Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 1 Agenda

Senator Anthony J. Portantino, Chair
Senator Hannah-Beth Jackson
Senator John M. W. Moorlach

Thursday, March 9, 2017
9:30 a.m. or upon adjournment of session
State Capitol - Room 3191

Consultants: Elisa Wynne and Anita Lee

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6100 DEPARTMENT OF EDUCATION

Issue 1: Fiscal Crisis and Management Assistance Team – Update on K-12 School District Fiscal Health (Information Only)

Description:

The Fiscal Crisis and Management Assistance Team (FCMAT) provides a statewide resource to help monitoring agencies in providing fiscal and management guidance and helps local education agencies (LEAs), school districts, county offices of education (COEs), and charter schools, as well as community college districts, fulfill their financial and management responsibilities. Lead FCMAT staff will provide a presentation on the financial status of local education agencies, including an update on the number of these agencies with negative and qualified certifications on the latest financial status reports and the status of state emergency loans.

Panel:

- Joel Montero, Chief Executive Officer, FCMAT
- Mike Fine, Chief Administrative Officer, FCMAT

Background:

Assembly Bill 1200 (Eastin), Chapter 1213, Statutes of 1991, created an early warning system to help LEAs avoid fiscal crisis, such as bankruptcy or the need for an emergency loan from the state. The measure expanded the role of COEs in monitoring school districts and required that they intervene, under certain circumstances, to ensure districts can meet their financial obligations. The bill was largely in response to the bankruptcy of the Richmond School District, and the fiscal troubles of a few other districts that were seeking emergency loans from the state. The formal review and oversight process requires that the county superintendent approve the budget and monitor the financial status of each school district in its jurisdiction. COEs perform a similar function for charter schools, and the California Department of Education (CDE) oversees the finances of COEs. There are several defined "fiscal crises" that can prompt a COE to intervene in a district: a disapproved budget, a qualified or negative interim report, or recent actions by a district that could lead to not meeting its financial obligations.

Beginning in 2013-14, funding for COE fiscal oversight was consolidated into the Local Control Funding Formula (LCFF) for COEs. COEs are still required to review, examine, and audit district budgets, as well as annually notify districts of qualified or negative budget certifications, however, the state no longer provides a categorical funding source for this purpose.

AB 1200 also created FCMAT, recognizing the need for a statewide resource to help monitoring agencies in providing fiscal and management guidance. FCMAT also helps LEAs fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training, and other related services. FCMAT also includes the California School Information Services (CSIS). LEAs and community colleges can proactively ask for assistance from FCMAT, or the Superintendent of Public Instruction (SPI), the county superintendent of schools, the FCMAT Governing Board, the California Community Colleges Board of Governors or the state Legislature can assign FCMAT to intervene or provide assistance. Ninety percent of FCMAT's work is a result of an LEA inviting FCMAT to perform proactive, preventive services, or professional development. Ten percent of FCMAT's work is a result of assignments by the state Legislature and oversight agencies to conduct fiscal crisis intervention.

The office of the Kern County Superintendent of Schools was selected to administer FCMAT in June 1992. The Governor's 2017-18 budget maintains funding for FCMAT at $5.3 million Proposition 98 General Fund for FCMAT functions and oversight activities related to K-12 schools and $570,000 for FCMAT to provide support to community colleges.

Interim Financial Status Reports. Current law requires LEAs to file two interim reports annually on their financial status with the CDE. First interim reports are due to the state by December 15 of each fiscal year; second interim reports are due by March 17 each year. Additional time is needed by the CDE to certify these reports.

As a part of these reports, LEAs must certify whether they are able to meet their financial obligations. The certifications are classified as positive, qualified, or negative.

- A positive certification is assigned when an LEA will meet its financial obligations for the current and two subsequent fiscal years.
- A qualified certification is assigned when an LEA may not meet its financial obligations for the current and two subsequent fiscal years.
- A negative certification is assigned when an LEA will be unable to meet their financial obligations in the current year or in the subsequent fiscal year.

AB 1200 states the intent that the legislative budget subcommittees annually conduct a review of each qualifying school district (those that are rated as unlikely to meet their fiscal operations for the current and two subsequent years), as follows: "It is the intent of the Legislature that the legislative budget subcommittees annually conduct a review of each qualifying school district that includes an evaluation of the financial condition of the district, the impact of the recovery plans upon the district's educational program, and the efforts made by the state-appointed administrator to obtain input from the community and the governing board of the district."

First Interim Report. The first interim report was published by CDE in February 2017 and identified three LEAs with negative certifications. These LEAs will not be able to meet their financial obligations for 2016-17 or 2017-18, based on data generated by LEAs in Fall 2016, prior to release of the Governor's January 2017-18 budget. The first interim report also identified 28 LEAs with qualified certifications. LEAs with qualified certifications may not be able to meet their financial obligations for 2016-17, 2017-18 or 2018-19.

Second Interim Report. The second interim report, which covers the period ending January 31, 2016, has not been verified and released by CDE at this time.

Negative Certification	
First Interim Budget Certifications	
County:	District:
Placer	Colfax Elementary
San Luis Obispo	San Miguel Joint Union
San Mateo	San Bruno Park Elementary

Qualified Certification	
First Interim Budget Certifications	
County:	District:
Alameda	Newark Unified
Alameda	Oakland Unified
Butte	Bangor Union Elementary
Butte	Feather Falls Union Elementary
Calaveras	Calaveras Unified
Contra Costa	Knightsen Elementary
El Dorado	Black Oak Mine Unified
El Dorado	Gold Trail Union Elementary
Inyo	Lone Pine Unified
Los Angeles	Covina-Valley Unified
Los Angeles	Inglewood Unified
Los Angeles	Los Angeles Unified
Los Angeles	Montebello Unified
Madera	Yosemite Unified
Marin	Sausalito Marin City
Marin	Union Joint Elementary
Orange	Saddleback Valley Unified
Riverside	Temecula Valley Unified
Sacramento	Galt Joint Union High
San Bernardino	Baker Valley Unified
San Bernardino	Colton Joint Unified
San Bernardino	Rim of the World Unified
San Diego	Julian Union High
San Diego	San Diego Unified
Santa Barbara	Hope Elementary
Santa Clara	Lakeside Joint
Sonoma	Santa Rosa Elementary
Sonoma	Santa Rosa High
Somona	West Sonoma County Union High
Tuolumne	Curtis Creek Elementary
Tuolumne	Sonora Union High

Source: California Department of Education

Looking back to 2001-02, the number of negative certifications in the second interim peaked in 2008-09 at 19, while the number of qualified certifications peaked in 2011-12 at 176

State Emergency Loans. A school district governing board may request an emergency apportionment loan from the state if the board has determined the district has insufficient funds to meet its current fiscal obligations. Existing law states the intent that emergency apportionment loans be appropriated through legislation, not through the budget. The conditions for accepting loans are specified in statute, depending on the size of the loan. For loans that exceed 200 percent of the district's recommended reserve, the following conditions apply:

- The State Superintendent of Public Instruction (SPI) shall assume all the legal rights, duties, and powers of the governing board of the district.
- The SPI shall appoint an administrator to act on behalf of the SPI.
- The school district governing board shall be advisory only and report to the state administrator.
- The authority of the SPI and state administrator shall continue until certain conditions are met. At that time, the SPI shall appoint a trustee to replace the administrator.

For loans equal to or less than 200 percent of the district's recommended reserve, the following conditions apply:

- The SPI shall appoint a trustee to monitor and review the operation of the district.
- The school district governing board shall retain governing authority, but the trustee shall have the authority to stay and rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district.
- The authority of the SPI and the state-appointed trustee shall continue until the loan has been repaid, the district has adequate fiscal systems and controls in place, and the SPI has determined that the district's future compliance with the fiscal plan approved for the district is probable.

State Emergency Loan Recipients. Nine school districts have sought emergency loans from the state since 1991. The table below summarizes the amounts of these emergency loans, interest rates on loans, and the status of repayments. Five of these districts: Coachella Valley Unified, Compton Unified, Emery Unified, West Fresno Elementary, and Richmond/West Contra Costa Unified have paid off their loans. Four districts have continuing state emergency loans: Oakland Unified, South Monterey County Joint Union High (formerly King City Joint Union High), Vallejo City Unified, and Inglewood Unified School District. The most recently authorized loan was to Inglewood Unified School District in 2012 in the amount of $55 million from the General Fund and the California Infrastructure and Economic Development Bank (I-Bank). Of the four districts with continuing emergency loans from the state, Inglewood Unified School District is the only district under state administration and both Inglewood Unified School District and Oakland Unified School District are on the qualified certification list in the first interim report in 2016-17.

Emergency Loans to School Districts
1990 through 2015

District	State Role	Date of Issue	Amount of State Loan	Interest Rate	Amount Paid	Pay Off Date
Inglewood Unified	Administrator	11/15/12 11/30/12 02/13/13	$7,000,000 $12,000,000 $10,000,000 $29,000,000 ($55 million authorized)	2.307%	$3,663,968	11/01/33 GF
South Monterey County Joint Union High (formerly King City Joint Union High)	Administrator	07/22/09 03/11/10 04/14/10	$2,000,000 $3,000,000 $8,000,000 $13,000,000	2.307%	$6,722,196	October 2028 I-bank
Vallejo City Unified	Administrator Trustee	06/23/04 08/13/07	$50,000,000 $10,000,000 $60,000,000	1.5%	$40,313,820	January 2024 I-bank 08/13/24 GF
Oakland Unified	Administrator Trustee	06/04/03 06/28/06	$65,000,000 $35,000,000 $100,000,000	1.778%	$71,525972	January 2023 I-bank 6/29/26 GF
West Fresno Elementary	Administrator Trustee	12/29/03	$1,300,000 ($2,000,000 authorized)	1.93%	$1,425,773 No Balance Outstanding	12/31/10 GF
Emery Unified	Administrator Trustee	09/21/01	$1,300,000 ($2,300,000 authorized)	4.19%	$1,742,501 No Balance Outstanding	06/20/11 GF
Compton Unified	Administrators Trustee	07/19/93 10/14/93 06/29/94	$3,500,000 $7,000,000 $9,451,259 $19,951,259	4.40% 4.313% 4.387%	$24,358,061 No Balance Outstanding	06/30/01 GF
Coachella Valley Unified	Administrators Trustee	06/16/92 01/26/93	$5,130,708 $2,169,292 $7,300,000	5.338% 4.493%	$9,271,830 No Balance Outstanding	12/20/01 GF
West Contra Costa Unified (formerly Richmond Unified)	Trustee Administrator Trustee	08/1/90 01/1/91 07/1/91	$2,000,000 $7,525,000 19,000,000 $28,525,000	1.532% 2004 refi rate	$47,688,620 No Balance Outstanding	05/30/12 I-bank

Source: California Department of Education

Staff Comments:

The General Fund revenue projections in the Governor's Budget mark a departure from the past few years. Since 2013-14, LEAs have received funds each year, mostly through LCFF allocations, in large amounts, reflecting the state's strong revenue growth. The proposed budget for 2017-18 includes estimates for much slower revenue growth, resulting in allocations for LCFF and other programs that grow only by COLA. In addition, LEAs are absorbing increases in costs, such as contributions to the State Teachers Retirement System and rising healthcare and minimum wage costs. The Legislature should continue to closely monitor the fiscal health of LEAs as these local cost pressures continue to roll out over the next few years with slowing Proposition 98 growth.

Suggested Questions:

1) What trends does FCMAT see across the state for LEAs that need assistance in managing their financial responsibilities? What does FCMAT see as the most important challenge LEAs currently face?

2) One of FCMATs responsibilities is to complete audits of school districts in special circumstances as requested by county offices of education. Has the need for these type of audits changed over time?

3) How has the work of FCMAT changed over the past few years to support LEAs as they align their management and budget systems with the requirements of the LCFF?

Staff Recommendation: Information only

Issue 2: K-14 Education Mandates

Panel:

- Dan Kaplan, Legislative Analyst's Office
- Ed Hanson, Department of Finance
- Kim Leahy, Department of Finance
- Debra Brown, Department of Education

Background:

The concept of state reimbursement to local agencies and school districts for state-mandated activities originated with the Property Tax Relief Act of 1972, SB 90 (Dills), Chapter 1406, Statutes of 1972, known as SB 90. The primary purpose of the act was to limit the ability of local agencies and school districts to levy taxes, however it also included provisions to require the state to reimburse local governments when they incurred costs as the result of state legislation. In 1979, Proposition 4 (superseding SB 90) was passed by voters, amending the California Constitution to require local governments to be reimbursed for new programs or higher levels of services imposed by the state. In response to Proposition 4, the Legislature created the Commission on State Mandates (CSM) to hear and decide upon claims requesting reimbursement for costs mandated by the state.

In the area of K-14 education, school districts, county offices of education (COEs), and community colleges, collectively referred to as local educational agencies (LEAs), can file mandate claims to seek reimbursement. Charter schools have filed mandate claims in the past and the CSM disapproved the claims stating that a charter school is voluntarily participating in the charter program and therefore their activities are not mandates. In addition, a charter school is not considered a school district under the Government Code sections that allow for the claiming of reimbursement. However, charter schools are required, as a course of operation, to provide some of the same programs, or higher levels of service for which other education agencies may file mandate claims and receive reimbursement.

Mandate Reimbursement Process. A test claim must be filed within 12 months of the effective date of the activity. The CSM first determines whether an activity is a mandate. Generally, a new program or higher level of service for a local government may not be considered a reimbursable mandate if 1) it is a federally-required program or service; 2) it is the result of a voter-approved measure; 3) it is the result of an optional or voluntary activity; 4) it has offsetting saving or revenues designated for that purpose; or 5) the requirement was enacted prior to 1975. The test claim must include detailed information on the enacting statutes or executive orders, mandated activities, and costs incurred as a result.

If the CSM determines the program or service to be a reimbursable mandate, the next step is for the CSM to approve "Parameters and Guidelines" that identify the eligible claimants, activities, costs, and time-period as needed for LEAs to file claims. The State Controller's Office (SCO) then issues claiming instructions and LEAs file initial claims, followed by annual claims for reimbursement. The SCO reviews, approves, and audits a sample of claims. After the initial claims are filed for a reimbursable state mandate, the SCO aggregates these costs and provides a statewide cost estimate for adoption by the CSM. These statewide cost estimates are reported to the Legislature and used to estimate ongoing state mandate costs and the backlog of unpaid mandate claims.

The mandates reimbursement process has some identified shortcomings. The process often takes years for decisions to be reached, allowing potentially significant costs to accrue prior to initial claims and delaying a decision by the state to suspend or amend the requirements. Reimbursements under this process are based on actual costs; therefore LEAs may lack an incentive to perform required activities as efficiently as possible. In addition, reimbursement on an annual basis requires potentially significant bureaucratic workload for LEAs to keep required records for all of the various mandated activities. Also, depending on the amount of reimbursement available, not all LEAs may file a claim; those with less administrative capacity may simply absorb the costs of the mandate. The reverse is likely also true; LEAs with the necessary administrative resources may more aggressively pursue reimbursement, resulting in uneven funding for the same mandated activities.

In order to simplify the process, in 2004 the state created the Reasonable Reimbursement Methodology (RRM). Rather than requiring LEAs to submit detailed documentation of actual costs, RRM uses general allocation formulas or other approximations of costs approved by the CSM. Only three school mandates currently have approved RRMs.

Payment of Mandates. Over the years, as the cost and number of education mandates has grown, the state began to defer the full cost of education mandates for multiple years at a time, paying claims on an inconsistent schedule, mostly when one-time funds are available. After deferring payments for years, in 2006, the state provided more than $900 million in one-time funds for state mandates, retiring almost all district and community college mandate claims (plus interest) through the 2004-05 fiscal year. However on a regular ongoing basis, the state continues to defer the cost of roughly 50 education mandates, but still requires LEAs to perform the mandated activity by providing a nominal amount of money ($1,000) for each activity.

There have been some attempts to force the state to pay mandate claims. For example, Proposition 1A, approved by the state's voters in 2004, required the Legislature to appropriate funds in the annual budget to pay a mandate's outstanding claims, "suspend" the mandate (render it inoperative for one year), or "repeal" the mandate (permanently eliminate it or make it optional). The provisions in Proposition 1A, however, do not apply to K-14 education. In addition, in 2008, a superior court found the state's practice of deferring mandate payments unconstitutional, however constitutional separation of powers means the courts cannot force the Legislature to make appropriations for mandates.

More recently the state has had significant one-time Proposition 98 funding available and has made sizeable payments towards the mandates backlog. After 2013-14, the LAO estimated that the mandates backlog reached a high of approximately $4.5 billion. The 2014-15 Budget Act, provided $450 million to pay K-14 mandates. The 2015-16 Budget Act, provided an additional $3.8 billion for mandates and the 2016-17 Budget Act provided $1.4 billion. In each of these years, the funds were not apportioned for specific claims, but provided on an equal amount per average daily attendance (ADA) for K-12 and per full time equivalent student (FTES) for community colleges. Charter schools were also included in the per ADA allocation although they do not have mandate claims. This payment methodology acknowledges that all LEAs and community colleges were required to complete mandated activities, but for a variety of reasons, not all LEAs and community colleges submitted claims.

Recent K-14 Mandate Backlog Payments

	2014-15	2015-16	2016-17
K-12 Education (In millions)	**$400**	**$3,205**	**$1,281**
Per ADA Rate (In whole dollars)	$67	$529	$214
Community Colleges (In millions)	**$50**	**$632**	**$106**
Per FTES Rate (In whole dollars)	$45	$556	$91
Total (In millions)	**$450**	**$3,837**	**$1,387**

Does not account for leakage.
Source: Department of Finance

This payment methodology has a significant limitation in its ability to fully pay off remaining mandate claims. The per ADA and FTES methodology results in "leakage", or the amount of the one-time payments that does not count against the mandate backlog because it was provided to LEAs or community colleges that did not submit claims or whose claims have already been paid off. As the state pays off more of the mandate backlog, the amount of leakage becomes more significant. With fewer LEAs that have remaining claims on the books, additional funding provided on a per ADA and per FTES basis has a diminishing return on reducing the backlog as the remaining claims become concentrated in those LEAs with high per-student claims.

Remaining Mandates Backlog. The Administration roughly estimates that after the 2016-17 payments are applied to the mandates backlog, the remaining balance of unpaid claims totals approximately $1.6 billion for K-12 mandates and $264 million for the California Community College mandates. This includes an estimate that the $1.4 billion provided in 2016-17 reduces mandate claims by approximately $802 million. However, the SCO has not yet applied this funding to claims, so actuals are not yet available. In addition, some mandates are currently involved in litigation and the SCO has not applied the CSM ruling on offsetting revenue pending completion of the lawsuit. The LAO takes into account pending litigation and adjusts the backlog down to $1.3 billion. The estimation of the actual amount of the backlog is complicated by a variety of factors, mandates claims continue to accrue on an annual basis, there is a lag in the SCO application of new one-time funds towards claims, and as a result in the calculation of leakage, claims continue to be subject to audit, and some statewide mandate costs are involved in litigation.

Mandates Block Grant. As an alternative to the traditional mandates claims process and to help create more certainty for LEAs in the payment of mandates, in the 2012-13 budget, the state created two block grants for education mandates: one for school districts, COEs, and charter schools (for which some mandated activities apply) and another for community colleges. Instead of submitting detailed claims that track the time and money spent on each mandated activity on an ongoing basis, LEAs can choose to receive block grant funding for all mandated activities included in the block grant. The mandates block grant does not reflect the actual statewide costs estimates for each included mandate.

Block Grant Funding and Participation. The 2016-17 budget includes a total of $251 million for the mandates block grants ($219 million for schools and $32 million for community colleges). Block grant funding is allocated to participating LEAs on a per-pupil basis, based on ADA or FTES. The rate varies by type of LEA and by grade span, due to the fact that some mandates only apply to high schools. The per-pupil rates are as follows:

- School districts receive $28.42 per student in grades K-8 and $56 per student in grades 9-12.
- Charter schools receive $14.21 per student in grades K-8 and $42 per student in grades 9-12.
- County offices of education (COEs) receive $28.42 per student in grades K-8 and $56 per student in grades 9-12 for students they serve directly, plus an additional $1 for each student within the county. (The $1 add–on for COEs is intended to cover mandated costs largely associated with oversight activities, such as reviewing district budgets.)
- Community colleges receive $28 per student.

Most school districts and COEs, and virtually all charter schools and community college districts, have opted to participate in the block grant. Specifically, in 2016-17, the LEAs participating in the block grant serve about 95 percent of LEAs, including charter schools, and 99 percent of ADA and 100 percent of community college districts and FTES.

New Education Mandates. New mandate claims continue to be filed on an ongoing basis and generally, once the CSM has adopted the statewide cost estimate, this amount is added to the mandates backlog. In addition, the state must make a determination about whether to add new mandates to the block grant and correspondingly increase the mandates block grant and by what amount. Finally, if the state is not going to suspend the mandate, generally a minimal appropriation of $1,000 is provided in the annual budget act towards the costs of the mandate.

In 2014, AB 1432 (Gatto), Chapter 797 was enacted to require school districts to train staff in the detection and reporting of child abuse. This law was introduced to ensure that individuals in specified professions, including many school staff members, who are “mandatory reporters” (those who must report child abuse or neglect to law enforcement or county welfare agencies) as a result of an earlier law, are given the tools to properly carry out their required duties. No additional funding was provided to school districts for this training when the law was enacted and mandate claims were subsequently filed. In 2015, the CSM determined that the training of mandatory reporters, reporting to the school's governing board upon completion of training, and reporting to the CDE if alternate materials other that the state's online training module were used, were activities that constitute a reimbursable state mandate. The CSM subsequently released a statewide cost estimate for annual costs of $32.4 million for employee training, $5.4 million for reporting to CDE, and $2.7 million in indirect costs, a total of $40.5 million. CSM staff generated these numbers by identifying the total number of school employees statewide (589,320), the average hourly compensation of these employees ($55) and the average amount of time to complete training (1 hour). For reporting and indirect costs, CSM staff reviewed 19 submitted claims.

<u>Governor’s Proposal</u>:

The Governor proposes to provide $287 million for school districts, county offices, and charter schools in one–time discretionary Proposition 98 funds. These funds would offset any existing mandate claims for LEAs. Similar to prior years, this funding would be allocated on a per ADA basis. LEAs can use their funds for any purpose, however the Governor includes language suggesting that school districts, COEs, and charter schools dedicate their one–time funds to implementation of Common Core State Standards, technology, professional development, induction programs for beginning teachers, and deferred maintenance.

Providing funds on a per ADA basis means that all LEAs, including charter schools, would receive some funding, regardless of whether they had submitted mandate claims, or the dollar amount of their outstanding claims. As a result, the entire $287 million will not offset the mandates backlog, but rather some lesser portion of the total, as determined by the SCO. The LAO estimates this offset amount to be approximately $102 million.

The Governor provides $226.5 million for the K-12 mandates block grant and $32 million for the community colleges mandates block grant. The Governor's proposed funding for the K-12 mandates block grant includes the addition of the new mandatory reporters training and reporting requirements mandate to the mandates block grant with an annual increase to the block grant of $8.5 million (approximately 20 percent of the statewide cost estimate developed by the CSM.) The Administration estimate differs from the CSM, based on the Administration's review of claims, with the largest difference adjusting the average time of training to 15 minutes per employee. The Governor did not provide a COLA for the mandates block grant.

LAO Analysis and Recommendations

The LAO's recent report, *The 2017-18 Budget: Proposition 98 Education Analysis*, analyzes the mandates backlog. The LAO continues to have concerns, as in past years, that the Administration is not effectively paying down the mandates backlog. The LAO notes that because many LEAs no longer have claims, paying off mandates by providing a per-ADA payment to all LEAs would be an exceptionally costly way to eliminate the mandates backlog. In the LAO's 2016-17 analysis of Proposition 98, the LAO proposed a different approach to paying off the claims, which would require one-time payments to all LEAs with the requirement that those who received funds wrote off all remaining claim balances, The LAO continues to recommend that the Legislature take a more strategic approach to reducing the mandates backlog.

The LAO also notes that the Governor's proposal to add the mandatory reporter training mandate to the mandates block grant is underfunding the mandates costs. The LAO recommends instead adding this new mandate and $41.9 million to the mandates block grant, $33.4 million more than is included in the Governor's budget. The LAO's estimate is based on the CSM statewide costs estimate, but is adjusted to better capture all school employees affected by this mandate. The LAO notes that these mandated activities are important to ensuring child abuse and neglect are properly identified and can lead to an improvement in a child's welfare. Based on the available data that led to the passage of the legislation that required the training, many districts were not providing training for mandatory reporting before it was required.

The LAO also recommends adding a second mandate, for activities related to the California Assessment of Student Performance and Progress (CAASPP) and $25 million to the mandates block grant. The CAASPP is the suite of assessments the state has developed to assess students on the new statewide academic content standards. The new assessments are computer-based and require a computing device and internet access at appropriate speeds. The state has provided significant one-time funding to offset the costs of transitioning to the CAASPP. In 2013-14, the state provided $1.25 billion to LEAs to be used for professional development, standards-aligned instructional materials, and technology. LEAs reported spending $577 million of this funding on technology, including computing devices and technology infrastructure. In addition, the one-time funds provided for mandate backlog reduction in each of the past three years could be used for any purposes, including to implement new assessments. Finally, the state created a program in 2014-15 called the Broadband Infrastructure Investment Grant program. The state has provided $77 million for the program thus far and funds are used to assist schools who were unable to administer the statewide tests or had low internet capacity in upgrading their systems. The CSM determined that test claims filed for a CAASPP mandate did constitute a reimbursable mandate for the following activities: compliance with new minimum technology requirements for giving the exam, oversight of computer-based testing, scoring, and reporting among other administrative tasks. The CSM estimates 2015-16 costs for the mandate to be $77 million. The LAO estimate takes into account that nearly all schools had the minimum internet access required if testing was done across the whole testing window and adjusts the cost of computing devices to come to their $25 million estimate. The LAO also recommends moving the CAASPP-associated apportionment funding to the block grant, totaling approximately $12.8 million. This is funding provided to LEAs per test-taking student to offset the costs of testing students. This funding is currently provided through the testing budget item and includes language that specifies that funds are to offset any mandated costs. The Administration has not proposed adding the CAASPP to the mandates block grant at this time.

Staff Comments

Significant progress has been made in paying down the mandates backlog over the past few years with the additional benefit that LEAs have received unrestricted one-time resources as the economy has recovered and they build back programs for their students. However, during this same time period, there have been significant education reforms, including new academic content standards and assessments that have required significant professional development, instructional materials, and technology upgrades. The Legislature may wish to consider whether to continue to provide unrestricted funds that count towards paying off the mandate backlog, or whether, since the percentage of leakage means that the majority of those funds do not reduce the mandates backlog, they should be instead specifically targeted to priority areas.

For the LEAs (95 percent) that participate in the mandates block grant, upfront funding, albeit reduced funding, for mandated activities makes sense from an operations standpoint rather than waiting for claims to be paid on an unknown schedule. In the past, the Administration and Legislature have negotiated and added new mandates and funding to the block grant on a case-by-case basis. As the discussion above reports, there are two potential mandates that may be added to the block grant. Ensuring that an adequate amount of funding is provided for mandated activities will continue to ensure the near-universal participation in the block grant process continues and that the build-up of mandate claims continues to slow. Adding the CAASPP mandate in a timely manner would also help prevent claims building up on the state's books. Finally, the Legislature may wish to add a COLA to the mandates block grant to ensure that the block grant retains its purchasing power.

Subcommittee Questions

1) Why did the DOF not apply a COLA to the mandates block grant to retain the purchasing power of the grant?

2) What factors did the DOF consider in determining the amount of funding to add to the K-12 mandates block grant for the mandatory reporter training?

3) Is the DOF considering adding the CAASPP mandate to the block grant in the May Revision? What are the pros and cons of adding the mandate at this point in time versus waiting another year?

Staff Recommendation

Hold open pending May Revision funding projections.

Issue 3: Proposition 39 Energy Efficiency Projects

Description

The California Clean Energy Jobs Act was created with the approval of Proposition 39 in the November 6, 2012 statewide general election. Under this act, specific proceeds of corporate tax revenues are allocated to the Clean Energy Job Creation Fund through 2017-18, and are available for appropriation by the Legislature for eligible projects to improve energy efficiency and expand clean energy generation. This item includes an update on projects that have been completed or are underway and the Governor's proposal for the 2017-18 expenditure of funds.

Panel:

- Dan Kaplan, Legislative Analyst's Office
- Cheryl Ide, Department of Finance
- Drew Bohan, California Energy Commission
- Debra Brown, Department of Education
- Carlos Montoya, California Community Colleges

Background:

Proposition 39 changed the corporate income tax code to require most multistate businesses to determine their California taxable income using a single sales factor method. The increase in the state's corporate tax revenue resulting from Proposition 39, is allocated half to the General Fund and half to the Clean Energy Job Creation Fund for five fiscal years, from 2013-14 through 2017-18. The Clean Energy Job Creation Fund is available for appropriation by the Legislature for eligible projects to improve energy efficiency and expand clean energy generation. For fiscal years 2013-14 through 2016-17 the state provided $1.4 billion in Proposition 39 revenue for K-12 energy efficiency projects and planning, $165.4 million for community college energy projects, and $56 million for a revolving loan program to fund similar types of projects in both segments. The state also provided smaller amounts to the California Workforce Investment Board and the California Conservation Corps.

K-12 - Local Educational Agency Proposition 39 Award Program. SB 73 (Committee on Budget and Fiscal Review), Chapter 29, Statues of 2013, establishes that 89 percent of the funds deposited annually into the Clean Energy Job Creation Fund, and remaining after any transfers or other appropriations, be allocated by the State Superintendent of Public Instruction for awards and made available to LEAs for energy efficiency and clean energy projects. Minimum grant amounts were established for LEAs within the following average daily attendance (ADA) thresholds:

- $15,000 for LEAs with ADA of 100 students or less.
- $50,000 for LEAs with ADA of 100 to 1,000 students.
- $100,000 for LEAs with ADA of 1,000 to 2,000 students.

The Energy Commission, in consultation with the Department of Education, the Chancellor's Office and the Public Utilities Commission, was required to develop guidelines for contracts with LEAs. The Energy Commission released these guidelines in December 2013.

In order to receive an energy efficiency project grant, LEAs must submit an expenditure plan to the Energy Commission outlining the energy projects to be funded. The Energy Commission reviews these plans to ensure they meet the criteria set forth in the guidelines. The Department of Education distributes funding to LEAs with approved expenditure plans. LEAs can also request funding for planning prior to submission of the plan. The Department of Education notes that as of February 2017, 1,646 LEAs have received planning funds and 1,070 have received energy project funds and the Energy Commission has approved $861 million in projects. As shown below, through 2016-17, of the total appropriated, $478 million is still unspent. In 2017-18, the Governor projects that an additional $423 million will be available. The Energy Commission is requiring LEAs to submit expenditure plans for this final amount of funding by August 1, 2017 to ensure projects can be approved in time for LEAs to encumber funds by the statutory date of June 30, 2018.

Proposition 39: Clean Energy Jobs Act
Summary of Annual Appropriations, Payments, Recoveries, and Energy Expenditure Plans (EEP) Approvals as of January 2017

Annual Budget Appropriation, Funds Paid, and Balance Available by FY

Year	Budget Authority	Planning Funds Paid	EEP Funds Paid	Funds Returned	Budget Authority Available
2013	$381,000,000	$ 153,337,778	$ 171,457,712	$1,464,859	$ 57,669,369
2014	279,000,000	239,212	205,284,975	154,210	73,630,023
2015	313,421,000	222,519	193,020,358	0	120,178,123
2016	398,800,000	501,811	171,497,820	0	226,800,369
2013–16 Subtotal	***$1,372,221,000***	***$154,301,320***	***$741,260,865***	***$1,619,069***	***$478,277,884***
2017 Proposed	422,900,000	0	0	0	422,900,000
Total	***$1,795,121,000***	***$154,301,320***	***$741,260,865***	***$1,619,069***	***$901,177,884***

EEP Approvals and Funds Paid by LEA Type

By LEA Type	EEP Approved	EEP Funds Paid	LEA Count
County Offices of Education	$ 9,132,671	$ 6,208,659	31
School Districts/State Special Schools	779,580,654	677,311,931	705
Charter Schools	72,385,819	57,740,275	334
Total	***$ 861,099,144***	***$ 741,260,865***	***1,070***

Funds Invoiced and Returned by LEA Type

By LEA Type	Invoiced	Returned	LEA County
County Offices of Education	$ -	$ -	-
Charter Schools**	$2,489,855	1,456,027	52
School District	$214,436	163,042	3
Total	***$ 2,704,291***	***$ 1,619,069***	***55***

*** 42 out of the 52 charter schools invoiced are closed (81 percent).*

Source: Department of Education

The types of projects approved for K-12 education are as follows:

Project Type	Count	Percentage of Total
Lighting	7,895	50%
Lighting Controls	1,813	11%
HVAC	2,484	16%
HVAC Controls	1,593	10%
Plug Loads	862	5%
Generation (PV)	347	2%
Pumps, Motors, Drives	325	2%
Building Envelope	237	1%
Domestic Hot Water	164	1%
Kitchen	81	1%
Electrical	49	0%
Energy Storage	42	0%
Pool	13	0%
Power Purchase Agreements	27	0%
Irrigation	3	0%
Total Projects	**9,888**	**100%**

Source: California Energy Commission

California Community College Chancellor's Office. SB 73 established that 11 percent of the funds deposited annually into the Clean Energy Job Creation Fund be allocated to the California Community College Chancellor's Office to be made available to community college districts for energy efficiency and clean energy projects.

In conjunction with the Energy Commission, the Chancellor's Office developed guidelines for districts as they plan to use Proposition 39 funds. Funding has been distributed to colleges on a per-student basis. In 2013-14, the Proposition 39 allocation was $36 per full-time equivalent students (FTES), $28 per FTES in 2014-15, $28.61 per FTES in 2015-16, and $36.55per FTES in 2016-17. The guidelines also sought to leverage existing energy efficiency programs, including partnerships most districts had with investor-owned utilities. These partnerships had been in existence since 2006, thus most college districts did not need to use Proposition 39 for planning; the planning was complete.

According to the Chancellor's Office, for fiscal year 2016-17, $19.5 million of the $49.3 million in funding has been allocated for 74 projects. The Chancellor's Office estimates annual system-wide cost savings of about $1.34 million from these projects. About 65 percent of the projects were related to upgrading lighting systems to make them more energy efficient 18 percent of the projects were related to heating, ventilation, and air conditioning projects (HVAC). The chart below indicates uses of the funding at community colleges in the past four years of Proposition 39.

The Chancellor's office reports that in the last four years, community colleges have spent $172.5 million on these projects and have achieved the following savings:

- $14.9 million in annual energy costs savings
- 78.3 million kilowatt-hours annual savings
- 1.5 million therms annual savings

The the system spent $22 million of its Proposition 39 funding on workforce development programs related to energy efficiency. Workforce development funds have been used to purchase new equipment, create and improve curriculum, and provide professional development for faculty and support for regional collaboration. Specifically, 5,409 certificates, degrees, and energy certifications were awarded in energy-related fields, such as construction, environmental controls technology and electrical and electronics technology. Moreover, 67 colleges have received Proposition 39 workforce development funds. The display below provides a breakdown of where workforce development funds were distributed.

	Prop 39 Year 1 Projects		Prop 39 Year 2 Projects		Prop 39 Year 3 Projects		Prop 39 Year 4 Projects	
Project Type	**Count**	**% of Total Projects**	**Count**	**% of Total Projects**	**Count**	**% of Total Projects**	**Count**	**% of Total Projects**
Lighting	168	56.38%	103	44.02%	95	54.60%	48	64.86%
HVAC	57	19.13%	65	27.78%	49	28.16%	13	17.57%
Controls	44	14.77%	42	17.95%	12	6.90%	9	12.16%
MBCx/RCx	13	4.36%	18	7.69%	11	6.32%	1	1.35%
Tech Assist	3	1.01%	0	0.00%	0	0.00%	0	0.00%
Self-Generation	2	0.67%	2	0.85%	2	1.15%	1	1.35%
Other	11	3.69%	4	1.71%	5	2.87%	2	2.70%
Total	**98**	**100%**	**234**	**100%**	**174**	**100%**	**74**	**100%**

Region	Number of Colleges Receiving Prop. 39 Funding (Workforce Development) Funds
Northern Coastal, Northern Inland, Greater Sacramento	8
Bay Region	11
Central Valley, Mother Lode, South Central	19
San Diego, Imperial, Desert/Inland Empire	14
LA County, Orange County	15
Total	67

The Governor’s proposed budget provides $52.3 million in Proposition 39 funding for community colleges in 2017-18. The Chancellor’s Office reported that a call for projects was issued to community college districts on January 20, 2017, and 58 of 72 districts have responded and provided preliminary project lists. The deadline to submit project applications with detailed costs and scope information for 2017-18 is April 7, 2017. The Chancellor’s Office notes that in the fifth year of projects, they will focus on large scale projects such as self-generation.

California Energy Commission Energy Conservation Assistance Act − Education Subaccount: Loan and Technical Assistance Grant Program. In each of 2013-14 and 2014-15, $28 million was appropriated to the Energy Commission for the Energy Conservation Assistance Act − Education Subaccount for a total of $56 million. Of this amount, about 90 percent was to be made available for low-interest or no-interest loans. The remaining 10 percent was to be transferred to the Energy Commission’s Bright Schools Program to provide technical assistance grants to LEAs and community colleges. The Bright Schools Program technical assistance can provide American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level Two energy audits to identify cost-effective energy efficiency measures. The Governor's budget does not include additional funding for the Energy Commission revolving loan program.

California Workforce Investment Board (CWIB). SB 73 appropriates Proposition 39 funding to the CWIB each year to develop and implement a competitive grant program for eligible workforce training organizations, which prepares disadvantaged youth, veterans, or others for employment.

California Conservation Corps. Funds have been allocated each year to the California Conservation Corps for energy surveys and other energy conservation-related activities for public schools.

Governor’s Proposal:

The Governor's budget estimates $968 million in Proposition 39 revenue, based on projections by the Franchise Tax Board. Of this amount, one-half ($484 million) is dedicated, primarily to schools and community colleges, as follows:

- $423 million and $52 million to K−12 school and community college districts, respectively, for energy efficiency project grants.

- $5.8 million to the California Conservation Corps for continued technical assistance to K−12 school districts.
- $3 million to the California Workforce Investment Board for continued implementation of the job−training program.

Staff Comments

As the Proposition 39 Clean Energy Grant Program nears completion, the Legislation may wish to monitor final allocations, particularly in regards to K-12 projects as the process for approving projects has been slower than that for community colleges and significant funding remains available. To ensure funds are expended as intended and all LEAs have the opportunity to participate, the statutory dates for encumbrance of funding and subsequently the timelines established by the CEC for project approvals may need to be re-examined and potentially adjusted.

Subcommittee Questions

1) What types of projects have yielded the most energy savings for K-12 schools or community colleges?

2) How many LEAs have not applied for Proposition 39 funding to date and does the CEC and CDE anticipate these LEAs will apply by the end of the grant progam?

3) How much in funding does the CDE and CEC anticipate will remain unspent at the end of 2017-18 based on current trends/ projections?

4) What percentage of school sites have been improved with Proposition 39 funds?

5) Projects vary by the size of a recipient and the state of their facilities. How have smaller recipients and those with unique needs, i.e. charter schools, used Proposition 39 funds?

Staff Recommendation

Hold open pending May Revision revenue projections.

6110 DEPARTMENT OF EDUCATION

Issue 4: Career Technical Education Incentive Grant Program

Panel:

- Natasha Collins, Legislative Analyst's Office
- Ian Johnson, Department of Finance
- Debra Brown, California Department of Education
- Donna Wyatt, California Department of Education

Background:

The California Department of Education defines career technical education as a *"….program of study that involves a multiyear sequence of courses that integrates core academic knowledge with technical and occupational knowledge to provide students with a pathway to postsecondary education and careers."* It further defines 15 industry fields for career technical education as noted in the table below:

Industry Sectors	
Agriculture	Health Science and Medical Technology
Arts, Media, and Entertainment	Hospitality, Tourism, and Recreation
Building Trades and Construction	Information Technology
Business and Finance	Manufacturing and Product Development
Child Development and Family Services	Marketing, Sales, and Services
Energy and Utilities	Public Services
Engineering and Design	Transportation
Fashion and Interior Design	

In recent years, career technical education has largely been operated through Regional Occupational Centers and Programs (ROCPs), which provide services for high school students over 16 and some adult students. According to the California Department of Education, approximately 470,000 students enroll in ROCPs each year. Students may receive training at schools or regional centers. The provision of career technical education by ROCPs varies across the state and services are provided under the following organizational structures: 1) county office of education operates an ROCP in which school districts participate, 2) school districts participate in a joint powers agreement that operates an ROCP, or 3) a single school district operates an ROCP. Funding for ROCPS historically was on an hourly attendance basis, but is now provided under the LCFF.

Prior to 2008-09, ROCPs received funding through a categorical block grant (approximately $450 million Proposition 98 annually). However under the policy of categorical flexibility, school districts could use ROCP funds for any purpose through 2012-13. Commencing with the 2013-14 fiscal year, the state transitioned to funding K-12 education under the Local Control Funding Formula. This new formula eliminated most categorical programs, including separate ROCP funding, and instead provided school districts with a grade span adjusted per ADA amount based on the number and type (low income, English learner and foster youth students generate additional funds) of K-12 students. The high school grade span rate included an additional 2.6 percent increase over the base grant to represent the cost of career technical education in high schools; however, school districts are not required to spend this funding on career technical education. In order to protect career technical education programs as the state transitioned to LCFF, the Legislature and the Governor enacted a maintenance-of-effort requirement to ensure local educational agencies continued to expend, from their LCFF allocation, the same amount of funds on career technical education as they had in 2012-13 through the 2014-15 fiscal year.

New Career Technical Education Incentive Grant Program. In 2015-16, the Legislature and Governor responded to concerns that career technical education programs needed additional support outside of the LCFF in the short-term to ensure sustainability of quality programs by enacting the Career Technical Education Incentive Grant program. This grant program provides one-time Proposition 98 funding for each of 2015-16 through 2017-18 with a local matching requirement. The funding amount and match requirement adjust each year, as follows:

- 2015-16: $400 million, match requirement 1 : 1 (grant funding : local match)
- 2016-17: $300 million, match requirement 1 : 1.5
- 2017-18: $200 million, match requirement 1 : 2

Within the annual allocation, the funds are further subdivided in statute according to the following:

- Four percent designated for applicants with average daily attendance (ADA) of less than or equal to 140.
- Eight percent designated for applicants with ADA of more than 140 and less than or equal to 550.
- 88 percent designated for applicants with ADA of more than 550.

School districts, charter schools, county offices of education, joint powers agencies, or any combination of these are invited to apply for these funds to develop and expand career technical education programs. Matching funds may come from Local Control Funding Formula, foundation funds, federal Perkins Grant, California Partnership Academies, the Agricultural Incentive Grant, and any other fund source with the exception of the California Career Pathways Trust. Grantees are also required to provide a plan for continued support of the program for at least three years after the expiration of the three year grant. New grantees, or those that applied but did not receive funding in the initial year, may apply in later years. Additional minimum eligibility standards include:

- Curriculum and instruction aligned with the California Career Technical Education Model Curriculum Standards .
- Quality career exploration and guidance for students.
- Pupil support and leadership development.
- System alignment and coherence.
- Ongoing, formal industry and labor partnerships.
- Opportunities for after-school, extended day, and out-of-school work based learning.
- Reflect regional or local labor market demands, and focus on high skill, high wage, or high demand occupations.
- Lead to an industry recognized credential, certificate, or appropriate post-secondary training or employment.

- Skilled teachers or faculty with professional development opportunities.
- Data reporting.

The CDE in conjunction with the California State Board of Education (SBE) shall determine whether a grantee continues to receive funds after the initial year based on the data reported by program participants.

2015-16 and 2016-17 Career Technical Incentive Grant Program Funding. The 2015-16 and 2016-17 Budget Acts included $400 and $300 million, respectively, in one-time Proposition 98 funding for the Career Technical Education Incentive Grant Program. The majority of the funds are allocated to program applicants and one percent, will be used for technical assistance activities.

The CDE identified and the state board of education approved 365 applicants for grantees in 2015-16. In 2016-17, the CDE has identified and is taking the state board of education for approval, 362 renewal applications. In addition, new grantees for the 2016-17 year were approved by the state board of education in September of 2016.

The per ADA grant amount is determined within each size-based grant allocation, as follows:

- A base amount calculated on an LEA's proportional share of the total ADA in grades seven through twelve.

- A supplemental allocation formula calculated on each of the following:
    - A new career technical education program.
    - English-learner, low-income, and foster youth students.
    - Higher than average dropout rates.
    - Higher than average unemployment rates.
    - Current student participation in career technical education programs.
    - Regional collaboration.
    - Location within a rural area.

In order to award the technical assistance funds, the CDE divided the state into seven regions and solicited grantees to provide technical assistance. The CDE has identified the following county offices to provide regional technical assistance: Butte, Fresno, Los Angeles, Napa, Sacramento, San Bernardino, and Santa Barbara.

Governor's Proposal

The Governor's budget proposal reflects the third year of Proposition 98 funds for the career technical incentive grant program, $200 million in one-time funds.

Staff Comments

The new Career Technical Education Incentive Grant program is intended to allow school districts, charter schools, county offices of education, and joint powers agencies an additional three years to transition to funding of career technical education within the LCFF. The new program is further intended to incentivize high-quality, sustainable CTE programs, replacing the ROP maintenance-of-effort requirement included under the LCFF. While the roll-out of the program in 2015-16 was slower than anticipated, the overwhelming majority of applicants met the renewal criteria and applied for grants in year two. The Legislature may wish to continue to monitor the success of the program and how grantees used the funds and plan to sustain local programs after the funding expires in the coming year.

Subcommittee Questions

1) What are the most common uses of grant funding? How many grantees established new programs versus funded existing programs?

2) What are some examples of the technical assistance provided in the regions identified for grant funding?

Staff Recommendation. Hold open pending May Revision.

Issue 5: Career Technical Education Pathways Program

Panel:

- Natasha Collins, Legislative Analyst's Office
- Ian Johnson, Department of Finance
- Debra Brown, California Department of Education
- Donna Wyatt, California Department of Education

Background:

SB 70 (Scott), Chapter 352, Statues of 2005 created the Career Technical Education (CTE) Pathways program. The bill required the California Community Colleges Chancellor's Office (CCCCO) and the CDE work together in an effort to create seamless pathways for students from middle school through the community college system and beyond. Projects and work were developed based on six themes including 1) Career Pathways and Articulation for CTE Students 2) Career Planning and Development 3) Programs for Underserved Students 4) Business and Industry Engagement in CTE 5) CTE Teacher Recruitment and Professional Development and 6) Capacity Building, Research, and Evaluation. The program was later reauthorized through SB 1070 (Steinberg), Chapter 433, Statutes of 2012.

The CDE has been provided with $15,.4 million annually of the total program appropriation of $48 million. The CDE has used these funds for a variety of programs to support CTE in the state, including the following:

1) Over 125 California Partnership Academies throughout the state, providing direct services to high risk students (approximately 25,000) who have successfully completed CTE and academically integrated pathways.
2) CTE Online: California's repository for CTE curriculum designed by CTE teachers for CTE teachers and has been vetted through academic partners.
3) CTE TEACH: California's CTE teacher induction and mentoring program for new CTE teachers just entering the classroom.
4) Career Technical Student Organizations (approximately 140,000 students) providing students with leadership development and the ability to test their skills with industry based on their classroom instruction.
5) Leadership Development Institute (LDI) training new and aspiring CTE leaders in CTE program administration.
6) UC a-g In-service Workshops provides workshops for CTE and academic teachers to produce CTE courses meeting the UC a-g requirements for admission.
7) Virtual Counselor which combines California Career Resource Networks's existing online resources including the California Career Center and California CareerZone.
8) Health Science Capacity Building Pathways in grades 7-14

CDE Project	**Status**	**Amount**

California Partnership Academies	Continuation	$50,000
UC A-G	Continuation	$600,000
CTE Online	Continuation	$1,000,000
CTE Teach	Continuation	$1,000,000
Leadership Development Institute	Continuation	$300,000
CTE Student Organizations	Continuation	$1,350,000
Virtual Counselor	Continuation	$125,000
CPA Grants	Continuation	$9,230,000
Health Science Grants	Continuation	$1,025,000
Teacher Pipeline	New	$340,000
Teacher Certification	New	$340,000
Total		**$15,360,000**

Source: California Department of Education

Governor's Proposal

The Governor includes the funding for CDE's portion of the SB 1070 funds ($15.4 million) into the community colleges strong workforce program. Under this program, the efforts previously funded through CDE are no longer required to be funded, however the community colleges must consult with education and community partners, including K-12 education, when planning how to expend funds.

Subcommittee Questions

1) What programs do CDE, DOF, or LAO see as priorities for maintaining resources for the CTE system? Under the Administration's Proposal how would these programs be incorporated into the Strong Workforce Program?

Staff Recommendation. Hold open pending May Revision.