

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Mervyn Dymally, Chair

WEDNESDAY, MAY 4, 2005
STATE CAPITOL, ROOM 126
4:00 PM

INFORMATIONAL ITEMS

- 6445 California Institute for Regenerative Medicine (CIRM)**
Walter Barnes, Chief Administrative Officer and Controller
Kirk Kleinschmidt, Director, Legislation and Research Policy
- 6440 University of California (UC)**
Dr. Michael V. Drake, Vice President, Health Affairs
Undergraduate Preparation (Pre-Med)
Charles R. Drew University of Medicine and Science
- Dr. Keith C. Norris, Associate Dean for Research
Program in Medical Education for the Latino Community (PRIME-LC)

ITEMS TO BE HEARD

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ITEMS TO BE HEARD

6110 DEPARTMENT OF EDUCATION

ISSUE 1: TESTING PROGRAMS

The issues for the subcommittee to consider are the Governor's proposed funding level for testing programs and an update by CDE on the administration of the primary language test.

BACKGROUND:

Governor's proposal. The Governor proposes a total of \$116.7 million in combined state and federal funds for the state's testing programs: the STAR, the STAR primary language test, the California English Language Development Test, the High School Exit Exam, the California Alternate Performance Assessment and the California High School Proficiency Exam. Funding level for the different programs is summarized below.

State and federal funding for state's testing programs: 2004-05 and 2005-06 (proposed)

Program	2004-05			2005-06 (proposed)			change (totals)
	State	fed.	total	state	fed.	total	
STAR program	\$53.8	\$8.5	\$62.4	\$63.9	\$2.2	66.1	6 %
STAR test development	1.4	0.5	1.9	1.4	0.5	1.9	0 %
STAR primary language test development (a)		3.0	3.0		3.0	3.0	0 %
California English Language Development Test (CELDT)	11.4	10.2	21.6	11.4	10.2	21.6	0 %
CELDT vertical scaling (b)		0.3	0.3		0.3	0.3	0 %
High School Exit Exam	10.4	7.9	18.3	6.8	8.1	14.9	-18.5%
High School Exit Exam workbooks		2.5	2.5		2.5	2.5	0 %
HSEE: evaluation of instruction (c)		0.5	0.5		0.3	0.3	-47.6%
California Alternate Performance Assessment		2.2	2.2		2.2	2.2	0 %
California High School Proficiency Exam	1.0		1.0	1.0		1.0	0 %
Assessment Review and Reporting (d)	2.3	0.6	2.9	2.3	0.6	2.9	0 %
TOTAL	80.4	36.2	\$116.6	86.8	29.9	\$116.7	0.12%

Note: Figures may not add, due to rounding.

- (a) For the development of primary language tests aligned to state content standards, in grade order starting with the second grade.
- (b) To create a more accurate system of holding schools accountable for improving English proficiency among English learners.
- (c) To determine the progress of middle and high schools in implementing instruction aligned to the standards covered in the High School Exit Exam.
- (d) Providing local education agencies information regarding federal requirements associated with assessments.

As shown in the above table, the state's testing systems are supported with state funds and federal No Child Left Behind Act (Title VI) funds. (The above table does not include CDE's internal personnel costs related to administering and developing the different testing programs.) The Governor's proposed total funding level represents a slight increase over last year's funding level for the state's systems. It also represents a slight increase in state funding of about \$6 million, with a corresponding decrease in federal funding. This is because in previous years, the state had extra unused federal funds that it had to spend. Those unused funds have been exhausted, and the amount proposed in the Governor's budget reflects the amount of funding California is expected to receive in any regular year from the federal government for this purpose.

High School Exit Exam. Under current law, students will be required to pass the High School Exit Exam (CAHSEE) in order to obtain a high school diploma, beginning in the 2005-06 academic year (beginning with the class of 2006). The amounts proposed in the Governor's budget reflect the cost of developing and administering the test to students who will be subject to the future requirement, and are taking it early to try to pass it or assess their probability of passing it. According to State Board of Education agendas, in the spring of 2004, the high school exit exam was administered to all grade 10 students in the class of 2006. Overall, 75% of those tested passed the math portion and 75% passed the English/Language Arts portions. However, passing rates were disproportionately low for students in low-decile (low-performing) schools and for special education students. For special education students, the passage rate statewide is 30%, but only 11% for special education students in decile 1 schools. The Governor's budget provides \$287,500 for ongoing evaluation of the extent to which content standards assessed by CAHSEE are covered in existing coursework offered by school districts. The total amount planned to be spent on this type of evaluation (from 2004-05 through 2007-08) is approximately \$1.5 million. The subcommittee may wish to ask CDE about the findings from these evaluations.

COMMENTS:

Funding for primary language test. Under current law, English learners who have been enrolled in school for less than 12 months must take both a) a primary language test in their native language, if one is available, and b) the standards-aligned STAR, which is in English. This policy is designed to address criticisms that when students who are not fluent in English take tests that are entirely in English, the test results do not reflect the child's skill level, but rather their non-proficiency in English. Therefore, the primary language test is administered to English learners to provide more useful

information about children's skill levels than the statewide test in English. Other states, like Texas, do not test English learners using the statewide test (which is in English) for three years, until the students have presumably mastered a basic level of English.

Last year the Legislature obtained \$3 million in federal Title VI money to develop a standards-aligned primary language test in reading/language arts and math. The Governor proposes to continue this funding in the budget year. Prior to this year, the state had a primary language test in Spanish (the SABE II), but it was not aligned to state content standards, and thus provided little useful information to help teachers assess students' achievement on state standards. The new standards-aligned primary language test will be developed by grade level, based on available funding, beginning in grade 2. CDE indicates it will be able to develop a test for grades 2, 3 and 4 with the \$3 million that has been allocated in the current year. It will use the \$3 million in the budget year to continue to develop the test, and for any additional administration costs. CDE will be available at today's hearing to provide an update on its development of the standards-aligned primary language test.

ISSUE 2: CDE STATE OPERATIONS ISSUES

The issues for the subcommittee to consider are various proposals by the Governor to adjust CDE's state operations, as well as an issue raised by CDE.

BACKGROUND:

Governor's proposal. The Governor proposes the following changes to CDE's state operations:

1. A total \$433,000 General Fund reduction from the expiration of 4.7 limited-term positions (proposed in Jan 10 budget)
2. \$102,000 in General Fund and \$68,000 in federal reimbursements to extend two limited-term positions for the Career Technical Education Accountability System (Jan 10 and April DOF letter)
3. \$232,000 in federal special education funds and \$600,000 in reimbursement from fees (the fees are charged to non-public licensed children's institutions) for increased monitoring of non-public, non-sectarian schools and licensed children's institutions per AB 1858 of last year. (5.7 positions) (Jan 10)
4. \$242,000 in federal charter school funds to make three limited-term staff positions permanent in the charter schools division (Jan 10)
5. \$68,000 in federal funds to provide an additional staff position to support local education agency financial reporting (Jan 10)
6. \$100,000 in federal Title III funds and one position to support additional workload for the California English Language Development Test. According to the administration, this position will coordinate and provide psychometric and statistical assistance to district staff implementing the CELDT and ensure compliance with NCLB requirements. (April DOF letter)
7. \$200,000 in federal Title I funds and two positions to process and monitor statewide assessment data for determining school and district adequate yearly progress and program improvement status. (April DOF letter)
8. Provide carryover authority for the principal apportionment system re-write, to allow CDE to spend \$143,000 in unexpended funds to provide staff training and maintenance of the new system. The administration also proposes language that would allow CDE to use any unexpended funds previously provided for the Principal Apportionment System through 2006-07 for a contract for staff training and maintenance of the system. (April DOF letter)

9. Increase reimbursement authority by \$50,000 and convert one limited-term position to permanent to provide ongoing state operations support for the School Facilities Program. The position is funded through fees charged to school districts for approval of new school sites and review of building plans. (April DOF letter)

COMMENTS:

CDE issues. According to CDE, it is now required to purchase office supplies through a statewide contract that the Department of General Services negotiated for all state agencies according to a statewide initiative that is intended to reduce negotiating costs by having DGS negotiate on behalf of all agencies for certain contracts. CDE states that it spends more on office supplies under the new contract negotiated by DGS than under its old contract.

ISSUE 3: CDE STATE OPERATIONS -- TRANSLATIONS

The issues for the subcommittee to consider are:

- An update by CDE on its administration of a proposal last year to create an electronic clearinghouse of parental documents translated into languages other than English. (The Governor proposes to continue funding for this proposal in the budget year.)
- A proposal to provide local assistance grants to school districts for them to translate parental documents into languages other than English.

BACKGROUND:

Background on allocation for electronic clearinghouse. Last year, the subcommittee heard testimony about state and federal requirements that school districts translate parental documents into parents' primary languages. It heard testimony that districts often do not comply with the requirements, either because they do not have the resources to comply, or are unaware of the requirement. As a result, many critical documents are not translated, particularly into Asian languages, and non-English-speaking parents are not receiving important information about their students' progress. This appears to be a particular problem among small and rural school districts that may not have the resources to translate documents.

In response to these concerns, last year the Legislature provided \$267,000 in federal funds to CDE to develop an Internet-based electronic clearinghouse system to improve the availability of parental information documents translated into languages other than English. The system is intended to allow districts to share documents they have already translated, thereby eliminating duplication of effort and creating local efficiencies. The funding included a position to manage the project. The Governor proposes to continue this funding in the budget year, to continue the development of the system.

Background on translation requirements under current law. There are federal and state requirements that school districts translate any parental notification documents into parents' primary language, if they are not fluent in English. Current state law requires that, when 15% or more of the pupils enrolled in a public school speak a single primary language other than English, the district must translate into the primary language all notices, reports, statements, or records sent to the parent. The No Child Left Behind Act (NCLB) contains a number of specific requirements that school districts provide information to parents regarding their students' achievement, as well as the progress of the district in meeting annual yearly progress goals. NCLB contains language requiring district to provide all this information "in an understandable and uniform format and, to the extent practicable, provided in a language that the parents can understand."

Proposal to provide local grants to help school districts translate documents. Advocates are requesting funding for a new competitive grant program for school districts to translate parental information documents into primary languages other than English. They are requesting that federal Title I or Title III funds be used for the competitive grants. The program would be administered by CDE and would provide grants to schools and districts that are subject to state translation requirements because 15% or more of the pupils enrolled in their district or school speak a single primary language other than English.

COMMENTS:

AB 680 (Chan) attempts to improve the enforcement of state and federal laws requiring translation of parental information documents. It also proposes to establish a competitive grant program described above.

Status update by CDE on clearinghouse. CDE will be present at today's hearing to provide an update on the electronic clearinghouse. To date, it has established an advisory committee and plans to unveil a prototype by the summer, so that it can solicit input from school districts about how the website should be designed for maximum usefulness.

ISSUE 4: STATE SPECIAL SCHOOLS

The issues for the subcommittee to consider are:

- Various increases proposed by the Governor for the state special schools programs, which serve visually and hearing-impaired children in residential facilities in Riverside and Fremont.
- CDE's findings regarding two sources of deficiencies and its effects on the schools.

BACKGROUND:

Governor's proposal. The Governor proposes the following augmentations to the state special schools:

- **Transportation costs.** An augmentation of \$963,000 in federal special education funds for additional transportation costs in state special schools. The administration notes that federal law requires that the state provide these students with transportation to and from their home. Since these schools are residential facilities, many students have homes in a different city than the schools.
- **Capital outlay for bus shelters.** An augmentation of \$470,000 General Fund to construct bus shelters for the California School for the Deaf and Blind in Fremont.
- **Capital outlay for new complex.** \$16.5 million in lease revenue bond funding to construct a new career and technical education complex at the California School for the Deaf in Riverside.

COMMENTS:

LAO has not raised any issues with the two capital outlay proposals.

Deficiencies: CDE states that the state special schools are experiencing two deficiencies which are putting pressure on existing resources for the schools:

- 1) A deficiency related to transportation costs, which the state is required to fund for these students. In recent years, transportation costs have escalated, in part due to increased insurance costs. State appropriations for transportation costs have not kept up with increased costs.

- 2) A deficiency related to wage increases that were negotiated two years ago by the bargaining unit that represents special schools teachers, CYA teachers, and teachers in state development centers. According to CDE, it never received an increase to pay for the wage increases, and CDE has been funding the increases with other funds, necessitating the deferral of building maintenance and other projects. CDE estimates the value of this deficiency at a little over \$1 million in the budget year.

ISSUE 5: SUNNYVALE DESEGREGATION

The issue for the subcommittee to consider is the Governor's proposal to provide a total sum of \$6.4 million in one-time funds to Sunnyvale School District to pay for amounts the state owes it for desegregation claims covering the years 1983-84 through 1991-92.

BACKGROUND:

Governor's proposal. The Governor proposes to provide Sunnyvale School District with a total of \$6,385,000 in one-time Proposition 98 reversion account funds for desegregation claims owed through fiscal year 1991-92. While the Governor originally proposed \$4.9 million for this purpose in his January 10 budget, he later increased the amount to \$6.4 million in an April DOF letter amending his budget proposal. In his April DOF letter, the Governor also proposes adding that the amount shall be reverted to the General Fund if a similar appropriation is included in a Victims Compensation claim for the same purpose during the 2005-06 legislative session. The administration indicates that the additional language is to prevent an accidental double-payment, in the event there is a claims bill that includes this same appropriation.

Background on issue. According to the administration, the state owes Sunnyvale School District approximately \$6.4 million for desegregation claims it filed from 1983-84 through 1991-92. Before 1992, school districts could receive reimbursement from the state for costs of court-ordered and voluntarily-initiated desegregation programs, based on cost claims they filed with the State Controller's Office. Between 1983-84 and 1991-92, the State Controller's Office reduced Sunnyvale's claims for what it determined were non-reimbursable activities. Sunnyvale filed a lawsuit over those reductions plus interest. It also filed a claim with the Government Claims Board, which took action in February in agreement with the district. Sunnyvale School District and the Government Claims Board came to an agreement that if the total owed to the district was included in a claims bill or the budget bill, the accumulation of interest would cease.

COMMENTS:

Staff notes that the proposed \$6.4 million to Sunnyvale would not affect the amount that the district receives under the Targeted Instructional Improvement Block Grant (TIIG). (The TIIG program was created when amounts under the voluntary and court-ordered desegregation programs were block granted to school districts.)

ISSUE 6: LIST OF OPEN ISSUES

Issue	Date of hearing
Total Proposition 98 funding level for K-12 schools and community colleges	3-15
Growth and COLA for K-12 education	3-15
Governor's proposed increase in discretionary funding (Deficit reduction)	3-15
Mandates	3-15
Federal Funds: No Child Left Behind Act Title I	3-29
Federal Funds: 21 st Century after school funds	3-29 and 5-3
Special Education – Overall Funding issues and Compliance with New Federal Requirements	4-5
Special Education --- Governor's Proposal to Suspend Mental Health Mandate for Special Education Students	4-5
Special Education – Implementation of New Formula for Special Education Students in Licensed Children's Institutions	4-5
Special Education – Incidence Factor	4-5
Governor's Proposal for School Business Officer Training	4-5
Categorical Reform	4-12
School Districts' Financial Condition	4-12
Declining Enrollment	4-12
Charter schools: Governor's proposal for new funding formula	4-12
Charter Schools: Charter School Facility Grant Program	4-12
Control Section – Former Mega-item	4-19
Governor's Proposed Reductions: Healthy Start	4-19

Statewide Information Technology Systems: High Speed Network	4-19
Williams Settlement Funding	4-26
Accountability Programs (II/USP, High Priority Schools Grant Program)	4-26
Instructional Materials	4-26
Funding School Apportionments Based on Enrollment	4-26
Federal Funds: Reading First	5-3
Statewide Information Technology Systems: California School Information Services (CSIS)	5-3
Statewide Information Technology Systems: California Longitudinal Pupil Achievement Data System (CALPADS)	5-3
Statewide Information Technology Systems: Professional Development Database	5-3
Local Arts Education Partnership Program	5-3
Child Care: Tiered Reimbursement	5-3
Child Care: Policy Proposals	5-3
Child Care: In-and-Out of Market Rate Setting Implementation	5-3
Child Care: State Allocation of Quality Set-Aside Funding	5-3
Child Care for 11 and 12 Year Olds	5-3