



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

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APR 01 2008

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

**Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance,
Department of Education**

Federal Funds Adjustments

**Items 6110-001-0001 and 6110-001-0890, State Operations, State Department of Education
(Issues 406, 407, 567, and 643)**

Translation of Parental Notification Documents (Issue 406)—It is requested that this item be increased by \$385,000 federal Title III carryover funds. The carryover is a result of a delay in establishing a prioritized list of documents to translate. The State Department of Education (department) will use these funds to complete the initial translations authorized with one-time funds in fiscal year 2007-08. Local educational agencies (LEAs) will have access to the documents through an online clearinghouse.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$385,000 is available to the State Department of Education on a one-time basis for the cost of translating into languages other than English state prototype documents. The department shall contract with appropriate translators or translator services to translate these documents. The department shall post all documents translated as a result of the appropriation referenced in this provision on its existing Internet-based electronic clearinghouse system of state and locally-translated parental notification documents.

Education Technology Administration (Issue 407)—It is requested that language in this item be amended to conform with a reduction of \$404,000 Federal Trust Fund for administration of the Education Technology Program. The Governor's Budget reduced federal funds for state operations by \$11.0 million because base appropriation level exceeded the amount of federal funds available to the state. Included within the reduction was \$404,000 that should have been earmarked for administration. Therefore, only a language change is necessary.

It is requested that Provision 7 of Item 6110-001-0890 be amended as follows to conform to this action:

"7. Of the funds appropriated in this item, ~~\$1,470,000~~ \$1,066,000 shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount:

(a) \$150,000 is available only for contracted technical support and evaluation services."

Federal School Improvement Grant Program (Issue 567)—It is requested that this item be increased by \$378,000 federal Title I School Improvement Grant (SIG) funds for 4.0 positions to support the new SIG program. The SIG program will provide funds to LEAs with schools in program improvement or corrective action that demonstrate the greatest set of academic challenges and the greatest commitment to raising student achievement. These positions would establish a competitive grant process, review applications, award funds, and monitor progress. Expenditure of these funds is proposed to be contingent upon final approval of specific program criteria by the State Board of Education.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$378,000 and 4.0 positions are provided to support workload for the federal School Improvement Grant (SIG) program. Expenditure of these funds is contingent upon approval of SIG local educational agency and school site selection and participation criteria by the State Board of Education at or after the May 2008 board meeting.

Child and Adult Care Food Program (Issue 643)—It is requested that this item be increased by \$172,000 Federal Trust Fund to establish 2.0 positions to improve the department's compliance monitoring and technical assistance for the federal Child and Adult Care Food Program. This program provides funding to licensed child care centers, adult day care centers, and organizations that sponsor day care homes to ensure participants receive nutritionally-adequate meals and snacks. Recently, the federal government found an increasing number of sponsors that are seriously deficient in their administration of the program. As a result, the U.S. Department of Agriculture and Congress have imposed new financial management requirements on sponsors and additional oversight responsibilities for the department.

Item 6110-102-0890, Local Assistance, Learn and Serve America Program (Issue 164)

It is requested that this item be decreased by \$10,000 Federal Trust Fund to align the appropriation for the Learn and Serve America Program with available federal funds. The program provides grant funding to K-12 schools, community-based organizations, and higher education institutions to facilitate service-learning projects. These funds support school-community partnerships, training and technical assistance resources, as well as the collection and dissemination of research, effective practices, curricula, and service learning program models.

Item 6110-103-0890, Local Assistance, Robert C. Byrd Honors Scholarship Program (Issues 646 and 647)

It is requested that this item be decreased by \$161,000 Federal Trust Fund, which includes a decrease of \$174,000 to align the appropriation with available federal funds and an increase of \$13,000 to reflect the availability of one-time carryover funds. These funds will be used to promote student excellence and achievement by awarding higher education scholarships on the basis of academic merit to students who show promise of continued academic excellence.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$13,000 is provided in one-time carryover funds to support the existing program.

Item 6110-113-0890, Local Assistance, Title VI Flexibility and Accountability (Issues 562 and 563)

It is requested that this item be increased by \$3,927,000 federal Title VI State Assessment funds, which includes a decrease of \$986,000 to Schedule (4) to align expenditure authority with available federal funds and an increase to Schedule (4) of \$4,913,000 to reflect the availability of one-time carryover funds. Title VI federal funds are used to develop and implement statewide testing programs such as the Statewide Testing and Reporting Program, the High School Exit Examination, and the English Language Development Test for K-12 public schools.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (4), \$4,913,000 is provided in one-time carryover funds to support the existing program.

Item 6110-119-0890, Local Assistance, Neglected and Delinquent Children Program (Issue 416)

It is requested that this item be decreased by \$322,000 federal Title I Neglected and Delinquent Children funds to align the appropriation with available federal funds. LEAs will use these funds for services to educate neglected and delinquent or incarcerated youth.

Item 6110-123-0890, Local Assistance, Title V Innovative Programs (Issues 568 and 570)

It is requested that this item be decreased by \$4,870,000 federal Title V funds, which includes a decrease of \$10,870,000 to align the appropriation with available federal funds and an increase of \$6.0 million to reflect the availability of one-time carryover funds. Innovative Programs grant funds are provided to districts to develop and implement innovative educational programs intended to improve school, student, and teacher performance. Beginning in federal fiscal year 2008, the federal government eliminated funding for the Innovative Programs.

It is further requested that provisional language be added as follows to conform to this action:

X. The funds appropriated in this item are one-time carryover funds to support the existing program.

Item 6110-125-0890, Local Assistance, Migrant Education Program and English Language Acquisition Program (Issues 409 and 411)

It is requested that this item be increased by \$7,254,000 federal Title I Migrant Education funds, which includes a decrease of \$1,746,000 to align the appropriation with available federal funds and an increase of \$9.0 million to reflect the availability of one-time carryover funds. LEAs will use these funds for educational and support services to meet the needs of highly-mobile children.

It is also requested that this item be increased by \$12,435,000 federal Title III Language Acquisition funds, which includes an increase of \$7,629,000 to align the appropriation with available federal funds, and an increase of \$4,806,000 to reflect the availability of one-time carryover funds. LEAs will use these funds for services to help students attain English proficiency and meet grade level standards.

It is also requested that provisional language be added to require the department to allocate all carryover funds in this item on a per pupil basis by October 1, 2008. The purpose is to allocate funding in a timely manner so that LEAs can use the funds effectively and promptly to improve student performance for these vulnerable populations.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), \$9,000,000 is provided in one-time carryover funds to support the existing program.

X. Of the funds appropriated in Schedule (3), \$4,806,000 is provided in one-time carryover funds to support the existing program.

X. The State Department of Education shall allocate all carryover funds in this item on a per-pupil basis by October 1, 2008 to all eligible service providers. Local educational agencies shall use these funds to supplement, but not supplant, one-time instruction or support services authorized by law.

Item 6110-126-0890, Local Assistance, Reading First Program (Issues 082 and 083)

It is requested that this item be decreased by \$78,141,000 federal Title I Reading First funds, which includes a decrease of \$87.6 million to align the appropriation with available federal funds and an increase of \$9,459,000 to reflect the availability of one-time carryover funds. The Reading First Program provides grants for schools to improve reading in Kindergarten or any of Grades 1 to 3, inclusive, with scientifically-based reading programs.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$9,459,000 is provided in one-time carryover funds to support the Reading First Program.

Item 6110-134-0890, Local Assistance, Title I Set Aside Funds (Issues 564, 566, and 571)

Align Appropriation with Available Federal Funds (Issue 564)—It is requested that this item be decreased by \$10,794,000 federal Title I Set Aside funds to align the appropriation with available federal funds. LEAs will use these funds for services to improve low-income student academic performance.

Establish the Federal Title I School Improvement Grant (Issue 566)—It is also requested that Schedule (7) be added to appropriate \$77,113,000 federal Title I School Improvement Grant (SIG) funds for grants to LEAs. Of this amount, \$16,620,000 reflects the availability of one-time carryover funds. The SIG program will provide funds to LEAs with schools in program improvement or corrective action that demonstrate the greatest set of academic challenges and the greatest commitment to raising student achievement. The department submitted an application and received approval from the U.S. Department of Education for the expenditure of these funds; however, approval of specific program criteria by the State Board of Education is still pending.

It is further requested that a new schedule and provisional language be added as follows to conform to this action:

(7) 10.30.004 – School Improvement Grant..... 77,113,000

X. The funds appropriated in Schedule (7) shall be available for requirements as specified in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6303(g)) and are contingent upon approval of local educational agency and school site selection and participation criteria by the State Board of Education after April 1, 2008.

X. Of the funds appropriated in this item, \$16,620,000 is provided in one-time carryover funds to support the program.

Shift Funding from Schoolsite to Local Educational Agency Corrective Action Activities (Issue 571)—It is also requested that \$20.0 million be shifted from Schedule (3) to Schedule (5), to eliminate funding for Immediate Intervention Underperforming Schools Program (II/USP) corrective action activities and provide funding to LEAs for federal No Child Left Behind corrective action and technical assistance activities. Although the II/USP ended in 2004-05, a handful of schools have not exited the program and continue to receive grants of \$150 per-pupil to implement improvement plans prepared by external evaluators. Instead, it is requested that these funds support the State Board of Education's action to impose corrective action and technical assistance activities on 97 LEAs that recently received federal No Child Left Behind (NCLB) corrective action status. This shift will: (1) eliminate funding for a program that has been replaced by other state and federal programs, (2) improve the nexus between NCLB funding and its requirements, and (3) establish baseline funding for current and future corrective action LEAs.

It is further requested that Provision (3) be deleted as follows to conform to this action:

~~“3. The funds appropriated in Schedule (3) shall be made available to provide \$150 per pupil pursuant to Section 52055.54 of the Education Code in a school that is managed in accordance with paragraph (3) of subdivision (b) of Section 52055.5 of the Education Code or that contracts with a school assistance and intervention team pursuant to subdivision (a) of Section 52055.54 of the Education Code.”~~

Item 6110-136-0890, Local Assistance, Title I Basic Program, McKinney-Vento Homeless Children Education Program, and Title I Even Start Program (Issues 412, 413, and 414)

It is also requested that this item be increased by \$34,459,000 federal Title I Basic Program funds, which includes an increase of \$15,207,000 to align the appropriation with available federal funds and an increase of \$19,252,000 to reflect the availability of one-time carryover funds. LEAs will use these funds for services to assist economically-disadvantaged students.

It is also requested that this item be increased by \$1,215,000 Title I McKinney-Vento Homeless Children Education funds, which includes a decrease of \$118,000 to align the appropriation with available federal funds and an increase of \$1,333,000 to reflect the availability of one-time carryover funds. LEAs will use these funds to provide services to homeless students.

It is also requested that this item be decreased by \$3,007,000 Title I Even Start funds, which includes a decrease of \$4,507,000 to align the appropriation with available federal funds and an increase of \$1.5 million to reflect the availability of one-time carryover funds. LEAs will use

these funds for services to improve the educational opportunities of low-income families and for a unified literacy program that integrates early childhood education and parenting education.

It is also requested that provisional language be added to require the department to allocate all carryover funds in this item on a per-pupil basis by October 1, 2008. The purpose is to allocate funding in a timely manner so that LEAs can use the funds effectively and promptly to improve student performance for these vulnerable populations.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), \$19,252,000 is provided in one-time carryover funds to support the existing program.

X. Of the funds appropriated in Schedule (2), \$1,333,000 is provided in one-time carryover funds to support the existing program.

X. Of the funds appropriated in Schedule (4), \$1,500,000 is provided in one-time carryover funds to support the existing program.

X. The State Department of Education shall allocate all carryover funds in this item on a per-pupil basis by October 1, 2008, to all eligible service providers. Local educational agencies shall use these funds to supplement, but not supplant, one-time base services authorized by law.

Item 6110-137-0890, Local Assistance, Rural/Low-Income School Program (Issue 415)

It is requested that this item be increased by \$152,000 federal Title VI Rural/Low-Income School funds, which includes an increase of \$85,000 to align the appropriation with available federal funds and an increase of \$67,000 to reflect the availability of one-time carryover funds. LEAs will use these funds for services to improve instruction and achievement for children in rural and low-income schools by supporting activities such as teacher recruitment and retention, professional development, educational technology projects, and parental involvement activities.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$67,000 is provided in one-time carryover funds to support the existing program.

Item 6110-156-0890, Local Assistance, Adult Education Program (Issue 165)

It is requested that this item be decreased by \$420,000 Federal Trust Fund to align the appropriation with available federal funds. The Adult Education and Family Literacy Act provides federal funds to supplement adult basic skill programs, high school completion programs, and programs that enable adults to become more employable, productive, and responsible citizens. Local programs provide specific instruction to adults in the areas of adult literacy, English as a second language, citizenship, vocational literacy, family literacy, elementary basic skills, high school basic skills, literacy for homeless adults, and literacy for incarcerated adults.

Item 6110-161-0890, Local Assistance, Special Education (Issues 486, 490, and 491) Federal Special Education Funds (Issue 486)—It is requested that this item be increased by \$14,960,000 Federal Trust Fund to align the appropriation with available federal funds for special education. This adjustment includes an increase of \$15,796,000 for K-12 grants and a decrease of \$836,000 for Preschool grants.

State Improvement Grant (Issue 490)—It is requested that this item be decreased by \$2,079,000 Federal Trust Fund to reflect the federal government's elimination of base funding for improvement grants. These discretionary funds were previously used in California for professional development. Although the federal government eliminated the improvement grants, it instead provided \$2,196,000 in new funds that LEAs will use for science-based professional development, which was included in the Governor's Budget.

Base Federal Funds for Special Education (Issue 491)—It is requested that this item be increased by \$278.0 million Federal Trust Fund to restore federal funds for Special Education grants on the assumption that the federal government approves a waiver on maintenance-of-effort requirements. Federal law requires California to spend the same amount as the prior year for Special Education, but also authorizes waivers due to exceptional or uncontrollable circumstances. The Governor's Budget included a reduction of \$278.0 million, which did not presume approval of a waiver.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$278,000,000 shall be expended only after approval of a pending federal waiver.

Item 6110-166-0890, Local Assistance, Vocational Education Program (Issue 166)

It is requested that this item be decreased by \$415,000 Federal Trust Fund to align the appropriation with available federal funds. The Carl D. Perkins Vocational and Technical Education Program provides LEAs with funding for the improvement of secondary and postsecondary vocational and technical education programs. Funding is provided to state institutions, secondary education programs, and postsecondary programs.

Item 6110-180-0890, Local Assistance, Education Technology Program (Issue 408)

It is requested that this item be decreased by \$527,000 federal Title II Education Technology funds, which includes a decrease of \$2,314,000 to align the appropriation with available federal funds and an increase of \$1,787,000 to reflect the availability of one-time carryover funds. This program assists LEAs in utilizing technology to enhance teaching and to promote learning. The reduction will be applied proportionally to the formula grants, competitive grants, the California Technology Assistance Project, and support. Carryover will be used for its original purposes (\$601,000 for technical assistance, \$814,000 for competitive grants, and \$372,000 for formula grants).

It is further requested that provisional language be amended as follows to conform to this action:

"1. Of the funds appropriated in this item, ~~\$15,569,000~~ \$14,880,000 is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program. This allocation includes \$372,000 in one-time carryover funds.

2. Of the funds appropriated in this item, ~~\$15,569,000~~ \$15,322,000 is available for competitive grants pursuant to Chapter 8.9 (commencing with Section 52295.10) of Part 28 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 educational 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. This allocation includes \$814,000 in one-time carryover funds.

3. Of the funds appropriated in this item, ~~\$654,000~~ \$1,062,000 is available for the California Technology Assistance Project (CTAP) to provide federally required technical assistance and to help districts apply for and take full advantage of the federal Enhancing Education Through Technology grants. This allocation includes \$601,000 in one-time carryover funds."

**Item 6110-183-0890, Local Assistance, Safe and Drug Free Schools Program
(Issues 648 and 649)**

It is requested that this item be decreased by \$4,196,000 Federal Trust Fund, which includes a decrease of \$5,796,000 to align the appropriation with available federal funds and an increase of \$1.6 million to reflect the availability of one-time carryover funds. These funds will be used to support programs that prevent violence in and around schools and prevent the illegal use of alcohol, tobacco, and drugs.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$1,600,000 is provided in one-time carryover funds to support the existing program.

**Item 6110-193-0890, Local Assistance, Mathematics and Science Partnership Program
(Issues 084 and 085)**

It is requested that this item be decreased by \$591,000 Federal Trust Fund, which includes a decrease of \$2,091,000 to align the appropriation with available federal funds and an increase of \$1.5 million to reflect the availability of one-time carryover funds. This program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support for mathematics and science teachers.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$1,500,000 is provided in one-time carryover funds to support the California Mathematics and Science Partnership Program.

**Item 6110-195-0890, Local Assistance, Title II Improving Teacher Quality Local Grants
(Issues 086, 088, and 089)**

It is requested that this item be decreased by \$4,059,000 federal Title II Improving Teacher Quality funds, which includes a decrease of \$23,000 to align the appropriation with available federal funds and an increase of \$4,082,000 to reflect the availability of one-time carryover funds. This program provides apportionments to LEAs for activities focused on preparing, training, and recruiting highly-qualified teachers.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), \$3,582,000 is provided in one-time carryover for Improving Teacher Quality Local Grants.

X. Of the funds appropriated in Schedule (3), \$500,000 is provided in one-time carryover for California Subject Matter Projects.

Item 6110-197-0890, Local Assistance, 21st Century Community Learning Centers Program (Issues 374 and 375)

It is requested that this item be increased by \$44,119,000 Federal Trust Fund, which includes an increase of \$4,119,000 to align the appropriation with available federal funds and an increase of \$40.0 million to reflect the availability of one-time carryover funds. The carryover will be allocated in a manner consistent with the existing program. This program provides grants to support the creation of community learning centers that offer academic enrichment opportunities during non-school hours for children, particularly students who attend high-poverty and low-performing schools.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$40,000,000 is provided in one-time carryover funds to support the existing program.

Item 6110-240-0890, Local Assistance, Advanced Placement Test Fee Waiver Program (Issue 650)

It is requested that this item be increased by \$561,000 Federal Trust Fund to align the appropriation with available federal funds. These funds will be used by LEAs to reduce Advanced Placement test fees for low-income students.

Other Adjustments

Item 6110-001-0001, State Operations, Instructional Materials Program (Issue 404)

It is requested that language be added to this item to allow for the transfer of up to \$536,000 to the State Instructional Materials Fund. The Governor's Budget proposed consolidating several small support items, including 6110-015-0001 for Instructional Materials Management and Distribution, to streamline administration, and to increase the department's flexibility for implementing necessary reductions. The proposal inadvertently eliminated enabling transfer language that allowed the department to conduct instructional materials activities. This proposal will reinstate the provisional language.

It is requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (2) of this item, up to \$536,000, as adjusted annually for employee compensation and general price increase, is for transfer by the Controller to the State Instructional Materials Fund for allocation during the 2008-09 fiscal year pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of the Education Code.

These funds shall be transferred in amounts claimed by the State Department of Education, for direct disbursement by the State Department of Education from the State Instructional Materials Fund.

Item 6110-103-0001, Local Assistance, Apprenticeship Programs (Issue 161)

It is requested that this item be increased by \$587,000 Proposition 98 General Fund to reflect the transfer of an identical amount from Schedule (2) of Item 6870-101-0001. This request is necessitated by local decisions made pursuant to Education Code Section 8156, which authorizes the transfer of operations of two apprenticeship programs from community colleges to K-12 institutions, as well as the operations of one program from a K-12 institution to a community college. This transfer will ensure that funding is appropriately redirected to the respective education segments that are now serving the apprenticeship program sponsors.

Item 6110-198-0001, Local Assistance, California School Age Families Education Program (Issue 371)

It is requested that provisional language for the California School Age Families Education Program (Cal-SAFE) be amended as follows: (1) delete language that specifies priority funding for school districts or county offices of education that previously participated in School Age Parent and Infant Development Programs, Pregnant and Lactating Students Programs, or Pregnant Minors Programs because this language is duplicative of current law, (2) delete the limitation on reimbursement of additional units of average daily attendance to capped amounts for non-converting Pregnant Minors Programs, and (3) add provisional language to require the department to ensure that funding is targeted to pupils most in need of services, if funding is insufficient to serve all eligible pupils, consistent with the intent of current law.

It is requested that Provision 1 be deleted and Provision 3 be amended as follows to conform to this action:

~~"1. Notwithstanding any other provision of law, a school district or county superintendent of schools operating, by October 1, 1999, a School Age Parent and Infant Development Program pursuant to Article 17 (commencing with Section 8390) of Chapter 2 of Part 6 of, a Pregnant Minors Program pursuant to Chapter 6 (commencing with Section 8900) of Part 6 of, and Section 2551.3 of, or a Pregnant and Lactating Students Program pursuant to Sections 49553 and 49559 of, the Education Code, or any combination thereof, that chooses to participate in the Cal-SAFE program shall have priority for Cal-SAFE program funding for an amount up to the dollar amount provided under those provisions in the fiscal year prior to participation in the Cal-SAFE program, provided an application is submitted and approved."~~

"3. Funds appropriated in Schedule (2) are available to provide funding for all child care, as well as both academic and supportive services for programs choosing to retain their Pregnant Minors Program revenue limit. Notwithstanding any other provision of law, the State Department of Education shall compute allocations to these agencies using the respective agencies' 1998-99 Pregnant Minors Program revenue limits. Further, notwithstanding any other provision of law, programs which choose to retain their Pregnant Minors Program revenue limit rather than convert to the Cal-SAFE revenue limit must provide child care within the revenue limit funding for children of students comprising base year average daily attendance. ~~Notwithstanding any other provision of law, programs shall not be eligible for funding for enrolling additional units of average daily attendance above the certified 1998-99 level."~~

It is further requested that provisional language be added as follows to conform to this action:

X. In the event that funding in this item is insufficient to serve all eligible pupils, the State Department of Education shall target services to pupils who are most in need or to pupils who are least likely to access services on their own.

Item 6110-260-0001, Local Assistance, Physical Education Teacher Incentive Grants (Issue 081)

It is requested that Provisions 1 and 2 of this item be amended and that Provisions 4 and 5 be added as follows to clarify aspects of the Physical Education Teacher Incentive Grant Program. Specifically, it is requested that Provision 1 be amended to state that program funds are also available for the continued support of staff hired under this program. This would eliminate ambiguity as to the appropriate use of these funds. It is also requested that Provision 1 be amended to provide that if the funds appropriated are insufficient to fully fund all eligible grants, the Superintendent would provide all grants on a proportional basis. It is further requested that Provision 4 be added to allow any program savings to be used for subsequent grants to randomly selected LEAs, excluding those randomly selected in 2006-07. Finally, it is requested that Provision 5 be added to provide LEAs the flexibility to utilize grant funding for a schoolsite other than the schoolsite initially designated to receive the funds if an LEA determines that a greater need exists at that schoolsite.

"1. The funds appropriated in this item are for transfer by the Controller to the Superintendent of Public Instruction to provide incentive grants to schools serving kindergarten or any of grades 1 to 8, inclusive, to support the hiring of and ongoing support of more credentialed physical education teachers in order to provide instruction in physical education courses. Local educational agencies that were randomly selected in the 2006-07 fiscal year shall continue to receive these grants as long as they retain the physical education teachers hired under these grants.

These grants shall be allocated in the amount of \$36,586 per schoolsite to the districts that were randomly selected in 2006-07 in order to hire teachers to provide instruction in physical education courses. If the funds appropriated in this item are insufficient to fully fund all eligible grants, the Superintendent shall provide all grantees with a prorated share of the funds available for those grants.

2. As a condition of receipt of funds, school districts identified through the process required pursuant to Section 41020 of the Education Code, as not meeting the required physical education instruction minutes required in Sections 51210, 51222, and 51133 of the Education Code, shall be required to provide a plan by June 1 of each year to the county office of education that corrects the deficient physical education minutes for the following school year and, to the extent practicable, make up the deficient minutes identified.

3. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

4. If the funds appropriated in this item are sufficient to fully fund all eligible grants for local educational agencies randomly selected in 2006-07, the Superintendent shall award additional incentive grants in the amount of \$36,586 per schoolsite. Grant recipients shall be randomly selected and be equitably distributed based on type of school, size, and geographic location, and shall not include any local educational agencies that are currently receiving grant funding.

5. If a local educational agency receiving a grant determines that a greater need exists at a schoolsite other than the schoolsite initially designated to receive the funds, that local educational agency has the flexibility to utilize the funds for an alternative schoolsite."

Item 6110-265-0001, Local Assistance, Arts and Music Block Grant (Issue 402)

It is requested that Provision 3 of this item be amended to clarify that funds may be used to provide continued (as opposed to one-time) support of staff hired under the program and to allow the purchase of used (as opposed to solely new) materials, books, and equipment. This program supplements services on an ongoing basis and used equipment may be a cost-effective option for schools to use for enhancing arts and music instruction.

It is requested that Provision (3) be amended as follows to conform to this action:

"3. The funds appropriated in this item may be used for hiring of additional staff and for ongoing support of staff hired under this program grant, purchase of new or used materials, books, supplies, and equipment, and implementing or increasing staff development opportunities, as necessary to support standards aligned arts and music instruction."

Item 6110-491, Local Assistance, Schoolbus Driver Instructor Training Program Reappropriation (Issue 163)

It is requested that Item 6110-491 be added to reappropriate estimated savings of \$132,000 from Item 6110-001-0178, Budget Act of 2007 that occurred due to a delay in securing training facilities for the Schoolbus Driver Instructor Training Program. The reappropriated savings will be used to secure a new school bus to support the ongoing training functions of this program.

It is further requested that language be added as follows to conform to this action:

6110-491—Reappropriation, Department of Education. The amount of \$132,000 from Item 6110-001-0178, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), is hereby reappropriated and shall be available for encumbrance and expenditure until June 30, 2009 to support the purchase of one school bus for the Schoolbus Driver Instructor Training Program.

Item 6110-602-0942, Local Assistance, Partnership Academy Special Deposit Fund Issue 162)

It is requested that a special deposit fund be established to utilize a donation from Pacific Gas and Electric to support up to five new partnership academy programs per year over a five-year period. These academies will provide an integrated curriculum focusing on green technologies. This donation will support activities that are consistent with the current Partnership Academy Program funded in Item 6110-166-0001 and the department indicates that allocation levels will be consistent with the current program funding model. The funding level required to support up to five academies for 2008-09 would be \$210,000. Should the donation cease in the future, there is no expectation that state funds will be used to continue the program.

Control Section 12.40, Local Assistance, Mega-Item Flexibility (Issue 403)

It is requested that language in this item be amended to allow LEAs to transfer up to 50 percent out of, and 55 percent into, prescribed categorical programs. The Governor's Budget inadvertently contained a technical error that did not correctly reflect the Administration's policy

objective, which is to provide LEAs with increased administrative flexibility as a result of implementing necessary budget reductions.

It is further requested that Provisions (a) and (c) be amended as follows to conform to this action:

“SEC. 12.40. (a) Notwithstanding any other provision of law, not more than ~~60~~ 50 percent of the amount apportioned to any local educational agency under the programs funded in this act that were funded in Item 6110-230-0001 of Section 2.00 of Senate Bill 160 of the 1999–2000 Regular Session, as introduced on January 8, 1999, may be expended by that recipient for the purposes of any other program for which the recipient is eligible for funding under those items, except that the total amount of funding allocated to the recipient under this item that is expended by the recipient for the purposes of any of those programs shall not exceed ~~465~~ 155 percent of the amount of state funding allocated pursuant to the appropriations to that recipient for those programs in this act for the fiscal year. Notwithstanding any other provision of law, for the fiscal year, local educational agencies may also use this authority to provide the funds necessary to initiate a conflict resolution program pursuant to Chapter 2.5 (commencing with Section 32260) of Part 19 of the Education Code, and to continue to support following the three-to-five year state grant period.

(c) Notwithstanding any other provision of law, not more than ~~60~~ 50 percent of the amount apportioned to any local educational agency from each of Items 6110-111-0001, 6110-122-0001, 6110-124-0001, 6110-167-0001, 6110-181-0001, 6110-193-0001, 6110-203-0001, 6110-209-0001, and 6110-224-0001 may be expended by that recipient for programs in Items 6110-119-0001 and 6110-128-0001 so that the total expended does not exceed ~~465~~ 155 percent of the state funding for the programs in Items 6110-119-0001 and 6110-128-0001 for the 2007-08 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 Ryan Storm, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST

Director

By:

/s/ Fred Klass

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

APR 01 2008

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, 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)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Honorable Jack O'Connell, Superintendent of Public Instruction
Mr. David Long, Secretary of Education
Ms. Sharon Taylor, Director, Fiscal and Administrative Services, Department of Education



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6110-301-0660, Capital Outlay, State Special Schools

It is requested that Item 6110-301-0660 be increased by \$4,912,000 to augment the construction phase for the California School for the Deaf, Riverside, Kitchen and Dining Hall Renovation. During the design phase, it was determined that the project scope would need to include extra bathroom facilities to meet state plumbing codes and the redesign of the kitchen layout to prevent contamination of food during preparation and serving.

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 Nathan Brady, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

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Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
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Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Ms. Sharon Taylor, Fiscal and Administrative Services, Department of Education
Ms. Roxanne Eres, Fiscal and Administrative Services, Department of Education
Ms. Deborah Ciarla, Fiscal and Administrative Services, Department of Education
Mr. Ronald Kadish, State Special Schools and Services, Department of Education
Mr. C. Allen Young, State Special Schools and Services, Department of Education



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Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment to and Addition of Various Budget Bill Items, Support, California State Library

**Items 6120-011-0001 and 6120-011-0890, Support, Redirection of Federal Funds
(Issue 487)**

It is requested that \$168,000 of federal funds currently budgeted for operating expenses be redirected to fund 3.0 existing positions (Library Technical Assistants) in the Braille and Talking Book Library. This action will free up base General Fund dollars currently used to support these positions, and assist the California State Library (State Library) in implementing necessary budget reductions. The State Library advises that it is able to redirect the proposed federal funds from operating expenses and equipment without any adverse impact on service delivery.

**Items 6120-011-0001 and 6120-011-3085, Support, Mental Health Research Activities
(Issue 488)**

It is requested that Item 6120-011-3085 be added to appropriate \$169,000 in Mental Health Services Act funds (Proposition 63 income tax for Mental Health Services) for the State Library to partially fund 6.0 existing positions and expenses to conduct mental health reference, research, and evaluation services on behalf of the State Department of Mental Health to enhance service delivery. The Department of Mental Health concurs with this proposal, and advises that it is an appropriate use of the special fund. It is also requested that Budget Bill language be added as follows:

Provisions:

1. The funds in this item shall be used to support existing positions and related expenses to conduct mental health research activities on behalf of the Department of Mental Health.

Items 6120-011-6029, Support, and 6120-495 New Reversion, Realign Support Funds for Administering the California Cultural and Historical Endowment (Issue 489)

It is requested that Proposition 40 (the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002) support funds for administering the California Cultural and Historical Endowment be decreased by \$972,000 in fiscal year 2008-09, and that a new reversion item be added (to revert \$1,466,000 from 2003-04, \$825,000 from 2006-07, and \$842,000 from 2007-08) to align funding with projected expenditures. These actions will ensure that the State Library's support appropriations to administer the endowment do not exceed the

5 percent administrative cap authorized by Proposition 40. Prior carryover authority and baseline appropriations inadvertently exceeded the 5 percent administrative cap. Nevertheless, the State Library advises that it has not spent beyond the cap, and that remaining funds (including remaining base appropriations through 2010-11) are sufficient to effectively administer the program through the end of the program in 2010-11.

It is requested that Item 6120-495 be added to the Budget Bill to conform with this action, as follows:

6120-495—Reversion, California State Library. As of June 30, 2008, the amounts provided in the following citations shall revert to the balance of the fund from which the appropriation was made.

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

- (1) \$1,466,000 from Item 6120-101-6029, Budget Act of 2003 (Ch. 157, Stats. 2003)
- (2) \$825,000 from Item 6120-011-6029, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (3) \$842,000 from Item 6120-011-6029, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)

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.

MICHAEL C. GENEST

Director

By:

/s/ Fred Klass

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, 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)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Ms. Susan Hildreth, State Librarian, California State Library
Ms. Mimi Morris, Bureau Chief, California State Library



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6360-001-0408, Support, Commission on Teacher Credentialing

It is requested that Item 6360-001-0408 be increased by \$350,000 from the Test Development and Administration Account to support teacher examination validation studies and examination development activities. Current law requires the Commission on Teacher Credentialing to ensure that teacher exams are valid and aligned with the state's academic content standards and frameworks. These teacher exams include the California Basic Educational Skills Test, California Subject Examinations for Teachers, and the Reading Instruction Competence Assessment.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$350,000 is provided to support teacher examination validation studies and examination development activities. The Commission on Teacher Credentialing shall submit an annual report to the Department of Finance in September of each year describing the teacher examination validation studies and examination development conducted during the previous 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 Lenin Del Castillo, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

APR 01 2008

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, 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)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Dale Janssen, Executive Director, Commission on Teacher Credentialing
Ms. Crista Hill, Division Director, Commission on Teacher Credentialing



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment of Various Budget Bill Items, Support, University of California

**Amendment of Budget Bill Item 6440-001-0001:
Provisional Language for Funding Energy Conservation Projects (Issue 350)**

It is requested that Provision 2 of Item 6440-001-0001 be amended as follows to allow the University of California to group energy conservation projects it will be undertaking, as part of its new Energy Partnership Program, when submitting a request to use its support funding to finance the costs of these projects, rather than submitting such requests on an individual project basis.

"2. None of the funds appropriated in this item may be expended to initiate major capital outlay projects by contract without prior legislative approval, except for cogeneration and energy conservation projects. Funds appropriated in this item may be used for capital expenditures as well as payment of debt service for such exempted capital projects. Exempted projects shall be reported in a manner consistent with the reporting procedures in subdivision ~~(d)~~ (e) of Section 28.00.

Funds appropriated in this item may be used for capital expenditures as well as payment of debt service associated with the Energy Partnership Program, whereby the university will receive financial incentives from state investor-owned utilities to undertake energy conservation projects. The use of state operations funding for these energy savings projects may not infringe on the university's funding for its instructional support activities. The Director of Finance may authorize Program expenditures for the list of planned projects not sooner than 30 days after notification in writing is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees, in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee. The list of planned projects submitted for approval for a given funding cycle should be all-inclusive and may include projects that eventually may not be initiated during that funding cycle. A project not included on the list of planned projects for that funding cycle, but which the University wishes to proceed with during the budget year, may be treated as an exempted project as described above and reported in a manner consistent with the reporting procedures in subdivision (e) of Section 28.00. No later than November 15 each year, the university shall prepare a report describing the identified projects funded under the Energy Partnership Program in the prior year. The report shall include the cost of each project, how the cost is being funded, including the amount funded from

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support budget funds and investor-owned utility incentive awards, and the projected amount of energy savings. These reports will sunset at the end of the Program."

**Amendment of Budget Bill Item 6440-001-0321:
Increase Funding for the Oiled Wildlife Care Network (Issue 352)**

It is requested that Item 6440-001-0321 be increased by \$200,000, to provide additional funding for the Oiled Wildlife Care Network managed by the University of California. This ongoing augmentation would conform to the increased appropriation level reflected in Assembly Bill 1220 (Chapter 373, Statutes of 2007). The source of the funding for this program is the Oil Spill Response Trust Fund, managed by the Department of Fish and Game.

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 Sara Swan, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, 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)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Lenz, Vice President for Budget, University of California Office of the President
Ms. Deborah Obley, Associate Vice President, Budget Operations, University of California
Office of the President

APR 01 2008

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment to and Addition of Various Capital Outlay Budget Bill Items:

University of California	6440-402
	6440-304-6048

The following requests would address changes to existing and proposed capital outlay projects:

University of California

Statewide Telemedicine Services Expansion Project—Equipment. The University of California (UC) requests \$10,750,000 from the 2006 University Capital Outlay Bond Fund for equipment to expand telemedicine capabilities in community hospitals or clinics who want to expand telemedicine relationships with UC health care specialists. This request will include two components: (1) direct equipment investment in community clinical services (\$10.0 million) and (2) equipment to further develop a coordinated telemedicine training effort through the Telemedicine Resource Center at the Davis campus (\$750,000). The first component will place university-owned equipment (e.g., video conferencing system, computers, digital video screens, etc.) in community health facilities that lack resources necessary to support telemedicine services. The second component will provide the Davis campus, as systemwide coordinator, with additional training equipment for this effort. This funding will be consistent with the 2006 University Capital Outlay Bond which allocated \$200.0 million for capital improvements that expand and enhance medical education programs aimed at developing high-tech approaches to health care. With this request, approximately \$170.5 million of the \$200.0 million will have been allocated.

Therefore, it is requested to amend Item 6440-304-6048 to reflect the addition of a new Statewide Telemedicine Services Expansion—Equipment project and the expansion of the Davis Telemedicine Resource Center—Equipment project.

Garamendi Financing Authorization for UC San Diego Health Science Research Facility 2.

The UC requests authority, pursuant to Government Code Section 15820.21, to establish a funding mechanism known as "Garamendi Financing", to allow increased federal indirect costs generated from research conducted in a new UC San Diego (UCSD) research building to pay debt service and maintenance costs for the proposed new building. The ability to finance research facilities under this program will allow facilities to "pay for themselves" by permitting the campus to use the gross indirect cost recovery attributable to the new facility to pay for

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debt service and maintenance. The proposed UCSD Health Sciences Biomedical Research Facility 2 will expand the biomedical research programs at this campus. This new research building is needed because the current facility has reached its operating capacity. In the 2000 Budget Act, four UC projects, including a UCSD School of Medicine Research Facility, were authorized. Over the past 17 years, UC has financed 17 capital projects totaling approximately \$390.0 million using the Garamendi Financing mechanism.

Therefore, it is requested that Item 6440-402 be added as follows:

The San Diego Campus—Health Sciences Biomedical Research Facility 2 project is authorized pursuant to Section 15820.21 of the Government Code.

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 Theresa Gunn, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL C. GENEST
Director
By:

/s/ Fred Klass

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, 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)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Lenz, Vice President for Budget, University of California
Ms. Deborah Obley, Associate Vice President for Budget Operations, University of California



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Addition of and Amendment to Various Budget Bill Items, Support, California State University

Amendment of Budget Bill Item 6610-002-6074 (Issue 353)

It is requested that Item 6610-002-6074 be decreased by \$5,000,000 to shift funding for two critical capital renewal projects from the proposed higher education bond, the 2008 University Capital Outlay Bond Fund, to existing bond funds.

Addition of Budget Bill Item 6610-002-6041 (Issue 354)

It is requested that Item 6610-002-6041 be added in the amount of \$5,000,000 to conform with shifting capital renewal funding for two projects from the 2008 University Capital Outlay Bond Fund to existing bond funds, the 2004 Higher Education Capital Outlay Bond Fund.

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 Sara Swan, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

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Attention: Mr. Bob Franzoia, Staff Director
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Honorable Roger Niello, Vice Chair, Assembly Budget Committee
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Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
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Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Richard West, Executive Vice Chancellor and Chief Financial Officer, California State University
Mr. Rodney Rideau, Budget Director, California State University



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

**Amendment to and Addition of Various Budget Bill Items and Reimbursements, Support
and Local Assistance, California Community Colleges**

State Operations—Budget Year:

**Item 6870-001-0001, Increase Reimbursements for Emergency Planning and Preparation
(Issue 702)**

It is requested that Item 6870-001-0001 be amended to reflect an increase of \$400,000 in Reimbursements from one-time federal homeland security funding, through an inter-agency agreement with the Office of Homeland Security, for the purposes of conducting vulnerability assessments and emergency preparedness plans at community college districts. This is the second of two grants provided for this purpose and is consistent with the goals of Chapter 461, Statutes of 2007.

It is requested that Provision 2 be added to conform to this action as follows:

2. The funds appropriated in Schedule (5) reflect an interagency agreement with the Office of Homeland Security for \$400,000 to conduct emergency planning and preparedness training for community college districts.

**Item 6870-001-0001, Increase Reimbursements for Mental Health Program Administration
(Issue 703)**

It is requested that Item 6870-001-0001 be amended to reflect an increase of \$175,000 in Reimbursements from Proposition 63 funding, through an interagency agreement with the Department of Mental Health, for the purpose of establishing an ongoing position to assist the community college districts in addressing the mental health needs of their students.

It is requested that Provision 3 be added to conform to this action as follows:

3. The funds appropriated in Schedule (5) reflect an interagency agreement the Department of Mental Health for \$175,000 with and one position to increase the planning and coordination of direct mental health services to community college students.

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Local Assistance—Budget Year:

Item 6870-101-0001, Transfer of Apprenticeship Program Funding (Issue 701)

It is requested that Item 6870-101-0001 be reduced by \$587,000 Proposition 98 General Fund to reflect the transfer of an identical amount to the State Department of Education's Item 6110-103-0001. This request is necessitated by local decisions made pursuant to Education Code Section 8156, to transfer operations of two apprenticeship programs from community colleges to K-12 institutions, as well as, the operations of one program from a K-12 institution to a community college. This transfer would ensure that funding is appropriately redirected to the respective education segments that are now serving the apprenticeship program sponsors.

Trailer Bill Legislation—Statutory Intent of Financial Aid Administration Funding:

It is also requested that trailer bill legislation be added to clarify the intended uses of financial aid funding provided pursuant to subdivision (m)(2) of Section 76300 of the Education Code, in response to a recent Commission on State Mandates (COSM) decision on consolidated Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers). Our requested language and corresponding rationale is attached for your consideration.

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 Thomas Todd, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST

Director

By:

/s/ Fred Klass

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
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Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, 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)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Erik Skinner, Vice Chancellor, Chancellor's Office, California Community Colleges
Ms. Sharon Taylor, Director, Fiscal Administration Services Division, Department of Education

**Proposed Trailer Bill Language—California Community Colleges
Statutory Intent of Financial Aid Administration Funding**

Summary:

Clarify Uses of Financial Aid Administration Allocations—This section clarifies the intended uses of financial aid funding provided pursuant to subdivision (m)(2) of Section 76300 of the Education Code, in response to a recent Commission on State Mandates (COSM) decision on consolidated Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers). In their decision, the COSM ruled that only a portion of the funding provided pursuant to that subdivision (\$0.91 for each unit waived) could be considered as an offset to reimbursable local mandated costs, because only that portion of the funding specified a particular use of the funds. We would note that the other funding provided by this subdivision (2 percent of fees waived) is a parallel offset to the 2 percent of enrollment fees collected and kept at the local, the latter of which is a specific offset for local costs associated with collecting enrollment fee payments. As such, we believe that both sources of funding provided by this subdivision were intended to be used for financial aid administrative costs incurred at the local level, and offer the following language below to clarify this intent. We would also note that this language mirrors a clarification of the use of these funds already specified in Provision 12 (c) of Item 6870-101-0001 of the 2008-09 Budget Bill.

Specific Language:

Section X. Amend Section 76300 of the Education Code as follows:

76300. (a) The governing board of each community college district shall charge each student a fee pursuant to this section.

(b) (1) The fee prescribed by this section shall be twenty dollars (\$20) per unit per semester, effective with the spring term of the 2006-07 academic year.

(2) The board of governors shall proportionately adjust the amount of the fee for term lengths based upon a quarter system, and also shall proportionately adjust the amount of the fee for summer sessions, intersessions, and other short-term courses. In making these adjustments, the board of governors may round the per unit fee and the per term or per session fee to the nearest dollar.

(c) For the purposes of computing apportionments to community college districts pursuant to Section 84750, the board of governors shall subtract, from the total revenue owed to each district, 98 percent of the revenues received by districts from charging a fee pursuant to this section.

(d) The board of governors shall reduce apportionments by up to 10 percent to any district that does not collect the fees prescribed by this section.

(e) The fee requirement does not apply to any of the following:

(1) Students enrolled in the noncredit courses designated by Section 84757.

(2) California State University or University of California students enrolled in remedial classes provided by a community college district on a campus of the University of California or a campus of the California State University, for whom the district claims an attendance apportionment pursuant to an agreement between the district and the California State University or the University of California.

(3) Students enrolled in credit contract education courses pursuant to Section 78021, if the entire cost of the course, including administrative costs, is paid by the public or private agency, corporation, or association with which the district is contracting and if

these students are not included in the calculation of the full-time equivalent students (FTES) of that district.

(f) The governing board of a community college district may exempt special part-time students admitted pursuant to Section 76001 from the fee requirement.

(g) (1) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a recipient of benefits under the Temporary Assistance to Needy Families program, the Supplemental Security Income/State Supplementary Program, or a general assistance program or has demonstrated financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid.

(2) The governing board of a community college district also shall waive the fee requirements of this section for any student who demonstrates eligibility according to income standards established by regulations of the board of governors.

(3) Paragraphs (1) and (2) may be applied to a student enrolled in the 2005-06 academic year if the student is exempted from nonresident tuition under paragraph (3) of subdivision (a) of Section 76140.

(h) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a dependent, or surviving spouse who has not remarried, of any member of the California National Guard who, in the line of duty and while in the active service of the state, was killed, died of a disability resulting from an event that occurred while in the active service of the state, or is permanently disabled as a result of an event that occurred while in the active service of the state. "Active service of the state," for the purposes of this subdivision, refers to a member of the California National Guard activated pursuant to Section 146 of the Military and Veterans Code.

(i) The fee requirements of this section shall be waived for any student who is the surviving spouse or the child, natural or adopted, of a deceased person who met all of the requirements of Section 68120.

(j) The fee requirements of this section shall be waived for any student in an undergraduate program, including a student who has previously graduated from another undergraduate or graduate program, who is the dependent of any individual killed in the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon or the crash of United Airlines Flight 93 in southwestern Pennsylvania, if that dependent meets the financial need requirements set forth in Section 69432.7 for the Cal Grant A Program and either of the following applies:

(1) The dependent was a resident of California on September 11, 2001.

(2) The individual killed in the attacks was a resident of California on September 11, 2001.

(k) A determination of whether a person is a resident of California on September 11, 2001, for purposes of subdivision (j) shall be based on the criteria set forth in Chapter 1 (commencing with Section 68000) of Part 41 for determining nonresident and resident tuition.

(l) (1) "Dependent," for purposes of subdivision (j), is a person who, because of his or her relationship to an individual killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, qualifies for compensation under the federal September 11th Victim Compensation Fund of 2001 (Title IV (commencing with Section 401) of Public Law 107-42).

(2) A dependent who is the surviving spouse of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers provided in this section until January 1, 2013.

(3) A dependent who is the surviving child, natural or adopted, of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers under subdivision (j) until that person attains the age of 30 years.

(4) A dependent of an individual killed in the terrorist attacks of September 11, 2001, who is determined to be eligible by the California Victim Compensation and Government Claims Board, is also entitled to the waivers provided in this section until January 1, 2013.

(m) (1) It is the intent of the Legislature that sufficient funds be provided to support the provision of a fee waiver for every student who demonstrates eligibility pursuant to subdivisions (g) to (j), inclusive.

(2) From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to 2 percent of the fees waived pursuant to subdivisions (g) to (j), inclusive. From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to ninety-one cents (\$0.91) per credit unit waived pursuant to subdivisions (g) to (j), inclusive. It is the intent of the Legislature that the funds provided by this subdivision be used to support the ,for determination of financial need and delivery of student financial aid services, on the basis of the number of students for whom fees are waived. It is further the intent of the Legislature that the funds provided by this subdivision directly offset any mandated costs claimed by community college districts pursuant to Commission on State Mandates consolidated Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers). Funds allocated to a community college district for determination of financial need and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 1992-93 fiscal year.

(n) The board of governors shall adopt regulations implementing this section.



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

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

APR 01 2008

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6870-303-6049, Capital Outlay, California Community Colleges

It is requested that Item 6870-303-6049 be increased by \$31,198,000 to fund the preliminary plans, working drawings and construction phases of a new critical infrastructure project for the El Camino College Compton Center (Center). The entire campus infrastructure will be replaced in two phases. This request is to fund phase one and will replace various infrastructure systems in the south part of the campus, while the second phase will replace various infrastructure systems in the north part of the campus.

The majority of the utility infrastructure systems on this campus date back to the 1950s. The sewer, water, electrical, and other infrastructure systems on the campus have been failing with increasing frequency, jeopardizing the health and safety of students, faculty, and staff. Maintaining and repairing these systems as problems occur has become cost prohibitive and disruptive to the Center's instructional delivery. The proposed project is essential for the health and safety of faculty, staff, and students and is a necessary first step for the Center to regain its status as Compton Community College.

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 Theresa Gunn, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL C. GENEST
Director
By:

/s/ Fred Klass

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

APR 01 2008

-2-

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Mike Feuer, Chair, Assembly Budget Subcommittee No. 5
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Frederick E. Harris, Assistant Vice Chancellor, California Community Colleges
Mr. Jim Rogaski, District Specialist, California Community Colleges

APR 01 2008

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

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

Honorable John Laird, Chair
Assembly Budget Committee

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

**Amendment to Budget Bill Items 7980-101-0001 and 7980-101-0890, Local Assistance,
California Student Aid Commission**

**Shift Funding for the California Student Opportunity and Access Program to Federal
Funds (Issue 046):**

It is requested that Schedule (1) of Item 7980-101-0001 be reduced by \$5,730,000 to reflect a shift in funding for the California Student Opportunity and Access Program (Cal-SOAP) from General Fund to federal funds.

It is further requested that Provision 5 of this item be deleted as follows to conform to this action:

~~"5. Of the funds appropriated in Schedule (1), \$5,730,000 is for the California Student Opportunity and Access Program established pursuant to Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of the Education Code and shall be available to provide financial aid awareness and outreach to students who are preparing to enter, or are currently enrolled in, college."~~

It is further requested that Item 7980-101-0890 be increased by \$7,349,000 to reflect the availability of additional funds from the federal College Access Challenge Grant. It is anticipated that California will receive \$7.7 million from the College Access Challenge Grant, which is designed to support states in assisting low-income students and families learn about, prepare for, and finance postsecondary education, including career technical education (CTE) opportunities. The 2008-09 Governors' Budget already includes \$330,000 from the College Access Challenge Grant for the Cash for College Program, which provides financial aid workshops to assist low-income students with completing the Free Application for Federal Student Aid and the Cal Grant GPA Verification Form, as well as providing other financial aid information. The balance, or \$7,349,000, is now proposed for the Cal-SOAP program, which provides financial aid outreach and tutoring services to disadvantaged K-12 students to increase their access to postsecondary education. Of this amount, it is proposed that \$1,000,000 be dedicated to CTE awareness and outreach activities, which would promote the value of career technical education, provide information on career programs with sequenced courses beginning in high school and continuing into post secondary education, and the resulting career opportunities that can result from these programs.

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It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$7,349,000 is for the California Student Opportunity and Access Program established pursuant to Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of the Education Code, as amended in the current legislative session, and shall be available to provide financial aid awareness and outreach to students, who are preparing to enter, or are currently enrolled in, college. Of this amount, \$1,000,000 is dedicated for career technical education public awareness and outreach activities to promote the value of career technical education and the resulting career opportunities. This provision reflects funds anticipated from the College Access Challenge Grant Program authorized by HR 2669 for the 2008-09 and 2009-10 fiscal years.

See attachment A for proposed trailer bill language that would authorize the Cal-SOAP funding for CTE public awareness and outreach activities.

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 Ed Hanson, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST

Director

By:

/s/ Fred Klass

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, 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)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Ms. Diana Fuentes-Michel, Executive Director, California Student Aid Commission
Mr. Vincent Stewart, Assistant Secretary, Office of the Secretary for Education

Attachment A—Trailer Bill Language for CalSOAP

Summary:

The following proposed trailer bill language would amend Education Code Section 69561 and authorize the use of California Student Opportunity and Access Program funding for CTE public awareness and outreach activities.

Proposed Language:

"69561. (a) The Student Opportunity and Access Program is administered by the Student Aid Commission.

(b) The Student Aid Commission may apportion funds on a progress payment schedule for the support of projects designed to increase the accessibility of postsecondary educational opportunities for any of the following elementary and secondary school students:

- (1) Students who are from low-income families.
- (2) Students who would be the first in their families to attend college.
- (3) Students who are from schools or geographic regions with documented low-eligibility or college participation rates.

(c) These projects shall primarily do all of the following:

(1) Increase the availability of information for these students on the existence of postsecondary schooling and work opportunities.

(2) Raise the achievement levels of these students so as to increase the number of high school graduates eligible to pursue postsecondary learning opportunities.

(d) Projects may assist community college students in transferring to four-year institutions, to the extent that project resources are available.

(e) Projects may provide assistance to low-income fifth and sixth grade students and their parents in order to implement outreach efforts designed to use the future availability of financial assistance as a means of motivating students to stay in school and complete college preparatory courses.

(f) Projects may promote career technical education public awareness, which would promote the value of career technical education, available career programs in public schools and postsecondary segments with sequenced courses beginning in high school and continuing into post secondary education, and the resulting career opportunities. Of the funds available annually for the Student Opportunity and Access Program, no less than \$1 million shall be utilized for statewide promotion of career technical education opportunities authorized by this subdivision. The Student Aid Commission shall consult with the Department of Education and the Chancellor's Office of the California Community Colleges in determining the projects and activities for these funds.

(f) (g) Each project shall be proposed and operated through a consortium that involves at least one secondary school district office, at least one four-year college or university, at least one community college, and at least one of the following agencies:

(1) A nonprofit educational, counseling, or community agency.

(2) A private vocational or technical school accredited by a national, state, or regional accrediting association recognized by the United States Department of Education.

(g) (h) The commission, in awarding initial project grants, shall give priority to proposals developed by more than three eligible agencies. Projects shall be located throughout the state in order to provide access to program services in rural, urban, and suburban areas.

(h) (i) The governing board of each project, comprising at least one representative from each entity in the consortium, shall establish management policy, provide direction to the project director, set priorities for budgetary decisions that reflect the specific needs of the project, and assume responsibility for maintaining the required level of matching funds, including solicitations from the private sector and corporate sources.

(+) (j) Prior to receiving a project grant, each consortium shall conduct a planning process and submit a comprehensive project proposal to include, but not be limited to, the following information:

- (1) The agencies participating in the project.
- (2) The students to be served by the project.
- (3) The ways in which the project will reduce duplication and related costs.
- (4) The methods for assessing the project's impact.

(+) (k) Each project shall include the direct involvement of secondary school staff in the daily operations of the project, with preference in funding to those projects that effectively integrate the objectives of the Student Opportunity and Access Program with those of the school district in providing services that are essential to preparing students for postsecondary education.

(+) (l) Each project shall maintain within the project headquarters a comprehensive student-specific information system on students receiving services through the program in grades 11 and 12 at secondary schools within the participating districts. This information shall be maintained in a manner consistent with the law relating to pupil records.

(+) (m) At least 30 percent or the equivalent of each project grant shall be allocated for stipends to peer advisers and tutors who meet all of the following criteria:

- (1) Work with secondary school students.
- (2) Are currently enrolled in a college or other postsecondary school as an undergraduate or graduate student.
- (3) Have demonstrated financial need for the stipend.

(+) (n) Each project should work cooperatively with other projects in the program and with the commission to establish viable student services and sound administrative procedures and to ensure coordination of the activities of the project with existing educational opportunity programs. The Student Aid Commission may develop additional regulations regarding the awarding of project grants and criteria for evaluating the effectiveness of the individual projects."