

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

PART I

Assemblymember Mervyn Dymally, Chair

**WEDNESDAY, MAY 18, 2005
STATE CAPITOL, ROOM 437
10:00 AM**

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ITEMS TO BE HEARD

ITEM 5180 **DEPARTMENT OF SOCIAL SERVICES**
ITEM 6110 **CALIFORNIA DEPARTMENT OF EDUCATION**

ISSUE 1: CHILD CARE

The Subcommittee will discuss the May Revision changes to child care programs.

BACKGROUND:

Overall, the May Revision makes only technical changes to the child care proposals contained in the Governor's January Budget. The adjustments in the May Revision reflect an updated caseload estimate that is \$36.6 million less than in the January Budget:

Proposed Funding Levels for Child Care and Development Programs (Dollars in Millions)

Program	January Budget	May Revision	Change
State Preschool	325.4	325.4	0.0
General Child Care	632.1	632.1	0.0
Campus Children Center	3.3	3.3	0.0
Migrant Centers	33.7	33.7	0.0
Alternative Payment	429.9	443.5	13.5
Stage 2 CalWORKs	387.2	351.8	-35.4
Stage 3 CalWORKs	46.9	28.1	-18.7
Resource and Referral	16.8	16.8	0.0
Campus Tax Bailout	5.9	5.9	0.0
Extended Day Centers	30.2	30.2	0.0
Allowances / Handicap.	1.6	1.6	0.0
CA Child Care Initiative	0.3	0.3	0.0
Quality Services	60.3	60.3	0.0
Centralized Eligibility Lists	7.9	7.9	0.0
Local Planning Councils	5.8	5.8	0.0
After School	121.6	121.6	0.0
2005-06 Growth Adjustment (2.42%)	29.7	29.9	0.1
2005-05 COLA Adjustment (4.23%)	50.8	54.7	3.9
21st Century Learning Centers	135.9	135.9	0.0
Total Funding	2,325.4	2,288.8	-36.6

The May Revision reflects a caseload decline in CalWORKs Child Care Stages 2 and 3 that results in over \$50 million additional savings in the program since January.

In addition, the May Revision projects \$24 million in additional carryover from previous years that further reduces costs in child care.

These caseload shifts have slightly reduced the total savings from the changes to child care proposed in the January Budget. Overall savings for the program has decreased from \$172.1 to \$162.7 million a decrease of \$ 9.4 million.

The revised savings is displayed below (\$ in millions):

	11-12 Year Old Shift	Tiered Reimbursement	In and out of market	Total
Stage 1	6.4	58	1.7	66.1
Stage 2	7.7	47	3	57.7
Stage 3	4.9	5.9	1.8	12.6
General Child Care	1.5	0	0	1.5
AP	2.5	21.2	1.1	24.8
Total	23	132.1	7.6	162.7

STAFF COMMENT:

The May Revision reflects a continuation of the decline in CalWORKs Child Care caseload that has driven down overall child care costs over the last three years.

The Subcommittee will be taking action on the child care proposals at tomorrow's hearing. The actions will conform to the revised caseload numbers in the May Revision.

ISSUE 2: FEDERAL ALLOCATON OF CHILD CARE AND DEVELOPMENT FUNDS

The Subcommittee can take action to advocate for additional federal funding for child care programs.

BACKGROUND:

At the May 2, 2005 Subcommittee hearing, the Subcommittee directed staff to craft language to urge the federal government to change the State's allocation for federal Child Care and Development Funds (CCDF). Currently, the federal allocation formula does not allocate the funding based upon the latest census population numbers, which disadvantages California.

STAFF PROPOSED LANGUAGE:

The Subcommittee could adopt the following language to address these issues:

Adopt Budget Bill Language:

The Legislature does declare the federal Child Care and Development Funds are a major source of child care funds in California and that current federal allocation formulas provide California with less funding than the State population would justify. A reflection of the current census would result in additional funding for California of as much as \$ 70 million.

It is the intent of the Legislature to urge the federal government to reflect current census data in the allocation of federal Child Care and Development Funds by the beginning of the next federal fiscal year.

Adopt Supplemental Report Language:

The Department of Education shall report at time of budget hearings on efforts undertaken to improve the State's Child Care and Development Funding allocation.

STAFF COMMENT:

At the direction of the Chair of the Subcommittee 2, staff is also crafting a letter to the California Congressional Delegation from the Subcommittee to advocate that the State's CCDF funding allocation reflect California's population.

ITEM 6110 CALIFORNIA DEPARTMENT OF EDUCATION**ISSUE 1: 21ST CENTURY AFTERSCHOOL PROGRAM**

The Subcommittee will discuss the 21st Century Afterschool Program.

BACKGROUND:

The State has over \$73 million unspent federal 21st Century Afterschool funding in the current year that should grow to \$98.5 million in the budget year.

Federal 21st century funds are distributed as part of a program that is modeled after the state after school program, which includes a number of daily attendance requirements and funding caps. For example, programs receive \$5 per-day-per-child that attends. Also, grants are capped, so that elementary schools with 600 or fewer students can only get reimbursed for serving about 83 students per year (\$75,000), and middle schools with 900 or fewer students can only get reimbursed for serving about 111 students (\$100,000).

Federal law does not require the above program restrictions, so the state does not risk any loss in federal funding if it changes the program requirements to try to address the problem of ongoing carryover. In fact, California is the only state in the nation that reimburses its grantees based on attendance.

MAY REVISION PROPOSES TO USE UNSPENT 21ST CENTURY FUNDS FOR UNDERPERFORMING SCHOOLS:

The May Revision contains a proposal to allocate \$73 million in unspent current year 21st Century funding for schools that have been identified as Program Improvement as defined by the No Child Left Behind Act.

OPTIONS FOR USING UNSPENT 21ST CENTURY FUNDING:

Assuming the Subcommittee were not to adopt the May Revision proposal to use the funding for the No Child Left Behind Carryover proposal, the Subcommittee could adopt one of the following options to allocate the unspent funding the in budget year.

1. Do nothing. Use all unspent funding for a new cohort (\$98.5 million over 3-5 years). Most likely much of this money will not be spent—because the current funding structure makes it difficult to spend.
2. Increase reimbursement rate to \$7.50 per hour for existing providers without changing the school-site cap and fund a new cohort (\$80.5 million over 3-5 years). This option would result in fewer children being served in existing contracts and would also result in continued unspent funding.
3. Increase reimbursement rate to \$7.50 per hour for existing providers and increase the school-site cap and fund a new cohort (\$71 million over 3-5 years). This option would result in more children being served in existing contracts.

4. Increase reimbursement rate to \$7.50 per day, Double school-site cap but keep existing grant caps for District, and allow all grantees to receive their 15% for administration without earning the funds through attendance and fund a new cohort (\$58.9 million over 3-5 years).
5. Increase reimbursement rate to \$7.50 per day, Double both school-site cap and District caps, and allow all grantees to receive their 15% for administration without earning the funds through attendance and do not fund a new cohort. There would be approximately \$38.7 million unspent funds remaining if all of these options were enacted.
6. Allow existing grantees to use the unspent funding for "grant" based expansion and do not fund a new cohort.

MAY REVISION REQUESTS FUNDING FOR TWO POSITIONS:

The May Revision proposes \$200,000 for two new positions. One of these new positions would be established at the State Board of Education to staff the Advisory Committee on Before and After School Program, which is proposed in SB 854 (Ashburn). The other position would be established in the Department of Education to provide program support.

STAFF COMMENTS:

Currently two bills are being considered that would change the way that afterschool funding is spent:

- SB 854 (Ashburn) would increase the current rate for 21st Century funding to \$7.50 per day and establish an Advisory Committee, but makes no further changes to the program.
- SB 707 (Kehoe) makes changes to the attendance requirements for the After School Education and Safety Program (ASESP) and also allows ASESP grantees to charge up to 15 percent of the grant for administration.

0558 OFFICE OF THE SECRETARY FOR EDUCATION

ISSUE 1: MAY DOF PROPOSAL REGARDING FUNDING FOR SECRETARY'S SALARY

The issue for the subcommittee to consider is a May Revise proposal to increase General Fund expenditures by \$181,000 to fund state operations costs for the Secretary for Education.

BACKGROUND:

The Governor's May Revision proposes an increase of \$181,000 in General Fund to support the salary costs for the new Secretary for Education, beginning in the budget year. The administration notes that the former secretary did not receive a salary.

COMMENTS:

The Governor recently appointed Alan Bersin as the new Secretary for Education.

ISSUE 2: MAY DOF PROPOSAL REGARDING FUNDING FOR GOVERNOR'S ADVISORY COMMITTEE ON EDUCATION EXCELLENCE

The issue for the subcommittee to consider is a May Revise proposal to allow for the expenditure of private foundation funds to support the Governor's Advisory Committee on Education Excellence.

BACKGROUND:

The May Revision proposes to increase the reimbursement authority for the Office of the Secretary for Education and the Office of Planning and Research within the Governor's Office (the Office of the Secretary is funded through both) by a total of \$300,000, to spend private foundation grant funds to support the Governor's Advisory Committee on Education Excellence. According to the Administration, the committee will focus on four interrelated issues:

1. the distribution and adequacy of education funding,
2. the functioning and effectiveness of governance structures,
3. teacher recruitment and training, and
4. the preparation and retention of school administrators.

6110 DEPARTMENT OF EDUCATION

ISSUE 1: MAY REVISE FEDERAL CARRYOVER PROPOSALS TO SPEND FEDERAL FUNDS IN SAME WAY CURRENTLY BEING EXPENDED

The issues for the subcommittee to consider are two May Revision proposals to spend federal carryover funds in the same way that funds are currently being expended.

BACKGROUND:

1. 6110-136-0890, Local Assistance, McKinney-Vento Homeless Children Education (Issue 330)

It is requested that Schedule (2) of this item be increased by \$500,000 to reflect one-time carryover funds from previous years. Carryover was the result of grantees who did not expend their full allocations. SDE will use the one-time carryover funds on a competitive basis to supplement LEAs that need additional funds for Homeless Children Education programs. The program allows students who become homeless to continue attending the same school by providing a district liaison or transportation when necessary.

It is further requested that provisional language be added as follows:

X. Of the funds appropriated in Schedule (2), \$500,000 is available as one-time carryover from prior years.

2. 6110-195-0890, Local Assistance, Title II—Improving Teacher Quality Local Grant Program (Issue 646)

It is requested that Schedule (1) of this item be increased by \$80,000 to provide carryover authority for unspent prior year funds. Funds will be used to provide additional funding to local educational agencies for use in a manner consistent with the approved usage, such as teacher recruitment efforts or hiring bonuses.

It is further requested that the following provisional language be added:

X. Of the funds appropriated in Schedule (1) of this item, \$80,000 is appropriated as one-time carryover available from prior years.

COMMENTS:

Staff notes that the above adjustments do not involve any new uses for the federal funds, and are therefore non-controversial adjustments.

ISSUE 2: MAY REVISE FEDERAL CARRYOVER RELATED TO GOVERNOR'S CAREER – TECHNICAL EDUCATION PROPOSAL.

The issues for the subcommittee to consider are two May Revise proposal related to the Governor's Career-Technical Education proposal.

BACKGROUND:

The Governor's May Revise contains the following proposals to use federal carryover for purposes related to the Governor's career-technical education proposal:

1. 6110-156-0890, Local Assistance, Federal Adult Education Program (Issues 802 and 803)

It is requested that this item be reduced by \$2,503,000. This includes a reduction of \$6,128,000 to conform federal expenditure authority with available grant funding and an increase of \$3,625,000 to reflect additional one-time carryover funding to support adult education programs, with provisional language added to specify that these one-time funds be used to supplement existing adult basic education that reinforces vocational and technical coursework that leads to gainful employment.

It is further requested that provisional language be added to conform to this action as follows:

X. Of the funds appropriated in this item, \$3,625,000 is one-time carryover available for the support of additional adult education instructional activities. The Department of Education shall encourage providers to use these funds during the 2005-06 academic year to support additional adult education instruction that provides students with the skills necessary to further advance into vocational and technical education coursework that leads to gainful employment in a variety of industries.

2. 6110-166-0890, Local Assistance, Reduce Federal Funds for Vocational Education (Issues 804 and 805)

- A reduction of \$6,407,000 to conform federal expenditure authority with available grant funding and
- An increase of \$7,578,000 to reflect additional one-time carryover funding to support vocational education programs, with provisional language added to specify that these one-time funds be used to expand and align K-12 tech prep programs with community college economic development programs.

It is further requested that provisional language be added to conform to this action as follows:

X. Of the funds appropriated in this item, \$7,578,000 is one-time carryover available for the support of additional vocational education instructional activities. These funds shall be used during the 2005-06 academic year to support additional alignment and

articulation of tech prep programs with local community college economic development programs in an effort to incorporate greater participation of students in sequenced, industry-driven coursework that leads to meaningful employment in today's high-tech, high-demand, and emerging technology areas of industry employment.

COMMENTS:

Staff notes that the above proposals involve slightly different proposals than how the corresponding federal funds are currently used.

ISSUE 3: MAJOR MAY REVISE PROPOSAL REGARDING CARRYOVER OF FEDERAL NO CHILD LEFT BEHIND ACT FUNDS

The issue for the subcommittee to consider is a major May Revision proposal to spend \$150 million in one-time federal No Child Left Behind Act funds, including federal after school (21st century) funds.

BACKGROUND:

The Governor's May Revise contains a proposal to accelerate the expenditure of \$150 million in federal No Child Left Behind Act funds from the following sources, to help schools and districts identified as program improvement under the No Child Left Behind Act. (May Revise, Issue 186)

1. \$73,000,000 from Title IV 21st Century Community Learning Centers;
2. \$24,300,000 from the Title I Basic Program;
3. \$19,200,000 from the Migrant Education Program;
4. \$17,237,000 in Title I School Improvement funds;
5. \$13,812,000 from the Comprehensive School Reform Program;
6. \$6,489,000 from the Reading First Program; and
7. \$479,000 from Title III (Education of Limited English Pupils) funds.

The Governor proposes that the funds be used to assist schools and districts identified as Program Improvement "to build a foundation of activities and services that will bring students in these schools and districts," but especially English learners and low-income students, to the NCLB proficiency level.

The Administration also proposes the following language to accompany the appropriation: Add Provision 1 as follows:

1. *Funds appropriated in this item include: 1) \$73,000,000 from Title IV 21st Century Community Learning Centers; 2) \$24,300,000 from the Title I Basic Program; 3) \$19,200,000 from the Migrant Education Program; 4) \$17,237,000 in Title I School Improvement funds; 5) \$13,812,000 from the Comprehensive School Reform Program; 6) \$6,489,000 from the Reading First Program; and 7) \$479,000 from the Education of Limited English Pupils Program. These funds shall be available for expenditure consistent with a plan developed by CDE, SBE, the Legislature and the Administration and submitted by the State Board of Education as approved by the federal government.*

COMMENTS:

Staff notes that the above proposal would require federal approval in order to go forward. CDE notes that in order for this proposal to go forward, the State Board would have to make a formal request to the federal government. The State Board of Education heard this proposal last week, before the May Revise was released. It did not act on the proposal.

Related to Governor's Initiative to Turn Around Failing Schools? In its presentation to the State Board, the Administration indicated that one of the potential uses of this \$150 million is the Governor's Initiative to Turn Around Failing Schools (see issue 4 below).

ISSUE 4: GOVERNOR'S INITIATIVE TO TURN AROUND FAILING SCHOOLS

The issue for the subcommittee to consider, are various April DOF letters and May Revision adjustments related to the Governor's Initiative to Turn Around Failing Schools.

BACKGROUND:

Description of Governor's Initiative. The Governor's Initiative to Turn Around Failing Schools is a new proposal presented to the State Board of Education last week. The Governor did not propose any funding for this proposal in his January 10 budget. Appendix A contains a description of the initiative from last week's SBE agenda. To summarize the agenda description, the initiative is intended to use existing authority under state law to turn around state-monitored schools that have participated in the II/USP and HP programs, but have not met statewide targets. It would also include federal Program Improvement schools identified as such under the No Child Left Behind Act. It will "allow the SPI and SBE to provide these chronically struggling schools with a fresh start, which among other things, will include their transformation into charter schools and/or assignment of new management or a trustee..."

Related budget proposals. The Governor proposes the following budget adjustments to help fund the Governor's Initiative to Turn Around Failing Schools:

- 1. Office of Secretary for Education, support** The Administration proposes an increase of \$135,000 in reimbursement authority to spend grant funds from the Broad, Gates and Walton Family Foundations to support two positions related to implementation of the Governor's Initiative to Turn Around Failing Schools. There is also a corresponding \$29,000 adjustment between the budget for the Office of the Secretary for Education and the Office of Planning and Research in the Governor's Office, which is related to the two positions. (April DOF letter, Issues 001 and 002).
- 2. Staff for Charter Schools Division to support conversion of failing schools to charter schools**—It is requested that Item 6110-001-0890 be increased by \$200,000 in one-time carryover funds for one Education Consultant position in the Charter Schools Division and additional operations funding to support increased workload associated with the conversion of failing schools to charter schools. It is intended that the State Department of Education (SDE) will fund this position with oversight fees collected from newly converted charter schools in future years. (May Revision, issue 084)

It is further requested that provisional language be added as follows:

X. Of the funds appropriated in this item, \$200,000 is available for one Education Program Consultant position and additional operating expense to support workload associated with the conversion of failing schools to charter schools.

- 3. Expenditure of Charter School Federal Funds Carryover to support conversion of failing schools to charter schools.** It is requested that this item be increased by \$5.8 million to reflect one-time carryover funds available for grants to charter schools. The carryover funds are available due to the return of unexpended grant funds by charter school grantees. These funds are for one-time start-up costs associated with opening a new school, or costs related to sharing best practices. The SDE will reallocate the funds

in 2005-06 to support the conversion of failing schools to charter schools (May Revision, Issue 082).

COMMENTS:

Staff notes that the State Board of Education did not take any action on this issue last week.

**ISSUE 5: CALIFORNIA LONGITUDINAL PUPIL ACHIEVEMENT DATA SYSTEM
(CALPADS)**

The issue for the subcommittee to consider is a May Revision proposal to fund the development of the request for proposals for the California Longitudinal Pupil Achievement Data System.

BACKGROUND:

The Governor's May Revise contains the following proposal:

Issue 658: California Longitudinal Pupil Achievement Data System—It is requested that Item 6110-001-0890 be increased by \$156,000 to support state operations related to the development of a longitudinal database for the requirements of the No Child Left Behind Act.

It is further requested that Provision 21 of Item 6110-001-0890 be amended as follows:

"21. Of the funds appropriated in this item, \$688,000 ~~\$844,000~~ is to support state operations related to the development of a longitudinal database for the requirements of the No Child Left Behind Act (P.L. 107-110). Of this funding, \$154,000 ~~\$366,122~~ is for the development of a Request for Proposals and is contingent upon Department of Finance approval following approval of a Feasibility Study Report."

COMMENTS:

Staff notes that this proposal appears to fully fund the amount requested by CDE to continue with the project. However, DOF needs to approve the feasibility study report before CDE can develop the request for proposals, for which the Governor provides funding in his May Revise. This project must be competitively bid.

Background on CALPADS. CALPADS was created by SB 1453 (Alpert) in 2002. It requires the development of an information technology system to track individual student progress over time, in compliance with No Child Left Behind Act (NCLB) requirements. Specifically, it establishes the following goals: 1) to provide school districts and CDE access to data necessary to comply with the federal reporting requirements under NCLB (which requires reporting of dropout and graduation rates). 2) to provide a better means of evaluating educational progress and investments over time, 3) to provide local education agencies information that can be used to improve pupil achievement, and 4) to provide an efficient, flexible and secure means of maintaining longitudinal statewide pupil level data.

ISSUE 6: CALIFORNIA SCHOOL INFORMATION SERVICES PROGRAM (CSIS)

The issue for the subcommittee to consider is a May Revision proposal to provide \$1.6 million in funding for a new cohort of school districts to participate in CSIS.

BACKGROUND:

The Governor's May Revise contains the following proposal:

6110-101-0349, Local Assistance, California School Information Services Program (CSIS) (Issue 656). It is requested that this item be increased by \$1.0 million to provide funding for the first year costs of a new cohort of CSIS districts to facilitate reporting of student information from local education agencies to the State Department of Education.

It is further requested that the following provisional language be added:

X. Of the funds appropriated in this item, \$1,000,000 is available for the first year costs of a new cohort and may be combined with any funding remaining from the funds appropriated for the second year costs of the existing cohort.

COMMENTS:

According to DOF, there is \$600,000 in funds available from last year's appropriation to CSIS for a new cohort, which CSIS did not use. The Administration is proposing that this amount be made available for the new cohort of participants in the budget year. This additional amount would bring total funding available for a new cohort in the budget year to \$1.6 million.

Background on CSIS. The subcommittee heard this issue at an earlier hearing. CSIS is a multi-year information technology project with three goals: 1) to build local capacity to use student information systems to inform education decisions; 2) to enable districts to electronically transfer student records between each other and to higher education institutions and 3) to assist districts in electronically transmitting state-required reports to CDE. CSIS is administered by the Fiscal Crisis Management Assistance Team (FCMAT). The project was initiated several years through budget bill language. It is a voluntary program in which districts receive incentive funding and technical assistance to participate. A number of districts participate in CSIS, and FCMAT notes that it has a number of districts in the pipeline to participate fully. There are also a number of districts that do not participate in CSIS. According to the Administration, the state has spent a total of almost \$63 million to date on the development of CSIS. In his January 10 proposal, the Governor did not propose any new funding for a new cohort of school districts to participate in CSIS.

ISSUE 7: GOVERNOR'S MAY REVISE PROPOSAL TO FUND FEASIBILITY STUDY FOR NEW TEACHER DATABASE

The issue for the subcommittee to consider is a May Revision proposal to provide funds for a feasibility study report for a teacher database.

BACKGROUND:

The Governor's May Revise contains the following proposal:

6110-001-0001, 6110-001-0890, and 6110-195-0890, Funds for the Study of the Development of a Teacher Database—Title II (Issue 676)

It is requested that Item 6110-001-0890 be increased by \$350,000 and that Item 6110-195-0890, Title II Improving Teacher Quality, be decreased by \$350,000 to contract for a Feasibility Study Report for the development of a teacher database that connects existing departments and agencies that already collect data elements on teachers to allow for the efficient exchange of information.

It is further requested that a new provision be added to item 6110-001-0890 as follows:

X. Of the funds appropriated in this item, \$350,000 shall be for the department to contract for a teacher data system feasibility study. The feasibility study shall: (1) inventory the teacher data elements (name, code, and definition) currently collected by state agencies and county offices of education, (2) identify existing redundancies (two or more agencies collecting the same data) and inefficiencies (agencies collecting data without a specific, meaningful purpose), (3) identify state agencies' and county offices' existing teacher data needs, including specific compliance monitoring requirements and accountability-related performance tracking, (4) identify the most cost-effective approach for converting the existing data systems into an integrated, comprehensive, longitudinally linked teacher information system that can yield high-quality program evaluations, and (5) estimate the additional one-time and ongoing costs associated with the new system. In developing the associated request for proposals and selecting the vendor, the department shall convene a working group that includes the Department of Finance, the Legislative Analyst's Office, and other interested parties. The study shall be submitted to the Governor and Legislature by March 31, 2006.

COMMENTS:

The subcommittee heard this issue earlier in the year and left the issue open. This was originally an LAO recommendation.

Appendix A:
Description of Governor's Initiative to Turn Around Failing Schools, from SBE May 2005 agenda

There are three statewide school improvement programs currently operating in California that target underperforming schools, the Immediate Intervention/ Underperforming Schools Program (II/USP), the High Priority Low Performing Schools program (HP), and the federally funded Program Improvement (PI) program. Each of the programs has specific criteria for identifying underperforming schools and distinct stages for improving student performance.

Unlike the II/USP and HP programs, schools identified through the PI process are not under the direct authority of either the SBE or the CDE; their local district or, in the case of charter schools, their authorizing entity is responsible for ensuring the school implements appropriate actions to ensure improved student outcomes.

For the II/USP and HP, the State Board of Education (SBE) and the Superintendent of Public Instruction (SPI) work closely together. The SPI administers the programs and implements policy established by the SBE. Specifically, the SBE:

- Participates with the SPI in identifying schools eligible for each program (*Education Code (EC) Section 52053(h) and (j)*, and *Education Code Section 52055.6(b)*);
- Approves the minimum qualifications for external evaluators (*EC Section 52053.5(a) and (b)*);
- Approves applications and action plans submitted by eligible schools (*EC Section 52054(j)* and *EC Section 52055.610(b)(2)(A)*);
- Defines significant growth (*EC Section 52055(a) and (b)(1)* and *EC Section 52055.650(b)*);
- Consults with the SPI to determine the choice of action for newly identified state-monitored schools (*EC Section 52055.5(b)* and *EC Section 52055.650(e)*);
- Consults with the SPI to determine whether governing boards of state-monitored schools should retain all legal rights, duties, and powers with respect to state-monitored schools (*EC Section 52055.5(b)(2)(A)* and *EC Section (52055.650(e)*); and
- Consults with the SPI to approve any other actions necessary or desirable regarding the school district or the school district governing board of a state-monitored school (*EC Section 52055.5(f)* and *EC Section 52055.650(f)*).

With regard to charter schools, the SBE has various responsibilities, including:

- Assignment of numbers to charter petitions (*EC Section 47602*);
- Acting as the chartering agency (*EC Section 47605 (j)*);
- Revoking charters (*EC Section 47604.5*); and,
- Establishing criteria and regulations regarding charter schools (*EC Section 47605 et. seq.*).

The SBE has taken numerous actions with regard to charter schools at previous SBE meetings.

SUMMARY OF KEY ISSUES

The Governor's Initiative to Turn Around Failing Schools is a unique undertaking by Governor Arnold Schwarzenegger to transform failing schools into new, high quality schools that will improve student achievement and provide students with academic rigor. The Bill and Melinda Gates Foundation, The Walton Family Foundation and the Broad Foundation are partners in the initiative, providing resources to the Administration for the purpose of supporting the current planning phase. Failing schools will be defined as those that have not satisfied the student achievement indicators under the Immediate Intervention/Underperforming Schools Program (II/USP), High Priority Schools Program (HP) and federal Program Improvement (PI) program.

The Governor's Initiative supports the State Board of Education (SBE) and the Superintendent of Public Instruction (SPI) in using existing authority to take action in state monitored schools that have received additional financial resources under the II/USP or HP programs but failed to improve student achievement as expected. This initiative calls for the SPI to assume all legal rights, duties and powers of the governing board with respect to these schools [EC 52055.55(b)(2); 52055.650(e)(2)]. This will allow the SPI and SBE to provide these chronically struggling schools with a fresh start, which among other things, will include their transformation into charter schools and/or assignment of new management or a trustee [EC 52055.5(b)(3); 52055.650(f)], referred to as "school recovery teams."

Charter Schools

Current law allows parents with children in schools that have failed to meet student achievement targets under II/USP and HP to apply directly to the State Board of Education for the establishment of a charter school at the existing school site [EC 52055.5(b)(3); 52055.650(e)(2)(B)]. The Governor's Initiative calls for the SBE to establish the criteria and request for application process at its July 2005 meeting to facilitate for parents to exercise this option.

Governor Schwarzenegger supports charter schools and believes they can significantly improve student achievement in environments where many traditional schools have fallen short. The Governor also believes that as charter schools expand, we must ensure that the system of fiscal accountability for charter schools and their authorizers is strong. That's why the Governor has sponsored SB 430 (Runner), new legislation that would extend county superintendents' existing fiscal oversight responsibilities for each school district in his or her county to charter schools. SB 430 would permit a county superintendent of schools to request the County Office Fiscal Crisis and Management Assistance Team to review the fiscal or administrative condition of a school district or charter school under his or her jurisdiction. The bill would, in addition, permit a charter school to request specified assistance from the County Office Fiscal Crisis and Management Assistance Team.

School Recovery Teams

Current law provides that the Superintendent of Public Instruction in consultation with the State Board of Education shall, if this option is selected, require a state monitored school to contract, using available federal funds, with an outside entity to assign a management team or trustee [EC 52055.55(b)(2); 52055.650(f)]. A trustee may stay or rescind those actions of the governing board of the school district or school site principal that, in the judgment of the trustee, may detrimentally affect the conditions of the state monitored school [EC 52055.5(b)(2)(H)]. A management team operates under the supervision of the SPI and can

be a college, university, county office of education, or other appropriate educational institution, excluding for-profit organizations [EC 52055.5(b)(2)(C)].

The Governor's Initiative brands these two types of interventions—assigned management and the trustee—as “school recovery teams.” School recovery teams will continue the work that the state has begun through the School Assistance and Intervention Team (SAIT) process, but will have greater authority to create the conditions that lead to improved student outcomes in a troubled school. Existing law requires that a trustee and an assigned management team have the same qualifications as a SAIT [EC 52055.5(b)(2)(C); 52055.5(b)(2)(H)]. Under the Governor's Initiative, school recovery teams would have the authority to draw from existing state sanctions available to the SPI to use as tools to enable them to improve student achievement including: 1) revising attendance options; 2) reassigning certificated employees of the school; 3) renegotiating a new collective bargaining agreement at the expiration of the existing collective bargaining agreement; 4) reorganizing the school; and 5) closing the school.

Consistent with current law, this Initiative calls for the school recovery team to serve as the Superintendent's designee to conduct a process that would determine if the principal of the state monitored school should be reassigned [EC 52055.5(b)(2)(B); 52055.5(g)].

Under this Initiative, the July 2005 meeting of SBE would include an action item in which the SBE would decide on the selection criteria and the request for application process for school recovery team providers. By fall 2005, the SBE will receive student achievement data from state monitored schools that have been assigned a SAIT. At that time, the SBE will identify state monitored schools that despite the SAIT intervention continue to experience stagnant or declining student achievement. The SPI in consultation with the SBE would then assign SBE approved trustees or management to state monitored schools where student achievement has declined or remained nearly static despite the SAIT intervention.

It is the intent of the Governor's Initiative that assigning school recovery teams is an alternative for the SPI and SBE for future schools that are deemed state monitored as an immediate remedy where appropriate.

Target Schools

The Governor's Initiative focuses on state monitored schools. These schools participated in the state's II/USP and HP programs, volunteering to improve student achievement in exchange for additional resources. Twenty-four months after receiving funding under the II/USP program, a school that has not met its growth targets each year and has failed to show significant growth, as determined by the SBE, is deemed state monitored [EC 52055.5(b)]. A school participating in the HP program becomes subject to state interventions after thirty-six months if it does not meet its growth targets [EC 52055.650(e)].

Capacity Building

The Governor's Initiative will seek partnerships with leading foundations in education reform to create a *New School Incubator* to fully prepare the first cohort of charter school operators and school recovery teams to open revamped schools in fall 2006. The *New School Incubator* is a “launching” organization that will provide focus and vision for a well-coordinated effort to give school leaders structured planning time and support services as they invent new school settings under the Governor's Initiative. The *New School Incubator* will partner with foundations to increase the capacity of leading providers already in the field of school improvement to provide services in the following areas:

Key service areas for new charter schools:

- 1) Residential Leadership Program (for school Directors & Principals)
- 2) Leadership Program Follow-up
- 3) All-Staff Training (in regional cohorts)
- 4) On-site Mentoring
- 5) On-site Consulting & Systems Deployment
- 6) Teacher recruitment, selection and training
- 7) Principal recruitment and selection
- 8) Partnership development
- 9) Marketing and communications
- 10) Grants

Key service areas for school recovery teams:

- 1) School leadership recruitment, selection and training
- 2) Partnership development
- 3) Marketing and communications

The Governor's Initiative anticipates that the *New School Incubator* will build the state's capacity to respond, at the school site level, to the growing number of California schools that face state or federal sanctions that require state intervention.

Oversight

This Initiative requires the state to enter into new territory—managing school sites. Although the state has some experience in this area with schools for the blind and

SBE-approved charter schools, managing schools is typically the province of school districts and county offices of education. The Governor's Initiative intends for the SBE to have options in this area.

For charter schools, the SBE may 1) enter into an agreement with a third party, at the expense of the charter school, to oversee, monitor and report on the operations of the charter school or 2) rely on the California Department of Education Charter Schools Division which would, at the expense of the charter school, oversee, monitor and report on the operations of the charter school.

Consistent with the management of the SAIT process, the School Improvement Division of the California Department of Education would oversee school recovery teams.

FISCAL ANALYSIS (AS APPROPRIATE)

This initiative would impact both state operations and local assistance. Estimates for both are being developed and discussed with the Department of Finance, CDE and SBE.