



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 1 2004

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Various Budget Bill Items for Support and Local Assistance, Department of Education (SDE)**

**Federal Funds Adjustments**

**6110-001-0890, Department of Education—State Operations (Issues 002, 150 178, 201, and 352)**

- **Issue 002: Provisional Language to Reflect Authorized Retirement Rates**—It is requested that provisional language in federal Item 6110-001-0890 be amended to conform with authorized retirement rates. These technical changes reflect approved Public Employment Retirement System (PERS) increases and would not result in expenditure or service changes.

It is requested that Provisions 3, 6, 7, 8, 10, 15, 16, 17, and 19 of this item be amended as follows to conform to these actions:

- “3. Of the funds appropriated in this item, ~~\$384,000~~ \$401,000 is available for programs for homeless youth and adults pursuant to the federal McKinney-Vento Homeless Assistance Act. The department shall consult with the State Departments of Economic Opportunity, Mental Health, Housing and Community Development, and Economic Development in operating this program.”
- “6. Of the amount appropriated in this item, ~~\$1,200,000~~ \$1,265,000 shall be used for the administration of the federal charter schools program. These activities include monitoring of grant recipients, and increased review and technical assistance support for federal charter school grant applicants and recipients. For the 2004-05 fiscal year, one Education Program Consultant position shall support fiscal issues pertaining to charter schools, including implementation of the funding model pursuant to Chapter 34 of the Statutes of 1998.”
- “7. Of the funds appropriated in this item, ~~\$11,268,000~~ \$11,368,000 is from the Child Care and Development Block Grant Fund and is available for support of Child Care Services. Of this amount, \$2,000,000 is one-time federal funds for administrative start-up costs associated with a child care anti-fraud proposal to be developed in collaboration between the Administration and Superintendent and implemented

through enabling legislation for the 2004-05 fiscal year. These funds shall be available to the involved state entities, as determined in conjunction with the Department of Finance."

- "8. Of the funds appropriated in this item, ~~\$2,101,000~~ \$2,159,000 shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount: (a) \$580,000 is available only for contracted technical support and evaluation services."
- "10. Of the amount provided in this item, ~~\$843,000~~ \$881,000 is provided for staff for the Special Education Focused Monitoring Pilot Program to be established by the State Department of Education for the purpose of monitoring local educational agency compliance with state and federal laws and regulations governing special education."
- "15. Of the funds appropriated in this item, ~~\$752,000~~ \$798,000 shall be available for costs associated with the administration of the High Priority Schools Grant Program pursuant to Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28 of the Education Code and the Immediate Intervention/Underperforming Schools Program pursuant to Article 3 (commencing with Section 52053) of Chapter 6.1 of Part 28 of the Education Code."
- "16. Of the funds appropriated in this item, ~~\$413,000~~ \$419,000 shall be available pursuant to Chapter 1020, Statutes of 2002 for the development and implementation of corrective action plans and sanctions pursuant to federal law."
- "17. Of the funds appropriated in this item, ~~\$1,373,000~~ \$1,414,000 is for administration of the Reading First Program. Of this amount, \$873,000 is to redirect 6.0 staff to assist in program administration, and \$500,000 is for the department to contract for annual evaluations of program effectiveness."
- "19. Of the appropriated funds in this item, ~~\$637,000~~ \$668,000 is for the department to continue developing a comprehensive strategy to address data reporting requirements associated with the No Child Left Behind Act (P.L. 107-110), and to establish 5.0 positions to assist with this task."
- **Issue 150: Staff for Adequate Yearly Progress and Program Improvement**—It is requested that this item be increased by \$93,000 and that one Education Research and Evaluation Consultant position be approved to process and monitor statewide assessment data for determining Adequate Yearly Progress and identifying Program Improvement schools.
  - **Issue 201: Evaluation of Family Empowerment Centers on Disabilities**—It is requested that \$180,000 be provided for the State Department of Education to contract with an outside entity for the evaluation of 12 Family Empowerment Centers on Disabilities.

It is requested that Provision (X) be added to this item to conform to this action:

(X) Of the funds appropriated in this item, \$180,000 is available for the contract with an outside entity to evaluate 12 Family Empowerment Centers on Disabilities pursuant to Chapter 690, Statutes of 2001.

- **Issue 178: Federal Mathematics and Science Partnership Grant Program**—It is requested that Schedule (2) of this item be increased by \$10,000 to provide additional state operations support for the federal Mathematics and Science Partnership Grant Program. This amount will allow additional participants to attend a collaboration meeting. The need for additional capacity at the collaboration meeting is the result of an anticipated grant increase of approximately \$6.2 million that will result in new program participants. (See Item 6110-193-0890, Issue 188 for local assistance).
- **Issue 352: 21<sup>st</sup> Century Community Learning Centers**—It is requested that this item be increased by \$283,000 and 4.0 positions to provide support for the 21<sup>st</sup> Century Community Learning Centers Grant Program. California's allocation from this grant is expected to increase approximately 80 percent for 2004-05, which will fund substantial growth in the number of After School programs statewide.

**6110-102-0890, Local Assistance, Federal Learn and Serve America Program (Issue 182)**

It is requested that this item be reduced by \$277,000. This adjustment includes a reduction of \$560,000 in order to align appropriation authority with the anticipated federal grant award amount and an increase of \$283,000 to provide carryover authority for unspent prior year funds. These funds will provide one-time grant augmentations for projects such as lesson plan development and youth-led mini-grants, which provide opportunities for students to organize service programs for pupil and staff participation at their school and other partnering schools.

**6110-113-0890, Local Assistance, Federal Title VI Flexibility and Accountability (Issues 152, 153, 155, 156, and 179)**

- **Issue 152: California English Language Development Test Contract**—It is requested that Schedule (5) of this item be increased by \$563,000 for the purpose of making a technical adjustment to align program funding with current contract requirements. This request would restore the funding level to fully fund the contract for this program.
- **Issue 153: California English Language Development Test Apportionment**—It is requested that Schedule (5) of this item be increased by \$2,493,000 for apportionment funding to accommodate the additional 498,600 pupils projected to take the California English Language Development Test in 2004-05.
- **Issue 155: Standardized Testing and Reporting (STAR) Item Development**—It is requested that this item be increased by \$535,000 by adding Schedule (2.5) to ensure there are sufficient test items for the STAR exam. The SDE will begin an annual release of 25 percent of the test items used in the most recent California English-language arts, mathematics and science California Standards Tests to the public. Since these items will no longer be used on future STAR tests, the continuous development of new items is necessary.
- **Issue 156: STAR Restoration Funds**—It is requested that Schedule (2) of this item be increased by \$450,000 to restore funding for STAR pre-test workshops and the STAR Technical Assistance Center that was reduced as part of the General Fund unallocated reduction to the various testing programs in 2003-04. This funding will provide technical assistance to school districts in administering the STAR exam and ensure that the required demographic fields on the exams are filled out properly.

- **Issue 179: Local Assistance for the California School Information Services (CSIS)**—It is requested that this item be increased by \$2,246,000 by adding Schedule (11) for \$1,947,000 and Schedule (12) for \$299,000. This funding will provide \$1,947,000 for the first of two years of funding for local implementation costs of a new CSIS cohort and \$299,000 for CSIS central operations for hardware and software to accommodate the new cohort.

It is also requested that schedules 2.5, 11, and 12 be added to this item and that Schedule 2 be amended as follows:

“6110-113-0890—For local assistance, Department of Education-Title VI Flexibility and Accountability, payable from the Federal Trust Fund.....~~32,028,000~~ 38,315,000  
Schedule:  
(2) 20.70.030.006-STAR Program.....~~8,099,000~~ 8,549,000  
(2.5) 20.70.030.016-Test Development: STAR Exam.....535,000  
(5) 20.70.030.018-Incentive Funding—CELDT.....~~7,100,000~~ 10,156,00  
(11) 20.90.001.010-CSIS Local Grants.....1,947,000  
(12) 20.90.001.020-CSIS Administration.....299,000”

It is further requested that conforming provisional language be added as follows:

X. The funds appropriated in Schedule (2.5) of this item shall be available for test item development for the STAR program during the 2004-05 fiscal year. The test items developed with these funds shall make progress in aligning this exam with the State Board of Education-approved academic content standards and in ensuring that this exam is valid and reliable as measured to industry standards.

X. Of the funds appropriated in Schedule (5) of this item, \$563,000 shall be available for approved contract costs for administration of an English language development test meeting the requirements of Chapter 7 (commencing with Section 60810) of Part 33 of the Education Code.

X. The funds appropriated in Schedule (11) of this item are available for the first-year implementation costs of a new CSIS cohort.

X. The funds appropriated in Schedule (12) of this item are available for CSIS central operations costs for new hardware and software to support the new cohort.

#### **6110-125-0890, Language Acquisition and Migrant Education (Issues 006 and 009)**

It is requested that Schedule (1) of this item be increased by \$9,601,000 to reflect one-time carryover funds that is available for grants to the 22 Migrant Education regions. The proposed adjustment includes a one-time increase of \$10,200,000 from carryover, and a decrease in the federal grant of \$599,000. The carryover funds are available due to a one-time technical State and federal budget alignment and the liquidation of prior year encumbrances. The SDE would distribute \$6.2 million according to the current state funding formula that designates 75 percent for all eligible students, and targets 25 percent to students most at-risk of failing to meet academic achievement standards. The SDE would allocate the remaining \$4.0 million as grants to the 22 Migrant Education regions to promote parental involvement and leadership, a key focus under federal Migrant Education program guidelines.

The \$4.0 million for grants includes \$2.0 million previously proposed by the Administration in a letter to the Joint Legislative Budget Committee dated February 23, 2004, for use in 2003-04 for

the same purpose. However, SDE subsequently reported that local agencies could not reasonably spend the requested funds effectively by the end of the current fiscal year. Accordingly, we are hereby rescinding our previously proposed use of the \$2.0 million in 2003-04. The Administration's revised proposal would give local agencies the ability to determine which local agencies would provide parental involvement services, and allow more time to plan and spend the entire \$4.0 million most effectively in 2004-05.

It is requested that Schedule (3) of this item be increased by \$22,916,000 to reflect federal grant increases (\$22,638,000) and one-time carryover (\$278,000) for educating limited English proficient and immigrant students. SDE will allocate these funds on a formula basis.

It is requested that Schedules (1) and (3) of this item be amended as follows to conform to these actions:

"(1) 10.30.010-Title I, Migrant Education . . . ~~126,077,000~~ 135,678,000"

"(3) 20.10.004-Title III, Language Acquisition . . . ~~132,793,000~~ 155,709,000"

It is further requested that the following provisional language be added to Item 6110-125-0890:

X. Of the funds appropriated in Schedule (1), \$10,200,000 in carryover funding for Migrant Education is provided on a one-time basis and shall be used for grants to the 22 Migrant Education regions. SDE shall allocate \$6,200,000 under the current state funding formula to promote academic achievement, and \$4,000,000 equitably to all 22 regions to promote parent involvement and leadership activities. Local education agencies shall decide which local entities can most effectively perform parental involvement services.

X. Of the funds appropriated in Schedule (3), \$278,000 in carryover funding for Title III, Language Acquisition, is provided on a one-time basis.

**6110-136-0890, Augment Even Start, McKinney-Vento Homeless Children Education, Title I Basic, and Title I School Support (Issues 001, 004, 005, and 010)**

It is requested that Schedule (1) be increased by a total of \$132,733,000 as follows:

- \$10,730,000 to reflect \$10,700,000 of carryover (one-time) and \$30,000 from a federal grant increase to Even Start. SDE will use the funds to expand existing literacy service projects.
- \$52,082,000 to reflect \$8,980,000 of carryover (one-time) and \$43,102,000 from a federal grant increase to Title I Basic.
- \$69,921,000 to reflect \$31,381,000 of carryover (one-time) and \$38,540,000 from a federal grant increase to Title I School Support.

It is requested that Schedule (2) of this item be increased by \$1,996,000, to reflect \$1,229,000 in one-time carryover funds and \$767,000 from a federal grant increase to McKinney-Vento Homeless Children Education. The SDE will use the funds on a competitive basis to provide grants for homeless child education. The program allows students who become homeless to continue attending the same school by providing a district liaison or transportation when necessary.

Title I consists of various programs which provide funds to Local Education Agencies (LEAs) for the academic improvement of disadvantaged students. According to the SDE, these carryover funds are available because local education agencies did not fully spend their original

allocations. The federal government allows up to 15 percent of the grant to be carried into the next fiscal year. The SDE is requesting 3 percent to be carried over. The funds primarily go out as formula apportionments.

It is requested that Schedules (1) and (2) of this item be amended as follows to conform to these actions:

"(1) 10.30.060-Title I-ESEA . . . ~~1,695,361,000~~ 1,828,094,000  
 (2) 10.30.065-McKinney-Vento Homeless Children Education . . . ~~7,330,000~~ 9,326,000"

It is further requested that the following provisional language be added to the item:

X. Of the funds appropriated in Schedule (1), \$10,700,000 for Even Start, \$31,381,000 for Title I School Support, and \$8,980,000 for Title I Basic, are carryover funds provided on a one-time basis.

X. Of the funds appropriated in Schedule (2), \$1,229,000 in carryover funding for McKinney-Vento Homeless Children Education is provided on a one-time basis.

**6110-156-0890, Local Assistance for One-time Carryover for the Federal Adult Education Program (Issue 184)**

It is requested that Schedule (1) of this item be increased by \$5,521,000. This adjustment includes an increase of \$1,355,000 in order to align appropriation authority with the anticipated federal grant award amount. Consistent with current policy, these funds will be used to provide funding to local programs that provide adult education courses. Further, this adjustment includes an increase of \$4,166,000 to provide carryover authority of unspent prior year funds to provide one-time augmentations for professional development in areas such as federal data collection requirements and on how to develop collaborations with local One-stop agencies.

**6110-161-0890, Local Assistance, Special Education (Issues 200, 203)**

It is requested that this item be increased by a total of \$2,906,000, including \$363,000 to reflect an increase in the Capacity Building Schedule as the result of a technical error and \$2,543,000 for additional local assistance carryover authority for 2002-03 federal IDEA funds.

It is requested that Schedules (1) and (4) of this item be amended to conform to this action:

"(1) 10.60.050.012-Local Agency Entitlements, IDEA Special Education..~~\$871,676,000~~  
\$874,219,000  
 (4) 10.60.050.021-IDEA, Capacity Building, Special Education....~~\$72,857,000~~ \$73,220,000"

**6110-166-0890, Local Assistance, One-time Carryover for Federal Vocational Education Program (Issue 186)**

It is requested that this item be increased by \$1,597,000. This adjustment includes a reduction of \$4.7 million in order to align appropriation authority with the anticipated federal grant award amount and an increase of \$6,297,000 to provide carryover authority of unspent prior year funds to provide one-time augmentations to existing program participants for Leadership and Tech-Prep priorities, including standards-aligned curriculum development and staff development activities.

**6110-180-0890, Local Assistance, Education Technology (Issue 652)**

It is requested that this item be increased by \$3,338,000 to reflect an increase in federal funding for the Enhancing Education Through Technology Grant Program.

It is requested that Provisions 1 and 2 of this item be amended as follows:

- "1. Of the funds appropriated in this item, ~~\$42,704,000~~ \$45,571,000 is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program.
2. Of the funds appropriated in this item, ~~\$42,703,000~~ \$45,570,000 is available for competitive grants pursuant to Chapter 8.9 (commencing with Section 52295.10) of Part 28 of Division 3 of the Education Code and the requirements of the federal Enhancing Education Through Technology Grant Program—including the eligibility criteria established in federal law to target local education agencies with high numbers or percentages of children from families with incomes below the poverty line and one or more schools either qualifying for federal School Improvement or demonstrating substantial technology needs. Under no circumstances shall the legislation designate specific local education agencies as subgrant recipients."

**6110-183-0890, Local Assistance, Drug Free Schools and Communities Program (Issue 708)**

It is requested that this item be decreased by \$177,000. Specifically, the proposed budget adjustment is the result of: (1) a base \$4,616,000 increase in the federal grant for Drug Free Schools, (2) a one-time carryover of \$1,526,000 from unused funds, and (3) the federal elimination of \$6,319,000 for community service grants. SDE will use the funds to provide grants to local education agencies for providing drug and violence prevention and intervention services.

It is also requested that Provision 2 of this item be deleted and provisional language be added as follows:

3. Of the funds appropriated in this item, \$1,526,000 is available for one-time grants for drug and violence prevention and intervention services.

**6110-193-0890, Local Assistance, Federal Mathematics and Science Partnership (Issue 188)**

It is requested that this item be increased by \$6,238,000 in order to align the appropriation authority with the anticipated federal grant award amount. Consistent with current policy, these funds will be used to provide additional competitive grant awards to institutes of higher education and low-performing schools to partner to provide staff development and curriculum support for mathematics and science teachers.

**6110-195-0890, Local Assistance, Federal Improving Teacher Quality Grant (Issue 189)**

It is requested that Schedule (1) of this item be reduced by \$11,291,000 in order to align appropriation authority with the anticipated federal grant award amount. This adjustment includes a technical correction of approximately \$8.6 million in federal Title II-Improving Teacher

Quality funding that is provided by the US Department of Education directly to the California Postsecondary Education Commission, but was inadvertently reflected in SDE's appropriation.

**6110-197-0890, Local Assistance, 21<sup>st</sup> Century Community Learning Centers (Issue 354)**

It is requested that this item be increased by \$61.8 million to reflect a \$60,410,000 increase in the federal 21st Century Community Learning Centers grant and \$1,390,000 in one-time federal reallocated and carryover funds. It is requested that these funds be allocated as follows: \$2,118,000 for technical assistance grants; \$5,195,000 for access grants; \$1,510,000 for family literacy grants; \$3,685,000 for high school grants; and \$49,292,000 for elementary, middle, and junior high school grants. This allocation complies with the existing plan shares intended for recipients of these funds.

Additionally, it is requested that the Superintendent of Public Instruction be granted the authority to waive grant caps for after school programs that are already earning the maximum grant amount, but that can create additional slots for 11 and 12 year olds redirected from subsidized child care programs. It is therefore requested that the following provisional language be added to this item:

4. (a) Of the amount appropriated in this item, \$60,410,000 is new ongoing federal 21<sup>st</sup> Century Community Learning Centers funds, \$782,000 is one-time reallocated federal funds, and \$608,000 is one-time federal carryover funds.
- (b) Notwithstanding any other provision of law, priority for core grants shall be given to new programs in areas that have been identified by the State Department of Education as having high concentrations of 11 and 12 year olds in subsidized child care programs.
- (c) Notwithstanding any other provision of law, the Superintendent of Public Instruction may, upon request of a program that is earning the full grant amount, waive the funding caps for core grants for elementary, middle, and junior high schools to enable those programs to create additional slots for 11 and 12 year old students redirected from state and federally funded subsidized child care programs as a result of child care reforms enacted in the 2004 Legislative Session.

**Other Adjustments**

**6110-001-0687, State Operations, Donated Food Revolving Fund (Issue 704)**

It is requested that this item be increased by \$400,000 to purchase additional equipment to handle the higher volumes and to replace aging equipment. Voluntary fees paid by local agencies (per unit of food) reimburse SDE for the costs of receiving, storing, handling, and distributing food items donated by the federal government to the local agencies. Higher volumes of food distribution and the collection of previously delinquent fees are available to support the proposed expenditures without increasing fees.

**6110-113-0001, Local Assistance, California High School Proficiency Exam Spending Authority (Issue 154)**

It is requested that this item be amended by increasing reimbursement authority by \$143,000 for an additional 1,676 pupils to take the California High School Proficiency Exam.



**6110-196-0001, Local Assistance, Alternative Payment Providers Administrative Cost Allowance (Issue 350)**

It is requested that Provision 11 of this item be amended as follows to clarify that the administrative and support services cost allowance percentage for alternative payment programs is 23.46 percent of the direct cost of care payments to child care providers:

- "11. Administrative and support services allowances for the Alternative Payment, Stage 2, and Stage 3 Setaside child care programs funded through Schedules (1.5)(d), (1.5)(e) and (1.5)(f) of this item, shall be limited to no more than 25 23.46 percent of the direct cost-of-care payments to child care providers. ~~The \$12,000,000 reduction for administrative and support services allowances contained in Provision 14 of Item 6110-196-0001 of the Budget Act of 2003 (Chapter 157, Statutes 2003) shall still apply.~~"

**6110-196-0001 and 6110-649-0001, Local Assistance, After School Programs (Issue 351)**

It is requested that Schedule (2) of this item (Child Development After School Programs) be deleted and Item 6110-196-0001 reduced by \$121,553,000. Proposition 49 continuously appropriates the After School Education and Safety Program beginning in the 2004-05 fiscal year. As such, funds should instead be appropriated pursuant to Education Code Section 84835 using non-Budget Act Item 6110-649-0001, in the amount of \$121,553,000.

**6110-203-0001, Local Assistance, Reimbursement Authority Child Nutrition For Nutritional Grants To School Districts and Child Care Agencies (Issue 706)**

It is requested that reimbursement authority for this item be increased by \$150,000. SDE has submitted an application to the Attorney General's Office to obtain funding from the Salton Company Fund. These funds are the result of a settlement with a grill manufacturer for price fixing. These funds will be used to provide nutritional grants to school districts and childcare agencies, and will be contingent on the receipt of an award.

It is also requested that provisional language be added to this item to conform with this action:

3. Of the funds appropriated in Schedule (1), \$150,000 shall be made available to improve the health and nutrition of children through nutritional grants to school districts and childcare agencies. Funding for these grants shall be contingent on an award from the Salton Company Fund for this purpose. Funding for these grants shall not exceed the amount of the award.

**6110-485 and 6110-605-0001, Local Assistance, 2000-01 Certificated Staff Performance Awards (Issue 190)**

It is requested that \$32,672,000 be reappropriated from the Proposition 98 Reversion Account for payments to teachers in schools who qualify for Certificated Performance Awards by virtue of the courts' findings in the Boyd and Acevedo cases. It is therefore requested that Schedule (6) be added as follows:

- (6) \$32,672,000 to the State Department of Education for the purpose of funding the 2000-01 Certificated Staff Incentive Awards.

**6110-495, Proposition 98 Reversion Language, Department of Education (Issue 007)**

It is requested that language in Schedule (2) of this item be amended to allow the unexpended balance, rather than the specific amount (\$569,000), to be reverted. The State Controller's Office indicates that it is unable to revert amounts that differ from the estimated year ending balances projected in the budget. This technical change would allow the Controller to revert whatever amount is remaining at the end of the fiscal year from designated funds, as intended. Every other schedule in the item already has the requested language.

It is requested that Item 6110-495- be amended as follows to conform to these actions:

"(2) \$569,000, or whatever greater or lesser amount reflects unexpended funds, from Schedule (3) of Item 6110-104-0001, Budget Act of 2002 (Ch. 379, Stats. 2002)"

**Amendment to Budget Bill Control Section 12.40, Technically Revise Reporting Date (Issue 008)**

Section 12.40 requires local educational agencies to submit data to SDE by October 8, 2005, on how funds are being shifted between programs at the local level, as allowed. The SDE proposes changing the reporting date to October 15, 2005, which conforms to the date that the enabling year-end fiscal data is due from local education agencies.

It is requested that subdivision (c) of Control Section 12.40 be amended as follows to conform to this action:

"(c) As a condition of receiving the funds provided for the programs identified in subdivision (b), local education agencies shall report to the State Department of Education by ~~October 8, 2005~~ October 15, 2005, on any amounts shifted between these programs pursuant to the flexibility provided in subdivision (a). The Department of Education shall collect and provide this information to the Joint Legislative Budget Committee, chairs and vice chairs of the fiscal committees for education of the Legislature and the Department of Finance, by February 1, 2006."

**Amendment to Budget Bill Control Section 24.60, Lottery Expenditure Reports (Issue 321)**

Beginning in 2003-04, all school districts, county offices of education and joint powers agencies are reporting in the SACS format. Therefore, SDE is able to report statewide lottery expenditures, except for charter schools, without sampling expenditures from a few local educational agencies. It is therefore requested that Control Section 24.60 be amended as follows:

"SEC. 24.60. (a) ~~From the funds appropriated in Items 4300-003-0814, 4440-011-0814, 5460-001-0831, 6110-006-0814, 6110-101-0814, 6440-001-0814, 6600-001-0814, and 6870-101-0814 of this act, the State Department of Developmental Services, the State Department of Mental Health, the Department of the Youth Authority, the State Special Schools, the Regents of the University of California, the Board of Directors of Hastings College of the Law, the Board of Trustees of the California State University, and community college districts through the Chancellor of the California Community Colleges~~ Each entity receiving lottery funds shall annually report to the Governor and the Legislature no later than January 15, 2006 on or before May 15, the amount of lottery

APR 1 2004

-11-

funds that each entity received and the purposes for which those funds were expended in the ~~2004-05~~ prior fiscal year, including administrative costs, ~~and proposed expenditures and purposes for expenditure for the 2005-06 fiscal year.~~ If applicable, the amount of lottery funds received on the basis of adult education average daily attendance (ADA) and the amount of lottery funds expended for adult education also shall be reported.

~~(b) The State Department of Education shall determine the patterns of use of lottery funds in all local educational agencies having more than 200,000 ADA and representative local educational agencies randomly selected by size, range, type, and geographical dispersion. On or before May 15, 2005, the State Department of Education shall report this information to the Legislature and the Governor for the 2003-04 fiscal year."~~

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Matt Aguilera, Principal Program Budget Analyst, at (916) 445-0328.

DONNA ARDUIN

Director

By:



for MICHAEL C. GENEST

Chief Deputy Director

Attachment

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Mr. Richard Riordan, Secretary for Education  
Mr. Erik Skinner, Office of the Secretary for Education  
Mr. Jack O'Connell, Superintendent of Public Instruction  
Mr. Gerald Shelton, Director, Fiscal and Administration Services, Department of Education



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

**APR 1 2004**

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Various Budget Bill Items, Local Assistance, Department of Education  
and California Community Colleges**

This letter reflects the current estimates of the adjustments needed to the Governor's Budget to implement the revised agreements between the Governor and the education community on Proposition 98 priorities. Specifically, this letter proposes \$139.2 million in funding for growth and cost-of-living (COLA) adjustments for K-12 and California Community College programs that were not provided in the Governor's Budget. Additionally, this letter proposes \$270.1 million in additional general purpose funding for K-12 education by reducing the deficit factor for district and county office of education revenue limits that was created in the 2003-04 Budget. Funding for these adjustments is provided by reducing the funding proposed in the Governor's Budget for K-12 and California Community Colleges equalization by \$27.8 million and \$20.2 million, respectively, and by eliminating augmentations proposed in the Governor's Budget for deferred maintenance (\$173.3 million) and instructional materials (\$188 million). Overall, no net change in Proposition 98 funding is proposed.

Since adjustments to the funding levels estimated in this letter will be proposed as part of the May Revision based on changes in the growth and COLA rates, we have consolidated the additional growth and COLA funding for K-12 in a new item, 6110-230-0001, for allocation to the other items in the budget that would receive this funding. We anticipate that the funding in this item will be distributed to specific items and adjusted for new rates as part of the May Revision, with provisional or statutory language as needed to specify how the growth and COLA adjustments will apply to recipient programs.

**Department of Education**

**6110-188-0001, Deferred Maintenance (Issue 651)**

It is requested that Item 6110-188-0001 be reduced by \$173.3 million to reflect an agreement between the Administration and the education community to fund this item at the current year level.

**6110-189-0001, Instructional Materials Block Grant (Issue 653)**

It is requested that Item 6110-189-0001 be reduced by \$188.0 million to reflect an agreement between the Administration and the education community to fund this item at the current year level.

**6110-230-0001, Funds for Distribution for K-12 Growth & COLA (Issue 654)**

It is requested that Item 6110-230-0001 be added and funded at \$53,157,000 to reflect an agreement between the Administration and the education community to provide growth and COLA adjustments for programs that are not funded to receive full growth and COLA adjustments.

It is further requested that conforming provisional language be added as follows:

**Provisions**

1. Funding in this item is for growth and cost-of-living adjustments for allocation to Items 6110-103-0001, 6110-107-0001, 6110-108-0001, 6110-109-0001, 6110-111-0001, 6110-113-0001, 6110-119-0001, 6110-120-0001, 6110-121-0001, 6110-122-0001, 6110-123-0001, 6110-124-0001, 6110-125-0001, 6110-127-0001, 6110-131-0001, 6110-139-0001, 6110-151-0001, 6110-158-0001, 6110-164-0001, 6110-166-0001, 6110-167-0001, 6110-181-0001, 6110-189-0001, 6110-191-0001, 6110-193-0001, 6110-195-0001, 6110-197-0001, 6110-198-0001, 6110-201-0001, 6110-203-0001, 6110-208-0001, 6110-212-0001, 6110-224-0001, 6110-226-0001, 6110-228-0001, 6110-232-0001, 6110-235-0001, 6110-240-0001, 6110-243-0001, and 6110-280-0001.
2. Funding in all items listed in provision 1, except 6110-108-0001, 6110-158-0001, 6110-232-0001, and 6110-234-0001 shall be adjusted for growth by 1.02 percent. Funding for Items 6110-108-0001, 6110-158-0001, 6110-232-0001, and 6110-234-0001 shall be adjusted by the change in eligible participants for the programs funded in those items. Funding for all of these items shall be adjusted by 1.84 percent for cost-of-living except Item 6110-158-0001 which shall be adjusted by the statutory rate of 1.96 percent.

**6110-601-0001, School District Revenue Limit Equalization (Issue 050)**

It is requested that Item 6110-601-0001 be reduced by \$27,770,000 to reflect a decline in funding for revenue limit equalization from \$109,914,000, to \$82,144,000. The appropriation for this issue will be made in SB 1298.

**6110-601-0001 and 6110-608-0001, School District and County Office of Education Deficit Factor (Issue 051)**

It is requested that Item 6110-601-0001 be increased by \$264,813,000, and that Item 6110-608-0001 be increased by \$5,276,000, to reduce the deficit factor applied to school district and county office of education revenue limits. It is estimated that these adjustments will reduce the 2003-04 base deficit factor from approximately 1.2 percent, to approximately 0.3 percent. This change will be made through budget trailer legislation. No change is proposed to the 1.8 percent deficit factor related to the 2003-04 COLA adjustment.

**California Community Colleges****6870-101-0001, Reduce Equalization Funding (Issue 103)**

It is requested that Schedule (1) of this item be reduced by \$20,196,000, to fund a COLA adjustment for community college apportionments, as well as COLA and statutory growth adjustments for selected community college categorical programs.

APR 1 2004

-3-

**6870-101-0001, COLA Adjustments (Issue 104)**

It is requested that this item be increased by the following amounts, to provide a 1.84 percent COLA adjustment for community college apportionments and selected community college categorical programs:

- Schedule (1), Apportionments, \$76,405,000
- Schedule (2), Basic Skills and Apprenticeship, \$521,000
- Schedule (6), Targeted Student Services, \$1,778,000 (\$1,549,000 for EOPS and \$229,000 for CARE)
- Schedule (7), Disabled Students, \$1,547,000
- Schedule (10), Matriculation, \$1,018,000

**6870-101-0001, Growth Adjustments (Issue 105)**

It is requested that this item be increased by the following amounts, to provide a 1.83 percent statutory growth adjustment to selected community college categorical programs:

- Schedule (2), Basic Skills and Apprenticeship, \$509,000
- Schedule (6), Targeted Student Services, \$1,737,000 (\$1,513,000 for EOPS and \$224,000 for CARE)
- Schedule (7), Disabled Students, \$1,511,000
- Schedule (10), Matriculation, \$994,000

It is additionally requested that conforming changes be made to the dollar figures referenced in Provisions 6, 7 and 12 of this item.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please contact Dan Troy or Pete Cervinka, Principal Program Budget Analysts, at (916) 445-0328.

DONNA ARDUIN

Director

By:



MICHAEL C. GENEST

Chief Deputy Director

Attachment

cc: On following page

APR 1 2004

-4-

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Honorable Jack O'Connell, Superintendent, Department of Education  
Mr. Gerry Shelton, Department of Education  
Honorable Richard Riordan, Secretary for Education  
Mr. Erik Skinner, Office of the Secretary for Education  
Mr. Mark Drummond, Chancellor, California Community Colleges  
Mr. Robert Turnage, Vice Chancellor for Fiscal Policy, California Community Colleges



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 1 2004

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Budget Bill Item 6110-301-0660, Capital Outlay, Department of Education,  
State Special Schools and Services Division**

It is requested that Item 6110-301-0660 be increased by \$3,312,000 to reauthorize the construction of the Pupil, Personnel Services building at the California School for the Deaf in Fremont. This phase was previously approved for \$2,144,000 Lease Revenue Bond funding in 2002. However, all of the bids received in December 2003 exceed the appropriation by an amount that surpasses the Public Works Board augmentation authority. The project has been cancelled pending the Legislature's approval of the increased funding. The funds requested are based on revised estimates that reflect current market conditions.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kathryn Amann, Principal Program Budget Analyst, at (916) 445-9694.

DONNA ARDUIN  
Director  
By:

for  
MICHAEL C. GENEST  
Chief Deputy Director

Attachment

cc: On following page



APR 1 2004

-2-

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Mr. Jack O'Connell, State Superintendent of Public Instruction, California Department of Education  
Mr. Ron Kadish, Director of State Special Schools and Services Division, California Department of Education  
Mr. Gerry Shelton, Director of Fiscal and Administrative Services Division, State Special Schools and Services Division, California Department of Education  
Mr. Allen Young, Departmental Construction and Maintenance Supervisor, State Special Schools and Services Division, California Department of Education



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 1 2004

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Addition of Budget Bill Item 6120-490, Reappropriation, California State Library**

**California Historical and Cultural Endowment (Issue 100)**

It is requested that Item 6120-490 be added to extend the expenditure authority for local assistance from the California Historical and Cultural Endowment to allow for adequate time for interested parties to develop proposals and for appropriate review of project and program proposals.

It is requested that Item 6120-490 be added to the Budget Bill to conform with this action, as follows:

6120-490 – Reappropriation, California State Library. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance and expenditure until June 30, 2007:

6029 – California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

1) Item 6120-101-6029 of the Budget Act of 2003 (Ch. 157, Stats. 2003)

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Dan Troy, Principal Program Budget Analyst, at (916) 445-0328.

DONNA ARDUIN

Director

By:

for MICHAEL C. GENEST  
Chief Deputy Director

Attachment

cc: On following page

APR 1 2004

-2-

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Mervyn Dymally, Chair, Assembly Budget Subcommittee No. 1  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Honorable Richard Riordan, Secretary for Education  
Mr. Cameron Robertson, Deputy State Librarian, California State Library  
Ms. Lizabeth Peralta, Chief - Fiscal Services, California State Library



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 1 2004

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Budget Bill Item 6330-001-0890, Support, California Occupational  
Information Coordinating Committee (Issue 190)**

It is requested that Item 6330-001-0890 be reduced by \$30,000 to remove excess authority provided due to an error in the billing amount used to calculate the 2004-05 Statewide Cost Allocation Plan (SWCAP) recovery total for the California Occupational Information Coordinating Committee (COICC). It was inadvertently reported that the COICC had used 90 hours of centralized legal services during the 2002-03 fiscal year. This incorrect reporting resulted in an increase in the SWCAP cost recovery estimate for 2004-05 of \$30,000. This misreporting has been corrected and the SWCAP recovery estimate reduced by \$30,000.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Michael Wilkening, Principal Program Budget Analyst, at (916) 445-0328.

DONNA ARDUIN  
Director  
By:

for MICHAEL C. GENEST  
Chief Deputy Director

Attachment

cc: On following page

APR 1 2004

-2-

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Charlsey Cartwright, Executive Director, California Occupational Information Coordinating  
Committee  
Myrna Villegas, Budget Officer, California Occupational Information Coordinating  
Committee



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 1 2004

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items as Follows:**

University of California 6440-401

California State University 6610-301-0574  
6610-302-6041  
6610-493  
6610-494  
6610-495

**University of California**

Revise provisional language of Item 6440-401 to clarify that identified savings in funds encumbered from the Higher Education Capital Outlay Bond Funds of 1996, 1998, and 2002 may also be used to fund minor capital outlay projects. The use of these savings for this purpose has been authorized in past budgets, however, this change was omitted when the provisions were consolidated into one item.

"6440-401—Identified savings in funds encumbered from Higher Education Capital Outlay Bond Funds of 1986, 1988, 1990, 1992, 1996, 1998, and 2002 for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act." Identified savings in funds encumbered from the Higher Education Capital Outlay Bond Funds of 1996, 1998, and 2002 also may be used to fund minor capital outlay projects.

APR 1 2004

**California State University (CSU)**

Add Item 6610-495 to revert \$6.6 million from Item 6610-310-0001, Budget Act of 2000, as reappropriation by Item 6610-491, Budget Act of 2003, General Fund, for the following project:

1. Revert \$6.6 million for the Chico Telecommunications Infrastructure—Construction. CSU has terminated the contractor due to non-performance. CSU will repackage and solicit bids for completing the remaining portion of the project. The project funding will be shifted from the General Fund to 1998 Higher Education Facilities Bond Funds. (see Item 6610-301-0574, below).


Increase Item 6610-301-0574, Higher Education Facilities Bond of 1998, by \$7,959,000 to reflect the following:

2. Add \$7,959,000 for construction for the Chico Telecommunication Infrastructure—Construction project. This project will be completed using 1998 Higher Education Facilities Bond Funds. An augmentation of \$1,359,000 is needed to pay for increased CSU contract administration and a new contractor to ensure that the project is completed within scope and budget. An existing construction appropriation is being reverted (see Item 6610-495, above).
3. Add Item 6610-493 to reappropriate funds from Item 6610-302-6028, Budget Act of 2002, from the 2002 Higher Education Capital Outlay Bond fund for the construction phase of the following projects:
  - a. Monterey Bay: Library
  - b. Pomona: Library Addition and Renovation
4. Add Item 6610-494 to extend the liquidation period of construction funds for the following items:
  - (1) Item 6610-302-6028, Budget Act of 2002, from the Higher Education Capital Outlay Bond Fund of 2002, for the San Luis Obispo—Engineering/Architecture Renovation and Replacement, Phase II project.
  - (2) Item 6610-302-0574, Budget Act of 2000, from the Higher Education Capital Outlay Bond Fund of 1998, for the Long Beach—Peterson Hall Addition project.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kathryn C. Amann, Principal Program Budget Analyst, at 445-9694.

DONNA ARDUIN  
Director  
By:

  
for MICHAEL C. GENEST  
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Mr. Larry C. Hershman, Vice President, University of California  
Ms. Deborah Obley, Assistant Vice President, University of California  
Mr. Larry Aull, Director, State Capital Program Development, University of California  
Ms. Elvyra San Juan, Assistant Vice Chancellor, Capital Planning, Design and  
Construction, California State University





**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

**ARNOLD SCHWARZENEGGER, GOVERNOR**

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ [WWW.DOF.CA.GOV](http://WWW.DOF.CA.GOV)

**APR 1 2004**

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendments to Various Budget Bill Items, Support and Local Assistance, California  
Community Colleges**

**Item 6870-001-0574, Capital Outlay Positions (Issue 101)**

It is requested that Item 6870-001-0574 be increased by \$223,000 and 2.0 positions to provide additional state operations support for the Chancellor's Office capital outlay unit. The additional support will assist the unit in reviewing, administering and allocating funding for the increasing number of bond projects resulting from the passage of Proposition 47 in 2002 and Proposition 55 in 2004.

**Item 6870-101-0909, Fund for Instructional Improvement (Issue 102)**

It is requested that Item 6870-101-0909 be reduced by \$312,000 to reflect the redirection of General Fund support for the Community College Fund for Instructional Improvement grant program as part of the Administration's January 10, 2004, categorical reform proposal for the community colleges. This action is a conforming technical correction for that proposal, and will maintain the \$302,000 loan portion of the program.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Pete Cervinka, Principal Program Budget Analyst, at (916) 445-0328.

DONNA ARDUIN

Director

By:

*for* **MICHAEL C. GENEST**  
Chief Deputy Director

Attachment

cc: On following page

APR 1 2004

-2-

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Mr. Robert Turnage, Vice Chancellor for Fiscal Policy, California Community Colleges



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 1 2004

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Budget Bill Items 6870-301-6028, 6870-301-6041, and Addition of Item 6870-497, Capital Outlay, California Community Colleges**

It is requested that Item 6870-301-6028, Higher Education Facilities Bond of 2002, be decreased by \$2,885,000 to reflect deletion of a project from the Governor's Budget. The San Mateo Community College District, Skyline College—Facility Maintenance Center Replacement project is being deleted because it no longer meets the Chancellor's Office requirements for funding this year because of modifications in the planning phases made by the district.

It is requested that Item 6870-301-6041, 2004 Higher Education Facilities Bond, be increased by a net of \$8,632,000 to reflect the following:

1. Add \$3,678,000 for construction for the San Mateo Community College District, College of San Mateo—Student Services Consolidation project. This project is being combined with the previously approved Student Services Building 6, Seismic Retrofit project because both projects affect the same building. Consolidation of these two projects into one will generate \$67,000 in cost savings. Funds for the seismic retrofit project are being reverted (see below).
2. Add \$4,027,000 for construction for the San Mateo Community College District, Canada College, Library/LRC/Student Services project. Examination of the site conditions for this project during the planning phases have uncovered the need for additional project funding to address soil, drainage and foundation conditions, as well as to avoid underground utilities. The district will fund its proportionate share of the added project costs.
3. Add 927,000 for construction for the Copper Mountain Community College District, Copper Mountain College—Multi-use Sports Complex project. A recent Environmental Impact Report for this campus found that this project is sited in a 100-year flood area. To alleviate flood concerns, the majority of the impacted facilities, including the sports complex building will be moved north of the impacted flood area. The soccer fields remaining will be built on elevated pads to alleviate flood concerns. Funding will also provide for a drainage channel to divert water off of district property.

APR 1 2004

-2-

It is requested that Item 6870-497 be added to revert \$3,745,000 of funds to the Higher Education Facilities Bond of 2004. As mentioned above, the San Mateo Community College District, College of San Mateo—Seismic Retrofit, Student Services Building 6 project no longer needs construction funds, as this project is being combined with another project in the same building.


The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kathryn Amann, Principal Program Budget Analyst, at (916) 445-9694.

DONNA ARDUIN

Director

By:



for MICHAEL C. GENEST  
Chief Deputy Director

Attachment

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office  
Mr. Robert Turnage, Executive Vice Chancellor, California Community Colleges  
Mr. Frederick E. Harris, Associate Vice Chancellor, Facilities Planning and Utilization Unit,  
California Community Colleges