

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

**PART I**

**Assemblymember S. Joseph Simitian, Chair**

**TUESDAY, MAY 21, 2002**  
**STATE CAPITOL, ROOM 444**  
**9:30 AM**

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**ITEM 6360 COMMISSION ON TEACHER CREDENTIALING****ISSUE 1: OPEN ISSUES**

The issues for the subcommittee to consider are an oversight issue from a prior hearing regarding CTC's processing time for first-time credentials and various open issues.

**BACKGROUND:**

Several weeks ago, the subcommittee heard testimony from CTC regarding its attempts to reduce credential processing time for first-time credentials. CTC agreed to return to the subcommittee with a proposal to do so, and it did so.

**COMMENTS:**

**Proposal regarding credential processing time.** In response to the subcommittee's concerns regarding the time it takes to process credentials, CTC has offered to reduce credential processing time to 25 days for first time<sup>1</sup> and new type<sup>2</sup> applications for multiple subject, single subject and education specialist credentials. This would represent a 32-day reduction in the current average processing time for these types of applications. Staff notes that CTC is in the process of implementing the Teacher Credentialing Service Improvement Project, which will soon allow teachers to renew their credentials on-line. On-line renewal is expected to free up staff resources, which might be used to reduce processing time for other types of credentials.

In order to show support and provide direction regarding this proposal, the subcommittee may wish to adopt the following "placeholder" control language:

*It is the intent of the Legislature that 1) during the 2002-03 fiscal year, the Commission on Teacher Credentialing reduce the average processing time for first time and new type applications for multiple subject, single subject and education specialist credentials to 25 days, and that 2) the Commission utilize resources freed up as a result of the Teacher Credentialing Service Improvement Project and the associated implementation of on-line renewals, to reduce average credential application processing time as referenced above, so that the improvements referenced above do not result in an overall increase in average processing time for other credential applications. The Commission shall report back to the Legislature by December 31, 2002 on the actual processing time for these credential types.*

**BBL regarding federal funds carryover.** At its April 16 hearing, the subcommittee took action to adopt budget bill language requiring CTC to report on its federal carryover funding. The subcommittee took action in response to concerns about the use of Section 28 letters, which are intended to be used to spend unanticipated federal funds in the current year. The subcommittee's concern stemmed from the use of Section 28 letters to spend federal carryover funding. In response to the subcommittee's request, staff has drafted the following budget bill language:

<sup>1</sup> Only credential application received by the Commission from a candidate. 00-01: 7,187.

<sup>2</sup> First credential of this type, however the candidate has held a different credential/permit/certificate issued by the Commission. 00-01: 18,246.

*By March 15, 2003, CTC shall report to the fiscal subcommittees on (1) the amount of federal carryover money it expects to have at the end of the 2002-03 fiscal year and (2) its plan for expending these monies in the 2003-04 fiscal year.*

**Supplemental Report Language.** In order to address the subcommittee's questions about credential processing time, staff recommends the following supplemental report language:

*1. **Costs Associated with Processing Teacher Credentials.** The Legislature Analyst's Office (LAO) shall (1) assess the costs associated with processing teacher credentials and (2) identify options for covering and/or redistributing these costs. The Commission on Teacher Credentialing shall provide the LAO with all the information it requests by November 1, 2002. The LAO shall submit a report to the Legislature by March 15, 2003.*

**ITEM 6360 COMMISSION ON TEACHER CREDENTIALING****ISSUE 2: MAY REVISE PROPOSAL TO CAPTURE SAVINGS FROM ALTERNATIVE CREDENTIALING PROGRAMS**

The issue for the subcommittee to consider is a May Revise proposal to capture and reappropriate savings from alternative credentialing programs.

**BACKGROUND:**

The Governor's May Revise proposes the following provisions to capture \$24.35 million in current-year savings from the Alternative Certification (intern) program, the California Pre-Intern program, and the Paraprofessional Teacher Training Program and reappropriate \$8.35 million of this amount for the Alternative Certification Program and the Pre-Internship Program.

**6360-485, Reappropriation (Proposition 98)—California Commission on Teacher Credentialing (Issues 001 and 002) and non-Budget Act item 6360-605-0001 (Issues 001 and 002)**

It is requested that this item be added to reappropriate \$8,350,000 in 2001-02 savings for the Alternative Certification Program and the California Pre-Internship Teaching Program. These funds will be used to expand these programs to assist the State in complying with the No Child Left Behind requirement to have a highly qualified teacher in every classroom by 2005-06.

It is requested that the following language be added:

6360-485—Reappropriation (Proposition 98), California Commission on Teacher Credentialing. The sum of \$8,350,000 is reappropriated from the Proposition 98 Reversion Account for the following purposes:

0001—General Fund

(1)\$4,175,000 to support the Alternative Certification Program established pursuant to Article 11 (commencing with Section 44380) of Chapter 2 of Part 25 of the Education Code.

(2)\$4,175,000 to support the California Pre-Internship Teaching Program authorized pursuant to Article 5.6 (commencing with Section 44305) of Chapter 2 of Part 25 of the Education Code.

**6360-495, Reversion (Proposition 98)—California Commission on Teacher Credentialing (Issue 001)**

It is requested that this item be added to revert \$24,350,000 in 2001-02 savings from Item 6360-101-001 from the Alternative Certification and California Pre-Internship Teaching Programs (\$13,500,000), the Paraprofessional Teacher Training Program (\$10,500,000) and the monitoring of teacher assignments (\$350,000).

It is requested that the following language be added:

6360-495 – Reversion, California Commission on Teacher Credentialing, Proposition 98. The following amounts shall revert to the Proposition 98 Reversion Account:  
(1)\$24,350,000 from Schedule 1 of Item 6360-101-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001).

**CURRENT YEAR****6360-101-0001, Local Assistance—Various Teacher Development Programs (Issue 002)**

It is requested that this item be reduced by \$24,350,000 to capture savings stemming from lower than anticipated participation in the Alternative Certification and California Pre-Internship Teaching Programs (\$13,500,000), the Paraprofessional Teacher Training Program (\$10,500,000) and the monitoring of teacher assignments (\$350,000).

**COMMENTS:**

The Governor's May Revise proposal partially restores the \$10.2 million reduction to these programs proposed in the January budget.

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 1: TRAILER BILL ISSUES**

The issue for the subcommittee to consider is proposed trailer bill language strictly related to the implementation of the budget, plus a technical change to correct an error from last year's trailer bill changes to desegregation programs.

**BACKGROUND:**

The Governor proposes the following trailer bill provisions that are necessary to implement the K-12 education provisions of the budget. These provisions were not part of AB 2995 and AB 3005, which contained trailer bill provisions proposed by the Governor and were considered by the Assembly Education Committee earlier this spring. (Some provisions were approved at a prior hearing. The issues included below have not been approved by the subcommittee, to date.)

1. Suspend the required percentage split of Prop. 98 funding between K-12 school districts and community colleges for the 2002-03 fiscal year (section 7). The Legislature approved this language last year, as it has in previous years.
2. Conforms statute to current-year funding levels for the principal training program, (section 8) as follows:

44515. (a) Program funding is intended to serve ~~one-third~~ one-sixth of the total number of public school principals and vice principals in ~~each of the first two years~~ year of program implementation, one-third in the second year, with the remaining public school principals and vice principals to be served in the third and final year of the program.

(b) A local education agency shall receive program funding to train up to ~~one-third~~ one sixth of its schoolsite administrators in the 2001-02 fiscal year, one-third in the 2002-03 fiscal year, and ~~one-third~~ the remainder in the 2003-04 fiscal year.

(c) If all of the statewide funding is not expended in a fiscal year, it may be redistributed on a pro rata basis to local education agencies that have served more than ~~one-third~~ the proportion specified in subdivision (a) of their schoolsite administrators during that fiscal year.

(d) It is the intent of the Legislature that a local education agency give highest priority to training administrators assigned to, and practicing in, low-performing or hard-to-staff schools.

3. Math and Reading Professional Development program -- amend statutes to conform to a longer implementation timeline. DOF proposes language as it appears in Attachment 1.

**COMMENTS:**

**Correction to Targeted Instructional Improvement Block Grant.** At a prior hearing, the subcommittee adopted the administration's proposed technical amendments to this block grant,

with a technical change. Staff recommends adoption of the amendments to current statute, with further corrections, and in order to conform with Senate action on this issue.

54201. (a) The State Department of Education shall calculate the per pupil amount that was received by each school district pursuant to the court-ordered desegregation claims filed pursuant to Sections 42243.6 and 42247, and the per pupil amount that was received based on voluntary integration claims filed pursuant to Sections 42247 and 42249 for the 2000-01 fiscal year. This amount shall be determined by dividing the total funds by the actual average daily attendance as reported on the second principal apportionment for 2000-01.

(b) The amount determined pursuant to subdivision (a) for each school district, adjusted by the percentage increase calculated pursuant to Section 42238.1, multiplied by the districts' total average daily attendance for each fiscal year shall be the total per pupil funding received for the Targeted Instructional Improvement Grant. This amount shall be adjusted annually thereafter by the percentage increase calculated pursuant to Section 42238.1. For the 2001-02 fiscal year, and each fiscal year thereafter, the total amount a school district shall receive in any fiscal year shall be at a minimum to the total amount it received in the 2000-01 fiscal year adjusted annually pursuant to Section 42238.1

**Basic Aid Districts: Pupils Transferred for Desegregation.** Since 1995 and prior to last year, basic aid school districts that received children under a desegregation court order had been allowed to receive 70% of the state revenue limit funding that would have been paid to their home district if they had not transferred. When state funding for desegregation was converted last year to the Targeted Instructional Improvement Grant, the statute authorizing the 70% payment was repealed along with the other desegregation provisions. This proposed language restores authorization for the 70% payment, thereby maintaining existing allocations (no new or increased costs) and allowing the court-ordered plan to proceed without fiscal penalty to the districts receiving pupils. Staff recommends approval of the language for inclusion in the trailer bill.

For any basic aid district that was entitled to reimbursement pursuant to subdivision (h) of Section 42247.4 of the Education Code as it read on January 1, 2001 and in which a court order directs pupils to transfer to that district as part of the court-ordered voluntary pupil transfer program, the Superintendent of Public Instruction commencing with the 2001-02 fiscal year, shall calculate an apportionment of state funds for that basic aid district that provides 70 percent of the district revenue limit calculated pursuant to Section 42238 that would have been apportioned to the school district from which the pupils were transferred for the average daily attendance of any pupils credited under that court order who did not attend the basic aid school district prior to the 1995-96 fiscal year. For purposes of this subdivision, the term "basic aid district" means a school district that does not receive from the state, for any fiscal year in which the subdivision is applied, an apportionment of state funds pursuant to subdivision (h) of Section 42238.

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 2: DOF LETTERS**

The issues for the subcommittee to consider are the various amendments that DOF proposed in March to the January K-12 budget, via DOF letters.

**BACKGROUND:**

A letter dated March 29, 2001 from DOF proposes the following amendments to the January budget. Most of these amendments are minor or technical, or conform to Section 28 letters the subcommittee has recently approved regarding similar current-year amendments. (Some provisions were approved at a prior hearing. The items below have not been approved by the subcommittee to date.)

**6110-001-0001, Extend Two Digital High School Limited-Term Positions for One Year (Issue 451)**

It is requested that two positions set to expire at the end of 2001-02, that currently administer the Digital High School program be extended for one additional year. The base budget already contains sufficient funding for these positions so only position authority is requested. The proposal will allow SDE to assist the final cohort of grantees in transitioning from installation to ongoing technology support and staff training grants. Specifically, the workload includes, but is not limited to, processing installation grant completion documents, conducting compliance visits, reviewing applications for ongoing support grants, and awarding funds.

**6110-001-0001, Extend Positions for School-to-Work Program (Issue 501)**

It is requested that Item 6110-001-0001 be amended by increasing Reimbursements by \$324,000 from the Employment Development Department to extend for one year three limited-term positions in the federal School-to-Work program. These are funds that will be carried over from the 2001-02 fiscal year. This proposal would enable the department to fully utilize available federal funds and will ensure that local school-to-career partnerships have continued leadership, direction, oversight, contract monitoring, and outcome reporting.

**6110-001-0001, Restoration of California School Information Services (CSIS) Position (Issue 250)**

It is requested that one Education Consultant position that was inadvertently deleted from the Technology Services Division's Educational Demographics Office during the preparation of the 2002-03 Governor's Budget be restored. This position is needed to assist in CSIS implementation activities. No funding adjustments are required, as the funding for this position was not deleted.

**6110-295-0001, Restore Funding for Open Meetings Act Mandate (Issue 202)**

It is requested that Item 6110-295-0001 be increased by \$3,412,000 to restore funding for the Open Meetings Act mandate. These mandated activities are necessary to the effective operation of school districts.

**6110-141-0890, Migrant Education Program (Issue 406)**

It is requested that Provision 1 of this Item be amended to provide administrative flexibility for redirecting any unexpended federal Mini-Corps funds in excess of \$6 million to local Migrant Education grants. The Mini-Corps program has not fully spent its prior allocations and it is estimated that current year expenditures will be approximately \$6 million.

*“1. Of the funds appropriated in this item, the State Department of Education shall use no less than ~~\$6,000,000~~ **\$6,500,000** and up to \$7,100,000 is for the California Mini-Corps Program.”*

Staff recommends changing the proposed DOF amendments slightly (as indicated above), the better reflect the amount of unused funding in the program.

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 3: CALWORKS STAGE 3 SET-ASIDE**

The issue for the subcommittee to consider is the Governor's proposal to fully fund the CalWORKs stage 3 set-aside for former CalWORKs participants.

**BACKGROUND:**

The Governor's May Revise proposes to withdraw the reform proposal contained in the January budget. The subcommittee has already taken action to undue the effects of the reform proposal, and the May Revise actions necessary to withdraw the proposal are proposed for consent, as are the adjustments necessary to reflect revised caseload estimates for Stage 2 and 3.

In addition, the Governor proposes to increase funding for the Stage 3 set-aside, in order to address the shortfall in the January budget for the CalWORKs families that are expected to time off of aid during the budget year. The cost of funding this shortfall is \$103.7 million, and the Governor proposes to fund it with a combination of ongoing Proposition 98 funding (freed up by a reduction in caseload estimates), and one-time funding. The Governor's proposal to fund this shortfall is slightly different than the action already taken by the Assembly subcommittees to address the shortfall, as demonstrated in the following table.

Source	Assembly action	Governor's May Revise
One-time General Fund, CY savings	\$26.4	\$23.4
Childcare carryover (one-time)	\$4.2	\$4.2
Prior-year CalWORKs savings	\$2.7	\$2.7
One-time federal increase	\$17.9	\$15.15
Reduction of state preschool program	\$24.8	
Deletion of CalWORKs center-based pilot	\$10.0	*
Eliminate eligibility for 13-year olds	\$5.5	
Eliminate retroactive payments	\$18.5	
Ongoing Proposition 98 funds		\$58.3
<b>Total</b>	<b>\$110</b>	<b>\$103.7</b>

\*The Governor proposes to capture these savings for other purposes.

The actions necessary to carry out the Governor's proposal to fully fund Stage 3 are outlined below:

**Item 6110-196-0001 and Item 6110-196-0890, Fully Fund CalWORKs Stage 3 Child Care (Issue 007)**

To fully fund Stage 3 child care in the budget year, it is requested that Schedule 2(f) be increased by \$58,315,000 in Proposition 98 General Fund. These funds represent only a portion of the \$103,700,000 necessary to provide full year funding for the budget year cohort of

Stage 1 and Stage 2 families timing out of transitional care. The remaining \$45,400,000 is proposed to be funded from one-time General and Federal funds as follows: \$23,419,000 one-time Proposition 98 General Fund savings from the current year; \$4,200,000 one-time Proposition 98 General Fund available through Education Code Section 8278; \$2,653,000 in recently identified prior year CalWORKs savings; and from a \$15,150,000 increase in one-time federal funds. These changes are addressed in separate issues within this Finance Letter below.

Revise Provision 9(b) of Item 6110-196-0001 as follows:

“9(b) Notwithstanding any other provision of law, the funds in Schedule (2)(f) for Stage 3 Setaside are reserved exclusively for continuing child care through June 30, 2003 for: (1) former CalWORKs families who are working, have left cash aid and have exhausted ~~on or after July 31, 2002 through and including March 31, 2003~~ their two-year eligibility for transitional services in either Stage 1 or 2 pursuant to subdivision (c) of Section 8351 or Section 8353 of the Education Code, respectively, but still meet eligibility requirements for receipt of subsidized child care services; and (2) families who received lump-sum diversion payments or diversion services under Section 11266.5 of the Welfare and Institutions Code and have spent two years in Stage 2 off of cash aid, but still meet eligibility requirements for receipt of subsidized child care services. ~~The funds made available for CalWORKs Stage 3 Set aside child care pursuant to this item are on a one-time basis.”~~

**Item 6110-196-0001, Language, Revise Education Code Section 8278 General Fund Carryover Estimate and Expenditure Plan (Issue 102)**

**Item 6110-196-0001 00/02, Non-Budget Act Item, Revise EC 8278 GF Carryover Estimate and Expenditure Plan (Issue 002)**

It is requested that the expenditure plan for General Fund Carryover pursuant to Education Code Section 8278.1 be increased by \$4,200,000 to reflect an estimated increase in available funds. It is proposed that these funds be made available for CalWORKs Stage 3 child care.

Amend Provision 2(b) of Item 6110-196-0001 as follows:

“2(b) ~~\$55,733,000~~ \$59,933,000 shall be available for ~~Stage 2 CalWORKs~~ child care, of which \$55,733,000 shall be available for Stage 2 and \$4,200,000 shall be available for Stage 3.”

**Item 6110-196-0001 and Item 6110-196-0890, Stage 3 Increase from One-time Federal Funds (Issue 008)**

It is requested that funding for Stage 3 be increased by \$15,150,000 from one-time federal funds. This amount reflects \$6,748,000 in new current year Child Care and Development Block Grant funds that are available for use in the budget year, \$7,367,000 in one-time reallocated federal funds made available on a one-time basis to California, and \$1,035,000 in previously uncommitted federal fund balances identified by the State Department of Education.

Revise Provision 3 and add Provision 3.5 of Item 6110-196-0890 as follows:

- “3. Of the funds appropriated in this item, ~~\$11,794,000~~ \$12,829,000 in federal Child Care and Development Block Grant funds appropriated by the federal government prior to the 2002 federal fiscal year shall be available on a one-time basis for Stage 2 (\$1,990,000), on a one-time basis for Stage 3 (\$1,035,000), and for Quality Projects (\$9,804,000) as specified in Provision 7(d) of Item 6110-196-0001.”
- “3.5 Of the funds appropriated in this item, \$14,115,000 is available on a one-time basis for Stage 3 child care. This funding reflects \$7,367,000 made available on a one-time basis by a federal re-allocation and \$6,748,000 reflects the 2001-02 share of an increase in the Child Care and Development Block Grant for the 2002 federal fiscal year.”

**Item 6110-494, Stage 3: Reappropriate Current Year Child Care Savings (Issue 007)**  
**Item 6110-196-0001 01/02, Non-Budget Act Item, Stage 3: Reappropriate One-time General Fund Savings (Issue 001)**

It is requested that current year savings of \$23,419,000 from Item 6110-196-0001 in Schedule (1) Preschool Education (\$11,730,000), Schedule (2)(a) General Child Care (\$10,031,000), and Schedule (c) Migrant Day Care (\$1,658,000) be reappropriated for CalWORKs Stage 3 child care.

Add Provision 6 to Item 6110-494 as follows:

6. Of the unencumbered balances as of June 30, 2001, from General Funds appropriated in Item 6110-196-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001) with the exception of Schedules (2)(e) and (2)(F), \$23,419,000 shall be available for Stage 3 child care.

**Item 6110-494, Reappropriation, Stage 3: Reappropriate Increases in Prior Year CalWORKs Savings (Issue 001)**  
**Item 6110-196-0001 00/02, Non-Budget Act Item, Stage 3: Reappropriate Increases in Prior Year CalWORKs Savings (Issue 001)**  
**Item 6110-196-0890 00/02, Non-Budget Act Item, Stage 3: Reappropriate Increases in Prior Year CalWORKs Savings (Issue 001)**

Consistent with the funding plan for Stage 3 noted previously, it is requested that Provisions 4 and 5 of Item 6110-494 be added to reflect an overall increase of \$2,653,000 in the amount of prior year CalWORKs Stage 2 and 3 savings available to offset Stage 3 needs in the budget year. Of this amount, \$1,402,000 represents the increase in one-time federal funds, and \$1,251,000 represents the increase in one-time Proposition 98 General Fund.

Add Provisions 4 and 5 in Item 6110-494 as follows:

4. \$1,402,000 of the unliquidated federal fund balances appropriated in Item 6110-196-0890 as scheduled in Item 6110-196-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000) Schedules (b)(5.1) and (b)(5.2) shall be available only for expenditure for CalWORKs Stage 3.

5. Notwithstanding Section 8278 of the Education Code, \$1,251,000 of the unliquidated General Fund balances from Schedules (b)(5.1) and (b)(5.2) of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats 2000) shall be available only for expenditure for CalWORKs Stage 3.

**Item 6110-494, Delete Language Providing for the CalWORKs Center Based Pilot Program (Issue 002)**

It is requested that Provision 3 of Item 6110-494 be deleted. (See Item 6110-196-0001, Issue 100 below).

**COMMENTS:**

**BBL regarding legislative intent** to fund the CalWORKs center-based pilot in future years. At a prior hearing, the subcommittee adopted language to express its intent to fund the CalWORKs center-based pilot, for which funding is proposed to be deleted, in future years. The LAO has drafted the following language to reflect the subcommittee's intent:

*It is among the priorities of the Legislature that child care carryover funds available for expenditure in the 2003-04 fiscal year be used for the CalWORKs center-based pilot program authorized in Provision 10 of Item 6110-196-0001 of the Budget Act of 1999 (Ch. 50, Stats. 1999), in order to provide temporary allocations to center-based child care contractors pursuant to the same conditions stated in Provision 4 (a) of Item 6110-494 of the Budget Act of 2000. The State Department of Education (SDE) shall report to the Department of Finance and the Legislative Analyst's Office by October 1, 2002 regarding the status of the pilot program and an update on the overall pilot implementation plan. This report shall include, but not be limited to, information on activities undertaken by SDE to promote participation in the pilot program and options for implementing the program pursuant to Legislative intent specified in Provision 10 of Item 6110-196-0001 of the Budget Act of 1999 (Ch. 50, Stats. 1999).*

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 5: FUNDING FOR DATA COLLECTION**

The issue for the subcommittee to consider is the Governor's May Revise proposal for funding for data collection related to a new reform proposal, as well as a request by SDE for ongoing funding related to developing interim and ongoing data collection systems.

**BACKGROUND:**

**Governor's May Revise.** The Governor's May Revise proposes a technical change to language he proposed in January to provide funding to the Department of Social Services for continuing data analysis associated with the childcare reform proposal, as follows. The Governor proposes \$300,000 in funding from a \$22 million pot set aside several years ago to develop an ongoing childcare data collection system, which is still in development.

Amend Provision 8 of Item 6110-001-0890 as follows:

"8. Of the funds appropriated in this item, \$9,883,000 is from the Child Care and Development Block Grant Fund and includes ~~\$158,000~~ \$79,000 for an interagency agreement with the Child Development Programs Advisory Committee. \$300,000 is available for transfer to the ~~Secretary of State and Consumer Affairs~~ Department of Social Services for continuing data analysis associated with the child care reform. \$150,000 is available to increase the base resources for the child development audit workload. These funds are solely for travel expenses to facilitate the goal of conducting field audits on 10 percent of child care and development agencies consistent with Provision 8.5 of Item 6110-001-0890 of the Budget Act of 2001. The audits shall include sampling to determine the level of compliance with eligibility rules, accuracy of family fee determinations, and family fee collections. The State Department of Education shall provide a report to the Legislature and the Department of Finance by September 1, 2003, on fee and eligibility compliance rates and take steps to reduce compliance problems through sanctions and other remedies available in law."

**SDE request for funding for data collection systems.** SDE is requesting that it receive base funding level in the budget year, to allow it continue to develop the comprehensive and interim data collection systems. Although the budget contains funding for the development of the system, budget control language requires SDE to submit expenditure plans every few months to DOF for approval. SDE argues that uncertainty about the approval of its plans has meant that it does not have a predictable, stable stream of funding with which to fund contractors involved in the development of the system.

The Governor's budget carries over unused funding from a \$22 million set-aside created five years ago to create a statewide childcare data collection system. The 1997-98 budget provided this one-time federal funding for SDE to develop a childcare data collection and analysis system that would provide basic information for state policymakers and help SDE comply with federal reporting requirements. Currently, there is no statewide data system to provide basic aggregate information about the state's \$3 billion childcare system, such as the number and ages of

children currently funded, by geographic location and income. As a result, the administration had to request funding in the budget to have a contractor collect basic data that it could use to develop various reform options. This data, however, has limited uses, because it reflects one point in time. (The budget funded the contractor's costs out of the funding pot reserved for the childcare data collection system.)

At the start of this proposal, SDE had proposed the development of an interim data collection process to automate its efforts to collect data to comply with federal reporting requirements. It then proposed to transition this interim system to a more comprehensive system originally envisioned by the Legislature when it set aside the federal funding.

<b>COMMENTS:</b>
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**Use of system for compliance purposes.** DOF proposes budget control language that would specify a number of data elements for the comprehensive system and specifies that the measures be used to ensure compliance. Staff recommends the following changes to the Governor's language, to delete references to childcare reform legislation which is no longer necessary.

***Proposed Language: provision 8 (c)***

The State Department of Education shall ensure *in collaboration with the Data Collection Task Force*, that that any long-term data collection system adopted by the department is able to collect the data specified by Provision 8(c)(6) of Item 6110-196-0001 of the Budget Act of 2000 (Ch. 52, Stats. 2000) ~~Additionally, the State Department of Education shall ensure the data collection system will facilitate childcare re-forms consistent with legislation adopted in the 2002 Legislative Session, including cumulative family time receiving subsidies, family fee and income verification, and other measures to ensure compliance.~~

**Proposed trailer bill language.** The Governor's May Revise also proposes the following trailer bill language, regarding a whole new reform proposal next year. The language would implement substantial changes to the existing childcare system, and require their implementation by July 1 of 2003.

By April 1, 2003, the department, the State Department of Social Services and the Department of Finance shall jointly develop a new methodology to adjust the income eligibility levels and family fee schedules for family size and cost-of-living increases. Upon approval of the Department of Finance, the department shall implement the income eligibility levels and family fee schedules using the new methodology for family size and cost-of-living adjustments, effective July 1, 2003.

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 6: FEDERAL FUNDS -- TITLE IV 21<sup>ST</sup> CENTURY LEARNING CENTERS GRANT PROGRAM**

The issue for the subcommittee to consider is the Governor's May Revise proposal regarding new federal funding for after school programs.

**BACKGROUND:****I. State operations. Items 6110-001-0001 and 6110-001-0890, State Operations, NCLB – Title IV – 21<sup>st</sup> Century Community Learning Centers Grant Program (Issue 151)**

It is requested that Item 6110-001-0890 be increased by \$245,000 to provide support for the 21<sup>st</sup> Century Community Learning Centers Grant Program. The additional funding is from federal funds allocated for the No Child Left Behind Act (NCLB) and would provide for three positions for State administration of the program.

**II. Local assistance. Item 6110-197-0890, NCLB – TITLE IV – 21<sup>st</sup> Century Community Learning Centers Program (Issue 001)**

It is requested that Item 6110-197-0890 be established for expenditure of \$41,254,000 in new federal funded local assistance authority for the 21<sup>st</sup> Century Community Learning Centers Program. The No Child Left Behind Act (NCLB) redirects the administration of the federal 21<sup>st</sup> Century Community Learning Centers Program to the states. The program will provide grants for before and after school programs and is proposed to be administered, to the greatest extent possible, with the existing Before and After School Learning and Safe Neighborhoods Partnerships Program.

Add Provision 1 to Item 6110-197-0890 as follows:

1. It is the intent that the 21<sup>st</sup> Century Community Learning Centers Program be closely aligned with the existing Before and After School Learning and Safe Neighborhoods Partnerships Program pursuant to Article 22.5 of Chapter 2 of Part 6 of Division 1 of the Education Code utilizing the existing grant caps and funding rate limits specified in that Article. The Department of Education shall seek the maximum waiver of federal rules in order to harmonize the federal funding consistent with the current state program. Expenditure of funds from this Item is contingent on the review and approval by the Department of Finance of a program plan, the Request for Applications (RFA) guidelines, and a draft RFA developed by the Department of Education in consultation with a task force consisting of the Legislative Analyst, the Department of Finance, one staff person from each house of the Legislature chosen by the Speaker of the Assembly and the President Pro-Tem of the Senate, and one representative of the field as selected by the other members of the task force.

**COMMENTS:**

**Options for distribution of federal grants.** The state has some discretion in how it distributes the federal grants. Under federal administration, the grants were fairly discretionary, but participating school districts had rigorous evaluation and outcome requirements. The state program, in contrast requires participants to "earn" funding based on the number of students that attend the programs, for a specified time slot in the afternoon. In determining how to distribute the funds, and the degree to which it wants to model the federal program after the state program, the state has some flexibility. It could design the federal grants to be fairly discretionary, as they were under the federal government's administration, or it could align the program to be more like the state program, which is more structured. Even if the state were to align the federal program closely to the state program, the federal program would contain at least one distinction from the state program: the federal program does not intent grant to be automatically renewable after they expire. It encourages recipients to seek other sources of funding after their grants expire.

**SDE proposal for distribution.** SDE proposes a distribution method for the federal program that combines the structure of the state program (where participants must earn funding based on student participation) and the flexibility of the federal program. The proposal would provide participants with a maximum flexible sub-grant of \$25,000, \$5,000 of which would be for evaluation and the remainder of which could be used for transportation, and equitable access. The remainder of the grant would have to earned (based on student attendance), similar to the state program, with a higher rate than the state plan to reflect the lack of a local match in the federal program. (The state program requires a local 50 percent match, and provides a rate of \$5 per student per day.)

**DOF compromise regarding local assistance funding.** DOF proposes the following compromise, to provide some set-asides for flexible funding and evaluation, while still maintaining the \$5 per student, per day rate. DOF believes it meets all of the requirements of the Federal 21st century program, does not materially deviate from the state program, and provides flexibility for the department in enhancing technical assistance and evaluation.

Add Provision 1 to Item 6110-197-0890 as follows:

1. It is the intent that the 21<sup>st</sup> Century Community Learning Centers Program be closely aligned with the existing Before and After School Learning and Safe Neighborhoods Partnerships Program pursuant to Article 22.5 of Chapter 2 of Part 6 of Division 1 of the Education Code utilizing the existing grant caps and funding rate limits specified in that Article. The Department of Education shall seek the maximum waiver of federal rules in order to harmonize the federal funding consistent with the current state program. ~~Expenditure of funds from this Item is contingent on the review and approval by the Department of Finance of a program plan, the Request for Applications (RFA) guidelines, and a draft RFA developed by the Department of Education in consultation with a task force consisting of the Legislative Analyst, the Department of Finance, one staff person from each house of the Legislature chosen by the Speaker of the Assembly and the President Pro Tem of the Senate, and one representative of the field as selected by the other members of the task force.~~
2. *Of the funds appropriated in this item, funds shall only be available for expenditure in the amounts specified and for the purposes identified herein:*

- (a) \$500,000 shall be available on an ongoing basis to contract with intermediary or other non-profit organizations for purposes of providing technical assistance, evaluation and training services to the Department of Education, local grant recipient organizations, and afterschool regional centers established pursuant to Chapter 318, Statutes of 1998 as the Department shall determine necessary.
- (b) \$500,000 shall be available on an ongoing basis for augmenting funding allocated to afterschool regional centers established pursuant to Chapter 318, Statutes of 1998 for the purposes of providing technical assistance, training in best practices and program evaluation to local grant recipient agencies as the Department shall determine necessary.
- (c) \$250,000 shall be available for supplemental grants, based on the highest demonstrated needs for increased staffing for no more than one class within each local program that is necessary for purposes of full inclusion of disabled children in accordance with the Federal 21<sup>st</sup> Century program requirements. No supplemental grant shall exceed \$7,500 for this purpose. Consistent with the local partnership approach inherent in the intent of Article 22.5 of the Education Code, these supplemental grants are intended to provide additional assistance to programs, and not necessarily to fund the full anticipated costs of the services necessary to run the program.
- (d) \$250,000 shall be available for supplemental grants, based on the highest demonstrated needs for transportation services for program sites in rural areas as determined by the Department or in programs located off of the school site in accordance with the Federal 21<sup>st</sup> Century program requirements. No supplemental grant shall exceed \$7,500 for this purpose. Consistent with the local partnership approach inherent in the intent of Article 22.5 of the Education Code, these supplemental grants are intended to provide additional assistance to programs, and not necessarily to fund the full anticipated costs of the services necessary to run the program.
- (e) Of the remaining funds in this item, \$2,500,000 shall be allocated on a priority basis for grants to programs serving high school students and the remainder shall be allocated on a priority basis for programs for middle and elementary school students. Within each category, additional priority shall be given to programs serving students in the lowest income communities that have not received grants under Article 22.5 of the Education Code.
- (f) Grants for programs serving middle and elementary school students shall be allocated for basic grants and supplemental grants for before and afterschool programs at school sites or at sites of other organizations as determined eligible by the Department of Education consistent with the provisions of the 21<sup>st</sup> Century program. All grants for these purposes shall conform to the grant caps and per pupil rates established in Article 22.5 for similar state funded programs. Funding for each grant will be allocated in annual increments for a period not exceeding five years. Startup provisions shall be consistent with similar state program requirements included in Article 22.5 of the Education Code. No hard match shall be required of grantees, however each grantee shall be required to demonstrate how they will be able to operate a quality program using funds as necessary from other state, federal and local sources which may be available. Grantees shall be required to submit annual data and results to facilitate evaluation and compliance with provisions established by the Department. Programs receiving grants under this item are not assured of grant renewal from future state and local funding at the conclusion of the grant period.
- (g) Grants for programs serving high school students at school sites or sites of other organizations as determined eligible by the Department of Education consistent with the provisions of the 21<sup>st</sup> Century program shall be limited to an annual cap of \$125,000. Funding for each grant will be allocated in annual increments for a period not exceeding

*five years. No hard match shall be required of grantees, however each grantee shall be required to demonstrate how they will be able to operate a quality program using funds as necessary from other state, federal and local sources which may be available. The department may waive specific service level requirements for the first year of these grants, however subsequent year allocations shall conform to the service level requirements and per pupil rates consistent with Article 22.5 of the education code. Grantees shall be required to submit annual data and results to facilitate evaluation and compliance with provisions established by the Department. Programs receiving grants under this item are not assured of grant renewal from future state and local funding at the conclusion of the grant period.*

**SDE request for more positions.** The Governor's May Revise proposes \$245,000 for three new positions to administer the new program. SDE is requesting two more positions.

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 7: BEFORE/AFTER SCHOOL FUNDING**

The issue for the subcommittee to consider is a proposal to reduce Proposition 98 funding for before and after school funding, due to the fiscal crisis.

**BACKGROUND:**

The Governor's May Revise proposes to reduce \$11.1 million of the \$75 million in Proposition 98 funding originally proposed to expand state before and after school programs. It cites the availability of federal after school funds for expansion, and the state fiscal crisis. The proposed reduction leaves funding needed to annualize the expansion initiated last year, plus \$4.1 million to expand the program. The following issues describe the proposed reduction:

**Item 6110-196-0001, Revise Before and After School Program Expansion Funding (Issue 009)**

It is requested that Schedule (3) of Item 6110-196-0001 be decreased by \$11,145,000 in order to reduce Proposition 98 General Fund costs in light of the state revenue gap. Overall expansion of the Before and After School Program remains at the funding level established in the Governor's January Budget (\$75 million) due to new federal funds available through the 21<sup>st</sup> Century Community Learning Centers Program.

**Item 6110-196-0001, Language—Revise Before and After School Program Expansion Funding (Issue 010)**

It is requested that Provision (1) of Item 6110-196-0001 be modified to reflect necessary changes to withdraw the savings (\$30.1 million) anticipated due to the child care reforms proposed in the Governor's January Budget. In addition, language is needed to annualize the quarter year expansion (\$7.5 million) allocated by SB 1 of the 2001-02 Third Extraordinary Session. The expansion (\$29.7 million on an annual basis) was included in the Budget Act of 2001 but was recommended for suspension as part of the November Revision. Furthermore, language needs to be added to specify the use of the \$4.1 million in General Fund expansion funding remaining in the budget.

Revise Provision (1) of Item 6110-196-0001 as follows:

- "1(a) ~~Up to \$60,150,000~~ \$22,200,000 of the amount in Schedule (3) of this item is for the annualization of the quarter year expansion funding provided in SB 1 of the 2001-02 Third Extraordinary Session ~~expansion of~~ for the Before and After School Learning and Safe Neighborhoods Partnerships Program. ~~Notwithstanding any other provision of law, the State Department of Education shall prioritize expansion funding allocations as follows:~~
- (1) ~~New middle schools where at least 50 percent of students are eligible for free or reduced-cost meals through the school lunch program of the United States Department of Agriculture.~~
  - (2) ~~Increase grant caps for participating middle schools that have students on waiting lists to participate. Grant caps may be increased by the lesser of either 25 percent of~~

~~the current grant cap or the proportion of children unserved by the program as measured by~~

~~documented waiting lists as of January 1, 2002, compared to actual after school enrollment on that same date.~~

~~(3) New elementary schools where at least 50 percent of students are eligible for free or reduced-cost meals through the school lunch program of the United States Department of Agriculture.~~

~~(4) Increase grant caps for participating elementary schools that have students on waiting lists to participate under the same limitations as paragraph (2) of this subdivision.~~

~~Further, in order to support student academic achievement, funds allocated to middle schools for expansion of the Before and After School Learning and Safe Neighborhoods Partnerships Program shall only be available for programs meeting high academic quality standards. Criteria for judging the strength of academic quality for middle school applications shall be based on the following priority order: (1) programs offering tutoring and homework assistance in language arts and mathematics, coordinated with the school's academic program to assist student readiness in meeting the high school exit exam; (2) history and social science, or science. All academic components shall include supervision by staff meeting qualifications no less than that of an instructional aide and a staff to student ratio no greater than 20 students per staff.~~

~~(aa) Of the amount appropriated in Schedule (3) of this item, \$4,055,000 is for expansion of the Before and After School Learning and Safe Neighborhoods Partnerships Program. Notwithstanding any other provision of law, the priority for these funds shall be new middle schools where at least 50 percent of students are eligible for free or reduced-cost meals through the school lunch program of the United States Department of Agriculture. . **If there is insufficient need in the middle schools, elementary schools would then be eligible for these funds.**~~

~~minimum of \$14,850,000 is for expansion of a Before School component of the Before and After School Learning and Safe Neighborhoods Partnerships Program.~~

~~(aaa) In the event the State Department of Education anticipates that it will be unable to encumber all of the funds for expansion pursuant to subdivisions (a) and (aa) of this provision, \$2,000,000 of the anticipated savings shall be available for three year grants on a one-time basis for after school regional centers established pursuant to Chapter 318 of the Statutes of 1998 for the purpose of serving as a centralized resource for technical assistance and training on best practices for either or both, (1) the Before School component and (2) middle schools in areas such as program content and local financing, including establishment of long-term partnership funds, staffing, and managing programs for accountability."~~

#### COMMENTS:

If the subcommittee wishes to adopt the Governor's proposed funding level and changes to provisional language, it may wish to include the above edits (in bold), for clarification purposes.

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 8: REGIONAL MARKET RATES -- BUDGET CONTROL LANGUAGE**

The issue for the subcommittee to consider is the Governor's proposed May Revise proposal to require a new survey methodology for regional market rates.

**BACKGROUND:****Item 6110-196-0001, Regional Market Rates for Child Care Provider Payments (Issue 101)**

The Governor's May Revise requests that Provision 4(a) of Item 6110-196-0001 be amended to govern the development of the regional market rates for child care provider payments that would apply for the 2002-03 and subsequent fiscal years. Noting concerns for the overall growth in costs of child care and the policy variables which are available to address these costs, the Administration's review of child care has identified concerns with the methodologies used to determine market rate limits. Consistent with those findings, it is proposed that the recent survey completed by the State Department of Education not be implemented, and that a survey be conducted in 2002-03 based on new methods that will eliminate anomalies found to currently exist. This action is consistent with Federal law that only requires market rate surveys every other year.

Amend Provision 4(a) of Item 6110-196-0001 as follows:

- "4(a) Notwithstanding any other provision of law, alternative payment child care systems shall be subject to the rates established in the Regional Market Rate Survey of California child care and development providers for provider payments in accordance with legislation which may be approved in the 2002 Legislative Session. The 2002-03 fiscal year regional market rates for child care provider payments that shall apply to all child care provided by Alternative Payment Programs and CalWORKs Child Care shall be the rates in effect as of July 1, 2001. The State Department of Education and the State Department of Social Services, in consultation with the Department of Finance, shall develop a new survey methodology to be employed by future market rate surveys unless further adjustments are deemed necessary by the Department of Finance. The new methodology shall, at a minimum, address anomalies within and between the rate categories and regions. The new methodology may change regions, may allow fewer regions, may require statistically significant sampling, may be limited to surveys of rates paid by non-subsidized families, may eliminate some hourly and daily rates and may change the methodology for computing weekly and monthly rates, and may modify the definition of full time and part time rates. The State Department of Education shall utilize a federal fund contract with the State Child Care Resource and Referral Network (Network) to conduct a market rate survey during the 2002-03 fiscal year. ~~It is the intent of the Legislature that~~ The contract between the State Department of Education and the Network shall require the Network to adhere to the methodology described in the preceding paragraph as approved by the Department of Finance and Social Services. The contract shall also require that the summary report and analyses of changes in mean and ceiling rates, adjustment factors, and regional rates be forwarded to the Department of

Finance along with the mean and ceiling rates. The contract shall ~~also provide~~ include resources sufficient for the Network to respond to requests for related information by the Departments of Finance and Social Services. Any changes to the market rate limits, adjustment factors or regions for 2003-04 are subject to the approval process for child care contract funding terms and conditions as specified in Section 8447 of the Education Code, ~~or any other section which may be implemented in legislation approved in the 2002 Legislative Session.~~ When approved, these changes shall be utilized by the State Department of Education and the State Department of Social Services in various programs under the jurisdiction of both departments to determine limits of reimbursement to providers."

<b>COMMENTS:</b>
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**Potential compromise proposal?** Staff recommends that the subcommittee consider the following proposed changes to the administration's language, which is a compromise proposed by various interest groups and SDE. (The proposed changes are in double underline and double-strikeout.) Adoption of this language would send the issue to conference, to allow the administration and the Legislature time to consider proposed changes and potentially come to a compromise.

Notwithstanding any provision of law, alternative payment child care systems shall be subject to the rates established in the Regional Market Rate Survey of California child care and development providers for provider payments ~~in accordance with legislation which may be approved in the 2002 Legislative Session.~~ The 2002-03 fiscal year regional market rates for child care provider payments that shall apply to all child care provided by Alternative Payment Programs and CalWORKs Child Care shall be the rates in effect as of July 1, 2001. The State Department of Education and the State Department of Social Services, in consultation with the Department of Finance, shall develop a new survey methodology to be employed by future market rate surveys unless further adjustments are deemed necessary by the Department of Finance. The new methodology shall, at a minimum, address anomalies differences within and between the rate categories and regions. The new methodology may change regions, may allow fewer regions, may require statistically significant sampling, may be limited to surveys of rates paid by non-subsidized families, may eliminate some hourly and daily rates and may change the methodology for computing weekly and monthly rates, and may modify the definition of full time and part time rates or any other rate category. The State Department of Education, in consultation with the Department of Social Services, shall develop regulations that shall provide instructions for applying the regional market rates. These regulations shall be in effect no later than July 1, 2003. The State Department of Education shall utilize a federal fund contract with the State Child Care Resource and Referral Network (Network) to conduct a market rate survey during the 2002-03 fiscal year. ~~It is the intent of the Legislature that~~ The contract between the State Department of Education and the Network shall require the Network to adhere to the methodology described in the preceding paragraph as approved by the Department of Finance and Social Services. The contract shall also require that the summary report and analyses of changes in mean and ceiling rates, adjustment factors, and regional rates be forwarded to the Department of Finance along with the mean and ceiling rates. The contract shall ~~also provide~~ include resources sufficient for the Network to respond to requests for

related information by the Departments of Finance and Social Services. Any changes to the market rate limits, adjustment factors or regions for 2003-04 are subject to the approval process for child care contract funding terms and conditions as specified in Section 8447 of the Education Code, except for 2002-03 the goal of completion shall be May 15<sup>th</sup> or any other section which may be implemented in legislation approved in the 2002 Legislative Session. When approved, these changes shall be utilized by the State Department of Education and the State Department of Social Services in various programs under the jurisdiction of both departments to determine limits of reimbursement to providers.

**ITEM 6110            DEPARTMENT OF EDUCATION**

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**ISSUE 9: FRAUD LEGISLATION**

The issue for the subcommittee to consider is the Governor's proposed May Revise proposal to set aside \$2 million for childcare fraud legislation. require a new survey methodology for regional market rates.

**BACKGROUND:****Item 6110-001-0001 and Item 6110-001-0890, State Operations—Set-aside for Child Care Fraud Legislation (Issue 153)**

It is requested that Item 6110-001-0890 be increased by \$2.0 million of additional one-time Child Care and Development Block Grant funds for pending legislation enacted during the 2001-02 Regular Session to improve child care eligibility compliance and fraud detection procedures.

Add the following provision to Item 6110-001-0890:

- 8.5 Of the funds in this item, \$2,000,000 from the Child Care and Development Block Grant is available for expenditure or transfer to the Department of Social Services, contingent upon the enactment of legislation during the 2001-02 Regular Session that strengthens penalties for fraud or other sanctions against those that commit fraud, and strengthens compliance with child care eligibility, family fee, and rate reimbursement limit requirements.

**ITEM 6110 DEPARTMENT OF EDUCATION**

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**ISSUE 10: CURRENT-YEAR SWAP PROPOSAL -- CURRENT-YEAR CHILDCARE REDUCTIONS.**

The issue for the subcommittee to consider is the Governor's proposed May Revise proposal to reduce current-year childcare expenditures and capture the savings as part of the Administration's Proposition 98 Reversion Account swap proposal.

**BACKGROUND:****Item 6110-196-0001 99/01, Revert Funding for the CalWORKs Center-Based Pilot Program (Issue 100)**

Provision 6 of Item 6110-494 of the 2001 Budget Act reappropriated \$10 million from the CalWORKs Center-Based Pilot Program. The Department of Education has stated it is unable to operate the program, citing operational complexities.

**Item 6110-196-0001 01/01, Reduce Current Year Child Care Funding (Issues 100 and 002)**

Current year savings are anticipated in Item 6110-196-0001 of the 2001 Budget Act. While some of these savings have been proposed for reappropriation in the budget year, \$20,014,000 may be reduced in the current year legislation.

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 11: PRESCHOOL EDUCATION PROJECTS**

The issue for the subcommittee to consider is a request to add Sacramento to the list of sites that benefit from preschool education projects.

**BACKGROUND:**

The Governor's budget proposes to continue language that would allocate \$425,000 to preschool education projects including, but not limited to, projects operated by public television stations in a number of municipalities across the state. This language has been in the budget for several years. Advocates from Sacramento ask that Sacramento be added to the list of municipalities that benefit from this funding. They assert that Sacramento was included in the original group of stations that first sought state funds in support of the Sesame Street Preschool Education Project, but voluntarily dropped out of the program in 1995. Sacramento advocates assert that the other municipalities currently listed are amenable to distributing the existing funding with an additional city. Staff recommends adoption of the following language:

**Item 6110-196-0001, Provision 7 (e):**

The State Department of Education shall allocate \$425,000 to preschool education projects including, but not limited to, those operated by public television stations in Redding, Sacramento, San Francisco, San Jose, Los Angeles, Fresno, and San Diego. Of this amount, the department shall allocate up to \$320,000 to public television stations in Redding, Sacramento, San Francisco, San Jose and Los Angeles, based upon the satisfaction by the projects operated by the public television stations in each of those cities of all of the following criteria: (1) the 30-percent minimum match; (2) a plan that identifies the providers to be trained; (3) number of trainers to be trained; (4) the quality of the training offered; (5) linkages to the child care community; and (6) cost-effectiveness. The balance of the \$425,000 identified in this subdivision shall be made available to support projects in Fresno and San Diego, based upon the determination by the State Department of Education that satisfaction by the projects operated by the public television station in each of those cities of the criteria set forth in (1) to (6), inclusive, of this subdivision. As a condition of receiving funds as described in this subdivision in the 2002-03 fiscal year, each grantee that received funds in the 2001-02 fiscal year shall complete and submit to the State Department of Education, no later than March 1, 2003, an evaluation of the effectiveness of the project operated by the grantee in improving the quality of child care provided in the affected community.

**ITEM 0558                      SECRETARY FOR EDUCATION****ISSUE 1: OFFICE OF THE SECRETARY FOR EDUCATION**

The issue for the subcommittee to consider is the budget for the Office of the Secretary for Education and a proposed reduction to the Academic Volunteer and Mentor Service Program, to capture savings from the elimination of new grants.

**BACKGROUND:**

The Secretary of Education, a member of the Governor's Cabinet, is responsible for advising the Governor and making recommendations on state education policy and legislation. The Office of the Secretary for Education (OSE) administers several education programs, including the Academic Volunteer and Mentor Service Program, the Governor's Reading Award Program, READ California, and the Education Technology Grant Program.

**A. State Operations.** The Governor's January budget proposes \$2.4 million for support of the Office of the Secretary for Education (OSE). The support funding proposed in the Governor's budget represents a \$6.9 million reduction in OSE state operations, (although some of this reduction is due to the phase-out of one-time expenditures). The reductions include: two Associate Intergovernmental Program Analysts, representing a 7 percent decrease in OSE personnel, \$3.0 million in one-time funds for contracting to develop and validate research-based school readiness assessment instruments for the School Readiness Initiative in cooperation with the Children and Families (Proposition 10) Commission, and \$3.8 million for the READ California public involvement campaign to promote reading.

**B. Local Assistance**

**Academic Volunteer and Mentor Service Program.** The Governor's May Revise proposes to reduce funding for this program, from \$10.0 million in Proposition 98 General Fund to \$5.7 million. This reduction will allow existing grantees to continue to be funded, but it will eliminate funding for new grants in the budget year. Under this program, university students offer tutoring services to 20,000 at-risk children and youth. This program, established by Chapter 901, Statutes of 1992 (SB 1114, Leonard), which funds local projects to recruit, screen, train and place volunteers who want to act as mentors to students. Each year, three-year grants of up to \$100,000 are awarded on a competitive basis to over 145 local mentor programs operated by school districts and county offices of education. As the three-year grants expire, funding from these grants becomes available to support new program sites.

## ITEMS ON CONSENT

### **Item 6110-196-0001, Withdraw the Child Care Reform Proposal (Issue 005)**

It is requested that funding levels for the General Child Care Program, the Alternative Payment Program, CalWORKs Stage 2 and Stage 3 child care, and the Before and After School Safe Neighborhood Partnership Program be restored to reflect baseline program costs. This issue is based on the January caseload estimates, and the Administration's prior decision to continue to fund only those families receiving Stage 3 services on or before June 30, 2002. In order to restore the baseline program costs, a redistribution of savings is required which includes: \$68.8 million increase to the General Child Care Program; \$417.5 million decrease to Alternative Payment Program; \$132.8 million increase to Stage 2; \$196.3 million increase to Stage 3; and \$30.1 million decrease to the Before and After School Program. Because Stage 1 savings were transferred in January through an augmentation of Proposition 98 funding, this issue reflects a net reduction of \$49.7 million.

Delete Provisions 16 and 17 to conform to this action.

### **Item 6110-196-0001, Update Estimate for CalWORKs Stage 2 and Stage 3 Child Care (Issue 006)**

It is requested that Schedule 2(e) and Schedule 2(f) of Item 6110-196-0001 be decreased by \$85,889,000 and \$22,076,000 Proposition 98 General Fund, respectively, to reflect the April revised estimates, which show a decline in caseload and costs. Based upon the revised estimate, the average monthly caseload for Stage 2 decreased from 130,590 to 109,209. The revised estimates can be attributed to individuals meeting their five-year federal time limit for CalWORKs, thus removing the initial influx of clients from the caseload. The growth of the new caseload would not offset the families that would exit subsidized child care. In addition, the revised monthly caseload estimate for Stage 3 has decreased.

### **Item 6110-196-0001 and Item 6110-196-0890, Decrease School Age Care and Resource and Referral Earmark, the Infant and Toddler Earmark, and the Quality Expansion Earmark (Issue 003)**

It is requested that Schedule (I) of this item be decreased by \$190,000 to reflect the final federal earmarks for federal fiscal year 2002. The change reflects a decrease of \$12,000 in the School Age Care and Resource and Referral Earmark, \$113,000 in the Quality Expansion Earmark, and a decrease of \$65,000 in the Infant and Toddler Earmark.

Amend Provision 7(a) of this item as follows:

"7(a) ~~\$2,230,000~~ \$2,116,000 is for the school age care and resource and referral earmark."

Amend Provision 7(b) of this item as follows:

"7(b) ~~\$11,998,000~~ \$11,933,000 is for the infant and toddler earmark and shall be used for increasing the supply of quality child care for infant and toddlers."

Notwithstanding any other provision of law, expenditure plans and contract provisions for awarding these funds shall give high, but not exclusive, priority to the development of new family day care home providers, especially those who offer care during nontraditional hours such as weekends, evenings, and nights and who offer care for special needs children.”

#### **Item 6110-196-0001, Child Care Survey (Issue 103)**

It is requested that Provision 4(c) be added to Item 6110-196-0001 to require the State Department of Education and the Department of Social Services to administer a survey of current child care caseload, eligibility, fee, and reimbursement rates trends to update and adjust the information provided pursuant to Provision 8(c) 6 of Item 6110-196-0001 of the 2000 Budget Act for use in continuing analysis of child care policy. The only data available for modeling the effects of policy changes consist of data samples from the 1999-00 fiscal year, which may be outdated.

Add Provision 4(c) to Item 6110-196-0001 as follows:

- 4(c) The State Department of Education (SDE) and the State Department of Social Services (DSS) in consultation with the Department of Finance shall administer a survey of current child care practices and trends to update and adjust the information provided pursuant to Provision 8(c)(6) of Item 6110-196-0001 the 2000 Budget Act. A new survey tool along with the data collection methodology and target populations shall be developed by SDE and DSS, **in consultation with the Legislative Analyst**, and shall be approved by Department of Finance. SDE and DSS shall jointly complete the administration of the survey and the collection of the results. By October ~~45~~, **30**, 2002, the SDE and DSS shall make available to the Directors of DSS and the Department of Finance **and the Legislative Analyst** the complete data files to be used for analysis of child care policy. The costs of administering the survey, collecting survey data, and preparing an accurate data file will be funded from funds set aside for interim data collection in Provision 8(a) of this Item.

Staff recommends adoption of the above language, along with changes in bold, to ensure that the Legislature is involved in the collection of the data.

#### **0558-001-0001, State Operations (Issue 350)**

It is requested that this item be reduced by \$106,000, from \$1,248,000 to \$1,142,000.

#### **0650-011-0001, State Operations (Issue 351)**

It is requested that this item be reduced by \$14,000, from \$1,156,000 to \$1,142,000.

#### **6360-101-0001, Local Assistance—California Mathematics Initiative for Teaching (Issue 001)**

It is requested that Schedule (5) of this item be reduced by \$513,000, from \$1,013,000 to \$500,000. The purpose of this requested action is to reflect revised participation estimates.

**6360-101-0890, Local Assistance—Teaching Performance Assessment (Issue 002)**

It is requested that this item be increased by \$2,763,000 in federal Title II funds for the continued development of a Teaching Performance Assessment. The Teaching Performance Assessment, which is required pursuant to Chapter 548, Statutes of 1998, will be embedded in university-operated teacher preparation programs, and will be used to ensure program participants graduate with the skills required to succeed in the classroom.

It is requested that Provision 1 which was added in a previous Finance Letter be amended and Provision 2 be added as follows:

1. Of the ~~The~~ funds appropriated in this item, \$386,000 shall be for the Transition to Teaching Program, for emergency-permit teachers to transition into either the Alternative Certification Program or the California Pre-Internship Teaching Program, depending on their level of preparation.
2. Of the funds appropriated in this item, \$2,763,000 shall be for development of a Teaching Performance Assessment. These funds shall be expended only after development of an expenditure plan by the Commission on Teacher Credentialing, and approval of the plan by the Department of Finance.

**6360-101-0001, Local Assistance, Budget Act of 2001—California Mathematics Initiative for Teaching (Issue 001) (Informational)**

It is proposed that the appropriation in this item be reduced through separate legislation in the current fiscal year by \$1,284,000, to reflect actual participation rates for the California Mathematics Initiative.

**ATTACHMENT 1:** Proposed trailer bill language regarding the Math and Reading Professional Development Program.

99234. (a) The Superintendent of Public Instruction shall notify local education agencies that they are eligible to receive an incentive award for up to 12 percent of its eligible teachers in the 2001-02 fiscal year, up to ~~28.5~~ 19 percent in the 2002-03 fiscal year, and up to ~~28.5~~ 22.5 percent in the 2003-04 fiscal year, up to 22.5 percent in the 2004-05 fiscal year, with the remainder for its eligible teachers in the ~~2004-05~~ 2005-06 fiscal year. It is the intent of the Legislature that a local education agency give highest priority to training teachers assigned to low-performing schools. It is also the intent of the Legislature that funding appropriated in one fiscal year that is not expended by a local education agency be redirected to local education agencies that have trained more eligible teachers than the percentage funded. When a redirection of funding occurs, funding in subsequent fiscal years for the local education agencies involved shall be adjusted to reflect the redirection of funding.

(b) A school district that cannot make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237 for all the grade levels it maintains in reading and mathematics may apply for and receive incentive funding for the grade levels and subjects for which it can make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237, in which case the certified assurance submitted pursuant to Section 99237 shall apply only to the professional development provided to teachers and instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading in the grade levels and subjects for which it can make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237.

(c) Of the incentive provided pursuant to subdivision (c), a local education agency may use not more than one thousand dollars (\$1,000) of the per teacher per subject amount to provide an individual teacher stipend.

(d) The Superintendent of Public Instruction shall notify local education agencies that the maximum funding for the purpose of this article for which they are eligible each year is equal to the percentage set forth in subdivision (a), multiplied by the sum of the following two factors multiplied by two thousand five hundred dollars (\$2,500):

- (1) Twice the number of multiple subjects teachers teaching in a self-contained classroom and special education teachers, as specified in paragraphs (1) and (2) of Section 99233, that provide direct instruction in reading and mathematics as reported in the most recent available CBEDS data, who have not received training pursuant to either this article or Article 2 (commencing with Section 99220).
- (2) The number of mathematics, English, science, and social science teachers as specified in paragraphs (3) to (6), inclusive, of Section 99233 that were reported in the most recent available CBEDS data, who have not received training pursuant to either this article or Article 2 (commencing with Section 99220).

(e) The Superintendent of Public Instruction shall allocate funding appropriated for the purposes of this article in the following order of priority:

- (1) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to subdivision (a) in the prior year for whom the local education agency did not receive funding due to insufficient availability of funds in the prior fiscal year.
- (2) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to this article, subject to the limitations in subdivision (d).
- (3) Five hundred dollars (\$500) for each qualifying teacher for each qualifying program as specified in Article 2 (commencing with Section 99220) who successfully completes mathematics or reading standards training, or both, at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) in the 2001-02 fiscal year to the 2004-05 fiscal year, inclusive, using funds received pursuant to Article 2 (commencing with Section 99220), and has had specific approved training on the mathematics or reading instructional materials selected for use in the school.
- (4) Five hundred dollars (\$500) for each qualifying teacher in each qualifying program pursuant to Article 2 (commencing with Section 99220) who successfully completed mathematics or reading standards training, or both, at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) in the 1999-2000 or 2000-01 fiscal year, using funds received pursuant to Article 2 (commencing with Section 99220), and has had specific approved training on the mathematics or English-language arts instructional materials selected for use in the school.
- (5) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to this article in excess of limitations in subdivision (d).

(f) For purposes of this article, qualifying teachers who, in the 2000-01 fiscal year, received training at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) that was paid for by a local education agency using funds that were not received pursuant to Article 2 (commencing with Section 99220) shall be deemed to have received training in the 2001-02 fiscal year. A local education agency shall receive funding for these qualifying teachers in accordance with paragraph (2) of subdivision (e).

A(g) Except as provided in subdivision (f) of Section 99237, funding may not be provided to a local education agency until the State Board of Education approves the agency's certified assurance submitted pursuant to Section 99237.

(h) Of the funding a local education agency is eligible to receive pursuant to this section for each eligible teacher, up to the number specified in subdivision (a), 50 percent shall be awarded following the provision of 40 hours of professional development as specified in subdivision (b) of Section 99237, with the remaining funding to be awarded following certification of the provision of the 80 hours of followup instruction as specified in subdivision (b) of Section 99237.

(i) Except as provided in paragraphs (3) and (4) of subdivision (e), a local education agency may not receive funds pursuant to this article for teachers who

receive training pursuant to Article 2 (commencing with Section 99220) using funding provided pursuant to Article 2 (commencing with Section 99220).

99235. (a) The Superintendent of Public Instruction shall notify local education agencies that they are eligible to receive funding to provide instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading with professional development training in mathematics and reading, in an amount equal to one thousand dollars (\$1,000) per qualifying instructional aide. Funding will be provided to local education agencies on a first-come, first-serve basis. A local education agency that chooses to participate in the program is eligible to receive funding for no greater than 11.5 percent of its instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading in the 2001-02 fiscal year, 29.5 percent in the 2002-03 fiscal year, ~~29.5~~ 18 percent in the 2003-04 fiscal year, 18 percent in the 2004-05 fiscal year, with the remainder to be funded in the ~~2004-05~~ 2005-06 fiscal year. However, the statewide total number of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading served under this program may not exceed 22,000 over the ~~four~~ five fiscal years.

(b) Of the incentive provided pursuant to subdivision (a), a local educational agency may use not more than five hundred dollars (\$500) of the per instructional aide and paraprofessionals who directly assist with classroom instruction in mathematics and reading amount to provide an individual instructional aid stipend.

99240. (a) By July 1, 2003, the State Department of Education, in cooperation with the University of California and the California Professional Development Institutes authorized pursuant to Article 2 (commencing with Section 99220), shall develop, and the State Board of Education shall review and approve, an interim report regarding the program established pursuant to this article for submission to the Legislature. The interim report shall, at a minimum, detail the following:

- (1) The number of teachers, by credential type, who have received training offered pursuant to this article.
- (2) The number of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading who have received training offered pursuant to this article.
- (3) The entities that have received funds for the purpose of offering training pursuant to this article and the number of teachers and instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading, respectively, that each has trained.

(b) By June 30, ~~2004~~ 2005, the State Department of Education shall submit, subject to review and approval by the State Board of Education, a final report to the Legislature regarding the program established pursuant to this article. The final report shall, at a minimum, detail the following:

- (1) The number of teachers, by credential type, who received training offered pursuant to this article.

- (2) The number of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading who received training offered pursuant to this article.
- (3) The entities that received funds for the purpose of offering training pursuant to this article and the number of teachers and instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading, respectively, that each has trained.
- (4) Information detailing the effectiveness of the program established pursuant to this article. This information shall, at a minimum, incorporate survey data concerning program effectiveness that has been gathered from program participants and school principals.
- (5) To the extent information is available, information detailing the retention rate, by credential type, of teachers who participated in training offered pursuant to this article. The information shall, at a minimum, incorporate sample data concerning teachers who are no longer in the profession.
- (6) To the extent information is available, information detailing the retention rate of instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading who participated in training offered pursuant to this article. The information shall, at a minimum, incorporate sample data concerning aides who are no longer in the profession, as well as aides who have obtained a teacher credential subsequent to training.

99242. This article shall become inoperative on July 1, ~~2005, 2006~~ and, as of January 1, ~~2006, 2007~~ is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2006, 2007~~ deletes or extends the dates on which it becomes inoperative and is repealed.