Senate Budget and Fiscal Review—Mark Leno, Chair

SUBCOMMITTEE NO. 1 Agenda

Senator Marty Block, Chair
Senator Benjamin Allen
Senator John M.W. Moorlach

Thursday, May 7, 2015
9:30 a.m. or Upon Adjournment of Session
Room 3191, State Capitol

Consultant: Elisa Wynne

OUTCOMES

Item	Department	Page
6110	**Department of Education**	
Item 1	Special Education Taskforce Report (Information Only)	2
Item 2	State Special Schools (Held Open)	5
Item 3	School Climate (Information Only)	8
Item 4	Statewide Assessments Update (Information Only)	11
Item 5	Technology Infrastructure (Held Open)	17
Item 6	April Letters Issues 2 and 13: Held Open Issues 1 and 3-12: Approve April Letter issues with conforming budget bill language as listed in Item 6. Vote: 2-0 (Moorlach absent)	22
Item 7	State Operations Issues 1 and 11: Held Open Issues 2-10: Approve as budgeted Vote: 2-0 (Moorlach absent)	27

Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible.

6110 DEPARTMENT OF EDUCATION

Item 1: Special Education Taskforce Report (Information Only)

Description:

The California Statewide Special Education Taskforce was convened by special education stakeholders in 2013 to review the practice and funding of special education in the state and make recommendations for improvement. This item reviews the resulting report and recommendations.

Panel:

- Rachel Ehlers, Legislative Analyst's Office
- Gina Plate, Chair of the State's Advisory Commission on Special Education

Background:

"Special education" describes the specialized services that schools provide for students with disabilities (SWDs). State special education funds total about $4 billion annually and were not included in the Local Control Funding Formula (LCFF) per pupil grants. Federal law requires schools to provide "specially defined instruction, and related services, at no cost to parents, to meet the unique needs of a child with a disability." The law requires schools to provide SWDs with these special supports from age 3 until age 22, or until they graduate from high school, whichever happens first. These services are in addition to what a nondisabled student receives.

About 699,500 SWDs receive special education services in California, comprising about 10 percent of the state's public school enrollment. Specific learning disabilities—including dyslexia—are the most common diagnoses requiring special education services (affecting about four percent of all K–12 students), followed by speech and language impairments. While the overall prevalence of students with autism and chronic health problems is still relatively rare (each affecting one percent or less of all public school students), the number of students diagnosed with these disabilities has increased notably over the past decade.

Federal law only requires schools to provide special education services to students with diagnosed disabilities that interfere with their educational attainment. To determine a student's need and eligibility for special education, schools must conduct a formal evaluation process. If schools determine that general education programs cannot adequately meet the needs of a student with disabilities, they develop and individualized education programs (IEPs) to define the additional services the school will provide. Each student's IEP differs based on his or her particular disability and needs. Specialized academic instruction is the most common service that schools provide. This category includes any kind of specific practice that adapts the content, methodology, or delivery of instruction to help SWDs access the general curriculum. Other commonly provided services include speech and language assistance and various types of therapies for physical and psychological needs that may be impeding a SWD's educational attainment. Although federal law encourages schools to educate SWDs in mainstream settings, most (about three–quarters) of special education services are delivered in settings other than regular classrooms.

Special Education Local Plan Areas:

Special education funding and some services are administered regionally by 127 Special Education Local Plan Areas (SELPAs) rather than by the approximately 1,000 school districts in the state. Most SELPAs are collaborative consortia of nearby districts, county offices of education (COEs), and charter schools, although some large districts have formed their own independent SELPAs, and three SELPAs consist of only charter schools.

California relies primarily on a "census–based" funding methodology that allocates special education funds to SELPAs based on the total number of students attending, regardless of students' disability status. This funding model implicitly assumes that SWDs—and associated special education costs—are relatively equally distributed among the general student population and across the state. The amount of per–pupil funding each SELPA receives varies based on historical factors. After receiving its allocation, each SELPA develops a local plan for how to allocate funds to the school districts and charter schools in its region based on how it has chosen to organize special education services for SWDs.

Some performance indicators suggest SWDs generally are performing well, whereas other indicators are less encouraging. For example, performance on standardized tests (including those specifically designed for SWDs) has improved over the past several years, but a majority of SWDs still fail to meet state and federal achievement expectations. As SWDs near the end of their time receiving special education services, data show that about 60 percent of SWDs graduate on time with a high school diploma and about two–thirds of SWDs are engaged productively after high school (with about half enrolled in an institute of higher education and 15 percent competitively employed within one year after high school).

Task Force Report:

The California Statewide Special Education Taskforce was made up of a variety of stakeholders including state and local-level special education experts, educators, and researchers. The full report, subcommittee reports, and additional information is available at: http://www.smcoe.org/about-smcoe/statewide-special-education-task-force/

The recommendations from the report focus on changes in a wide variety of educational areas:

- Early Learning
- Evidence-based School and Classroom Practices
- Educator Preparation and Professional Learning
- Assessment
- Accountability
- Family and Student Engagement
- Special Education Financing

And include the following:

- State-level commitment to aligning policies, practices, and systems of support across initiatives.
- Clearly and thoroughly articulated and disseminated statewide standards of practice based on the following:
    - Universal design for learning.
    - A tiered school and classroom system designed to coordinate and provide support to all students and that is primarily located in general education. This system incorporates a response to intervention approach and addresses both academics and social-emotional learning and positive behavioral support and practices.
- A system for training current teachers and school administrators on evidence-based practices, including transition strategies, culturally responsive teaching, technology, and youth and family involvement.

Suggested Questions:

1) Which recommendations does the task force leadership think are the highest priorities?
2) Given the potential for additional one-time Proposition 98 resources, are there one-time needs for improving special education services?

Staff Recommendation: Information Only

Item 2: State Special Schools

Description:
Although most students with disabilities receive special education services from their school district or county office of education, the state also operates three residential schools for deaf and blind students:

- The California Schools for the Deaf (CSDs) in Riverside and Fremont together serve about six percent of the state's deaf and hard-of-hearing students (approximately 800 students), between the ages of three and 22 years. These schools provide intensive, specialized services to students, with or without additional disabilities, whose primary educational needs are related to a hearing loss. Services provided at the CSDs include: instruction in American Sign Language (ASL), written English, and spoken English when appropriate; audiological services; assessment and intervention services; school-based counseling services; social work services; adapted physical education; occupational therapy; and family sign language classes.

- The California School for the Blind in Fremont serves about two percent of the state's visually impaired students (approximately 70 students), between the ages of five and 22. The school provides intensive, disability-specific educational services to students who have primary learning needs related to their visual impairment and serves as a statewide resource to provide expertise to LEAs.

The state special schools in Fremont and Riverside offer both day and residential programs. Student attendance is determined by parents and individual education program (IEP) teams. The state special schools are funded through a direct appropriation from the state. Additionally, the state operates three diagnostic centers (located in Fremont, Fresno, and Los Angeles) that identify students' disabilities and offer trainings to families and school districts, and these are included when the term "state special schools" is used in this agenda. According to the LAO, the state special schools have had a support budget of about $95 million annually (generally about half from Proposition 98 funds and half from non-Proposition 98 General Fund).

The Governor's budget includes two facilities-related proposals for state special schools, as discussed in the issues below:

Issue 1: Deferred Maintenance

Panel:

- Rachel Ehlers, Legislative Analyst's Office
- Monique Ramos, Department of Education
- Lisa Mierczynski, Department of Finance

Background:
The state special schools are administered by the Department of Education, which is responsible for determining how much to set aside for maintenance projects from the operating funding provided for the schools. Historically, maintenance projects have been underfunded and a deferred maintenance backlog has grown. In 2002, the Department of Education took action to begin reducing this backlog and since then has budgeted around $2.4 million annually, with larger appropriations in recent years ($4.7 million in 2012-13 and $2.8 million in 2013-14). According to the CDE, in 2014-15, the state special schools used $1.8 million for deferred maintenance. The existing list of deferred maintenance projects at the schools totals around $26 million and includes a variety of needs such as roof replacement, painting, carpet replacement, fencing repair, etc.

Governor's Budget Proposal:
The Governor proposes to provide $3 million in one-time non-Proposition 98 General Fund to address deferred maintenance for the state special schools. This is part of the Governor's recently released 2015 Five – Year Infrastructure Plan which prioritizes specific maintenance projects for existing state facilities, and proposes $125 million in General Fund for projects. The funds are proposed to be appropriated through Control Section 6.10, and the Department of Finance would review and approve the lists of projects to be funded. The Department of Education has identified a list of 16 state special schools projects that would be submitted for the funds, with priority for critical deficiencies that could be completed within two years.

Legislative Analyst's Office Analysis and Recommendations:
The LAO agrees that the state should continue to address deferred maintenance projects to protect the states investment in infrastructure and agrees that this is a good use of available one-time funding. Also they note that it is fiscally responsible to make these investments now because of the potential for revenue downturns in future years. The state special schools have a number of important deferred maintenance projects.

The LAO recommends that the Legislature adopt the proposal to address the identified projects at the state special schools, however, the LAO recommends that the Legislature use Proposition 98 one-time funds rather than non-Proposition 98 General Fund. The LAO believes Proposition 98 General Fund is an appropriate funding source given the use of Proposition 98 funds for maintenance at schools districts and community colleges in the past. The LAO also notes the large share of revenues that will go to Proposition 98 in 2014-15 and 2015-16.

Finally, the LAO recommends that the Legislature adopt language that requires that funds provided under this item, whether Proposition 98 or other state General Fund, be in addition to a specified level of ongoing funding dedicated to state special schools for maintenance in the existing budget to ensure that these additional funds have an impact on reducing the maintenance backlog. The LAO estimates this current ongoing level of support to be $1.8 million.

Suggested Questions:
For the Department of Education:

1) What amount of funding is being dedicated for deferred maintenance projects for the state special schools on an annual basis?

2) Do the state special schools have a long-term plan for eliminating the deferred maintenance backlog?

Staff Recommendation: Hold item open pending the May Revision.

Issue 2: Capital Outlay – California School for the Deaf in Fremont

Panel:

- Rachel Ehlers, Legislative Analyst's Office
- Monique Ramos, Department of Education
- Carlos Ochoa, Department of Finance
- Koreen Hansen, Department of Finance

Background:

According to the LAO, the California School for the Deaf in Fremont enrolls 433 students, of whom 135 are in the elementary program (including infant/preschool services through 5th grade), 92 are in middle school (grades 6 through 8), and 206 are in high school. Overall, about half of the students attend as day students while half live at the school during the week. The Fremont campus includes three activity centers for students. The activity center for middle school students may not be used for students after September 30, 2015, as it is in a 40-year old modular building that is not Field Act compliant. According to the CDE, the cost to remove the current building and make the site safe for children would be approximately $230,000.

Governor's Budget Proposal:

The Governor proposes to provide $1.749 million in non-Proposition 98 General Fund to construct a new building for the middle school activity center at the California School for the Deaf in Fremont. The project would replace the old modular 1,920 square foot building with a new 2,160 square foot permanent building and would include new walkways, fencing, patio area, accessible parking, manhole and storm drain inlets, and renovated landscaping. The interior of the building would contain a large game room, video viewing area, concession snack bar, bathrooms, storage, refrigerator and freezers, and data equipment cabinet.

Legislative Analyst's Office Analysis and Recommendations:

The LAO notes that this request is one of many capital outlay projects that have been identified by the state, many of which represent responses to serious health and safety needs that they believe are of a higher priority. The LAO also notes that this project is not vital to the core instructional program for students at the California School for the Deaf in Fremont. The LAO also notes that although revenues are increasing, most, if not all, of the increase will go to Proposition 98, leaving very little General Fund available for other priorities, such as Medi-Cal services and child care, among others. Finally, the LAO notes that although rejecting this project at this time would create some challenges for the school in scheduling of activities for students, the school does have the ability to use other existing spaces to accommodate student social events.

The LAO recommends that the Legislature reject this request at this time, given the limited availability of non-Proposition 98 General Fund and pressing General Fund needs.

Staff Comments:

Due to the limited amount of General Fund resources, the Legislature should review this request in the context of health and safety capital outlay projects as well as other funding priorities. Staff recommends that if this item is not funded, the Department of Education provide legislative staff with an update next spring on the impact to the State Special School at Fremont.

Suggested Questions:

For the Department of Education:

1) If this proposal is not funded, what is the impact on the core instructional activities of the State Special School at Fremont?

2) Are there lower cost alternatives?

Staff Recommendation: Hold item open pending the May Revision.

Item 3: School Climate Strategies (Information Only)

Description:

This item will include a discussion of school climate, state policies to support improving school climate and local strategies, such as school-wide positive behavior systems and supports.

Panel:

- Carolyn Chu, Legislative Analyst's Office
- Monique Ramos, Department of Education
- Mike Lombardo, Placer County Office of Education

State Policies and Programs:

School climate has always been part of the local discussion for what contributes to a supportive learning environment for students. Recently, under the Local Control Funding Formula (LCFF), school climate has recognized by the state as one of eight state priorities that Local Educational Agencies (LEAs) must create subgroup and school site goals for in the Local Control and Accountability Plans (LCAP). Statute specifies that school climate, for purposes of the LCAP, is measured by: pupil suspension rates, pupil expulsion rates, and other local measures, including surveys of pupils, parents, and teachers on the sense of safety and school connectedness.

Prior to the passage of the LCFF, state funding was provided to LEAs for a variety of school safety initiatives that encompassed school safety planning, violence prevention, conflict resolution, although this funding was flexed and LEAs could use it for any purpose under the policy of categorical flexibility enacted in 2008-09.

The Department of Education has developed and made available model policies and plans on the prevention of bullying and on conflict resolution. These resources are available for LEAs to adapt to local needs and the Department of Education recommends that LEAs also include examples of positive behavior practiced in the school community, training for teachers and staff on violence or bullying intervention strategies, and conflict resolution or peer mediation training for students.

The Department of Education received a four year (ended September 2014) Safe and Supportive Schools grant from the U.S. Department of Education intended to support statewide measurement of conditions for learning, as well as targeted programmatic interventions to improve those conditions. Topics included school safety and bullying, substance abuse, positive relationships, other learning support, and student engagement and targeted the high school grade levels.

Local Strategies:

In combination with and in addition to state–level support for school climate, LEAs continue to address school climate at their school sites through a variety of strategies. Strategies that have been shown to reduce suspensions and expulsions include:

School-wide Positive Behavior Interventions and Supports. This is a system that provides a comprehensive and collaborative prevention and intervention three-tiered framework for schools to improve academic and behavioral outcomes for all pupils. It involves explicit teaching of appropriate behaviors, a consistent positive rewards system, and a process for providing more intensive mental health and other interventions for students who require more support.

Restorative Justice. This includes practices such as Peacemaking Circles and Restorative Conferences which are designed to help students take responsibility for their actions, interact and manage relationships, and repair the harm they may have caused.

Trauma Informed Practices. These are strategies and professional development for school staff to increase understanding of the impact that trauma has on student behavior and to develop a multi-level school-based prevention and intervention program for students with the highest trauma needs.

Social Emotional Learning. This is a strategy for all students that helps students acquire and effectively apply the knowledge, attitudes, and skills necessary to recognize and manage emotions; develop caring and concern for others; make responsible decisions; establish positive relationships; and handle challenging situations capably.

Suggested Questions:

1) For the LAO: What are some ways LEAs have addressed school climate in their LCAPs?

2) For practitioner: What successes or challenges have you seen when implementing local strategies to improve school climate?

3) For practitioner: How are programs like positive behavior intervention or other bully-prevention, conflict resolution integrated into school and district culture?

Staff Recommendation: Information only.

Item 4: Statewide Assessments Update (Information Only)

Description:

California's statewide student assessment system is in the process of being updated to reflect the state's adoption of new statewide content standards. Legislation passed over the past few years has 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 (CCSS) in English language arts and mathematics, English language development standards and Next Generation Science Standards. This item reviews existing assessments and those under development, and associated costs.

Panel:

- Edgar Cabral, Legislative Analyst's Office
- Monique Ramos, Department of Education
- Keric Ashley, Department of Education

Background:

California Assessment of Student Performance and Progress (CAASPP)

AB 484 (Bonilla), Chapter 489, Statutes of 2013 authorized a new statewide assessment system for California's schools, the California Assessment of Student Performance and Progress (CAASPP). Specifically, CAASP covers the following assessments:

- English Language Arts (ELA) and Mathematics: Summative Assessments for grades 3 through 8, inclusive and grade 11.

- Science: Grade level assessments at least once in each of the following: 3-5, 6-9 and 10-12 (currently administered in grades 5, 8, and 10).

- California Alternate Performance Assessment for the above ELA, mathematics, and science assessments.

- Early Assessment Program in grade 11.

- Primary Language Assessments.

Of these assessments, in 2014-15, only Smarter Balanced Summative Assessments in ELA and Mathematics are aligned to the state's most recently adopted standards. In the other subject areas, new assessments are under development and until they are operational, local educational agencies will be continuing to use existing assessments, aligned to previous standards. The existing primary language assessment is not a required assessment and LEAs may continue to administer this assessment at their own expense.

Once fully implemented, this new suite of statewide assessments will align with new state academic content standards, but also require computer-based, and in some cases computer-adaptive, assessments to replace many assessments that were previously paper and pencil exams.

1) **English Language Arts and Math Assessments**
The State Board of Education (SBE) adopted common core state standards in language arts and mathematics on August 2, 2010. To address the need for standards-aligned statewide assessments, the state joined the Smarter Balanced Assessment Consortium (SBAC) in June 2011 to develop ELA and mathematics assessments aligned to the common core standards. In the spring of 2014, the new English language arts and mathematics exams were field tested by approximately 95 percent of students in grades 3 through 8. Starting March 10, 2015, the testing window opened on the first statewide administration of the new summative assessments in English language arts/literacy and mathematics. These new assessments are computer-based and include computer-adaptive multiple choice questions, as well as performance tasks. Of the approximately 3.2 million students in grades 3 through 8 and eleven being assessed in the Spring of 2015, it is estimated that only 1,800 will be assessed using a paper and pencil version (26 schools that lack adequate bandwidth to provide the online assessment).

According to the Department of Education, as of April 24th (34 testing days):

- Local educational agencies where testing has begun: 1,106
- Number of students that started a summative assessment: 1,633,196
- Summative assessments completed
    - English language arts/literacy test: 573,299
    - Mathematics test: 366,794

The spring 2015 administration of Smarter Balanced ELA and mathematics will result in individual scores that specify a student's proficiency level. These will be first provided to individual students, schools, and local educational agencies and then available to the public in late 2015. Students in grade 11 may choose to release the results of their ELA and mathematics exams to California Community Colleges and California State Universities to provide an early indicator of a student's readiness for college-level coursework in English and mathematics under the Early Assessment Program. Students can use these results to inform the coursework they undertake in grade 12 as they prepare for post-secondary education and placement at the California Community Colleges and California State Universities.

2) **Science Assessments**
The Next Generation Science Standards (NGSS) for grades kindergarten through 12 were adopted by the State Board of Education 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. Until an NGSS-aligned assessment is operational, LEAs are required to continue to administer science assessments aligned with the state's old standards in grades 5, 8, and 10. Funds were provided in 2014-15 ($4 million) towards the development of an NGSS-aligned assessment, however CDE anticipates the actual work of developing an assessment will not begin until spring of 2016, with an operational assessment likely in 2018-19, due to the complexity of translating the new standards into test items.

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. Currently, the California Alternate Performance Assessment (CAPA) in science is used to meet the assessment needs of this population of students until the alternate CA NGSS assessment is available. In July 2015, the SBE eliminated CAPA testing in ELA and mathematics and directed the CDE to explore other options for spring 2015 and beyond. A new version of the California Alternate Assessment for ELA and mathematics is under development and, according to CDE, field testing of the examination will be completed in June 2015, with an operational assessment anticipated to be in place by spring 2016.

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. Funds were provided in 2014-15 ($2 million) to begin development of a primary language assessment(s). According to CDE, thus far, required stakeholder meetings have occurred and a statutorily-required report to the SBE is anticipated to be released in July 2015. CDE anticipates that pilot testing on a Spanish primary language assessment could occur in 2016-17; field testing in 2017-18, and 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). Legislation passed in 2013 [SB 201 (Lui) Ch. 478, Statutes of 2013] authorized the development of a new English Language Proficiency Assessment. 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. Work on this new assessment began in 2012-13 under the existing CELDT contract by identifying CELDT test questions that are aligned to the new standards and can be used in a new assessment. (One of the major cost drivers of any assessment is developing an adequate item bank of test questions.) Funds were provided through contract savings in 2013-14, and $6.7 million in Proposition 98 General Fund was provided in the 2014-15 Budget Act for development of the new English Language Proficiency Assessment for California (ELPAC).

CDE is in the process of contracting for the development of the ELPAC assessment, and will provide an update after the May Revision on progress and the need for additional or re-appropriation of funding. Although, the ELPAC went out to bid as a pencil and paper-based assessment, the request for proposals specified that the contractor must be able to transition to a computer-based assessment in the future. According to the CDE, an operational ELPAC will be available in 2017-18. 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.

California High School Exit Exam (CAHSEE)

Current law requires students, as a condition of graduating from high school, to successfully complete specified coursework, any locally-imposed graduation requirements, and pass the CAHSEE. The CAHSEE assesses students in ELA and mathematics. Students first take this test in grade ten. If they do not pass the test in grade ten, they have more chances to take the test. In grade eleven, they can take the test two times. In grade twelve, they have up to five times to take the test. The CAHSEE is not aligned to the new common core standards in ELA and mathematics.

The current CAHSEE contract expires in October of 2015 and CDE is working with the Department of General Services ton options for extending the current contract or initiating a new contract.

Pending legislation (SB 172, Liu) would suspend 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 bill would also require reporting on the potential replacement of the CAHSEE.

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 2014-15 budget included funding appropriate to begin transitioning to a new assessment system, including the first administration of the new Smarter Balanced ELA and mathematics assessments in grades 3 through 8 and 11. In addition, funding was 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 through 2018. CDE has been in negotiations with ETS and the final contract is currently before the State Board of Education for final approval. 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. The state pays $9.55 million annually to the SBAC, which currently has contracted with the University of California, Los Angeles to cover the cost of consortium-managed services, such as access to the summative and interim assessments, access to the digital library, continued test development, and validity studies. The SBAC provided some tools (interim assessments) later in the year than originally planned and used additional data from the California field test in their standards setting work. As a result, the SBAC is providing a credit, or approximately $1.5 million, to California. The amount of the credit will be finalized in May following the approval of the SBAC budget in April. The CDE will provide confirmation and a proposal to use these funds at the May Revision. CDE's estimated costs for statewide assessments in 2015-16 are summarized below:

Proposed 2015-16 Statewide Student Assessment Costs			
Assessment Activity	**Prop 98 Projected Costs**	**Federal Fund Projected Costs**	**TOTAL Projected Costs**
Other Assessment-Related Contracts	$ 1,483,416	$ 600,000	**$ 2,083,416**
English Language Development Assessment			
Administration of CELDT		$ 7,443,000	**$ 7,443,000**
Development of ELPAC	$ 8,500,000		**$ 8,500,000**
High School Exit Examination	$ 5,894,000	$ 5,172,000	**$ 11,066,000**
High School Exit Examination Evaluation	$310,130	$ 39,870	**$350,000**
California Assessment of Student Performance and Progress			
CAASPP 2014-15 administration (current contract ends December 2015)	$ 7,622,101		**$ 7,622,101**
CAASPP 2015–16, 2016–17, 2017–18 administrations (July 2015 through December 2018)	$ 68,943,899	$ 7,075,000	**$ 76,018,899**
SBAC Consortium	$ 9,550,000		**$ 9,550,000**
Independent Evaluation	$ 700,000		**$ 700,000**
Assessment Apportionments	$ 23,723,200		**$ 23,723,200**
High School Proficiency Exam	$ 1,244,000		**$ 1,244,000**
Reimbursements for High School Proficiency Exam	$ (1,244,000)		**$ (1,244,000)**
Totals	$ 126,726,746	$ 20,329,870	**$ 147,056,616**

Source: Department of Education

Staff Comments:
The state is in the middle of a monumental transition to a new testing system that will not only align to new statewide content standards, but has also ushered LEAs into a new era of increased use of technology in the classroom. The state is also able to work with many other states and private or public partners in developing innovative ways to assess students and share assessment content and costs. These assessment changes are not without significant costs as displayed in this item. The Legislature should review the costs of administering these new assessments on annual basis, as well as ensure that the state is on track to develop new assessments in a timely and cost-effective manner. Staff will work with CDE and DOF to confirm final assessment costs after the May Revision.

Suggested Questions:

1) How much funding is included within the proposed 2015-16 CAASPP contract for development of the new science and primary language assessments? Does the CDE have an estimate for the total costs of developing these assessments and the ongoing costs to administer?

2) CDE has reported a savings of $1.5 million out of $4 million provided for the development of science assessments in 2014-15, and $1.9 million out of $2 million provided for the development of primary language assessments. Which activities was the test contractor unable to complete and has this delayed development of these assessments?

3) Under the state's contract with SBAC, California chose to purchase and offer a variety of tools for our LEAs such as formative assessments, diagnostic assessments, and a digital library. Are all of these tools available and are teachers and LEAs currently using them?

4) This coming winter, scores for the new summative ELA and mathematics assessments will be released for the first time. What is the state's plan for helping LEAs, teachers, students, parents, and policy makers understand this first round of results?

5) When does the CDE anticipate the ELPAC to be a computer-based assessment? Are there barriers to making this a computer-based assessment?

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

Item 5: Technology Infrastructure

Description:

California's schools have a greater need to provide Internet access to their students that ever before with the advent of statewide online testing. The Governor's 2015-16 budget provides a total of $108.8 million in funding to address school sites that have no or limited internet connectivity.

Panel:

- Natasha Collins, Legislative Analyst's Office
- Cindy Kazanis, Department of Education
- Monique Ramos, Department of Education
- Amber Alexander, Department of Finance

Background:

Most schools connect to their school district office or county office of education which then connects to a high-speed internet backbone (a series of fiber-optic cables that fun across large distances) operated by the Corporation for Education Network Initiatives in California (CENIC). The K-12 High Speed Network (HSN) grant pays for Internet connections from the district or county office of education to the CENIC backbone. CENIC is a non-profit organization that provides Internet services to educational agencies in California.

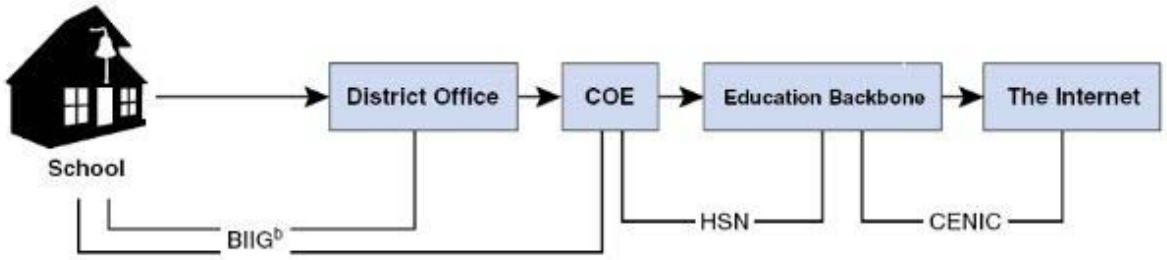
The HSN was established in 2004-05, when the state provided funding for a HSN grant, which was awarded to the Imperial County Office of Education. The HSN assists schools with connecting to the Internet through CENIC. According to the LAO, the HSN received about $8 million annually in Proposition 98 General Fund and also receives about $6 million per year in subsidies for Internet services purchased from commercial providers. The HSN also has a projected reserve of $14.3 million in 2014-15, built up over time as the cost of Internet services has decreased.

According to the HSN, the ability of school access to the Internet varies across the state for a variety of reasons; available infrastructure is often the biggest barrier – both remote, rural areas and low-income, urban areas face issues related to lack of infrastructure. Other barriers include limited technical capacity in school staff, limited dedicated state funds in recent years, and geographic diversity. While the HSN has been working to increase Internet access across the state for the past decade, recent state policies have made this access a greater priority than ever before.

The new statewide assessment system, currently under development, not only aligns with new state academic content standards, but also requires computer-based, and in some cases computer-adaptive, assessments to replace many assessments that were previously paper and pencil exams. LEAs have faced challenges in upgrading their technology needs, not just hardware and software needs, but also Internet connectivity and load capacity (how many students can take the assessment at one time). In the spring of 2014, the new English language arts and mathematics exams were field tested by approximately 95 percent of students in grades 3 through 8, and currently LEAs are administering the first operational version of the assessment. Of the approximately 3.2 million students in grades 3 through 8 and eleven being assessed in the Spring of 2015, it is estimated that only 1,800 will be assessed using a paper and pencil version (26 schools that lack adequate bandwidth to provide the online assessment).

Recognizing the critical need for many schools to upgrade their Internet access in the face of new assessment requirements, the 2014-15 budget provided $26.7 million for the Broadband Infrastructure Improvement Grants (BIIG) program. These funds were for improvement of network connectivity infrastructure for schools, specifically infrastructure known as the "last mile" connection. The last mile is typically the connection from the school to the school district office or county office of education.

BIIG Intended to Help Some Schools Access the Internet[a]



[a] Distances not to scale. Distance from school to district office and from district office to backbone or other sites vary signififcantly across state.

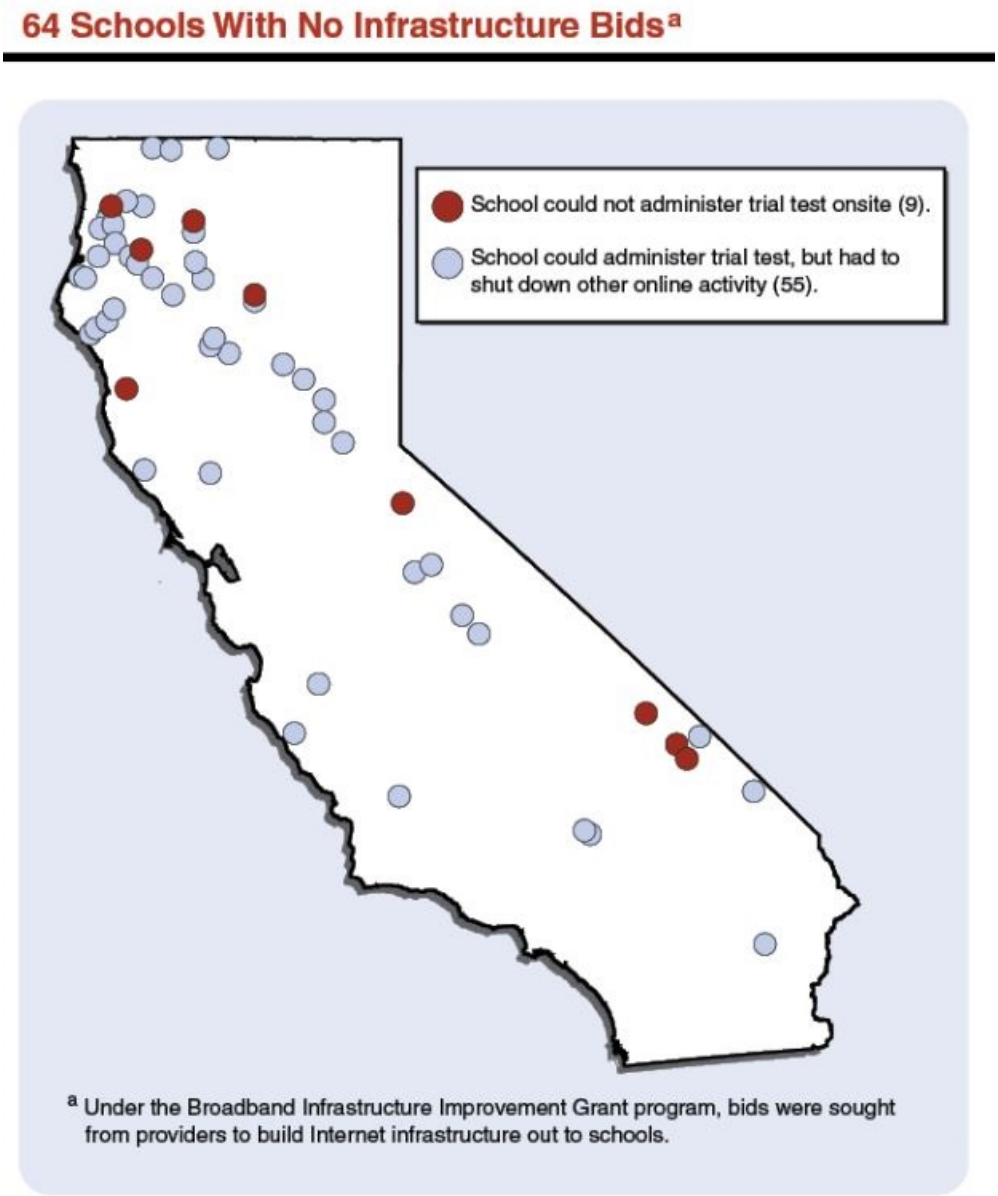
[b] Schools use BIIG for their last-mile connections—connecting them either to their district office or COE, depending on existing infrastructure.

BIIG = Broadband Infrastructure Improvement Grants; COE = county office of education; HSN = High Speed Network; and CENIC = Corporation for Education Network Initiatives in California.

Source: Legislative Analyst's Office

According to a HSN report, "*Connecting California's Children 2015: Assessing and Improving Network Connectivity Infrastructure in California's K-12 Public Schools*", BIIG funds are being provided to upgrade connectivity to 227 sites. These grantees were determined through a multi-step process. First priority was given to schools that were unable to administer the CAASP field test in 2014 due to last mile connectivity, with second priority for those schools that had to limit other Internet use in order to conduct the tests. After site needs were validated and reviewed, 291 sites were eligible for BIIG funds.. Sites that ultimately are receiving BIIG funds do not get funds that go directly to schools, instead funds are managed by the HSN and pay for one-time costs to upgrade circuits, construction, installation, and equipment. Also, ongoing monthly costs are covered through June 30, 2016. Sites receiving BIIG grants will have dramatically improved network speeds, access to statewide research and education network, access to higher connectivity at lower costs, and most will have scalable connections to ensure room for future growth, as well as ensuring the sites can provide the new online assessments.

Of the 291 eligible sites, 64 sites initially did not receive a solution, and after continued work by the HSN, this number is now down to 47. Of these nine schools cannot test onsite and 38 must shut down other operations in order to provide the online assessment. According to the HSN report, there are a variety of reasons these sites may not have received bids, including a too-short timeframe to prepare a bid for the complex solutions some sites may need, geographical isolation of sites, or lack of business opportunities for vendors. At this time, CDE and the HSN have indicated that the remaining 47 sites would receive solutions within the current year BIIG grant. These solutions would be limited to satellite and microwave, which have limitations for reliability and scalability, however have a shelf life of 7-10 years.



Source: Legislative Analyst's Office

BIIG funding is one of many sources of that LEAs can use to meet their technology needs. The state has provided a variety of funds sources that LEAs may use for technology, including: LCFF funding, a one-time allocation of $1.25 billion of Proposition 98 funding in the 2013-14 year for implementation of state standards, $401 million in mandates backlog funding in the 2014-15 budget that may be used for any purpose, although legislation included intent language that it be used for implementing common core standards. Additionally, LEAs are eligible for state and federal Internet subsidies that can pay for up to 95 percent of monthly service costs.

The HSN released "*Connecting California's Children 2015, Supplemental Report: Findings and Observations"* in April of 2015. Language in last year's budget required the HSN to provide information on network connectivity in California's K-12 system. The report makes the following observations:

- Technical support of network infrastructure varies across the state.
- Some of California's K-12 public schools continue to lack access to last and middle mile infrastructure.
- Some school sites cannot fully utilize last mile connections because their internal infrastructure is inadequate.
- State and national reports call for expanded broadband capacity to meet 21st Century goals for teaching, learning, and assessments.
- Data collection on connectivity in K-12 schools is inconsistent, and impacts local planning.

The report also details strategies to help meet each of the observations.

Governor's Proposal:

The Governor proposes to provide $100 million in one-time Proposition 98 funding to support Internet connectivity and infrastructure for schools. This funding would go out through the same BIIG program from the current year and would use the same eligibility and priority ranking criteria as last year to address the remaining sites, likely to provide fiber optic Internet infrastructure to remaining sites.

The Governor also proposes to use $8.8 million from the HSN's reserve funds for to provide BIIG grants in 2015-16. This would reduce the HSN reserve from $14.3 to $5.5 million (38 percent of the annual budget). The Governor proposes that the remaining reserve is needed to cover uncertainties in the timing of federal Internet subsidies and for anticipated replacement of equipment in 2018-19.

Legislative Analyst's Office Analysis and Recommendations:
The LAO notes that of the remaining sites from the 2014-15 BIIG effort, the nine schools that cannot administer the online assessment enroll less than 60 test-taking students and the 38 schools that must shut down other activities to administer the assessment enroll less than 2,000 test-taking students. Therefore the cost per student to upgrade these sites is significant; the LAO cites data from CDE that one BIIG-eligible site received only one bid for $10 million to serve just five test taking students (the bid was not accepted). The LAO also notes that there still are other options available to these sites which would be far less costly, including satellite and microwave Internet connections which would allow students to take the test online, testing a small number of students at a time, busing students to a library or other site with Internet access, or using paper and pencil assessments (available through 2016-17).

In addition, the LAO notes that the state has little information about HSN expenditures. The annual audit required of the program is currently included within a larger Imperial County Office of Education audit and, as such, does not break out detail on operations and expenditures.

As a result of its analysis, the LAO recommends that the Legislature:

- Not fund sites with extraordinary costs, but considering setting a maximum per-pupil amount if reasonable based on HSN information.
- Require the HSN audit to be separate from the Imperial County Office of Education audit to provide more transparency, including requiring a list of expenditures, revenues, and reserves.
- Not provide the HSN with a new Proposition 98 General Fund budget appropriation in 2015-16, and instead require the HSN to use $8.3 million in reserve funds for 2015-16 operations. This would free up $8.3 million in Proposition 98 funds for other uses.
- Re-evaluate the need for an appropriate reserve level for HSN in 2016-17 with the additional audit information.

Staff Comments:

LEAs have noted significant technology needs, not just to support the new online statewide assessments for their students, but also to allow schools to take advantage of new ways to educate students and ensure they are ready to participate in an economy that is increasingly tied to technology. However, the Legislature may want to consider at what point investments in infrastructure, such as building out fiber connectivity to remote areas, is cost-effective, particularly when the trade-off is additional funds for other educational needs.

The role and workload of the HSN is also undergoing a transformation. As access to technology is further embedded into education, and particularly with this big assessment change, the HSN will likely be handling increased and different workload to ensure these changes are made and managed. A review of their current work would help to inform future adjustments to their ongoing business model. Staff notes that both the LAO and Department of Finance are in agreement about reducing the HSN reserve, however it is unclear that the funds are needed in a new BIIG program. The Legislature may want to consider taking steps to ensure that the HSN budget and workload can be appropriately sized in the next year, including adding additional audit provisions.

Suggested Questions:

1) What guidelines do DOF, CDE, or LAO think are appropriate for the expenditure of additional funds?
2) Would there be any potential benefit to waiting until short-term solutions (wireless or satellite) are nearing the end of their lifespan before investing in other solutions, such as fiber?
3) One of the problems noted in the HSN studies is the lack of data on connectivity needs of schools. Does CDE or the HSN have a plan to address this?
4) Are there viable cost-sharing models with local government or business, that the HSN and the remaining schools can tap into?

Staff Recommendation: Hold open pending the May Revision updated Proposition 98 funding.

Item 6: Department April Letters

Description:

The Department of Finance (DOF) proposes the following technical adjustments to various K-12 state operations (support) and local assistance items in the 2015-16 budget. These revisions are proposed by a DOF April 1 finance Letter. These issues are considered technical adjustments, mostly to update federal budget appropriation levels so they match the latest estimates and utilize funds consistent with current programs and policies.

Panel:

Department of Finance
Department of Education
Legislative Analyst's Office

VOTE ONLY: Issues 1-12

Federal Funds – State Operations (Support) and Local Assistance

1. **Item 6100-001-0890, Support, State Department of Education (SDE). Add One-Time Federal Trust Fund for Child Nutrition Program Training and Oversight (Issue 360)—**It is requested that this item be increased by $2,091,000 Federal Trust Fund to reflect the availability of one-time funding to support training, technical assistance, and oversight of school food authorities in response to changes in the federal Healthy, Hunger-Free Kids Act of 2010 (act).

   In an effort to improve federal child nutrition programs, the act contained many new requirements, including changes to meal patterns and nutritional standards and increased oversight of program sponsors. The act also provides administrative funds specifically for state agencies to provide technical assistance to school food authorities on changes to the meal and nutrition requirements.

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

   X. Of the funds appropriated in this item, $2,091,000 is provided on a one-time basis to support statewide training, technical assistance, and oversight of school food authorities regarding changes to meal and nutritional standards contained in the federal Healthy, Hunger-Free Kids Act of 2010.

2. **Item 6100-001-0890, Support, State Department of Education (SDE). Amendment to California Longitudinal Pupil Achievement Data System Provisional Language (Issue 623)—**It is requested that Provision 16 of this item be amended to remove outdated provisional language as follows. This technical change would have no effect on the total amount budgeted in the item.

   "16. Of the funds appropriated in this item, $6,636,000 is for the California Longitudinal Pupil Achievement Data System (CALPADS), which is to meet the requirements of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) and Chapter 1002 of the Statutes of 2002. These funds are payable from the Federal Trust Fund to the State Department of Education (SDE). Of this amount, $5,641,000 is federal Title VI funds and $995,000 is federal

Title II funds. These funds are provided for the following purposes: $3,254,000 for systems housing and maintenance provided by the Office of Technology Services (OTECH); $908,000 for costs associated with necessary system activities; $790,000 for SDE staff, and $710,000 for various other costs, including hardware and software costs, indirect charges, Department of General Services charges, and operating expenses and equipment. ~~As a condition of receiving these funds, SDE shall ensure the following work has been completed prior to making final vendor payments: a Systems Operations Manual, as specified in the most current contract, has been delivered to SDE and all needed documentation and knowledge transfer of the system has occurred; all known software defects have been corrected; the system is able to receive and transfer data reliably between the state and local educational agencies within timeframes specified in the most current contract; system audits assessing data quality, validity, and reliability are operational for all data elements in the system; and SDE is able to operate and maintain CALPADS over time.~~ As a further condition of receiving these funds, the SDE shall not add additional data elements to CALPADS, require local educational agencies to use the data collected through the CALPADS for any purpose, or otherwise expand or enhance the system beyond the data elements and functionalities that are identified in the most current approved Feasibility Study and Special Project Reports and the CALPADS Data Guide ~~v4.1~~. In addition, $974,000 is for SDE data management staff responsible for fulfilling certain federal requirements not directly associated with CALPADS."

3. **Item 6100-113-0890, Local Assistance, Student Assessment Program (Issue 624)—**It is requested that Schedule (5) of this item be decreased by $738,000 federal Title VI funds to align to the federal grant award. Federal funds for state assessments are provided for costs associated with the development and administration of the California Assessment of Student Performance and Progress, the English Language Development Test, and the California High School Exit Exam.

4. **Item 6100-119-0890, Local Assistance, Neglected and Delinquent Children Program (Issue 177)—**It is requested that this item be increased by $209,000 federal Title I funds to align to the federal grant award. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.

5. **Item 6100-125-0890, Local Assistance, Migrant Education Program and English Language Acquisition Program (Issues 178 and 179)—**It is requested that Schedule (1) of this item be increased by $10,074,000 federal Title I, Part C funds to reflect the availability of $10,073,000 in one-time carryover funds and a $1,000 increase to the federal grant award. This program provides educational support services to meet the needs of highly mobile children.

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

   X. Of the funds appropriated in Schedule (1), $10,073,000 is provided in one-time federal Title I, Part C carryover funds to support the existing program.

   It is also requested that Schedule (3) of this item be decreased by $2,722,000 federal Title III funds to reflect the availability of $1,188,000 in one-time carryover funds and a $3,910,000 reduction to the federal grant award. This program provides services to help students attain English proficiency and meet grade level academic standards.

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

X. Of the funds appropriated in Schedule (3), $1,188,000 is provided in one-time federal Title III carryover funds to support the existing program.

6. **Item 6100-134-0890, Local Assistance, School Improvement Grant Program and Basic Elementary and Secondary Education Act Program (Issues 626 and 625)—**It is requested that Schedule (3) of this item be increased by $2,301,000 federal Title I funds to reflect the availability of $2,835,000 in one-time carryover funds and a $534,000 reduction to the federal grant award. The SDE awards school improvement grants to local educational agencies (LEAs) with the persistently lowest-achieving Title I schools to implement evidence-based strategies for improving student achievement.

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

   X. Of the funds appropriated in Schedule (3), $2,835,000 is provided in one-time carryover funds to support the existing program

   It is further requested that Schedule (4) of this item be increased by $1,699,000 federal Title I funds to reflect the availability of $4 million in one-time carryover funds and a $2,301,000 reduction to the available federal grant award. LEAs use these funds to support services that assist low-achieving students enrolled in the highest poverty schools.

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

   X. Of the funds appropriated in Schedule (4), $4,000,000 is provided in one-time carryover funds to support the existing program.

7. **Item 6100-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program (Issue 180)—**It is requested that Schedule (1) of this item be increased by $497,000 federal Title X, Part C funds to reflect the availability of $573,000 in one-time carryover funds and a $76,000 reduction to the available federal grant award. This program provides a liaison to ensure homeless students have access to education, support services, and transportation.

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

   X. Of the funds appropriated in this item, $573,000 is provided in one-time federal Title X, Part C carryover funds to support the existing program.

8. **Item 6100-137-0890, Local Assistance, Rural and Low-Income School Program (Issue 181)—**It is requested that this item be increased by $206,000 federal Title VI funds to reflect the availability of $68,000 in one-time carryover funds and a $138,000 increase to the federal grant award. This program provides financial assistance to rural districts to help them meet federal accountability requirements and to conduct activities of the federal Elementary and Secondary Education Act program.

   It is further requested that provisional language be added as follows to conform to this action:
   X. Of the funds appropriated in this item, $68,000 is provided in one-time federal Title VI carryover funds to support the existing program.

9. **Item 6100-156-0890, Local Assistance, Adult Education Program (Issue 284)—**It is requested that this item be increased by $8,105,000 federal Title II funds to reflect the availability of $5 million in one-time carryover funds and a $3,105,000 increase to the federal grant award. The Adult Education Program supports the Adult Basic Education, English as a Second Language, and Adult Secondary Education programs.

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

X. Of the funds appropriated in this item, $5,000,000 is provided in one-time carryover funds to support the existing program.

10. **Item 6100-166-0890, Local Assistance, Vocational Education Program (Issue 285)—**It is requested that this item be increased by $8,333,000 federal Carl D. Perkins Vocational and Technical Education Act funds to reflect the availability of $8,413,000 in one-time carryover funds and a $80,000 reduction to the federal grant award. The Vocational Education Program develops the academic, vocational, and technical skill of students in high school, community colleges, and regional occupational centers and programs.

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

    X. Of the funds appropriated in this item, $8,413,000 is provided in one-time carryover funds to support the existing program.

11. **Item 6100-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 286)—**It is requested that this item be increased by $278,000 federal Title II funds to reflect the availability of $112,000 in one-time carryover funds and a $166,000 increase to the federal grant award. The Mathematics and Science Partnership Program provides competitive grants to partnerships of low-performing schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers.

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

    X. Of the funds appropriated in this item, $112,000 is provided in one-time carryover funds to support the existing program.

General Fund and Other Adjustments

12. **Items 6100-001-0001 and 6100-491, Support, SDE, Reappropriate One-Time Savings (Issues 042, and 621)—** It is requested that Item 6100-001-0001 be increased by $28,000 General Fund to support Independent Project Oversight Consultant services for the implementation of the Smarter Balanced Technical Hosting Solution. Funding was appropriated in the 2014 Budget Act for this purpose. However, effective July 1, 2014, the California Department of Technology decreased their billing rate for these services, resulting in savings.

    It is also requested that Item 6100-491 be added as follows to conform to these actions:

    6100-491—Reappropriation, Department of Education. The amount specified in the following citation is reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2016:

    0001—General Fund.
    1. $28,000 in Item 6110-001-0001, Budget Act of 2014 (Ch. 25, Stats. of 2014), to support Independent Project Oversight Consultant services for the implementation of the Smarter Balanced Technical Hosting Solution.

DISCUSSION AND VOTE: Issue 13

13. **Addition of Budget Bill Item 6100-170-0001, Local Assistance, Career Technical Education (CTE) Program (Issue 282)—**It is requested that Item 6100-170-0001 be added and that $810,000 in one-time reimbursement carryover funds be provided for the CTE Program. Specifically, $220,000 would allow for the completion of three projects that could not be completed in the current year due to contract delays, $275,000 would fund a contract for an evaluation of the pilot Linked Learning Program, and $315,000 would be allocated to existing participants of the pilot Linked Learning Program.

    It is further requested that Item 6100-170-0001 be added as follows to conform to this action:

    6100-170-0001—For local assistance, Department of Education, pursuant to Section 88532 of the Education Code…… 0

    (1) 5205092-Career Technical Education Initiative .....……...810,000

    (2) Reimbursements to 5205092-Career Technical Education Initiative……-810,000

    Provisions:
    1. Of the funds appropriated in this item, $810,000 reflects one-time reimbursement carryover funds. Specifically, $220,000 is to complete unfinished projects of the CTE Online development, the California Partnership Academies Special Project, and the Leadership Development Institutes, $275,000 is to complete an evaluation of the pilot Linked Learning Program, and $315,000 is for grants to the existing participants of the pilot Linked Learning Program.

Staff Comments:

Staff notes that April Letter issues 1-12 are technical adjustments and are unaware of any opposition.

Staff notes that April Letter Issue 13 does not reflect available carryover. After the issuance of the April Letter request, the Department of Education encumbered an additional $275,000 for an evaluation of the pilot Linked Learning Program and also encumbered $225,000 to update the Multiple Pathways Report (a statutorily required report already completed in 2010). This update is a CDE initiative and was not required by statute. After these changes, $310,000 is now available to carryover, instead of the $810,000 reflected above. Of this carryover, $220,000 is proposed to complete unfinished projects of the CTE Online development, the California Partnership Academies Special Project, and the Leadership Development Institutes, leaving only $90,000 available for grants to the existing participants of the pilot Linked Learning program, instead of the $315,000 proposed in budget bill language in issue 13 of this item.

Staff notes that the Department of Education has expressed concern that $90,000 results in a small amount of funds for current Linked Learning Pilot grantees and has instead suggested that the funds be used to augment the funds already encumbered to update the Multiple Pathways Report.

Staff Recommendation:

Approve April Letter issues 1-12 with conforming budget bill language as listed in this item.

Approve April Letter Item 13, amended to reflect an updated carryover amount of $310,000 and conforming budget bill language for these funds to be provided for unfinished projects and to existing participants of the pilot Linked Learning program.

Vote: Approve April Letter issues 1 and 3-12 with conforming budget bill language as listed in Item 6. 2-0 (Moorlach absent)

Item 7: State Operations

Description:
The Governor's budget proposed a number of adjustments for California Department of Education headquarters staff and expenses that have not already been heard by the subcommittee. These proposed adjustments include staffing increases in 2015-16 to implement several statutes enacted in 2014.

Panel:

Department of Finance
Department of Education
Legislative Analyst's Office

Background:

Funding and authorized positions for the California Department of Education are summarized by the table below:

California Department of Education			
Authorized Positions and State Operations Funding			
			Proposed
	13–14	**14–15**	**15–16**
Authorized Positions			
Headquarters	1,489.60	1,505.80	1,502.80
State Special Schools	948.10	948.10	948.10
Total	2,437.70	2,453.90	2,450.90
Funding			
CDE Headquarters			
General Fund	47,359,000	55,813,000	56,461,000
Federal Funds	170,672,000	170,340,000	156,177,000
Other Funds (Restricted)	32,271,000	32,840,000	32,274,000
Total	**250,302,000**	**258,993,000**	**244,912,000**
Percent General Fund	19%	22%	23%
Percent Federal Funds	68%	66%	64%
CDE State Special Schools			
Proposition 98 GF	50,500,000	52,530,000	52,578,000
Non-Proposition 98 GF	43,814,000	45,462,000	47,549,000
Federal Funds	0	0	0
Other Funds	12,322,000	10,495,000	10,493,000
Total	**106,636,000**	**108,487,000**	**110,620,000**
CDE Headquarters & State Special Schools			
General Fund	141,673,000	153,805,000	156,588,000
Federal Funds	170,672,000	170,340,000	156,177,000
Other Funds	44,593,000	43,335,000	42,767,000
Total	**356,938,000**	**367,480,000**	**355,532,000**

Source: Department of Education, Except for 2015-16, data are current-year estimates (middle column) from the Governor's Budget

Governor's Budget Proposals:

	Governor's Budget Proposal	State General Fund (in 1000s)	Description	LAO Recommendation and Rationale
1	Funding for legal defense of Cruz lawsuit	$3,675	Provides one-time funding for second year of contract with legal firm to represent state in *Cruz v. California* case.	**Recommend approval.**
2	Kindergarten Program Implementation Report (AB 1719, Ch 723, Weber)	250	Provides one-time funding for CDE to report on characteristics of kindergarten programs across the state. (Estimate based on similarity to cost of already completed Child Care Characteristics Study.)	**Recommend approval.** Implements legislation. Proposed funding reasonably well-aligned with workload.
3	Civil Rights Complaints Management	207	Provides ongoing funding ($107,000) for one existing unfunded authorized position to respond to complaints and one-time funding ($100,000) to address backlog of complaints.	**Recommend approval.** Workload has increased for that division (8 to 10 appeals each month). Proposed funding reasonably well-aligned with workload.
4	Distinguished After School Health Recognition Program (SB 949, Ch 369, Jackson)	177 plus 1.5 PY	Provides one-time funding for CDE to fulfill the requirements of the legislation. 1.0 one-year IT position and 0.5 two-year limited-term consultant positions would develop guidelines for how after school programs could qualify for the recognition program, then post which programs achieved the certification.	**Recommend approval.** Implements legislation. Proposed funding reasonably well-aligned with workload.
5	SBE workload related to charter schools	151	Provides funding for portions of three existing SBE staff who work on charter school issues for the Board and Governor. Backfills federal Public School Charter Grant funding that is expected to be notably reduced in upcoming fiscal year.	**Recommend waiting for May updates.** We expect updated information as to the availability of federal funds (ongoing grant and carryover) in May.
6	Statewide Model County Programs Project, (AB 2276, Ch 901, Bocanegra)	137	Provides one-time funding for CDE to fulfill the requirements of the legislation. Requirements include working with other entities to study counties that are successfully transferring juvenile court school students back to other schools, developing a statewide model for successful practices, and submitting a report with recommendations by	**Recommend approval.** Implements legislation. Proposed funding reasonably well-aligned with workload.

			1/1/2016.	
7	Health Framework: Sexual Abuse/Trafficking Prevention Education (SB 1165, Ch 713, Mitchell)	135	Provides one-time funding for CDE to fulfill the requirements of the legislation. CDE would contract with a researcher/writer to draft a sex trafficking and sexual abuse section for possible inclusion in the next version of the state's Health Framework.	**Recommend approval.** Implements legislation. Proposed funding reasonably well-aligned with workload.
8	Smarter Balanced Technical Hosting Solution Project Oversight	85	Provides one-time funding for 9 months of an Independent Project Oversight Consultant (IPOC). The California Department of Technology (CalTech) required an IPOC for two years. The *2014-15 Budget Act* provided the first year of funding.	**Recommend approval.** Funds oversight consultants required by CalTech. Only 9 months of funding is necessary because CDE is expected to have current-year savings it can carry over to cover costs in first 3 months of 2015-16.
9	Staff for CDE Early Education and Support Division	61	Provides ongoing funding to upgrade a position provided in the *2014-15 Budget Act* from Associate Governmental Program Analyst to Consultant. Also converts both of the two positions that were provided in 2014-15 Budget Act from limited-term to permanent (with associated annual cost of $203,000).	**Recommend approval.** Administrative workload recently has increased for that division (due to program expansions). Proposed funding reasonably well-aligned with workload.
10	Bullying and Cyberbullying Online Training Modules (AB 1993, Ch 418, Fox)	43	Provides one-time funding for half of an existing position to assemble and post a bullying prevention training module in compliance with legislation. The staff person would use existing resources, including federal training materials and coordinators of a former school safety grant program, to create the module.	**Recommend approval.** Implements legislation. Proposed funding reasonably well-aligned with workload.
11	Standardized Account Code Structure (SACs) Replacement Project	3,600 Plus 2,500 Federal Funds	SACs is the system the state uses to collect and report financial data from school districts, county offices of education and some charter schools. SACs is currently a	**Recommend hold open.** The Legislature may want to review the Section 11 Letter and any cost

			fragmented system that required considerable manual inputs and has many components that are not supported by current operating systems. CDE proposed a replacement SACs system to address these issues, and had an approved Feasibility Study Report in 2011 estimating costs of $5.9 million. In 2014, CDE submitted a special project report that shows total project costs of $21.2 million based on updated data needs and complexity. DOF is currently reviewing a change of project scope, schedule, and cost for the May Revision and will need to submit a Section 11 letter to the Legislature prior to CDE entering a contract. This Section 11 letter will likely be submitted around the May Revision.	revisions in the May Revision.

Other State Operations:

The subcommittee may wish to consider the following state operations request not included in the Governor's budget proposal:

- $160,000 in non-Proposition 98 General Fund for the 2015-16 dues for the Education Commission of the States (Commission). The Commission is a research organization created by state leaders in 1965 to address education issues in the pre-K to postsecondary education areas. The Commission provides ongoing services to member states such as: tracking of state education policies, access to a searchable 50-state database on a variety of education issues, and research summaries to make academic research user-friendly for policymakers. The Commission receives most of its funding through the state members in the form of annual dues. California became a member and adopted the state compact in Education Code Section 12510 in 1981, however has never been a dues-paying member.

The subcommittee may also wish to ask CDE for an update on additional state operations requests that are pending for the May Revision.

Staff Recommendations:

Staff recommends holding issues 1 and 11 open pending updated cost estimates and additional information at the May Revision.

Staff recommends approval of issues 2-10.

Vote: Issues 2-10: Approve as budgeted 2-0 (Moorlach absent)