

December 28, 2009

Hon. Edmund G. Brown Jr.
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Krystal Paris
Initiative Coordinator

Dear Attorney General Brown:

Pursuant to Elections Code Section 9005, we have reviewed a proposed constitutional and statutory initiative that would allow foster students to apply their public school funding towards private school tuition (A.G. File No. 09-0085).

Background

Foster Youth in California. There are approximately 73,000 foster youth in California at any given time, three-quarters of whom are school age. Between 33 percent and 50 percent of school-aged foster youth require special education services, compared to less than 12 percent of non-foster youth. Education decisions for foster youth are generally vested with the biological parent. In the case that a court limits the educational rights of the biological parent, the court may vest those rights in itself or an independent “education rights holder.”

Existing Funding for Foster Youth Education. The state provides various sources of funding for foster youth education. The largest source of funding comes from school districts’ per pupil general-purpose allocations (commonly known as revenue limit funding). School districts receive additional funding for expenses such as school meals, instructional materials, counseling, summer school, and after school programs, which also can support foster youth. In addition, the state separately funds Foster Youth Programs, which provides specific supplemental services, such as tutoring, exclusively to foster youth. Virtually all of these funding streams count toward Proposition 98—the state’s minimum funding requirement for K-14 education.

Proposal

Allows Foster Youth to Apply Public School Funding Monies Towards Private School Tuition. This proposal would provide scholarships to foster youth that could be redeemed at participating private schools. The value of the scholarship would be equal

to the lesser of the amount of per pupil Proposition 98 funding the state provides for charter school students or the cost of education at the private school. (Based on 2009-10 data, the value of the scholarship could range up to roughly \$6,000 to \$7,000, depending on the grade level of the participating foster youth.) To qualify as a scholarship-redeeming school, a private school would need to administer the state's standardized tests to foster youth receiving the scholarships.

Creates Administrative System. The proposal establishes specific rules for the notification, verification, and payment of the scholarships. Regarding notification, the measure requires the appropriate state or county agency, or both, to annually notify in separate mailings each biological parent, the adult who has educational responsibility for the child, and the foster parent of the scholarships. After a child has been accepted to a qualified private school, the private school is to provide the applicable county office of education with proof of enrollment, cost of education information, and its address. County offices of education are then to submit this information to the Controller, who would disburse the scholarships to the participating private schools.

Fiscal Effects

Negligible Impact on Education Costs at State Level. The proposal would have virtually no impact on total education costs at the state level because the scholarships are to be funded within Proposition 98 and participating foster youth would continue to count as students for the purposes of calculating overall Proposition 98 funding (but would no longer count as students for district purposes).

Some redirections of funding, however, are likely to occur within Proposition 98. These redirections likely would be relatively minor. For example, if some foster youth accepted the scholarships, then the state would generate some savings from programs that have their funding linked to student counts. In many cases, these per pupil savings likely would be somewhat more than needed to cover the cost of the scholarships. However, depending on the specific districts affected by the measure, the savings could be somewhat less than needed to cover scholarship costs. In particular, this could occur if a participating foster student would otherwise have attended a below-average revenue limit district.

Some Minor Savings on Education Costs at Local Level. For every foster student that moves to a private school, districts would lose roughly \$6,500 in Proposition 98 funding. The school district, however, would also be relieved of the costs associated with educating the student. Foster students are more likely to require special education services, and children requiring special education services cost, on average, almost two and a half times as much to educate as children not requiring such services. School districts, on average, likely would achieve some savings if foster students moved to private schools. Nonetheless, given the program is likely to impact relatively few students in

proportion to total enrollment, the overall reduction in local education costs is likely to be minor.

Minor Administrative Costs. At both the state and local levels, entities would be incurring minor administrative costs to operate the program but would vary somewhat depending upon program participation. The bulk of these costs would be attributable to the notification and verification processes required by the measure.

Summary of Fiscal Effects

This measure would have the following fiscal effects:

- No impact on total education funding at the state level.
- Minor reduction in education costs at local public schools.

Sincerely,

Mac Taylor
Legislative Analyst

Michael C. Genest
Director of Finance