

Senate Budget and Fiscal Review—John Laird, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator Sasha Renée Pérez, Chair
Senator Bob Archuleta
Senator Rosilicie Ochoa Bogh



Thursday, April 23, 2026
9:30 a.m. or Upon Adjournment of Session
1020 O Street, Rm. 2100

Consultant: Yong Salas

6100 Department of Education	2
Issue 1: Dual Enrollment and Career Pathways	2
Issue 2: Reading Difficulties Screener Professional Development and Implementation.....	4
Issue 3: Special Education.....	8
6350 School Facilities Aid Program	10
Issue 4: School Facility Program	10
6360 Commission on Teacher Credentialing	12
Issue 5: Update on Student Teacher Stipend Program.....	12
Issue 6: State Operations	13
Issue 7: Teacher Residency Grant Program	14

Public Comment

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6100 DEPARTMENT OF EDUCATION**Issue 1: Dual Enrollment and Career Pathways****Panel.**

- Melody Jimenez, Department of Finance
- Michael Alferes, Legislative Analyst’s Office
- Kimberly Rosenberger, Department of Education

Background.

The 2022 Budget Act appropriated \$200 million Proposition 98 General Fund to the Department of Education, in consultation with the office of the chancellor of the California community colleges, to expand dual enrollment opportunities, including middle college or early college high schools or programs or College and Career Access Pathways (CCAP) partnerships. Pursuant to existing law, the Department of Education allocated \$100 million each for Requests for Applications to create new middle college or early college high schools, or establish or expand existing College and Career Access Pathways partnership agreements with local community colleges. Existing law limits grants for middle college or early college high schools to \$250,000 per local educational agency, and grants for college and career access pathways to \$100,000 per local educational agency.

Middle college high schools are alternative high schools and collaborative efforts between local school districts and community colleges, and are intended to serve “high-potential” students who are at-risk of dropping out of school. They include curricula that are focused on college and career preparation, a reduced adult-to-student ratio, flexible scheduling that allow for work-based learning, and opportunities for internships, apprenticeships, and community service.

Early college high schools are partnerships between local schools and a community college, UC, or CSU, and allow students to earn a high school diploma and up to two years of college credit in four years or less. Early college high school programs are designed for young people who are underrepresented in postsecondary education, including students who have not had access to the academic preparation needed to meet college readiness standards, students for whom the cost of college is prohibitive, students of color, first generation college-goers, and English language learners. In early college high schools, students begin taking college courses as soon as they demonstrate readiness and the college credit earned may be applied toward completing an associate or bachelor’s degree, transfer to a four-year university, or obtaining a skills certificate.

The CCAP program allows for partnerships between school and community college districts such that high school students dual-enroll in up to 15 community college units per term; students may enroll in no more than four courses per term. The goals of CCAP are to develop seamless pathways from high school to community college for career technical or general education transfer, improve high school graduation rates, or help high school students achieve college and career readiness. Courses must be part of an academic program defined in a CCAP agreement and meet criteria for both a high school diploma and an Associate of Arts or other credentials. Unlike other concurrent

enrollment options, CCAP offers dual enrollment as a pathway, rather than a series of disconnected individual courses, and provides greater flexibility in the delivery of courses at the high school campus.

Governor's Budget.

The proposed budget includes \$100 million one-time Proposition 98 General Fund in 2026-27 for the dual enrollment grant program. Funds would require to be disbursed by December 1, 2026 and be available until June 30, 2029. The proposed budget also includes programmatic changes for the dual enrollment grant program, including:

- Clarifying that grants for middle college or early college high school programs can go towards expanding existing programs.
- Clarifying that grant funds can support the professional development of teachers to meet the minimum standards to teach dual enrollment programs.
- Providing flexibility to the Department of Education in the allocation of grant funds to local educational agencies for middle college or early college programs and CCAP programs.
- Allowing regional occupational center programs to be eligible for grant funds.
- Modifying eligible local educational agencies to have unduplicated pupil percentages above the state average rate.
- Prioritizing local educational agencies that have no dual enrollment programs.
- Providing local educational agencies that serve justice-involved youth in county-run facilities an additional \$50,000.
- Require the Department of Education to provide a summary report to the Legislature of how the funds were spent by June 30, 2030.

The proposed budget also includes trailer bill language that would reduce the required minimum schoolday requirements for students in dual enrollment programs from 240 minutes to 180 minutes. Existing law allows students in middle college and early college high school programs who are also enrolled part-time in a UC, CSU or community college a minimum schoolday of 180 minutes.

Legislative Analyst's Office.

No Clear Fiscal Barriers to Implementing Dual Enrollment. Research suggests that dual enrollment can be an effective model for improving college preparation. Moreover, the state supports an extensive amount of dual enrollment through several program models. In proposing additional one-time funding for dual enrollment, however, the Administration fails to identify how additional funding might help remove barriers to implementing dual enrollment programs. In the case of CCAP, it is not clear that funding barriers exist at all. From 2020-21 through 2023-24, full-time equivalent enrollment in CCAP programs has grown from about 13,100 to over 24,000 (82 percent). Moreover, rather than posing fiscal barriers, funding policies for CCAP and MCEC high schools can work to the benefit of schools and colleges. When dually enrolled students take college courses in place of their regular high school coursework, schools can receive attendance-based funding even though they may only be providing three hours (rather than the standard six hours) of instruction per day. The state has also made legislative changes over the

years to support expansion of CCAP. Most recently, Chapter 789, Statutes of 2024, SB 1244 (Newman) allowed community college districts to establish partnerships with school districts outside their service area.

LEAs Can Use Proposed Discretionary Block Grant Funding for Same Purposes. As described in the LAO’s recent publication *The 2026-27 Budget: Proposition 98 Guarantee and K-12 Spending Plan*, the Governor’s budget provides \$2.8 billion in one-time funding for a discretionary block grant that would be allocated based on average daily attendance. The grant would not have specific spending requirements, but trailer legislation suggests several potential uses, including dual enrollment programs. To the extent that one-time funding would help support the expansion of dual enrollment programs, LEAs could use the funding from the discretionary block grant to cover these costs.

Recommend Rejecting Proposal. Given the proposed funding would provide one-time funding for ongoing activities and would not address any barriers to expanding dual enrollment, the LAO recommends the Legislature reject the proposal. LEAs interested in using one-time funding to expand dual enrollment programs could use funding from the proposed discretionary block grant for the same activities.

Staff Recommendation. Hold Open.

Issue 2: Reading Difficulties Screener Professional Development and Implementation

Panel.

- Alaina Powell, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst’s Office
- Kimberly Rosenberger, Department of Education

Background.

The 2023 Budget Act required all local educational agencies serving kindergarten through second grade to screen students for reading difficulties, beginning in the 2025-26 school year, unless the student was opted out by their families. This screener allows for early identification and intervention of reading difficulties, including dyslexia, for students in kindergarten to grade two. Existing law states: “In determining when during the school year to administer each screening instrument, a local educational agency shall consider whether pupils have received sufficient instruction in foundational reading skills to support a valid assessment. Nothing in this section restricts local educational agencies from providing additional pupil screenings or diagnostic evaluations, as appropriate.”

\$1 million was appropriated to convene a literacy screener expert panel to select a statewide list of multiple screening instruments for local educational agencies to adopt for implementation of the reading difficulties screener. Four screeners were selected for statewide use, three of which are

available in English or Spanish (the fourth is only available in English). Existing law does not provide for regular updates to the statewide list of acceptable screeners for reading difficulties.

The budget appropriated \$25 million one-time Proposition 98 General Fund in 2024-25 and \$40 million one-time Proposition 98 General Fund in 2025-26 to prepare school staff for the adoption and administration of a local reading difficulties screener.

Legislative Analyst’s Office.

Cost of Administering Screenings Likely Lower in Second Year. The administration’s proposal to provide \$40 million for this purpose in 2025-26 was based on its estimate that costs would be about \$825 per classroom for training, materials, and other costs. The LAO thought this was a reasonable estimate of the average costs to implement the screening requirements in the first year. In the second year of implementation, however, administrative costs are likely lower. In particular, LEAs will have lower training costs after already providing training to staff members in the previous year. Additionally, the actual costs of obtaining and administering the screener will vary based on key decisions LEAs make. For example, LEAs could reduce their costs by choosing to use one of the two approved screening instruments that are available free of charge.

Cost of Targeted Support Is Unknown. In addition to the costs of administering the screener, LEAs must provide targeted support to students identified by the screener as having reading difficulties. The costs for LEAs will depend on the specific services provided and are currently unknown.

Reject Funding for Reading Difficulties Screener. Given the costs associated with administering the screener in 2026-27 will likely be lower than in prior years, and the costs associated with providing targeted support to students identified as having reading difficulties are unknown, the LAO recommends the Legislature reject the proposal to provide specific funding for this purpose. As the LAO discusses in its recent report, *The 2026-27 Budget: Proposition 98 Guarantee and K-12 Spending Plan*, the Governor’s budget proposes \$2.8 billion in one-time funding for a discretionary block grant. If the Legislature is interested in providing additional funding to cover some of the costs associated with the reading difficulties screening, it could redirect the funds in this proposal to the discretionary block grant. This would give LEAs the flexibility to use the funds for reading difficulties screening or any other priority.

Governor’s Budget.

The Governor’s budget proposes \$40 million one-time Proposition 98 General Fund to support the local adoption of reading difficulties screeners and the staff training and administration.

The Governor’s budget also proposes statutory changes that prohibits the administration of this screener prior to 91 days into the schoolyear for kindergarten students, and 46 days into the schoolyear for first or second graders. The changes also include language that “strongly recommend” that local educational agencies administer the screeners on a one-on-one basis or in small groups.

Staff Comments.

The committee has received both letters of support and opposition to the proposed statutory changes that prescribe the number of days before the screener may be administered. Most notably, the committee has received letters stating their opposition to these statutory changes from 41 local educational agencies and the chair of the literacy screener expert panel, as well as several other stakeholder groups.

Professor Young-Suk Kim, who was appointed by the State Board of Education and served as the chair of the Reading Difficulties Risk Screener Selection Panel, wrote to the Committee:

“As originally written, Ed Code Sec 53008 allows LEAs the flexibility to administer screeners based on local needs. The proposed language would prohibit screening until the 91st or 46th day of school for kindergarten students and first and second graders, respectively. These restrictions conflict with evidence-based practices. Most validated screening tools, including some selected by the State Board of Education’s Reading Difficulties Risk Screener Selection Panel, are designed for beginning-of-year administration. Research shows that early and repeated screening supports timely intervention, and states with strong literacy outcomes, such as Mississippi, screen within the first 30 days of school. These proposed restrictions are counterproductive, run counter to the original intent of the bill *and* research, and risk delaying early identification and support for students.”

However, the Administration argues that these changes are necessary to prevent the over-identification of reading difficulties, especially in kindergarten students. The State Board of Education authored a background paper dated April 8, 2026, on the need for the proposed changes, which states:

“The purpose of the proposed policy refinement establishing a minimum instructional days threshold is to ensure that when an at-risk for reading difficulties flag is triggered, it reflects a genuine instructional need rather than a lack of adequate exposure to foundational reading instruction. Without a defined threshold, premature identification can result in unwarranted labelling and intervention, parental notifications, or inappropriate special education referrals for students who simply have not yet had sufficient exposure to formal schooling and/or literacy instruction, carrying real costs for students, families, and school systems alike.

“While identification and intervention for reading difficulties in the early years is essential, we must also be mindful of misidentification, which can have negative impacts for students. Early identification, when accurate, connects students to timely support, prevents the compounding effects of unaddressed reading difficulty, and builds the foundation for long-term academic success. Misidentification, by contrast, occurs when students are incorrectly flagged as at-risk, often due to screening tools administered before developmental readiness, during periods of high variability in early literacy acquisition, or without adequate consideration of linguistic and cultural readiness for multilingual learners.

“The negative consequences of misidentification are well-documented and should not be minimized. Students who are incorrectly identified may receive interventions they do not need, pulling them from general education instruction and peer learning opportunities. Labels of reading difficulty can shape teacher expectations and student self-perceptions in ways that are difficult to reverse. For English learners in particular, misidentification risks conflating typical second-language acquisition with reading disability, a conflation with serious implications for special education referral rates and the legal protections those designations carry. Misidentification also carries real costs for LEAs: intervention services require staffing, materials, and dedicated time that represent a significant resource investment, and when those resources are directed toward students who do not need them, districts face both inefficiency and opportunity cost.”

The paper cites data from three of the four approved screeners that shows “performance” on these screeners improve if the student is assessed in later months after some literacy instruction is provided, and states:

“Taken together, these datasets consistently show that early administration of the screener is associated with higher at-risk identification rates that do not reflect stable reading difficulty but rather the lack of sufficient instruction. The data illustrate the need to establish a minimum instructional days threshold before the screener administration is used to trigger an official reading difficulties designation, while preserving LEA flexibility to administer the screener earlier for baseline or instructional planning purposes.”

In deliberating the proposed statutory changes – in particular, the timeframe in which the screener is to be administered and the language that “strongly recommends” they be administered one-on-one or in small groups – the Legislature may wish to weigh the workload of local implementation and the frequency in which the proposed language implies the screener be administered (and the resulting disruption to instruction and resources to administer the screener one-by-one or in small groups), against the likelihood of overidentification and the subsequent implications for the student. These screeners are not intended to be diagnostic - if a student is identified by these screeners as performing below benchmarks, they are identified as being *at-risk* of having reading difficulties, and these screeners should be one of many tools educators use to inform the student’s instruction. Several additional steps should and would need to be taken before a diagnosis is made and referrals for special education services occur.

The Legislature may also wish to consider whether dictating the timing of when to administer these screeners to optimize the outcomes of these assessments is aligned with the original legislative intent, and whether it is overly prescriptive for statute or if there are other avenues to provide this guidance in order to provide nuance and flexibility informed by the local context.

Lastly, the state convened an expert panel on a one-time basis to compile a list of approved screening instruments, which local educational agencies must select from to purchase and administer these approved screeners (with the temporary exception of Multitudes which received \$38.7 million in total one-time funds to develop and provide its products to local educational agencies at no cost). The proposed statutory changes attempt to change the behavior of the local

educational agencies that are mandated to administer the screeners, rather than examining the effectiveness of the screeners themselves. Currently, the screeners are only available in Spanish and English in a state where there is a rich tapestry of spoken languages other than English and Spanish. The Legislature may wish to also consider whether there should be regular evaluations of the approved screeners to ensure that they continue to serve in the best interest of students, especially as the screeners and the market for these screeners continue to evolve.

Staff Recommendation. Hold open.

Issue 3: Special Education

Panel

- Alaina Powell, Department of Finance
- Sara Cortez, Legislative Analyst’s Office
- Kimberly Rosenberger, Department of Education

Background

“Special education” describes the specialized supports and services that schools provide for students with disabilities under the provisions of the federal Individuals with Disabilities Education Act (IDEA). Federal law also dictates that students must receive a Free Appropriate Public Education in the Least Restrictive Environment. This means that to the greatest extent possible students with disabilities are to receive their education in the general education environment with peers without disabilities.

To determine a child’s eligibility for special education, schools must conduct a formal evaluation process within a prescribed timeline. If it is determined that a child is an eligible student with disabilities, a team including special education staff, school staff, parents, and other appropriate personnel meet to develop an individualized education program (IEP) to define the additional special education supports and services the school will provide. Each student’s IEP differs based on his or her unique needs.

According to the Department of Education, while student enrollment is declining, the share of students with disabilities have increased. In 2014-15, the enrollment of students with disabilities comprised about 10.4 percent of all students in California, or 647,000 students. In 2024-25, the share of students with disabilities increased to 14.3 percent of all students in California, or about 832,000.

Special education in California is funded through a mixture of federal, state, and local funds, and most of these funds are allocated with what is known as the AB (Assembly Bill) 602 formula and funded through Special Education Local Plan Areas (SELPA). SELPAs are either standalone local educational agencies or a consortia of local educational agencies that provide special education programs. There are approximately 140 SELPAs in California. SELPAs are able to retain a set amount for non-direct student services before allocating special education base funding

to their member local educational agencies. The 2023 Budget Act also imposed a moratorium on the creation of new single-district SELPAs to June 30, 2026.

According to the Legislative Analyst's Office, the 2025-26 special education base rate is \$917.53. The 2026-27 rate with only a 2.41 cost-of-living adjustment would be \$939.64.

Legislative Analyst's Office.

Special Education Increase Would Help Address District Cost Pressures. School districts cover special education costs through a combination of federal categorical, state categorical, and local unrestricted funding (largely LCFF). Over the past two decades, special education costs have increased faster than federal and state categorical funding, requiring districts to rely more on local funds. Based on the LAO's analysis of historical spending data, they estimate the share of special education costs covered by local funds has increased from roughly 50 percent to roughly 60 percent over the past decade. Providing additional base special education funding would help address these cost increases and free up local funding for other purposes. In addition, the proposal would achieve a long-term state goal of equalizing special education base rates. The state used special education increases from 2020-21 through 2022-23 to address historical inequities in base rates. Currently, all SELPAs but one receive the same per-student base rate. Under the Governor's proposal, all SELPAs would receive the same rate.

Budget Overestimates the Cost of Special Education Proposal. The Governor's budget likely overestimates the higher costs associated with funding higher special education base rates. Based on the statewide student attendance estimates in the Governor's budget, we estimate that increasing base rates to \$999 per student would cost \$325 million—\$184 million less than the administration's estimate.

Adopt Special Education Increase but Reduce Cost Estimate. Given statewide increases in special education costs, the LAO thinks increasing special education base rates is a reasonable way to address local cost pressures. The LAO recommends that the Legislature adopt this proposal, but use a lower cost estimate. (The LAO estimates the cost is \$325 million, but the number likely will change in May when the state has updated attendance and COLA data.) Providing additional special education funding would reduce the need for districts to rely on general purpose funding, such as LCFF, to cover rising costs.

Governor's Budget.

The Governor's budget proposes to increase the special education base rate total funding by \$509 million, with the intent to raise the rate for all local educational agencies to \$999 per unit. One local education agency, Modoc County Office of Education, has been held at \$998.57, and would receive a small increase under the Governor's proposal.

Staff Comment.

According to the Legislative Analyst's Office, increasing the base rate funding amount by \$509 million would increase the base rate to \$1,032.62, and as stated above, to meet the \$999 rate, over-

appropriated the amount by \$184 million. Differences are due to using different points of time as well as different data sets, and estimates will likely be closer at the May Revision.

Staff Recommendation. Hold open.

6350 SCHOOL FACILITIES AID PROGRAM

Issue 4: School Facility Program

Panel.

- Ethan Schroeder, Department of Finance
- Rebecca Kirk, Office of Public School Construction
- Sara Cortez, Legislative Analyst's Office
- Kimberly Rosenberger, Department of Education

Background.

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 was passed by voters in the November 2024 elections, and authorized a total of \$10 billion in state general obligation funds – of which \$8.5 billion would be for TK-12 schools. This funding is available for the following purposes:

- \$3 billion for new construction of school facilities of applicant school districts. Of the amount allocated, up to 10 percent is available to small school districts.
- \$4 billion for the modernization of school facilities. Of the amount allocated, up to 10 percent is available to small school districts and \$115 million for lead in water testing and remediation;
- \$600 million is available for school facilities to charter schools;
- \$600 million is available for facilities for career technical education programs; and
- \$1.5 billion for California community colleges.

The proposition also requires school districts applying for either a new construction or modernization grant to have a five-year facilities master plan approved by the governing board of the school district and to update the plan as appropriate, and provide facility inventory information to the state. It increases state funding for certain districts on a sliding scale. Under the sliding scale system, lower wealth school districts will receive a higher state funding share for projects. The state grant amount for new construction would increase from 50 percent to 55 percent, and for modernization from 60 percent to 65 percent, based on the district's ability to generate local funds, the percentages of low-income, foster care, and English learner students, whether the district has fewer than 200 students, and whether the district's project has a project labor agreement.

The proposition also authorizes a grant for new construction or modernization to be used for the upgrading of electrical systems or the wiring or cabling of classrooms in order to accommodate educational technology, including schoolsite-based infrastructure necessary to provide access to

broadband internet within the schoolsite. Authorizes a grant for new construction to be used for seismic mitigation purposes and for related design, study, and testing costs.

It additionally authorizes separate funding within the modernization program to be used to remediate any water outlet used for drinking or preparing food with lead levels in excess of 15 parts per billion (ppb), and the control, management, or abatement of lead.

A school district may apply for a supplemental modernization grant for a school kitchen, gymnasium, multipurpose room, or library, if either an existing facility is insufficient or the school does not have one of those facilities, or for transitional kindergarten facilities if either an existing facility is insufficient or the school does not have existing facilities.

The recently passed proposition notably allows the State Allocation Board to provide assistance for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency.

History of the School Facilities Program. The construction and rehabilitation of public K-12 facilities are funded by a combination of state and local general obligation (GO) bonds, developer's fees and local assessments such as Mello-Roos community facilities districts.

State bond funds are allocated pursuant to the School Facility Program and administered by the Office of Public School Construction (OPSC) under the direction of the State Allocation Board, a ten member body comprised of the Department of Finance, the Director of the Department of General Services (DGS), the Superintendent of Public Instruction (SPI), three Senators, three Assemblymembers, and a Governor's appointee.

Governor's Budget.

The Governor's budget authorizes up to \$1.5 billion from Proposition 2 bond funds for the 2026-27 fiscal year.

Staff Recommendation. Hold open.

6360 COMMISSION ON TEACHER CREDENTIALING**Issue 5: Update on Student Teacher Stipend Program****Panel.**

- Liz Mai, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst's Office
- Erin Sullivan, Division of Standards, Commission on Teacher Credentialing

Background.

The 2025 Budget Act established the Student Teacher Stipend Program, which is intended to support prospective educators during their completion of 500 or more hours of student teaching as part of their credential's clinical practice. The program, through the local educational agency that host student teachers, provides stipends of \$10,000 for each prospective educator, beginning on July 1, 2026. The 2025 Budget Act appropriated a total of \$300 million one-time Proposition 98 General Fund, and beginning with the 2026-27 fiscal year, the Commission on Teacher Credentialing will appropriate up to \$100 million a year, for three years.

Of the \$300 million that was appropriated, \$6 million was allocated to Kern County Office of Education for (1) a multimedia campaign beginning on April 1, 2026 and ending no sooner than July 1, 2028 to encourage students enrolled in California-based institutions of higher education and individuals employed in related fields to pursue a career in public school employment, become a credentialed teacher, and enroll in a program of professional preparation accredited by the Commission on Teacher Credentialing; (2) a grants management system that is used by the Commission on Teacher Credentialing to streamline the application and administration process for all teacher recruitment and retention programs that the Commission on Teacher Credentialing administers; and (3) contract for an independent evaluation of the program.

This program resembles the Golden State Teacher Grant Program, which was established in the 2019 Budget Act and administered by the California Student Aid Commission. It originally provided grants of up to \$20,000 to students in professional preparation programs approved by the Commission on Teacher Credentialing (CTC), with a commitment to work for four years at a priority school, as defined as a school with 55 percent unduplicated pupils, or preschool program, and in specific subject areas. If a recipient does not complete their credentialing or their service requirement, the grants would be returned to the state.

The 2021 Budget Act included \$500 million one-time General Fund to support the program. The \$500 million appropriation for Golden State Teacher Grants was to be spent across five years. The 2022 Budget Act also made several changes to the program. Most notably, whereas the program previously was open only to teacher candidates in certain high-need subject areas, it is now open to teacher candidates in any subject area, as well as candidates for pupil personnel services credentials (which authorize individuals to work in school counseling, social work, psychology, and child welfare). The 2023 Budget Act further modified the program to allow participants to serve at preschools and expanded program eligibility to institutions that offers services online to

students and offers a professional preparation program approved by the Commission on Teacher Credentialing as of January 1, 2023, among other requirements.

The 2024 Budget Act made further programmatic changes to the Golden State Teacher Grant program, in order to address the oversubscription of the program with limited resources at the time. These changes include reducing the grant award from \$20,000 to \$10,000, and award prioritization for students based on income.

Staff Recommendation. This item is informational.

Issue 6: State Operations

Panel.

- Liz Mai, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst's Office
- Erin Skubal, Division of Licensure, Commission on Teacher Credentialing

Governor's Budget.

The Governor's budget proposes several augmentations and additional position authorities for general workload and legislative implementation. In total, these requests would add 26 positions at a cost of \$3.4 million General Fund and \$537,000 from the Teacher Credentials Fund. The Commission has indicated that additional attorney positions will be requested during the May Revision.

These requests are as follows:

Division of Licensure Enforcement Staffing. The budget proposes \$1.5 million General Fund and 11 positions to mitigate impacts related to increasing workload volume and complexity as well as to ensure statutory compliance. The Commission has indicated that a request for additional attorneys will be forthcoming at the May Revision.

Safe Learning Environments Act Implementation (SB 848). The budget proposes \$1.4 million General Fund and 10 positions to implement provisions of SB 848, which increased the number of crimes that are considered as egregious misconduct, and therefore increasing the workload for the Division of Licensure at the Commission. The bill also requires the Commission to create a database of noncertificated staff that engaged in egregious misconduct. The proposal does not include funds for attorney positions or the database, and the Commission has indicated that a request for additional attorneys will be forthcoming at the May Revision.

Pupil Personnel Services Credentials for Out-of-State Applicants (AB 606). The budget proposes \$298,000 General Fund and two positions to implement AB 606. This bill codified a new requirement that the Commission approve programs of professional preparation offered by a local educational agency, in partnership with an institution of higher education, for a services credential

with a specialization in pupil personnel services in any area of service if the program meets those specified requirements. The bill also requires the Commission to issue a preliminary professional services credential with a specialization in pupil personnel services to an out-of-state prepared applicant who satisfies alternative specified requirements and would provide that the credential is valid for a period of two years and is eligible for renewal for a period of no more than two years.

Grant Programs Support. The budget proposes \$132,000 General Fund and one position to support the implementation of current grants and ongoing maintenance related to the grants management system.

Assignment Monitoring Program Unit Staffing. The budget proposes \$201,000 from the Teacher Credentials Fund and one position to staff the Commission’s Assignment Monitoring Program, in order to fulfill recommendations from the State Auditor after its audit findings on Highland Community Charter and Technical School.

Information Technology System Maintenance and Operations. The budget proposes \$180,000 from the Teacher Credentials Fund that ensures the Commission complies with the required mandates to routinely evaluate the Commission's server host/service exposures, which need to be a part of the Commission's continuous risk assessment and evaluation process.

Fiscal and Business Services Support. The budget proposes \$156,000 from the Teacher Credentials Fund and one position due to increased staffing and associated operations.

Staff Recommendation. Hold open.

Issue 7: Teacher Residency Grant Program

Panel.

- Liz Mai, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst’s Office
- Erin Sullivan, Division of Standards, Commission on Teacher Credentialing

Background.

A “teacher residency program” is defined as a grant applicant-based program that partners with one or more commission-approved teacher preparation programs offered by a regionally accredited institution of higher education in which a prospective teacher teaches at least one-half time alongside a teacher of record, who is designated as the experienced mentor teacher, for at least one full school year while engaging in initial preparation coursework.

The 2018 Budget Act appropriated \$75 million one-time Proposition 98 General Fund for locally sponsored teacher residency programs for teacher shortage subject areas. Of this amount, \$50 million was for teacher residency programs for special education teachers and \$25 million is for teacher residency programs for science, technology, engineering and mathematics (STEM) and

bilingual education teachers. The Commission on Teacher Credentialing administered competitive grants to local educational agencies of up to \$20,000 per teacher, with grantees required to provide a 1:1 local match. Funds were allowed for a variety of purposes, including stipends for new teachers, mentor teachers, or tuition at a partner university.

The 2021 Budget Act appropriated \$350 million one-time Proposition 98 General Fund to support new or existing teacher residency grant programs. The funding may be used to establish new teacher residency programs that support either of the following: (a) designated shortage fields including special education, bilingual education, computer science, science, technology, engineering, mathematics (STEM), transitional kindergarten (TK), or kindergarten and/or (b) local efforts to recruit, develop support systems for, provide outreach and communication strategies to, and retain a diverse teacher workforce that reflects a local education agency community's diversity. According to the Commission on Teacher Credentialing, \$146,000 is remaining of these funds.

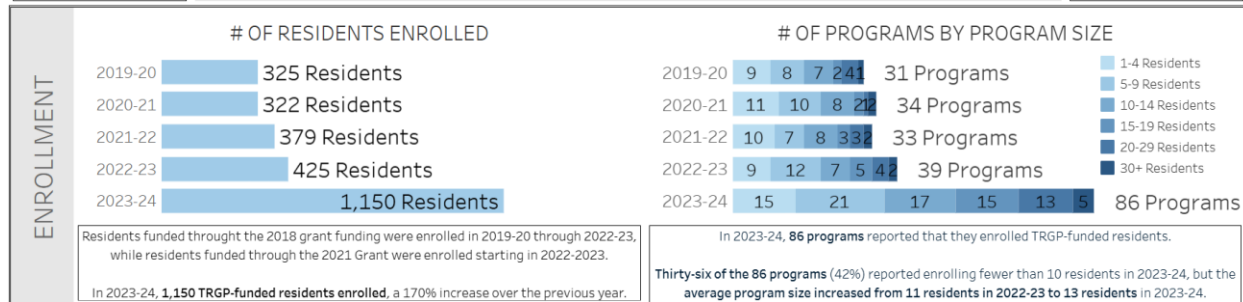
The 2022 Budget Act added \$250 million one-time Proposition 98 General Fund to the Teacher Residency Grant Program, and this funding was allocated for purposes of teacher residency grant programs as well as expanded eligibility to school counselors residency programs.

The 2022 Budget Act also provided an additional \$20 million one-time Proposition 98 General Fund for a state technical assistance center for teacher residency programs, and required the Commission to submit a report to the Legislature by December 31, 2029 on the impact of the statewide technical assistance center in providing technical assistance to local educational agencies and teacher preparation programs to implement, scale up, and sustain residency programs to support a well-trained and diverse educator workforce. According to the Commission on Teacher Credentialing, \$300,000 is remaining for teacher residency programs, while \$7.3 million is remaining for school counselor programs.

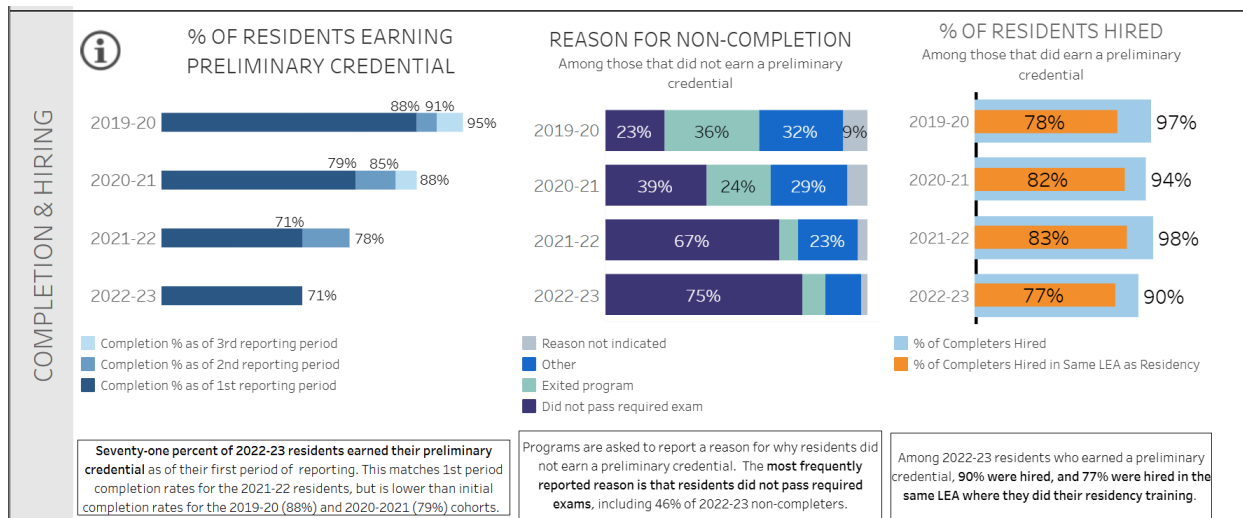
The 2025 Budget added \$70 million one-time Proposition 98 General Fund, for purposes of the Teacher Residency Grant Program. This funding did not include school counselor residency programs at local educational agencies. According to the Commission, all funds have been awarded.

Participation in the Teacher Residency Grant Programs requires a commitment of four years of service, and provides stipends of up to \$40,000, with a minimum stipend of \$20,000.

Below is a snapshot of the overall program, as provided by the Teacher Residency Grant Program Dashboard on the Commission's website, as of Fall 2025:



From the same Dashboard, below is information on the program’s completion and hiring rates:



Legislative Analyst’s Office.

Proposed Funding Level Likely Would Last Through 2029-30. Based on the most recent information available, \$78 million is currently available from previous rounds of residency grant funding. This includes the \$70 million authorized in the 2025-26 budget, as well as \$7.7 million remaining from the 2021-22 appropriation. Based on the amount of funding CTC has awarded in recent years, most of the funding currently available likely will be awarded in 2025-26. The funding proposed in the 2026-27 budget likely would be sufficient to fund grantees over the next three years.

Residency Programs Have Several Benefits... Residency programs have three distinct benefits. First, research evaluating teacher residency programs notes that teachers who complete a residency feel more prepared to be teachers and are more likely to stay in the teaching profession for a longer period of time. Second, residency programs offer the LEAs operating them flexibility to address their specific teacher shortages. LEAs can admit teacher candidates into their program that match their specific staffing needs. (Other state teacher recruitment and retention programs address broader statewide needs, but do not provide as much flexibility to focus on an LEA’s specific

needs.) Third, residency programs offer stipends that supplement a teacher candidate's financial aid package, which could attract teacher candidates who might not otherwise enroll in a teacher preparation program due to the cost and difficulty earning income while securing a credential.

...But Can Be Challenging to Establish. Residency programs can be difficult to launch as they require establishing a partnership with an institution of higher education and an available pool of bachelor's degree holders interested in being teachers. Due to this challenge, residency programs are disproportionately found in larger urban areas of the state. For example, as of 2022-23, only one program (Humboldt County) exists in the northern, rural part of the state. Larger districts and charter schools have more teachers who can serve as mentors as well as higher volumes of staff openings. Larger cohorts of residents also mean that any costs associated with running the program can be spread across a greater number of grants.

More Information on Program Effectiveness Available in Coming Years. Early reporting on the effectiveness of the Teacher Residency Grant Program has focused on the number of programs and teacher candidates that have participated in these programs. The CTC report due December 1, 2029 may provide additional insights into other aspects of the program. The report may include information regarding resident persistence in the teaching profession relative to other teachers and the degree to which residency programs reduce teacher shortages in the districts operating them.

Fund Proposal if Aligned With Legislative Priorities. If the Legislature would like to provide funding to address teacher shortages in the 2026-27 budget, the LAO recommends adopting this proposal. Funding the program has the potential to increase teacher retention and reduce teacher shortages for LEAs that receive grant funds (primarily larger urban districts). Alternatively, the Legislature could reject the proposal if it was interested in funding other priorities or is concerned that the program is not likely to address shortages in smaller, rural districts. In this case, the Legislature also could wait for the forthcoming evaluation of program effectiveness to determine whether to provide additional funding in future years.

Governor's Budget.

The Governor's budget proposes \$250 million one-time Proposition 98 General Fund for the Teacher Residency Grant Program, including teacher residency programs and school counselor programs.

Staff Recommendation. Hold open.