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# SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair  
2015 - 2016 Regular

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**Bill No:** SB 1381  
**Author:** Mendoza  
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**Urgency:** No  
**Consultant:** Lenin Del Castillo  
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**Fiscal:** Yes

**Subject:** Teachers: grants

## SUMMARY

This bill requires the State Department of Education (SDE) to administer a grant program in which full-time, credentialed teachers would receive varying grants amounts based on their years of service.

## BACKGROUND

Existing law continues implementation of the local control funding formula (LCFF), which was enacted as part of the 2013-14 Budget Act. The LCFF was a significant reform to the state's system of financing K-12 public schools. It replaces the prior system of revenue limits and restricted funding for a multitude of categorical programs with a new funding formula that provides targeted base funding levels tied to four grade spans for the core educational needs of all students and supplemental funding for the additional educational needs of low-income students, English learners, and foster youth. The categorical programs that were consolidated include the Professional Development Block Grant which supported professional development activities such as teacher recruitment and retention incentives. Because the LCFF funds have limited spending restrictions, local education agencies have considerable flexibility to direct LCFF resources to best meet their students' needs. (Education Code § 42238.03)

## ANALYSIS

This bill:

- 1) Specifies various findings and declarations of the Legislature, including the following:
  - a) In the last decade, there has been a 70 percent drop in the number of people preparing to become California teachers. Last year, 22,000 new credentialed teachers were needed, but only 15,000 were acquired.
  - b) According to the California Teachers Association, nearly one in three teachers leave the profession within seven years, 13 percent of teachers leave the profession by the end of their second year, and, every year, 10 percent of teachers in high-poverty schools transfer to other schools.

- 2) Requires the State Department of Education (SDE) to administer a program providing grants to full-time, credentialed teachers in accordance with all of the following:
  - a) Commencing with the 2017-18 school year, and each school year thereafter, a full-time, credentialed teacher who has completed his or her first school year of teaching as of the end of that school year shall receive a grant of one thousand dollars (\$1,000) during the next school year.
  - b) Commencing with the 2018-19 school year, and each school year thereafter, a full-time, credentialed teacher who has completed two school years of full-time teaching as of the end of that school year shall receive a grant of one thousand dollars (\$1,000) during the next school year.
  - c) Commencing with the 2019-20 school year, and each school year thereafter, a full-time, credentialed teacher who has completed three school years of full-time teaching as of the end of that school year shall receive a grant of two thousand five hundred dollars (\$2,500) during the next school year.
  - d) Commencing with the 2020-21 school year, and each school year thereafter, a full-time, credentialed teacher who has completed four school years of full-time teaching as of the end of that school year shall receive a grant of two thousand five hundred (\$2,500) during the next school year.
  - e) Commencing with the 2021-22 school year, and each school year thereafter, a full-time, credentialed teacher who has completed five school years of full-time teaching as of the end of that school year shall receive a grant of five thousand dollars (\$5,000) during the next school year.
  - f) Commencing with the 2022-23 school year, and each school year thereafter, a full-time, credentialed teacher who has completed six or more school years of full-time teaching as of the end of that school year shall receive a grant of five thousand dollars (\$5,000) during the next school year.
- 3) Provides that a qualifying teacher may receive multiple grants in multiple years, but no teacher shall receive more than one grant in a school year.
- 4) Defines a credentialed teacher as a full-time teacher credentialed pursuant to Sections 80021 to 80025, inclusive, of Chapter 1 of Division 8 of Title 5 of the California Code of Regulations, if he or she serves as the teacher of record in a California public elementary or secondary school for a classroom for at least one school day during the taxable year in which the credit is claimed. Credentialed teacher shall not include a teacher who solely possess a 30-day substitute teaching permit, as specified, or a teacher whose sole public school employment as a teacher of record during the school year occurred at a charter school.
- 5) Defines full-time as a minimum of 35 hours worked per week.

**STAFF COMMENTS**

- 1) ***Need for the bill.*** According to the author's office, "the state's teacher shortage has become so severe that in Sacramento County, two school districts are offering bonuses for new instructors. In Merced County, three school districts are offering \$5,000 bonuses to new teachers. Similar bonuses are being offered by school districts in Kern County and Monterey County. However, most school districts do not have the resources to provide these types of bonuses to attract full-time, credentialed teachers to their respective schools."
- 2) ***Learning Policy Institute Report.*** The Learning Policy Institute (LPI) recently released a report, "Addressing California's Emerging Teacher Shortage: An Analysis of Sources and Solutions." In this report, the LPI included the following summary: "After many years of teacher layoffs in California, school districts around the state are hiring again. With the influx of new K-12 funding, districts are looking to lower student-teacher ratios and reinstate classes and programs that were reduced or eliminated during the Great Recession. However, mounting evidence indicates that teacher supply has not kept pace with the increased demand." The report included the following findings:
  - a) Enrollment in educator preparation programs has dropped by more than 70 percent over the last decade.
  - b) In 2014-15, provisional and short-term permits nearly tripled from the number issued two years earlier, growing from about 850 to more than 2,400.
  - c) The number of teachers hired on substandard permits and credentials nearly doubled in the last two years, to more than 7,700 comprising a third of all the new credentials issued in 2014-15.
  - d) Estimated teacher hires for the 2015-16 school year increased by 25 percent from the previous year while enrollment in the University of California and the California State University teacher education programs increased by only about 3.8 percent.
- 3) ***Learning Policy Institute recommendations.*** The LPI report offered several policy recommendations for consideration. These recommendations include the reinstatement of the California Center on Teaching Careers Cal Teach and the establishment of incentives to attract diverse, talented individuals to teach in high-need locations and fields. This can be accomplished through programs that provide funding for candidates who prepare and teach in such schools and subject areas, e.g. the Assumption Program of Loans for Education. The report also recommends the creation of more innovative pipelines into teaching, such as high school career pathways or teacher preparation models that encourage and support young people and others to go into teaching in their own communities.

- 4) **Legislative Analyst Office (LAO) assessment.** As part of its Proposition 98 Education Analysis for the 2016-17 Governor's Budget released in February 2016, the LAO includes a section on teacher workforce trends in which it examines evidence for teacher shortages in specific areas, identifies and assesses past policy responses to these shortages, and raises issues for the Legislature to consider going forward in terms of new policy responses. In the report, the LAO indicates that the statewide teacher market will help alleviate existing shortages over time and that the shortages may decrease without direct state action. However, the LAO notes there are perennial staffing difficulties in specific areas, such as special education, math, and science, for which they encourage the Legislature to address with narrowly tailored policies rather than with broad statewide policies. Specifically, they recommend the Legislature "consider outreach to re-engage former teachers or recruit out-of-state teachers. Both of these strategies are among the most cost-effective for increasing the supply of teachers within California in the short-term. If the state were to spend one-time funds on outreach, we encourage it to focus specifically on recruiting individuals who are trained to teach in perennial shortage areas. Outreach can attract viable teachers much faster and at a lower cost than many other shortage policies."

The Legislative Analyst Office's report also indicates that targeted, ongoing salary increases are the most effective type of financial incentive for attracting highly qualified teachers and keeping them in their jobs. "For example, research finds that providing ongoing salary increases targeted to shortage subjects in hard-to-staff schools have helped districts retain higher qualified teachers. Targeted, ongoing salary increases tend to be more effective than targeted, one-time salary increases, as bonuses provide no incentive to remain teaching in a shortage area after the bonus has been paid."

- 5) **Will it work?** While this bill provides ongoing grants as fiscal incentives to help attract and retain teachers in the profession, it does not target any particular type of school or shortage area. Rather, the grant program would be based on the number of school years of completion for a credentialed teacher with the amount of each grant increasing to up to \$5,000 per year (if the teacher has completed five or more years of service). The grants are technically not salary increases, but they can be viewed as ongoing stipends and as a result, could provide some financial incentive for prospective candidates and existing teachers. However, the Committee may wish to consider whether the grants should be targeted at perennial shortage areas such as special education, math, and science.
- 6) **Funding?** This bill requires the State Department of Education to administer the grant program but makes no clear provision as to the source of funds for this purpose. Is there an expectation that the Legislature and Governor would appropriate funding for this purpose in the budget? The cost to implement the program would be significant. Assuming there are 295,000 public school teachers statewide that meet the number of years of service necessary to receive the minimum grant of \$1,000 each, the bill's annual cost would be a minimum of two hundred ninety-five million dollars (\$295,000,000).

- 7) ***Additional intent language.*** The grants proposed by this bill would be paid to eligible teachers directly from the state, and not transferred to school districts. As a result, if a state General Fund appropriation is made for this purpose, it would likely be outside of the Proposition 98 minimum guarantee. As such, at the request of the author, **staff recommends** that the bill be amended to add additional intent language specifying that the grants described in the bill shall not be considered Proposition 98 General Fund revenues appropriated to school districts.
- 8) ***Technical amendments.*** The bill's definition of credentialed teacher references "the taxable year in which the credit is claimed." As this provision deals with a prior version of the bill, **staff recommends** a conforming amendment to delete it.

**SUPPORT**

None received.

**OPPOSITION**

None received.

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