

December 13, 2011

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Dawn McFarland
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative (A.G. File 11-0062) that would require all California high school students to have unrestricted access to courses required for admission to the University of California (UC) and the California State University (CSU).

Background

Revenue Limits. The primary source of general purpose state funding for school districts, county offices of education, and charter schools—commonly referred to as local education agencies (LEAs)—is provided through K-12 revenue limits. Revenue limit funding is allocated to LEAs based upon student attendance.

Online Learning. Under current law, LEAs can use online courses and materials to provide instruction. In order to receive revenue limit funding, however, LEAs must follow statutory requirements specific to the type of educational program in which the student is enrolled. In a traditional classroom setting, LEAs must provide the online instruction under the immediate supervision of a certificated employee. Alternatively, a student enrolled in an independent study program can use online courses without immediate supervision and still generate revenue limit funding for the LEA. Independent study students work according to a written agreement under the general supervision of credentialed teachers. Revenue limit funding for independent study programs is earned through the student's completion of specific course requirements, not through attendance. In these cases, students are not required to be under the daily supervision of a teacher but must meet regularly with a credentialed teacher. Under current law, the ratio of students-to-certificated employees in an independent study program may not exceed the equivalent ratio for all other programs operated by the district.

UC and CSU Admission Requirements. High school students must meet certain minimum course requirements to be considered for admission to UC and CSU. Although the specific UC requirements differ slightly from the CSU requirements, both include seven major categories: history/social science, English, mathematics, lab science, language other than English, visual and

performing arts, and college preparatory electives. These minimum requirements are known as the “A-G” requirements.

Instructional Materials. The LEAs receive specific funding for the purchase of instructional materials. Under current law, LEAs can use instructional materials funding to purchase “technology-based materials” such as software, video disks, compact disks, videotapes, audiotapes, lesson plans, and databases. Electronic equipment such as computers, however, cannot be purchased with these funds.

Proposal

Requires Unrestricted Access to A-G Courses. The measure requires LEAs to provide students with unrestricted access to approved courses available to meet the A-G requirements, including college preparation and advance placement courses. The LEA can make the courses accessible to students through a classroom-based, blended learning, or online approach or can contract with another accredited provider if the courses are not directly offered by the LEA.

LEAs Can Receive Funding for All Students Enrolled in Certain Online or Blended Learning Courses That Meet A-G Requirements. The measure would make no changes to the requirements for receiving revenue limit funding for students served in the classroom under immediate supervision. The measure, however, also allows LEAs to receive revenue limit funding for students enrolled in online or blended learning courses even if the student is not under immediate teacher supervision or enrolled in an independent study program. To generate funding, the courses must be of “high quality.” To be considered high quality, a course must meet the following criteria:

- The course must be certified by the local governing board to meet A-G requirements.
- A teacher must be accessible to students to respond to queries, assign tasks, and dis-pense information.
- The course must be similar in quality and quantity to a classroom-based course.
- The teacher must hold the appropriate subject matter credential.
- The student and parent consent to participating in the course.

The school district is responsible for the academic integrity of the course and maintaining documentation of student performance.

Allows Revenue Limit Funding to Be Shared Among Multiple LEAs. The measure would also require the California Department of Education and the Department of Finance to implement procedures and processes that would enable the state to make revenue limit allocations proportional to the share of courses that a student takes in a particular institution. For example, if a high school student was enrolled in one school district but was taking half of his/her courses through an online program operated by a charter school, revenue limit funding generated by the student’s attendance could be divided among the two LEAs.

Creates a New California Diploma. The measure creates a “California Diploma,” which would be awarded to all high school students completing all courses required for admission to

UC and CSU. The Superintendent of Public Instruction and the State Board of Education are responsible for awarding the California Diploma to all qualifying high school students.

Defines Electronic Equipment as an Instructional Material. The measure also allows instructional material funding to be used for electronic equipment required to make use of software and other technology-based materials. As a result, LEAs could purchase electronic equipment—such as computers, tablet computers, and electronic book readers—using funds specifically set aside for instructional materials.

Fiscal Effects

Since the measure does not prescribe exactly how LEAs must accommodate students who would like to access A-G courses, the fiscal effect would depend on how students, local education agencies, and state agencies respond to the changes specified in the measure. Generally, by authorizing LEAs to receive funding for online and blended learning courses without immediate supervision or enrollment in an independent study program, the measure would likely result in more students using online courses to meet the A-G requirements.

Some Administrative Costs to Implement Measure. To the extent that LEAs expand the availability of online courses for students, the measure would result in one-time local costs for the development and implementation of online curriculum. In addition, LEAs could face ongoing administrative costs associated with identifying and contracting with online providers and ensuring interested students can access available online courses. The measure also would increase state-level administrative costs. Some one-time costs would be associated with the state developing new processes to allow apportionments to be split by course and some ongoing costs would be associated with identifying and providing a California Diploma to all qualifying high school students. Because the measure does not prescribe a specific method for achieving these particular local and state requirements, actual costs would depend on the method of implementation.

In Long-Run, Potential Local Savings From Increased Use of Online Courses. To the extent that online courses, once developed and implemented, reduce the amount of certificated staff time needed for instruction and curriculum development, districts could serve the same number of students with a smaller staff. If these pupil-teacher staffing ratios were to increase significantly and a large proportion of high school classes were converted to online, districts could realize savings from reduced personnel costs over time in the hundreds of millions of dollars annually. To the extent that increased use of online courses results in less demand for school facility space, the measure could also reduce long-term demand for school construction funding.

Summary of Fiscal Effects

This measure would have the following major fiscal effects:

- In the long term, local school district savings potentially in the hundreds of millions of dollars annually if schools experience efficiencies and widespread participation in the use of online courses.

- These savings would be offset in small part by administrative costs to implement the measure, including local costs for developing online curriculum, contracting with online providers, and ensuring students access to online courses as well as state costs for changing the existing school payment system and issuing California Diplomas to qualifying students.

Sincerely,

Mac Taylor
Legislative Analyst

Ana J. Matosantos
Director of Finance