
Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator John Laird, Chair
Senator Dave Min
Senator Rosilicie Ochoa Bogh
Senator Lola Smallwood-Cuevas



Thursday, April 13, 2023
9:30 a.m. or Upon Adjournment of Session
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Consultant: Yong Salas

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Public Comment

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6100 DEPARTMENT OF EDUCATION

Issue 1: County Offices of Education

Panel.

- Sara Cortez, Legislative Analyst's Office
- Dr. Mary Barlow, Kern County Office of Education
- Susan Connolly, Placer County Office of Education

Background.

Role of county offices of education. County offices of education support and oversee the school districts within its county boundaries, and support students who are being served by programs administered by the county office of education. These programs may include special education for severely disabled students, court and community schools for incarcerated and expelled youth, and programs for students with children. Child care and child development programs may also be administered by county offices of education.

In addition to these programs, county offices of education also review and approve school districts' budgets and local control and accountability plans. For school districts with low-performing students that are eligible for differentiated assistance, county offices of education are tasked with working with the school district to identify root causes of achievement gaps and developing strategies and tools to help students become successful.

Funding for County Offices of Education through the Local Control Funding Formula. County offices of education receive the bulk of their funding through the Local Control Funding Formula, in a calculation that is similar to the one that is applied to school districts and charter schools. County offices of education receive a base grants, supplemental grants equal to 35 percent of the base grant, and concentration grants equal to 35 percent of the base grant for targeting disadvantaged students exceeding 50 percent of enrollment. This funding is generated for the students that they serve directly, which is typically in an alternative school setting. However, county offices of education also receive an operational grant that is calculated based on the number of districts within the county and the number of students county-wide. This operational grant reflects the additional responsibilities county offices of education have for support and oversight of the districts and students in their county.

Similar to the local control funding formula for school districts and charter schools, county offices of education were also guaranteed that they would not get less funding than was received in 2012-13. In addition, county offices of education were held harmless for the amount of state aid (essentially the value of the categorical funding) received in 2012-13. Unlike school districts, for county offices of education this minimum state aid amount floats above their target, meaning that as local property tax revenue grows in a county over time and funds their LCFF allocation, the minimum state aid allotment for that COE becomes a new bonus in base funding on top of the their LCFF level.

For 2022-23, preliminary data shows that of the 58 county offices of education, 41 are funded based on the local control funding formula target, and 17 are funded based on the “hold harmless” provisions. In total, county offices of education receives \$1.06 billion through the local control funding formula alone. The proposed budget for 2023-24 also includes \$51.7 million ongoing Proposition 98 General Fund to reflect an 8.13 percent cost-of-living-adjustment.

Funding for County Offices of Education for Differentiated Assistance. County offices of education receive funding to provide assistance to school districts that are identified for differentiated assistance. All county offices of education with one or more districts eligible for differentiated assistance receive a base of \$200,000 in additional local control funding formula state aid. In addition to the base amount, county offices of education generate additional funds based on the total number and size of the districts identified for differentiated assistance in their jurisdiction. This funding is allocated based on a three-year average of eligible districts.

Entitlement	Multiplier	School District Prior Year Annual Average Daily Attendance	EC 2575.2 Allowance
Base	Per County	N/A	\$200,000
Small District	Per District	1 to 2,499	\$100,000
Medium District	Per District	2,500 to 9,999	\$200,000
Large District	Per District	10,000 or more	\$300,000

Source: Department of Education

Currently, a school district or county office of education is identified for differentiated assistance if they have at least one lowest performing pupil subgroup in two or more priority areas. In 2022, 628 school districts and county offices of education were identified for differentiated assistance, and the most common student group for which these local educational agencies were identified is students with disabilities.¹ For 2022-23, county offices of education is receiving \$86 million to provide differentiated assistance to its school districts.

Juvenile court schools. Juvenile court schools serve students who are incarcerated in facilities operated by county probation departments. These may include juvenile halls, juvenile homes, day centers, juvenile ranches, or juvenile camps. Typically, incarcerated students are served through a partnership between a county probation department, the county office of education, and/or the county social services department. Juvenile court schools are operated by the county office of education, and require an average of 240 minutes of instruction per day calculated not more than ten consecutive days (or 180 minutes for students in approved vocational education and work experience programs). Because the population served by juvenile court schools are highly mobile, the enrollment figures greatly undercount the number of students who are enrolled in a juvenile court school for any amount of time throughout the course of the entire year.

In 2020, the state initiated realignment from the Division of Juvenile Justice (DJJ) under the California Department of Corrections and Rehabilitation to county jurisdictions. Under Senate

¹ Alferes, M., Cortez, S. (2023) *The 2023-24 Budget: Equity Multiplier and Accountability Proposals*. Legislative Analyst's Office. <https://lao.ca.gov/Publications/Report/4700>

Bill 823 (2020), new commitments of juvenile offenders to DJJ ceased after June 30, 2021. Senate Bill 92 (2021), defined a closure date for all DJJ facilities by June 30, 2023. As a result, county probation departments are now responsible for youth, including older youth who may have already received a high school degree or an equivalent, and who may be required to serve longer sentences.

Under existing law, county offices of education are required to operate juvenile court schools. Senate Bill 716 (Mitchell, 2019) requires county probation departments to ensure youth with a high school diploma or equivalency have access to, and can choose to participate in, public postsecondary opportunities or career technical courses offered online.

Staff Recommendation. This item is informational.

Issue 2: School Nutrition

Panel.

- Alex Shoap, Department of Finance
- Sara Cortez, Legislative Analyst's Office
- Kim Frinzell, Department of Education
- Sarah Neville-Morgan, Department of Education

Background.

School Nutrition Programs (SNP)

Starting this year in 2022-23, Local Educational Agencies, including charter schools, will be required to provide two school meals to students free of charge for grades Transitional Kindergarten to grades twelve during each school day, regardless of a student's eligibility for federally funded free and reduced price meals under California's education code. The budget provides for the state reimbursement of school meals up to the combined free breakfast and lunch reimbursement rate amounts not covered by the federal meal reimbursements for schools participating in the federally funded school meals program.

Education Code Section 49550(c) defines "school day" as any day that pupils in kindergarten or grades 1 to 12, inclusive, are attending school for purposes of classroom instruction, including, but not limited to, pupil attendance at minimum days, state-funded preschool, transitional kindergarten, summer school including incoming kindergarten pupils, extended school year days, and Saturday school sessions.

A nutritionally adequate meal (breakfast and lunch) must meet the federal meal pattern requirements and qualify for federal reimbursements.

Types of Meal Programs

The California Department of Education (CDE) administers school meal programs overseen by the United States Department of Agriculture (USDA). The main programs are as follows:

National School Lunch Program (NSLP) – The National School Lunch Program is a federally funded program that assists schools and other agencies in providing nutritious lunches to children at reasonable prices. In addition to financial assistance, the program provides donated commodity foods to help reduce lunch program costs. The National School Lunch Program is operated on a reimbursement basis, with agencies paid on the number of meals served. Agencies that participate in the program are reimbursed from two sources: the USDA and the State of California. State reimbursement is paid for all free and reduced price meals. Federal reimbursement is paid for all free, reduced price, and paid meals. The National School Lunch Program (NSLP) also offers reimbursement to schools serving nutritious snacks to children participating in after-school care programs.

School Breakfast Program – Local Educational Agencies may also choose to participate in the School Breakfast Program. The School Breakfast Program is a federally funded USDA program which assists schools and other agencies in providing nutritious breakfasts to children at reasonable prices. Similar to the National School Lunch program, the School Breakfast Program must be open to all enrolled children. If a child already qualifies for free or reduced-price lunches, then the child would also qualify for free or reduced-price breakfasts. The School Breakfast Program is operated on a reimbursement basis, with agencies paid on the number of meals served multiplied by the appropriate reimbursement rate. State reimbursement is paid for all free and reduced price meals. School sites may qualify for higher reimbursement rates if they are designated to be in severe need (if, two years prior, 40 percent or more of the lunches served at the site were free or reduced-price). Sites must annually re-establish their eligibility for the Severe Need Breakfast Reimbursement.

Summer Food Service Program - The Summer Food Service Program (SFSP) is a U.S. Department of Agriculture (USDA) federally funded program that reimburses sponsors for administrative and operational costs to provide meals for children 18 years of age and younger during periods when they are out of school for fifteen (15) or more consecutive school days. Sponsors may operate the SFSP at one or more sites, which are the actual locations where meals are served and children eat in a supervised setting. Eligible sites are those that serve children in low-income areas or those that serve specific groups of low-income children. Sponsors must provide documentation that proposed sites meet the income eligibility criteria required by law. There are three common types of sites: open sites, camps (residential and nonresidential), and closed enrolled sites.

Open sites are meal sites where meals are available to any child from the community. Open sites are located in needy areas where 50 percent or more of the children residing in the area are eligible for free or reduced-price (F/RP) school meals, enrollment in a program is not required. Meals are made available to all children in the area on a first-come, first-serve basis. Camp sites are those that offer regularly scheduled food service along with organized activities for enrolled residential or day campers. The camp receives reimbursement only for meals served to enrolled children who qualify for F/RP meals. Closed sites are open only to enrolled children or to an identified group

of children, as opposed to the community at large. Closed enrolled sites must also establish their eligibility through the individual income eligibility of the children attending the site.

LEAs may also choose to operate a Seamless Summer Option through the National School Lunch (NSLP) or School Breakfast Programs (SBP). School Food Authorities (SFA) follow the same meal service rules and claiming procedures used during the regular school year. Meals served are reimbursed at the NSLP and/or SBP “free” rates.

Eligibility

Under federal USDA school meal programs, all school-aged children in income-eligible households are eligible for school meal benefits regardless of a child’s immigration status. The family-size income levels are prescribed annually by the Secretary of Agriculture for determining eligibility for free and reduced price meals and free milk. The free guidelines are 130 percent of the Federal poverty guidelines. The reduced price guidelines are 185 percent of the Federal poverty guidelines.

LEAs may identify eligible children in a few different ways. They must notify all families of free and reduced price meals and provide applications for families to complete. In addition, LEAs may directly certify student eligibility by using information from other means-tested programs, including Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) or by determining that a child is eligible due to identification as homeless, runaway, migrant, or foster child, or enrollment in federal Head Start or comparable state program. LEAs must provide households with notification of direct certification or provide an application.

Community Eligibility Provision (CEP) - The CEP was implemented by the federal Healthy, Hunger-Free Kids Act of 2010. The CEP allows high-poverty schools to eliminate the administrative burden of school meal applications and still serve breakfast and lunch at no charge to all students. In March 2023, the USDA published a proposed rule to expand access to the Community Eligibility Provision by lowering the minimum identified student percentage participation threshold from 40 percent to 25 percent – the public comment period for this rule will close in May of this year. In the past, schools that have implemented the CEP have experienced striking increases in school meal participation, and many reported improved attendance.

Beginning in 2022-23 school year, all schools eligible for the Community Eligibility Provision, the federal universal meals provision, will be required to apply for the program to reduce volatility in costs to the state and ensure the state is not responsible for costs that could be reimbursed at the federal level. The state will then cover any remaining unreimbursed costs up to the federal free per-meal rate, which was estimated to cost \$650 million Proposition 98 General Fund annually.

Recent Budget Actions

Typically, an LEA must operate under specific rules related to the meal programs they are participating in to receive reimbursement. This means that during the school year, LEAs participating in school meals program provide meals at specified times, sites, and settings. During the summer, when school is out of session, LEAs may continue to participate in meal programs

that allow for more flexibility in the methods of food distribution as described above. During the pandemic, the USDA issued nationwide waivers that expired on June 30, 2022, to allow non-congregate feeding and meal service time flexibility during the school year, consistent with flexibilities typically allowable under summer meal programs.

2020-21 Budget Act. In response to the concerns that LEAs' nutrition programs were struggling to cover costs, the 2020-21 budget provided \$192 million in one-time Federal Elementary and Secondary Schools Emergency Relief for LEA school meal reimbursements during summer break and COVID-19 school closures through August 30, 2020, at a rate of up to an additional 75 cents per meal. It also allowed state reimbursement funds from 2019-20 to be used for disaster relief for LEAs who did, or attempted to, serve student meals during the school closure period.

2021-22 Budget Act. The 2021-22 Budget provided \$54 million ongoing Proposition 98 General Fund for the Child Nutrition Program to provide the state reimbursement rate for universal breakfast and lunch in the 2021-22 budget year. Additionally, the 2021-22 Budget included \$150 million one-time Proposition 98 General Fund for school districts to upgrade kitchen infrastructure and equipment, as well as provide training to food service employees. Of this amount, \$120 million will provide a minimum of \$25,000 per district for kitchen upgrades and equipment, and \$30 million to provide a minimum of \$2,000 per district for training to promote nutritious foods, food preparation, and healthy food marketing. Eighty percent of eligible local educational agencies (940 out of 1176 local educational agencies) registered for the funds. For kitchen infrastructure funding, most LEAs requested funding to purchase cooking equipment and make associated facility upgrades (91 percent), followed by service equipment (88 percent)—such as mobile carts—and refrigeration and storage (88 percent). By June 30, 2023, CDE is required to collect expenditure reports and narrative responses explaining how these funds were used to improve the quality of school meals or increase school meals participation from each participating local educational agency.

On December 17, 2021, the USDA announced \$1.5 billion nationwide to states and school districts to help school meal program operators deal with the challenges of supply chain disruptions brought on by the pandemic. Of this amount, California received \$171.5 million.

2022-23 Budget Act. The 2022-23 Budget included \$596 million Proposition 98 General Fund to cover the costs of universal meal requirements that were enacted in the 2021-22 budget, to bring total funding to \$650 million.

Additionally, the budget included \$600 million in one-time Proposition 98 General Fund to upgrade school kitchen infrastructure and equipment. The funding would be allocated in three ways:

- **Base Grant.** A \$100,000 base grant for every LEA. Funds could be used for kitchen infrastructure upgrades and staff training.
- **Meal-Service-Based Award.** After the base funding is awarded, fifty percent of the remaining funds are allocated proportionately to LEAs based on the total number of reimbursable meals served in October 2021 by the LEA. National School Lunch Program, School Breakfast Program and Seamless Summer Option Meals will be included in this

calculation. These funds follow the same allowable categories of expenditures as the base funding.

- **Attestation for Onsite, Freshly-prepared Meals Award.** The remaining funds are allocated to LEAs that attest that no less than 40 percent of reimbursable NSLP and SBP meals, including the entree and grains, prepared each week, beginning in the 2023–24 school year, shall be freshly prepared onsite meals. Allocation of these funds is proportionate based on the number of reimbursable meals served in October 2021 by the LEA.

Lastly, the 2022-23 Budget included \$100 million one-time Proposition 98 General Fund for School Food Best Practices Grant for local educational agencies. This funding is intended to assist local educational agencies to purchase California-grown or produced, sustainably grown, whole or minimally processed foods, and plant-based or restricted diet meals. This funding is scheduled to go out in June 2023.

Governor’s Budget.

The Governor’s Budget proposes to carve out \$15 million from the \$600 million appropriated in the 2022-23 Budget for kitchen infrastructure and equipment for the purposes of commercial dishwasher grants. The budget also proposes to continue funding universal school meals.

Legislative Analyst’s Office.

Recommend Rejecting Proposal. Given LEAs can already use 2022-23 kitchen infrastructure funds to purchase and install commercial dishwashers, we find the proposed modifications are unnecessary. We recommend the Legislature reject the proposal and allow LEAs to determine what upgrades their kitchens need rather than setting aside funds for one specific purpose. We further question whether providing funding for commercial dishwashers is an effective way to achieve the administration’s goal of reducing single-use plastic. Many alternatives exist for LEAs to reduce single-use plastic in school nutrition programs. For examples, rather than using single-use plastic trays to serve food, an LEA could instead use compostable trays. If the Legislature is interested in reducing single-use plastic, it could direct CDE to provide guidance to LEAs on effective strategies for reducing single-use plastic in school nutrition programs.

Staff Comment.

The Department of Education projects that there will be a shortfall of approximately \$99 million in the 2022-23 fiscal year, out of an approximately \$1.4 billion appropriation, for the purposes of state reimbursement for universal school meals. The 2022-23 Budget included new provisions that authorized the Department of Finance to administratively augment the appropriation to address any shortfalls.

Additionally, the Department of Education has provided information indicating that while the number of reimbursed meals have reached pre-pandemic levels (which reflect meals provided to students that are eligible for the federal meals programs), the distribution of the meals have changed, where the number of paid meals are about five times more than free and reduced meals that receive reimbursements from the federal government. This may be due to the challenges of local educational agencies collecting federal income verification forms for families that may qualify for federally reimbursed meals.

Suggested Questions.

- DOF: How does the Administration plan to address the \$99 million shortfall from the 2022-23 Budget Act appropriation, as estimated by the Department of Education?
- How would the proposed federal rule that would expand the community eligibility provisions by lowering the participation threshold from 40 percent to 25 percent, if adopted, impact California’s universal school meal program? Would this help offset the challenges due to local educational agencies struggling to collect the federal income verification forms?

Staff Recommendation. Hold open.

Issue 3: Proposition 28 Implementation

Panel.

- Lina Grant, Department of Finance
- Michael Alferes, Legislative Analyst’s Office
- Aaron Heredia, Department of Education
- Pete Callas, Department of Education

Background.

In November 2022, California voters passed Proposition 28, the Arts and Music in Schools – Funding Guarantee and Accountability Act. This measure sets aside an amount equivalent to one percent of the prior year’s Proposition 98 funding received by local educational agencies – which is comprised of state and local funding and intended for PreK-12 schools and community colleges – and directs them to school districts, charter schools, county offices of education, and the state special schools. This funding is appropriated in addition to the funds appropriated through Proposition 98 for the 2023-24 fiscal year; beginning in 2024-25, Proposition 28 funds will be counted as a proportionate increase under the “Test 1” scenario for Proposition 98 calculations. (Test 1 calculates a percentage of General Fund revenues based on the pre-Proposition 98 level of General Fund that was provided to education, plus local property taxes. More information can be found in the March 2, 2023 agenda of this subcommittee.)

Funding through Proposition 28 is determined at the school site level, where 70 percent of a school’s allocation is based on the prior year enrollment, and the remaining 30 percent is based on

the prior year's enrollment of students eligible for federal free and reduced price meals. All funds must be used to support arts education, and for local educational agencies with an enrollment of 500 or more, at least 80 percent must be used on staffing costs, and the remaining funds may be used for training, supplies and materials, and arts educational partnership programs. Funds are available for three fiscal years after allocation, and any unused funds would be reallocated by the Department of Education using the 70/30 formula. A principal or program director must develop an expenditure plan, where no more than one percent is used for administrative costs.

The state has adopted the most recent California Arts Education Framework in 2020, which provides guidance to educators, parents, and publishers in implementing the content standards for Arts Education. State law requires local educational agencies provide arts education in first through sixth grade, and offer it to seventh and eighth graders as electives. High school students may graduate with either one year of visual or performing arts, foreign language, or career technical education courses.

Governor's Budget.

The Proposition 98 Guarantee for 2022-23 is \$106.9 billion, of which the PreK-12 share is \$85.9 billion. The Department of Finance estimates that funding available through Proposition 28 in 2023-24 will be \$941 million.

Staff Comment.

Staff notes that implementation questions and concerns for Proposition 28 have been raised, including:

- **Art Teacher Workforce.** The measure requires a local educational agency with more than 500 enrolled students use at least 80 percent of its allocation on certificated or classified staff, and that the funding must be used to increase funding for arts education and not supplant existing funding. The state has recently approved several grant programs to incentivize new teachers to enter and stay in the workforce, with a focus on the implementation of universal transitional kindergarten and other areas of chronic shortage – the subcommittee may wish to discuss how schools plan to meet workforce needs.
- **Clarifying what “existing funds” includes, for Proposition 28 supplementing, not supplanting, requirements.** Proposition 28 requires that its funds can only be used to supplement existing funds. However, recent budgets have made several one-time investments, including one-time funds that are available for use in arts education, and some local educational agencies have indicated that they have received and used philanthropic dollars for arts programs. Staff also notes that Proposition 28 funds are available for local educational agencies to use over three years, and direction regarding the treatment of any potential carryover funds or a reduction in a school's Proposition 28 allocation due to declining enrollment is absent in the language. The subcommittee may wish to consider how voters intended to ensure that schools are supplementing and not supplanting existing funds for the purposes of Proposition 28.

- **Capacity of principals.** School principals or program directors are required to develop an expenditure plan for Proposition 28 funds the school receives, and this plan must be compliant with the provisions of the Proposition. The subcommittee may wish to consider whether there are existing schoolsite-level plans that can be leveraged to include this type of information.
- **Waiver-related workload.** The measure allows school sites to apply for a waiver from the Department of Education for the minimum 80 percent requirement for expenditures on staff. The subcommittee may want to consider the capacity of the Department to consider these waivers, or if a county office of education or other local entity may be better positioned to assess these requests.
- **Charter school closures.** Proposition 28 funding is available for use for up to three years after allocation; however, charter schools may close within that period, and recouping any unspent funds at the end of the three-year period may be very challenging.
- **Preschool schoolsite level data is not available.** Proposition 28 includes preschools as eligible schoolsites for arts education funding; however, schoolsite level data for “economically disadvantaged students” enrolled in preschools is not collected by the Department of Education.

Suggested Questions.

- Are there other TK-12 programs that include supplement, not supplant, requirements? How are those parameters defined in these programs?

Staff Recommendation. Hold open.

Issue 4: Cultural Field Trips Program
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Panel.

- Paula Fonacier Tang, Department of Finance
- Michael Alferes, Legislative Analyst’s Office
- Malia Vella, Department of Education

Governor’s Budget.

The Governor’s Budget includes \$100 million for all 12th grade students (at an average of about \$200/student) to travel to and attend nonprofit arts and cultural institutions and museums.

Legislative Analyst’s Office.

Take Actions to Minimize Reductions to Arts, Music, and Instructional Materials Discretionary Block Grant. To minimize disruption to LEA budget plans, we recommend the Legislature take

actions that would free up funding to decrease or eliminate the proposed reduction to the Arts, Music, and Instructional Materials Discretionary Block Grant. Specifically, we recommend the Legislature:

- ***Reject Additional Literacy Grant Funding and New Arts and Cultural Enrichment Proposal.*** Given that the state has yet to evaluate the effectiveness of the LCRS program model, it would be premature to provide additional program funding. The Legislature could consider providing additional funding in the future once it has a better sense of program outcomes and the magnitude of any implementation challenges. Moreover, LEAs that are interested in providing additional opportunities for arts and cultural enrichment could use other funding sources, such as LCFF. Rejecting these two proposals would free up \$350 million in 2021-22 that could be used to restore funding for the discretionary block grant.

Staff Comment.

The Administration states that this proposal would “enable local educational agencies to provide high school seniors with access to cultural enrichment experiences across the state by facilitating museum visits, access to theatrical performances, or other participation in extracurricular art enrichment activities.”

The California Arts Education Framework was adopted in 2019, which provides guidance to educators for curriculum and instruction to inform teaching in and through the arts. The California Arts Education Framework includes arts institutions such as museums, symphonies, performance venues as a key part of the Visual Arts discipline. As a result, visits to arts institution such as museums or art galleries as part of a student’s arts education may be a part of that student’s instructional day.

Additionally, the budget provides \$4 billion ongoing Proposition 98 General Fund for the expanded learning opportunities program, which includes before or after school, or summer or intersession programs for enrichment activities, which are broadly defined, and may include art or cultural activities.

The subcommittee may wish to consider whether other fund sources – including Proposition 28, discretionary funds from the local control funding formula, and expanded learning opportunities program – may be used for this purpose, and whether the proposed \$100 million may be better suited to restore proposed reductions.

Suggested Questions.

- Could local educational agencies fund cultural and arts activities from existing fund sources, i.e. LCFF dollars, Proposition 28, and/or expanded learning opportunities program funding?

Staff Recommendation. Hold open.

Issue 5: Reduction in the Arts, Music, and Instructional Discretionary Block Grant

Panel.

- Lina Grant, Department of Finance
- Michael Alferes, Legislative Analyst's Office
- Malia Vella, Department of Education

Background.

The 2022-23 Budget included \$3.6 billion one-time Proposition 98 General Fund for the Arts, Music, and Instructional Materials Discretionary Block Grant. The uses for these dollars included the following:

- Standards-aligned professional development and instructional materials in subject areas such as science (including environmental literacy), ethnic studies, financial literacy, media literacy, and others.
- Professional development and instructional materials aligned to best practices for school climate improvements, restorative justice strategies, physical education and others.
- Book collections and culturally relevant texts.
- Operational costs, including but not limited to, retirement and health care cost increases
- COVID-19 pandemic related costs, such as personal protective equipment, ventilation upgrades, tests, and cleaning supplies.

Governor's Budget.

The Governor's Budget proposes to reduce the Arts, Music, and Instructional Materials Discretionary Block Grant by \$1.2 billion. Savings from this reduction is redirected to cover \$613 million in ongoing LCFF costs in 2022-23, and \$1.4 billion in ongoing LCFF costs in 2023-24. Additionally, the Governor's Budget proposes two new programs, another round of one-time funding of \$250 million for Literacy Coaches and Reading Specialists Grants, and \$100 million for cultural field trips for high school seniors.

Legislative Analyst's Office.

Take Actions to Minimize Reductions to Arts, Music, and Instructional Materials Discretionary Block Grant. To minimize disruption to LEA budget plans, we recommend the Legislature take actions that would free up funding to decrease or eliminate the proposed reduction to the Arts, Music, and Instructional Materials Discretionary Block Grant. Specifically, we recommend the Legislature:

- ***Reduce Ongoing Spending in 2023-24.*** As we discussed in our recent brief, we recommend the Legislature reduce ongoing spending in 2023-24 to avoid passing a budget that creates a deficit in 2024-25. The Legislature has a variety of options for making ongoing reductions, including (1) funding a lower COLA; (2) rejecting or delaying implementation of new ongoing funding for high-poverty schools, or (3) making certain reductions to existing programs, such as the Expanded Learning Opportunities Program or State Preschool. Taking one or a combination of these actions would free up room to fund 2023-24 LCFF costs with ongoing funds, which would then free up 2021-22 funds that can be used to minimize or eliminate the need for reducing the discretionary block grant.
- ***Reject Additional Literacy Grant Funding and New Arts and Cultural Enrichment Proposal.*** Given that the state has yet to evaluate the effectiveness of the LCRS program model, it would be premature to provide additional program funding. The Legislature could consider providing additional funding in the future once it has a better sense of program outcomes and the magnitude of any implementation challenges. Moreover, LEAs that are interested in providing additional opportunities for arts and cultural enrichment could use other funding sources, such as LCFF. Rejecting these two proposals would free up \$350 million in 2021-22 that could be used to restore funding for the discretionary block grant.

Staff Recommendation. Hold open.

Issue 6: Literacy

Panel.

- Lina Grant, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Mary Nicely, Department of Education

Governor's Budget Proposal.

The Governor's Budget proposes \$250 million Proposition 98 General Fund to augment the Literacy Coaches and Reading Specialists Grant Program, which was established by the 2022 Budget Act with \$250 million Proposition 98 General Fund. Of this amount, \$248 million would be provided to local educational agencies to develop school literacy programs, employ and train literacy coaches and reading and literacy specialists, and develop and implement interventions for pupils in need to targeted literacy support. Allocations would be determined by student enrollment in kindergarten through third grade, with a base amount of \$450,000 provided to each schoolsite that has an unduplicated pupil percentage of 95 percent or higher. In comparison, the Literacy Coaches and Reading Specialists Grant Program funded in the 2022 Budget funded schoolsites with an unduplicated pupil percentage of 97 percent or higher.

The remaining \$2 million would be used to provide additional training for educators to become literacy coaches and reading and literacy specialists, of which \$500,000 can be used for evaluations of the program.

The Governor's Budget also proposes \$1 million General Fund for the Department of Education to create a Literacy Roadmap to help educators apply the state's curriculum framework to classroom instruction, and to help educators navigate the resources and professional development opportunities available.

Background.

Since 2020, the state has made several investments in grants and programs that were focused on improving student literacy or that literacy efforts were part of a broader eligibility of costs. These include:

- \$7.9 billion one-time for the Learning Recovery Emergency Block Grant to support local educational agencies support learning recovery efforts including: expanded learning time, tutoring, early intervention and literacy programs, among others. (2022 Budget Act)
- The Expanded Learning Opportunities Program (ELOP) has an annual appropriation of \$4 billion, and funds are used to support access to expanded learning opportunities, which may include literacy coaches. (ongoing)
- \$1.5 billion one-time for the Educator Effectiveness Block Grant to train classified, certificated, and administrative school staff in high-need topics, including literacy. (2021 Budget)
- \$250 million one-time for the Literacy Coaches and Reading Specialists Grant Program, of which \$225 million is used for local educational agencies to develop school literacy programs, employ and train literacy coaches and reading and literacy specialists, and develop and implement interventions for pupils in need of targeted literacy support. The remaining \$25 million is used to develop and provide training for educators to become literacy coaches and reading and literacy specialists. (2022 Budget Act)
- \$50 million one-time for evidence-based professional education to support learning acceleration, particularly in mathematics, literacy, and language development. (2021 Budget)
- \$50 million one-time for the Early Literacy Support Block Grant, which goes to the local educational agencies with the 75 schools that have the highest percentage of students in grade three scoring at the lowest achievement standard level on the English Language Arts assessment. (2020 Budget)
- \$15 million one-time to support 6,000 teachers to receive their supplementary state certification in reading and literacy. (2022 Budget)

- \$10 million one-time for the Department of Education to generate and disseminate professional development opportunities for educators in evidence-based literacy instruction, literacy interventions, and executive functioning skills. (2021 Budget)
- \$3 million one-time for an Expert Lead in Literacy within the State System of Support. (2020 Budget)

Reading and Literacy Leadership Specialist Credential versus Reading and Literacy Added Authorization versus Literacy Coaches and Reading and Literacy Specialists. In California, there are multiple pathways for an individual to provide literacy instruction and support in the classroom. The Commission on Teacher Credentialing may issue a reading and literacy leadership specialist credential or a reading and literacy added authorization, or as part of the recently enacted Literacy Coaches and Reading Specialists Grant program in the 2022-23 Budget, an individual can be a literacy coach or reading specialist. Below is a chart that provides key differences and similarities between the reading and literacy leadership specialist credential, the reading and literacy added authorization, and the literacy coaches and reading specialists.

	Reading and Literacy Leadership Specialist Credential (RLLS)	Reading and Literacy Added Authorization (RLAA)	Literacy Coaches and Reading and Literacy Specialists
Who do they serve?	RLLS holders are authorized to perform duties at the school site, district, and county levels in grades PK-12 and in classes organized primarily for adults.	RLAA holders are authorized to assess student reading and provide reading instruction according to those assessments. These holders may develop, implement, and adapt reading content curriculum and assist classroom teachers in those areas. They may perform duties at the school site level and may serve at one or more school sites at the grade level authorized by their prerequisite teaching credential.	Literacy coaches and Reading and Literacy Specialists support educators and pupils in improving literacy instruction and pupil outcomes.
What duties can they perform?	<ul style="list-style-type: none"> * Provide direct reading intervention to students and adapt instructional routines and strategies to provide direct specialized reading instruction to students with severe reading difficulties, including monitoring and adjusting intervention instruction; * Coordinate adoption and facilitate implementation of adopted literacy curricula, including providing training to teachers; * Select and administer reading 	<ul style="list-style-type: none"> * Provide direct reading intervention to students and adapt instructional practices and strategies to provide direct specialized reading instruction to students with severe reading difficulties including monitoring and adjusting intervention instruction; * Participate in the adoption of literacy curricula, facilitate and monitor implementation of adopted curricula, and support and assist teachers in the use of literacy curricula; 	Literacy Coach and Reading Specialist duties vary depending on an LEA's needs, program design, and the level of Commission credentialing or authorization met by individual staff. Services may include reading and literacy assessments, targeted interventions, and various types of student and educator supports.

	<p>and literacy assessments, interpret results to determine student growth and identification of struggling students, select interventions, communicate results, and provide guidance and coaching to teachers;</p> <p>* Design, implement, and evaluate a comprehensive literacy plan;</p> <p>* Support students' literacy development and inform and train teachers in literacy skills using information and communication technologies; and</p> <p>Evaluate literacy practices and report findings, guide teachers and administrators in collaborative efforts to design, implement, and evaluate local, state and/or federal programs, and plan and conduct staff development.</p>	<p>* Select and administer ongoing formal and informal diagnostic assessments of students' progress, report results, assist teachers in modifying instructional practices, and use the results for student placement in and exit from reading intervention programs;</p> <p>* Interpret results of school-wide reading assessment data to monitor student progress and identify modification of instructional practices and strategies to assist teachers;</p> <p>* Develop, implement and adapt reading and literacy instructional materials, technologies, and strategies in alignment with students' assessed reading and literacy needs including the prevention and intervention of reading difficulties; and assist teachers to ensure that the full range of students develop proficiency; and</p> <p>* Assist students' and teachers' use of information and communication technologies and the development of digital literacy skills.</p>	
What requirements must be met?	<p>1. Possess a valid basic California teaching credential, which may be one of the following:</p> <p>a) A teaching credential requiring a bachelor's degree and a professional preparation program, including student teaching.</p> <p>b) A clear, full-time designated subjects teaching credential, provided that the holder also possesses a bachelor's degree and has met the basic skills requirement. See Commission leaflet CL-667, entitled Basic Skills Requirement, for additional information.</p>	<p>1. Possess a valid basic California teaching credential, which may be one of the following:</p> <p>a) A teaching credential requiring a bachelor's degree and a professional preparation program, including student teaching.</p> <p>b) A clear, full-time designated subjects teaching credential, provided that the holder also possesses a bachelor's degree and has met the basic skills requirement. See Commission leaflet CL-667, entitled Basic Skills Requirement, for additional information.</p>	<p>A person holding one or more of the following authorizations or credentials issued by the Commission may be authorized to provide general literacy coaching and/or interventions:</p> <p>RLLS, RLAA, Administrative Services credential, Multiple Subject credential*, or Single Subject Credential in English*.</p> <p>The credential authorization required is dependent on the instruction or services of the position. LEAs have some discretion to determine eligibility requirements for a literacy coach as aligned to legislative requirements of</p>

	<p>2. Possess an English Learner Authorization.</p> <p>3. Verification of three years of successful full-time teaching experience in any grades preschool through adult, exclusive of student teaching, intern teaching, or teaching while holding an emergency or teaching permit.</p> <p>4. Complete a Commission-approved RLLS program, a post baccalaureate professional preparation program based on the Reading and Literacy Added Authorization and Reading and Literacy Leadership Specialist Credential Program Standards (rev. 2/2016), and obtain the formal recommendation of the California college or university where the program was completed.</p>	<p>2. Possess an English Learner Authorization.</p> <p>3. Provide verification of three years successful, full-time teaching experience in any grade or subject, preschool through adult exclusive of student teaching, intern teaching, or teaching while holding an emergency or teaching permit.</p> <p>4. Completion of an RLAA professional preparation program, including successful completion of a supervised field experience.</p> <p>5. Recommendation for the added authorization from a Commission-approved Reading and Literacy Added Authorization program sponsor.</p>	<p>supporting educators and pupils in improving literacy instruction and pupil outcomes. This discretion provides LEAs with flexibility to hire and build staff capacity in lieu of ongoing teacher shortages across the state.</p> <p>*These documents authorize the holder to provide pull-out reading intervention or instruction in a departmentalized reading class, but they do not authorize the holder to coordinate a reading program. Additional information can be found on CTC's Program Coordinator webpage.</p>
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Source: Department of Finance

Legislative Analyst's Office.

Literacy Program Activities Remain in Early Implementation Stages. CDE allocated the \$225 million in Literacy Coaches and Reading Specialists (LCRS) program funds to schools in January 2023. Moreover, CDE and CTC are still in the process of finalizing the request for application (RFA) for the statewide literacy training contract and supplementary authorization incentive grant program. (As of February 13, 2023, the RFAs have not been posted. We understand that these RFAs will be posted in the spring of 2023.) Given that LCRS program dollars were just recently allocated to schools, it is too early to determine whether LEAs have faced any barriers to implementation. However, we understand that during initial conversations with CDE, LEAs mentioned the overall teacher shortage as possibly being the greatest implementation challenge in finding qualified staff for literacy programs.

Reject Additional Literacy Grant Funding Proposal. Given that the state has yet to evaluate the effectiveness of the LCRS program model, it would be premature to provide additional program funding. The Legislature could consider providing additional funding in the future once it has a better sense of program outcomes and the magnitude of any implementation challenges.

Adopt Evaluation of Literacy Program. To improve the Legislature's ability to monitor the progress of implementation and evaluate overall program effectiveness of the LCRS funding provided in 2022-23, we recommend the Legislature provide \$500,000 Proposition 98 General Fund for an independent evaluation of the program on or before June 30, 2028 (a year after the encumbrance deadline of the existing funding for the LCRS program). Additionally, the

Legislature could consider codifying specific questions and data points it would like to be included in interim progress reports and the independent evaluation (such as specific demographic information of children served, challenges in hiring staff, description of other implementation challenges, and identification of possible solutions).

Staff Comment.

A recent report by the California Reading Coalition examined economically disadvantaged Latino 3rd graders and found that in 2022, “as in the 2019 Report Card, funding and share of high-need students had very little correlation with results.” However, it also found that 97 percent of districts saw student achievement in English Language Arts fall across all regions, sized districts, and demographics of students.²

Staff notes that the Administration’s proposal targets schools with a high unduplicated pupil percentage, which includes low-income, foster youth, and/or English learner students – which may or may not include local educational agencies that serve students who are struggling with literacy. The 2022 Budget appropriation for literacy coaches and reading specialists were recently allocated in early 2023, and the subcommittee may wish to inquire about what, if any, outcomes have been demonstrated as a result of the 2022 investment that may justify this augmentation.

Suggested Questions.

- DOF: If literacy coaches must also hold either an administrative, multiple subject or single subject credential, what are the Administration’s expectations for local educational agencies to address the existing teacher workforce shortages and finding qualified literacy coaches?
- DOF: What outcomes, if any, have been demonstrated from the \$250 million that was appropriated in the 2022 Budget that would ensure that this proposal would have successful and positive outcomes?

Staff Recommendation. Hold open.

² California Reading Coalition. 2022 Report Card. <https://www.careads.org/2022-reportcard> 29 March 2023.

Issue 7: Opioid Reversal Funding

Panel.

- Martina Dickerson, Department of Finance
- Michael Alferes, Legislative Analyst's Office
- Malia Vella, Department of Education

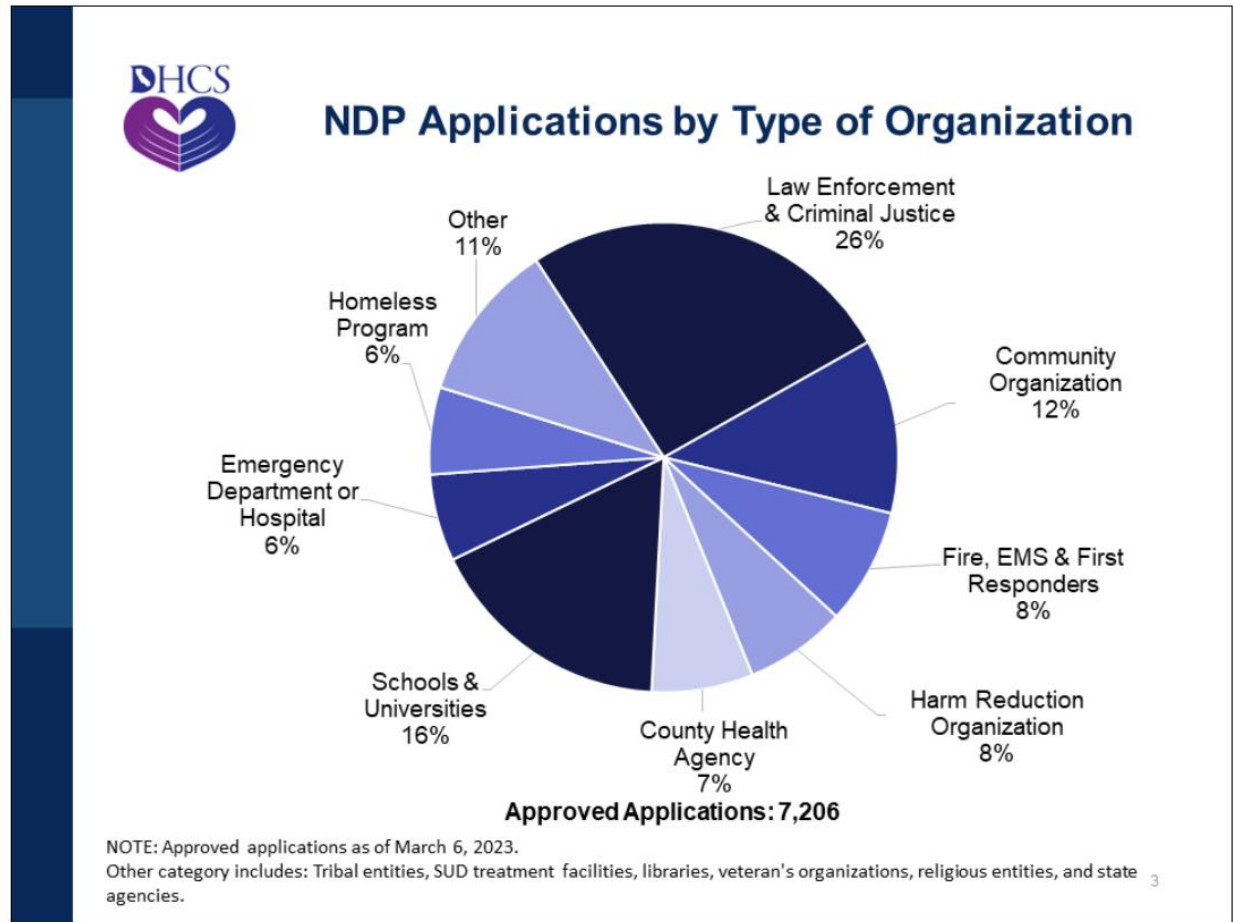
Governor's Budget Proposal.

The Governor's Budget proposes \$3.5 million ongoing Proposition 98 General Fund for local educational agencies to purchase and maintain a minimum of two doses of an emergency opioid antagonist at each middle school, junior high, and high school site.

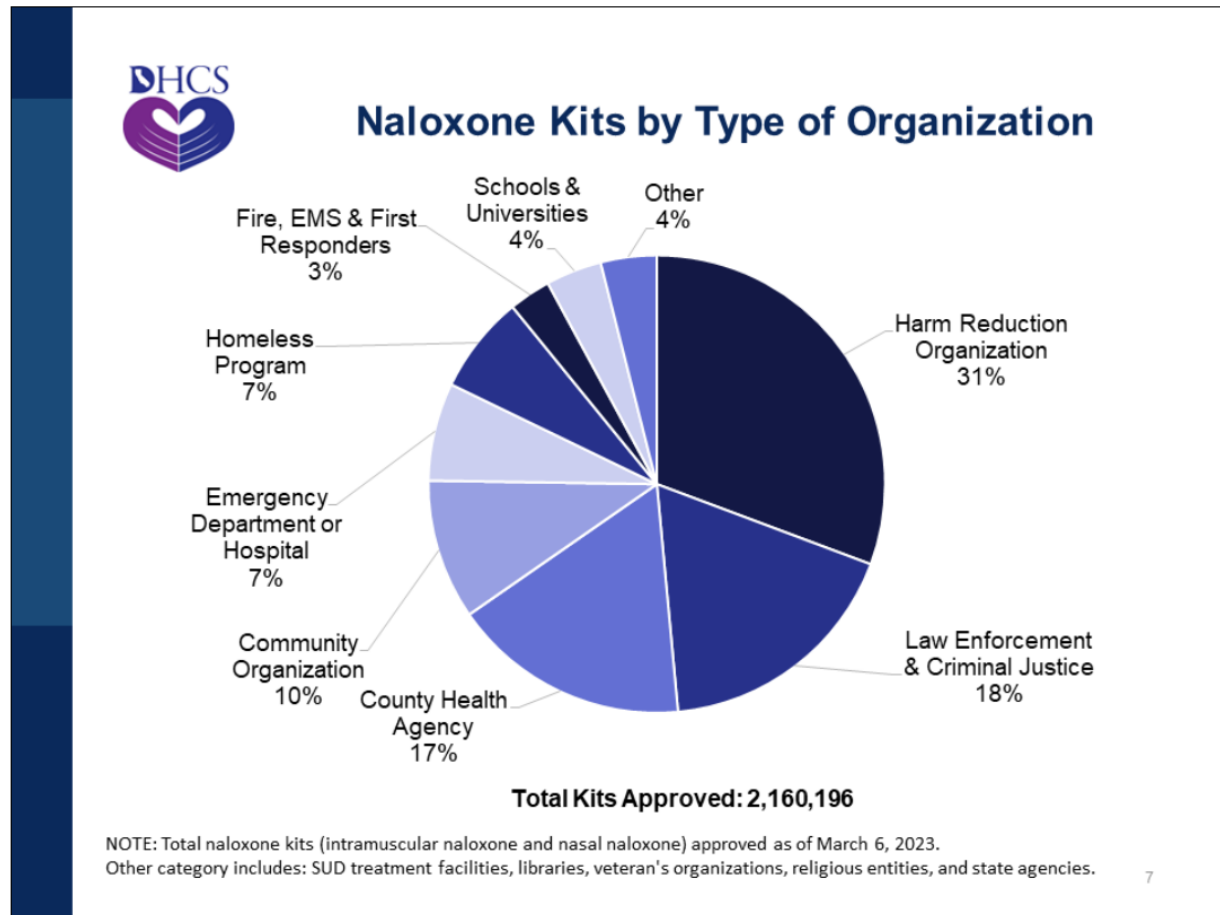
Background.

The California Department of Health Care Services established the Naloxone Distribution Project to combat opioid overdose-related deaths throughout California. The Naloxone Distribution Project provides free naloxone through an application process to eligible entities with funds that include \$14.8 million one-time monies from the opioid settlement fund appropriated in the 2022-23 Budget, which will be available until June 30, 2025. Eligible entities include: law enforcement such as police departments and probation, first responders such as firefighters and emergency medical services, schools and universities, county public health and behavioral health departments, and community organizations such as harm reduction organizations or community opioid coalitions.

The below graphic demonstrates the applications to the Naloxone Distribution Project by entity:



The following chart represents the distribution (approved applications) of naloxone kits by entity:



According to the Department of Health Care Services, 99 percent of applications submitted by schools and universities are approved.

Legislative Analyst's Office.

Budget Includes \$3.5 Million Ongoing Proposition 98 for Opioid Reversal Medication. The funding would be allocated to local education agencies (LEAs) for the purpose of purchasing and maintaining at least 2 doses of naloxone hydrochloride, or any other FDA approved emergency opioid antagonist, at every middle school and high school. The California Department of Education (CDE) would determine the allocation methodology, taking into consideration factors such as the number of students and number of middle and high schools in the LEA.

Funding Is Not Aligned With Specific Requirements. Although the proposed trailer bill language requires middle and high schools to carry two doses of an emergency opioid antagonist, our understanding is that the administration's cost estimate of \$3.5 million assumes that every middle and high school will annually purchase 12 doses of naloxone. The administration indicates this is because naloxone is sold in packages of 12. Most schools, however, are part of multi-school districts that would be making purchases on behalf of all their schools. Charter schools and school districts with a small number of schools could make bulk purchases by pooling together with other

smaller entities. Assuming schools only purchase two doses of naloxone annually, we estimate the costs would be about \$550,000.

Funding Would Be Distributed Annually, While Medication Has a Longer Shelf Life. Opioid reversal medication typically has a shelf life of around two to three years. For example, the FDA recently approved a naloxone nasal spray called Narcan for a three-year shelf life. As a result, schools would not be required to replace medication on an annual basis. Schools would need to replace medication that was administered to reverse an overdose, but doses that are not used in one school year can likely be kept for at least another year.

Recommend Providing Lower Amount of Funding. Given these issues, we recommend the Legislature provide a lower funding amount. We think \$1 million would be sufficient to fulfill the requirements of this proposal. This would provide sufficient funding for the costs of the minimum required medication, while also setting aside additional funding to reflect costs of maintaining a larger number of doses in large schools and replacing medication that was administered to reverse an overdose. The Legislature could revisit the funding level in future years if changes in medication or other factors result in higher-than-anticipated costs.

Suggested Questions.

- What type of technical assistance will the state provide, and to what scope, to local educational agencies who would be contracting for opioid antagonists for the first time?
- The FDA recently approved an over-the-counter version of an opioid antagonist. What kind of impacts, if any, would this have schools procuring an opioid antagonist?

Staff Recommendation. Hold open.

6350 SCHOOL FACILITIES AID PROGRAM

Issue 8: School Facility Program

Panel.

- Michelle Nguyen, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Barbara Kampmeier, Office of Public School Construction

Background

In November 2016, the voters passed the Kindergarten through Community College Facilities Bond Act of 2016 (Proposition 51), which authorizes the state to sell \$9 billion in general obligation bonds for K-14 facilities (\$7 billion for K-12 and \$2 billion for community colleges).

The California State Auditor released a report in January 2022, which found that California will need \$7.4 billion in state funding to meet anticipated modernization requests over the next five years. It additionally found that the state could increase equity in the facilities program by adjusting its first-come, first-served approach to reviewing and approving modernization projects by prioritizing funding for districts from financially challenged districts. Districts that can complete projects on their own with local funding can receive reimbursement from the State after their projects are finished. Conversely, financially challenged districts apply for “financial hardship” so that the state fund the local share of facilities projects, but can be left waiting for state funds in order to begin their projects, delaying improvements to their facilities.

School districts can apply for “facility hardship,” in cases of extraordinary circumstances that have caused an imminent health and safety threat. Unlike districts that apply for “financial hardship,” school districts that apply for facility hardship are exempted from the first-come, first-served approach and may move up in priority for funding.

The 2022-23 budget included the remaining bond authority, which costs approximately \$1.4 billion in K-12 bond authority in 2022-23, for new construction, modernization, career technical education, and charter facility projects, and a total of \$4.2 billion one-time General Fund (\$1.3 billion in 2021-22, \$2.1 billion in 2023-24, and \$875 million in 2024-25).

Governor’s Budget.

The Governor’s Budget proposes to reduce the appropriation for school facilities by \$100 million in 2023-24, from \$2.1 billion to \$2 billion, for a total appropriation of \$4.1 billion (reduced from \$4.2 billion).

Staff Recommendation. Hold open.

Issue 9: Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facility Program

Panel.

- Michelle Nguyen, Department of Finance
- Sara Cortez, Legislative Analyst’s Office
- Barbara Kampmeintert, Office of Public School Construction

Background.

Transitional Kindergarten and Kindergarten facilities have additional requirements compared to other school facilities, such as restrooms that must be self-contained in the classroom or separate from those of older students and an easily supervised play area. A lack of space meeting these requirements may prevent schools from expanding their kindergarten offerings. The 2018-19 budget provided \$100 million in one-time non-Proposition 98 General Fund for the Full-Day Kindergarten Facilities Grant Program (FDK). The Office of Public School Construction, with approval by the State Allocation Board, allocated grants to LEAs for schools that did not have

enough classroom space to provide FDK or had an existing FDK space that did not meet regulations. Priority for the grants was provided to districts with financial hardship or districts that have a high population of low-income students. Participation in the Full-Day Kindergarten Facilities Grant Program did not impact a school district's participation in the School Facilities Grant Program.

In 2021-22, the budget provided \$490 million one-time General Fund for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. Grant funds may be used to construct new school facilities or retrofit existing school facilities for the purpose of providing transitional kindergarten classrooms, full-day kindergarten classrooms, or preschool classrooms. The 2022-23 budget provided \$650 million General Fund over multiple years for the Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facility Program, of which \$550 million was to be appropriated in 2023-24.

For the current available funding allocated for this program (\$350 million, of which \$250 million is from the 2021 Budget and \$100 million is from the 2022 Budget), the next application round opens in February and closed on March 2, 2023. Funds are expected to be awarded in Fall 2023. For the \$550 million that was to be appropriated in 2023-24, the application round is expected to open in February/March 2024 with the award of funds going out in Fall 2024.

Governor's Budget.

The Governor's Budget proposes to delay \$550 million for the Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25. By doing so, the earliest that the Office of Public School Construction will be able to open the application round is Fall 2024, with the award of funds likely being in June 2025.

Legislative Analyst's Office.

Delaying Facilities Funding and Maintaining Current Transitional Kindergarten (TK) Staffing Ratios Reasonable Given State Budget Problem. The Governor's budget delays \$550 million one-time General Fund for early education facilities to 2024-25. The Governor's budget also maintains staffing ratios at 1 adult for every 12 students rather than moving to a 1 to 10 ratio. These proposals seem reasonable since most school districts report having adequate classroom space to meet projected TK enrollment and keeping the existing ratios helps prevent even greater staffing shortages.

Suggested Questions.

- OPSC: For the application round that was recently closed in March 2023, what was the total requested need from the submitted applications? Does OPSC anticipate that all \$350 million available in this current year will be awarded by the fall?

Staff Recommendation. Hold open.