

SUBCOMMITTEE NO. 1

Agenda

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



Thursday, April 26, 2018
9:30 a.m. or upon adjournment of session
State Capitol - Room 3191

Consultant: Elisa Wynne

AGENDA

<u>Item</u>	<u>Department</u>	<u>Page</u>
<u>Vote Only Issues</u>		
6100 Issue 1	Department of Education Spring Finance Letters	2
Public Comment		
<u>Issues for Discussion</u>		
Issue 2	History Social Sciences Curriculum Resources (Information Only)	7
Issue 3	California's Per-Pupil Funding (Information Only)	8
Issue 4	State Operations	9
Issue 5	District of Choice Program	12
Issue 6	Uniform Complaint Procedures	15
6100 6870	Department of Education California Community Colleges	
Issue 7	Adult Education	21
Issue 8	Proposition 39	29
Public Comment		

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6100 DEPARTMENT OF EDUCATION**Issue 1: Spring Finance Letters (Vote Only)****Description:**

The Administration proposes technical adjustments to various K-12 local assistance items in the 2018-19 budget through a Spring Finance Letter. Since that time additional information on federal funds has become available, and staff has updated the below requests in consultation with the Department of Finance. These issues are considered technical adjustments; in general they update federal budget appropriation levels so they match the latest estimates and utilize funds consistent with current programs and policies.

Federal Funds Adjustments

- 1. Item 6100-001-0890, Support, California Educator Development Program (Issue 257)**—It is requested that Schedule (1) of this item be decreased by \$11,327,000 federal Title II funds to remove this program funding that was provided on a one-time basis in the 2017 Budget Act. This program established a grant program that is designed to enhance the state’s efforts to address teacher recruitment and retention issues throughout the state by assisting local educational agencies (LEAs) with attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders. The one-time program funding is unnecessary for fiscal year 2018-19.
- 2. Item 6100-104-0890, Local Assistance, Project Advancing Wellness and Resilience in Education Grant (Issue 020)**—It is requested that Schedule (1) of this item be increased by \$131,000 Federal Trust Fund to reflect the availability of one-time carryover funds. This project is a five-year grant program that provides funding for the State Department of Education (SDE) and 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, \$131,000 is provided in one-time federal carryover funds to support the existing program.
- 3. Item 6100-112-0890, Local Assistance, Public Charter Schools Grant Program (Issue 635)**—It is requested that this item be decreased by \$14,000 federal Title V, Part B, funds to align to the federal grant award. This program provides startup funds to new charter schools and grants to disseminate charter school best practices in California.
- 4. Item 6100-119-0890, Local Assistance, Program for Neglected and Delinquent Children (Issues 021 and 022)**—It is requested that Schedule (1) of this item be increased by \$1,450,000 federal Title I, Part D, funds to reflect a \$485,000 increase to the federal grant award and a \$965,000 increase in one-time carryover funds. 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.

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

1. Of the funds appropriated in this item, \$965,000 is provided in one-time federal Title I, Part D, carryover funds to support the existing program.

- 5. Item 6100-134-0890, Local Assistance, Elementary and Secondary Education Act Program, Title I State Grant (Issues 636 and 637)**—It is requested that Schedule (2) of this item be increased by \$163,962,000 federal Title I funds to reflect a \$160,574,000 increase to the federal grant award and a \$3,388,000 increase in one-time carryover funds. In accordance with California’s Every Student Succeeds Act State Plan, Title I funds support eligible LEAs and schools that serve high numbers of low-income students.

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

8. Of the funds appropriated in Schedule (2), \$3,388,000 is provided in one-time federal Title I carryover funds to support the existing program.

- 6. Item 6100-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program (Issues 023 and 024)**—It is requested that Schedule (1) of this item be decreased by \$137,000 federal Title VII, Part B, funds to reflect a \$435,000 decrease to the federal grant award and a \$298,000 increase 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, \$298,000 is provided in one-time federal Title VII, Part B, carryover funds to support the existing program.

- 7. Item 6100-137-0890, Local Assistance, Rural and Low-Income Schools Program (Issues 025 and 026)**—It is requested that Schedule (1) of this item be increased by \$168,000 federal Title V, Part B, funds to reflect a \$63,000 decrease to the federal grant award and a \$231,000 increase in one-time carryover funds. This program provides financial assistance to rural districts to help them meet federal accountability requirements and to conduct activities of the federal Elementary and Secondary Education Act program.

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

1. Of the funds appropriated in this item, \$231,000 is provided in one-time federal Title V, Part B, carryover funds to support the existing program.

- 8. Item 6100-156-0890, Local Assistance, Adult Education Program (Issues 745 and 746)**—It is requested that this item be increased by \$6,208,000 federal Workforce Innovation and Opportunity Act Title II funds to reflect a \$1,292,000 decrease to the federal grant award and a \$7.5 million increase in one-time carryover funds. 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:

5. Of the funds appropriated in this item, \$7,500,000 is provided in one-time carryover funds to support the existing program.

- 9. Item 6100-161-0890, Local Assistance, Special Education (Issues 313, 314, 315, 316, 319, 320, 321, 322, and 324)**—It is requested that Schedule (1) of this item be increased by ~~\$7,177,000~~34,995,000 federal Individuals with Disabilities Education Act (IDEA) funds to reflect: (1) a ~~\$6,613,000~~34,391,000 increase to the federal grant award, (2) a \$2 million increase in one-time carryover funds, (3) an \$811,000 decrease to redirect federal funds for employee benefit costs that are already reflected in Item 6100-001-0890 per the Governor’s Budget, and (4) a \$625,000 decrease to redirect federal funds for special education litigation costs that are already reflected in Item 6100-001-0890 per the Governor’s Budget.

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

11. Of the funds appropriated in Schedule (1), \$2,000,000 is provided in one-time carryover funds.

It is also requested that Schedule (3) of this item be decreased by ~~\$3,294,000~~1,640,000 federal IDEA funds to reflect a ~~\$4,314,000~~2,660,000 decrease to the federal grant award and a \$1,020,000 increase in one-time carryover funds. This program provides special education and related services for children aged three, four, and five, who are not in kindergarten.

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

12. Of the funds appropriated in Schedule (3), \$1,020,000 is provided in one-time carryover funds.

It is also requested that Schedule (4) of this item be increased by ~~\$391,000~~491,000 federal IDEA funds to reflect a ~~\$100,000 decrease to the federal grant award~~ and a \$491,000 increase in 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. The funds appropriated in Schedule (4) are provided for scientifically based professional development as part of the State Personnel Development grant. Of the funds appropriated in Schedule (4), \$491,000 is provided in one-time carryover funds.”

It is also requested that Schedule (6) of this item be increased by \$50,000 federal Public Health Services Act funds to reflect a one-time increase in the federal grant award. The SDE 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:

13. Of the funds appropriated in Schedule (6) for the Newborn Hearing Screening Program, \$50,000 is provided in one-time federal Public Health Services Act funding to support the existing program.

10. Item 6100-166-0890, Local Assistance, Vocational Education Program (Issues 317 and 318)—It is requested that this item be increased by \$7,549,000 federal Title I funds to reflect a \$6,165,000 decrease to the federal grant award and a \$13,714,000 increase in one-time carryover funds. 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:

3. Of the funds appropriated in this item, \$13,714,000 is provided in one-time carryover funds to support the existing program.

11. Addition of Budget Bill Item 6100-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 258)—It is requested that Item 6100-193-0890 be added in the amount of \$323,000 federal Title II funds to reflect the availability of one-time carryover funds. The Mathematics and Science Partnerships Program provides competitive grants to three-year partnerships of low-performing K-12 schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers. While the federal Every Student Succeeds Act of 2015 eliminated this program, these carryover funds are available through September 30, 2018.

It is further requested that Item 6100-193-0890 be added as follows to conform to this action:

6100-193-0890—For local assistance, State Department of Education, Part B of Title II of the federal Elementary and Secondary Education Act (20 U.S.C. Sec 6661 et seq.; Mathematics and Science Partnership Grants) payable from the Federal Trust Fund.....323,000

Schedule:

(1) 5205096-Teacher Professional Development.....323,000

Provisions:

1. The funds appropriated in this item are one-time carryover funds to support existing grantees.

12. Item 6100-195-0890, Local Assistance, Supporting Effective Instruction (Issue 255)—It is requested that Schedules (1) and (3) of this item be amended to reflect the new federal Title II program names per the federal Every Student Succeeds Act of 2015. Specifically, it is

requested that “Improving Teacher Quality” be replaced with “Supporting Effective Instruction” as follows:

“Schedule:

(1) 5205168- Improving Teacher Quality <u>Supporting Effective Instruction</u>	
Local Grants.....	232,218,000
(2) 5205150-California Subject Matter Projects.....	3,410,000
(3) 5205180- Improving Teacher Quality <u>Supporting Effective Instruction</u>	
State Level Activity Grants	479,000”

13. Item 6100-197-0890, Local Assistance, Federal 21st Century Community Learning

Centers (Issues 534 and 535)—It is requested that this item be increased by ~~\$3,954,000~~ \$4,161,000 federal Title IV, Part B, funds to reflect a ~~\$1,046,000~~ \$839,000 decrease to the federal grant award and a \$5 million increase in one-time carryover funds. This program supports before and after school programs that provide disadvantaged kindergarten through twelfth-grade students with academic enrichment opportunities and supportive services to help the students meet state and local standards in core content areas.

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

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

Staff Comments:

Staff notes that Spring letter proposals 1-13 are technical adjustments and are unaware of any opposition.

Staff Recommendation:

Approve Spring letter proposals 1-13 with conforming placeholder budget bill language as listed in this item.

Issue 2: History Social Sciences Curriculum Resources (Information Only)

Panel:

- Frank Pisi, Sacramento County Office of Education
- Roxanne Makasdjian, Executive Director, The Genocide Education Project
- Dean Cain, Producer, Actor, Activist
- Nora Hovsepien, Chair, Armenian National Committee of America, Western Region

Description:

The Budget Act of 2017 included \$10 million in one-time Proposition 98 funding for the Department of Education to contract with a county office of education or county offices of education to support professional development and resources for the History Social Science curriculum framework and the upcoming Health curriculum. Budget bill language specified that funds be used for professional development, training, and the development of a repository of resources. Language also specified that funds target new areas of focus in the curriculum; which for History Social Science included the Armenian Genocide, labor, LGBT, and civic education components. The funding is available for expenditure over a three year period from 2017-18 through 2019-20. The work on supporting the History Social Science curriculum is underway through a contract awarded to the Sacramento County Office of Education.

This item will provide an update on the work of the county office. The panel will also discuss the importance of the inclusion of the Armenian Genocide in the History and Social Science Curriculum in particular; as Armenian Genocide Remembrance Day was April 24th of this week.

Staff Recommendation: Information only.

Issue 3: California's Per-Pupil Funding (Information Only)

Panel:

- Michael Griffith, School Finance Consultant, Education Commission of the States
- Emily Parker, Policy Analyst, Education Commission of the States
- Carol Kocivar, Former President, Legislative Advocate, California Parent Teacher Association

Description:

This panel will provide information on California's per-pupil funding rates and how this compares to other states, discuss the unique needs of California's students, and provide context for thinking about appropriate funding levels for K-12 education.

Education Commission of the States. The Education Commission of the States was created in the 1960s as the operations arm of the Compact for Education, an agreement endorsed by representatives of all 50 states and approved by Congress, with the goal of improving and strengthening education policy and policymaking at the state level. The Commission provides non-partisan, unbiased, factual information to support policymakers, through research and reports, provision of counsel, and creation of opportunities for the convening of education leaders across states.

California State Parent Teacher Association (PTA). The California State PTA has been a leader in K-12 education advocacy and continues to advocate for increased funding for public education in the state, among other education-related issues.

Staff Recommendation: Information only.

Issue 4: State Operations

Panel:

- Debra Brown, Department of Education
- Keith Nezaam, Department of Finance
- Ryan Anderson, Legislative Analyst's Office

Background:

California's public education system is administered at the state level by the California Department of Education (CDE), under the direction of the Superintendent of Public Instruction and the State Board of Education. The CDE is responsible for enforcing education laws and regulations and providing technical assistance to local school districts and working with the education community to improve academic performance.

The majority of staff under the CDE work at the department's headquarters in Sacramento where they administer state education programs and provide program support to local educational agencies. The CDE's administration, or state operations, is primarily funded with a combination of non-Proposition 98 General Fund and federal funds. Funding and authorized positions for the CDE are summarized by the table below:

CDE State Operations Funding
(dollars in thousands)

Fund Source	2016-17 Actuals	2017-18 Projected	2018-19 Proposed	BY to CY Change	Percent Change
General Fund	\$162,170	\$168,163	\$164,028	-\$4,135	-2.46%
Federal Funds	\$151,737	\$181,150	\$181,809	\$659	0.36%
Fee Revenue	\$5,340	\$6,630	\$6,631	\$1	0.02%
Bond Funds	\$2,120	\$3,098	\$3,100	\$2	0.06%
Other Funds	\$19,640	\$33,870	\$27,834	-\$6,036	-17.82%
Total Expenditures	\$341,007	\$392,911	\$383,402	-\$9,509	-2.42%
Percentage of Federal Funds to Total Expenditures	44.50%	46.10%	47.42%		
Positions	2,215.8	2,217.2	2,217.2	\$0	0.00%

Source: Department of Education

Governor's Budget Proposal:

The Governor's budget includes a total of \$4.1 million in non-Proposition 98 General Fund and federal funds to support additional workload at the CDE.

Governor's Budget State Operations Changes	Funding (In Thousands)	LAO Recommendation and Rationale
Federal Funds		
1. Provide technical assistance to adult education programs newly integrating literacy, job training, and career technical education. Federal Workforce Innovation and Opportunity Act Title II funds (ongoing).	\$1,030	Approve. Helps CDE comply with federal law and undertake greater associated workload.
2. Establish new unit to respond to public information requests associated with special education litigation. Federal IDEA funding (ongoing).	625	Approve. Over the years, this workload has grown notably and CDE has redirected program staff to handle the requests. The new unit would dedicate staff exclusively to this work, returning existing program staff to their primary duties of program oversight and technical assistance.
State Funds		
3. Hire external consultants and cover travel and other costs incurred in developing or revising content standards for several academic subjects (one time). Pursuant to Chapter 876 of 2014 (AB 1539, Hagman) for computer science; Chapter 327 of 2016 (AB 2016, Alejo) for ethnic studies; Chapter 643 of 2016 (AB 2290, Santiago) for world language; and Chapter 647 of 2016 (AB 2862, O'Donnell) for visual and performing arts.	\$938	Approve. Helps CDE implement recent legislation.
4. Accommodate rising salary and pension costs at California School Information Services (CSIS).	700	Approve. CSIS has not had its operational funding increased the past six years and its reserves are nearly depleted.

5. Provide training to State Preschool contractors, monitor additional contracts, and undertake other administrative work associated with recent State Preschool slot increases.	293	Approve. Additional slots provided over the last few years has increased administrative workload.
6. Help oversee information security and privacy.	143	Approve. Helps keep certain data secure, including CDE staffing data and some education program data.
7. Expand capacity for reviewing and providing technical assistance for district reorganizations.	131	Approve. Helps CDE respond to increase in workload.
8. Expand capacity to audit schools for compliance with state non-discrimination laws. Pursuant to Chapter 493 of 2017 (AB 699, O'Donnell).	128	Reject. Legislation does not notably increase CDE's workload.
9. Undertake additional monitoring activities to ensure school districts are complying with a new state law that uses Medi-Cal eligibility lists as the means for directly certifying children as eligible for federally subsidized school meals. Pursuant to Chapter 724 of 2017 (SB 138, McGuire).	108	Approve. Helps CDE implement recent legislation.
Total	\$4,096	

Staff Comments:

Staff notes that the Governor's budget requests for increased state operations are linked with legislative changes or other critical workload needs

Suggested Questions:

- Does the CDE have concerns with the proposed funding amounts?
- Does the CDE have additional requests that were not funded in the Governor's Budget?

Staff Recommendation:

Approve as budgeted.

Issue 5: District of Choice Program**Panel:**

- Ken Kapphahn, Legislative Analyst's Office
- Debra Brown, Department of Education
- Keith Nezaam, Department of Finance

Background:

The District of Choice program was put into place in 1993, as part of a package of legislation that was intended to provide parents more choice in selecting the best schools to meet their children's needs and encouraging schools to be more responsive to community needs. Although originally designed as a five-year pilot program, the state has reauthorized the district of choice program multiple times and it was most recently scheduled to sunset July 1, 2017. The 2017 Budget Act included reauthorization of the District of Choice program through July 1, 2023 and made some additional changes, based in part on a report the Legislative Analyst's Office (LAO) released in January 2016, *Evaluation of the School District of Choice Program*.

The District of Choice program allows the governing board of a school district to operate as a school district of choice and accept student transfers from school districts of residence under rules set in place by statute. Upon electing to operate as a school district of choice, the governing board must, by resolution, determine and adopt the number of transfers it is willing to accept. The school district of choice must ensure that pupils are selected through an unbiased process without considering a pupil's academic or athletic performance, physical condition, proficiency in English, or family income. A school district of choice must register their participation in the program by July 1, 2018 with both the Superintendent of Public Instruction and their county board of education.

As part of the reauthorization of the District of Choice program, the following changes were made to the program:

- School districts of choice must accept all pupils who apply until the school is at maximum capacity and are prohibited from basing transfer decisions on a pupil's physical condition, proficiency in English, and family income.
- School districts of choice are subject to annual financial and performance audit requirements. School districts of choice are required to make public announcements regarding its schools, programs, policies, and procedures, including transportation services.
- School districts of choice must register with both the Superintendent of Public Instruction (SPI) and their local county board of education. School districts of choice must post application information, including transfer process deadlines, on their Internet Web sites, and make all communications available in multiple languages. The Superintendent of Public Instruction must collect and post on the department's Internet Web site specified information from school districts of choice.

- Pupils eligible for free or reduced-price meals are added to the list of pupil transfers that get special priority.
- School districts of choice must notify parents in writing when a transfer request is rejected, and notify the school district of residence in writing when a transfer request is approved.
- The amount of funding that basic aid school districts receive for student transfers was reduced from 70 percent to 25 percent of the district's base grant under the Local Control Funding Formula.
- The LAO will evaluate the program and provide recommendations to the Legislature and Department of Finance by January 31, 2021.

Department of Education Report

In addition to reauthorizing the District of Choice program with some additional changes, including additional duties for the SPI around data collection, the SPI was also required to report, no later than December 1, 2017, to the appropriate fiscal and policy committees of the Legislature, the Department of Finance, and the LAO, on a plan for collecting the required data from school districts of choice. Specifically, the SPI is required to do all of the following:

- Maintain a list of the school districts of choice in the state.
- Collect specified information from each school district of choice without creating a new field in the California Longitudinal Pupil Achievement Data System.
- Post specified information collected on the department's Internet Web site.
- Post a single list of all school choice programs on the department's Internet Web site.
- Annually make all of the following information available to the Legislature, the Department of Finance, and the LAO:
 - The number and characteristics of pupils who use the school district of choice option pursuant to this article.
 - Assessment scores of school districts of choice and school districts of residence.
 - The graduation rates of school districts of residence and school districts of choice.
 - The enrollment of school districts of residence and school districts of choice for the previous five years.
 - The fiscal health of school districts of residence and school districts of choice.
 - Whether a school district of residence has exceeded transfer limits.
 - The number of pupils provided with transportation services.

The CDE completed the report with the following information on their plan to collect the required data.

Register Districts of Choice. In January 2018, the CDE sent a letter to all school districts that provides information on the program and instructions for registering as a school district of choice.

Modify the California Basic Educational Data System (CBEDS) to Collect Data on Transfer Requests. The CDE will modify CBEDS to require a school district of choice to annually submit data on transfer requests (beginning in 2018-19, school districts of choice shall submit and certify the number of transfer requests granted, denied, withdrawn, and the reasons for any denied requests.)

Modify CBEDS to Collect Data on Transportation. The CDE will modify CBEDS to allow school districts of choice that provide transportation to students to report the total number (and broken out by required subgroups) of transfer students receiving transportation. The CDE notes that data will be collected in the aggregate, given the prohibition to add new fields to the California Longitudinal Pupil Achievement Data System (CALPADS).

Utilize CALPADS to Meet Reporting Requirement. The CDE will use data already collected under CALPADS to report race, ethnicity, gender, socioeconomic status, eligibility for free or reduced-price meals, English learner status, students with disabilities, and the district of residence for each transfer student. While this does not require the creation of new fields, the CDE will modify some existing fields. A data report will be provided to the appropriate fiscal and policy committees of the Legislature, the Department of Finance, and the LAO, after the CALPADS October Fall Census Day.

The CDE also notes that additional funding of \$232,000 and 1.0 positions are necessary to implement the new data collection and reporting requirements

Staff Comments:

Staff notes that accurate data collection is important to understand the implications of the district of choice program for both the school districts of choice, districts of residence, and students who participate in the program. This data will form the basis of the report and analysis required from the LAO by January 31, 2021 and to inform policy makers on further extensions of or modifications to the program. The Governor's Budget did not include any additional funding or positions for this program, but staff understands the request is still under consideration by the Department of Finance.

Suggested Questions:

- If the request for additional workload support is not approved, will the CDE be able to complete the required reporting?
- How many districts have registered as Districts of Choice at this point? Are these the same districts that participated in the past?

Staff Recommendation: Hold Open.

Issue 6: Uniform Complaint Procedures
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Panel:

- Debra Brown, Department of Education
- Len Garfinkel, Department of Education
- Keith Nezaam, Department of Finance
- Ryan Anderson, Legislative Analyst's Office

Background:

The Uniform Complaint Procedures (UCP) was established in 1991 to provide a standard process for investigating complaints that schools or school districts have violated federal or state laws and regulations. Generally, local educational agencies (LEAs) are required to investigate UCP complaints; however, complainants may appeal a decision to the CDE. The areas covered under the UCP have changed over time and are handled by a variety of different offices within the CDE, as noted in the below chart provided by the CDE.

CDE Office or Division Processing UCP Complaints/Appeals	Education Program	Date First under the UCP
Career and College Transition Division	Agricultural Vocational Education and Adult Education	September 1991
Career Tech Education Leadership and Instructional Support Office	Regional Occupational Centers and Programs	September 1991
Categorical Programs Complaints Management Office	Elementary and Secondary Education Act (Titles I-VII)	September 1991
	Pupil Instruction: Course Periods without Educational Content	January 2016
	Unlawful Pupil Fees	January 2013
Coordinated School Health and Safety Office	Educational Rights of Foster and Homeless Students	January 2016
	Tobacco-Use Prevention Education	January 2002
Early Education and Support Division	Child Care and Development	September 1991
Education Equity UCP Office	Discrimination, harassment, intimidation, bullying, and retaliation on the basis of a protected characteristic	September 1991
	Student Lactation Accommodations	January 2016

Expanded Learning Division	After School Education and Safety	August 1998
Local Agency Systems Support Office	Local Control Funding Formula (Program or Procedures)	July 2013
School Fiscal Services Division	Local Control Funding Formula (Fiscal)	July 2013
Nutrition Services Division	Child Nutrition	September 1991
School Facilities and Transportation Services Division	School Facilities (<i>Williams</i> Complaints)	September 2004
Science, Technology, Engineering, and Mathematics Office	Physical Education Instructional Minutes	October 2015
Special Education Division	Special Education	September 1991

LEAs are required to follow all state and federal laws, and generally UCP complaints are required through regulation to be first filed with the LEA. LEAs are required to adopt policies and procedures to process UCP complaints and ensure staff take appropriate actions. For most complaints, LEAs have 60 days to complete an investigation and issue a decision; however some complaints have shorter time frames.

A complainant has the option of appealing to the CDE within 15 days of receiving a decision, identifying for the CDE whether they are alleging the facts were incorrect or the law was misapplied. When the CDE receives an appeal, it requests the related files from the LEA. The CDE reviews whether the LEA followed UCP procedures, the evidence supports the fact finding for the decision, and the LEA applied the law correctly. If the CDE determines an appeal has merit, it may issue a decision, require the LEA to investigate further, or conduct its own investigation. The CDE may also deny appeals, return the decision to the LEA for the correction of deficiencies, and forward any new issue back to the LEA for investigation. Each of these actions, requires the CDE and the LEA to respond according to regulations and may have its own set of requirements and timelines. In addition, both LEAs and complainants may request reconsideration of the CDE's decision.

To further add to the complexity, both state and federal law govern the UCP process and generally one or the other specifies the timelines for the CDE in responding to appeals (often the requirement is 60 days), although in some subject areas there are no timelines. Finally, there are some areas and circumstances in which the CDE must directly intervene or investigate the complaint itself, rather than serving as the appeal body. These direct intervention areas include subjects such as special education and nutrition services, and when a complainant requests anonymity because they fear retaliation or other harm if they file a UCP complaint with the LEA.

The CDE is also required to monitor LEAs to ensure compliance with the UCP as part of their federal compliance monitoring. As part of this monitoring, the CDE samples LEAs from different areas of the state for on-site or desk reviews, rotating the sample and the type of review each year.

Auditor's Findings. In a report released in January of 2017, the California State Auditor released an audit of the UCP. The auditor's report found that the UCP process within CDE is in itself complex;

fourteen different divisions or offices within the CDE handle UCP issues. The CDE did not have department-wide policies and procedures in place; and when the wrong division received a complaint, this could impede the identification and passage of the complaint to an appropriate division in a timely manner. The CDE did not track UCP appeals and complaints centrally, instead each division or office received UCP workload and followed its own process. While in some cases this was appropriate, in others it led to delay of claims being resolved or being resolved inconsistently. This process may be difficult for LEAs and claimants who may be dealing with different rules and different offices or divisions when trying to utilize the UCP process.

The auditor recommended at the time that the Legislature codify UCP regulations and prescribe consistent timelines for filing, investigation, and reviewing of UCP complaints and appeals.

The auditor specifically recommended that the CDE should designate a central office to receive complaints and appeals with the following duties:

- Distribute complaints and appeals to the appropriate division as soon as they are received.
- Establish a single database for tracking purposes.
- Track progress of divisions in meeting UCP procedures and timelines.
- Work with divisions to establish and align department policies and procedures for UCP.
- Establish a standard investigation report format for division use.
- Monitor divisions' decisions and reports to ensure compliance with requirements.

The auditor also recommended that:

- CDE initiate regulations to include a 60-day timeline for investigation of complaints and reviews of appeals, unless otherwise specified in statute or federal regulations.
- Allow the Nutrition Services division to investigate all complaints as direct intervention and that Nutrition Services should provide complainants with investigation reports, even when the complainant requests anonymity from the LEA.

The auditor made some additional recommendations around the extension of investigations when necessary and additional oversight of charter school UCP complaints as well as recommendations specific to LEAs local processes.

The CDE responded to the auditor's recommendations and concurred with recommendations to provide UCP information to the complainant if the issue is confidential, include charter schools in UCP reviews under federal monitoring, and revise UCP monitoring criteria. The CDE partially concurred with recommendations to allow direct intervention of all Nutrition Services-related complaints, revise regulations around extending UCP investigations if warranted, review LEA extensions for investigations as part of federal program monitoring, and establish in regulations a uniform timeline for filing all complaints. The CDE did not concur with the recommendations to establish a central office and align regulations with state and federal programs.

Update of the Auditor's Report:

In February of 2018, the auditor released their report summarizing the one-year review of recommendation implementation.

The update reflects that CDE has *fully implemented* the recommendation that the Nutrition Services Division within the CDE provide complainants with investigation reports, even when the complainant requested anonymity from the LEA.

The auditor lists as *pending* the following recommendations:

- Use of a single database to record and track all investigations of complaints and reviews of appeals.
- Establishment of policies and procedures for divisions to follow when investigating UCP complaints and reviewing appeals.
- Monitoring of the divisions' decisions and reports on complaints and appeals to ensure they comply with requirements.

The auditor notes that CDE has determined they *will not implement* the following:

- Designate a central office to receive all complaints and appeals and distribute these to the correct divisions for investigation or review.
- Make the central office responsible for tracking the progress of each division on processing complaints to ensure UCP requirements are met, including documenting exceptional circumstances that constitute good cause for extending investigations beyond 60 days.
- Adopt a standard investigation report format that includes the required elements for divisions to use when processing UCP complaints.
- Revise regulations to require that divisions complete investigations of complaints and review of appeals related to all programs within 60 days of Education receiving them, including providing its decisions in writing to complainants, unless otherwise specified in statute or federal regulations.
- Revise regulations to allow the Nutrition Services Division to investigate all complaints as direct intervention.

Finally, the auditor notes no action has been taken on the following recommendations which would require Legislative action, specifically codifying the UCP regulations to do the following:

- Prescribe consistent time frames for completing all investigations of complaints and reviews of appeals by Education.
- Identify a specific time limit for filing a UCP complaint.
- Specify that LEAs may use alternative methods to resolve complaints, including mediation, alternative dispute resolution, or restorative practices.
- Allow LEAs to extend an investigation under exceptional circumstances that constitute good cause.

Supplemental Reporting Language:

This subcommittee heard the auditor's recommendations on March 30, 2017. As part of the 2017 Budget Act, the Legislature adopted supplemental reporting language (SRL) as follows:

The Superintendent of Public Instruction shall report to the Legislature no later than November 30, 2017 with recommendations for any legislative changes to the Uniform Complaint Procedures (UCP)

process on timeframes for completion of investigations and reviews of appeals. The required report shall also include an update on the Department of Education's efforts to centralize tracking of UCP complaints and appeals and to streamline UCP processes across divisions.

The CDE submitted the final report over four months late, on April 18, 2018. In the report, the CDE detailed their efforts to streamline the UCP process within the department. Specifically, the CDE has continued to develop a centralized tracking system. The CDE purchased the Time Matters system from Lexis Nexus to be used as a central database to record and track all UCP complaints and appeals received by the CDE. The system has been in use since October of 2017 and includes unique identifiers for each complaint and appeal. Designated staff are required to enter the status of each case, and the system generates timeline reminders and updates for each division that uses the system. Ongoing support and training are being provided to staff working with the system.

The CDE notes they are on track to implement department-wide procedures for UCP in the coming months, and has identified the following issues that will be addressed:

- Consistency in the initial response to complainants and appellants across UCP programs;
- Processing appeals or complaints which raise concerns in more than one program area;
- Variations in template letters/correspondence to complainants and appellants;
- Consistency in how program offices determine the scope of their UCP program;
- Establishment of an internal technical support structure for new UCP programs or programs that receive few complaints and appeals.

The SRL also requested that the CDE provide recommendations on timelines for completion of investigations and reviews of appeals. In the report, the CDE recommended that a series of stakeholder meetings be convened in the fall of 2018 to consider the implications of changes to the UCP. The CDE offers the following three guiding principles for any changes: 1) ease of use at the local level; 2) prompt and efficient resolution of complaints; and 3) uniformity, where possible, at the local and state level. The report further poses a series of questions for consideration, and makes one concrete recommendation: that the investigation of nutrition services complaints be removed from the UCP and made subject to a separate process.

Finally, the CDE notes that a lack of resources has slowed progress toward streamlining the department's UCP process. The CDE has requested a 3.0 positions and \$426,000 General Fund in 2018-19 (\$420,000 ongoing) for legal technical assistance and maintenance of the central database software purchased for UCP tracking.

Staff Comments:

Staff notes the UCP system is complex for all involved: individuals filing complaints and appeals, LEAs processing complaints and the CDE as the appeal and oversight body, and sometimes the investigator of complaints. The UCP system was created by layers of federal and state law that were not aligned in their conception and no major system alignment has taken place since it was introduced.

The auditor's report has revealed shortcomings in the current system and last year the Legislature directed the CDE to provide some recommendations towards better aligning and simplifying the system. The report from CDE provided few concrete recommendations. The questions for discussion raised in the report are the same ones that CDE spoke to last year in our subcommittee hearing on this

issue, which prompted the Legislature to ask for concrete recommendations. Staff is unclear why, if CDE felt stakeholder input was necessary to complete the report, CDE did not consult stakeholders in the preparation of the report.

The Governor's Budget did not include any additional funding or positions for this program, but staff understands the request is still under consideration by the Department of Finance. Staff notes that any requests for additional positions should be considered in coordination with any changes to the UCP program the Legislature feels are necessary at this point.

Finally, staff notes that the subcommittee heard a related issue on April 5th, relating to state preschool licensing flexibility, that would require the addition of state preschool complaints to the list of issues covered under the UCP process.

Suggested Questions:

- Why was the report to the Legislature delayed?
- Why did the CDE opt to not follow the auditor's recommendation for a central UCP office, given that some program offices receive few UCP complaints or appeals and therefore would be unlikely to be able to develop expertise in the standard policies and procedures?
- Why did the CDE not solicit stakeholder input for this report if they felt it was necessary to provide the concrete recommendations requested by the report?
- How would removing Nutrition Services from the UCP regulations provide greater clarity and consistency to the field?

Staff Recommendation: Hold Open.

6100 DEPARTMENT OF EDUCATION
6870 CALIFORNIA COMMUNITY COLLEGES**Issue 7: Adult Education:****Panel I:**

- Mollie Quasebarth, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Debra Brown, Department of Education
- Donna Wyatt, Department of Education
- Christian Osmeña, Chancellor's Office Community Colleges
- Javier Romero, Chancellor's Office Community Colleges

Panel II:

- Madelyn Arballo, Ed. D., Dean, School of Continuing Education, Mt. San Antonia College
- Rocky Bettar, Director Adult Education/Career Preparation, Rowland Unified School District

Background:

Adult Education Block Grant. The Adult Education Block Grant (AEBG) was created in 2015-16 and provides \$500 million in ongoing Proposition 98 funding annually for the provision of adult education through the K-12 and community college systems and their local partners. This new program was built on two years of planning to improve and better coordinate the provision of adult education by the Chancellor of the California Community Colleges and the Superintendent of Public Instruction. The program has restructured the provision of adult education through the use of regional consortia, made up of adult education providers, to improve coordination and better serve the needs of adult learners within each region.

There are currently 71 regional consortia with boundaries that coincide with community college district service areas. Formal membership in consortia is limited to school and community college districts, county offices of education (COEs), and joint powers agencies (JPAs). Each formal member is represented by a designee of its governing board. With input from other adult education and workforce service providers, such as local libraries, community organizations, and workforce investment boards, the consortia have developed regional plans to coordinate and deliver adult education in their regions. Only formal consortia members may receive AEBG funding directly. However, under a regional plan, funds may be designated for, and passed through to, other adult education providers serving students in the region.

Adult Education Areas of Instruction. Block grant funds may be used for programs in seven adult education instructional areas:

- 1) Elementary and secondary reading, writing, and mathematics (basic skills).
- 2) English as a second language and other programs for immigrants.

- 3) Workforce preparation for adults (including senior citizens) entering or re-entering the workforce.
- 4) Short-term career technical education with high employment potential.
- 5) Pre-apprenticeship training activities coordinated with approved apprenticeship programs.
- 6) Programs for adults with disabilities.
- 7) Programs designed to develop knowledge and skills that enable adults (including senior citizens) to help children to succeed in school.

Consortia Funding. The first year of funding (2015-16) was designed as a transition year. Of the \$500 million total grant; \$337 million was distributed based on a maintenance of effort amount for school districts and COEs that operated adult education programs in 2012-13, and subsequently became members of regional consortia. Each of these providers received the same amount of funding in 2015-16, as it spent on adult education in 2012-13. The remainder of the funds were designated for regional consortia based on each region's share of the statewide need for adult education, as determined by the chancellor, superintendent, and executive director of the State Board of Education. In determining need, statute requires these leaders to consider, at a minimum, measures related to adult population, employment, immigration, educational attainment, and adult literacy. Need-based funding in 2015-16 for consortia was \$158 million.

In 2016-17, and future years, the CCC and CDE distribute block grant funding based on (1) the amount allocated to each consortium in the prior year, (2) the consortium's need for adult education, and (3) the consortium's effectiveness in meeting those needs. If a consortium receives more funding in a given year than in the prior year, each member of the consortium will receive at least as much funding as in the prior year. The 2016-17 and 2017-18 fiscal year allocations provided the same amount of funding to each consortia as was provided in the 2015-16 fiscal year. Preliminary allocations for the 2018-19 year maintain this same distribution. Each consortium may choose a fiscal agent to receive state funds and then distribute funding to consortium members, or opt out and have members receive funds directly.

In addition, according the LAO, the state provides approximately \$300 million annually in noncredit apportionment funding for community college adult education programs.

One-Time Funding. In the 2015-16 budget act, the CCC and CDE were provided \$25 million Proposition 98 funds to identify common measures for determining the effectiveness of the consortia in providing quality adult education. Of the total data allocation, 85 percent is available for grants to establish systems or obtain necessary data and 15 percent is available for grants for development of statewide policies and procedures related to data collection and reporting, or for technical assistance to consortia. Consortia were allocated funding based on their share of total block grant funding, upon completion and approval of an expenditure plan. Funding was generally used for technology upgrades, updated data collection processes and procedures, professional development, and local research. The remaining 15 percent of the grant was used to update the state data system for the AEBG. The progress made on this new data system is discussed later in this item.

AB 1602 (Committee on Budget), Chapter 24, Statutes of 2016, a trailer bill to the 2016-17 budget act appropriated \$5 million in one-time funding to the Chancellor of the Community Colleges which contracted with the Sacramento County Office of Education to provide statewide leadership activities including; collecting and disseminating best practices, providing technical assistance and professional development, maintaining a website, and reporting on the effectiveness of the block grant among other things. Funds were to be expended over a three year period (2016-17 through 2018-19).

Systems Alignment

As part of the effort to align systems, the original statute required the CCC and CDE to examine and make recommendations in several areas for potential streamlining and alignment across systems. While limited progress has been made, several alignment issues continue to remain unresolved, including:

- **State Funding.** Adult schools are funded primarily through the AEBG which does not provide funding on a per-student rate, while adult education at the CCC is funded through non-credit apportionments. As a result, the state continues to pay different amounts for similar types of courses.
- **Local Fee Policies.** Adult schools may charge fees for CTE courses (although there is no consistent fee policy) while the CCC may not charge fees for non-credit instruction. This perpetuates inequities for students statewide and within consortia.
- **Student Identifiers.** Different student identifiers that are used in the K-12 system (Statewide Student Identifiers), adult schools (unique identifiers) and the community college system (social security numbers). Other potential identifiers are the Individual Taxpayer Identification number and the California Driver's License number. Some progress has been made in aligning identifiers and there is potential to match records through the data system under development. However, tracking of students across K-12, adult schools, and CCC remains cumbersome.
- **Minimum Instructor Qualifications.** Instructors of noncredit courses at the CCC are required to have a bachelor's degree and specific coursework experience, while instructors at adult schools also need an adult education teaching credential. This may contribute to teacher shortages for adult schools, and the inability of CCC instructors to easily teach at adult schools.

AEBG Reporting

Progress in Serving Adult Students. Consortia are in their third year of providing services under the AEBG, and the CCC and CDE were required to provide a report to Legislature on the implementation and effectiveness of the AEBG on February 1st. The report has not yet been submitted, but staff did receive a draft copy on April 20th. The report provides information on the program for the 2016-17 year and discusses progress made on data reporting. In 2016-17, the AEBG is using the TOPSPro Enterprise System to collect student data and outcomes. In addition, the AEBG utilized data matching to track student outcomes in the Community College Chancellor's Office data system (MIS), the Employment Development Department (EDD) Base Wage File System, and the CDE-High School Diploma Equivalent Match. In cases where students will not disclose information (undocumented students, no social security number, declined to state, etc.), AEBG collects self-reported student outcomes. The student data and outcomes will be displayed via a dashboard tool called "Adult Education Launchboard" on the AEBG website.

Specifically, the report notes that in 2016-17, adult education consortia served 695,162 unduplicated adult students. As noted in the chart below, not all of these students were enrolled in AEBG program areas, 85,608 received only services, which could include workshops, educational or career planning, assessment, or were referred to an outside supportive service, leaving 609,554 as the official number for students enrolled in a program.

AEBG 2016-2017 State-Level Student Counts

	K-12 ¹	College	Totals
Total Adults Served by Consortia	457,047	238,115	695,162
Participants in AEBG Programs	400,408	209,146	609,554
Students Receiving Only Services	56,639	28,969	85,608

The highest enrollment category continues to be English as a Second Language (ESL) and Civics as shown below, followed by Adult Secondary Education (ASE), Adult Basic Skills Education (ABE), and Career Technical Education (CTE).

California AEBG Unduplicated Enrollment by Program – 2016-2017²			
	K-12 Adult ³	College	Totals
Primary AEBG programs			
ABE	50,310	62,480	112,790
ASE	130,507	18,156	148,663
ESL and EL Civics	204,042	92,242	296,284
CTE Programs	68,447	41,784	110,231
Subcategory AEBG programs			
AWD	4,255	2,896	7,151
AWD Students in ABE, ASE, ESL, CTE Programs	1,861	692	2,553
Adults Training to Support Child School Success	9,584	3,556	13,140
California AEBG Unduplicated Enrollment by Program – 2016-2017			
	K-12 Adult ⁴	College	Totals
Subcategory AEBG programs			
Adults Entering or Reentering the Workforce	8,281	6,436	14,717
Pre-apprenticeship	2,777	23	2,800
Totals	480,064	228,265	708,329

¹ K-12 enrollment data includes students served through other entities such as library literacy programs (n=13,500).

² Program enrollment data as reported through TE by CASAS for all categories except workforce entry/re-entry and AWD in other programs, which were calculated using new (2017-2018) program calculations for these categories.

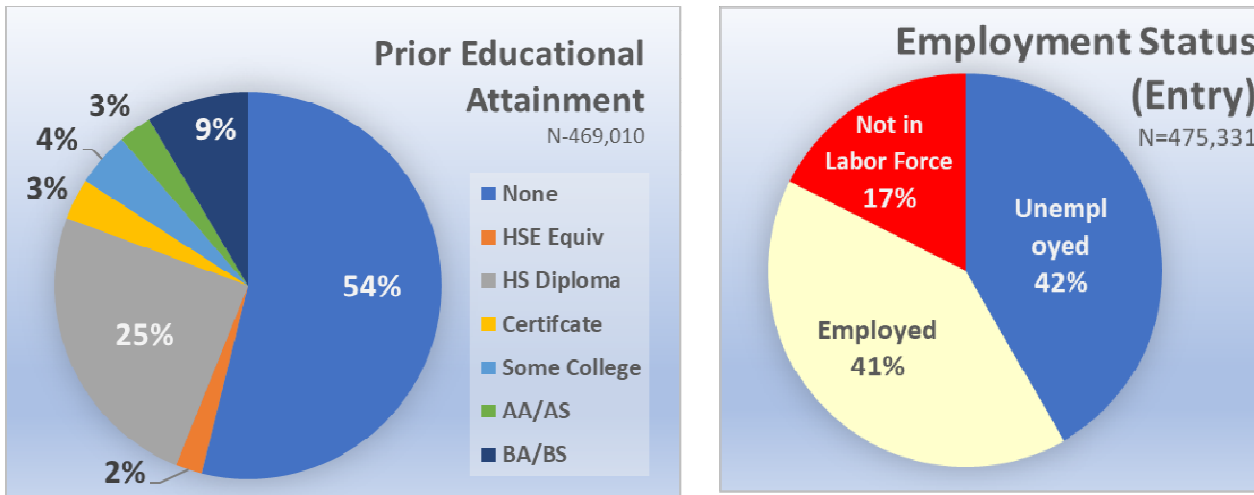
³ K-12 enrollment data includes data from library literacy and other providers (n=13,500).

⁴ K-12 enrollment data includes data from library literacy and other providers (n=13,500)

Enrollment category trends are generally consistent across both adult schools and community colleges with the exception being that adult schools serve a higher proportion of students in Adult Secondary Education while the community colleges are serving a higher proportion of students in Adult Basic Skills. The report suggests this may be due to traditional role of adult schools as a path to a high school diploma or equivalent and the focus on community colleges providing some courses that are levels below transfer level math and English.

Comparative Enrollment		
Program	K-12	College
ABE	10.5%	27.4%
ASE	27.2%	8.0%
ESL	42.5%	40.4%
CTE	14.3%	18.3%
Other	5.5%	5.9%

The consortia also attempted to collect data on the education and employment status of students that entered the system.



Finally, the report also included some information on student progress and educational outcomes. Approximately 185,659 students completed an educational milestone or achieved a measurable skills gain in 2016-17. A measurable skills gain generally reflects educational improvements through a variety of measures including pre/post assessments, or completion of an workforce preparation certificate or other occupational skills post-secondary certificate, degree, or training, and transition to postsecondary education. The report notes that the consortia are attempting to also collect employment and wage data, however this is limited by the length of time of the data sets, the ability to match with Employment Development Department wage files, the lack of social security numbers for many students, and the ability to collect survey data.

Report Recommendations

- 1) Change the name from the AEBG to California Adult Education Program. The field notes that there continues to be confusion over the term “block grant” with the term signifying that this is a distinct categorical program, which creates challenges for local fund alignment decisions.
- 2) Create a \$30 million performance-based incentive funds for adult education consortia. This fund source would create an incentive for consortia to explore new pathway models, support service strategies, and further support the transition of adult education students into postsecondary and the workforce.
- 3) Allocate annual funding to support data and accountability systems for adult education. This would support the annual cost of data collection from providers, the costs of the Launchboard adult education data dashboard, and support the post exit student surveys.
- 4) Create a dedicated annual allocation for statewide system operations to adult education. This funding would support the web-based fiscal reporting and monitoring tools, statewide convenings and trainings, and technical assistance to the consortia on developing and implementing annual and three-year plans.
- 5) Alignment of federal and state reporting cycles. Currently timelines for reporting to the Legislature for a variety of adult education and workforce-related programs are not aligned. The CCC and CDE recommend a review and update of those reporting requirements to streamline data collection and review.

Governor’s Budget Proposal:

The Governor’s budget proposal includes an increase of \$20.6 million in ongoing Proposition 98 funding. This is a cost-of-living-adjustment (COLA) of 4.1 percent over the 2017-18 budget appropriation and the Administration notes that the amount recognizes that the AEBG did not receive a COLA increase in 2017-18 (1.6 percent COLA associated with 2016-17 and 2.51 percent associated with 2017-18). The funds would be distributed to consortia based on their current allocation.

The Governor also proposes to provide \$5 million in ongoing funding for the Chancellor’s Office to support a data sharing platform, providing training and technical assistance related to data, and to collect survey data from AEBG participants who do not provide social security numbers.

The Governor’s budget also includes trailer bill language that would require regional consortia to develop a new three-year plan in 2019-20, instead of 2018-19, and place a cap of 5 percent or less on the amount of indirect (administrative costs) districts could charge their adult schools or community colleges.

LAO Analysis and Recommendations:

In February 2018 the LAO released their analysis, *The 2018-19 Budget: Adult Education Analysis*, in which they reviewed the Governor’s Budget proposals for adult education and the program thus far. This report also reflects recommendations based on a request for LAO to examine remaining alignment issues that the CCC Chancellor’s Office and the CDE had been tasked with providing recommendations for, but had been unable to reach consensus on.

While the LAO notes that providing a COLA to the AEBG would treat the program similarly to other Proposition 98 programs that have generally receive COLAs on an annual basis, they recommend that the Legislature take this opportunity to address larger issues with the structure of the AEBG.

The LAO recommends that the Legislature consider adult education not just as the AEBG, but also include the funding received by community colleges for non-credit courses which are considered adult education. This would also require a conversation on the how different community colleges define credit versus non-credit courses. Creating consistency would allow for clarity in the state's offerings of adult education, consistency across colleges, and allow for better regional planning within AEBG consortia. The LAO notes that the state should set a uniform rate per full-time equivalent student that is provided for both adult schools and community college non-credit courses. In addition to allowing for consistency of services, and better tracking of courses offered in the state, a uniform base rate would also allow the state to consider a uniform fee policy, such that adult students would not be paying differing fees across the state for the same types of courses. The fee policy could either eliminate of fees or apply a nominal fee structure which would incentivize student commitment to completion of courses. The LAO also recommends that the funding system should include a performance component to incentivize regional consortia to work together to improve student learning and workforce outcomes.

In addition to funding changes, the LAO also recommends several changes to increase alignment within and across consortia regions. Specifically, that as a condition of receiving state or federal fund, adult education providers document that they are participating in their regional planning consortia and report adult education services and funding.

In general, the LAO recommends adopting the Governor's proposal for \$5 million in ongoing support for data and survey efforts, but also recommends that the CCC Chancellor's Office use a portion of the funding to collect or assign SSIDs to adult students without a SSN and for CCC to use and maintain these SSIDs in the adult education data platform.

Finally, the LAO recommends that the state no longer require adult school instructors to hold a credential. This change would align the qualifications for instructors across adult schools and community colleges and instructors could more easily teach at both. The LAO notes that if there are concerns with quality of instruction, consortia could consider providing professional development as needed.

Staff Comments:

Staff notes that the first few years of the adult education block grant have been positive in terms of consortia establishment and the maintenance and expansion of adult education services. In general funding is flowing to the greatest areas of need (basic skills education and English as a second language). The ultimate goal of the adult education block grant however, was to ensure that through regional coordination adult students had access and opportunities to continue their education, including in the community college system, or to lead to better paying jobs. While legislation had required the CCC and CDE to make recommendations on what can be done at the state level to ensure the kind of alignment that supports outcomes across the state, in many areas a recommendation was lacking. The LAO provided recommendations after months of discussing and reviewing these areas as laid out above. The Legislature should consider whether additional state level policy setting is needed to move these alignment issues forward and consider adopting some or all of the LAO's recommendations.

Staff also notes that data collection, although improving, still lags behind the type of data needed to make decisions about funding and quality of the AEBG program. Some of this is due to timing and some is due to the limitations of the current program structure. While the continued funding of these efforts is valid, the Legislature may wish to consider what types of data would better inform future decisions on funding for the program and ensure that it is considered when appropriating funding for data moving forward.

Staff also notes that adult education makes up a large portion of the mission and offerings of the CCC, and changes to this program should be included in any discussions about what should be incorporated into a performance-based funding formula for the CCC.

Suggested Questions:

- How are the CCC and CDE continuing to work on alignment of all parts of the adult education system?
- What information is available of the type and amount of fees that are being charged for adult school courses statewide?
- Does the Administration, Chancellor's Office, or the CDE have a position on the LAO's alignment recommendations?

Staff Recommendation. Hold Open.

Issue 8: Proposition 39**Panel:**

- Drew Bohan, Executive Director, California Energy Commission
- Kate Gordon, Chair, California Citizen's Oversight Board

Background:

Proposition 39 changed the corporate income tax code to require most multistate businesses to determine their California taxable income using a single sales factor method. The increase in the state's corporate tax revenue resulting from Proposition 39, was allocated half to the General Fund and half to the Clean Energy Job Creation Fund for five fiscal years, from 2013-14 through 2017-18. The Clean Energy Job Creation Fund is available for appropriation by the Legislature for eligible projects to improve energy efficiency and expand clean energy generation. For fiscal years 2013-14 through 2017-18 the state provided \$1.75 billion in Proposition 39 revenue for K-12 energy efficiency projects and planning, \$219 million for community college energy projects, and \$56 million for a revolving loan program to fund similar types of projects in both segments. The state also provided smaller amounts to the California Workforce Investment Board and the California Conservation Corps.

K-12 - Local Educational Agency Proposition 39 Award Program. SB 73 (Committee on Budget and Fiscal Review), Chapter 29, Statutes of 2013, establishes that 89 percent of the funds deposited annually into the Clean Energy Job Creation Fund, and remaining after any transfers or other appropriations, be allocated by the State Superintendent of Public Instruction for awards and made available to local educational agencies (LEAs) for energy efficiency and clean energy projects. Minimum grant amounts were established for LEAs within the following average daily attendance (ADA) thresholds:

- \$15,000 for LEAs with ADA of 100 students or less.
- \$50,000 for LEAs with ADA of 100 to 1,000 students.
- \$100,000 for LEAs with ADA of 1,000 to 2,000 students.

The Energy Commission, in consultation with the Department of Education, the Chancellor's Office and the Public Utilities Commission, was required to develop guidelines for contracts with LEAs. The Energy Commission released these guidelines in December 2013.

In order to receive an energy efficiency project grant, LEAs must submit an expenditure plan to the Energy Commission outlining the energy projects to be funded. The Energy Commission reviews these plans to ensure they meet the criteria set forth in the guidelines. The Department of Education distributes funding to LEAs with approved expenditure plans (EEPs). LEAs can also request funding for planning prior to submission of the plan. The Department of Education notes that as of April 2018 1,504 LEAs have received energy project funds. Based on actions taken in last year's budget process, the Energy Commission allowed LEAs to submit expenditure plans for the final year of funding by February 26th, 2018.

The following tables show a summary of estimated award balances, including all EEPs received by the Energy Commission as of February 26, 2018.

Remaining Award Balance based on EEPs received by the CEC as of February 26, 2018, updated April 11, 2018.

Year	Budget Authority	Planning Funds Paid	EEP Funds Paid (Estimate)	Recovered	Paid Less Recovered (Estimate)	Allocation Remaining (Estimate)
2013	\$381,000,000	\$153,337,778	\$213,379,350	\$2,943,224	\$210,436,126	\$17,226,096
2014	\$279,000,000	\$239,212	\$265,607,962	\$378,760	\$265,229,202	\$13,531,586
2015	\$313,421,000	\$222,519	\$290,824,150	\$116,786	\$290,707,364	\$22,491,117
2016	\$398,800,000	\$501,811	\$371,469,739	\$180,060	\$371,289,679	\$27,008,510
2017	\$376,200,000	\$327,461	\$340,588,756	\$49,683	\$340,539,073	\$35,333,466
Total	\$1,748,421,000	\$154,628,781	\$1,481,869,957	\$3,668,513	\$1,478,201,444	\$115,590,775

Summary of Award Balance by Local Educational Agency Type

Local Educational Agency	Award Allocation Remaining (Estimate) LEAs With EEPs Submitted	Award Allocation Remaining (Estimate) LEAs With No EEPs Submitted	Total Award Allocation Remaining (Estimate)
State Special Schools	\$0	\$0	\$0
School Districts	\$10,163,020	\$2,334,329	\$12,497,349
County Offices	\$367,114	\$70,730	\$437,844
Charter-Active	\$17,928,193	\$69,156,548	\$87,084,741
Charter-Closed	\$627,633	\$14,943,208	\$15,570,841
Total	\$29,085,960	\$86,504,815	\$115,590,775

Source: Department of Education

The types of projects approved for K-12 education thus far are as follows:

Project Type	Count	Percentage of Total
Lighting	11,739	53%
Lighting Controls	2,422	11%
HVAC	3,197	14%
HVAC Controls	2,178	10%
Plug Loads	918	4%
Generation (PV)	487	2%
Pumps, Motors, Drives	374	2%
Building Envelope	325	1%
Domestic Hot Water	191	1%
Electrical	118	1%
Kitchen	91	0%
Energy Storage	40	0%
Power Purchase Agreements	36	0%
Pool	24	0%
Irrigation	3	0%
Total Projects	22,143	100%

Source: California Energy Commission

Available Proposition 39 Funding. Senate Bill 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017), a trailer bill to the Budget Act of 2017, reallocates any remaining Proposition 39 funding at the end of 2017-18 to three new programs as follows:

- Provide the first \$75 million for the School Bus Replacement Program.
- Provide the next \$100 million for the Energy Conservation Assistance Act – Education Subaccount for a competitive, low- or no- interest loan program for energy efficiency retrofits and clean energy installations.
- Provide any remaining funds to a competitive grant program for LEAs to upgrade their school facilities with energy efficiency retrofits and clean energy installations.

SB 110 also required the Energy Commission to report as of March 1, 2018, the amount of available remaining funds for this purpose. The Energy Commission subsequently reported that there is a total of \$114.5 million in available funds for implementing the above programs (\$86 million from LEAs that did not submit an energy expenditure plan under the Proposition 39 program and \$28.5 million from LEAs that submitted plans, but not for the entire amount of their available allocation). This results in the funding of the school bus replacement program and \$39.5 million for the loan program. These numbers were a point in time estimate will be refined as any final adjustments and reconciliations are made.

Finally, SB 110 also allows for additional appropriations to be provided through the annual budget process through the Clean Energy Job Creation Fund.

California Community Colleges Proposition 39

The Chancellor's office reports that in the last five years, the system has received \$219 million and community colleges have spent \$179.8 million to date on energy efficiency projects and have achieved/are projected to achieve the following savings:

- \$16.6 million in annual energy costs savings
- \$112.4 million kilowatt-hours annual savings
- \$1.9 million therms annual savings

Project Type	Prop 39 Year 1 Projects		Prop 39 Year 2 Projects		Prop 39 Year 3 Projects		Prop 39 Year 4 Projects		Prop 39 Year 5 Projects	
	Count	% of Total Projects	Count	% of Total Projects	Count	% of Total Projects	Count	% of Total Projects	Count	% of Total Projects
Lighting	168	57.34	98	46.45	91	50.84	88	65.19	99	72.26
HVAC	52	17.75	60	28.44	52	29.05	22	16.30	18	13.14
Controls	44	15.02	40	18.96	22	12.29	11	8.15	13	9.49
MBCx/RCx	13	4.44	8	3.79	5	2.79	5	3.70	1	0.73
Tech Assist	3	1.02	0	0.00	2	1.12	4	2.96	3	2.19
Self-Generation	2	0.68	2	0.95	2	1.12	3	2.22	2	1.46
Other	11	3.75	3	1.42	5	2.79	2	1.48	1	0.73
Total	293	100%	211	100%	179	100%	135	100%	137	100%

Source: California Community Colleges Chancellor's Office

To date the system has received \$28 million in Proposition 39 funding to spend on workforce development programs related to energy efficiency. Workforce development funds have been used to purchase new equipment, create and improve curriculum, and provide professional development for faculty and support for regional collaboration. In Year 3, 6,400 certificates, degrees, and energy certifications were awarded in energy-related fields, such as construction, environmental controls technology and electrical and electronics technology. Moreover, 55 colleges have received Proposition 39 workforce development funds. The display below provides a breakdown of where workforce development funds were distributed. To date, 69 of the 114 colleges have received Proposition 39 funds for workforce development programs related to energy efficiency.

Region	Number of Colleges Receiving Prop. 39 Funding (Workforce Development) Funds Year 1	Number of Colleges Receiving Prop. 39 Funding (Workforce Development) Funds Year 2	Number of Colleges Receiving Prop. 39 Funding (Workforce Development) Funds Year 3
Northern Coastal, Northern Inland, Greater Sacramento	8	8	7
Bay Region	8	9	10
Central Valley, Mother Lode, South Central	19	19	19
San Diego, Imperial, Desert/Inland Empire	N/A	12	8
LA County, Orange County	14	9	11
Total	49	57	55

Source: California Community Colleges Chancellor's Office

California Citizen's Oversight Board

When Proposition 39 was passed, it included the creation of the Citizens Oversight Board and provided it with specific responsibilities relative to the review of the expenditures from the Clean Energy Job Creation Fund and tasked it with providing annual reports to the Legislature. The most recent report to the Legislature includes information on the program in the 2016-17 fiscal year and includes the following information on both funding and energy savings.

Table 1-2: Cumulative Summary of K-12 Final Project Completion Reports

	Program totals as of Dec. 2015	Program totals as of June 2016	Program totals as of June 2017
Number of Completed EEPs	17	52	174
Spending			
Total Gross Project Cost	\$8.6 million	\$34 million	\$116 million
Total Prop 39 Share	\$6.2 million	\$27 million	\$97 million
Leveraged Funding	\$2.4 million	\$7 million	\$19 million
Annual Energy Savings			
kWh Savings	3,005,227	13,804,252	42,820,936
Therm Savings	3,352	54,641	146,126
GHG emissions reduction	1,056 tons	5,080 tons	15,624 tons
Savings-to-investment ratio (SIR)	1.26	1.44	1.36

Source: California Energy Commission

Table 1-3: Cumulative Summary of Community College Final Project Reports

	Program totals as of 2015	Program totals as of 2016	Program totals as of 2017
Number of closed-out projects	102	254	377
Spending			
Total Gross Project Cost	\$24.3 million	\$54.9 million	\$72.4 million
Total Prop 39 Share	\$ 16.6 million	\$ 35.2 million	\$48.1 million
Total Leveraged Funding with incentives	\$ 3.2 million	\$ 6 million	\$7.45 million
Annual Energy Savings			
kWh Savings	13,653,884	29,903,272	38,706,915
Therm Savings	175,042	316,566	567,658

Source: California Community Colleges Chancellor's Office

The Board's report also includes the following recommendations to the Legislature:

- Provide annual appropriations to the Clean Energy Jobs Fund, to allow for continued energy savings, emission reductions, and jobs at California's public schools. The board further recommends a minimum of \$175 million annually.
- Support the Energy Conservation Assistance Act revolving loan program. This program allows funding to be targeted to a broad range of schools and schools pay the funds back out of their energy savings.
- Provide direct support to the Workforce Development Board's Pre-Apprenticeship Program. This program was funded at \$3 million annually for job placement and training for hard to place workers, such as veterans, at-risk youth, and formerly incarcerated individuals.
- Create an inventory of K-12 facilities utilizing data collected from the Proposition 39 program to inform future school energy efficiency programs.
- Provide approximately \$250,000 in funding for an organization to review completed projects and provide a handbook or manual to schools across California that lays out the best opportunities for energy efficiency and self-generation projects.

Suggested Questions:

- What types of projects were most beneficial for school districts in terms of energy and cost savings?
- What need still exists for this type of funding in the field, and what tools do we have to measure need?

Staff Recommendation: Hold Open.