athletic Complex.** The Governor's budget provides \$869,000 for 2008-09 to design and construct an athletic complex for the Riverside School for the Deaf. CDE requested a total of \$17.1 million for the project. The complex will be used for a variety of sporting events including soccer, baseball, football and track and field. The project will improve existing fields and will include field lights, walking paths, track and football field with viewing stands, a new restroom and concession stand.

A notable concern regarding this proposal is the installation of synthetic turf for the football field. The request claims that this is a lower maintenance and more cost effective option. Recent reports however have questioned the use of synthetic fields due to high lead and carcinogen levels. These turfs have also been linked to the spread of dangerous, antibiotic resistant bacteria such as MRSA. SB 1277 (Maldonado), pending in the Senate, proposes to study the use of synthetic turf due to the recent health concerns associated with this substance.

- **Football Field.** The Governor's budget provides \$929,000 for 2008-09 to renovate the football field at the Freemont School for the Deaf. CDE requested a total of \$14.3 million for the project. The project includes an artificial turf field, synthetic running track, access to fields, bleachers, press box, restrooms and field lighting among other things. As with the previous project, the Subcommittee should consider the concerns around the use of synthetic turf when considering approval of this project. The LAO has also raised concerns with the high costs associated with the project and are looking at alternatives to make the fields safe for students and also the possibility of using neighboring fields.
- **Kitchen/Dining Facility.** The 2006-07 Budget Act approved a request for the school for the deaf in Riverside to renovate their kitchen/dining facility and authorized \$8.1 million for the project. The school submitted a Budget Change Proposal (BCP) to augment the project allocation by \$4.9 million bringing the total cost for the project to just over \$13 million. DOF approved the BCP and submitted the request to augment the budget appropriation in an April letter to the Legislature. According to the BCP, during the design phase it was determined that an extra bathroom facility was needed to meet state pluming codes and that the kitchen layout needed to be redesigned for health and safety reasons.

LAO has raised concerns as to whether it might be more cost effective to scrap the renovation and instead build a new facility. They plan to visit the site to see if this is an option the Legislature should pursue. While the state has authorized \$8.1 million thus far for the project, only \$612,000 has been spent on preliminary plans.

COMMENTS:

Parents of some students who attend state special schools may attend today's hearing and testify.

ISSUE 3: APRIL DOF LETTERS

The issues for the Subcommittee to consider are various amendments proposed by DOF to the January 10 budget. The revisions are related to federal funds, and reflect updated information on the amount of federal funds that are available for expenditure.

PANELISTS

- Department of Finance
- Department of Education
- Legislative Analyst's Office

BACKGROUND:

Each year the Department of Finance puts forth an "April DOF letter" which contains various revisions that the Administration proposes to make to the January 10 budget. At the April 22nd subcommittee hearing, it was requested that the items be categorized into technical and non-technical items. The following items have been identified as technical meaning that they are items that increase or decrease the grant amount based on the federal appropriation or items where the state does not have discretion in the use of the funds.

Federal Funds Adjustments	
1	<p>Items 6110-001-0001 and 6110-001-0890, State Operations, Translation of Parental Notification Documents (Issue 406). It is requested that this item be increased by \$385,000 federal Title III carryover funds. The carryover is a result of a delay in establishing a prioritized list of documents to translate. The State Department of Education (department) will use these funds to complete the initial translations authorized with one-time funds in fiscal year 2007-08. Local educational agencies (LEAs) will have access to the documents through an online clearinghouse.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$385,000 is available to the State Department of Education on a one-time basis for the cost of translating into languages other than English state prototype documents. The department shall contract with appropriate translators or translator services to translate these documents. The department shall post all documents translated as a result of the appropriation referenced in this provision on its existing Internet-based electronic clearinghouse system of state and locally-translated parental notification documents.</p>
2	<p>Items 6110-001-0001 and 6110-001-0890, State Operations, Education Technology Administration (Issue 407). It is requested that language in this item be amended to conform with a reduction of \$404,000 Federal Trust Fund for administration of the Education Technology Program. The Governor's Budget reduced federal funds for state operations by \$11.0 million because base appropriation level exceeded the amount of federal funds available to the state. Included within the reduction was \$404,000 that should have been earmarked for administration. Therefore, only a language change is necessary.</p>

	<p>It is requested that Provision 7 of Item 6110-001-0890 be amended as follows to conform to this action:</p> <p>7. Of the funds appropriated in this item, \$1,470,000 <ins>\$1,066,000</ins> shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount:</p> <p>(a) \$150,000 is available only for contracted technical support and evaluation services.”</p>
3	<p>Item 6110-102-0890, Local Assistance, Learn and Serve America Program (Issue 164). It is requested that this item be decreased by \$10,000 <ins>increased by \$11,000</ins> Federal Trust Fund to align the appropriation for the Learn and Serve America Program with available federal funds. The program provides grant funding to K-12 schools, community-based organizations, and higher education institutions to facilitate service-learning projects. These funds support school-community partnerships, training and technical assistance resources, as well as the collection and dissemination of research, effective practices, curricula, and service learning program models.</p>
4	<p>Item 6110-103-0890, Local Assistance, Robert C. Byrd Honors Scholarship Program (Issues 646 and 647). It is requested that this item be decreased by \$161,000 Federal Trust Fund, which includes a decrease of \$174,000 to align the appropriation with available federal funds and an increase of \$13,000 to reflect the availability of one-time carryover funds. These funds will be used to promote student excellence and achievement by awarding higher education scholarships on the basis of academic merit to students who show promise of continued academic excellence.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$13,000 is provided in one-time carryover funds to support the existing program.</p>
5	<p>Item 6110-119-0890, Local Assistance, Neglected and Delinquent Children Program (Issue 416). It is requested that this item be decreased by \$322,000 federal Title I Neglected and Delinquent Children funds to align the appropriation with available federal funds. LEAs will use these funds for services to educate neglected and delinquent or incarcerated youth.</p>
6	<p>Item 6110-136-0890, Local Assistance, Title I Basic Program, McKinney-Vento Homeless Children Education Program, and Title I Even Start Program (Issues 412, 413, and 414).</p> <p>It is also requested that this item be increased by \$34,459,000 federal Title I Basic Program funds, which includes an increase of \$15,207,000 to align the appropriation with available federal funds and an increase of \$19,252,000 to reflect the availability of one-time carryover funds. LEAs will use these funds for services to assist economically-disadvantaged students. (Issue 412)</p> <p>It is also requested that this item be increased by \$1,215,000 Title I McKinney-Vento Homeless Children Education funds, which includes a decrease of \$118,000 to align the appropriation with available federal funds and an increase of \$1,333,000 to reflect the availability of one-time carryover funds. LEAs will use these funds to provide services to homeless students. (Issue 413)</p> <p>It is also requested that this item be decreased by \$3,007,000 Title I Even Start</p>

	<p>funds, which includes a decrease of \$4,507,000 to align the appropriation with available federal funds and an increase of \$1.5 million to reflect the availability of one-time carryover funds. LEAs will use these funds for services to improve the educational opportunities of low-income families and for a unified literacy program that integrates early childhood education and parenting education. (Issue 414)</p> <p>It is also requested that provisional language be added to require the department to allocate all carryover funds in this item on a per-pupil basis by October 1, 2008. The purpose is to allocate funding in a timely manner so that LEAs can use the funds effectively and promptly to improve student performance for these vulnerable populations.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (1), \$19,252,000 is provided in one-time carryover funds to support the existing program.</p> <p>X. Of the funds appropriated in Schedule (2), \$1,333,000 is provided in one-time carryover funds to support the existing program.</p> <p>X. Of the funds appropriated in Schedule (4), \$1,500,000 is provided in one-time carryover funds to support the existing program.</p> <p><u>X. The State Department of Education shall allocate all carryover funds in this item on a per pupil basis by October 1, 2008, to all eligible service providers. Local educational agencies shall use these funds to supplement, but not supplant, one-time base services authorized by law.</u></p>
7	<p>Item 6110-137-0890, Local Assistance, Rural/Low-Income School Program (Issue 415). It is requested that this item be increased by \$152,000 federal Title VI Rural/Low-Income School funds, which includes an increase of \$85,000 to align the appropriation with available federal funds and an increase of \$67,000 to reflect the availability of one-time carryover funds. LEAs will use these funds for services to improve instruction and achievement for children in rural and low-income schools by supporting activities such as teacher recruitment and retention, professional development, educational technology projects, and parental involvement activities.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$67,000 is provided in one-time carryover funds to support the existing program.</p>
8	<p>Item 6110-156-0890, Local Assistance, Adult Education Program (Issue 165). It is requested that this item be decreased by \$420,000 <ins>increased by \$300,000</ins> Federal Trust Fund to align the appropriation with available federal funds. The Adult Education and Family Literacy Act provides federal funds to supplement adult basic skill programs, high school completion programs, and programs that enable adults to become more employable, productive, and responsible citizens. Local programs provide specific instruction to adults in the areas of adult literacy, English as a second language, citizenship, vocational literacy, family literacy, elementary basic skills, high school basic skills, literacy for homeless adults, and literacy for incarcerated adults.</p>

9	<p>Item 6110-180-0890, Local Assistance, Education Technology Program (Issue 408)</p> <p>It is requested that this item be decreased by \$527,000 federal Title II Education Technology funds, which includes a decrease of \$2,314,000 to align the appropriation with available federal funds and an increase of \$1,787,000 to reflect the availability of one-time carryover funds. This program assists LEAs in utilizing technology to enhance teaching and to promote learning. The reduction will be applied proportionally to the formula grants, competitive grants, the California Technology Assistance Project, and support. Carryover will be used for its original purposes (\$601,000 for technical assistance, \$814,000 for competitive formula grants, and \$372,000 for formula competitive grants).</p> <p>It is further requested that provisional language be amended as follows to conform to this action:</p> <p>“1. Of the funds appropriated in this item, \$15,569,000 \$14,880,000 \$15,322,000 is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program. <u>This allocation includes \$372,000-\$814,000 in one-time carryover funds.</u></p> <p>2. Of the funds appropriated in this item, \$15,569,000 \$15,322,000 \$14,880,000 is available for competitive grants pursuant to Chapter 8.9 (commencing with Section 52295.10 of Part 28 of the Education Code and the requirements of the federal Enhancing Education Through Technology Grant Program including the eligibility criteria established in federal law to target local educational agencies with high numbers or percentages of children from families with incomes below the poverty line and one or more schools either qualifying for federal school improvement or demonstrating substantial technology needs. <u>This allocation includes \$814,000 \$372,000 in one-time carryover funds.</u></p> <p>3. Of the funds appropriated in this item, \$654,000 \$1,062,000 is available for the California Technology Assistance Project (CTAP) to provide federally required technical assistance and to help districts apply for and take full advantage of the federal Enhancing Education Through Technology grants. <u>This allocation includes \$601,000 in one-time carryover funds.”</u></p>
10	<p>Item 6110-183-0890, Local Assistance, Safe and Drug Free Schools Program (Issues 648 and 649). It is requested that this item be decreased by \$4,196,000 Federal Trust Fund, which includes a decrease of \$5,796,000 to align the appropriation with available federal funds and an increase of \$1.6 million to reflect the availability of one-time carryover funds. These funds will be used to support programs that prevent violence in and around schools and prevent the illegal use of alcohol, tobacco, and drugs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$1,600,000 is provided in one-time carryover funds to support the existing program.</p>
11	<p>Item 6110-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issues 084 and 085). It is requested that this item be decreased by \$591,000 Federal Trust Fund, which includes a decrease of \$2,091,000 to align the appropriation with available federal funds and an increase of \$1.5 million to reflect the availability of one-time carryover funds. This program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support for mathematics</p>

	<p>and science teachers.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$1,500,000 is provided in one-time carryover funds to support the California Mathematics and Science Partnership Program.</p>
12	<p>Item 6110-240-0890, Local Assistance, Advanced Placement Test Fee Waiver Program (Issue 650). It is requested that this item be increased by \$561,000 Federal Trust Fund to align the appropriation with available federal funds. These funds will be used by LEAs to reduce Advanced Placement test fees for low-income students.</p>
13	<p>Item 6110-103-0001, Local Assistance, Apprenticeship Programs (Issue 161)</p> <p>It is requested that this item be increased by \$587,000 Proposition 98 General Fund to reflect the transfer of an identical amount from Schedule (2) of Item 6870-101-0001. This request is necessitated by local decisions made pursuant to Education Code Section 8156, which authorizes the transfer of operations of two apprenticeship programs from community colleges to K-12 institutions, as well as the operations of one program from a K-12 institution to a community college. This transfer will ensure that funding is appropriately redirected to the respective education segments that are now serving the apprenticeship program sponsors.</p>

ISSUE 4: UPDATE ON NO CHILD LEFT BEHIND ACT REQUIREMENT FOR HIGHLY QUALIFIED TEACHERS -- INFORMATION ONLY

The issue for the Subcommittee to consider is an update by CDE on California's implementation of and compliance with the "highly qualified teacher" provisions of the federal No Child Left Behind Act.

PANELISTS

- Department of Education
- Legislative Analyst's Office
- Department of Finance

BACKGROUND:

No Child Left Behind Act – highly qualified teacher provisions. The federal No Child Left Behind Act (NCLB) was approved in 2001 by Congress and signed by the President. Among its provisions is a requirement that all students be taught by "highly qualified" teachers by the end of the 2005-06 school year. Each school district is required to develop a plan to meet this goal. In order to meet the "highly qualified" definition in California, teachers must:

- Possess a bachelor's degree,
- Possess a state credential or intern certificate or be enrolled in a CTC-approved intern program, and
- Demonstrate subject matter competence in each assigned subject.

All teachers hired in Title I schools after the first day of the 2002-03 school year must meet the "highly qualified" definition. Title I requires that LEAs set aside not less than five percent of their Title I funds each year for professional development activities to ensure that all teachers are NCLB-compliant no later than the end of the 2005-06 school year.

NCLB deadline. Under the original terms of NCLB, all teachers were required to meet the "highly qualified" definition by the end of the 2005-06 school year. Several areas posed specific challenges for California's compliance with the requirement by the deadline, in particular: middle school, secondary independent study, rural small schools, special education, alternative programs and certain career/technical education programs. By the end of the 2005-06 school year, no states, including California, had met the deadline.

Consequently, the federal government required all states to submit revised plans explaining steps to reach the highly qualified goal by the end of 2006-07. In addition, the federal government required that the revised plans address NCLB's "teacher equity" provision, which mandates that states ensure that poor and minority children are not taught at higher rates than other children by inexperienced, unqualified or out-of-field teachers.

A peer review panel concluded that California's revised plan, which was submitted in July 2006, needed more description in a number of areas, including its plan to address the inequitable distribution of qualified and experienced teachers. In response, CDE submitted a revised plan to address the concerns.

Compliance, Monitoring, Intervention and Sanctions (CMIS). The purpose of CMIS is to provide technical assistance to more than a thousand schools to help them meet the highly qualified teacher goal. This assistance is being provided to address the federal government's concerns about the lack of state monitoring of district's implementation of HQT. The Governor's budget provides \$945,000 from federal Title II funds for this monitoring. There is also an evaluation due to the Legislature by April 1, 2008. This report is still pending at CDE.

Progress to date. According to the Center for the Future of Teaching and Learning, as of 2006-07, there were about 15,500 underprepared teachers in California, representing just 5% of the teacher workforce. Special education however had the greatest percentage of underprepared teachers (11%), compared with only 5% of secondary teachers and 2% of elementary teachers who were underprepared.

COMMENTS:

CDE will provide an update at today's hearing.

6360 COMMISSION ON TEACHER CREDENTIALING**ISSUE 1: STATE OPERATIONS AND LOCAL ASSISTANCE**

The issue for the Subcommittee to consider is the Commission on Teacher Credentialing (CTC) 2007-08 proposed budget.

PANELISTS

- Commission on Teacher Credentialing
- Department of Finance
- Legislative Analyst's Office

BACKGROUND:

The CTC was created in 1970 to establish and maintain high standards for the preparation and licensing of public school teachers and administrators. The CTC issues permits and credentials to classroom teachers, student services specialists, school administrators, and child care instructors and administrators. In total, CTC issues almost 200 different types of documents. In addition to setting teaching standards and processing credentials, CTC (1) performs accreditation reviews of teacher preparation programs; (2) develops, monitors, and administers licensure exams; and (3) investigates allegations of wrongdoing made against credential holders. The CTC also administers two local assistance programs—the Internship and Paraprofessional Teacher Training programs.

The Governor's proposed budget includes a total of \$56 million for CTC in 2008-09. Of this amount, \$35.8 million is Proposition 98 General Fund to support the Alternative Certification Program (Internship Program), the California School Paraprofessional Teacher Training Program, and Teacher Misassignment Monitoring. This amount represents a reduction of \$4.3 million (Proposition 98 General Fund).

The Governor's budget provides \$15.3 million for the Teacher Credentials Fund and \$4.7 million for the Test Development and Administration Account which in total provides \$20 million for CTC state operations. This is a net increase of \$569,000 in expenditures over the 2007-08 funding level. Because CTC's state operations are paid entirely from special fund revenues derived from the credentialing and examination fees paid by K-12 teachers, administrators, and professional services personnel, there are no administrative reductions proposed for the Commission. The Subcommittee should also note that the 2005-06 budget provided a \$2.7 million General Fund (Non-Proposition 98) appropriation to address a shortfall in special funds to support the CTC's state operations budget. Specifically, the CTC was lacking capacity to address a significant backlog in credential applications. The CTC has since resolved the backlog issues but will need continued staffing support to meet processing timelines.

The following table provides information on expenditures by fund:

Commission on Teacher Credentialing: Summary of Expenditures by Fund			
(Dollars in Thousands)			
	Actual 2006-07	Estimated 2007-08	Proposed 2008-09
General Fund, Proposition 98	31,034	35,881	35,881
Teacher Credentials Fund	15,323	15,273	15,366
Test Development and Administration Account	4,602	4,265	5,091
Reimbursements	903	248	398
Total Expenditures (All Funds)	\$51,862	\$55,667	\$56,736

Summary of Credential Workload. The CTC currently receives more than 270,000 applications for credentials and credential waivers. As indicated below, the number of applications has continued to increase in recent years. In 2007-08, CTC is experiencing an increase of 5 percent in the application volume from FY 2006-07.

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Est. 2007-08	Est. 2008-09
Credential Applications Received	215,954	239,501	250,701	235,327	233,164	240,159	254,892	267,637	264,153
Waiver Applications Received	7,865	7,918	5,144	2,827	2,402	2,000	2,561	2,561	2,561
Total	223,819	247,419	255,845	238,154	235,566	242,159	257,453	270,198	266,714
Credential Processing Staff*	82.1	83.2	77.4	71.2	60.6	65.2	66.8	75.9	69.1
Credential Fees	\$55	\$55							

Source: Certification Assignment and Waivers Division Staff

Elimination of Credentialing Backlog. There is currently no backlog in application processing. In recent years, the Legislature and Administration provided additional resources to CTC to address a credentialing backlog. In May 2006 the workload hit an all time high of 80,000 pending paper applications. In 2006-07, the backlog was substantially reduced and in 2007-08 the backlog has been eliminated.

Of total applications, 54 percent are being processed on-line within 10 working days. The other 46 percent of applications are processed within the required 50 working day processing time. AB 469 (Horton), Statutes of 2007, revised the application processing time from 75 working-days to 50 working-days effective January 1, 2008. CTC has continued to maintain this new processing time within the newly required 50 day limit.

CTC alternative to Governor's proposed reductions. The Governor's budget proposes an across the board reduction to the three Proposition 98 funded programs under the CTC. The Governor's total reduction to these programs is \$4.3 million for 2008-09. Rather than apply a 10% reduction equally to each program, the CTC proposes to make targeted reductions. Their proposed reductions total \$5.9 million. This is \$1.6 million above the Governor's proposed reductions.

- **Teacher Misassignment Monitoring.** The Commission is charged with the oversight of the appropriate and legal assignment of certificated personnel. Education Code requires each county superintendent of schools to monitor and review the certificated employee assignments in one-fourth of their school districts each year and to submit an annual report to the Commission summarizing the results of all assignment monitoring and review. This section also requires the Commission to submit a report to the Legislature concerning teacher assignments and misassignments based on these reports of the county superintendent. The law also requires that the Commission monitor and review certificated assignments for the State's seven single-district counties at least once every three years. Currently \$308,000 is distributed to county offices of education on a prorated basis based on the size of the county.

The Governor's budget proposes a 10% reduction of \$34,000 in 2008-09. According to the CTC, they cannot absorb this reduction as the program is fully subscribed. However, they do propose additional reductions in Alternative Certification to offset the restoration of this reduction.

- **Paraprofessional teacher training program.** The purpose of this program is to create local career ladders that enable school paraprofessionals – including teachers' assistants, library-media aides, and instructional assistants – to become certificated classroom teachers in K-12 public schools. The Budget Act of 2007 allocated a per capita funding increase of \$500 and participants now receive \$3,500 annually to support their teacher certification goal. Costs that exceed the annual \$3,500 expenditure cap must be paid by the participant. Although there has been an increase in funding provided to program participants, the \$3,500 annual financial assistance provided by the state does not meet the tuition and academic needs of these participants. This program also does not get an annual COLA.

The Governor's budget proposes to reduce this program by \$855,000 in 2008-09. Since this program has reverted money on an annual basis based on participation in the program, CTC agrees that a reduction can be made to the program. They propose an alternative reduction of \$689,000. In order to offset the lower reduction, the CTC proposes to reduce the Alternative Certification program beyond the Governor's proposed level.

- **Alternative Certification.** Alternative certification programs provide a route to a teaching credential through intensive preparation programs that enable candidates to work as intern teachers while they complete credential requirements. These programs help school districts recruit individuals from a variety of sources to address geographic and subject matter shortage areas. This program does not get an annual COLA. This program has reverted money on an annual basis based on participation in the program.

The CTC proposes to reduce the program by \$5.2 million. This is \$1.7 million above the Governor's 10% across the board proposal. The CTC proposes the additional reduction to offset restorations to the Governor's proposed reductions in Teacher Assignment Monitoring and the Paraprofessional Teacher Training Program.

OTHER BUDGET PROPOSALS:

California Longitudinal Teacher Integrated Data Education System (CALTIDES) positions. The Governor's budget provides \$248,000 in federal Title II funds to extend 2.5 positions through June 30, 2009 to support third year costs associated with CALTIDES and \$150,000 for temporary help to convert microfilm data on lifetime credential holders to electronic media.

According to CDE, the project is running several months behind due to delays with the Department of General Services approval of the Request for Proposals (RFP). Although the project is running behind, CTC states that the positions are still warranted as they will need to disseminate the statewide educator identifier to counties and prepare data in preparation for the CALTIDES system.

California Formative Assessment and Support System for Teachers (CFASST). The Governor's budget provides \$500,000 from the Test Development and Administration Account for the review and continued development of the state's formative assessment system (CFASST) for the Beginning Teacher Support and Assessment (BTSA) program.

CFASST was developed in 1998 to guide new teachers in the BTSA program in their work with their teacher-support provider. Current law requires BTSA programs to ensure that each preliminary credential holder in an induction program complete a formative assessment process. There are 150 BTSA programs throughout California and over 100 use the CFASST to meet this requirement.

Monies collected from a contractual agreement with Educational Testing Services (ETS), which allows ETS to sell the CFASST materials has yielded \$878,751 in revenue for CTC as of August 2007. Pursuant to the contract, this money is to be used for the continued development, research, and revalidation of the assessment system. CTC proposes to use the \$500,000 in the Governor's budget to revise and revalidate the CFASST based on the revised induction standards. The revised induction standards are up for adoption at the June 2008 Commission meeting. The CTC is also taking the recommendations from the recent BTSA evaluation into consideration as they revise the standards and the CFASST.

April Budget Adjustments – Validity Studies and Examination Development. As reflected in the Department of Finance April Letter, the Governor proposes to increase the expenditure authority of the Test Development and Administration Account by \$350,000 to support teacher examination validation studies and examination development activities. Current law requires the CTC to ensure that teacher exams are valid and aligned with the state's academic content standards and frameworks. These teacher exams include the California Basic Educational Skills Test, California Subject Matter Examinations for Teachers, and Reading Instruction Competence Assessment.