

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator John Laird, Chair
Senator Dave Min
Senator Rosilicie Ochoa Bogh



Tuesday, May 3
9:00 a.m.
State Capitol - Room 2100

Consultant: Yong Salas and Elisa Wynne

VOTE ONLY

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Public Comment

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VOTE ONLY**6100 CALIFORNIA DEPARTMENT OF EDUCATION (CDE)****Issue 1: State Operations****Request.**

The Governor's 2022-23 proposed budget includes the following augmentations with General Fund and federal funds:

Issue	# of Positions	2022-23 Funding	Purpose
AB 1505 Continued Verified Data Work	-	\$500,000	The State Board of Education requests the re-appropriation of one-time General Fund for continued analysis of verified data initially required by Chapter 486, Statutes of 2019 AB 1505.
State Special Schools - Information Security and Infrastructure	6.0	\$4,251,000	CDE is requesting six permanent positions and \$4,251,000 in General Fund (GF) state operations for fiscal year (FY) 2022-23 and \$1,022,000 for FY 2023-24 and ongoing. The funds will be used for the procurement of Information Technology (IT) security related hardware/software services and maintenance of hardware and software assets to support information security programs and technical infrastructure improvements for the CDE headquarters and the State Special Schools.
IT Infrastructure and Operational Support	2.0	\$1,166,000	CDE is requesting two permanent positions and \$1,166,000 General Fund in 2022-23 and \$266,000 General Fund in 2023-24 and ongoing. The funds will be used to offset the rising cost of Information Technology services.
AB 2083 Implementation	1.0	\$161,000	CDE requests one permanent positions and \$161,000 General Fund in 2022-23 and ongoing support the workload associated with Chapter 815, Statutes of 2018 (AB 2083) to help implement a State Level trauma resolution team to address any local disputes that may occur in the implementation of child welfare reform in California.

Augmentation for the Clearinghouse for Specialized Media and Technology Warehouse	-	\$106,000 (federal funds)	CDE is requesting an increase of \$106,000 in 2022–23, \$116,000 in 2023–24, \$127,000 in 2024–25, \$139,000 in 2025–26, and \$151,000 in 2026–27 in federal Individuals with Disabilities Education Act (IDEA) funds spending authority to fully fund the increased warehouse lease costs.
Oversight of the Child Development and Nutrition Fiscal Services office	1.0	\$157,000	CDE is requesting one permanent position \$157,000 General Fund for 2022–23 and ongoing. This position is needed for sufficient management oversight of the Child Development and Nutrition Fiscal Services office and to ensure timely and accurate implementation of policy changes impacting fiscal operations for Preschool contractors.
Support for Budget Management Office	2.0	\$238,000	CDE is requesting two permanent positions and \$238,000 in General Fund in 2022–23 and ongoing to support the workload increase of the Budget Management Office.
AB 1363 Implementation	3.0	\$458,000	CDE is requesting three positions and \$458,000 General Fund in 2022–23 and ongoing. These resources are needed to meet state requirements for implementation of Assembly Bill (AB) 1363, including updating the early education data system consistent with the requirements of the California Cradle-to-Career Data System, developing tools and resources for California State Preschool Program contractors to use for the collection of language information, issuing guidance, and developing regulations.
Stimulus Team Positions	2.0	-	CDE is requesting two positions to provide support to the Federal Stimulus Team.
Dual Language Immersion Grant Program Implementation	1.0	\$161,000	CDE requests one permanent position and \$161,000 General Fund through 2023–24 to fully implement the Dual Language Immersion Grant Program.
Ongoing SBE Positions	6.0	\$1,300,000	The State Board of Education is requesting six permanent positions and \$1.3 million ongoing General Fund to maintain funding and positions provided on a one-time basis in the 2021 Budget Act, and provide nominal salary increases for highly impacted staff.

Staff Recommendation. Approve as budgeted.

Issue 2: Model Curricula and Instructional Quality Commission

Request. The Governor’s Budget includes \$246,000 in one-time General Fund in 2022–23 to fund the activities of the Instructional Quality Commission (IQC). These funds will allow the IQC to continue its work on the Physical Education curriculum framework, the Mathematics curriculum framework, and the English Language Arts/English Language Development curriculum framework.

The Governor’s Budget also includes one-time \$14 million Proposition 98 General Fund for county offices of education selected to develop the model curricula for Native American studies, the Vietnamese American refugee experience, the Cambodian genocide, and Hmong history and cultural studies. Funding will be split equally among the four model curricula.

Staff Recommendation. Approve as budgeted and adopt placeholder trailer bill language.

Issue 3: Agricultural Career Technical Education Incentive Grant Program

Request. The Governor’s Budget includes \$2 million ongoing Proposition 98 General Fund to support an augmentation to the Agricultural Career Technical Education Incentive Grant program. The Agricultural Career Technical Education Incentive Grant provides local educational agencies with funds to improve the quality of their agricultural career technical education programs. The program is currently funded at \$4.1 million, and this augmentation would bring the program’s total funding to \$6.1 million.

Staff Recommendation. Approve as budgeted.

Issue 4: 2020 Wildfire Basic Aid Backfill Proposal

Request. The Administration requests trailer bill language that would provide a General Fund backfill for basic aid districts that experience property tax losses in 2020-21 and 2021-22 due to the 2020 Wildfires.

Staff Recommendation. Adopt placeholder trailer bill language.

FOR DISCUSSION**6100 CALIFORNIA DEPARTMENT OF EDUCATION (CDE)****Issue 5: COVID Recovery and “Putting Wealth to Work”****Panel:**

- Edgar Cabral, Legislative Analyst’s Office

Proposal:

Since the declaration of the emergency COVID-19 pandemic in March 2020, California’s students have faced challenges that were unprecedented, and the state’s education system was tested. National and state-specific research shows the direct and the potential long-term impacts of the pandemic on students. An April 2022 Public Policy Institute of California statewide survey found that more than four in ten parents say their child has fallen behind academically during the pandemic, and that a plurality of adults and public school parents say catching up academically will be the biggest challenge for public school students in the next year.

The 2021 Budget Act provided significant support for COVID-related learning loss, by means of in-person grants, special education learning recovery, and other grant programs that provided additional support as students recover from the pandemic. Building on last year’s budget, Senate Democrats are putting forward their “Putting Wealth to Work” Budget Plan, which is providing further opportunity to put California’s wealth to work to build a more equitable economy.

Key highlights in K-12 education from the Senate Democrats’ Budget Plan include:

- **Ongoing K-12 Discretionary Funding Increases.** Increases to the Local Control Funding Formula, which would total to \$5 billion in 2022-23, \$7.5 billion in 2023-24, and \$10 billion ongoing beginning in 2024-25.
- **COVID-Related Learning Recovery Block Grant.** \$10 billion Proposition 98 General Fund for a COVID-related Learning Recovery Block Grant, which will use a formula allocation and would be used by local educational agencies for broad and flexible uses to address unique challenges brought on by the COVID-19 pandemic. Allowable uses will include, but are not limited to, staffing costs (salaries, benefits, retirement costs), targeted interventions such as literacy coaches, and mental health and wellness services.
- **Student Enrichment Block Grant.** \$5 billion Proposition 98 General Fund for a block grant for arts, music, and other instructional materials. This block grant will also use a formula allocation, and would be used by local educational agencies for student enrichment, including for items related to arts, music, Science, Technology, Engineering, and Mathematics-related tools, instructional materials including books and other learning tools.

- **Facilities Funding.** \$4.5 billion for school facilities, on top of the Governor’s January proposal. This includes \$1 billion for TK facilities.

Staff Recommendation. Hold open. These issues will be considered as part of a comprehensive budget package after the May Revision.

Issue 6: California State Preschool Program Supports

Panel:

- Edgar Cabral, Legislative Analyst’s Office

Proposal:

The Senate Democrats “Putting Wealth to Work” Plan includes the following priority proposals related to supporting the State Preschool Program, including:

- Provides approximately \$315 million ongoing (General Fund and Proposition 98) at full implementation for the California Preschool Program share of increasing child care and early education reimbursement rates to the 90th percentile of the Regional Market Rate beginning January 1, 2023.
- Extends the age range of the rate adjustment factor for toddlers to include three year olds, beginning January 1, 2023. At full implementation, this change is estimated at \$446 million (General Fund and Proposition 98). Expanding the application of this adjustment would provide additional funding for serving three year olds, which would support the California State Preschool Program as many four years olds move into Transitional Kindergarten.
- Waives family fees for an additional two years and retains hold harmless policies to pay providers based on enrollment for an additional year.
- Expands preschool eligibility for three and four years olds for families at 100 percent of the state median income level, while continuing to serve those with the lowest incomes first (after current designations of high-risk children are served).
- Provides \$100 million in non-Proposition 98 planning funds over a three-year period to establish Local Preschool Councils for the Early Care and Education field Programs to plan for continued expansion of preschool education and care in coordination with Local Educational Agencies.

Background

California State Preschool Program. State Preschool provides both part-day and full-day services with developmentally-appropriate curriculum, and the programs are administered by local

educational agencies (LEAs), colleges, community-action agencies, and private nonprofits. State preschool can be offered at a child care center, a family child care network home, a school district, or a county office of education (COE). The State Preschool program serves eligible three- and four-year old children, with priority given to four-year olds whose family is either on aid, is income eligible (family income may not exceed 85 percent of the SMI), is homeless, or the child is a recipient of protective services or has been identified as being abused, neglected, or exploited, or at risk of being abused, neglected or exploited. Providers of State Preschool must comply with Title 5 of the California Code of Regulations including requirements, such as development assessments for children, rating scales, and staff development.

Preschool-aged children may also be served in other settings, such as other child care settings, federal Head Start programs, or Transitional Kindergarten if the child is age-eligible.

Funding. As CSPP programs are run by both LEAs and Non-LEAs, the fund sources for the programs have changed over time. However, since the 2019-20 Budget Act all non-LEA state preschool and wrap care are funded with non-Proposition 98 General Fund and LEA state preschool and wrap care are funded with Proposition 98 General Fund. State Preschool providers contract with and receive payments directly from CDE. Prior to 2022, CSPP programs received the same standard reimbursement rate (SRR) no matter where in the state the program is located. The rate is increased by a statutory adjustment factor for children with exceptional needs, severe disabilities, cases of neglect, and English learners.

The Budget Act of 2021, included a provision that required, commencing January 1, 2022, all early education providers would receive the higher of the SRR, adjusted by COLA, or the 75th percentile of the 2018 regional market rate survey. This change was an attempt to better align rates for early care and education across all providers and care types to allow for movement towards a single reimbursement rate system. In January 2022, the CDE released management bulletin 22-01, detailing these calculations and informing CSPP providers of the change. The 2021-22 budget package also provided \$130 million Proposition 98 General Fund to increase State Preschool slots for school districts and county offices of education.

CSPP Eligible Population and Children served:

Overall, in 2019, there were about 1 million three- and four-year old children eligible for CSPP. Of this, 620,520 of those children were eligible for CSPP based on being from families with incomes below 85 percent of the state median income. This was estimated using data from the 2019 Census' American Community Survey and the specific income thresholds for CSPP and this does not capture children who may be eligible to receive CSPP based on local factors, like whether their program participates in the flexibilities allowed for programs operating in the attendance boundary of an elementary school where 80% or more of students are eligible for free or reduced-price meals.

Overall, about 142,067 three- and four-year old income eligible children were served in October 2019 in CSPP (23 percent of all eligible). Percentage of eligible children served varies by age:

- 40,484 three-year old children served in CSPP out of 303,603 three-year-old children income eligible for CSPP (13 percent)

- 101,583 four-year old children served in CSPP out of 316,917 four-year-old children income eligible for CSPP (32 percent)