

SUBCOMMITTEE NO.1 on Education



Subcommittee No. 1

Chair, Carol Liu

Member, Robert Huff

Member, Roderick Wright

**Thursday, May 20, 2010
9:30 a.m. or Upon Adjournment of Session
Room 3191, State Capitol**

AGENDA - PART B

OUTCOMES

<u>Item</u>	<u>Department</u>	<u>Page</u>
6110	Department of Education	
Item 1	DOF Budget Letters – Various State Operations & Local Assistance Adjustments (Consent Vote)	Page 2
Item 2	County Court School Funding (Vote)	Page 6
	Public Comment	

ITEM 1. DOF Budget Letters – Various State Operations and Local Assistance Adjustments (Consent Vote)

DESCRIPTION: The Department of Finance (DOF) proposes the following technical adjustments to various federal state operations and local assistance items in the 2010-11 budget. These revisions are proposed by the DOF April and May Budget Letters. These issues are considered technical adjustments to update budget appropriation levels so they match the latest federal estimates and utilize funds consistent with current programs and policies.

April Finance Letter -- Federal Funds Adjustments

1. Item 6110-001-0001, State Operations, One-Time Carryover for the California High School Exit Exam Equivalence Assessment (Issue 001). Request that Item 6110-001-0890 be increased by \$1,050,000 federal special education funds and that Item 6110-001-0001 be amended to undertake the activities required pursuant to Chapter 666, Statutes of 2008 (AB 2040), which directed the State Department of Education (SDE) to form an independent panel to examine and provide recommendations to the State Board of Education (Board) on an equivalent assessment for students with disabilities. The bill further required the Board to make a recommendation and adopt regulations by October 2010. The 2009 Budget Act provided carryover of \$1,050,000 federal funds for this purpose and the panel has provided its recommendation to the Board. The Board intends to address the panel's recommendation in the coming months and the SDE requests to carryover the remainder of funds for workload that would occur in fiscal year 2010-11.

It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:

- X. Of the funds appropriated in this item, \$1,050,000 federal special education funds is available on a one-time basis for the activities described in Chapter 666, Statutes of 2008.

2. Item 6110-183-0890, Local Assistance, Safe and Drug Free Schools Program (Issue 641). Request that this item be decreased by ~~\$24,931,000~~ \$24,681,000 federal Title IV funds to reflect the elimination of the Safe and Drug Free Schools Program by the federal government and the availability of ~~\$2.0~~ \$2.25 million of one-time carryover funds. These funds will be used to support programs that prevent violence in and around schools and prevent the illegal use of alcohol, tobacco, and drugs.

It is further requested that provisional language be added to Item 6110-183-0890 as follows to conform to this action:

- X. The funds appropriated in this item are available on a one-time basis to support the closing of the program.

3. Item 6110-001-0890, State Operations, Safe and Drug Free Schools Program (Issue 642). Request that Item 6110-001-0890 be decreased by ~~\$1,400,000~~ \$1,650,000 federal Title IV funds and that Item 6110-001-0001 be amended to reflect the elimination of the Safe and Drug Free Schools Program by the federal government and the availability of ~~\$500,000~~ \$250,000 in one-time carryover funds. These funds will be used to support programs that prevent violence in and around schools and prevent the illegal use of alcohol, tobacco, and drugs.

It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:

X. Of the funds appropriated in this item, ~~\$500,000~~ \$250,000 is provided in one-time carryover funds to support the closing of the Safe and Drug Free Schools Program.

May Revise Letter -- Federal Funds Adjustments

4. Item 6110-161-0001, Local Assistance, Special Education (Issues 569 and 571). Request that Schedules (1) and (2) of this item be realigned to correct the amount scheduled in the Governor's Budget. Schedule (2)—Early Education Program for Individuals with Exceptional Needs was overstated by \$247,000, the amount of which should have been included in Schedule (1)—Special Education Instruction.

It is further requested that this item be decreased by \$9,224,000 Proposition 98 General Fund to reflect revised property tax estimates. Proposition 98 General Fund and property tax revenue make up the total state contribution to special education; therefore, the General Fund contribution would be decreased as a result of the projected increase of \$9,224,000 in property tax revenue.

5. Item 6110-201-0890, Local Assistance, Federal Child Nutrition Program (Issue 702). Request that this item be decreased by \$31,295,000 Federal Trust Fund due to the anticipated decline in meals served through the Child Nutrition Program. Local educational agencies, private schools, public and private centers, homes, halls, shelters, and camps are reimbursed for meals served through this federal entitlement program.

May Revise Letter -- General Fund and Other Adjustments

6. Item 6110-102-0231, Local Assistance, Tobacco-Use Prevention Education Program (Issue 713). Request that this item be decreased by \$500,000 Health Education Account to reflect declining revenue estimates from the Cigarette and Tobacco Products Surtax Fund (Proposition 99). These funds are used for health education efforts aimed at the prevention and reduction of tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.

7. Item ~~6110-112-0001~~ 6110-211-0001, Local Assistance, Charter School Categorical Block Grant Growth Adjustment (Issue 739). Request that this item be decreased by \$55,000 to reflect revised attendance estimates for charter schools. The Charter Categorical Block Grant provides charter schools with categorical funding in lieu of separate funding for specific categorical programs.

8. Item 6110-202-0001, Local Assistance, Non-Proposition 98 Child Nutrition Program (Issue 709). Request that this item be decreased by \$120,000 General Fund to align with the revised estimate of meals to be served through the Child Nutrition Program by private entities.

9. Item 6110-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issue 711). Request that this item be decreased by \$2,231,000 Proposition 98 General Fund to align with the revised estimate of meals served through the Child Nutrition Program at public school districts. The resulting appropriation would fully fund, at the statutory rate, all meals projected to be served in 2010-11.

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

“4. Of the funds appropriated in this item, ~~\$19,719,000~~ \$17,488,000 is for the purpose of providing a growth adjustment due to an increase in the projected number of meals served.”

10. Items 6110-492 and 6110-001-3085, Reappropriation, Mental Health Services Act, Proposition 63 (Issue 566). Request that \$239,000 in Mental Health Services funds appropriated in Item 6110-001-3085, Budget Act of 2009 (Chapter 1, Statutes of 2009, Third Extraordinary Session), be reappropriated in 2010-11. Of these funds, \$153,000 will be provided to contract with an outside source to develop an online professional development system regarding youth suicide issues and prevention, which was delayed in the current year due to contract issues. The remaining \$86,000 will be provided to SDE to partially fund the development of a regional training system that will train staff in the early detection of mental health issues.

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

6110-492—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balance of the appropriation provided in Item 6110-001-3085 of the Budget Act of 2009 (Chapter 1, Statutes of 2009, Third Extraordinary Session), is reappropriated and shall be available for encumbrance or expenditure until June 30, 2011, to contract with mental health/educational professionals or education agencies to support the involvement of local education agencies in local mental health planning and implementation efforts pursuant to the Mental Health Services Act (Proposition 63, as approved by the voters at the November 2, 2004 statewide general election).

May Revise Letter -- Current Year Adjustments

11. Item 6110-641-0001, Local Assistance, King City Joint Union High School District (Issue 164). Request that this item be decreased by \$17,000 General Fund to reflect the repayment of interest from lease-revenue bonds sold on behalf of King City Joint Unified High School District for a General Fund loan provided to the district pursuant to Chapter 20, Statutes of 2009 (SB 130).

ACTION ITEM: STAFF RECOMMENDATION (CONSENT): Staff recommends approval of all of the DOF Budget Letters proposals listed above, including staff revisions highlighted for some issues. These revisions provide corrections to the DOF Budget Letters. No issues have been raised for any of these issues.

OUTCOMES:

- 1. Approved issues # 2-11. (Vote: 3-0)**
- 2. Approved issue #1. (Vote: 2-1)**

ITEM 2. County Court School Funding

DESCRIPTION: The Governor’s budget provides an estimated **\$110.4 million** in Proposition 98 funding for county court school revenue limits in 2010-11, which reflects a reduction of **\$4.9 million** from the revised 2009-10 level. This level of funding is based upon 13,524 student average daily attendance (ADA) for county court schools statewide. This reduction is a part of the Governor’s \$1.5 billion revenue limit reduction for K-12 school districts and county offices of education in 2010-11.

The Governor proposes to reduce Proposition 98 funding for the Division of Juvenile Justice from **\$33.4 million** in 2009-10 to **\$29.8 million** in 2010-11, a reduction of **\$3.5 million**. This level of funding reflects 1,399 DJJ wards.

The Subcommittee has been asked to evaluate options for moving Proposition 98 savings from the Division of Juvenile Justice (DJJ) to county court schools.

BACKGROUND:

Division of Juvenile Justice (DJJ). DJJ is the state agency responsible for the housing, supervision, and rehabilitation of individuals who have been committed to their custody. As of May Revise, about **1,517 wards** (generally ages 13 to 25 years; average age 19 years) currently reside in DJJ institutions. Currently DJJ is comprised of five youth correctional facilities and two camps. Per the Governor’s proposals, the number of wards is estimated to drop to **1,399** in 2010-11.

DJJ Education Funding. The Governor proposes **\$29.8 million** in Proposition 98 funding for education services for an estimated 1,399 youth committed to DJJ in 2010-11. This represents a reduction of **\$3.5 million** from the Governor’s revised 2009-10 budget.

DJJ Funding	04-05	05-06	06-07	07-08	08-09	09-10	10-11 (Proposed)
Budget Appropriations	\$34.7m	\$33.4m	\$48.6m	\$46.0m	\$35.6m	\$33.4m	\$29.8m
Average Daily Population	3,537	3,044	2,697	2,260	1,743	1,517	1,399
Per Pupil Funding	\$9,796	\$10,981	\$18,007	\$20,343	\$20,399	\$21,988	\$21,332

The DJJ population has declined significantly for nearly fifteen years for a number of reasons, including: decline in juvenile arrest rates; statutory changes that increase the likelihood that youthful offenders will end up in adult institutions; increased capacity at the county level to retain juvenile offenders; and the enactment of financial incentives for counties to keep lower-level offenders.

More recent declines in the DJJ population are also due to (1) changes in state law that limits DJJ commitments to violent, serious, or sex offenders [Chapter 175; Statutes of 2007 (SB 81/Committee on Budget and Fiscal Review)]; and (2) a decrease in the juvenile population.

Education funding for DJJ is built upon a historical base amount adjusted annually for workload and other program purposes. While population has fallen steadily, per pupil Proposition 98 funding levels rose significantly in 2006-07, and have continued to increase at a more modest level since then. This higher level of funding maintains improvements in treatment and services needed to comply with remedial plans approved by the courts in the *Farrell* lawsuit settlement. The remedial plans covered six areas, including education.

Per state statute, DJJ is prohibited from receiving state categorical funds administered by the Department of Education. However, DJJ does receive federal funds for the following programs: Workforce Investment Act; Carl Perkins – Vocational Education; No Child Left Behind (NCLB) - Title I- Part D (Delinquent); NCLB Title III – English Learners; and Special Education. In addition, DJJ also receives other reimbursements from the E-Rate Fund and K-12 Technology Vouchers (Microsoft Settlement).

DJJ Proposition 98 Savings. The Governor’s budget proposes the following Proposition 98 adjustments for DJJ in 2009-10 and 2010-11.

DJJ Proposition 98 Adjustments	
<i>(In Thousands)</i>	
2009-10 Budget Act	\$49,696
Governor's Current-Year Adjustments	
EC/PERS/PPO/3.90	-4,400
Population Adjustments – Fall	-2,184
Prop 98 Corrections BCP	-6,366
Business Model/Staffing Standards	-2,284
May Revise Current-Year Adjustments	\$34,462
Population Adjustment - Spring	-1,105
Revised 2009-10 Budget	\$33,357
Governor's Budget-Year Adjustments	
EC/PERS/Price/ECP/One-times	4,345
Population Adjustment – Fall	-2,624
Business Model/Staffing Standards	-2,886
Juvenile Offender Population Mgt Reforms	-6,720
May Revise Budget-Year Adjustments	\$25,472
Population Adjustment - Spring	-1,929
Juvenile Offender Population Mgt Reforms	6,300
2010-11 Proposed Budget	\$29,843

Only one category of savings is associated with changes in the DJJ population. The Governor proposes reductions of **\$3.3 million** in 2009-10 and an additional **\$4.5 million** in 2010-11 associated with a decrease in the wards committed to DJJ. All other savings

proposals relate to implementing budget corrections, program efficiencies, and a small population management proposal to limit sentencing ages that would increase juvenile commitments to adult institutions.

County Court Schools. County boards of education are responsible for the administration and operation of juvenile court schools, which include juvenile halls, ranches, camps, and other programs. There are 49 county offices of education that operate approximately 64 court schools statewide.

Court School Funding –Revenue Limits. County court schools are funded through Proposition 98 formulas that allocate dollars automatically based upon the number of students they serve. The largest share of formula funding is from court school revenue limits. Base revenue limit funds, as adjusted for annual COLAs, are allocated based upon student average daily attendance (ADA).

In 2009-10, court school revenue limits are budgeted at **\$8,527** per pupil. With an estimated **13,524 pupils** in ADA, county court schools will receive approximately **\$115.3 million** in revenue limit funding in 2009-10. The Governor’s 2010-11 budget proposes to further reduce per pupil revenue limits to **\$8,163** to reflect additional base reductions and to adjust for a negative COLA of 0.39 percent for K-12 revenue limit programs. This reduced rate provides approximately **\$110.4 million** in total revenue limit funding, which equates to a **\$4.9 million** reduction. This reduction is a part of the Governor’s \$1.5 billion revenue limit reduction for K-12 school districts and county offices of education in 2010-11.

County Court Schools	04-05	05-06	06-07	07-08	08-09	09-10 Estimated	10-11 Estimated
Revenue Limit Appropriations (Deficited)	\$134.5m	\$138.0m	\$146.7m	\$149.1m	\$139.5m	\$115.3 m	\$110.4m
Per Pupil Revenue Limit Rates (Deficited)		\$8,514	\$9,100	\$9,512	\$9,262	\$8,527	\$8,163
Average Daily Attendance	16,257	16,207	16,117	15,678	15,064	13,524	13,524

Per pupil revenue limit rates have declined in recent years due base reductions and no COLA in 2008-09 and 2009-10. As a result of these reductions, which were applied to all revenue limit programs, county court schools lost an estimated **\$3.9 million** in 2008-09 and **\$6.0 million** in 2009-10 statewide (excluding reductions due to student ADA losses). Deficit factors have been created to track these losses and eventually return these formulas to their statutory levels, when the state budget allows.

Most of the recent court school losses are associated with a decline in student ADA levels. Statewide, court school ADA has been decreasing for more than ten years, dropping more significantly in 2009-10. While Chapter 175 (2007) prohibits counties from committing non-violent and non-serious offenders to DJJ, county court school ADA has not increased. Instead, population reductions seem to be associated with a decline in the juvenile population and juvenile arrest rates.

County Court School Funding – Categorical Programs. In addition to revenue limits, county offices of education also earn funding from state categorical program formulas that provide funding based upon ADA and other student counts.

According to the LAO, county offices of education have access to at least half of the state's 60 plus state education categorical programs available to school districts. Many of these categorical programs are subject to the categorical flexibility program, which allows school districts and county offices to use funds for any education purpose for a five year period that extends through 2012-13.

Definitive lists of categorical programs available to county offices are not available from the California Department of Education (CDE). But CDE has identified one major program categorical program – Economic Impact Aid -- that county offices do not receive. This program provides additional services for economically disadvantaged students and English learners.

In general, county offices decide how to distribute categorical funds among programs. For example, the Los Angeles County Office of Education (LACOE) court schools receive the following state categorical programs: Special Education, Instructional Materials Fund; CAHSEE Intervention Grants; Professional Development Block Grants; School and Library Improvement Grants; Arts and Music Block Grants; Math and Reading Training; Community Based English Tutoring; Administrator Training Program; and Tobacco Use Prevention Education.

County offices of education also receive State Lottery funds – including Lottery Instructional Materials funds.

In addition, county offices receive funds for several federal programs, most notably NCLB Title I, Special Education, and Nutrition (School Meals). The American Recovery and Reinvestment Act (ARRA) provided significant, one-time funding increases for federal Title I and Special Education programs in 2009-10. These ARRA funds are available for expenditure until September 30, 2011.

LAO Estimates of Categorical Funding

Categorical funds are not generally allocated to court schools directly, but rather to county offices of education. Furthermore, county offices do not track the allocation of categorical revenues and expenditure for programs. As a result, it is difficult to know exactly how much categorical funding court schools receive on an annual basis. For this reason, the LAO has developed estimates of categorical funding available to court schools in 2008-09 on a per pupil basis.

According to the LAO, a total of **\$91.6 million** in Proposition 98 categorical funding was available to court schools in 2008-09, in addition to the **\$140.0 million** appropriated for revenue limits. As a result, the LAO estimates that a total of **\$231.2 million** in Proposition 98 funding – revenue limits and categorical funding – was available for county court schools in 2008-09, which provided about **\$15,343** per student enrolled.

Funds Available for Court Schools	08-09	08-09
	Per Pupil Amounts	Total Funds
P-98 Funds		
Revenue Limits (Deficited)	\$9,263	\$140.0 m
Categorical Funds	\$6,080	\$91.6 m
P-98 Subtotal	\$15,343	\$231.2 m
General Funds		
Juvenile Offender Block Grant Funds	\$853	
Total	\$16,196	244.0 m
Student Enrollment	15,064	15,064

In addition, the LAO estimates that county court school youth receive approximately **\$853** per pupil for the Youthful Offender Block Grant (YOBG) Fund program. These funds are allocated to counties and are available for education purposes. This program provides funding to counties to enhance the capacity of county probation, mental health, drug and alcohol, and other county departments to provide appropriate preventive, rehabilitative, and supervision services to youthful offenders. Example program areas include school-based educational, tutoring, or literacy programs; counseling or specialized mental health services; mentoring; substance abuse prevention and intervention; and organized recreational programs.

Funding Comparisons for DJJ and County Court Schools

The table below compares per pupil funding for County Court Schools and DJJ schools for 2008-09, utilizing the LAO estimates.

Per Pupil Funds	2008-09
County Court Schools –P98 Funds	\$15,343
County Court Schools – P98 & YOBG Funds	\$16,196
DJJ – P98 Funds	\$20,399

The difference between the **\$15,343** per student in Proposition 98 funds for courts schools and the **\$20,399** per student for DJJ schools appears to reflect the programmatic needs of the more serious and violent offenders served by DJJ.

Los Angeles County Office of Education (LACOE) Facing Budget Difficulties. In December 2008, the Auditor-Controller Department of Los Angeles County hired School Services of California, Inc., (SSC) to perform a review of LACOE juvenile court programs funding. The review was directed by the Los Angeles County Board of Supervisors. The SSC report, published on May 29, 2009, reported that LACOE court school programs were under funded, with a project deficit of **\$20 million** for 2008-09. LACOE attributed the deficit to the following factors:

- collective bargaining agreements that limited class sizes;
- large number of court school classrooms;
- physical facility limitations;
- higher percentage of special education students; and
- U. S. Department of Justice (DOJ) requirements.

LACOE also raised the idea of a new residential service model based upon student enrollment rather than student attendance.

In response to the SSC report findings, the Los Angeles Auditor-Controller's Department made a number of recommendations to address these and other issues in response to the deficit, while complying with the U. S. DOJ requirements. Other issues included evaluating the appropriateness of:

- salaries and benefits of court school instructors;
- use of substitute teachers; and
- number of court school administrators – estimated at twice the level for comparison court schools.

The Auditor-Controller also recommended that LACOE pursue legislative changes to implement the new funding model.

RELATED LEGISLATION:

SB 698 (Negrette-McCleod). Exempts funding for juvenile court school apportionments from the deficit factors established for the 2008-09 and 2009-10 fiscal years and would replace average daily attendance (ADA) with average daily enrollment (ADE) as the basis for funding. At the time, the bill was estimated to cost **\$32 million** to restore revenue limit cuts for the two years and an additional **\$15 million** annually to change the revenue limit funding base from ADA to ADE. **Status:** Held in Senate Appropriations (2009).

DOF APRIL LETTER REQUEST:

Item 6110-491, Reappropriation, English Learner Program for County Court and Division of Juvenile Justice Schools (Issue 721). It is requested that the availability of **\$1.6 million** in federal Title III carryover funding be extended to 2011-12 to complete the English Language Learner program for county court and Division of Juvenile Justice schools. The Budget Act of 2008 appropriated these funds for 2008-09 through 2010-11 to provide technical assistance and professional support for educators working with English learner incarcerated youth. This extension is requested due to a delay in selection of a contractor. The anticipated project completion date is now June 30, 2012.

It is further requested that Item 6110-491 be added to conform to this action.

6110-491. Reappropriation, Department of Education. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance or expenditure until June 30, 2012:

0890-Federal Trust Fund:

- 1) Provision 33 of Item 6110-001-0890, Budget Act of 2008 (Chapters 268 and 269, Statutes of 2008)

STAFF COMMENTS:

- **Per Pupil Funding Comparisons Reflect Differences in Severity of Offenders.** According to the LAO comparisons for 2008-09, the state currently provides approximately **\$15,343** per student for county court schools and **\$20,399** per student at DJJ. It appears reasonable that DJJ schools earn more funding since they are serving more serious and violent juvenile offenders.
- **Population Declining for Both DJJ and County Court Schools Which Has Created Proposition 98 Savings.** It is interesting to note that the population of juvenile offenders committed to DJJ and county court schools has been declining for both systems for more than ten years. While Chapter 175 (2007) prohibits counties from committing non-violent and non-serious offenders to DJJ, county court school ADA has not increased. Instead, ADA reductions seem to be associated with a decline in the juvenile population and juvenile arrest rates.
- **County Court Schools Have Lost Revenue Limit and Categorical Funds as a Part of Statewide K-12 Reductions.** In addition to funding losses associated with decreasing student ADA, base revenue limits were reduced by **\$3.9 million** in 2008-09 and **\$6.0 million** 2009-10 for court schools. These decreases were enacted as a part of reductions for all K-12 revenue limit programs for school districts and county offices of education over the last two years as a result of the state's budget shortfall.
- **Governor Proposes Further Base Revenue Limit Cuts in 2010-11.** The Governor proposes additional base revenue limit reductions of **\$4.9 million** for county court schools, as a part of **\$1.5 billion** in revenue limit cuts for school districts and county offices of education in 2010-11. In addition, The Governor proposes to apply a

negative COLA of -0.39 percent for all revenue limit and categorical programs subject to statutory adjustments.

- **No Need to Shift Proposition 98 Savings from DJJ to Court Schools.** Proposition 98 funding is provided automatically through revenue limit and categorical funds for students committed to county court schools. The Governor proposes to use DJJ Proposition 98 savings – as well as county court school savings - to offset other K-12 program reductions in 2010-11, more specifically revenue limit programs. Therefore, any increases dedicated to court schools will require commensurate reductions to other K-12 revenue limit programs for school districts and county offices.
- **Any Court School Funding Adjustments Should Work Within Existing Formulas.** County court schools receive Proposition 98 funding through existing revenue limit and categorical program formulas. If the Legislature is interested in increasing funding for court schools, adjustments should be made within existing funding formulas in order to retain ties to workload and program need.
- **Residential Model of Funding Removes Important Attendance Incentives.** This model changes funding from a school attendance basis to a population basis. All other revenue limit programs for school districts and county offices utilize average daily attendance as the measure of the school population, in large part to maintain funding incentives for student attendance. While confinement in court schools should lead to high attendance rates, access to a full instructional day (240 minutes) remains an issue for some court school students, as evidenced by lawsuits filed with county court schools in California. While this model would presumably increase funding for juvenile court schools, it does not ensure that the youth who would earn additional funding would have access to appropriate educational programs or services to address their unique needs. Further, the model does not increase accountability systems for ensuring that youth attend school.
- **Need to Improve Court School Access to Existing Categorical Funding Streams.** Court schools generally earn state categorical funds for various student counts through the county office of education, which in turn allocates funds to court schools and other programs. County offices of education are not eligible to receive as many categorical funds as school districts. Among the largest categorical programs, county offices are not eligible to receive funds from the Economic Impact Aid (EIA) program. According to CDE, county court schools could earn between **\$2.7 million** and **\$3.1 million** statewide from EIA, which would provide important additional resources for economically disadvantaged students and English learners. As a result, court schools would be included in the Categorical Program Monitoring (CPM) process – to strengthen CDE oversight and technical assistance for court schools.
- **County Offices Statewide Could Benefit from Special Education Equalization in the Long Term.** County offices of education are eligible to receive funding from special education -- the largest, state funded K-12 categorical program. Special education funding is allocated through more than 100 Special Education Local Planning Areas (SELPA) based upon student ADA. Historically, SELPA funding rates have been very unequal statewide. Chapter 854; Statutes of 1997 (AB 602)

began a multi-year process to equalize funding by bringing all SELPAs up to the statewide average, as calculated at that time. However, SELPA rates have never been fully equalized. In general, many county offices of education statewide continue to receive funding below the statewide average, compared to school districts. For example, while the LACOE Court School has its own SELPA funding rate, the remaining five LACOE SELPAs earn less than **\$640** per ADA. In contrast, the LAUSD SELPA earns **\$718** per ADA. Because funding is calculated on total student ADA, not just special education student counts, special education equalization tied to the current statewide target could generate **\$7.4 million** more in annual funding for just LACOE SELPAs alone. Special education equalization is expensive statewide – approximately \$100 million in ongoing costs to bring SELPAs to the current statewide average – so this is a long term consideration, once the state budget experiences healthy growth again.

- **Other Existing County Funding Approaches Should Be Explored for Court Schools.** The Legislature may wish to explore other funding options to augment funding for county court schools:
 - **LACOE Special Education Model.** LACOE has six of its own SELPAs, including a separate SELPA just for its court schools. LACOE is the only county in the state that has a court school SELPA. Under this arrangement, special education funds are earned and expended by the LACOE courts school SELPA. In all other counties in the state, funding is earned at the county level and then allocated to court schools by one or more SELPAs. Reportedly, the LACOE SELPA was created to increase the amount of funding earned by the court school and guarantees that funds are spent for court schools. This arrangement may have benefits for court schools in other counties in the state.
 - **School District Fees.** Most county offices bill back school districts for the costs of their instructional programs for their resident students. However, only one county – San Diego - charges for the excess costs of their court programs and services. Specifically, San Diego County has an agreement with its school districts and SELPAs to pay the excess costs of special education for their resident students.
- **Need to Better Align Court School and Alternative School Funding.** The Legislature could also reexamine the funding levels for court schools and alternative school programs to make sure that formulas are aligned to programmatic need and reflect an effective local continuum of programs. In particular, court school rates, community school, and community day school rates should be harmonized. The LAO published a report in 2007 entitled *Improving Alternative Education in California* – which highlights differences in the funding rates for alternative programs and recommends an alternative funding formula. The alternative funding formula would require six hours of instruction daily – more than currently required for alternative schools. The new funding formula would also reinforce school district responsibility for creating effective options and create a stronger safety net for students.

- **Other Prevention Programs and After-Care Programs May Hold Promise for Preventing Court School Commitments.** For example:
 - **Soledad Charter School Funding.** The Soledad Enrichment Action Charter School – as approved by LACOE -- serves approximately 1,600 pupils at approximately 18 schools sites and is considered a successful program in improving educational outcomes for at-risk students and keeping them away from crime. While not a court school, the Soledad Charter School receives a special funding rate – higher than charter school rates and higher than county court school rates – to assist students with multiple educational risks. More specifically, the Soledad Charter School receives community day school funding, which provides supplemental funding on top of the county court school rate. This equates to a per pupil funding rate of approximately **\$10,608** in 2009-10. In contrast, per pupil court school rates are set at **\$8,527** in 2009-10. As authorized by Chapter 58; Statutes of 1997, Soledad Charter School is the only charter school in the state with this special rate. Students typically attend the school for one or two semesters and then return to their regular schools. As such, this might be an important program for preventing court school placements. [In 2006, SB 1170 (Alquist) would have authorized charter schools for at-risk students in Santa Clara County to receive the community day school rates.] The Soledad Charter School also receives state funding from the Charter Schools Facility Grant Program to offset up to 75 percent of its facility rental and lease costs.

- **Need for Improved Court School Accountability and Oversight.** County court schools are included in the state’s Alternative Schools Accountability Model (ASAM) system. In its 2007 report – Improving Alternative Education – the LAO found that the existing ASAM system is ineffective. Per the LAO, data provided by the existing system does not permit an evaluation of student progress at the most basic levels. As a result, the LAO recommended complete overhaul of the ASAM system. The LAO also found that other state and federal accountability systems are not adequately holding schools and districts responsible for the achievement of students in alternative programs. While the LAO did not specifically include court schools in their review, some of its criticisms of ASAM apply to court schools. For example, alternative schools are free to choose three performance measures among 14 indicators. Different measures make statewide comparisons difficult. In addition, most of the 14 indicators in ASAM are not direct measures of student achievement. Most importantly, the LAO recommended that any changes in the funding formula for alternative schools be accompanied by improvements in accountability.

STAFF RECOMMENDATIONS:

For action today:

1. Staff recommends that the Subcommittee approve the DOF April Letter request to extend expenditure authority for \$1.7 million in one-time federal Title III funds one additional year in order to complete the technical assistance to DJJ and courts schools.

OUTCOME: Approved DOF April Letter. (Vote: 3-0)

For consideration when the Full Committee takes final actions on May Revise Proposition 98 Issues:

1. Staff recommends that the Subcommittee hold court schools harmless from further revenue limit reductions in 2010-11 when the Subcommittee takes final actions for May Revise. This will allow county court schools to retain approximately **\$4.9 million** in revenue limit funds in 2010-11.
2. Staff recommends that the Subcommittee adopt Supplemental Report Language requiring the LAO to identify options as a part of the 2011-12 budget to (1) improve access to existing state and federal categorical funding – including Economic Impact Aid -- for county court schools; and (2) compare court school funding with funding rates for other alternative programs.
3. Staff recommends that the Subcommittee take budget action to require the Fiscal Management and Crisis Team to conduct a fiscal assessment of the LACOE court schools.

SUGGESTED QUESTIONS:

1. Amid local concerns about a shift of juvenile offenders from DJJ to county court schools, county court school ADA statewide has been falling steadily for more than ten years. Court school ADA is estimated to fall another 12 percent from 2008-09 to 2009-10. Is this trend likely to continue?
2. Why is San Diego County the only county that charges fees to school districts for excess court school costs? Could other counties take this approach?
3. Can CDE explain why some categorical programs - such as Economic Impact Aid – are not available to county offices of education and court schools?
4. Do county court schools receive community college funding for students who have completed their secondary education? Are county court schools eligible to receive Adult Education funding?
5. Can county offices utilize reimbursements from the LEA Medi-Cal Billing Option for supplemental services to court school students? The types of reimbursement

services provided by the Medi-Cal Billing Option would seem to be very beneficial for these students.

6. Does CDE routinely monitor county court schools? Does CDE include court schools in its Categorical Program Monitoring (CPM) Reviews? In particular, how is CDE assuring that court schools are providing a minimum of 240 minutes of daily instruction to students?
7. What has CDE learned from the limited-term technical assistance projects for English Learner programs and Special Education programs at court schools?
8. Does the Alternative Schools Accountability Model (ASAM) provide an effective accountability system for county court schools? How will changes currently underway for ASAM improve accountability for court schools? What is the timeline for implementation of these changes?
9. Why did CDE initially disapprove the LACOE budget in 2009-10? Does CDE believe the LA County audit of LACOE – conducted by School Services of California (SSC) – pinpoints the fiscal problems? Is CDE satisfied that the report’s basic recommendation is to increase funding via a residential funding model? (Per the SCC report, the “model was assembled from data and concepts developed by a variety of agencies, individuals, and School Services of California, Inc.”)
10. Is CDE aware of the U.S. Department of Justice Memorandum of Understanding with LACOE court schools? What is CDE’s role in providing oversight and technical assistance?