
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No: AB 1744 **Hearing Date:** June 13, 2018
Author: McCarty
Version: April 26, 2018
Urgency: No **Fiscal:** Yes
Consultant: Brandon Darnell

Subject: After school programs: substance use prevention: funding: cannabis revenue.

Note: This bill has been referred to the Committees on Education and Health. A "do pass" motion should include referral to the Committee on Health.

SUMMARY

This bill encourages After School Education and Safety (ASES) programs, the 21st Century Community Learning Centers Program (21st CCLC), and the 21st Century High School After School Safety and Enrichment for Teens Program (ASSETs) to establish programs that are designed to educate about and prevent substance use disorders or to prevent harm from substance abuse, requires the State Department of Health Care Services (DHCS) to enter into interagency agreements with the California Department of Education to administer those programs and allocate their funding; and specifically authorizes DHCS to consider selecting those programs for funding from the Control, Regulate and Tax Adult Use of Marijuana Act.

BACKGROUND

Existing law:

- 1) Establishes the ASES program through the 2002 voter-approved initiative, Proposition 49. The ASES program funds the establishment of local before and after school education and enrichment programs, which are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive alternatives for students in kindergarten through ninth grade. (Education Code § 8482)
- 2) Establishes the 21st CCLC contained within the federal No Child Left Behind Act of 2001 to complement the ASES program, and specifies that the requirements of the ASES program apply to the 21st CCLC program with specified exceptions. (EC § 8484.7)
- 3) Establishes the 21st Century ASSETs Program to create incentives for establishing locally driven after school enrichment programs between schools and local community organizations serving pupils from grades nine through twelve. (EC § Section 8421)
- 4) Establishes effective January 1, 2018, a cannabis excise tax to be imposed upon purchasers of cannabis or cannabis products sold in this state at the rate of 15

percent of the average market price of any retail sale by a cannabis retailer.
(Revenue and Taxation Code § 34011)

- 5) Establishes the California Cannabis Tax Fund in the State Treasury consisting of all taxes, interest, penalties, and other amounts collected and paid to the board to carry out the purposes of the Control, Regulate and Tax Adult Use of Marijuana Act (AUWA) and all revenues deposited into the Tax Fund, together with interest or dividends earned by the fund, are to be expended only in accordance with the provisions of the Act. (RTC § 34018)
- 6) Specifies that the Controller is to disburse funds in the California Cannabis Tax Fund as follows:
 - a) Reasonable costs incurred by various state agencies for carrying out specified duties associated with the Act.
 - b) Ten million dollars (\$10,000,000) to a public university or universities annually beginning in 2018-19 to 2028-29 to research the effect of the Control, Regulate and Tax Adult Use of Marijuana Act.
 - c) Three million dollars (\$3,000,000) annually from 2018-19 through 2022-23 to the California Highway Patrol to adopt protocols to determine whether a driver is operating a vehicle while impaired by the use of cannabis or cannabis products.
 - d) Ten million dollars (\$10,000,000) annually in 2018-19, increasing to fifty million dollars (\$50,000,000) in 2022-23 and beyond to the Governor's Office of Business and Economic Development to administer a community reinvestments grants program.
 - e) Two million dollars (\$2,000,000) annually to the University of California San Diego Center for Medicinal Cannabis Research.
 - f) By July 15 of each year, beginning in 2018-19 the Controller will, after disbursing funds for the purposes identified in (a) through (e) above, disburse 60 percent of the remaining funds into the Youth Education, Prevention, Early Intervention and Treatment Account to California Department of Health Care Services (DHCS) for programs for youth designed to educate about and to prevent substance abuse disorders and to prevent harm from substance use. Requires the DHCS to enter into interagency agreements with the State Department of Public Health and the California Department of Education to implement and administer these programs. Specifies that these programs may include, but are not limited to, the following:
 - i. Prevention and early intervention services to recognize and reduce risks associated with substance use and the early signs of problematic use and of substance abuse disorders.

- ii. Grants to schools for student assistance programs designed to prevent and reduce substance abuse, and improve school retention and performance, by supporting students who are at risk of dropping out of school and promoting alternatives to suspension or expulsion.
 - iii. Grants to programs for outreach, education, and treatment for homeless youth and out-of-school youth with substance use disorders.
 - iv. Access and linkage to care provided by county behavioral health programs for youth who have, or are at risk of developing, a substance use disorder.
 - v. Youth-focused substance use disorder treatment programs, which utilize a two-generation approach with the capacity to treat youth and adults together.
 - vi. Programs to assist individuals, as well as families and friends, to reduce the stigma associated with substance use including seeking substance use disorder services. (RTC § 34019)
- g) Specifies that the funds identified in (f) above may also be utilized for workforce training and wage structures to increase the hiring pool of behavioral health staff with substance use disorder prevention and treatment expertise, and for construction of community-based youth treatment facilities.
- h) Specifies that the California Department of Health Care Services (DHCS) may contract with each county behavioral health program for the provision of services and that the funds identified in (f) above will be allocated to counties based on demonstrated need, including the number of youth in the county, and the prevalence of substance use disorders among adults.

ANALYSIS

This bill encourages After School Education and Safety (ASES) programs, the 21st Century Community Learning Centers Program (21st CCLC), and the 21st Century High School After School Safety and Enrichment for Teens Program (ASSETS) to establish programs that are designed to educate about and prevent substance use disorders or to prevent harm from substance abuse, requires the State DHCS to enter into interagency agreements with the California Department of Education to administer those programs and allocate their funding; and specifically authorizes DHCS to consider selecting those programs for funding from the Control, Regulate and Tax Adult Use of Marijuana Act. Specifically, this bill:

- 1) Expressly adds youth development activities that promote healthy choices and behaviors in order to prevent and reduce substance use and improve school retention and performance to list of activities authorized as part of the enrichment element of an ASSETS program.

- 2) Encourages schools to establish an ASSETS program that is designed to educate about and prevent substance use disorders or to prevent harm from substance abuse through a broad array of academic and enrichment activities, including activities to prevent and reduce substance use, and improve school retention and performance.
- 3) Requires the State Department of Health Care Services (DHCS) to enter into interagency agreements with California Department of Education (CDE) to implement and administer such 21st Century High School After School Safety and Enrichment for Teens (ASSETS) programs and to allocate to schools from the Youth Education, Prevention, Early Intervention and Treatment Account (YEPEITA) established pursuant to the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) in accordance with conditions and requirements as may be established by DHCS.
- 4) Encourages schools to establish an After School Education and Safety (ASES) program that is designed to educate about and prevent substance use disorders or to prevent harm from substance abuse through a broad array of academic and enrichment activities, including activities to prevent and reduce substance use, and improve school retention and performance.
- 5) Requires the DHCS to enter into interagency agreements with CDE to implement and administer such ASES programs and to allocate to schools from the YEPEITA established pursuant to the AUMA in accordance with conditions and requirements as may be established by DHCS.
- 6) Encourages schools to establish a 21st Century Community Learning Centers (21st CCLC) program that is designed to educate about and prevent substance use disorders or to prevent harm from substance abuse through a broad array of academic and enrichment activities, including activities to prevent and reduce substance use, and improve school retention and performance.
- 7) Requires the DHCS to enter into interagency agreements with CDE to implement and administer such 21st CCLC programs and to allocate to schools from the YEPEITA established pursuant to the AUMA in accordance with conditions and requirements as may be established by DHCS.
- 8) Authorizes the DHCS, in determining which programs to fund for youth that are designed to educate about and to prevent substance use disorders and to prevent harm from substance use, to consider selecting the ASES, ASSETS, and 21st CCLC programs identified above.
- 9) States Legislative finds and declarations relating to ASES, ASSETS, and 21st CCLC programs and the AUMA, including the following:
 - a) Because the ASES Program, the 21st CCLC program, and the 21st Century High School ASSETS program augment the regular schoolday and keep youth supervised during a time when they are at risk of substance abuse, these programs are uniquely positioned to provide alternatives to substance abuse and provide education and assistance to

pupils about substance abuse, how it can affect their academic performance, and how to avoid substance abuse.

- b) In approving Proposition 64 at the November 8, 2016, statewide general election, the voters of California identified substance abuse pupil assistance programs in schools as a high priority for the allocation of tax revenue from the sale and cultivation of cannabis and cannabis products.
- c) The After School Education and Safety (ASES) Program, the 21st Century Community Learning Centers (21st CCLC), and the ASSETS program represent ideal conduits for Proposition 64 tax revenues to realize the goals of preventing and reducing substance abuse among pupils and improving school retention and performance.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “In November of 2016, the voters passed Prop 64—the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) of 2016—which legalizes, regulates, and taxes the adult use of cannabis. The initiative is expected to generate up to \$1 billion annually in tax revenue, with 60% of revenues dedicated to youth education, prevention, and treatment. The Yes on Prop. 64 ballot argument stated that Proposition, “64 pays for itself and raises billions for afterschool programs that help kids stay in school.”

The Prop 64 campaign clearly articulated its intent for after-school programs to be a prime beneficiary of these new revenues and it is critical that laws and regulations honor this intent. Even though voters were sold and promised that after school programs would receive Prop 64 funds, there are no current assurances, which is why AB 1744 is needed.

Stagnant funding for after school programs threaten quality and access to successful programs that help prevent youth substance abuse and that voters were promised would be funded to ensure student access but the demand for these programs far exceeds funding and these programs are inadequately funded to ensure quality programs which are necessary to prevent substance abuse. Keeping kids supervised and providing youth with positive opportunities and mentoring relationships do and will reduce drug use and ensure better academic success in the classroom.”

- 2) ***Proposition 64 (AUMA).*** AUMA was passed by the voters in November 2016. As a result of the passage of Prop 64, adults, aged 21 years or older, are allowed to possess and use marijuana for recreational purposes. AUMA created two new taxes; a cultivation tax on marijuana plants and flowers and a 15 percent excise tax on the sale of all marijuana and marijuana products. AUMA also exempted from the California state sales tax, sales of medical marijuana or marijuana products. Revenues collected from the new state excise tax and the cultivation tax on growing marijuana will be deposited in a new state account, the California Marijuana Tax Fund (Fund). Certain fines on businesses or individuals who violate regulations created by AUMA would also be deposited into the Fund.

Monies in the Fund will first be used to pay back certain state agencies for any marijuana regulatory costs not covered by license fees. A portion of the monies will then be allocated as follows:

- a) Sixty percent to youth Education, Prevention, Early Intervention and Treatment Account for youth programs including substance use disorder education, prevention, and treatment.
 - b) Twenty percent to clean up and prevent environmental damage resulting from the illegal growing of marijuana.
 - c) Twenty percent for programs designed to reduce driving under the influence of alcohol, marijuana, and other drugs and a grant program designed to reduce any potential negative impacts on public health or safety resulting from the measure.
- 3) ***California's expanded learning programs.*** The After School Education and Safety (ASES) Program are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive alternatives for students in kindergarten through ninth grade. Funding is designed to: (1) maintain existing before and after school program funding; and (2) provide eligibility to all elementary and middle schools that submit quality applications throughout California. ASES programs must include an enrichment element must offer an array of additional services, programs, and activities that reinforce and complement the school's academic program. Educational enrichment may include but is not limited to, positive youth development strategies, recreation and prevention activities. Such activities might involve the visual and performing arts, music, physical activity, health/nutrition promotion, and general recreation; career awareness and work preparation activities; community service-learning; and other youth development activities based on student needs and interests. Enrichment activities may be designed to enhance the core curriculum.

The 21st Century Community Learning Center (21st CCLC) programs are state-administered, federally funded program that provides five-year grant is a funding to establish or expand 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. The purpose of the 21st CCLC programs, as described in federal statute, is to provide opportunities for communities to establish or expand activities that focus on improved academic achievement; enrichment services that reinforce and complement the academic program; and family literacy and related educational development services.

The 21st Century High School After School Safety and Enrichment for Teens program is a federal grant program that provides incentives for establishing before and after school enrichment programs that partner with schools and communities to provide academic support; safe, constructive alternatives for high school students; and assistance in meeting graduation requirements. Programs may operate after school, before school, weekends, summer, intersession, and

vacation. Each program must consist of three elements: academic assistance, educational enrichment, and family literacy services.

- 4) ***Unmet need for expanded learning opportunities in California.*** According to a 2016-17 report, “State of the State of Expanded Learning in California” by the California After School Network, California has the largest expanded learning infrastructure in the nation. These programs support after school, summer, inter-session and before school programs at over 4,500 sites serving nearly 860,000 children annually with a daily capacity of 485,000. However, as noted by the author, “Over 2,900 low income schools, including over 1,000 elementary and middle schools, do not benefit from a state ASES or federally funded 21st CCLC after school program. In addition, more than a quarter (29%) of the state’s over 1.3 million English Learners attend schools that do not benefit from an ASES or 21st CCLC after school program. The most recent cohorts of ASES and 21st CCLC (including ASSETs – high school programs) funding illustrate a significant unmet need for Expanded Learning in California. In the most recent cohorts of ASES and 21st CCLC funding applicants requested over \$143 million more funding than was available, leaving hundreds of thousands of students without the benefit of a quality expanded learning program.”
- 5) ***Related legislation.*** AB 2098 (McCarty and Thurmond, 2018) would, subject to an appropriation, establishes the After School Kids Code Grant Pilot Program, administered by the California Department of Education (CDE), to provide one-time grant funds to eligible After School Education and Safety (ASES) programs that focus on computer coding as part of their program curriculum. AB 2098 is scheduled to be heard by this committee on June 13, 2018.

AB 2622 (Dahle, 2018) would apply separate attendance requirements for funding for ASES programs that are located in an area that has a population density of less than 11 persons per square mile (very low-density areas) in certain instances authorize very low-density area ASES programs to close at 5 p.m. AB 2622 is pending in the Senate Appropriations Committee.

AB 2328 (Nazarian, 2018) enacts the Youth Substance Use Disorder Treatment and Recovery Program Act of 2018 with funding to be provided by the Youth Education, Prevention, Early Intervention and Treatment Account (YEPEITA). AB 2328 is pending in the Assembly Appropriations Committee on suspense file.

AB 2471 (Thurmond, 2018) would require the transfer of funds from the YEPEITA established through the passage of the Control, Regulate and Tax Adult Use of Marijuana Act to the CDE to establish a grant program which would allow schools to provide in-school support services to pupils. AB 2471 is pending in the Assembly Appropriations Committee on suspense file.

SUPPORT

State Superintendent of Public Instruction Tom Torlakson
arc After School & Experiential Education
After-School All-Stars, Los Angeles
American Academy of Pediatrics

A World Fit for Kids!
Boys & Girls Clubs of Greater Redlands-Riverside
California Academy of Child & Adolescent Psychiatry
California AfterSchool Network
California Alliance of Boys & Girls Clubs
California Federation of Teachers
California Police Chiefs Association, Inc.
California School Boards Association
California State Alliance of YMCAs
California State PTA
California Teaching Fellows Foundation
Central Valley Afterschool Foundation
City of Moreno Valley
Common Sense Kids Acton
Covina-Valley Unified School District
EduCare Foundation
Fight Crime: Invest in Kids
ICES Education, LLC
Jewish Community Center of San Francisco
LA's BEST After School Enrichment Program
Long Beach Collectives Association
Los Angeles County Office of Education
Los Angeles Unified School District
Mendocino County Office of Education
Mission: Readiness
Mountain View School District
Oakland Unified School District
Partnership for Children & Youth
Partnership for Los Angeles Schools
San Francisco Unified School District
The Children's Initiative
Think Together
Youth Policy Institute
WeDrop

OPPOSITION

None received

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