



Governor Signs Significant Education Reform Bills to Make California More Competitive for Race to the Top Funding

On January 7, 2010, Governor Schwarzenegger signed Senate Bills X5 1 and X5 4 in an effort to make California more competitive for Race to the Top federal funding. In passing this legislation, California has not only better positioned itself to receive approximately \$350-700 million of this one-time federal money, but also secured reforms to its public educational system that notably are not dependent upon California's receipt of any RTTT funding.

The genesis of these two bills date back to February 2009 and the passage of the American Recovery and Reinvestment Act of 2009. The ARRA provides billions of dollars to states for education in the form of both formula and competitive grants, including approximately \$4.35 billion in one-time funding, which will be available nationwide in the form of state incentive grants commonly referred to as RTTT grants.

RTTT grants are designed to reward states for improving their educational systems, including, but not limited to, implementing ambitious plans in the four core educational reform areas identified by the federal government. These four reform areas are: (1) adopting standards and assessments that prepare students to succeed in college, in the workplace and to compete in the global economy; (2) building data systems that measure student growth and success and inform teachers and principals about how they can improve instruction; (3) recruiting, developing, rewarding and retaining effective teachers and principals; and (4) turning around the lowest-performing schools.

The California legislation is of particular importance to local education agencies that have submitted Memorandums of Understanding to participate in RTTT as the prospect of millions of dollars in one-time funding could be used to implement reforms in the four identified core education areas. However, it is also important to realize that the legislation is relevant to all California LEA's since as most provisions of SB X5 1 and SB X5 4 will remain in effect and apply to **all** public school districts regardless of whether California is successful in its RTTT funding bid.

Specifically, the legislation provides parents with a number of new rights, including the right to petition and demand changes at low-performing schools. To begin with, if half of the parents or legal guardians of students that attend a low-performing school sign a petition demanding that the LEA implement one of four intervention options, the LEA will be required to implement the parents' selected option unless, in a regularly scheduled public hearing, it makes a written finding stating the reason it cannot implement the selected option and further designates which option it will implement. The four intervention options that parents may select include: (1) the turnaround model – which involves the replacement of the principal and up to 50% of the staff; (2) the restart model – which involves a school's temporary closure and reopening as a charter school; (3) the school closure model – which involves a school's permanent closure and the enrollment of students in other schools in the LEA that are higher achieving; and (4) the transformation model – which involves the replacement of the school's principal, the use of rigorous, transparent and equitable evaluation systems for teachers and principals that include the use of student

achievement data, the rewarding of teachers and staff who have increased student achievement and the removal of teachers and staff who have not done so.

Further, parents will have the right, under this legislation, to transfer their children out of low-performing schools and districts. Parents of a child enrolled in one of California's 1,000 lowest-performing schools will specifically have the right to transfer their child to a school district other than their school district of residence. School districts have, therefore, been authorized to adopt written standards for the acceptance and rejection of transfer applications, which may include consideration of the capacity of a program, class, grade level, school building or adverse financial impact, but shall not include consideration of a student's previous academic achievement, physical condition, proficiency in the English language, family income or other specific individual characteristics. The legislation also sets forth, among other things, a specified priority scheme for transfer applicants, prohibits the acceptance of a transfer if it would displace a resident student, requires school districts to accept or reject a transfer application within 60 days of receiving it, and confers residency of a transferring student pursuant to Education Code section 48204.

Additional provisions of this legislation include: but are not limited to: (1) the implementation of one of the four above-referenced intervention options at schools identified by the State as low-achieving and persistently lowest-achieving; (2) authorization to use student achievement data in the evaluation of teachers; and (3) the reauthorization of the statewide pupil assessment program, including a plan for transitioning to a system of high-quality assessments.

With the passage of SB X5 1 and SB X5 4, the California Legislature has confirmed its intent to implement substantial educational reforms, while also positioning the State to better compete for RTTT funding. Both the application process and the awarding of RTTT grants will take place in two separate phases. The application deadline for phase one is January 19, 2010, with awards expected to be made by April 2010. The application deadline for phase two is June 1, 2010, with awards expected to be made in September 2010.

Once California applies for funding, the United States Department of Education will evaluate the State's application by examining how California plans to address the four major educational reform areas identified above. The application will be reviewed using a point system, with 500 possible points (divided into a variety of subcategories). The states receiving the highest number of points during each phase will be awarded the grants.

It is important to note that the success of California's RTTT application is still contingent on the USDOE approving California's State Fiscal Stabilization Fund phase two application. California has already been awarded SFSF phase one funds and just recently submitted its phase two application on January 11, 2010. If California is awarded SFSF phase two funds and is then subsequently successful in its RTTT application, LEAs who have submitted an MOU agreeing to implement the State's plan and participate in RTTT will receive a portion of the overall award, which is expected to be approximately \$350-700 million of one-time funding dispersed over a four-year period.

The USDOE has yet to create a schedule for distributing funds to successful applicants, but the creation of a schedule is expected in the coming months with disbursement based on participating LEAs and the State meeting its benchmark targets. At least 50% of any total award must be distributed to participating LEAs that receive Title I funds, while the State will have the discretion to distribute the remaining 50% of any total award as it sees fit. Actual dollar allotments to each participating LEA will not be known until California receives notification in April whether its application was successful.

Participating LEAs should stay tuned for additional information regarding total allotments, disbursement schedules, benchmark implementation and reporting requirements and exit options following notification of the application's success this April.

Should you have any questions regarding this new legislation and its impact, please contact one of our five offices.

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