

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE Assembly Member Julia Brownley, Chair

TUESDAY, MARCH 27, 2007
STATE CAPITOL, ROOM 444
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ITEMS TO BE HEARD

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ITEMS TO BE HEARD

6110 DEPARTMENT OF EDUCATION

ISSUE 1: TEACHER SUPPLY AND SHORTAGES IN CALIFORNIA

The issue for the subcommittee to consider is current and future teacher shortages in California.

BACKGROUND:

Information from the Center for the Future of Teaching and Learning. According to the Center for the Future of Teaching and Learning¹, the number of underprepared teachers² in California classrooms has declined. At its peak in 2000-01, the state had more than 42,000 underprepared teachers, representing 14% of the workforce. Since then, the number has dropped to approximately 17,800, representing about 6% of the teacher workforce. However, the Center for the Future of Teaching and Learning still identifies a number of areas of concern, notably:

- **The high incidence of eighth-grade math teachers who do not hold a single-subject credential in mathematics.** Although middle school mathematics teachers are not required to hold a single-subject credential, this trend is of concern, given the state's push to move algebra down to the 8th grade. Of all middle school algebra teachers, 23% are fully credentialed but lack a mathematics authorization. These teachers teach nearly 60,000 students statewide. An additional 9% of middle school math teachers lack a full credential of any kind, teaching approximately 28,000 students statewide.
- **Statewide distribution of underprepared and novice teachers.** The Center notes that underprepared and novice teachers continue to be maldistributed across high and low achieving schools. That is, students in low-achieving schools were more likely to have underprepared and novice teachers than students in high-achieving schools, although the difference in likelihood has narrowed since 2000-01. The Center's report contains the following information:

Percentage of Underprepared Teachers, by performance level of schools

	2000-01	2005-06
Lowest performing 25% of schools	23%	9%
Highest performing 25% of schools	5%	3%

¹ Teaching and California's Future: California's Teaching force 2006: Issues and Trends. Center for the Future of Teaching and Learning.

² Teachers who have not completed a teacher preparation program and attained a preliminary or professional clear credential.

- **Special education teaches.** The Center reports that special education continues to be the area with the highest percentages of underprepared teachers. Of note, in 2005-06, 12% of teachers authorized to teach special education were underprepared. Among novice special education teachers, 45% did not hold full credentials. The shortage of credentialed special education teachers is exacerbated in schools serving large populations of minority children. Of note, students attending schools with the largest percentages of children of color are twice as likely to encounter underprepared special education teachers (18% of teachers) as children attending schools with lower percentages of minority children.
- **Science and math teacher workforce.** The Center reports a persistent shortage of math and science teachers. Although the shortage has declined since 2001-02, a serious shortage still exists. Moreover, the shortage is more severe in the lowest-performing schools, with students in the lowest-performing 25% of middle and high schools three to four times as likely to have an underprepared math or science teacher as students in the highest-performing 25% of middle and high schools.

Percentage of underprepared math and science teachers in middle and high schools (overall statewide)

	2001-02	2005-06
<u>Math teachers</u>		
Middle school math teachers	20%	9%
High school math teachers	18%	12%
<u>Science teachers</u>		
Middle school science teachers	22%	8%
High school science teachers	17%	9%

Percentage of underprepared math and science teachers in middle and high schools, by performance level of schools

	2001-02	2005-06
<u>Math teachers</u>		
Lowest performing 25% of schools	30%	18%
Highest performing 25% of schools	9%	5%
<u>Science teachers</u>		
Lowest performing 25% of schools	32%	16%
Highest performing 25% of schools	10%	4%

- **Retirements remain historically high.** The age distribution of the current teacher workforce indicates that the state should be anticipating an increase in

the number of retirements over the next 10 years. In 2005-06, California employed more than 53,000 teachers who were older than 50. If all these teachers retire at the average retirement age of 61, California will need to replace 53,000 teachers in the next 5 years. Over the next 10 to 11 years, the state will have to replace 98,000 teachers, or 32% of the teacher workforce in 2005-06.

Information from CDE. The latest data submitted by CDE to the federal government on the state's teacher shortages is included in the table below.

Teacher FTE Demand and Shortage Areas by Subject, 2007

FY 2007-2008 (based on 2005-06 data)

Subject Areas	FTE Teachers	FTE on Emergency Permits Or Waivers	Estimated New Hirees	FTE Shortage	Percent of Subject FTE Teachers	Percent of Total FTE Teachers
Self-contained Classrooms	135,102.50	2,286.55	6,613.4	8,899.95	6.6%	3.1%
Special Education	28,416.48	1,981.50	3,368.9	5,350.40	18.8%	1.8%
Mathematics/Computer Ed.	21,940.15	678.80	2,069.8	2,748.60	12.5%	1.0%
English (Drama & Humanities)	25,482.77	519.24	2,056.3	2,575.54	10.1%	0.9%
Life & Physical Science	15,636.93	354.02	2,153.1	2,507.12	16.0%	0.9%
Social Science	17,758.53	297.27	1,198.2	1,495.47	8.4%	0.5%
PE/Health/Dance	13,046.61	314.44	667.3	981.74	7.5%	0.3%
Other Specializations	7,516.89	552.00	0.0	552.00	7.3%	0.2%
Foreign Language	6,036.32	132.26	633.2	765.46	12.7%	0.3%
Music	4,221.16	133.03	320.1	453.13	10.7%	0.2%
Reading	4,445.37	139.10	355.9	495.00	11.1%	0.2%
Art	4,372.05	99.10	250.1	349.20	8.0%	0.1%
Business	1,067.57	23.73	129.5	153.23	14.4%	0.1%
Industrial Arts	2,259.59	41.44	240.3	281.74	12.5%	0.1%
Home Economics	1,236.89	20.02	79.9	99.92	8.1%	0.0%
Agriculture	482.77	9.60	59.6	69.20	14.3%	0.0%
Special Schools	200.00	12.00	27.0	39.00	19.5%	0.0%
TOTAL	289,222.58	7,594.10	20,222.6	27,816.70	9.6%	
5% of Total FTEs	14,461.13					
Designated shortage areas	11,633.01		4.3%			
Special Education including State Special Schools	5,389.40	18.8%	1.9			
Physical & Life Science	2,507.12	16.0%	0.9			
Business	153.23	14.4%	0.1			
Agriculture	69.20	14.3%	0.1			
Mathematics/Computer Ed.	2,748.60	12.5%	1.0			
Foreign Language	765.46	12.7%	0.3			

Source: CBEDS data from fiscal year 2005-06.

According to the above data, credentialed special education teachers account for the largest credential type shortage in the state. The following are designated shortage areas for credentialed teachers, according to CDE's data, which utilizes data that is compiled and submitted by local school districts to the state (CBEDS data):

- special education (including state special schools)
- physical and life science
- business
- agriculture
- mathematics/computer education
- foreign language

COMMENTS:

The LAO and CDE will present the above information at today's hearing.

ISSUE 2: 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.

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. Under the original terms of NCLB, others had until the end of the 2005-06 school year to comply. (Some teachers in rural areas and in special education have extended deadlines.) Last year, CDE identified several areas that 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.

One-year extension of NCLB deadline. NCLB required all states to have highly qualified teachers by the end of the 2005-06 school year. However, by the end of that year, no states, including California, had met the deadline. Consequently, the federal government required that all states 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.

Federal response to CDE plan. 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. In addition, CDE is providing some technical assistance to more than a thousand schools to help them meet the highly qualified teacher goal.

Progress to date. According to the Center for the Future of Teaching and Learning, in 2005-06 approximately 8000 teachers were teaching with emergency permits, waivers or pre-intern certificates and were therefore not deemed highly qualified. CDE estimates that for the 2006-07 year, 92% of California's teachers are highly qualified.

COMMENTS:

CDE will provide an update at today's hearing.

ISSUE 3: TEACHER RECRUITMENT AND RETENTION: SCHOOL ENRICHMENT BLOCK GRANTS

The issue for the subcommittee to consider is the Governor's proposal to continue funding for the School Enrichment Block Grants.

BACKGROUND:

Governor's budget. The Governor proposes \$50 million in one-time (2006-07) funds to continue the School Enrichment Block Grant. This program was initiated in the 2005 budget with a little under \$50 million in one-time money. It was continued in last year's budget at \$50 million in one-time money.

Background on program. Under this program, schools that were among the lowest performing 30% of schools (including charter schools) in 2005 are eligible to receive block grant funding to improve "the educational culture and environment at those schools" with the ultimate purposes being to address teacher recruitment and retention issues at their schoolsites. Each qualified district or charter school received \$50 per pupil in the qualifying school, with a minimum of \$5,000 per qualified school site (these amounts would be prorated downwards if there is not enough funding to meet these rates). As a condition of receiving these funds, districts developed a plan for the use of the funds and discuss and adopt the plan at a regularly scheduled governing board meeting. The language lists the following possible uses for the money, although participating schools are not limited to the following uses:

1. Assuring a safe, clean school environment for teaching and learning.
2. Providing support services for pupils and teachers.
3. Activities, including differential compensation, focused on the recruitment and retention at those schools of teachers who meet the definition of a highly qualified teacher pursuant to the No Child Left Behind Act of 2001.
4. Activities, including differential compensation, focused on the recruitment and retention at those schools of highly skilled principals.
5. Small group instruction.
6. Providing time for teachers and principals to collaborate regarding improving academic outcomes for pupils.

The language proposed for the program in this year's budget is the same language associated with these funds in last year's budget.

COMMENTS:

This is the third year that the Governor proposes to fund this program with one-time funds. Is it appropriate to fund an ongoing program with one-time funds? Does the one-time nature of the funds limit the types of programs that districts can responsibly spend the funds on?

This program has never been established in statute. Should it have a hearing before the policy committee?

Alternative schools not eligible. Staff notes that the language associated with this program requires that schools have a valid academic performance index (API) in order to be eligible for the funds. Many small and alternative schools intended to help students at risk of failing do not have valid API's and are therefore not eligible for these funds, yet many of these schools are low-performing and comparable in need to regular schools that receive these funds.

ISSUE 4: STATUS OF PRIOR-YEAR TEACHER RECRUITMENT INITIATIVES

The issue for the subcommittee to consider is the status of prior-year teacher recruitment and retention initiatives.

BACKGROUND:

The following is a list of augmentations in last year's and previous years' budgets to improve the recruitment and retention of teachers. CDE will provide an update on the status of these programs.

Last year's teacher recruitment initiatives. Last year's budget contained the following augmentations to improve the recruitment of credentialed teachers and address critical shortages in certain parts of the state:

- School Enrichment Block Grant -- \$50 million in one-time funds for a teacher recruitment and retention block grant to the lowest-performing 30% of schools, to help them attract and retain credentialed teachers (see issue 3 above).
- Certificated Staff Mentoring Program -- \$11.2 million, pursuant to SB 1209 (Scott) of 2006. The program provides \$6,000 stipends to a) experienced teachers that teach in deciles 1-3 schools or juvenile court schools and b) teacher interns to assist them during their induction and first years of teaching.
- Increased rate for teacher intern programs -- \$6.8 million pursuant to SB 1209 (Scott) of 2006. That legislation provides a \$1000 increase to the per-teacher rate (up to \$3500) paid to districts who run alternative certification programs that meet specified improvements in the program (more intensive assistance and can't have a higher percentage of interns in low-performing schools).
- Teacher Recruitment Personnel Teams -- \$3 million in one-time funds for state level teacher recruitment personnel teams that provide assistance to individual districts that need to improve their hiring and recruitment processes.
- Mathematics Teacher Partnership Pilot Program -- \$1.8 million in one-time funds for a consortia of county offices of education to increase the number of qualified secondary-level math teachers, improve the capacity of the existing secondary-level teachers who teach math and provide professional development for teachers in how to assist students who are struggling to pass the math portion of the CAHSEE.

Teacher initiative from 2005-06. The 2005-06 budget contained \$3 million in one-time funds to help recruit highly qualified teachers to decile 1-3 schools. The language associated with the augmentation specified that the funds would go to a county office of education "for the purpose of contracting, on a competitive basis, with an outside entity for the purpose of recruiting highly qualified teachers to qualifying schools in deciles 1-3, inclusive, based on the 2004 Academic Performance Index. Those funds were not continued in the 2006-07 budget.

Governor's budget. The Governor's budget contains \$10 million in one-time funding for a new teacher recruitment program, EnCorps. The program is proposed to be administered by the Commission on Teacher Credentialing, and will be heard at a future hearing when CTC's budget is heard. Other teacher recruitment programs in the Governor's budget include the following, which will be heard by this subcommittee in future hearings:

- Assumption Program of Loans for Education (APLE) – This program forgives students loans for people that decide to become teachers, with additional loan forgiveness for teachers in shortage areas and who work in low-performing schools.
- UC and CSU math and science teacher initiative – This program supports recruitment centers intended to increase the number of math and science teachers. In this year's budget, the Governor proposed an increase of \$2 million to support the third year of this initiative.
- Cal Grant T program – This program provides Cal Grants to students that wish to become teachers.

COMMENTS:

Is there a statewide plan or strategy for the recruitment of teachers in California, particularly in the shortage areas?

How do these various programs fit with that plan or strategy?

Are any of these programs monitored as to how they move the statewide teacher supply toward these goals?

Shouldn't all of these programs be coordinated?

ISSUE 5: PROFESSIONAL DEVELOPMENT FOR TEACHERS OF ENGLISH LEARNERS

The issues for the subcommittee to consider are:

- A status report on the distribution of new funds provided in last year's budget for professional development for teachers of English learners.
- The Governor's proposal to continue funding for this program.
- A position proposed by the administration to administer the program.

BACKGROUND:

Governor's budget. The Governor proposes to continue a \$25 million augmentation initiated in last year's budget for the professional development of teachers of English learners. The funding was an add-on to the \$31.7 million base funding level for the Math and Reading Professional Development Program, which was created several years ago to provide teacher training on standards-aligned curriculum and newly-adopted instructional materials that are aligned to the standards. The Governor proposes to continue both funding levels at the same level in last year's budget.

Last year's budget provided the \$25 million increase to expand existing professional development programs to better serve the needs of teachers of English learners. The funding was pursuant to legislation (SB 472 (Alquist)) that improved and reauthorized the existing Math and Reading Professional Development Program to better meet the needs of these teachers. This funding was in response to research findings in which teachers report receiving very little professional development specifically designed to address the special learning needs of English learners. This funding also corresponded to a recommendation last year by the Assembly Education Committee Working Group on English Learners.

COMMENTS:

CDE will present an update on the distribution of the funding at today's hearing.

Eligibility of Reading First participants for this program. Recently, questions have surfaced about whether teachers that currently participate in professional development paid for by the federal Reading First program can participate in the new professional development for teachers of English learners funded with the \$25 million. The administration opines that teachers participating in Reading First can participate in the new English learner training, if their district pays for the training from Reading First funds.

Position to administer the program. The Governor's budget also proposes funding for a one-year limited term position to administer the program. This means that the authority for the position will expire by the end of 2007-08. Staff notes that this expiration date may make it difficult for CDE to hire someone to fill the position. Also, the workload for administering the program will not expire after one year, unless funding for the program is terminated after one year.

Research on English learners. Last year's legislative augmentation for professional development for teachers of English learners was in response to research that showed that teachers reported very little professional development specific to the needs of English learners, despite their concern that there was a need for this type of professional development.³ A more recent study on English learners in secondary schools (grades 7-12) suggests that this particular group of students is the fastest growing segment of the English learner population and faces unique challenges⁴. Among the study's recommendations are that a) the state convene a panel of experts to identify the critical competencies that teachers of English learners should have before entering the profession; and b) the state convene an ad hoc committee on the recruitment and retention of highly skilled teachers of English learners.

CDE proposal for science professional development. CDE is sponsoring legislation (SB 960 (Alpert)) that would expand the existing math and reading professional development program to cover professional development in the state's science standards. This proposal would have a fiscal effect.

³ "Listening to Teachers of English Language Learners: A Survey of California Teachers' Challenges, Experience and Professional Development Needs." Patricia Gandara, Julie Maxwell-Jolly, Anne Driscoll. The Center for the Future of Teaching and Learning. 2005

⁴ "Promoting Academic Literacy Among Secondary English Language Learners: A Synthesis of Research and Practice." Julie Maxwell-Jolly, Patricia Gandara, Linda Mendez Benavidez. UC Davis School of Education. 2007

ISSUE 6: PROFESSIONAL DEVELOPMENT: FEDERAL TITLE II FUNDS

The issues for the subcommittee to consider are the availability of federal Title II funds for statewide administrative activities, and the Governor's proposals for part of these funds.

BACKGROUND:

Background on Title II funds. Federal Title II funds are provided to states to support the preparation, training and recruitment of highly qualified teachers and principals. The funding and its requirements were part of the No Child Left Behind Act law of 2001. Federal law requires that states distribute 95% of these funds to local school districts, who can use the funds for purposes related to the goals of the funding. The federal government also requires that states spend a certain minimum percentage of their funds on state-level activities designed to provide technical assistance to school districts and allows states to spend a certain percentage on administrative activities (state operations at CDE). A recent federal review found that CDE was not spending enough of its Title II grant on state-level activities, and CDE has consequently had to propose new uses for these funds.

Governor's budget. The Governor proposes to continue the same level of funding as last year in federal Title II funding for state-level activities. That is, the Governor proposes \$1.5 million for principal training programs and \$4.35 million for UC subject matter programs (teacher preparation programs administered by UC). The federal requirements that California spend a certain percentage on state-level activities would require that California increase its expenditures of Title II funds for these purposes by \$1.6 million. However, the administration does not appropriate these funds, and instead plans to save them for out-year costs related to implementation of the CalTIDES project to provide information on teachers. In addition, the administration proposes to spend approximately \$1.14 million in unused prior-year Title II funds (one-time) in support of CalTIDES. According to CDE, there is approximately \$4.3 million in federal Title II carryover available for expenditure.

Expiring funds must be returned to the federal government. The federal government gives states three years to spend funds, after which time they must return them to the federal government. Last year, due to the federal finding that California was not spending enough on state-level activities and the time-limit of three years for expending the funds, the state was at risk of having to send back some federal Title II funds. Last year's budget contained several one-time proposals to spend these funds quickly so as to avoid having to revert the funds to the federal government.

COMMENTS:

CDE proposal for \$1.6 million in ongoing funds. For the \$1.6 million in Title II funds that the state is required to spend on state-level activities but is unappropriated in the

budget, CDE has proposed to the administration that these funds be used for two purposes: a) to help support its state operations activities related to teachers, and b) to start a technical assistance program to help school districts comply with the highly qualified teacher requirements of No Child Left Behind.

ISSUE 7: PROFESSIONAL DEVELOPMENT: FEDERAL READING FIRST FUNDS

The issues for the subcommittee to consider are:

- The Governor's proposal to use carryover funds from this program (unspent funds from prior years) to expand the program to unfunded schools in existing Reading First districts.
- An update from CDE on the number of schools and districts that are eligible to participate in the program and the number of these that currently participate.
- Various oversight issues regarding the program.

BACKGROUND:

Governor's budget. The Governor's budget includes a total funding level of \$143.8 million in federal Reading First funds for the Reading First professional development program. This is an increase of \$15.1 million over the amount available in last year's budget. The \$15.1 million increase is due to the inclusion of \$15.1 million in one-time carryover funds, which are unspent funds from prior years. (In addition, these funds were vetoed by the Governor in last year's budget over his concerns about the Legislature's proposals for the funds.) The Governor proposes that these one-time funds be used to fund unfunded schools in currently funded school districts. The Governor also proposes to continue a \$6.65 million set-aside for technical assistance to districts that participate in the program. This is broken down into two parts: \$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. Six-year grants are provided to states to improve the reading instruction of their schools and the reading achievement of their students. (The 2007-08 fiscal year will be the sixth year of California's grant.) It is unclear whether the federal funding will continue, since the program is scheduled to sunset, and it is unclear the extent to which the program will be reauthorized.

The federal law cites K-3 teachers and special education teachers in grades K-12 as the intended targets of the training.

- **Three-year grants.** According to the way California has chosen to distribute the funds, eligible school districts may receive three-year grants up to \$6,500 per teacher in kindergarten through grade 3. (Districts may receive more funding per teacher if they submit a plan that adequately justifies the need for more money; the plan must be jointly approved by CDE and DOF.) If districts make

significant progress toward statewide goals, they may continue to receive more than three years of grant funding.

- **Eligibility.** Districts are eligible to apply for funding if they have large numbers of economically disadvantaged students and reading scores below state performance benchmarks.
- **Uses of funds.** 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.
- **Status of participation.** California initiated its version of the program in 2002-03. As of last year, the State Board of Education had provided approximately 110 school districts with Reading First grants, affecting approximately 20,000 classrooms. The 2007-08 budget year will be the sixth year of implementation of the program. CDE has provided different rounds (cohorts) of funding. According to CDE, Cohort 1 districts that were the first to receive grants in 2002-03 will receive their sixth year of grant funding in 2007-08 and Cohort 2 districts will be receiving their fifth year of grant funding, etc. The program requires that districts demonstrate "significant progress" toward state goals before they receive more than three years of funding. The following chart is from last year and shows that only 55% of eligible classrooms received funding from the program.

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

Last year's budget. Last year's budget contained \$143.8 million in federal Reading First funds. In his January 10 budget of last year, the Governor proposed that participating districts be allowed to use \$15 million in unused funds to expand the program to new schools that are not currently participating in the program but are in districts that currently participate and receive grants from the program. The Legislature altered the Governor's proposal slightly by carving out \$3 million of the \$15 million for new grants to eligible districts that have not yet participated in the program. In previous years, the Legislature had expressed concern about the fact that the statute specifies that the grants are for three years, but the Board felt authorized to extend the terms of the grants for up to six years. Consequently, in previous years the Legislature added budget control language specifying the need for legislative authority before the Board extended the life of the grants beyond three years. Last year, CDE also sponsored an accompanying bill, AB 2248 (Coto), which a) authorized the State Board to extend the life of the grants for up to six years, and b) defined the significant progress that participating districts have to make to receive more than three years of grant funding.

Governor's veto of last year's funding and accompanying legislation. Last year the Governor vetoed the \$15 million in carryover funding and the accompanying legislation, AB 2248 (Coto), because a) the Governor did not want the funding to be used for new districts to participate, and b) the Governor wanted to ensure that the State Board of Education had the ultimate authority to define "significant progress" that participating districts have to make in order to receive more than three years of funding.

COMMENTS:

Issues from prior years. In the past, some members have raised the following issues related to the Reading First program:

- Giving money beyond three years – Since the statute specifies that the grants are for three years, should the state give up to six years of grant funding advocated for by the administration? What effect does this have on the rest of the budget if the federal government does not continue the funding? How does affect the ability of eligible but unfunded districts to participate in the program?
- Defining significant progress – If the state decides to provide more than three years of funding, what should the "significant progress" criteria be for determining who gets continued funding and who should decide: the State Board or the Legislature? In previous years, the Legislature has added budget control language requiring that the definition of significant progress be specified in legislation, however a bill last year to do that was vetoed by the Governor. The State Board recently adopted a definition of significant progress.
- Who should get any extra (carryover) money that's available? Unfunded eligible schools within districts that are already participating in the program get these funds? Unfunded eligible schools within districts that have not yet received funding from the program get the expansion money? A combination of both (last

year's proposal)? In previous years this has been a contentious issue given that last year only 55% of eligible schools actually received funds from the program.

- Is the program itself too rigid? The federal law doesn't specify that states have to create a specific program with these funds. If there isn't interest from eligible but unfunded districts to participate in the program, why is this? The program provides training on the instructional materials; what about other skills that teachers should have?
- Special education teachers. The federal law specifies that this funding is intended for teachers in grades K-3 **and** special education teachers in all grades. It is unclear to what extent special education teachers are participating in the program, yet there is a need for better reading language arts achievement among special education students, as evidenced by these students lower passage rates on the California High School Exit Exam.

Additional funds available? CDE and the administration indicate that there may be additional unused carryover (one-time) funds for the program that are not yet appropriated in the budget. It is possible that the administration will propose these funds in the May Revise.

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.

GAO report found federal irregularities. A February 2007 report by the federal Government Accountability Office (GAO) found that, while states reported some improvements in reading instruction as a result of the Reading First funding, some federal government officials violated provisions of the No Child Left Behind Act when they implemented Reading First, by "pressur[ing] state and local applicants to choose specific reading programs and assessments" (pressuring states and locals to purchase specific instructional material programs). Such actions are expressly prohibited by NCLB, due to the importance of "preserv[ing] state and local control over key aspects of the public school system" and the importance of ensuring that federal officials don't

influence local purchasing decisions that could benefit particular private publishing companies. The federal government responded to the audit with a plan to put procedures in place to protect against such violations in the future. However, these findings are important in that they may affect any changes to the program if and when the program is reauthorized by Congress.

ISSUE 8: SCHOOL NUTRITION FUNDING: INCREASED STATE FUNDING FOR SCHOOL MEALS

The issues for the subcommittee to consider are:

- The administration's proposal to increase state support of school meals if funds become available.
- An action by CDE to implement a rate increase for school meals and its effect on the budget.

BACKGROUND:

Proposal to increase state support of school meals. The Governor's budget summary includes a statement of support to increase the amount of the state subsidy for free and reduced price meals from 14 cents to 21 cents, "along with legislation that eliminates unhealthy fats and fried foods from school cafeteria menus." Accordingly, the administration is sponsoring AB 1503 (Fuller) to implement the changes in the types of foods schools can serve on their menus. However, the Governor's budget does not contain the funding to support the rate increase.

Last year's budget. In last year's budget, as part of his May Revise proposals, the Governor proposed a \$37.8 million augmentation to pay for the rate increase, under the condition that the Legislature pass legislation to eliminate unhealthy foods from school meals. The Governor ultimately vetoed the accompanying legislation, as well as the \$37.8 million, citing concerns that the legislation did not adequately eliminate unhealthy foods from school menus. He specified that he was setting this vetoed funding aside for future appropriation for the same purpose. However, the Governor proposes to eliminate this set-aside from the 2006-07 funds.

CDE action to put out increased rate and subsequent shortfall. Last year's education trailer bill contained a technical section to change the state supplement from 14 cents to 21 cents, in an attempt to align the state law with the funding in the budget. Although the funding for this increase was not contained in the ultimate budget due to the Governor's veto, CDE interpreted the change in state law as a requirement that they implement the rate increase, because the technical change did not specify that the rate change was subject to an appropriation in the budget. Accordingly, CDE sent letters to districts informing them of the increase, and started paying out the increased rate with available funds. However, the amount of funding in the 2006-07 budget is insufficient to support this rate increase, and CDE estimates that it will only be able to pay the 21 cent rate through March of this year, after which it will have to severely reduce the rate to less than 4 cents for the remainder of the year.

CDE estimates that it will cost approximately \$27 million to fund the rate increase that CDE has already committed in 2006-07, and \$28 million to continue it in 2007-08. This total is a \$10 million reduction from last year's estimate of the cost of this proposal.

COMMENTS:

CDE notes that the state has some choice as to whether it wants to affect the rate for just free and reduced-priced meals or all meals (which would include free- and reduced-priced meals and meals for which students pay full price.) This choice affects the total cost for the state.

ISSUE 9: SCHOOL NUTRITION: FRESH FRUITS AND VEGETABLES PROGRAM

The issue for the subcommittee to consider is the Governor's proposal to re-appropriate unused funds to continue the Fresh Start program to serve fresh fruits and vegetables for school breakfasts.

BACKGROUND:

Governor's budget. The Governor proposes to re-appropriate any unused funds from a 2005 budget proposal to provide funds to school districts to help them buy more fresh fruits and vegetables to serve in school breakfast programs. The administration estimates that there will be \$2 to \$3 million in unused funds from the original 2005 \$18.2 million appropriation.

Prior year budget amounts for this program. The 2005 Budget Act contained \$18.2 million in one-time funds for the California Fresh Start Pilot Program. The amount of \$18.2 million was based on an assumption of 100% participation by districts that currently serve breakfast. The \$18.2 million was based on the fact that 180,000 school breakfasts are served statewide. Last year's budget also contained language to re-appropriate unused funds from 2005. The 2005 budget act also 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.

Background on the program. The California Fresh Start Pilot Program was created by Chapter 236, Statutes of 2005, SB 281 (Maldonado) of 2005. 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. Approximately 1,100 school districts and charter schools currently participate in the breakfast program. Districts participating in the Fresh Start Pilot Program 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.

COMMENTS:

Prior legislative interest in the program. Last year, there was some controversy about the types of fruits and vegetables that could be served with the additional funding. Specifically, the legislation specified that participating districts could 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.

CDE notes that a recent UC Berkeley report notes that fresh fruit is served in about 95% of school breakfasts, compared to prior to the project, when fresh fruits was served in only a third of school breakfasts.

ISSUE 10: PHYSICAL EDUCATION GRANTS

The issue for the subcommittee to consider are:

- The Governor's proposal to continue the \$40 million for new physical education block grants that were initiated last year.
- The need for technical clean-up language to specify how long districts are to receive grants.

BACKGROUND:

Governor's budget. The Governor's budget proposes a total funding level of \$41.6 million for physical education teacher incentive grants. This is a \$1.6 million increase over last year's funding level of \$40 million. The increase represents a cost-of-living adjustment that was included for most categorical programs. The Governor proposes to continue last year's budget control language specifying the terms of the program.

Background on program. This program was initiated by the administration last year through the budget. The program provides incentive grants to schools serving grades K-8, to support the hiring of more credentialed physical education teachers. Grant recipients are to be randomly selected by CDE, with some concern for equitable distribution based on type of school, size and geographic location. In addition, if grant recipients do not meet the required physical education instructional minutes required by law, they shall be required to provide a plan to the county office of education that corrects the deficiency in physical education minutes.

Clean-up needed to specify the terms of the grant. CDE notes that the budget language does not specify how long the grants are supposed to be, so they are uncertain how often they are supposed to put out new applications for the program. Staff recommends that if the subcommittee intends to continue funding this program, it specify how many years the grants should be (e.g., one-year grants, three-year grants, unlimited time, etc.)

COMMENTS:

Staff notes that this program and the arts and music block grant are unusual in that they were created entirely through the budget and not by legislation. Therefore, there is no statute related to this program.

Physical education advocates have requested that the budget language be amended to allow funding to be used for professional development, and not just for the hiring of physical education credentialed teachers.

One-time money in last year's budget. Last year's budget contained \$500 million for an arts, music and physical education block grant. The funding was one-time and the

Governor does not propose to continue this funding in the 2007-08 budget. Staff notes that the language for that block grant contained both "physical education" and "physical fitness" when specifying potential uses for the funds. The use of both of these terms (which have different meanings) created some confusion and questions among districts in determining potential uses for the funding.

ISSUE 11: ARTS AND MUSIC BLOCK GRANT

The issue for the subcommittee to consider is the Governor's proposal to continue funding for the Arts and Music Block Grant, which was created in last year's budget.

BACKGROUND:

Governor's budget. The Governor proposes to continue the Arts and Music Block Grant for a second year, at a total funding level of \$109.2 million. This amount is \$4.2 million more than the amount provided last year. The Governor proposes the augmentation to cover a cost-of-living adjustment to the program.

Background on program. The Arts and Music Block Grant was created in last year's budget to direct funds to support visual and performing arts programs. The accompanying budget control language specifies that the funds be distributed in block grant form to school districts, charter schools and county offices of education to support standards-aligned arts and music instruction in grades kindergarten through 12. CDE is required to distribute funds based on an equal amount per pupil, with minimum grants of \$2,500 per schoolsites with 20 or fewer students, and minimum grants of \$4,000 for schoolsites with more than 20 students. The control language specifies legislative intent that the funds supplement districts' existing expenditures on arts and music programs.

COMMENTS:

Staff notes that this program and the physical education block grant are unusual in that they were created entirely through the budget and not by legislation. Therefore, there is no statute related to this program.

Advocates have requested that the language be amended to replace the term "arts and music" with the term "visual and performing arts" in order to reflect the broad array of subjects that are intended to be covered by the program.

Advocates are also requesting that the language include some requirement that participating districts collect and submit data to CDE as to how they are spending the funds, to increase state accountability and oversight of these funds.

4440 DEPARTMENT OF MENTAL HEALTH**ISSUE 1: EARLY MENTAL HEALTH INITIATIVE – INFORMATION ONLY**

The issue for the subcommittee to consider is the Governor's proposal to increase funding for the Early Mental Health Initiative by \$5 million, for a total funding level of \$15 million. This program is funded with Proposition 98 funds but is administered by the Department of Mental Health (organization code 4440), and is therefore under the jurisdiction of another subcommittee, Subcommittee No. 1. The subcommittee shall hear this issue on an information basis only.

BACKGROUND:

Governor's budget. The Governor's budget proposes \$15 million for the Early Mental Health Initiative, an increase of \$5 million over last year's funding level. The proposed increase would provide funding for new grants to school districts that want to participate in the program.

Background on program. AB 1650 (Hansen) Chapter 757, Statutes of 1991, authorized the School-Based Early Mental Health Intervention and Prevention Services for Children Act, known as the Early Mental Health Initiative (EMHI). EMHI allows the DMH to award matching grants to local education agencies (LEAs) defined as school districts, county offices of education, or state special schools to implement, expand, or modify early mental health intervention and prevention programs. The grant funding is provided for one three-year cycle per grantee. EMHI-funded programs must be based at publicly-funded elementary schools and provide services to students in kindergarten through third grade (K-3) experiencing mild to moderate school adjustment difficulties. Students participating in an EMHI-funded program are typically assigned to a trained and supervised child aide. The child aide provides program services to the student once a week during regular school days for 30 to 40 minutes for approximately 12 to 15 weeks in an activity room.

The goals of the initiative and subsequent legislation are to enhance the social and emotional development of young students, increase the likelihood that students experiencing mild to moderate school adjustment difficulties will succeed in school, increase their personal competencies related to life success, and minimize the need for more intensive and costly services as they grow older. By allocating matching fiscal support for the first three years of the LEA's early mental health intervention and prevention program, EMHI provides an opportunity for the LEAs working with cooperating mental health entities, such as local mental health programs or private nonprofit agencies, to implement school-based programs which enhance the school adjustment, mental health, and social/emotional development of students.

COMMENT:

As noted above, this issue is under the jurisdiction of Subcommittee No. 1, which will take action on the issue. However, historically this subcommittee has shown interest in the program, because it is funded with Proposition 98 funds.