

SUBCOMMITTEE NO. 1

Agenda

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



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State Capitol - Room 3191

Consultant: Elisa Wynne

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6100 DEPARTMENT OF EDUCATION**Issue 1: Local Control Funding Formula (LCFF)****Panel:**

- Ryan Anderson, Legislative Analyst's Office
- Lisa Mierczynski, Department of Finance
- Debra Brown, Department of Education

Background:

K-12 School Finance Reform. As of the 2016 Budget Act, the state appropriates more than \$60 billion in Proposition 98 funding (General Fund and local property taxes) annually for K-12 public schools. In 2013-14, the state significantly reformed the system for allocating funding to school districts, charter schools, and county offices of education. The LCFF replaced the state's prior system of distributing funds to local education agencies (LEAs) through revenue limit apportionments (based on per student average daily attendance) and approximately 50 state categorical education programs.

Under the old system, revenue limits provided LEAs with discretionary (unrestricted) funding for general education purposes, and categorical program (restricted) funding was provided for specialized purposes, with each program having a unique allocation methodology, spending restrictions, and reporting requirements. Revenue limits made up about two-thirds of state funding for schools, while categorical program funding made up the remaining one-third portion. For some time, that system was criticized as being too state-driven, bureaucratic, complex, inequitable, and based on outdated allocation methods that did not reflect current student needs.

Local Control Funding Formula. The LCFF combines the prior funding from revenue limits and more than 30 categorical programs that were eliminated, and uses new methods to allocate these resources and future allocations to school districts, charter schools, and county offices of education, allowing LEAs much greater flexibility in how they spend the funds than under the prior system. There is a single funding formula for school districts and charter schools, and a separate funding formula for county offices of education that has some similarities to the district formula, but also some key differences.

School Districts and Charter Schools Formula. This formula is designed to provide districts and charter schools with the bulk of their resources in unrestricted funding to support the basic educational program for all students. It also includes additional funding, based on the enrollment of low-income students, English learners, and foster youth, provided for increasing or improving services to these high-needs students. Low-income students, English learners, and foster youth students are referred to as "unduplicated" students in reference to the LCFF because for the purpose of providing supplemental and concentration grant funding, these students are counted once, regardless of if they fit into more than one of the three identified high-need categories. Major components of the formula are briefly described below.

- **Base Grants** are calculated on a per-student basis (measured by student average daily attendance) according to grade span (K-3, 4-6, 7-8, and 9-12) with adjustments that increase the base rates for grades K-3 (10.4 percent of base rate) and grades 9-12 (2.6 percent of base rate). The adjustment for grades K-3 is associated with a requirement to reduce class sizes in those grades to no more than 24 students by 2020-21, unless other agreements are collectively bargained at the local level. The adjustment for grades 9-12 recognizes the additional cost of providing career technical education in high schools.
- **Supplemental Grants** provide an additional 20 percent in base grant funding for the percentage of enrollment that is made up of unduplicated students.
- **Concentration Grants** provide an additional 50 percent above base grant funding for the percentage of unduplicated students that exceed 55 percent of total enrollment.
- **Categorical Program** add-ons for Targeted Instructional Improvement Block Grant and Home-to-School Transportation provide districts the same amount of funding they received for these two programs in 2012-13. The transportation funds must be used for transportation purposes. Charter schools are not eligible for these add-ons.
- **LCFF Economic Recovery Target** add-on is provided to districts and charter schools if their undeficitated per-ADA funding under the old funding model (adjusted to projected 2020-21 levels) is at or below the 90th percentile and the district or charter school would have been better off under the old funding model rather than the LCFF model. ERT payments are frozen based upon the calculations made by the California Department of Education in 2013-14.
- **Hold Harmless Provision** ensures that no school district or charter school will receive less state aid funding under the LCFF than its 2012-13 funding level under the old system.

County Offices of Education Formula. The County Offices of Education (COE) formula is very similar to the school district formula, in terms of providing base grants, plus supplemental and concentration grants for the students that COEs serve directly, generally in an alternative school setting. However, COEs receive the bulk of their funds through an operational grant that is calculated based on the number of districts within the COE and the number of students county-wide. This operational grant reflects the additional responsibilities COEs have for support and oversight of the districts and students in their county. The COE formula also includes hold harmless provisions. Each COE receives at least as much funding under LCFF as it received in 2012-13 from revenue limits and categorical programs. In addition, each COE receives at least as much state General Fund as it received in 2012-13 for categorical programs. COEs are no longer required to provide the services these funds sources previously covered. COEs reached their target funding levels in 2014-15 and are adjusted each year for COLAs and ADA growth.

The California County Superintendents Educational Services Association (CCSESA) is requesting an ongoing budget augmentation of \$16.8 million for COEs to continue to support, review, and approve school district Local Control and Accountability Plans (LCAPs). Specifically, the proposal would increase the “target” level of funding for COEs under the LCFF by \$50,000 per school district and \$3 per ADA in the county. Under the proposal, the new state funding would be allocated to the lowest-funded COEs, while those at higher levels of funding (commonly referred to as “hold harmless” counties) would be expected to use their existing funding to provide support to districts on their LCAP.

Budget Appropriations. The LCFF establishes new “target” LCFF funding amounts for each LEA, and these amounts are adjusted annually for cost-of-living adjustments (COLAs) and pupil counts. When the formula was initially introduced, funding all school districts and charter schools at their target levels was expected to take eight years and cost an additional \$18 billion, with completion by 2020-21 and the Administration still anticipates that timeframe.

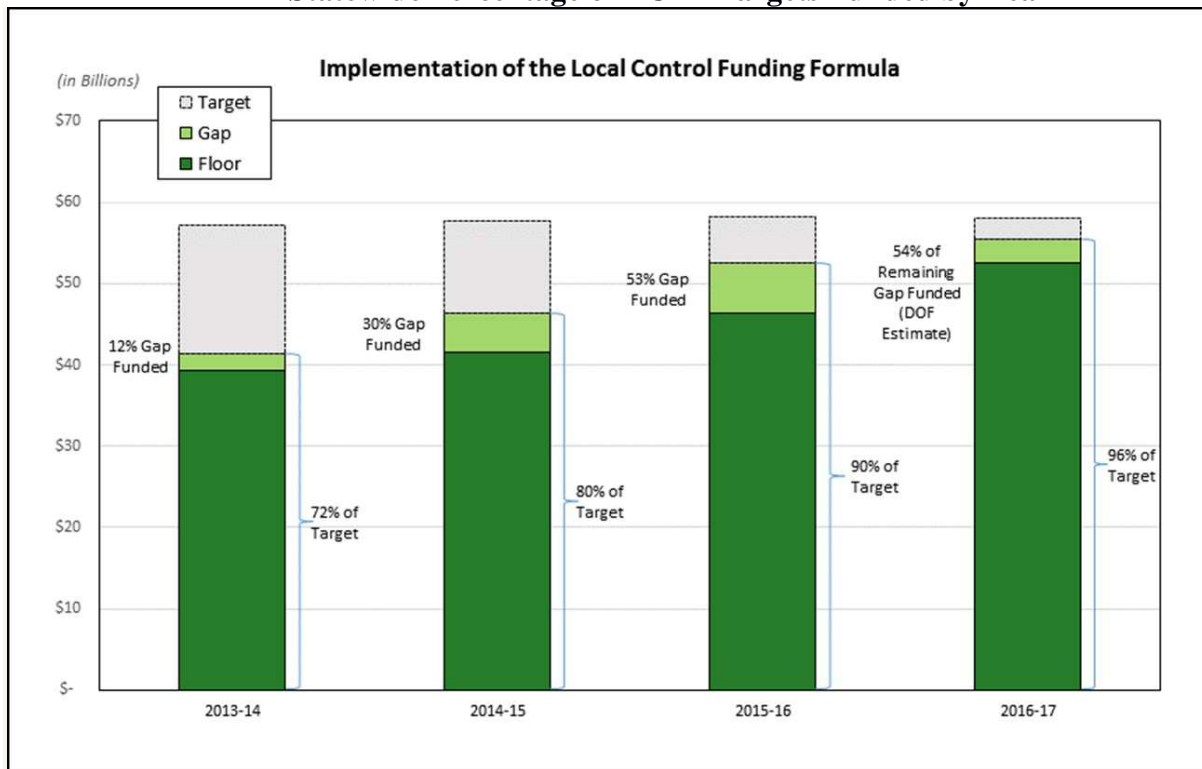
Over the past three years, the state has made considerable investments towards implementing the LCFF, as shown in the tables below. Overall, the LCFF was about 96 percent fully funded as of the 2016 Budget Act and the proposed additional investments in 2017-18 would effectively only cover COLA adjustments on the target and maintain a 96 percent funding level.

Amounts Provided to fund increased costs for LCFF (Dollars in Billions)

Fiscal Year	Original Estimated Need to Fully Fund LCFF	Gap Appropriation	Remaining Need to Fully Fund LCFF
2013-14	\$18.0	\$2.1	\$15.8
2014-15	N/A	\$4.7	\$11.3
2015-16	N/A	\$6.0	\$5.6
2016-17	N/A	\$2.9	\$2.7 (estimated)

Figures may not sum due to changes between years for growth and cost of living adjustments.
 Source: California Department of Education

Statewide Percentage of LCFF Targets Funded by Year



Source: California Department of Education

Each individual LEA was differently situated relative to its LCFF target when the formula was implemented in 2013-14. Each LEA receives the same percentage of its remaining need in new implementation funding, although the actual dollar amounts may vary. The intent is that all LEAs reach full implementation at approximately the same time. There are some exceptions as an LEA may have already been at its target at initial implementation or reached its target faster or slower based on other changes in its individual LCFF calculation. As of 2015-16, of all the school districts and charter schools in the state, 71 were at full implementation, 1,362 were funded between 90 and 100 percent of their target and 716 were between 82 and 90 percent of target.

Because each LEA started at a different place and, based on the students they serve, receive different allocations of funding under the formula, LCFF impacts LEAs differently. LCFF funding as a whole increases 1.4 percent in 2017-18 under the Governor's budget projections. However under this scenario, the Legislative Analyst's Office (LAO) estimates that about 70 districts would experience growth of two percent or more, 440 would experience growth of between one and two percent, and 435 districts would experience growth of less than one percent. LEAs are also experiencing other costs pressures including minimum wage increases, health care increases, and rising pension costs that put pressure on their budgets. A statutory formula put in place by AB 1469 (Bonta), Chapter 47, Statutes of 2014, will increase district contributions for pensions each year as a share of payroll through 2020-21, while state contributions and teacher contributions also increase. These increases for LEAs commenced in 2014-15 while additional LCFF funding and other one-time fund sources were significant. The LAO notes that for the years 2014-15 through 2016-17, increases in LCFF have grown significantly more than increase in pension costs, however, in 2017-18, that trend reverses with pension costs growing more quickly. The LAO also estimates that over the full period of LCFF implementation (anticipated to be through 2020-21), LCFF growth is anticipated to outpace pension costs. Finally, LEAs are impacted differently based on their unique circumstances (numbers of unduplicated students and LCFF funds, requirements for spending based on supplemental and concentration grants, planning for pension increases, and available reserves among other factors).

The significant ongoing allocations of funding for the LCFF was made possible by considerable growth in the Proposition 98 guarantee over the past few years. A strong economic recovery has accelerated growth in the Proposition 98 guarantee, including funding to make up for years of low growth beginning in 2008-09. However, Department of Finance (DOF) projections for 2017-18 suggest a slowing in state revenues, as reflected in available Proposition 98 resources for LCFF.

Governor's Proposal:

The Governor's budget proposes an increase of approximately \$744 million in 2017-18 to implement the LCFF. Overall, this investment results in the formula funding at 96 percent of full implementation in 2017-18, maintaining the same implementation percentage assumed as of the 2016 Budget Act. The implementation percentage remains unchanged as the new funding is essentially covering the cost of an adjustment to LCFF targets as adjusted in 2017-18 for changes in average daily attendance growth and cost-of-living adjustments.

In addition, the 2017-18 Governor's budget includes Proposition 98 estimates for 2015-16 and 2016-17 that are below the levels assumed in the 2016 Budget Act. In order to avoid over-appropriating the Proposition 98 minimum guarantee, the Governor proposes to defer \$859.1 million of the funding scheduled to be provided for LCFF implementation from 2016-17 to 2017-18. Thus payments to LEAs

would shift from June 2017 to July 2017. This would be a one-time deferral, fully paid off in the 2017-18 fiscal year.

The Governor also proposes minor technical changes in trailer bill to align statutory references under LCFF.

LAO Analysis and Recommendations:

The LAO supports the Governor's budget proposal to provide additional ongoing funding towards implementation of the LCFF. They note that the use of funding to move towards full implementation is consistent with the priorities of the Legislature and the Governor over the past few years, and under the adoption of the LCFF. The LAO also recommends that the state exhaust all potential one-time options before adopting a payment deferral for 2016-17.

The LAO recently released a report, "Re-Envisioning County Offices of Education: A Study of Their Mission and Funding", that examines the funding structure for COEs under the LCFF and the activities COEs are required to undertake. The LAO notes that, based on data from 2014-15, per pupil spending by COEs varies widely; generally COEs spend less per juvenile court student than is generated by each student (roughly 70 percent statewide). There is little data on expenditures on students that COEs serve based on agreements with LEAs and this arrangement complicates data on student spending. However, generally COEs serving smaller numbers of students, spend more per student. The LAO roughly estimated that COEs are spending up to \$20 million per years on required fiscal oversight activities and roughly \$20 million in LCAP activities. Remaining LCFF funds are spent on optional activities, these may include additional LCAP support, professional development, enrichment programs, and other priorities. COEs may also provide other services for which they charge a fee.

The LAO recommends changing the model for funding COEs to fund COEs directly for their core oversight activities. The LAO suggests that a formula that reflects this would adjust for the number and size of districts in each county, and could potentially include an allocation for base COE costs. LEAs would be funded directly for alternative school students, including juvenile court school students, and allowed to contract with COEs or choose an alternative provider to serve these students. The LAO believes this would allow LEAs to oversee the services for these students, including the quality and cost, and accountability for student outcomes would fall to the LEA. Funding that COEs previously got for optional serves would be shifted to LEAs who could use those funds to purchase services from COEs, if desired. Finally, the LAO recommends that these change be phased in over a multiple year period.

Staff Comments:

The Governor's proposed budget for 2017-18 reflects slower growth for the budget year and revises revenues downward for the previous two years. In the area of education, this essentially results in a workload budget with few new programs funded and the LCFF maintained at 96 percent fully funded. The Legislature may wish to consider whether to prioritize any additional Proposition 98 funding, if available at the May Revision, for LCFF implementation. Although the formula is almost fully funded, it still will take billions in additional ongoing resources to meet the target.

Finally, the Legislature should monitor any changes to the 2015-16 and 2016-17 Proposition 98 guarantee levels at the May Revision. Any growth in the guarantee in these years would reduce the

need to defer LCFF payments from one year to the next, increase the 2017-18 guarantee, and free-up funding in 2017-18 under the Governor's proposal for other education uses.

Subcommittee Questions:

- If there are additional Proposition 98 funds available at the May Revision, does the Department of Finance anticipate proposing to increase the amount of ongoing funds committed to fully funding the LCFF?
- How would increases in the guarantee at May Revision impact the need for a deferral?
- Is the Department of Finance considering any changes to the funding formula for districts or county offices of education?

Staff Recommendation:

Hold open pending May Revision funding projections.

6100 DEPARTMENT OF EDUCATION**Issue 2: Accountability Overview****Description:****Panel:**

- Edgar Cabral, Legislative Analyst's Office
- David Sapp, State Board of Education
- Debra Brown, Department of Education
- Josh Daniels, California Collaborative for Educational Excellence
- Jessica Holmes, Department of Finance

Background:

Accountability. Prior to 2013-14, local educational agencies (LEAs) were held accountable in different ways for variety of programs. Each individual categorical program had its own accountability requirements, although often this was limited to accountability for the expenditure of funds in accordance with allowable uses, rather than the impact on actual student outcomes. State and federal accountability systems provided an aggregate measure of school and district performance and relied primarily on student assessment data. The state used the Academic Performance Index (API) constructed data from previous statewide assessments aligned to the former academic standards to create a performance target. School districts, schools, and student subgroups that did not meet the performance target were required to meet growth targets. The federal accountability system used a measure called Adequate Yearly Progress (AYP) that relies on student assessment scores, student participation in assessments, graduation rates and the API. Schools and districts that failed to meet benchmarks and make progress could be subject to interventions.

In 2013-14, the state began to transition to new assessments aligned to new statewide academic content standards. Most student assessment scores were not available for assessments given in the spring of 2014, since the state was piloting a new assessment system. Accordingly, based on statutory authority, the SBE approved a recommendation by the state superintendent to not calculate the API for the 2013-14, 2014-15, and 2015-16 years. In addition, California initially applied for and received a waiver of federal law exempting the state from the calculation of the AYP for some schools and districts. In December 2015, the federal No Child Left Behind Act was reauthorized as the Every Student Succeeds Act (ESSA). Most federal accountability requirements are frozen based on 2016-17 during the transition, with most new ESSA accountability requirements effective in 2017-18.

This transition in test scores and, therefore, aggregate accountability scores, aligns with an evolution in what the state expects from LEAs with respect to accountability. The LCFF statute included new requirements for local planning and accountability that focus on improving student outcomes in state educational priorities and ensuring engagement of parents, students, teachers, school employees, and the public in the local process. In addition, the LCFF features a new system of continuous support for underperforming school districts that do not meet their goals for improving student outcomes.

Local Control and Accountability Plans (LCAP). To ensure accountability for LCFF funds, the state requires that all school districts, charter schools, and county offices of education annually adopt and update a LCAP. The LCAP must include locally-determined goals, actions, services, and expenditures of LCFF funds for each school year in support of the state educational priorities that are specified in statute, as well as any additional local priorities. In adopting the LCAP, LEAs must consult with parents, students, teachers, and other school employees.

The eight state priorities that must be addressed in the LCAP, for all students and significant student subgroups in a school district and at each school, are:

- *Williams* settlement issues (adequacy of credentialed teachers, instructional materials, and school facilities).
- Implementation of academic content standards.
- Parental involvement.
- Pupil achievement (in part measured by statewide assessments, Academic Performance Index, and progress of English-language learners toward English proficiency).
- Pupil engagement (as measured by attendance, graduation, and dropout data).
- School climate (in part measured by suspension and expulsion rates).
- The extent to which students have access to a broad course of study.
- Pupil outcomes for non-state-assessed courses of study.

County offices of education must also address the following two priorities:

- Coordination of services for foster youth.
- Coordination of education for expelled students.

School district LCAPs are subject to review and approval by county offices of education, while county office of education LCAPs are subject to review and approval by the State Superintendent of Public Instruction (SPI). Statute also established a process for districts to receive technical assistance related to their LCAPs. The SPI is authorized to intervene in a district that is failing to improve outcomes for students after receiving technical assistance.

At the November 2016 SBE meeting, the board took action to adopt an updated version of the LCAP. As part of the updating process, the CDE and SBE staff involved stakeholders and reviewed input. Along with formatting changes to make the LCAP easier to complete and review, the new version includes an executive summary section including prompts designed to highlight how LEAs are addressing the needs of their students. In addition, the new LCAP, for use in the 2017-18 fiscal year, is a three year static plan that is updated annually, rather than a rolling three-year plan as in the previous versions of the LCAP. Initial reactions from the field on the new template have been very positive.

Evaluation Rubrics. As required by LCFF statute, the SBE adopted tools that evaluate performance based on specified criteria, known as evaluation rubrics, in September 2016. Specifically, the evaluation rubrics developed by the SBE will: (1) assist LEAs in evaluating their strengths, weaknesses, and areas that require improvement; (2) assist county superintendents of schools in identifying and providing resources for LEAs in need of technical assistance; and, (3) assist the SPI in identifying LEAs for which technical support and/or intervention is warranted. Statute further requires that the evaluation rubrics provide for a multidimensional assessment of district and school site performance, including adopting standards for performance and improvement in each of the state priority areas.

The SBE is continuing work to refine the rubrics and has developing an online tool called the California School Dashboard, which was made available online in March of 2017. This new tool includes the following components, some of which are still in progress:

1) State and local performance indicators that reflect performance on the LCFF priorities:

- State level indicators are available through the CDE data system, CALPADS, are comparable statewide, and include the following:
 - Academic indicator based on student test scores on English Language Arts (ELA) and Math for grades 3–8, including a measure of individual student growth, when feasible, and results on the Next Generation Science Standards assessment, when available.
 - College/career indicator, which combines Grade 11 test scores on ELA and Math and other measures of college and career readiness.
 - English learner indicator that measures progress of English learners toward English language proficiency and incorporates data on reclassification rates (reclassification standards vary by district).
 - High school graduation rate.
 - Chronic absence rates, when available.
 - Suspension rates by grade span.
- Local indicators rely on local data and are not reported at the state level. These include:
 - Appropriately assigned teachers, access to curriculum-aligned instructional materials, and safe, clean, and functional school facilities.
 - Implementation of state academic standards.
 - Parent engagement.
 - School climate – local climate surveys.
 - Coordination of services for expelled students (county offices of education).

- Coordination of services for foster youth (county offices of education).

2) Performance standards for each indicator allowing LEAs and schools to identify both progress and needed improvements. For each state indicator, the SBE has determined a measurement based on an LEA's current performance and improvement over time (over a three-year period if available). This combined measure then falls into a color-coded range, with each LEA, school, and student group measured annually. This method will allow for an easily accessible display as part of the dashboard for district and school administrators, teachers, students, parents, and other stakeholders. Currently the SBE has approved performance standards for the college/career indicator, English learner indicator, academic indicator, graduation rate indicator, and suspension rate indicator. The SBE is working on performance standards for the Chronic Absence indicator, for which state data will be collected for the first time in 2017. For local indicators, the SBE has approved some self-reflection tools and a method for LEAs to self-assess as "met", "not met", or "not met for more than two years." The SBE and CDE have several working groups in special subject areas that will continue to inform and help refine the indicators over the next few years.

3) Criteria for determining when an LEA is eligible for technical assistance or intervention. Based on the performance standards for each of the indicators, the SBE has adopted a plan that details for each state priority area, the levels for each indicator at which technical assistance and intervention are needed.

4) Statements of model practice that describe research and evidence-based practices related to each indicator, as well as links to vetted external resources. The development of these statements of model practice is still underway through working groups and have not yet been approved by the SBE.

California Collaborative for Educational Excellence (CCEE). The CCEE was created as part of the new LCFF accountability framework, with its goal to advise and assist school districts charter schools, and county offices of education to achieve goals in their LCAPs under the LCFF. The CCEE is required to advise and assist school districts, county offices of education, and charter schools in meeting the goals in their LCAPs. The CCEE may contract with individuals, LEAs, or organizations with expertise in the LCAP state priority areas and experience in improving the quality of teaching, improving school and district leadership, and addressing the needs of student populations (such as unduplicated students or students with exceptional needs.) The 2013 budget provided \$10 million in Proposition 98 funding for the CCEE; and subsequent legislation, SB 858 (Committee on Budget and Fiscal Review), Chapter 32, Statutes of 2014, extended the encumbrance date for these funds through the 2014-15 fiscal year. Of the total, \$4.4 million was encumbered. The remaining \$5.6 million was reallocated through the 2016 Budget Act in addition to a new appropriation of \$24 million in one-time Proposition 98 funds for the CCEE to conduct statewide training for all LEAs and education stakeholders on the evaluation rubrics and their use to inform development of local control and accountability plans, with a focus on improving student outcomes and closing the achievement gap. At least \$20 million of the total is to be used for the statewide training activities. Up to \$9.6 million of the remaining funds may be used to support a pilot program for the CCEE to assist LEAs in improving pupil outcomes.

Since the initial allocation of funds, the CCEE has hired an executive director and key staff, who have conducted outreach and visited the 58 county offices of education, involving study sessions with a select, diverse group of LEAs. The CCEE has also developed an expenditure plan for the statewide training activities and pilot program. Some components are already underway, as summarized below:

Professional Development Plan:

- Annual workshops in the fall of 2016 (completed) and the spring of 2017. These are held across the state and open to all levels of interested parties from school boards and district personnel to the general public.
- A content library that houses vetted, aligned, and accurate materials to be used by local trainings in local trainings. Initial content for the library is currently being reviewed, and additional content will be added over the next few years.
- Professional Learning Networks (PLNs) hosted by county offices of education, statewide organizations, and non-profits with LEA participants to support collaborative efforts to build capacity. Professional learning exchanges will provide the ability for PLN facilitators to collaborate and work together to ensure consistency in training and sharing of information.
- Customized trainings on the Dashboard upon request from associations and individual LEAs.

Pilot Program

The pilot program is designed to assist the CCEE in developing and designing their work in providing technical assistance and intervention to LEAs. The CCEE Governing Board has approved 10 pilot LEAs (nine school districts and one county office of education) that reflect urban, suburban, and rural areas with different needs for technical assistance. In selecting a pilot, the CCEE considers whether the LEA has: 1) persistent academic/achievement challenges as evidenced by achievement gaps between student demographic groups, test scores, or other metrics; 2) a leadership team, including the Board of Trustees overseeing the LEA, that fully commits to participating in pilot process; and 3) the support of their county office of education. In spring of 2017, the CCEE held a summit for pilot participants, COE partners, staff, and CDE to inform the progress of the pilot program and collaborate on innovative ideas for assisting LEAs.

Federal Accountability

Under ESSA, of the total Title I grant amount (approximately \$2 billion), states must set aside seven percent for school improvement interventions and technical assistance. The majority of these funds must be used to provide up to four-year grants to LEAs. States may also set aside three percent of the total Title I allocation for direct services to students. Additionally, under Title I states are required to adopt challenging academic standards (federal approval is not required) and implement standards-aligned assessments in specified grade spans and subject areas (the same as under NCLB).

States must develop accountability systems that rate schools using academic achievement, growth rates (K-8), graduation rates (high school), English learner progress in language proficiency, and other factors determined by the state. Academic growth must have the greatest weight. Title I requires identification of, and intervention in, the lowest performing five percent of schools, high schools that fail to graduate more than one-third of their students, and schools in which any subgroup is in the lowest performing five percent and has not improved over time.

Governor's Proposal:

The Governor proposes trailer bill on the following issues related to accountability:

- Current law allows the SBE to adopt the LCAP template in accordance with the Bagley-Keene Open Meetings Act, but exempts the adoption of the LCAP template from the Administrative Procedures Act through January 31, 2018. The proposal would remove the sunset date for the SBE to revise the LCAP template without going through the regulatory process.
- Current law states that the SPI, with after consultation with the chartering authority and the approval of the SBE, may assign a charter school for assistance from the CCEE. The proposal would instead allow a chartering authority to request, after consultation with the SPI and the approval of the SBE, that the CCEE provide advice and assistance a charter school. This change in assignment of the CCEE's services aligns with the structure for school districts and county offices of education to access technical assistance from the CCEE.

Staff Comments:

The Legislature should continue to monitor the ongoing accountability work of the SBE and partners. The new California Schools Dashboard is intended to help make a new more complex, multi-measure, accountability system easily understandable to the school community and broader public. While the dashboard has just been unveiled, the state should ensure that the CCEE, SBE, CDE, and LEAs are ensuring that information on how to use this new tool is accessible statewide and for all stakeholders. The information provided in the dashboard should work in conjunction with the LCAP. Over the past few years, LEAs have been uneven in the ability to complete comprehensive LCAPs. The new LCAP template combined with is designed to address many of these concerns and the Legislature may wish to review progress as LEAs continue work with the new template and the dashboard.

The accountability system is intended to be a catalyst for improvement. LEAs and their stakeholders can use the information to drive change in practices at the local level to support outcomes for students and to make progress towards closing the achievement gap. However, for our schools and districts facing the most challenges, the tools provided through the SBE and the work of the CDE, county offices of education, and the CCEE will be critical in providing the guidance to ensure these schools and districts are providing the education the students deserve. There have been multiple intervention, turnaround, and support programs through federal and state law in past years, this new approach is designed to create a continuous improvement culture and build local capacity. The Legislature and Governor have worked over multiple years on this new approach. As with any new system, there will be the need for adjustments along the way and the Legislature should continue to be engaged in oversight of the system and keep the focus on outcomes for all students, including unduplicated and subgroups of students.

Suggested Questions:

- What feedback has been received on the dashboard roll-out? Are there additional functions or upgrades that are planned to fully take advantage of an online tool?
- What progress has the CCEE made on implementing pilots and when can the state anticipate information on how the pilots are informing future CCEE activities?
- What work is currently underway on developing additional indicators for the dashboard?

Staff Recommendation: Hold Open

6100 DEPARTMENT OF EDUCATION**Issue 3: Statewide Academic Content Standards and Resources****Panel:**

- Edgar Cabral, Legislative Analyst's Office
- Jessica Holmes, Department of Finance
- Debra Brown, Department of Education

Background:**Academic Content Standards.**

Although the flow of funding and the new focus on student outcomes has significantly changed K-12 education, the biggest change in the classroom has been a conversion to new academic standards. According to the CDE, "content standards were designed to encourage the highest achievement of every student, by defining the knowledge, concepts, and skills that students should acquire at each grade level." To incorporate new statewide academic content standards, the Legislature and the Governor approved legislation that requires the SPI to recommend, and the SBE to adopt, the standards. California first adopted academic content standards in the late 1990s for English, mathematics, science, and history-social science, pursuant to requirements in Education Code Section 60605. Additional adoptions of standards for other subject areas followed over the next decade.

In August 2010, California adopted the California Common Core State Standards in English language arts (ELA)/literacy and mathematics, through the passage of SB 1200 (Hancock), Chapter 654, Statutes of 2012. These new standards were developed by a coalition of states under the initiative of the National Governors Association and the Council of Chief State School Officers. The standards are based on the College and Career Readiness anchor standards that define expectations for student preparation for higher education and/or the workforce. The ELA standards include literacy standards that cross other academic content subject areas in addition to ELA.

In 2012, California adopted the California English Language Development (ELD) Standards, through the passage of AB 124 (Fuentes), Chapter 605, Statutes of 2011. These standards are aligned with the California Common Core State Standards in English language arts and describe the knowledge, skills, and abilities that English learner students need to participate fully in the appropriate grade-level academic content. This adoption replaced the prior version of the ELD standards, adopted in 1999.

In 2013, California adopted the Next Generation Science Standards (NGSS), through the passage of SB 300 (Hancock), Chapter 624, Statutes of 2011. The NGSS were developed by a coalition of states and experts in science education, led by the National Research Council, the National Science Teachers Association, and the American Association for the Advancement of Science and include the science knowledge that all K-12 students should know based on the most current science research.

Additional legislation chaptered in 2016 requires updating or creating standards in the following areas: computer science (AB 2329 [Bonilla] Chapter 693), world languages (AB 2290 [Santiago] Chapter

643), visual and performing arts (AB 2862 [O'Donnell] Chapter 647), and the creation of a model curriculum for ethnic studies (AB 2016 [Alejo] Chapter 327).

Supporting Local Implementation. The SBE also adopts curriculum frameworks for grades K-12, which the CDE describes as instruction guidelines for; “providing a firm foundation for curriculum and instruction by describing the scope and sequence of knowledge and the skills that all students are expected to master”. The frameworks are written documents developed through a public process by the Instructional Quality Commission and adopted by the SBE. The adopted frameworks are available on the CDE website. The SBE is also required to adopt an approved list of instructional materials for grades K-8 that meet state criteria, including alignment with academic standards. These instructional materials can be printed or non-printed, including digital materials. Under current law, school districts can choose instructional materials for all grades, regardless of whether or not they are on the state-adopted instructional materials list, as long as they meet state standards. The most recent adoption is the history social science curriculum framework, with an adoption of the aligned instructional materials list anticipated in November of 2017. The following table is a snapshot of when the state has adopted standards and related resources in each subject area.

Adoption of State Standards and Related-Resources

Subject Area	Initial Standards	New Standards	Curriculum Frameworks	Instructional Materials
English Language Arts*	1997	2010/2013	2014	2015
English Language Development	1999	2012	2014	2015
Mathematics	1997	2010/2013	2013	2014
Science***	1998	2013	2002	2006
History Social Science	1998	N/A	2016	2005
Career Technical Education***	2005	2013	2007	N/A
Visual and Performing Arts	2001	N/A	2004	2006
Physical Education**	2005	N/A	2008	N/A
Health Education***	2008	N/A	2002	2004
Foreign/World Language***	2009	N/A	2001	2003

*Includes Literacy Standards

**Model Standards

*** Curriculum Frameworks not currently aligned with adopted standards

Source: Data from California Department of Education

Funding for State Standards Implementation. Although most categorical funding that would have previously been targeted to standards implementation was collapsed into the LCFF, the state has still provided a variety of fund sources for local implementation of statewide academic content standards. An initial \$1.25 billion was provided through an education trailer bill, AB 86 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2013, to support the implementation of state adopted academic content standards. LEAs could encumber the funds in 2013-14 or 2014-15 and use the funds for (1) professional development, (2) instructional materials and (3) technology. The 2015 Budget Act included \$490 million in educator effectiveness funds. One of the uses prescribed by statute, AB 104, (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2015, is professional development aligned to recently-adopted statewide academic content standards. LEAs continue to receive funds from the state lottery, of which a portion must be spent on instruction materials. The state also has

provided one-time discretionary funding over the past few years and continues to provide ongoing LCFF funding, both of which may be used for standards implementation.

Governor's Budget:

As discussed in the March 9th hearing of this subcommittee, the Governor proposes to provide \$287 million for school districts, county offices, and charter schools in one-time Proposition 98 funds. These funds would offset any existing mandate claims. 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.

The Governor has also suspended funding for the Instructional Quality Commission in 2017-18 due to the reduction in available General Fund resources, resulting in one-time savings of \$948,000 in 2017-18. The workload of the commission in 2017-18 is related to statutory deadlines for updating or creating standards in the following areas: computer science, world languages, visual and performing arts and the creation of a model curriculum for ethnic studies. The Governor has proposed trailer bill language that delays each of these workload requirements by one year. Finally, the Governor has proposed trailer bill language to amend the governance structure of the computer science strategic implementation advisory panel, requiring the Governor, rather than the SPI, to convene the panel.

The Governor also proposes trailer bill language that would allow the CDE to charge publishers a fee for participation in the instructional materials adoption process. This practice has been in place since the recession for the adoption of instructional materials for specific subject area adoptions and the new language would allow CDE to continue a fee-based process for any instructional materials adoption. The Governor also proposes other minor technical trailer bill language related to assessments.

Suggested Questions:

- What resources do LEAs have to support their utilization of the new History and Social Sciences Frameworks?
- Has any work been underway by the IQC on any of the standards-related work the Governor has proposed to delay by one year?
- How are small publishers impacted by the fees required for participation in the instructional materials process?

Staff Recommendation: Hold Open.

6100 DEPARTMENT OF EDUCATION**Issue 4: Statewide Assessments****Panel:**

- Edgar Cabral, Legislative Analyst's Office
- Debra Brown, Department of Education
- Jessica Holmes, Department of Finance

Background:

Students' grasp of academic content is measured by a statewide student assessment system. The system is in the process of being updated to reflect the state's adoption of new statewide content standards. AB 484 (Bonilla) Chapter 489, Statutes of 2013, eliminated several assessments that were aligned to prior academic content standards, and provided for a transition to assessments that are aligned to the Common Core State Standards in English language arts and mathematics, English language development standards and Next Generation Science Standards. Of the statewide assessments, in 2016-17, only ELA and Mathematics (including California Alternative Assessments) are aligned to the state's most recently adopted standards, as a result of the state's participation in the multi-state Smarter Balanced Assessment Consortium (SBAC) beginning in June, 2011. In the other subject areas, new assessments are under development and until they are operational, local educational agencies will continue to use existing assessments, aligned to previous standards, or pilot test new assessments. Once fully implemented, this new suite of statewide assessments will align with new state academic content standards.

California Assessment of Student Performance and Progress (CAASPP)**1) English Language Arts and Math Assessments**

The 2016-17 school year includes the third state administration of ELA and mathematics assessments aligned to the common core standards. These new assessments are computer-based and include computer-adaptive multiple choice questions, as well as performance tasks, and require access to computing devices and the internet for the assessment to be administered. These assessments are given to students in grades three-eight and eleven.

In August of 2016, scores were released for the second year of ELA and mathematics assessments and they showed improvement from the 2014-15 scores. In ELA, the percentage of students meeting or exceeding standards increased by at least four percentage points in all grades except grades eight and eleven, which increased by three points. In mathematics, the largest gains were seen among third-graders, with 46 percent meeting or exceeding standards, an increase of six points from last year. Other grades posted gains of two or three percentage points. However, scores continue to show large disparities in performance among different subgroups of students.

2) Science Assessments

The Next Generation Science Standards (NGSS) for grades kindergarten through 12 were adopted by the SBE in September of 2013. Under federal law, students must be assessed in science at least once in each of the following grade spans: 3-5, 6-9, and 10-12. A new NGSS-aligned assessment is under development and included in the CAASPP contract and will be pilot tested this spring in grades five, eight and once in high school (students from different grades will be selected for the pilot). CDE anticipates an operational assessment to be available in 2018-19. In the meantime the state has opted to not assess students using the prior assessment that is not linked to state standards.

3) Assessments for Students with Disabilities

California includes students with disabilities in statewide assessments, as required by federal law. The current Smarter Balanced ELA and mathematics assessments include options for assessing students with disabilities using accessibility supports and accommodations and this takes the place of the previously used California Modified Assessment (CMA). The CMA was used to assess students with disabilities who have an individualized education plan that requires modifications. Federal regulations also require the inclusion of students who cannot participate in the general statewide assessment system. A new version of the California Alternate Assessment (CAA) for ELA and mathematics has been developed and is currently operational. The 2017 spring pilot CAA for science will be given to students enrolled in grades five and eight and once in high school (i.e., grade ten, eleven, or twelve).

4) Primary Language Assessment

California has also historically provided for a primary language assessment for English learner students to demonstrate mastery of reading/language arts standards. Currently, the state allows LEAs the option of continuing to administer the existing standards-based test in Spanish (STS) until a successor assessment is operational. LEAs may also administer the STS to students enrolled in dual-immersion programs at their own expense. CDE anticipates that a fully operational exam may be available in 2018-19.

Assessment of Language Development. The state currently administers an annual assessment to determine the progress of English learners in developing English language proficiency. The current assessment for this purpose is the California English Language Development Test (CELDT). SB 201 (Lui) Ch. 478, Statutes of 2013, authorized the development of a new English Language Proficiency Assessment for California (ELPAC). This new assessment will differ from the current annual assessment in that it will include an assessment for initial identification of English learners and an annual assessment to gauge a student's progress towards English proficiency. The new assessment will also be aligned to the CCSS, including the new English language development standards. According to the CDE, an operational ELPAC will be available in the spring of 2018. Until the ELPAC is in place, the state will continue to administer the existing CELDT to meet federal Title III of the Elementary and Secondary Education Act reporting requirements. A new ELPAC assessment is intended to provide additional information for LEAs as they look to reclassify English learners.

California High School Exit Exam (CAHSEE) Savings. Senate Bill 172 (Liu), Chapter 572, Statutes of 2015, suspended the administration of the CAHSEE, and the requirement that students pass this exam as a condition of graduation from high school during the 2016-17 through 2018-19 school years, or when the CAHSEE is no longer available. The legislation also required the SPI to provide a recommendation to the Legislature on the future of the CAHSEE; the SPI released a report in September 2016 and recommended that the CAHSEE not be used as a graduation requirement.

Other Assessments. The CDE also maintains a variety of other assessment contracts, such as the California High School Proficiency Exam, the Physical Fitness Test and other outreach and technical reporting contracts.

Assessment Funding. Statewide assessments have historically been split-funded between federal Title VI funds and Proposition 98 General Fund. The 2015-16 budget included funding for the second full administration of the new Smarter Balanced ELA and mathematics assessments in grades three through eight and eleven, and the CAA in ELA and math. In addition, funding continues to be provided for development of new science and primary language assessments.

The CAASPP administration and assessment contract has been awarded to the Educational Testing Service (ETS) for activities from July 2015 through December 2018. The ETS contract covers administration of the assessments, including technology, scoring, reporting, and development of new assessments. CDE is also a member of the Smarter Balanced Assessment Consortium (SBAC), which owns the item bank (exam questions) and tools, such as formative assessments and the digital library. In addition to contract costs, the state provides LEA's with a per-pupil apportionment amount to cover the costs of administering assessments. Apportionments are paid one year in arrears. The proposed budget for assessments in 2017-18 (Governor's budget) is summarized below, however, adjustments to these amounts may be made in the May Revision as final contract costs are known and as adjustments are made for the amount of available federal funding:

Proposed 2017-18 Statewide Assessment Costs			
Assessment Activity	Prop 98 Funds Projected Costs	Federal Funds Projected Costs	Total Projected Costs
Other Assessment-Related Contracts	\$1,490,000	\$600,000	\$2,090,000
English Language Development Assessment	\$5,014,000	\$13,432,000	\$18,446,000
California Assessment of Student Performance and Progress	\$80,763,000	\$6,964,000	\$87,727,000
Assessment Apportionments	\$23,223,000		\$23,223,000
High School Proficiency Exam	\$1,244,000		\$1,244,000
Reimbursements for High School Proficiency Exam	(\$1,244,000)		(\$1,244,000)
Totals	\$110,490,000	\$20,996,000	\$131,486,000

Source: Department of Education

Suggested Questions:

- What plans does the CDE have for smooth implementation of new assessments as they are completed? Does this include outreach to parents and students?
- What resources are available for LEAs, parents, and students to interpret score results and understand the implications for instruction and individual students?

- What is the state's plan for assessing students in science until the new NGSS-aligned assessment is operational?

Staff Recommendation: Hold Open. The budgeted amounts for statewide assessments will be updated at the May Revision, based on final cost estimates.