

# SUBCOMMITTEE NO. 1

# Agenda

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



Thursday, May 3, 2018  
9:30 a.m. or upon adjournment of session  
State Capitol - Room 3191

Consultants: Elisa Wynne and Anita Lee

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**6360 COMMISSION ON TEACHER CREDENTIALING****Item 1: Commission on Teacher Credentialing Budget Proposals****Panel:**

- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Dan Kaplan, Legislative Analyst's Office
- Kimberly Leahy, Department of Finance

**Background:**

**Major Responsibilities.** The CTC is responsible for the following major state operations activities, which are supported by special funds:

- Issuing credentials, permits, certificates, and waivers to qualified educators.
- Enforcing standards of practice and conduct for licensed educators.
- Developing standards and procedures for the preparation and licensure of school teachers and school service providers.
- Evaluating and approving teacher and school service provider preparation programs.
- Developing and administering competency exams and performance assessments.

**Major Activities.** In 2016-17, the CTC processed approximately 16,516 new teaching credentials, a 6.8 percent increase over the prior year. The CTC also processes other types of teacher authorizations including short term teaching permits, internship permits, and teaching waivers. In addition, the CTC currently administers, largely through contract, a total of six different educator exams annually. The CTC also monitors the assignments of educators and reports the findings to the Legislature.

The CTC is also responsible for misconduct cases involving credential holders and applicants resulting from criminal charges, reports of misconduct by local educational agencies, and misconduct disclosed on applications. This workload will be examined more fully in Item 2 of this agenda.

Lastly, the CTC is responsible for accrediting 254 approved sponsors of educator preparation programs, including public and private institutions of higher education and, local educational agencies in California. (Of this total, there are 23 California State University campuses; eight University of California campuses; 56 private colleges and universities; 166 local educational agencies; and one other sponsor.)

**Revenues.** The CTC is a "special fund" agency whose state operations are largely supported by two special funds – the Test Development and Administration Account and the Teacher Credentials Fund. Of the CTC's \$30 million state operations budget proposed for 2018-19, about \$24.8 million is from credential and accreditation fees, which are revenue sources for the Teacher Credentials Fund and \$5.7 million is from educator exam fees, which fund the Test Development and Administration Account. The CTC also received one-time General Fund (both Proposition 98 and non-Proposition 98) in 2015-16 and 2016-17 for some one-time activities and grant programs.

- Teacher Credentials Fund (Credential Fees).** The Teacher Credentials Fund is generated by fees for issuance of new and renewed credentials and other documents. Current law requires, as a part of the annual budget review process, the Department of Finance to recommend to the Legislature an appropriate credential fee sufficient to generate revenues necessary to support the operating budget of the CTC, plus a prudent reserve of not more than 10 percent. In the 2015-16 budget trailer bill, AB 104 (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2015, the credential fee, paid every five years, was increased from \$70 to \$100 per applicant, with the additional revenue generated intended to support processing of teacher misconduct caseload. In addition to credential application fees, the CTC assesses fees on teacher preparation programs to cover the cost of accrediting these programs. As of the Governor’s budget, it is projected that the Teacher Credentials fund will have a balance of \$15.7 million at the end of 2018-19.
- Test Development and Administration Account (Exam Fees).** The Test Development Administration Account is generated by various fees for exams administered by the CTC, such as the California Basic Educational Skills Test (CBEST), the Reading Instruction Competence Assessment (RICA), the California Subject Examinations for Teachers (CSET), the California Teachers of English Learners (CTEL), and the California Preliminary Administrative Credential Examination (CPACE). The CTC has statutory authority for reviewing and approving the examination fee structure, as needed, to ensure that the examination program is self-supporting. As of the Governor’s budget, it is projected that the Test Development fund will have a balance of \$4.8 million at the end of 2018-19.

**Commission on Teacher Credentialing Expenditures and Positions**  
(Dollars in thousands)

<b>Fund Source</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 Proposed</b>
General Fund (non-Proposition 98)	\$12,346	\$100	\$0
General Fund (Proposition 98) *	0	125,000	0
Teacher Credentials Fund	18,527	26,996	24,752
Test Development and Administration Account	3,715	4,786	5,710
Reimbursements	458	11,635	308
<b>Total Expenditures (All Funds)</b>	<b>\$35,046</b>	<b>\$168,517</b>	<b>\$30,770</b>
<b>Positions</b>	<b>145.1</b>	<b>141.6</b>	<b>143.6</b>

\*Proposition 98 General Fund of \$100 million in 2017-18 is proposed in the 2018-19 Governor’s Budget. The remaining \$25 million was adopted as part of the 2017 Budget Act for the Classified School Employee Teacher Credentialing Program.

Source: Commission on Teacher Credentialing

**Governor’s Proposal:**

In addition to technical workload adjustments, the Governor’s budget proposes to fund four state operations proposals in 2018-19:

- \$1.3 million in one-time Test Development and Administration Account funds to provide an Administrator Performance Assessment (APA) field test to all administrator candidates enrolled in credential programs in 2018-19. The CTC estimates about 3,000 candidates would take the assessment. For candidates taking the APA in 2018-19, the Administration proposes that (1) the APA be offered at no cost and (2) successful passage not be required to obtain a credential. Beginning in 2019-20, candidates would support the administration of the APA on an ongoing basis through exam fees. The Administration indicates that another year of field testing is justified because: (1) field tests conducted thus far are inadequate to develop accurate passing scores for the APA, and (2) credential programs are insufficiently prepared to implement the APA in 2018-19.
- \$380,000 in one-time funds from the Teacher Credentials Fund reserve account to automate teacher assignment monitoring activities. The CTC biennially reports to the Governor and Legislature the result of assignment monitoring for certificated employees in California as submitted by the County Offices of Education. Under the current monitoring system, 30 percent of schools are monitored annually, while the remaining 70 percent are monitored once every four years. The additional funds would allow for automated monitoring through the CTC's accountability system and allow for annual monitoring of all schools.
- \$1.5 million in one-time funds from the Teacher Credentials Fund reserve account to convert the portion of existing teacher credential records that are currently stored on a microfiche system to a digital format and create a searchable database. The CTC estimates there are 1.3 million records on microfiche.

In addition, the Administration submitted the following Spring Finance Letter request:

- Increase Item 6360-001-0407 by \$160,000 to reflect a grant from the San Diego State University Foundation. These funds will support the convening of field experts that will review the outcomes of the California Administrator Performance Assessment field trial.

It is further requested that provisional language be added as follows to conform to this actions;

“10. Of the funds appropriated in Schedule (1), \$160,000 is for the Commission to convene field experts to review the outcomes of the California Administrator Performance Assessment field trial.”

### **Legislative Analyst's Office Analysis:**

The LAO has no concerns with the Governor's proposals to provide additional funds to update the assignment monitoring system.

The LAO does note concerns with the additional funding for the APA field test. The LAO notes that the original budget act appropriation for this purpose was \$2 million in 2015-16, and reflected a completed test by the end of 2016-17. This original proposal included field testing and setting of scores as well as the initial administration of the exam. They also note that credential programs have had four years to prepare for the exam. The LAO recommends that the Legislature require CTC to report at spring budget hearings as to why the APA is over budget (by \$1.3 million or 65 percent more than the

original estimate of APA development and implementation costs) and behind schedule. The LAO also recommends that CTC discuss options for using existing data sets to set scores or rely on a sample of candidates.

**Suggested Questions:**

- The LAO notes that the APA was originally supposed to be developed by the end of 2016-17 within resources budgeted at the time. Can the CTC address the reasons for the delay and cost increases?
- Why does the CTC need a full field test of the APA rather than a sample test to complete score setting?
- How often does the CTC have a request to pull records from the microfiche system?

**Staff Recommendation:** Hold Open.

**Item 2: Teacher Misconduct Workload****Panel:**

- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Linda Schneider, Senior Assistant Attorney General, Office of the Attorney General
- Dan Kaplan, Legislative Analyst's Office
- Kimberly Leahy, Department of Finance

**Background:**

**Role of the Commission on Teacher Credentialing (CTC).** The CTC is charged with monitoring the moral fitness and professional conduct of teacher credential holders and applicants. The CTC may take disciplinary action based on immoral or unprofessional conduct, evident unfitness for service, refusal to obey laws regulating certified duties, unjustified refusal to perform under an employment contract, addiction to intoxicating beverages or controlled substances, commission of any act of moral turpitude, or intentional fraud or deceit in an application.

Under the direction of the CTC, the Committee of Credentials (COC) meets monthly to review misconduct cases. The COC is made up of seven members representative of elementary teachers, school board members, school administrators, and secondary teachers. Within the CTC, the Division of Professional Practices investigates alleged misconduct and presents the information to the COC. The COC may close an investigation based on the evidence or recommend disciplinary action. Actions by the COC are subject to final approval by the CTC. A credential holder or applicant may challenge and appeal any disciplinary action. Generally the process begins when the Division of Professional Practices receives a report from an employing school district, complaint from knowledgeable source, report of criminal conviction from the Department of Justice, or self-disclosure on a credential application.

As a result of CTC changes in procedure, the number of open cases has remained fairly consistent in recent years, at about 2,300 – 2,600 at any given time, down from a high of 3,374 in October of 2011. The Division of Professional Practices has increased the number of cases it moves to the COC, and is now stable at around 90 per month. In addition, the division was able to increase the number of cases placed on the COC's consent calendar due to CTC policy changes.

**Role of the Attorney General.** A credential holder or applicant may challenge a disciplinary action and request an administrative hearing. The Attorney General's Office then represents the CTC before an administrative law judge, who issues a proposed decision to the CTC. The CTC can then adopt the decision, reduce the penalty, or reject the proposed decision, review the transcript and issue a CTC decision.

**Remaining Backlog.** Despite continuing efforts by the CTC, there continues to be a backlog of cases, however this backlog is in open cases at the Office of the Attorney General. The CTC has been seeing an increase in caseload due to high profile incidents that have increased district vigilance in reporting. The LAO also notes that the number of appealed cases more than doubled from 2011-12 to 2014-15.

In order to address this backlog, the 2015-16 budget act included an increase in credentialing fees. The revenue generated by this is used to support additional legal staff, with approximately \$5.4 million

budgeted annually for the commission's costs for the Attorney General and the Office of Administrative Hearing. In addition to the annual funding, \$2.4 million was carried over in 2016-17 and \$4.5 million 2017-18 in unspent funds for these purposes. In addition in September of 2016, the CTC submitted a budget revision request that was approved by the Department of Finance, and provided to the Joint Legislative Budget Committee, that requested \$650,000 in funding designated for the Office of the Attorney General, be instead retained at the CTC for purposes of investigation and completion of files to a higher standard before they are provided to the Office of the Attorney General. With additional "front end" work, the CTC is helping to prevent the backlog at the Office of the Attorney General from increasing, however significant progress has yet to be made.

<b>Open Cases Assigned to the Attorney General</b>												
<b>FY</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>
<b>2011-12</b>	114	110	107	106	106	110	102	100	95	90	86	89
<b>2012-13</b>	82	81	82	82	85	87	91	92	97	97	104	127
<b>2013-14</b>	126	134	141	145	147	147	151	156	159	166	169	179
<b>2014-15</b>	182	185	194	215	210	223	215	230	228	219	228	229
<b>2015-16</b>	238	238	244	249	250	254	266	265	280	281	279	278
<b>2016-17</b>	282	283	283	287	290	286	297	292	306	307	289	294

Source: Commission on Teacher Credentialing

As part of the 2017 Budget Act, the Attorney General's Office was required to provide quarterly reporting on their legal services for the CTC. The most recent report was completed in February 2018 and covers the period of September 1 through December 31 of 2017. The report shows some small progress in reducing the backlog over the prior quarter. The report also addresses the staff time at the Attorney General's Office devoted to this workload, noting that it is still below the funded level equivalent to 14 Attorney General positions. The Attorney General notes that hiring and training of new staff for this effort continued through the beginning of December 2017 and staff time should increase moving forward. The report also notes that workload for the Attorney General is impacted by the work of the CTC, particularly the CTC investigators. When staff determine a case needs additional evidence, they may submit it back to the CTC for further investigation. In 2016, the CTC increased their investigative staff, however based on the report, investigative workload is still a barrier to clearing the misconduct backlog.

### **Legislative Analyst's Office Analysis:**

The LAO recently released an analysis on their website of the CTC's teacher misconduct backlog. In their report, they comment that the backlog of cases at the Attorney General originally began to grow in the early 2010s. The state was slow to respond with additional resources, allowing a notable backlog to develop. The state increased funding for this purpose in 2015-16 but the Attorney General's Office has been slow to ramp up staff and expend the additional resources.

The LAO notes that the Attorney General is slowly increasing staff time spent on these types of cases, but still estimates that in 2017-18, only \$3 million out of the \$10 million available will be spent. The LAO also noted that based on the recent report, the backlog has been reduced by ten percent since September of 2017, but some of that is due to an increase in settlements, which in some instances can be based on the dismissal of cases where evidence was too old. Finally the LAO notes that even if the Attorney General's office were able to meet its goal of processing appeal cases within 365 days

(currently at 631 days on average), the process is still lengthy given that the investigative stage at the CTC took 414 days on average in 2016-17. This timeline of over two years in the best case scenario seems overly long.

The LAO recommends that, given that only two quarterly reports are available, the Legislature should carefully monitor the situation as more data becomes available. If the Attorney General's Office fails to make significant progress over the 2018-19 year, the LAO recommends the Legislature impose a statutory timeframe for the Attorney General to bring a case before an administrative law judge, allowing for some exceptions.

**Staff Comments:**

The CTC and the Office of the Attorney General have seen increasing teacher misconduct caseload for multiple years and continue to struggle to ensure cases are closed in a timely manner. The monitoring of teacher misconduct is vitally important to ensuring students have competent, appropriate staff in their classrooms. The Legislature and Governor have been monitoring this important function of the CTC for several years, resulting in a BSA audit in 2011. The Legislature may wish to continue to consider whether additional positions at the CTC are needed and monitor the ability of the CTC and the Office of the Attorney General to prioritize the closure of these cases over the next year as they consider the LAO's timeline recommendations.

**Suggested Questions:**

- When does the Attorney General's Office estimate that teacher misconduct caseload will return to a "normal" level? What can the subcommittee expect to see in terms of progress at this time next year?
- Can the CTC and the Attorney General's Office comment on the lengthiness of the process? Is it feasible to reduce that timeline now or once the backlog has cleared?
- Can the CTC and the Attorney General's Office discuss the process for investigating cases and how this impacts the closure of a case?

**Staff Recommendation:** Hold Open.

**Item 3: Teacher Workforce Proposals****Panel:**

- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Kimberly Leahy, Department of Finance
- Dan Kaplan, Legislative Analyst's Office

**Background:**

California currently has approximately 305,000 teachers, about half in elementary schools, 40 percent in middle and high schools, and almost 10 percent in alternative schools, adult schools or other education settings. Many of California's teachers have been in the classroom a long time, on average they have 12 years of experience.

There are a variety of paths to becoming a teacher in California, however, most new teachers first obtain a preliminary credential, which is issued for up to a five year period, and then meet the requirements for a clear credential. The general requirements are as follows:

For a preliminary credential, applicants must satisfy all of the following:

- Complete a baccalaureate or higher degree from an accredited college or university. Degrees in professional education may only be used to apply for a multiple subject credential.
- Satisfy the basic skills requirement.
- Complete a teacher preparation program including successful student teaching, and obtain a formal recommendation for the credential by the California college or university where the program was completed. The Teaching Performance Assessment (TPA) is a required indicator of recommendation for a general education teaching credential.
- Verify subject matter competence through achieving a passing score on the appropriate subject matter examination(s) or completing an approved subject matter program.
- For multiple subject and special education credentials, pass the Reading Instruction Competence Assessment (RICA), or satisfy this requirement through a teacher preparation program.
- Satisfy the Developing English Language Skills requirement.
- Complete a course on the U.S. Constitution or pass an examination given by an accredited college or university.
- Complete basic computer technology course work that includes the use of technology in educational settings.

For a clear credential, new teachers generally must complete a CTC-approved General Education (or other area, including Special Education) Induction Program. Induction programs are most often sponsored by, or in partnership with, the school district or county office of education employing the teacher; however, colleges and universities, and other school districts and county offices of education,

may also provide these programs. The induction program is intended to provide support to a new teacher and should be tailored to his or her needs and the needs of the employer.

Teachers may also hold internship credentials, valid for two years, or one-year permits under certain circumstances.

**Teacher Supply and Demand Data.** According to the LAO, the supply of, and demand for, new teachers is driven by a variety of factors, including changes in credentialing requirements, Proposition 98 school funding, state policies regarding class sizes, and teacher pay among other things. There are a variety of data sources that may be considered when determining whether the supply of teachers is adequate to meet demand. New teacher credentials are one indicator, but generally lag behind hiring trends. The teacher workforce is also made up of former teachers re-entering the profession, and some new credential holders do not enter the profession.

**Teacher Shortage.** LEA's have experienced an influx of funding as the state has recovered from the last recession, teacher hiring and compensation has increased, and policies have been put in place to ensure small class sizes and the posting of available teacher jobs on EdJoin (the statewide educator job portal).

During the economic recession, LEA's laid-off significant numbers of teachers, deferred providing raises, and often left teachers uncertain, for months at a time, of having a job the following year. The effects of the economic recession contribute towards the enrollment trends in teacher preparation programs, restricting the future pipeline of teachers.

The LAO notes that statewide trends in credentialing and teacher preparation programs only provide some of the data on what is happening statewide. The LAO finds that the statewide market for teachers appears to be in the process of correcting itself, though persistent shortage areas remain. The more common shortage areas in California are science, bilingual education, special education, and math. Low-income and urban schools often face higher rates of turnover and difficulty filling positions, although some rural areas may also face difficulties filling positions for a variety of reasons. Also with the passage of Proposition 58, which repealed an English-only immersion requirement, California will likely see an increase in bilingual education programs and a growing demand for bilingual education teachers.

Another area of concern related to the current teacher shortage is the number of underprepared teachers in the classroom. In 2016-17, California issued more than 12,346 substandard credentials and permits. The greatest growth has been in emergency permits known as Provisional Intern Permits (PIPs) and Short-Term Staff Permits (STSPs). Other factors that affect the teacher workforce include: teacher turnover rates, class size reduction efforts, credentialing requirements, the overall desirability of the teaching profession, and the availability of state funding, among other factors.

**Reducing the Teacher Shortage.** Efforts have been made by the state in the past two years to increase the quality and availability of teachers in the state, including the following:

- **Educator Effectiveness.** The 2015 Budget Act provided \$500 million in one-time Proposition 98 funding to enhance educator effectiveness. Of this amount, \$490 million was provided to school districts, county offices of education and charter schools in an equal amount, per certificated staff. The funding could be used for the following purposes:
  - Beginning teacher and administrator support and mentoring.

- Professional development, coaching, and support services for teachers who have been identified as needing improvement or additional support.
- Professional development for teachers and administrators that is aligned to the state academic content standards.
- Promote educator quality and effectiveness, including, but not limited to, training on mentoring and coaching certificated staff and training certificated staff to support effective teaching and learning.

As a condition of receiving funds, local educational agencies must develop and adopt a plan for expenditure of funds. Funds may be expended through the 2017-18 fiscal year. Local educational agencies must also report to the CDE on how the funds were used on, or before July 1, 2018, and the CDE must submit a report to the Legislature detailing these expenditures by January 1, 2019.

- **California Classified School Employee Teacher Credentialing Program.** The 2016 Budget Act provided \$20 million and the 2017 Budget Act provided an additional \$25 million in Proposition 98 funding (to be used over five years) to create the California Classified School Employee Teacher Credentialing Program. School districts, county offices of education and charter schools are eligible to apply for funding to recruit classified employees to become credentialed teachers in their district. The funding allocated provides 2,250 grants (1,000 in 2016-17 and 1,250 in 2018-19) over five years, of up to \$4,000 per year for applicants that meet certain criteria. In December 2017, the CTC submitted a report detailing the program progress thus far and noted that, although most LEA programs are still in early phases, LEAs are using the program to fill local teacher shortage needs, the program is serving racially and ethnically diverse classified school employees and that a majority of LEAs have established collaborative arrangements with postsecondary institutions.
- **Integrated Teacher Preparation Program Grant.** The 2016 Budget Act provided \$10 million in one-time non-Proposition 98 General Fund for the CTC to award one or two year grants of up to \$250,000 to postsecondary institutions to create or improve existing four-year integrated teacher preparation programs. In December, the CTC awarded a total of 41 grants, 18 for the California State University system, two for the University of California system, and thirteen are private colleges or universities. Institutions are expected to enroll their first cohort of integrated program students in to the new or adapted integrated programs in fall 2018.
- **California Center on Teaching Careers.** The 2016 Budget Act provided \$5 million in one-time Proposition 98 funding for the CTC to award a local educational agency to establish and implement the California Center on Teaching Careers, in order to recruit individuals into the teaching profession. The CTC awarded this grant to the Tulare County Office of Education (COE), which will also work with six collaborating regional centers at COEs across the state (Los Angeles, Riverside, Shasta, San Diego, Sonoma and Ventura), as well as through an online presence ([www.californiateach.org](http://www.californiateach.org)).
- **California Educator Development Program.** The 2017 Budget Act approved \$9.2 million to establish the California Educator Development (CalEd) competitive grant program to promote principal and other school leader preparation and professional development efforts. The California Center on Teaching Careers in collaboration with the CTC will administer the program and provide 30 one-time grants to LEAs. The grant competition was completed in

early 2018 and funds are in the process of being transferred to the Center on Teaching Careers for disbursement to grantees.

### **Governor's Proposal:**

The Governor's budget includes two proposals totaling \$100 million in one-time Proposition 98 funds to address need for teachers in the area of special education.

- **Teacher Residency Grant Program.** The Administration proposes providing \$50 million to support locally sponsored one-year intensive mentored, clinical teacher preparation programs aimed at preparing and retaining special education teachers. The CTC would administer the program and provide competitive grants to LEAs of up to \$20,000 per teacher, LEAs would provide a 1:1 local match. The program would result in up to 2,500 new special education teachers. Funds could be used for a variety of purposes, including stipends for new teachers, mentor teachers, or tuition at a partner university.
- **Local Solutions Grant Program.** The Administration proposes providing \$50 million to provide one-time competitive grants to local educational agencies to develop and implement new, or expand existing, locally identified solutions that address a local need for special education teachers. The CTC would administer the program and provide competitive grants of \$20,000 per teacher with a 1:1 local match. LEAs would have broad discretion over the use of the funds.

### **LAO Analysis and Recommendations:**

The LAO included an analysis of the proposals in their recent publication, *The 2018-19 Budget: Proposition 98 Analysis*. The LAO notes that teacher shortages have long been acute in the area of special education and agree that the Governor's focus on the area has merit. However, the LAO has concerns that the proposals overlook the core causes of the special education teacher shortage, notably salary concerns, and restrictive credentialing and education requirements. The LAO notes that the proposals also fail to address the shortage and need for speech and language pathologists and occupational therapists, as well as teachers. Finally, the LAO notes that the residency program is costly per teacher and those LEAs that wish to start a similar program could do so with their one-time discretionary funds, while the local solutions grant has overly broad objectives.

The LAO recommends rejecting both of the Governor's proposals and instead focusing on reform to address the root causes of the problems. The LAO recommends providing a pay differential to special education teachers to reflect the unique roles of special education teachers and recommends the Legislature consider repealing a statutory requirement for an LEA to have a uniform salary schedule.

The LAO also recommends the state consolidate two special education credentials into one – mild/moderate and moderate/severe - in order to create a more streamlined special education credential for teachers and eliminate two rarely used credentials – the physical and health impairment credential and the language and academic development credential.

Similar to the Integrated Teacher Preparation Program Grant, the LAO recommends providing some funding to create four-year programs at institutes of higher education for students to obtain a degree and a special education teaching credential. The LAO notes that each program could receive funding of \$250,000 to establish the program and that a modest investment of \$10 million could fund 40 programs.

Finally the LAO recommends the Legislature fund targeted enrollment growth at the California State Universities (CSUs) for graduate specialist programs of occupational therapy and speech and language pathology. The LAO recommends increasing these programs by five percent per year (45 students and \$675,000 in 2018-19). The state could increase these programs until the critical shortage of these specialists is reduced.

**Staff Comments:**

Staff notes that the Governor's local solutions grant proposal would not necessarily result in new special education teachers joining the field. LEAs could use the grant to improve recruitment processes, or offer additional incentives when hiring and some of these practices may just shift special education teachers from one LEA to another. While these efforts may be helpful for LEAs that have had a particularly difficult time hiring and retaining teachers, this may not result in a benefit statewide or address long term structural teacher needs of the state.

**Suggested Questions:**

- Can the Administration provide some examples of how LEAs might use a local solutions grant?
- Can the CTC provide some insight into the existing special education credentialing structure and how current teachers are choosing a credential path?
- Are any of the programs under the existing Integrated Teacher Preparation Program targeted at special education?
- Are there waiting lists at the CSUs for entering the occupational therapy and speech and language pathology graduate programs? Does the state provide targeted enrollment at the CSU for other programs?

**Staff Recommendation:** Hold Open

## 6120 CALIFORNIA STATE LIBRARY

The California State Library, established in 1850, collects, preserves, generates, and disseminates information. The State Library administers programs funded by state and federal funds to support local public libraries and statewide library programs. The State Librarian is appointed by the Governor.

The California Library Services Board (the state board) consists of 13 members; nine members are appointed by the Governor, two members are appointed by the Senate Rules Committee, and two members are appointed by the Speaker of the Assembly. Members serve four-year terms. The state board determines policy for and authorizes allocation of funds for the California Library Services Act. The state board also functions as the State Advisory Council on Libraries for the federal Library Services and Technology Act. The State Librarian serves as chief executive officer of the state board.

The State Library's main functions are (1) serving as the central library for state government; (2) collecting, preserving, and publicizing literature and historical items; and (3) providing specialized research services to the Legislature and the Governor.

In addition, the State Library passes through state and federal funds to local public libraries for specified purposes and provides related oversight and technical assistance. These local assistance programs fund literacy programs, internet services, and resource sharing, among other things. In addition, the state has funded various one-time initiatives in recent years, including the Civil Liberties program and an online high school program.

The State Library's total budget in 2017-18 is \$53.5 million. The majority of funding (61 percent) is state General Fund (\$32.5 million) with the remainder largely coming from federal funds. About 55 percent of total State Library funding goes toward local library assistance programs, with the remainder going toward state operations. The LAO chart below displays the State Library's budget.

### California State Library Budget (Dollars in Millions)

	2016-17 Actual	2017-18 Revised	2018-19 Proposed	Change From 2017-18	
				Amount	Percent
<b>Local Assistance</b>					
Library Services and Technology Act	\$11.3	\$11.3	\$11.3	—	—
Statewide Library Broadband Services Program	2.5	2.5	7.5	\$5.0	202%
Library Literacy and English Acquisition Program <sup>a</sup>	4.8	7.8	7.3	-0.5	-6.4
California Library Services	6.6	3.6	5.1	1.5	39.9

Act					
Telephonic Reading for the Blind	0.6	0.6	0.6	—	—
State Government Oral Histories Program	—	—	0.3	0.3	N/A
Civil Liberties Public Education Program	1.0	3.0	—	-3.0	-100
California Historical Society	1.0	—	—	—	—
<b>Subtotals</b>	<b>(\$27.7)</b>	<b>(\$28.7)</b>	<b>(\$31.9)</b>	<b>(\$3.2)</b>	<b>(11.1%)</b>
<b>State Operations</b>					
State Library Services	\$21.5	\$19.1	\$19.0	-\$0.1	-0.4%
Library Development Services	3.1	3.2	3.7	\$0.5	15.7
Information Technology Services	2.0	2.4	2.2	-0.2	-8.8
<b>Subtotals</b>	<b>(\$26.6)</b>	<b>(\$24.7)</b>	<b>(\$24.9)</b>	<b>(\$0.2)</b>	<b>(0.8%)</b>
<b>Totals</b>	<b>\$54.3</b>	<b>\$53.5</b>	<b>\$56.9</b>	<b>\$3.4</b>	<b>6.4%</b>
<b>Funding</b>					
General Fund ongoing	\$28.5	\$26.3	\$29.4	\$3.2	12.2%
General Fund one-time	5.0	6.2	6.5	0.2	3.8
Federal Trust Fund	18.2	18.3	18.4	— <sup>b</sup>	0.1
Other <sup>c</sup>	2.6	2.6	2.6	— <sup>b</sup>	-1.8
<sup>a</sup> Consists of the California Library Literacy Services and Career Online High School programs. <sup>b</sup> Less than \$50,000. <sup>c</sup> Includes California State Law Library Special Account, Central Service Cost Recovery Fund, and the Deaf and Disabled Telecommunications Program Administrative Committee Fund.					

**Local Libraries Are Run and Funded Primarily by Local Governments.** In California, local libraries can be operated by counties, cities, special districts, or joint powers authorities. Usually an operator designates a central library to help coordinate activities among all the library branches within the jurisdiction. In 2017-18, 184 central libraries with 1,250 library branches operated in California. Local libraries' responsibilities include hiring and managing staff, conducting branch oversight, and managing various programs (for example, offering children's story time and resume-building workshops). Libraries provide a diverse set of services, depending on the needs of their communities, but most libraries emphasize their role in providing community members with access to information as a core part of their mission. More than 95 percent of local library funding comes from local governments, with very small shares coming from state and federal sources.

**Issue 4: Literacy Programs****Panel**

- Daniel Hanower, Department of Finance
- Jason Constantorous, Legislative Analyst's Office
- Greg Lucas, State Librarian

**Background**

In 2017-18, local libraries are receiving \$4.8 million in ongoing non-Proposition 98 General Fund for the California Library Literacy Services program. This program focuses on helping interested adults become literate through one-on-one tutoring provided by community volunteers. Of the state's 184 central libraries, 106 participated in the program in 2016, serving roughly 20,000 adults taught by 10,000 volunteers. Participating libraries submit annual program reports to the state that contain data about the number of individuals served, their learning gains, and other outcomes. In addition to literacy programs for adults, some local libraries use local funding for literacy programs that serve children.

**Considerable Amount of Other State Funding Supports Literacy.** The California Community Colleges receives hundreds of millions of dollars in apportionment funding annually for basic skills and English as a second language (ESL) courses. Similarly, the Adult Education Block Grant (AEBG) provides \$500 million annually for adult education, including literacy and ESL courses. State law currently only encourages, but does not require, entities receiving adult education funding, such as local libraries, to coordinate with other regional providers. Similarly, state law only encourages, but does not require, entities that provide literacy programs for K-12 students to be a part of school districts' planning efforts.

**Governor's Budget Proposal**

**Provides \$2.5 Million Ongoing for Literacy Program.** The Governor proposes to increase funding for the California Library Literacy Services program from \$4.8 million to \$7.3 million, an increase of 52 percent. The Governor proposes to allocate the additional funding in several ways. Specifically, the Governor proposes to: (1) increase base funding for each participating local library from \$18,000 to \$25,000; (2) increase funding for each adult learner served from \$85 to \$120; and (3) provide \$20,000 to each participating library that provides literacy services to children of adult learners (known as the family literacy program – currently 38 jurisdictions participate in this program). Additionally, the Administration estimates costs would increase due to greater library participation, with the number of participating libraries projected to increase from 106 to 125. The Administration notes that state funds would be leveraged by \$4 to \$5 in local and private funds.

**Legislative Analyst's Office Comments**

The LAO recommends rejecting the Governor's proposal to augment library literacy services due to the following concerns: (1) local libraries often are not included or participating in adult education consortia, with the result that all available adult literacy programs are not always well coordinated; (2) state has no policy regarding how to share costs with local libraries, some years local libraries cover virtually all costs with their local literacy efforts; and (3) other more pressing state priorities.

Should the Legislature choose to augment state funding for the program, the LAO recommends participating libraries to coordinate their literacy funding (from local, state, and federal sources) with both other adult education providers in their region and their local school districts. Specifically, consortia and libraries be required to document that libraries participate in their adult education regional consortia as a condition of receiving library literacy funding.

The LAO also recommends that school districts and libraries be required to document that they collaborate in their literacy efforts, and the state set an adult literacy goal and establish associated performance measurements. The LAO also recommends participating libraries report three factors: (1) total funding for their literacy programs, broken down by fund source and broken down for adult and child programs; (2) other funding being used within their region for literacy programs; and (3) the literacy gains of participating adults and children. The LAO also recommends the Legislature consider establishing a cost-sharing agreement with libraries moving forward.

### **Staff Comments**

According to a 2016 legislative report on this program, during the fiscal year ending June 30, 2015, 18,388 adult Californians participating improved their reading skills with the help of close to 10,000 volunteers. State funding helps support local efforts: local contributions totaled \$16.8 million in 2014-15, or \$4.41 for each state dollar spent.

Over the last several years, the state has sought to create a regionalized approach for workforce development, adult education, and career technical education through various initiatives. These initiatives have infused hundreds of millions of dollars into the education and workforce systems, however it is unclear how much funds libraries draw down from these sources, and whether or not the Governor's proposal will supplant existing funds or local resources. Staff agrees with LAO concerns that libraries are not active participants in regional adult education consortia, however it is unclear whether this is due to local libraries unwillingness to be involved, or regional consortia leaving libraries out. The Subcommittee could consider stronger statutory language that would ensure more coordination.

### **Staff Recommendation. Hold Open.**

**Issue 5: Internet Connectivity Proposals****Panel**

- Daniel Hanower, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Greg Lucas, State Librarian

**Background****State Contracts With Nonprofit Entity to Provide Internet Backbone to Education Segments.**

The state pays for schools, the California Community Colleges, the California State University, the University of California, and local libraries to access a high-speed Internet backbone managed by a nonprofit entity, the Corporation for Education Network Initiatives in California (CENIC). The ongoing annual cost for each educational segment to access the CENIC-managed backbone traditionally has been \$4.5 million. Local libraries are treated as one segment for CENIC billing purposes. The libraries' portion of the backbone cost is covered equally by state General Fund and the California Teleconnect Fund (each pay \$2.25 million). The \$4.5 million annual charge does not cover the ongoing service costs for internet connectivity between library sites and the backbone, nor does it cover one-time infrastructure costs of connecting library sites to the backbone.

**State Still in Process of Connecting Local Libraries to Internet Backbone.** In 2014-15, local libraries began the process of connecting to the CENIC-managed backbone. Central libraries function as "hubs," generally connecting to the backbone first, then branches connect to their hubs. As of March 2018, 120 of the state's 184 central libraries were connected to the backbone, and as many as 14 central libraries are considering connecting in 2018-19. Of the state's 1,125 library branches, 500 are connected to the backbone, 232 are in the process of connecting, and 90 are considering connecting in 2018-19. The remaining 303 sites use other Internet providers. To assist local libraries in connecting to the CENIC-managed backbone, the state has provided \$6 million in one-time grant funding since 2014-15. The \$6 million has been distributed to libraries with several stipulations. Specifically, central libraries could receive up to \$30,000 each, and branches associated with the central library could receive \$15,000 each for up to four branches (totaling maximum funding for a central library and its branches of \$90,000). In addition, libraries with more resources have been required to match state funding. The Administration indicates that to date, local libraries have contributed a \$7.6 million match to connect to the backbone.

**Local Libraries Receive Other Internet Discounts.** In addition to state funding for infrastructure costs to connect to the CENIC-managed backbone, local libraries are eligible for certain discounts to help them pay their monthly Internet service charges. Most notably, the federal E-Rate program covers up to 90 percent of libraries' service costs, depending on the number of students receiving federally subsidized free and reduced-priced meals in the region. The state's California Teleconnect Fund covers 50 percent of remaining costs after accounting for E-Rate discounts. For schools and libraries that do not apply for E-Rate, the CTF covers 50 percent of costs after assuming the average E-Rate coverage of 70 percent.

**State Provides Funding to Library Group to Help Coordinate Internet Procurement and Payments.** Beginning in 2015-16, the state began providing the State Library with \$225,000 annually to contract with the nonprofit library consortium Califa—a group working on behalf of more than 220 libraries (including school libraries and local central libraries). The State Library contracts with Califa

to coordinate various tasks related to CENIC. Specifically, Califa (1) serves as the billing agent for libraries connecting to the CENIC-managed backbone, (2) helps prepare bundled requests for Internet service discounts, and (3) helps process E-Rate reimbursements.

## **Governor's Proposals**

**Provides \$3 Million One-Time to Increase Internet Capacity at Local Library Hubs.** The Governor provides funding to replace or upgrade infrastructure at local library Internet hubs to allow them to handle more library branch users. Specifically, the funding could be used for infrastructure upgrades (typically additional fiber with greater Internet speeds), equipment that can accommodate more users at higher speeds, and other costs associated with the upgrades (for example, new internet routers). The Governor indicates that libraries plan to begin a process in July 2018 to determine whether they will upgrade from one gigabyte of speed to 10 gigabytes of speed. Any funding not used to increase Internet capacity and speeds at hubs could be used to help connect libraries not already connected to the backbone. Funding would be prioritized for local libraries in areas of the state with the highest concentrations of students receiving federally subsidized free and reduced-priced meals. Local libraries with greater resources would be required to provide a match. The Governor was unable to provide an estimate of how many hubs or branches are expected to benefit from the proposal.

**Provides \$2 Million One-Time for Internet Equipment Grants.** The Governor provides an additional \$2 million for Internet Equipment Grants to help local libraries cover the one-time costs of initially connecting their infrastructure to the CENIC backbone. The Governor indicates that the new funding would be used to connect library branches that did not connect previously because of the four library branch cap, as well as provide funding to other jurisdictions and branches that wish to connect. Califa's preliminary estimate is that 14 central libraries and 90 branches are interested in connecting their infrastructure to the CENIC backbone in 2018-19. It expects to have final estimates later this spring.

**Provides \$350,000 Ongoing for Increases in CENIC Costs.** The Administration indicates that CENIC "inadvertently misquoted" the costs of the State Library's contract beginning in 2014-15 (the first year of the contract). This resulted in an ongoing shortfall in the State Library's payment to CENIC for access to the backbone. Specifically, the Administration indicates the original contract cost estimate did not include telecommunication surcharges and taxes, such as for the Lifeline Program, the California Teleconnect Fund, and the Deaf and Disabled Telecommunications Program. During the initial years of the contract, the Administration indicates CENIC has covered these costs on behalf of the State Library.

Beginning in 2018-19, the Governor proposes the State Library begin paying \$163,000 for the surcharges and taxes. The total cost for surcharges and taxes is \$326,000—the other half is covered by the California Teleconnect Fund.

The Governor also proposes the State Library pay an additional \$100,000 for cost increases associated with backbone services—specifically to fund more staff at CENIC. The total cost for the staff increase is \$200,000, with the other half of the cost covered by the California Teleconnect Fund.

Lastly, the Governor proposes to have the State Library give CENIC \$87,000 annually as a General Fund cushion for potential tax and surcharge increases. The Administration indicates that this cushion is needed because historical trends have shown that taxes and surcharges are likely to increase. All

these changes combined bring the annual costs of accessing the CENIC backbone for local libraries from \$4.5 million to \$5.1 million (\$2.6 million GF and \$2.5 million California Teleconnect Fund).

**Provides \$138,000 Ongoing for a New Position at the State Library to Oversee Local Library Internet.** The Governor funds a new full-time Library Programs Consultant at the State Library, who would perform various tasks associated with the CENIC effort. The Administration indicates that the position's primary responsibility would be to help libraries obtain Internet services discounts. Other responsibilities would include (1) providing general oversight of the project and its partners, (2) generating data about library connectivity and producing related reports, and (3) developing a strategy for broadband execution at libraries. Currently, one State Library employee is dedicated partly to overseeing the CENIC effort and partly to overseeing federal grants.

### **Legislative Analyst's Office (LAO) Comments**

**Proposal to Increase Local Library Hub Speeds Lacks Justification.** The Administration to date has been unable to identify how many local library hubs would upgrade their infrastructure capacity to accommodate more library branches and at what cost. Moreover, the Governor's proposal indicates that library hubs may use the funding to increase capacity tenfold (from one gigabits of speed to 10 gigabits of speed). The LAO have serious concerns about increasing capacity to these levels without evidence of how much capacity is actually needed at libraries.

The state has had recent disconcerting experiences paying for capacity upgrades without first reviewing evidence of capacity needs. Most notably, an audit examining recent capacity upgrades to schools found schools increased bandwidth tenfold without sufficient justification.

**Reject \$3 Million for Capacity Upgrades and Revisit When Data From Needs Assessment Becomes Available.** The LAO recommends the Legislature reject the proposal to provide funding to local library hubs to upgrade their Internet capacity. Instead, the LAO recommends the Legislature first have libraries conduct an Internet capacity needs assessment, which they already plan to begin undertaking in July 2018. As part of this assessment, the LAO recommends the Legislature require documentation of the current Internet capacity at hubs and trends in use over the past few years. If the assessment justifies the need for certain faster speeds at certain libraries, the Administration could develop a better corresponding budget proposal and submit for the Legislature's consideration next year (or a later year if the data from the needs assessment is not yet available for consideration in 2019-20).

**Withhold Recommendation to Provide \$2 Million for Equipment to Connect to CENIC.** The LAO recommends withholding funding for this request until Califa has collected final counts of the number of libraries that wish to connect to the CENIC-managed backbone in 2018-19. Once the final count is available later this spring, the Legislature will have a better sense of associated costs and could make a final budget decision as part of budget closeout.

**Withhold Recommendation on \$350,000 Augmentation for CENIC Contract Pending Information.** The LAO has concerns that CENIC contract costs are being increased for the libraries while being held flat at \$4.5 million for the California State University and University of California, which could be using the CENIC-managed backbone much more intensively than the libraries.

The LAO is also concerned as to why the costs of the contract were initially misquoted by CENIC given the Legislature used that information in determining whether to fund the project. Additionally,

the LAO is concerned with the Governor's proposed "cushion," as the state could be providing funding that is not needed to cover contract costs. With these concerns in mind, the LAO recommends the Legislature direct the Administration to report during spring hearings on why surcharge costs were not included in the original CENIC contract. Furthermore, the LAO recommends directing the Administration to provide data estimating the amount taxes and surcharges are likely to increase in 2018-19. If the cost appears reasonable, the LAO recommend providing the associated funding explicitly as part of the CENIC contract.

**Request Further Justification for New Position at State Library.** Some justification may exist for funding a new position or part of a new position at the State Library to oversee Internet-related activities. However, a portion of an existing position at the State Library and staff at Califa already perform some of the duties being proposed for the new position. To ensure that more staff time at the State Library is warranted, the LAO recommend the Legislature request that the Administration come back with more detailed justification for the new position. Specifically, the Legislature could request the Administration and State Library to document the current workload of its existing staff as well as the workload of existing Califa-contracted staff and better explain the specific added workload beyond all existing State Library, Califa, and CENIC Internet-related work.

The subcommittee may wish to ask:

1. Why were surcharge costs were not included in the original CENIC contract?
2. Does the state currently fund staff at CENIC, if so how many?

**Staff Recommendation.** Hold Open

**Issue 6: Resource Sharing****Panel**

- Daniel Hanower, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Greg Lucas, State Librarian

**Background**

**Federal Program Provides Grants That Can Be Used for Local Libraries to Purchase and Deliver Books.** The federal Library Services and Technology Act (LSTA) is a program administered by the State Library that provides grants to libraries for local initiatives. Since 2011-12, the State Library has awarded about \$300,000 total in LSTA funding to local libraries for the “Zip Books” program. When a local library does not carry a book, Zip Books allows library patrons to request books at their local library and the library purchases the book from Amazon. Amazon then sends the book directly to library patrons’ homes. Patrons then bring the book back to their local library, where the library can add it to their collection, send it to another library to keep in their collection, or sell it. The Administration indicates that 75 percent of books are kept in library collections. The State Library indicates the program allows patrons better access to books, especially for those who live in rural areas where sending a book from one library to another library (also known as Interlibrary Loan) is often costly and time consuming. Currently, 55 library jurisdictions in the state use Zip Books.

**State Program Provides Grants to Local Libraries to Encourage Resource Sharing and Purchasing.** The state facilitates resource sharing between libraries through the California Library Services Act (CLSA) program. The CLSA has a board that determines specific funding allocations for local libraries each year. The program commonly funds the interlibrary loan program, which reimburses libraries for sending books to one another. It also provides funding for digital resource sharing and other initiatives to improve resource sharing between local libraries. In 2016-17, the state nearly doubled ongoing funding for the program, from \$1.9 million to \$3.6 million.

**Governor’s Proposal**

**Provides \$1.5 Million One-Time Augmentation for CLSA Program.** The Governor augments the CLSA program for one year, from \$3.6 million to \$5.1 million (42 percent). The proposal would fund two initiatives:

- **\$1 Million One-Time to Purchase and Deliver Books.** The Governor indicates that the funding would be used for the Zip Books program and would allow about 60,000 Zip Book purchases for local libraries located in the Central Coast, Central Valley, Long Beach, and Hayward.
- **\$450,000 One-Time to Digitally Connect Several Libraries’ Catalogues.** The Governor provides funding to a consortium of Northern California libraries to connect their digital catalogues. The library consortium includes 28 counties representing 41 library jurisdictions, including Modoc, Lassen, Marin, and Sacramento. Connecting multiple libraries’ digital catalogues allows patrons that live within the boundaries of one library system to view the catalogues of other library systems. The patron can then order the book online from the other library systems (possibly accessing the books either in digital or physical format). Several

library systems already connect their digital catalogues in this way, including the San Joaquin and Bay Area library systems.

### **Legislative Analyst's Office Comments**

**Unclear That Projects Provide a Statewide Benefit, Recommend Rejecting.** Purchasing Zip Books for certain libraries and connecting the digital catalogues of Northern California libraries provide some benefit to certain libraries, but they do not provide obvious statewide benefit. Additionally, the state recently doubled CSLA grant funding for library resource sharing. If the CLSA board were to view the Administration's proposed projects as the top priorities among all library jurisdictions, the board could fund those priorities using existing CLSA funds. For these reasons, the LAO recommends the Legislature reject the proposals.

**Staff Recommendation.** Hold Open

**Issue 7: Oral Histories****Panel**

- Daniel Hanower, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Greg Lucas, State Librarian

**Background**

**Program Creates Oral Histories of Prominent Californians in State Government.** The Legislature established the State Government Oral History Program in 1985. It houses the program at the California State Archives within the California Secretary of State's office. The goal of the program is to interview individuals that have significantly influenced state government, transcribe those interviews, and make them available to the public. In recent years, some interviews also have been filmed. More than 200 interviews are available on the State Archives website and include interviews with former members of the state Legislature, constitutional officers, agency and department heads, and others who have shaped public policy. For example, former Assembly Speaker Willie Brown and former Governor Edmund Brown Sr. have been interviewed.

**State Contracts Out for Production.** Oral histories are carried out through contracts with oral history programs at several participating universities. According to those that have produced histories recently, costs average \$10,000 per oral history. Costs are related to background research, production, and preparing transcriptions. The Secretary of State earmarked some of its general purpose funding for the Oral History Program until the early 2000s. The State Library has used some federal funds to produce histories and universities have donated some oral histories they have produced to the state.

**Governor's Proposal**

**Provides \$250,000 Ongoing for Oral Histories Program.** Of the \$250,000, the Governor provides (1) \$150,000 for the State Library to contract for production of about 15 new oral histories per year, (2) \$70,000 to produce about seven new oral histories on video per year, and (3) \$30,000 to store the files and to convert analog recordings to digital files. The program would be in partnership with the State Archivist, who would chair a committee to select interviewees.

**Legislative Analyst's Office Comments**

One of the more clearly defined roles of the State Library's is preservation of California history. To this end, the State Library collects and maintains various artifacts related to California history. A program to preserve oral histories of prominent Californians is consistent with this role.

**Recommend Modifying to Make Program Limited-Term and Adding Reporting Requirement.** If the Legislature decides that the Oral Histories Program is a high priority in 2018-19, the LAO recommends making the program limited-term and monitoring the program over the next few years to ensure it meets legislative expectations. The LAO also recommends the Legislature require the committee led by the State Archivist to submit an annual report that contains information describing who was interviewed each year, plans for future interviews, and the itemized costs of each interview.

**Staff Recommendation.** Hold Open.

**6870 CALIFORNIA COMMUNITY COLLEGES****Issue 8: Certified Nursing Assistants in Skilled Nursing Facilities****Panel**

- Mollie Quasebarth, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Christian Osmena, Chancellor's Office of the California Community Colleges

**Background**

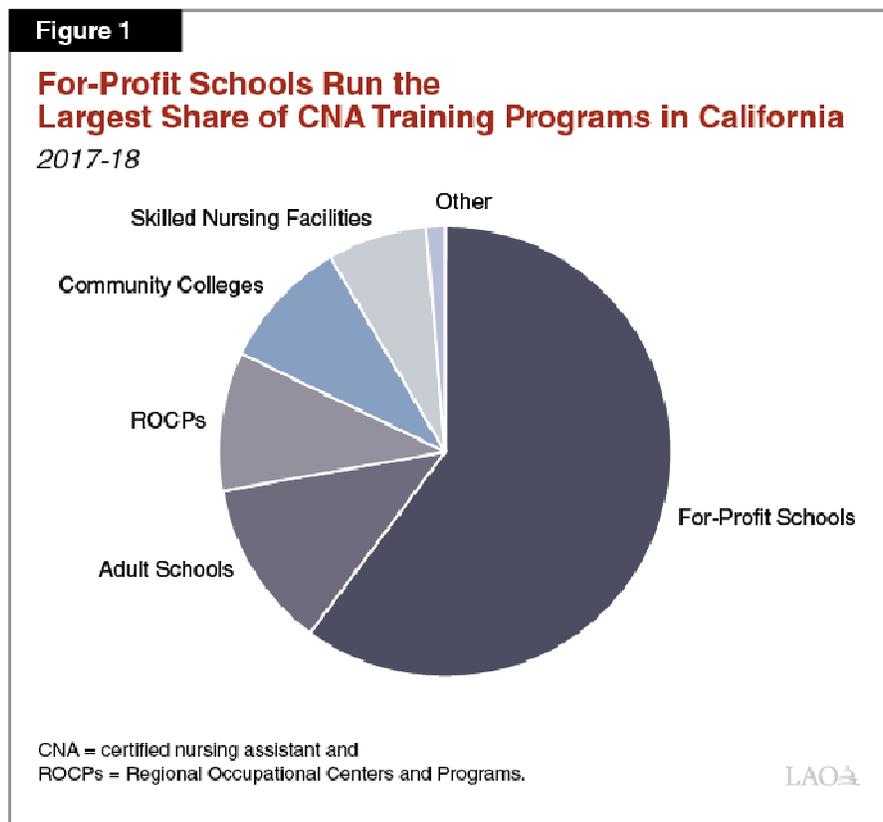
Skilled nursing facilities (SNFs) offer short-term rehabilitation services as well as long-term care for patients—primarily older adults—who have serious medical conditions and are unable to perform basic daily activities (such as bathing and eating) on their own. In 2016, approximately 1,100 SNFs in California served nearly 100,000 patients. The vast majority of these SNFs (90 percent) are operated by for-profit entities, while the remaining facilities are operated primarily by nonprofit organizations. SNFs must be licensed, inspected, and certified by a number of federal and state entities to operate. In California, the Department of Public Health (DPH) is responsible for licensing and regulating SNFs.

**CNAs Provide Basic Care to Patients in SNFs.** Under the supervision of registered nurses and licensed vocational nurses, certified nursing assistants (CNAs) perform basic duties such as feeding, bathing, and dressing patients and taking and monitoring vital signs (such as patients' temperature and blood pressure). According to the California Association of Health Facilities, about 32,000 CNAs currently work in SNFs. Based on our discussions with CNA employers, a somewhat smaller number of CNAs work in other settings, such as hospitals, assisted living facilities, and private homes. Statewide, CNAs earn an average of about \$14 per hour working in a SNF, with CNAs typically earning somewhat more in hospitals.

**Several State Requirements to Become a CNA.** To become a CNA, individuals must:

- Be at least 16 years old.
- Pass a physical (health) screening and criminal background check.
- Complete an approved training program consisting of at least 60 classroom hours and 100 hours of clinical practice at a SNF.
- Pass a state CNA certification examination.

**Various Training Programs Prepare CNAs.** According to DPH, California has a total of 673 CNA training programs. DPH counts each cohort of students being trained by a given provider as a separate program, such that a provider can be associated with multiple programs. Training providers include school district-run adult schools and Regional Occupational Centers and Programs, California Community Colleges (CCCs), nonprofits (such as the American Red Cross), and for-profit schools (such as Coast Health Career College in Orange County). They also include some SNFs that provide their own training programs on site. Currently, SNFs operate 48 of the state's 673 CNA training programs. Under the SNF training model, SNFs hire their own instructors (often employees of the SNF) and often pay students hourly wages while they receive training. In exchange, SNFs typically ask, but do not require, students to commit to working at the SNF for a specified amount of time (such as one year) after becoming a CNA.



**DPH Certifies CNAs and Oversees Training Programs.** State law charges DPH with reviewing applications from individuals seeking CNA certification. State law also charges DPH with approving and overseeing CNA training programs. This process includes reviewing training providers' proposed lesson plans and ensuring that instructors meet the state's minimum qualifications. With regards to the minimum qualifications, existing state regulations require instructors to have at least two years of experience as a registered nurse or licensed vocational nurse, with one or more of those years spent providing direct care to patients in a SNF. DPH also ensures that training programs maintain a minimum student-faculty ratio of 15 to 1 for clinical instruction. (DPH does not require a minimum student-faculty ratio for classroom instruction.)

**New State Requirements for SNFs to Provide Higher Minimum Levels of Nursing Hours Per Patient.** State law defines nursing hours for SNFs as the number of hours of work performed by registered nurses, licensed vocational nurses, and CNAs. Prior to 2017-18, the state required SNFs to provide each patient with a minimum of 3.2 nursing hours per day. The 2017-18 budget package raised this requirement to 3.5 nursing hours per day, and added a new requirement that CNAs provide at least 2.4 of the minimum 3.5 nursing hours per day. Both of the new requirements become effective July 1, 2018. If a facility cannot comply with one or both of the requirements by July 1, 2018, it can request a "workforce shortage" waiver from DPH. The department is currently finalizing the application and evaluation process for this waiver.

Of the approximately 1,100 SNFs statewide, 465 SNFs (42 percent) do not meet the minimum CNA hours requirement. The LAO estimates that these SNFs will need to hire between 1,700 and 2,400 additional CNAs to meet the requirement, increasing the total number of CNAs currently working in SNFs statewide by between five percent and 7.5 percent. To the extent some SNFs that do not meet the

minimum CNA hours requirement request and receive workforce shortage waivers, the number of CNAs that need to be hired would be lower.

### **Governor's Budget Proposal**

**Proposes \$2 Million One-Time Proposition 98 General Fund for CCC to Expand CNA Enrollment Slots.** The CCC Chancellor's Office would allocate the funds through CCC's Strong Workforce program, which the Legislature created in 2016-17. Specifically, the Chancellor's Office would distribute the funds to the program's seven regional consortia of community colleges based upon each region's projected CNA job openings, number of CNA programs, and enrolled CNA students in 2017-18. The Chancellor's Office estimates that the proposed funding could support about 1,300 community college enrollment slots.

### **Legislative Analyst's Office Comments**

**Governor's CNA Proposals Fail to Address Key Barrier to Expanding Training Programs.** Program administrators indicate that the existing state rules on minimum qualifications for instructors significantly limit their ability to recruit and hire faculty to meet enrollment demand. For example, program directors note that existing regulations prevent them from hiring experienced nurses who provide direct care to elderly patients in acute care hospitals rather than SNFs. Additionally, nurses who serve as directors or other administrators in SNFs are excluded from serving as CNA instructors because they do not provide direct care. These state regulations at DPH exceed federal regulations, which require instructors to have at least one year of two years of nursing experience in the "provision of long-term care facility services. Absent changing state policy to align more closely with the federal requirements, training programs indicate they would have great difficulty hiring instructors to expand their enrollment.

**State's Credentialing Requirement Adds to Staffing Difficulties for Adult Schools.** CNA program directors at adult schools indicated to LAO that finding and hiring instructors is even more difficult for them than other CNA training providers. This is because in addition to finding instructors that have experience providing direct care in a SNF (per state regulations), adult school instructors must have a state-approved career technical education teaching credential. Obtaining a teaching credential can be costly for aspiring faculty, and credential programs can take more than a year to complete. By contrast, state law does not require CCC instructors or CNA instructors hired by any other training provider to hold a teaching credential. The LAO recommends the Legislature amend statute so that individuals no longer need a teaching credential to serve as CNA instructors at adult schools.

**Adult Education System.** Additionally, the LAO notes that funding for CCC misses the opportunity to leverage the states adult education system. The LAO recommends the Legislature pass the funds through the AEBG program rather than the CCC Strong Workforce program. Under this recommendation, the California Department of Education and CCC Chancellor's Office would be charged with jointly awarding, distributing, and overseeing grant funds to adult schools and community colleges in each consortium. Based on the LAOs review of CNA program costs, providing \$1,500 per enrollment slot is reasonable. At this rate, \$2 million would fund about 1,300 new CNA training slots.

Assuming that the state streamlines minimum faculty qualifications, the LAO estimates their recommended approach would fund about 3,000 new enrollment slots (about 1,700 enrollment slots funded by ETP and about 1,300 enrollment slots funded by Proposition 98). The number of actual CNAs produced and working in a SNF would be somewhat less than that amount. This is because DPH

reports a 30 percent attrition rate from application for CNA certification to issuance of a CNA certificate (due to program attrition, exam failures, and other factors). Also, some CNA graduates get jobs in other health care settings. After taking into consideration these factors, the state likely would produce roughly 2,000 new CNAs—about in line with what SNFs will need to comply with the new state requirements. (In addition, some for-profit schools might expand their enrollment slots even if they do not receive special one-time state funding for this purpose, further increasing the overall supply of CNAs.) Without streamlining faculty qualifications, the LAO believes much of the proposed grant funds would go unspent, thereby not generating a notable number of additional CNAs.

**Staff Recommendation. Hold Open.**