

SUBCOMMITTEE NO. 1

Agenda

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



Thursday, May 5, 2016
9:30 a.m. or upon adjournment of session
State Capitol - Room 3191
Consultants: Elisa Wynne and Anita Lee

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6870 CALIFORNIA COMMUNITY COLLEGES (VOTE ONLY)**Issue 1: Spring Finance Letter – Capital Outlay**

The Governor submitted a spring finance letter requesting to reappropriate funds from the 2015-16 fiscal year (FY) to 2016-17 FY due to various delays for the following projects:

- **El Camino Community College District, El Camino College Compton Center: Instructional Building Replacement:** This project consists of demolishing one permanent building and parts of two other permanent buildings; removing two portable instructional buildings; and constructing a new, two-story instructional building on the site of the demolished structures. The new building will replace 32,117 assignable square feet (asf) in the current structures with 17,180 asf (26,500 gross square feet). Assignable square feet is the space in a building that is usable for programmatic purposes. The new building will consist of 9,575 asf classroom space, 4,175 asf laboratory space, 3,180 asf office space, and 250 other asf. Construction for this project was delayed because the California Environmental Quality Act review process took longer than anticipated resulting in a several month delay in the project schedule. This project is now estimated to be completed in July 2019. The reappropriation of \$13.4 million in construction funds will allow this project to continue without further delay.

Last year, the Legislature approved a spring finance letter which requested to reappropriate funds for the project's working drawings from the 2014-15 FY to the 2015-16 FY. The preliminary plans were delayed due to legal concerns with the original procurement document for an architect. This delay in the development of the preliminary plans resulted in the entire project schedule being revised including delaying the construction phase.

- **Redwoods Community College District, College of the Redwoods: Utility Infrastructure Replacement:** This project will replace or rebuild utility infrastructure at the College of the Redwoods Eureka campus to mitigate seismic risks. The scope for the entire project includes (a) seismic mitigation for campus utility infrastructure and (b) ensuring environmentally sensitive areas are protected from the consequences of a seismic event. The project will not change existing asf. The working drawings phase of the project was delayed because of necessary geotechnical studies requiring geotechnical borings and a ground motion study, which took longer than planned to complete. The ground borings and ground motion study were finalized on February 2, 2016. The project is now estimated to be completed by July 2018. The reappropriation of \$33.15 million in construction funds will allow this project to continue without further delay.

Staff Recommendation: Approve spring finance letter to reappropriate construction funds for El Camino College Compton Center instructional building, and College of the Redwoods utility infrastructure replacement.

6870 CALIFORNIA COMMUNITY COLLEGES (VOTE ONLY)**Issue 2: Spring Finance Letter – Facilities Planning Unit Support**

The Governor's spring finance letter requests to shift facilities planning unit support between bond funds to reflect available bond fund authority. The proposed changes are summarized in the table below.

Support for CCC Facilities Planning Unit from Capital Outlay Bond Funds

Bond Fund	January Budget	April Finance Letter	
	Amount	Proposed Amount	Change
0574 (Chapter 407, 1998)	577,000	374,000	(203,000)
0785 (Proposition 78, 1988)	549,000	-	(549,000)
6028 (Proposition 47, 2002)	492,000	-	(492,000)
0705 (Proposition 153, 1992)	436,000	-	(436,000)
6049 (Proposition 1D, 2006)	137,000	137,000	-
0658 (Proposition 203, 1996)	-	1,336,000	1,336,000
6041 (Chapter 33, 2002)	-	344,000	344,000
Totals	2,191,000	2,191,000	-

Background:

The Facilities Planning Unit (FPU) provides assistance and support to the California Community Colleges' 72 districts encompassing 113 colleges, 72 approved off-campus centers, and 23 separately reported district offices. The Facilities Planning Unit reviews and approves the districts' Five-Year Capital Outlay Plans as part of the annual Capital Outlay Grant Application Process. Assistance and support is provided for the construction and remodeling of new buildings and centers.

Staff Recommendation: Approve spring finance letter to shift authority between bond funds to support the facilities planning unit.

6100 DEPARTMENT OF EDUCATION (VOTE ONLY)**Issue 3: Spring Finance Letters****Description:**

The Administration proposes the following technical adjustments to various K-12 state operations (support) and local assistance items in the 2016-17 budget. These revisions are proposed in an April 1 finance Letter. These issues are considered technical adjustments, mostly to update federal budget appropriation levels so they match the latest estimates and utilize funds consistent with current programs and policies.

Federal Funds Adjustments

- 1. Enhanced Assessment Grant (6100-001-0890)**—It is requested that Schedule (1) of this item be increased by \$1,574,000 for the federal Enhanced Assessment Grant (EAG). The EAG is a three-year grant for states to enhance their assessment instruments and accountability systems used to measure academic achievement. Specifically, this funding supports the development of new test items, digital resources, tools and methodologies to assess how results on the Smarter Balanced high school assessments can be used to make inferences about college and career readiness. The total amount of EAG funds awarded to California is \$2,691,000 for fiscal years 2015-16 through 2017-18.

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

24. Of the amount appropriated in this item, \$1,574,000 is for the development of enhanced career and college readiness indices for the Smarter Balanced high school assessments.

- 2. Special Education Dispute Resolution Services (6100-001-0890)**—It is requested that Schedule (1) of this item be increased by \$2,653,000 federal Individuals with Disabilities Education Act funds to support increased costs associated with special education dispute resolution services, which are required by state and federal law. The California Department of Education (CDE) contracts with the Office of Administrative Hearings to provide these services, which include hearings, mediations, and related due process activities. The number of claims filed and the cost per case have increased over the past few years. The 2015 Budget Act included \$1,890,000 in additional one-time funding to support these costs. The additional federal funds will support the CDE's higher contract costs.

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

“5. Of the funds appropriated in this item, ~~\$10,861,000~~ \$13,514,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the special education programs. The State Department of Education shall ensure the quarterly reports that the contractor submits on the results of its dispute resolution services include the same information as required by Provision 9 of Item 6110-001-0890 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) and Section 56504.5 of the Education Code and reflect year-to-date data and final year-end data.”

- 3. Support and Local Assistance, Transfer of the Commodity Supplemental Food Program (6100-001-0890 and 6100-201-0890)**—It is requested that Schedule (2) of Item 6100-001-0890 be decreased by \$108,000 Federal Trust Fund and that one position be eliminated, and that Schedule (1) of Item 6100-201-0890 be decreased by \$4,541,000 Federal Trust Fund to reflect the permanent transfer of the Commodity Supplemental Food Program from the CDE to the Department of Social Services (DSS). This program originally served low-income women, children, and seniors. Given that federal law was changed to limit eligibility to low-income seniors, the DSS is better suited to administer the program. Conforming augmentations will be proposed for the DSS budget to allow for the administration of the program.
- 4. Local Assistance, Project Advancing Wellness and Resilience in Education (AWARE) Grant (6100-104-0890)**—It is requested that Schedule (1) of this item be increased by \$975,000 Federal Trust Fund to reflect the availability of one-time carryover funds. Project AWARE is a five-year grant program that provides funding for the CDE and local educational agencies (LEAs) to increase awareness of mental health issues among school-aged youth, provide Mental Health First Aid training to teachers and other school personnel, and ensure students with signs of mental illness are referred to appropriate services.

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

1. Of the funds appropriated in this item, \$975,000 is provided in one-time federal carryover funds to support the existing program.
- 5. Local Assistance, Neglected and Delinquent Children Program (6100-119-0890)**—It is requested that Schedule (1) of this item be decreased by \$353,000 federal Title I funds to align to the federal grant award. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.
- 6. Local Assistance, Migrant Education Program, Migrant Education State-Level Activities, and English Language Acquisition Program (6100-125-0890)**—It is requested that Schedule (1) of this item be increased by \$14,301,000 federal Title I, Part C funds, to reflect a \$7,301,000 increase to the federal grant award and \$7 million in one-time carryover. This program provides educational support services to meet the needs of highly-mobile children.

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

2. Of the funds appropriated in Schedule (1), \$7,000,000 is provided in one-time federal Title I, Part C carryover funds, to support the existing program.

It is also requested that Schedule (2) of this item be decreased by \$7,020,000 federal Title I, Part C funds, to align to the federal grant award. The state-administered Migrant Education programs include the Binational Migrant Education Program, Minicorps Program, and the Migrant Student Information Network.

It is also requested that Schedule (3) of this item be increased by \$5,112,000 federal Title III funds to reflect a \$2,612,000 increase to the federal grant award and \$2.5 million in one-time carryover

funds. This program provides services to help students attain English proficiency and meet grade level academic standards.

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

3. Of the funds appropriated in Schedule (3), \$2,500,000 is provided in one-time federal Title III carryover funds to support the existing program.

7. **Local Assistance, Basic Elementary and Secondary Education Act Program, School Improvement Grant Program, and Federal Title I Set Aside for the Local Educational Agency Corrective Action Program (6100-134-0890)**—It is requested that Schedule (2) of this item be decreased by \$28 million federal Title I funds to reflect a decrease in the amount that must be set aside for purposes of corrective action. The LEA Corrective Action Program provides funding for technical assistance to LEAs entering federal corrective action, and the grant allows the CDE to set aside up to four percent for this purpose.

It is also requested that Schedule (3) of this item be increased by \$1,630,000 federal Title I funds to reflect the availability of \$1,480,000 in one-time carryover funds and a \$150,000 increase to the available federal grant award. The CDE awards school improvement grants to LEAs with the persistently lowest-achieving Title I schools to implement evidence-based strategies for improving student achievement.

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

7. Of the funds appropriated in Schedule (3), \$1,480,000 is provided in one-time carryover funds to support the existing program.

It is also requested that Schedule (4) of this item be increased by \$138,855,000 federal Title I funds to reflect a \$109,755,000 increase to the federal grant award and \$29.1 million in one-time carryover funds. LEAs use these funds to support services that assist low-achieving students enrolled in the highest poverty schools.

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

8. Of the funds appropriated in Schedule (4), \$29,100,000 is provided in one-time carryover funds to support the existing program.

8. **Local Assistance, McKinney-Vento Homeless Children Education Program (6100-136-0890)**—It is requested that Schedule (1) of this item be increased by \$810,000 federal Title X, Part C funds, to reflect a \$617,000 increase to the federal grant award and \$193,000 in one-time carryover funds. This program provides a liaison to ensure homeless students have access to education, support services, and transportation.

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

1. Of the funds appropriated in this item, \$193,000 is provided in one-time federal Title X, Part C carryover funds, to support the existing program.

9. Local Assistance, Rural and Low-Income Schools Program (6100-137-0890)—It is requested that Schedule (1) of this item be increased by \$131,000 federal Title VI funds to align to the federal grant award. This program provides financial assistance to rural districts to help them meet federal accountability requirements and to conduct activities of the federal Elementary and Secondary Education Act program.

10. Local Assistance, Adult Education Program (6100-156-0890)—It is requested that this item be increased by \$8,790,000 federal Title II funds to reflect \$6.5 million in one-time carryover funds and a \$2,290,000 increase to the federal grant award. The Adult Education Program supports the Adult Basic Education, English as a Second Language, and Adult Secondary Education programs.

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

6. Of the funds appropriated in this item, \$6,500,000 is provided in one-time carryover funds to support the existing program.

11. Local Assistance, Special Education (6100-161-0890)—It is requested that Schedule (1) of this item be increased by \$41,368,000 federal Individuals with Disabilities Education Act (IDEA) funds to reflect a \$36,368,000 increase to the federal grant award and \$5 million in one-time carryover funds. LEAs receive these entitlements to provide special education services for students with disabilities.

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

11. Of the funds appropriated in Schedule (1), \$5,000,000 is provided in one-time federal Individuals with Disabilities Education Act carryover funds to support the existing program.

It is also requested that Schedule (3) of this item be increased by \$1,832,000 federal IDEA funds to reflect an increase to the federal grant award. This program provides special education and related services for children aged three, four, and five, who are not in kindergarten.

It is also requested that Schedule (4) of this item be increased by \$415,000 federal IDEA funds to reflect the availability of one-time carryover funds. This program, also known as Project Read, funds efforts to increase reading and English Learning Arts outcomes for students with disabilities at a selected group of low-performing California middle schools.

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

“7. Of the funds appropriated in Schedule (4), ~~\$2,190,000~~ \$2,605,000 is provided for scientifically based professional development as part of the State Personnel Development grant. Of this amount, \$415,000 is one-time carryover funds.”

It is also requested that Schedule (6) of this item be increased by \$25,000 federal Public Health Services Act funds to reflect the availability of one-time carryover funds. The CDE uses these funds to provide outreach to families about newborn screening counseling, testing, follow-up, treatment, and educational services that are available to families of newborns with hearing disabilities.

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

12. Of the funds appropriated in Schedule (6) for the Newborn Hearing Screening Program, \$25,000 is provided in one-time federal Public Health Services Act carryover funds to support the existing program.

12. Local Assistance, Vocational Education Program (6100-166-0890)—It is requested that this item be increased by \$10,977,000 federal Title I funds to reflect the availability of \$14,535,000 in one-time carryover funds and a \$3,558,000 decrease to the federal grant award. The Vocational Education Program develops the academic, vocational, and technical skill of students in high school, community colleges, and regional occupational centers and programs. It is further requested that provisional language be added as follows to conform to this action:

4. Of the funds appropriated in this item, \$14,535,000 is provided in one-time carryover funds to support the existing program.

13. Local Assistance, Mathematics and Science Partnership Program (6100-193-0890)—It is requested that this item be increased by \$3 million federal Title II, Part B funds, to reflect the availability of one-time carryover. The Mathematics and Science Partnership Program provides competitive grants to three-year partnerships of low-performing schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers. It is further requested that provisional language be added as follows to conform to this action:

1. Of the funds appropriated in this item, \$3,000,000 is provided in one-time carryover funds to support the existing program.

14. Local Assistance, Federal 21st Century Community Learning Centers (6100-197-0890)—It is requested that this item be decreased by \$20,115,000 federal Title IV, Part B funds, to reflect a decrease of \$28,491,000 in one-time carryover funds and an increase of \$8,376,000 to the federal grant award to support existing activities. It is further requested that provisional language be amended as follows to conform to this action:

“2. Of the funds appropriated in this item, ~~\$31,241,000~~ \$2,750,000 is available on a one-time basis from federal 21st Century Community Learning Center funds appropriated prior to the 2016–17 federal fiscal year to support the existing program.”

15. Local Assistance, Advanced Placement (AP) Fee Waiver Program (6100-240-0890)—It is requested that Schedule (1) of this item be increased by \$1,563,000 Federal Trust Fund to align to the federal grant award. The AP Fee Waiver program reimburses school districts for specified costs of AP and International Baccalaureate test fees paid on behalf of eligible students. These programs allow students to pursue college-level course work while still in secondary school.

16. Local Assistance, Remove Early Head Start—Child Care Partnership Grant Provisional Reporting Language (6100-294-0890)—It is requested that Provision (3) of this item, which requires an annual report to the Legislature on the federal Early Head Start—Child Care Partnership program, be eliminated. While California was awarded a federal grant for this program in January 2015, the CDE has indicated that there will be limited information to report in fiscal year 2016-17 because the program is currently in its start-up phase.

General Fund

17. Support, State Department of Education, Transfer Educator Effectiveness Support Between Schedules (6100-001-0001)—It is requested that \$54,000 General Fund be transferred from Schedule (3), Special Program Support, to Schedule (2), Curriculum Services, to accurately reflect support funding for Educator Effectiveness. This request is a technical issue that has no funding impact and will allow accurate recording of CDE expenditures.

Staff Comments:

Staff notes that Spring letter issues 1-17 are technical adjustments and are unaware of any opposition.

Staff Recommendation:

Approve Spring letter issues 1-17 with conforming placeholder budget bill language as listed in this item.

6600 HASTINGS COLLEGE OF LAW**Issue 4: Spring Finance Letter – Capital Outlay**

Panel:

- Sally Lukenbill, Principal Program Budget Analyst, Department of Finance
- Paul Golaszewski, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- David Seward, Chief Financial Officer, Hastings College of Law

The Governor submitted a spring finance letter requesting an additional \$18.75 million in lease-revenue bond financing for the academic building replacement project. This brings the total project cost to \$55.6 million lease-revenue bond financing. Starting in 2018-19, overall debt service will increase by \$1 million annually, for a total of \$3.7 million General Fund annually. The Department of Finance (DOF) notes that the additional funds are needed to incorporate necessary design elements identified during initial programming, additional site work not previously identified, and to reflect the increase in current market rate conditions.

Background:

The 2015-16 budget approved the academic building replacement project at a total project cost of \$36.8 million lease-revenue bond financing (\$2 million for the performance criteria phase, \$34.8 million for the design-build phase). The facility would replace Hastings' primary academic building, which was constructed in 1953, and has several outdated systems including electrical and heating ventilation and air conditioning (HVAC), and elevators are non-compliant with the Americans with Disabilities Act. The new facility will be a 57,000 square foot building (25 percent smaller than the 1953 structure) on a vacant lot owned by Hastings. The project, as approved in the 2015-16 budget, estimated debt service cost of \$2.7 million annually, beginning 2018-19.

The 2015-16 budget also included provisional language to (1) allow Hastings to accept private donations and institutional funds for building enhancements; (2) provide the Legislature with a project update and 30-day review period prior to the commencement of construction activities; and (3) establish appropriation availability until June 30, 2018.

In 2014, Hastings conducted a preliminary pre-design study and initial cost analysis for the Academic Building Replacement project. The initial estimate was based upon high level space program data and market conditions in place in San Francisco. In December 2015, the Department of General Services completed a final analysis of program documents and market research, which revealed that the initial estimate of \$36.8 million was insufficient to deliver the required program. The review revealed that in order to construct the building to meet programmatic requirements for tiered classrooms as well as align the structure to two distinct and varying grades, the building needs to include subterranean levels. DOF notes that additional costs related to excavation, shoring, foundation, and underpinning totaled \$2.75 million.

Additionally, the program data further defined other specific facility requirements, such as the need for increased ceiling heights in large classrooms, required infrastructure for building operational systems/technical support, the need for more robust communication systems and a clear span structural system to avoid sightline impairments in classrooms. Hastings also argues that construction market rate

conditions have significantly increased. Hastings notes that their original estimate was around five percent in 2015 and four percent in 2016. However new information from Hastings indicates that the market increased by 12 percent to 15 percent in 2014, and nine percent to 10 percent in 2015. Hasting notes that construction costs are also projected to escalate by an additional five to six percent in 2016. DOF reports that since the original estimates, hard construction costs for the project have increased by over \$200 per square foot. Additionally, the tenants improved related to communications infrastructure, ceiling heights, building glazing, and heating, ventilating, and air conditioning (HVAC) have increased by approximately \$50 per square foot, resulting increased construction costs of over \$15 million. As a result of the increased costs noted above, there are corresponding increases of about \$1 million in design, testing, and construction management costs.

Staff Recommendation: Hold Open

6110 DEPARTMENT OF EDUCATION**Issue 5: State Operations****Description:**

The Governor's budget proposed a number of adjustments for the CDE headquarters staff and expenses that have not already been heard by the subcommittee. These proposed adjustments include staffing increases in 2016-17 to implement several statutes enacted in 2015.

Panel:

- Melissa Ng, Department of Finance
- Debra Brown, Department of Education
- Natasha Collins, Legislative Analyst's Office

Background:

Funding and authorized positions for the CDE are summarized by the table below:

California Department of Education			
Authorized Positions and State Operations Funding			
			Proposed
	2014–15	2015–16	2016–17
Authorized Positions			
Headquarters	1,505.80	1,507.80	1,501.30
State Special Schools	948.10	947.10	947.10
Total	2,453.90	2,454.90	2,448.40
Funding			
<i>CDE Headquarters</i>			
General Fund	55,813,000	59,079,000	54,259,000
Federal Funds	170,340,000	168,866,000	160,463,000
Other Funds (Restricted)	32,840,000	32,144,000	28,067,000
Total	258,993,000	260,089,000	242,789,000
Percent General Fund	22%	23%	22%
Percent Federal Funds	66%	65%	66%
<i>CDE State Special Schools</i>			
Proposition 98 GF	52,530,000	54,162,000	54,307,000
Non-Proposition 98 GF	45,462,000	48,608,000	50,280,000
Federal Funds	0	0	0
Other Funds	10,495,000	10,550,000	10,554,000
Total	108,487,000	113,320,000	115,141,000
<i>CDE Headquarters & State Special Schools</i>			

General Fund	153,805,000	161,849,000	158,846,000
Federal Funds	170,340,000	168,866,000	160,463,000
Other Funds	43,335,000	42,694,000	38,621,000
Total	367,480,000	373,409,000	357,930,000

Source: Department of Education, Except for 2016-17, data are current-year estimates (middle column) from the Governor's budget.

Governor's Budget Proposals:

Additional Workload and Funding for the California Department of Education			
<i>2016-17 Governor's Budget (In Thousands)</i>			
	New Workload	Funding	LAO Recommendation and Rationale
1	Ensure schools understand the importance of providing appropriate services to all English Learners, pursuant to <i>DJ v. California</i> settlement. Limited-term (2 years) state General Fund.	318	Recommend Approval. This appropriation helps CDE comply with a 2015 court settlement. Recommend re-evaluating funding in future years, as further developments to the state's accountability system may render these efforts redundant.
2	Establish an advisory committee to help CDE select language development assessments for deaf and hard of hearing children aged birth to 5. Provide ongoing technical assistance to local education agencies (LEAs) in implementing these assessments. Pursuant to Chapter 652 of 2015 (SB 210, Galgiani). State General Fund, \$194,000 one time and \$60,000 ongoing.	254	Recommend Approval. This appropriation helps CDE to implement recent legislation.
3	Develop program guidelines to assist teachers and parents in supporting students with dyslexia. Provide ongoing technical assistance to LEAs in implementing these guidelines. Pursuant to AB 1369, (Frazier) Chapter 647, Statutes of 2015. State General Fund, \$140,000 ongoing and \$67,000 one time.	207	Recommend Approval. This appropriation helps CDE to implement recent legislation.
4	Undertake additional technical assistance and monitoring, as more agencies are participating in the at-risk afterschool meals component of Child and Adult Care Food Program. Ongoing federal funding.	194	Recommend Approval. Department indicates that participation in program is 23 percent higher in 2015-16 compared to 2014-15. It anticipates further growth of 20 percent between 2015-16 and 2016-17.

5	Provide training and assistance to agencies that are operating Child and Adult Care Food Programs and still implementing changes required by the federal Healthy and Hunger Free Kids Act (2010). Provides limited-term federal funding of \$100,000 in 2016-17 and \$100,000 in 2017-18.	100	Recommend Approval. Some agencies still are undertaking required program changes and likely would benefit from additional CDE support during transition.
6	Collect educator effectiveness block grant expenditure data from local education agencies by July 1, 2018 and submit a report to the Legislature by January 1, 2019. Pursuant to AB 104 (Weber) Chapter 13, Statutes of 2015. Provide limited-term state General Fund of \$54,000 in 2016-17 and \$81,000 in 2017-18.	54	Recommend Approval. This appropriation helps CDE to implement recent legislation.
7	Establish best practices for preventing child abuse and post related resources online. Pursuant to AB 1058, (Baker) Chapter 748, Statutes of 2015. One-time state General Fund.	30	Recommend Approval. This appropriation helps CDE to implement recent legislation.
8	Administer fee waiver program for homeless youth who take high school equivalency exams. Pursuant to SB 252 (Leno), Chapter 384, Statutes of 2015. State General Fund, \$21,000 ongoing and \$4,000 one time.	25	Recommend Approval. This appropriation helps CDE to implement recent legislation.
	Total	\$1,182	

Other State Operations:

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

- \$133,000 in non-Proposition 98 General Fund for the CDE workload to support district re-organization. Currently, the CDE has one position dedicated to providing support, analysis, and recommendations to the State Board of Education related to approval of district re-organizations.

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

Staff Comments:

The Governor's budget provides \$318,000 in ongoing funding provided to meet the terms of the *DJ v. California* settlement agreement, a lawsuit filed against the state for 1) violating state and federal law regarding the collection, interpretation and use of English learner data, and 2) for English Learner program monitoring implementation. The court found CDE negligent in their monitoring of local educational agencies (LEAs) that submitted data that services were not being provided to English learners. The settlement agreement reached among the parties required that the CDE ensure that data is collected accurately and increase monitoring and technical assistance for those LEAs that report that no services are being provided to English learners.

The CDE requested additional funds for three consultant positions to train LEA personnel on data entry and program requirements, conduct monitoring, expand the current collections system and provide these LEAs with technical assistance in order to resolve issues raised by the lawsuit. However, the Governor's proposal instead funds three associate governmental program analyst positions at a lower cost. Restoring the positions to the original request would cost an additional \$105,000. The CDE notes that education program consultants are needed to ensure workload related to the settlement is completed.

Staff Recommendations:

- 1) Approve items 2-8 as budgeted.
- 2) Amend and approve item 1, with the addition of \$105,000, for a total of \$423,000 for three education program consultants for workload related to the *DJ v. California* settlement for the 2016-17 and 2017-18.
- 3) Approve an additional \$133,000 in non-Proposition 98 General Fund and one position for district re-organization workload.

6100 DEPARTMENT OF EDUCATION**Issue 6: After School Education and Safety Program****Panel:**

- Virginia Early, Legislative Analyst's Office
- Sandra McBrayer, CEO, The Children's Initiative
- Debra Brown, Department of Education
- Jessica Holmes, Department of Finance

Background:

The After School Education and Safety (ASES) Program is the result of the 2002 voter-approved initiative, Proposition 49. This proposition amended California Education Code (EC) 8482 to expand and rename the former Before and After School Learning and Safe Neighborhood Partnerships Program. The ASES Program funds the establishment of local after school education and enrichment programs. These programs are created through partnerships between schools and the local community to provide resources to support literacy, academic enrichment and activities for students in kindergarten through ninth grade. Funding is designed to: (1) maintain existing before and after school program funding; and (2) provide eligibility to all elementary and middle schools that submit quality applications throughout California.

ASES programs must include:

- An educational and literacy element: tutoring and/or homework assistance designed to help students meet state standards in one or more of the following core academic subjects: reading/language arts, mathematics, history and social studies, or science.
- An educational enrichment element: may include but is not limited to, positive youth development strategies, recreation and prevention activities. Such activities might involve the visual and performing arts, music, physical activity, health/nutrition promotion, and general recreation; career awareness and work preparation activities; community service-learning; and other youth development activities based on student needs and interests.

Operationally, the programs must maintain a student to staff ratio of 20:1 and staff members who directly supervise pupils must meet the minimum qualifications, hiring requirements, and procedures for an instructional aide in the school district. Programs must operate at least 15 hours per week and from the end of the regular school day until at least 6 p.m. and every school day during the regular school year. A nutritional snack is also provided.

The ASES program supports over 4,000 elementary and middle schools offering after-school and summer programs to more than 400,000 students daily. These programs operate at the highest poverty schools—those with an average of over 80 percent of students participating in the free and reduced-price meals program.

Funding. As outlined in Proposition 49, the ASES program has a guaranteed funding level of \$550 million annually. The ASES program has not received a COLA or other funding increase since the program was established, however, the ASES program also did not share in cuts made to K-12 education programs during years of recession.

The ASES program requires a local match (cash or in-kind services) of one-third of the state grant amount. This match can come from the school district or other community partners and can include facilities for up to 25 percent of the required match.

Governor's Budget Proposal:

The Governor's budget does not include any increases for the ASES program and continues ongoing funding for ASES of \$550 million (state operations and local assistance) in 2016-17.

Other Proposals:

Related legislation, AB 2663 (Cooper), currently in the Assembly Appropriations Committee, would provide \$73.3 million in ongoing Proposition 98 funding, beginning in the 2016-17 fiscal year. The bill would also apply a COLA in each year that the COLA would result in a funding increase.

The California After School Coalition (CASC) and the California Afterschool Advocacy Alliance (CAAA) support AB 2663 and an augmentation of \$73.3 million in ongoing Proposition 98 General Fund for the ASES program. They note that this increase would cover the cost of implementing the new statutory minimum wage obligations (\$1 increase effective July 1, 2014 and the second \$1 increase effective January 1, 2016). The augmentation reflects an increase in the ASES ADA rate from \$7.50 to \$8.50, a 13.33 percent increase. The advocates argue that this funding increase will enable the ASES program to continue to provide high quality after school programs, which primarily serve low-income students and families.

Suggested Questions:

1. How do changes in state laws regarding the minimum wage, sick leave, and other employment-related requirements impact the ASES program?
2. What types of partnerships are typical of school districts and the local community in supporting after school programs?
3. Are LEAs utilizing LCFF funds to provide for after school activities?

Staff Recommendation: Hold issue open pending the May Revision.

6100 DEPARTMENT OF EDUCATION**Issue 7: California Association of Student Councils****Panel:**

Edgar Cabral, Legislative Analyst's Office
Shawn Ahdout, California Association of Student Councils
Debra Brown, Department of Education

Background:

The California Associated Student Councils (CASC) is a student-led, non-profit organization that supports leadership development of elementary, middle, and high school students through a variety of programs. The CASC provides statewide and regional leadership-related conferences, student and advisor training, leadership experience through a 12 –region structure throughout the state, and opportunities for student to serve on advisory boards that present to the State Board of Education and the Legislature.

The CASC does not currently receive state funding, however in the past, funding has been provided from both Proposition 98 and non-Proposition 98 General Fund, in amounts ranging from \$26,000 to \$90,000.

Budget Request:

The CASC requests \$150,000 in ongoing Proposition 98 funding to support outreach efforts for low-income youth. Specifically, the proposal would provide funding for students on the free and reduced lunch program to attend two summer leadership conferences, the Staff Development Program to become trainers, the Student Advisory Board on Education and Student Advisory Board on Legislation in Education, the Youth Action Summit of California and the one-day elementary and middle school workshops. Additional funds would be used for outreach to schools, parents, and students.

Suggested Questions:

1. What percentage of students participating in CASC currently are eligible for free and reduced price lunch?
2. What efforts has CASC made to ensure participation is representative of students throughout the state?
3. What fund sources does CASC rely on currently?

Staff Recommendation: Hold issue open pending the May Revision.

6100 DEPARTMENT OF EDUCATION

Issue 8: Proposition 47 – Education Funding
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Panel:

Natasha Collins, Legislative Analyst's Office
Rebecca Hamilton, Department of Finance
Debra Brown, Department of Education

Background:

Proposition 47, passed by voters in November 2014, made changes to the state's criminal justice system. Specifically, it reduces some non-serious and non-violent property and drug offences from felonies or crimes that may be charged as a felony to misdemeanors. This results in state savings in three areas:

- The California Department of Corrections and Rehabilitation (CDCR) has savings resulting from a reduction in inmate population as less offenders are sentenced to state prisons, and some existing state prisoners are eligible for resentencing. In the short term, there is an increase in parole costs as resentenced inmates generally are on state parole for one year.
- State courts have savings from the conversion of felonies to misdemeanors as the latter generally take less court time. In the short term, there is increased workload for the court due to resentencing and reclassifying of convictions for existing offenders.
- The Department of State Hospitals (DSH) has savings related to reducing the number of offenders charged with felonies who previously may have been committed to state hospitals.

The proposition specified that the DOF annually estimate the savings due to Proposition 47 from the prior fiscal year and the State Controller deposit this amount into a newly created Safe Neighborhoods and Schools Fund (SNSF). These funds are continuously appropriated with 65 percent going to the Board of State and Community Corrections to support recidivism reduction, 25 percent going to the California Department of Education to support truancy and dropout prevention programs, and 10 percent for the Victim Compensation and Government Claims Board for grants to trauma recovery centers. Of these amounts, up to five percent may be used for administration.

Governor's Budget Proposal:

The Governor's budget includes the DOF estimate that \$29.3 million from the General fund would be deposited into the SNSF on July 31, 2016. The Governor's budget includes proposed trailer bill language specifying legislative intent that the use of the portion available to the CDE (\$7.3 million as of the current estimate) would be governed by legislation supporting programs aimed at improving outcomes for K-12 students by reducing truancy and supporting students who are at risk of dropping out or are victims of crime.

Impact on the Proposition 98 Guarantee. Proposition 47 does not generate additional state revenue, instead it reduces ongoing costs for the state related to criminal justice and redirects the savings for specific purposes. As a result, the level of Proposition 98 funding for schools is not impacted by Proposition 47. The expenditures from the SNSF for K-12 schools are considered Proposition 98 expenditures under the Governor's proposal.

LAO Analysis and Recommendations:

In their recent report, *The 2016-17 Budget: Fiscal Impacts of Proposition 47*, the LAO notes concern with the estimate for funding the SNSF for the 2016-17 year. They believe the DOF has underestimated savings and overestimated costs resulting from Proposition 47. Specifically the LAO believes the SNSF deposit for expenditure in 2016-17 could be as much as \$100 million more than the Governor's initial estimate, resulting in significantly more funds for schools from the SNSF than currently proposed.

Specifically on the K-12 education funds, the LAO recommends the Legislature allocate the SNSF amount to schools with the highest concentration of at-risk students and then give the schools flexibility in deciding how best to address their dropout and truancy issues. The LAO also notes that the state's new statewide accountability system, currently under development, should be used to monitor student outcomes based on strategies supported with this funding.

Staff Comments

Legislative staff, the CDE, the DOF, the LAO and other education and Proposition 47 stakeholders are engaged in continuing discussions about the use of the Proposition 47 K-12 education funds. Potential, related legislation includes SB 527 (Liu) and AB 1014 (Thurmond). While details of how the funds are to be spent may ultimately rely on guiding legislation, the design and effectiveness of any program will be impacted by how much in funding is available. The Senate Budget and Fiscal Review Subcommittee No. #5 on Corrections, Public Safety, and the Judiciary reviewed the methodology used by the Department of Finance to determine the initial estimate for deposit in the SNSF at their April 7th hearing. The subcommittee held the item open and directed the LAO to work with DOF and the Judicial Council to provide updated costs and savings estimates taking into account the LAO's findings.

Suggested Questions:

1. Does the DOF anticipate releasing new funding estimates at the May Revision?
2. What recommendations do the LAO, DOF, or CDE have for the use of these funds?

Staff Recommendation: Hold open pending updated estimates of the SNSF at the May Revision.

6100 DEPARTMENT OF EDUCATION**Issue 9: Charter School Start-up Funding****Panel:**

Cheryl Ide, Department of Finance
Debra Brown, Department of Education
Kenneth Kappahn, Legislative Analyst's Office

Background:

As of 2014-15, there were 1,179 charter schools in California that serve approximately 545,000 students. When a new charter school opens, it receives, similar to school districts, an advance apportionment before the start of the school year, based on, among other things, anticipated school attendance. This is a portion of the funds the charter school will receive during the school year which may be adjusted to reflect actual attendance and updated calculations. However, new charter schools, like any new school, face up-front costs including, staffing, facilities, supplies, and establishing an instructional program. And unlike a new district school, many charter schools do not have organizational support to help bear these costs. According to the LAO, the following are ways that new charter schools cover their startup costs:

- **Federal Startup Grants.** The state has participated in this federal grant program for the past 20 years and provided funding to approximately half of all new charter schools in recent years.
- **Revolving Loan Fund.** This fund is administered by the state, and provides new charter schools with low-interest loans of up to \$250,000 to be repaid over five years. Approximately \$10 million in loans are provided each year. In 2013-14, one-third of charter schools received these loans.
- **Charter Management Organizations (CMOs)** operate multiple charter schools and may provide grants or loans to their new schools. About one-third of charter schools belong to a CMO.
- **Private Funding.** Additional funding may be available from private foundations or other organizations for certain types of charters, although these grants are usually small. Charter schools may also obtain loans from private lenders, using their future state apportionments as collateral, however borrowing costs may be high.

Of these sources, the federal startup grants have provided the large source of support. While California has participated in the program and received grants as they were available since 1995, the state last five-year grant allocation was for \$232.4 million in 2010. Under the state's program charter schools may receive both planning and implementation grants that total \$575,000 or less. The state has been spending down existing carryover from the 2010 grant. In 2015-16, the state identified \$45 million in carryover and has allocated a portion of it in the current year. The CDE is currently calculating the amount carryover remaining. In order to spend down any remaining portion, the CDE would need to seek an extension of the grant term from the federal government and ensure that the state is able to

continue to administer the grant within any administrative allowance (capped at five percent of the award). An independent evaluation is underway and anticipated to be completed this summer.

The state again applied for a grant in 2015 but was not selected based on federal concerns over charter school data and state oversight. In addition, the grant criterion was focused on states that had not received funding previously.

Governor's Budget:

The Governor proposes trailer bill language that appropriates \$20 million in one-time Proposition 98 funding to the Superintendent of Public Instruction to provide charter school start-up grants of up to \$575,000. Priority for grants would be given to charter schools in low-income areas and areas with few charter schools. Funds could be used for any one-time start-up costs and would be available up to six months before the school opens through the second year of operations.

LAO Analysis and Recommendations:

The LAO notes that without federal funds, there will be limited fund sources available for new charter schools to tap into for start-up costs, particularly for those schools that do not belong to a CMO or have other private support. However, the state has not collected information or completed an assessment of the two state-administered programs, the federal startup grant and the revolving loan fund) and therefore does not know how cost effective they are comparatively. The state has the added difficulty of not knowing whether or not it will receive additional federal funding in the future.

The LAO recommends that the Legislature ask for additional information on the Administration's proposal with regards to how grant award amounts would be determined, how cash flow over the term of the grant would be determined, the allowable uses of the grant, and how the costs of administration would be covered (the CDE has submitted a BCP for state operations costs). The LAO also notes that additional information is needed from the CDE related to plans for spending down any remaining grant funds and timing of the independent evaluation. The LAO recommends the Legislature take this additional information into account before making a decision. Finally, the LAO notes that the Governor's proposal would potentially provide a short-term solution; however, in the long-term, the state may need to assess the likelihood of additional federal funding and how it would support charter schools in future years.

Suggested Questions:

- How many charter schools typically need start-up funding in a given year?
- Can the CDE provide information on the most recent allocation of federal grant funds, estimated remaining federal grant funding and the plans for expenditure? Why has there been so much federal carryover
- When is the next federal grant award cycle, what can the state do to ensure it is competitive in seeking this funding?
- Does the Administration have a long-term plan for supporting new charter schools?

- What is the need for state operations for the CDE to administer the proposed grants?
- Does the LAO have concerns/recommendations related to the flexibility provided in the Governor's proposal for the use of the funds?

Staff Recommendation: Hold open pending updates at the May Revision.

6100 DEPARTMENT OF EDUCATION

Issue 10: Student Friendly Services

Panel:

Brianna Bruns, Department of Finance
 Natasha Collins, Legislative Analyst's Office
 Debra Brown, Department of Education

Background:

The Student Friendly Services funding provides for a college planning website, californiacolleges.edu, that is managed by a nonprofit, California College Guidance Initiative (CCGI). The website offers a variety of free services to students including personal accounts to track their academic plans and progress, as well as manage their financial aid and college admissions applications. Additional services are also available for school districts on an annual fee subscription basis. These services include individual accounts for all the district's students that help to house and share transcript information with specific universities, and student level reports that help counselors in advising students on courses and college admissions.

Prior to 2015-16, the funding was provided to the California Community College Chancellor's Office who provided administrative services. In the 2015-16 Governor's budget, the \$500,000 Proposition 98 appropriation was transferred to the Riverside County Office of Education who took over administration of the program. The final 2015-16 Budget package included both the originally proposed \$500,000 in ongoing support for the program and an additional \$500,000 in one-time funding to support the program.

In 2015-16, fifteen school districts paid a combined total of \$250,000 for the enhanced subscription-based service access to the website and tools. In 2016-17, an additional nine school districts have applied for services.

California College Guidance Initiative Funding		
	2015-16	2016-17
State Funds*	1,000,000	1,500,000
California State University Funds	100,000	250,000
K-12 District Fees	250,000	750,000
Philanthropic Funds	1,600,000	1,500,000
Totals	2,950,000	4,000,000

*2016-17 State Fund includes the Governor's Budget Proposal

Source: CCGI

Governor's Budget Proposal:

The Governor's Budget proposes \$1 million in additional one-time Proposition 98 funding for Student Friendly Services in the 2016-17 year. These funds are in addition to the ongoing \$500,000 provided for this program, making total state support for the program \$1.5 million in 2016-17.

The proposed one-time funds are not directed to any specific purposes, however, the CCGI reports that the additional funding would be used for upgrading and expanding both the free services offered and the subscription-based services for districts.

LAO's Analysis and Recommendation:

The LAO notes that the CCGI website serves a statewide purpose through the free services it provides to schools and students. The LAO notes that subscription services are also valuable for districts and as a model for how high schools, colleges, and state financial aid institutions can better coordinate information to allow students to smoothly transition to post-secondary education. However, the LAO notes that details on the use of the funds are lacking, there is no information in a long-term plan for funding these services, or a discussion of what other similar services are available and recommends the Legislature ask for follow-up information in these areas.

The LAO specifically recommends the Legislature require the administration to specifically determine how much funding would be used for the free and the subscription portion of the website, and what enhancements will be provided with the funds.

Suggested Questions:

1. How does the Administration envision the long-term plan for this program? What services should the state support and which should be purchased by school districts?
2. In the 2015-16 budget, additional one-time funds were provided for student friendly services to support the program and help prevent a structural deficit. Is the program still operating with a budget deficit?

Staff Recommendation: Hold item open pending the May Revision.

6100 DEPARTMENT OF EDUCATION**Issue 11: Multi-Tiered Systems of Support****Panel:**

Mollie Quasebarth, Department of Finance

Ryan Anderson, Legislative Analyst's Office

Debra Brown, Department of Education

Christine Olmstead, Associate Superintendent, Orange County Department of Education

Background:

According to the CDE, the Multi-Tiered Systems of Support (MTSS) is an integrated, comprehensive framework that focuses on common core state standards, core instruction, differentiated learning, student-centered learning, individualized student needs, and the alignment of systems necessary for all students' academic, behavioral, and social success.

The CDE goes on to describe key aspects of MTSS frameworks as:

1. High-quality, differentiated classroom instruction. All students receive high-quality, standards-based (with a focus on common core state standards), culturally-and linguistically-relevant instruction in their general education classroom settings by highly qualified teachers, who have high academic and behavioral expectations.
2. Systemic and sustainable change. MTSS principles promote continuous improvement processes at all levels of the system (district, school site, and grade/course levels).
3. Integrated data system. District and site staff collaborate to create an integrated data collection system that includes assessments such as state tests, universal screening, diagnostics, progress monitoring, and teacher observations at the site to inform decisions about tiered support placement, as well as data collection methods such as parent surveys for continuous systemic improvement.
4. Positive behavioral support. District and school staff collaboratively select and implement schoolwide, classroom, and research-based positive behavioral supports for achieving important social and learning outcomes.

In the 2015-16 Budget Act, \$10 million in one-time Proposition 98 funding was provided to the Superintendent of Public Instruction to contract with one or two county offices of education, applying jointly, to provide technical assistance and to develop and disseminate statewide resources to encourage and assist LEA's establishing data-driven systems of learning and behavioral supports to meet the needs of all students. Pursuant to direction in statute, the SPI put out a request for applications for a grant for Developing, Aligning, and Improving Systems of Academic and Behavioral Supports for statewide development and scaling up of a MTSS framework. In April, 2016, the SPI, with the concurrence of the executive director of the State Board of Education, awarded the grant to the Orange County Department of Education (OCDE).

Under the OCDE, the project has been named the California Scale Up MTSS Statewide Initiative (SUMS). OCDE is also partnering with the Schoolwide Integrated Framework for Transformation Center (SWIFT Center), a technical assistance consortium based at the University of Kansas, and Butte County Office of Education (COE) to develop a scalable model that integrates evidence-based support within a MTSS framework, focusing on student's academic, behavioral, and social-emotional needs. The SWIFT center has experience establishing MTSS in five states and their program will provide the basis for the SUMS initiative professional learning work. Butte COE will support the design, management, and editing of the SUMS initiative website and provide insight on the unique needs of small, and rural LEAs.

Under the SUMS initiative, the OCDE will provide a tiered, trainer-of-trainers infrastructure, based on the SWIFT framework that includes:

- A state leadership team of experts from the CDE, OCDE, Butte COE, and the SWIFT Center.
- Eleven regional transformation teams based on the California County Superintendents Educational Services Association (CCSESA) regions. Each team will contain a regional lead supported by a team of regional trainers who will complete the professional learning series and bring expertise back to their region.
- Within each of the 57 counties, will be a county transformation team led by a COE trainer and LEA leads (from subgrantees).
- LEA implementation teams that include LEA leadership and stakeholders.

Support of the teams will be provided by OCDE and the SWIFT center. OCDE will provide \$2.5 million (of the \$10 million grant) in subgrants to LEAs to develop, align, or enhance evidence-based supports within an MTSS framework

On an annual basis, until all grant funds are expended, the grantee, OCDE, is required to submit a report by September 30, detailing the use of the funds in each year.

Governor's Budget Proposal:

The Governor proposes to provide \$30 million in one-time Proposition 98 funding to support MTSS, in addition to the funding provided last year.

Suggested Questions:

- 1) How will the additional funding be integrated with the 2015-16 funds provided? Does the state have sufficient information from the 2015-16 activities funded to justify the provision of additional resources?
- 2) How will the work of LEAs under the MTSS framework align with the strategies LEAs are implementing under their LCAPs, related to the eight state priorities? How does the work of OCDE support LCAPs?

Staff Recommendation: Hold issue open pending updated information at the May Revision.

6100 DEPARTMENT OF EDUCATION**Issue 12: State Special Schools****Description:**

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

- The California Schools for the Deaf (CSDs) in Riverside and Fremont together serve about six percent of the state's deaf and hard-of-hearing students (approximately 763 students), between the ages of three and 22 years. These schools provide intensive, specialized services to students, with or without additional disabilities, whose primary educational needs are related to a hearing loss. Services provided at the CSDs include: instruction in American Sign Language (ASL), written English, and spoken English when appropriate; audiological services; assessment and intervention services; school-based counseling services; social work services; adapted physical education; occupational therapy; and family sign language classes.
- The California School for the Blind in Fremont serves about two percent of the state's visually impaired students (approximately 75 students), between the ages of five and 22. The school provides intensive, disability-specific educational services to students who have primary learning needs related to their visual impairment and serves as a statewide resource to provide expertise to LEAs.

The state special schools in Fremont and Riverside offer both day and residential programs. Student attendance is determined by parents and individual education program (IEP) teams. The state special schools are funded through a direct appropriation from the state. Additionally, the state operates three diagnostic centers (located in Fremont, Fresno, and Los Angeles) that identify students' disabilities and offer trainings to families and school districts, and these are included when the term "state special schools" is used in this agenda. According to the LAO, the state special schools have had a support budget of about \$90 million annually (generally about half from Proposition 98 funds and half from non-Proposition 98 General Fund).

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

Item 1: Deferred Maintenance**Panel:**

- Mollie Quasebarth, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Debra Brown, Department of Education

Background:

The state special schools are administered by the CDE, which is responsible for determining how much to set aside for maintenance projects from the operating funding provided for the schools. Historically,

maintenance projects have been underfunded and a deferred maintenance backlog has grown. In 2002, the CDE took action to begin reducing this backlog and since then has budgeted around \$2.4 million annually, with larger appropriations in recent years (\$4.7 million in 2012-13 and \$2.8 million in 2013-14). According to the CDE, in 2014-15, the state special schools used \$1.8 million for deferred maintenance.

In the 2015-16, \$3 million in non-Proposition 98 funding was provided to the state special schools to address a maintenance backlog and five projects were identified as the priorities for use of these funds. Language was also included in the budget to specify that the state special schools spend \$1.8 million for deferred maintenance projects in 2015-16 from their operations funds, in addition to the \$3 million provided. After the investments made in 2015-16, the CDE has identified a remaining list of projects that have a total cost of \$17 million.

Maintenance Backlog at State Special Schools^a		
<i>In Thousands</i>		
Project Title	Campus	Estimated Cost
Funded Under Governor's 2016-17 Proposal		
Theater roof replacement	CSDF	\$294
School master clock	CSDF	150
Existing data lines evaluation	CSDF	190
Middle school roof replacement	CSDF	600
Interior painting	CSB	265
Electrical maintenance	CSDF	40
Carpet replacement	CSDR	90
Flooring replacement	CSDF	620
HVAC controls replacement	CSDF	66
Emergency communication system	CSDF	1,010
Modular building repair	CSDR	50
Exterior painting	DCSC	50
Door and lock replacement	CSDR	150
Digital controls replacement	CSDR	20
Vehicle charging stations	CSDR	30
Boiler and asbestos abatement	DCCC	100
HVAC duct replacement	DCCC	250
Subtotal		(\$3,975)
Remaining Backlog		
Recirculation system for pipes	CSDF	\$600
Track resurfacing	CSDR	200
Sidewalk repairs	CSDR	300
Replace social hall flooring	CSDR	700
Sidewalk repairs	CSDF	200
Dormitory kitchenettes/restrooms	CSDF	8,000
Cedar siding replacement	CSDF	3,000
Vehicle charging stations	DCSC	10
Vehicle charging stations	DCCC	10
Vehicle charging stations	CSDF	10
Vehicle charging stations	CSB	10
Subtotal		(\$13,040)
Total		\$17,015
^a As of March 2016. Projects listed in priority order. List and prioritization may change, for instance to respond to emergency repair needs. CSB = California School for the Blind; CSDF = California School for the Deaf, Fremont; CSDR = California School for the Deaf, Riverside; DCCC = Diagnostic Center, Central California and DCSC = Diagnostic Center, Southern California.		

Source: Legislative Analyst's Office

Governor's Budget Proposal:

The Governor proposes to provide \$4 million in one-time non-Proposition 98 General Fund to address deferred maintenance for the state special schools. This is part of the Governor's recently released

2016 Five – Year Infrastructure Plan which prioritizes specific maintenance projects for existing state facilities, and proposes \$800 million in General Fund for projects. The funds are proposed to be appropriated through Control Section 6.10, and the Department of Finance would review and approve the lists of projects to be funded and provide them to the Joint Legislative Budget Committee.

Legislative Analyst’s Office Analysis and Recommendations:

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

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

Suggested Questions:

1. What amount of funding is being dedicated for deferred maintenance projects for the state special schools on an annual basis?
2. Do the state special schools have a long-term plan for eliminating the deferred maintenance backlog?

Staff Recommendation: Hold item open pending the May Revision.

Item 2: Capital Outlay – California School for the Deaf in Fremont**Panel:**

- Koreen Hansen, Department of Finance
- Ryan Anderson, Legislative Analyst's Office
- Debra Brown, Department of Education

Background:

According to the LAO, the California School for the Deaf in Fremont enrolls 417 students, of whom 129 are in the elementary program (including infant/preschool services through 5th grade), 90 are in middle school (grades 6 through 8), and 198 are in high school. Overall, about 40 percent of the students attend as day students while the other 60 percent live at the school during the week. The Fremont campus includes three activity centers for students. Use of the activity center for middle school students has been discontinued as of September 2015, as it is in a 40-year old modular building that is not Field Act compliant. According to the CDE, the cost to remove the current building and make the site safe for children would be approximately \$230,000.

Governor's Budget Proposal:

The Governor proposes to provide \$1.7 million in non-Proposition 98 General Fund to construct a new building for the middle school activity center at the California School for the Deaf in Fremont. The project would replace the old modular 1,920 square foot building with a new 2,160 square foot permanent building and would include new walkways, fencing, patio area, accessible parking, manhole and storm drain inlets, and renovated landscaping. The interior of the building would contain a large game room, video viewing area, concession snack bar, bathrooms, storage, refrigerator and freezers, and data equipment cabinet.

This is the same request that was proposed in the 2015-16 Governor's Budget and was rejected by the Legislature.

Legislative Analyst's Office Analysis and Recommendations:

The LAO notes that this request is one of many capital outlay projects that have been identified by the state, many of which represent responses to serious health and safety needs that they believe are of a higher priority. The LAO also notes that this project is not vital to the core instructional program for students at the California School for the Deaf in Fremont, although without it, the extracurricular opportunities of residential students are limited.

The LAO recommends that the Legislature reject this request and repurpose the funds for other higher priority maintenance projects at the state special schools.

Staff Comments:

Due to the limited amount of General Fund resources, the Legislature should review this request in the context of health and safety capital outlay projects, as well as other funding priorities.

Suggested Questions:

1. If this proposal is not funded, what is the impact on the core instructional activities of the State Special School at Fremont?
2. Could these funds be instead used for other deferred maintenance projects?

Staff Recommendation: Hold item open pending the May Revision.

6100 DEPARTMENT OF EDUCATION**Issue 13: Student Mental Health Services Audit**

This issue provides an overview of the California State Auditor's report on the implementation of AB 114 (Committee on Budget), Chapter 43, Statutes of 2011 which required a transition in responsibility for mental health services for students from county mental health to LEAs.

Panel:

- Bob Harris, Senior Audit Supervisor, California State Auditor's Office
- Debra Brown, Department of Education

Background:

In January 2016, the California State Auditor released an audit of Student Mental Health Services. Pursuant to a request by the Joint Legislative Audit Committee, the audit looks at the provision of special education mental health services through individualized education programs (IEPs). The audit was requested after the passage of AB 114, which transferred the responsibility for providing mental health services from county mental health departments to LEAs.

For students with disabilities, an LEA must develop an Individualized Education Program (IEP) which describes the impact of the student's disability and the services the student will receive. After the passage of AB 114, LEAs were responsible for conducting mental health assessments, recommending mental health services, and providing mental health services to students.

The audit looked at four special education programs and in particular at 60 students. The audit found that in some cases, students that had been receiving mental health services were no longer receiving them. However, because of a lack of documentation in the student's IEP, it was unclear why services were stopped, but it may have been due to the transition under AB 114. The audit also noted that outcome data collected from key performance indicators for the group of students who receive mental health services through an IEP is not analyzed, and without analysis, the state and LEAs cannot tell if outcomes for this group of students has improved since AB 114. Finally, LEAs are lacking in adequate tracking of fund sources and expenditure data related to the provision of these services, as a result, the state and LEAs cannot tell if there have been cost savings as a result of the transfer of responsibility for mental health services to LEAs.

The audit also looked at funding for mental health services through the California Medical Assistance program (Medi-Cal). One Special Education Local Plan Area (SELPA) mentioned in the audit report contracted with the county mental health department which was able, through Medi-Cal, to receive funding for federal Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services, and the SELPA funding for these services, serves as a portion of the match requirement. LEAs cannot access EPSDT reimbursements without contracting with the county and through this type of arrangement, EPSDT services can be provided for students with and without IEPs.

The State Auditor made the following state level recommendations:

- Amend state law to require the CDE to report annually on the outcomes for students receiving mental health services using key indicators.
- Amend state law to require counties to enter into agreements with Special Education Local Plan Areas (SEPLAs) to allow LEAs to access EPSDT funding for mental health services.

The State Auditor also recommended that SELPAs and LEAs improve their documentation process, particularly in regard to changes in services, specifically communicate the reasons for recommending residential treatment, track student outcomes, and use an accounting methodology to better track expenditures on mental health services.

While the individual SELPAs and LEAs agreed with audit recommendations, the CDE has provided a response to the audit that identified some concerns with the data analysis recommended, noting in some cases that the recommendations exceed federal special education law and may result in state mandates and in other cases that the data analysis recommended may be inappropriate for the intended purpose.

Related legislation, SB 884 (Beall) would require school districts and the CDE to better document the services and funding provided to students and their effectiveness and report their outcomes to the Legislature. Also, SB 1113 (Beall) would provide funding through a competitive grant program for demonstration partnerships between county mental health and SELPAs/LEAs to ensure access to EPSDT funding and services for students.

Suggested Questions:

- What recommendations of the state auditor is the CDE moving forward with implementing? What are some of the specific concerns that CDE has identified with the audits recommendations?
- How many SELPAs/LEAs are already partnering with county mental health? Are there any barriers/disincentives to creating these partnerships?

Staff Recommendation: Information only.