



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

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

May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

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

Federal Funds Adjustments

Item 6100-001-0890, Support, Standardized Account Code Structure (SACS) System Replacement Project (Issue 748)—It is requested that Schedule (1) of this item be decreased by \$3.6 million Federal Trust Fund to remove funding for the SACS system replacement project. The SACS system is a uniform chart of accounts used to record financial data to organize school financial information to the specifications of the federal government. Federal funds are no longer necessary because the replacement project will be pursued through a contract with a county office of education (see trailer bill language section for alternative funding).

It is further requested that Provision 15 be deleted to conform to this action.

Item 6100-112-0890, Local Assistance, Public Charter Schools Grant Program (PCSGP) (Issue 406)—It is requested that Schedule (1) of this item be increased by \$34,541,000 Federal Trust Fund to reflect the availability of one-time carryover funds. The PCSGP awards planning and implementation grants up to \$575,000 to new charter schools.

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

1. Of the funds appropriated in this item, \$35,400,000 is provided in one-time federal carryover funds to support the existing program.

Item 6100-113-0890, Local Assistance, Student Assessment Program (Issue 103)—It is requested that Schedule (3) of this item be increased by \$153,000 federal Title VI funds to align to the federal grant award. Federal funds for state assessments are provided for costs associated with the development and administration of the California Assessment of Student Performance and Progress, and the English Language Development Test.

Item 6100-125-0890, Local Assistance, English Language Acquisition (Issue 816)—It is requested that Schedule (3) of this item be increased by \$1,246,000 federal Title III funds to reflect the availability of one-time carryover funds for state level activities being redirected to

local assistance for allocation to applicable local educational agencies (LEAs). This program provides services to help students attain English proficiency and meet grade level academic standards.

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

2. Of the funds appropriated in Schedule (3), \$1,246,000 is provided in one-time federal Title III carryover funds to support the existing program.

Item 6100-195-0890, Local Assistance, Improving Teacher Quality (Issue 323)—It is requested that Schedule (4) of this item be increased by \$126,000 federal Title II, Part A funds to reflect the availability of one-time carryover funds. The Improving Teacher Quality Local Grant Program provides funds to LEAs on a formula basis for professional development activities focused on preparing, training, and recruiting highly qualified teachers. Federal regulations for Title II and Title IX require the state to provide professional development for private schools. Due to a change in the contractor during fiscal year 2015-16, some activities will not be completed in the current fiscal year.

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

4. Of the funds appropriated in Schedule (4), \$126,000 is provided in one-time federal Title II, Part A carryover funds to complete 2015-16 professional development activities for private schools.

Item 6100-201-0890, Local Assistance, National School Lunch Program Equipment Assistance Grants (Issue 738)—It is requested that Schedule (1) of this item be increased by \$3,746,000 Federal Trust Fund to reflect the availability of one-time funds to provide grants for food service equipment. Qualifying LEAs receiving funding may purchase equipment to serve healthier meals, meet nutritional standards, and improve food safety.

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

1. Of the funds appropriated in Schedule (1), \$3,746,000 is provided on a one-time basis for equipment assistance grants.

General Fund and Other Adjustments

Item 6100-001-0001, Support, State Department of Education (SDE) (Issues 099, 101, 252, 484, and 819)

Instructional Quality Commission (IQC) (Issue 099)—It is requested that Schedule (2) of this item be increased by \$362,000 General Fund to support curriculum framework activities of the IQC. This funding will support the development of the science and health curriculum frameworks in 2016-17.

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

29. Of the funds appropriated in this item, \$362,000 is available on a one-time basis to support curriculum framework development activities of the Instructional Quality Commission. These funds shall be used to cover the editorial charges associated with the development of the science curriculum framework, support development of the health curriculum framework, and

support the operational expenses of the Instructional Quality Commission in 2016-17. Upon the approval of the Department of Finance, funds appropriated in this item may be used to support additional framework development activities of the Instructional Quality Commission in 2016-17 if necessary to accommodate changes in workload timelines.

State and Federal Accountability System Support (Issue 101)—It is requested that Schedule (2) of this item be increased by \$251,000 General Fund to support 2 existing positions that will continue the development, implementation, and maintenance of the state and federal accountability systems. The funding would be available until June 30, 2019.

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

30. Of the funds appropriated in this item, \$251,000 is provided until June 30, 2019, to support 2.0 existing positions that will continue the development, implementation, and maintenance of the state and federal accountability systems.

Shift State Operations Funding Between Schedules (Issue 252)—It is requested that Schedule (3) of this item be decreased by \$550,000 General Fund and that Schedule (2) of this item be increased by \$550,000 General Fund. This technical adjustment would correct a scheduling error and more accurately reflect program funding, and would have no effect on the total amount budgeted in this item.

Distinguished After School Health Recognition Program Administration (Issue 484)—It is requested that provisional language be amended and added as follows to redirect \$59,000 General Fund from support of child care services to the administration of the Distinguished After School Health Recognition Program to accurately reflect program funding.

"5. Of the funds appropriated in this item, no less than ~~\$2,296,000~~ \$2,237,000 is available for support of child care services, including state preschool."

31. Of the funds appropriated in this item, \$59,000 and 0.5 position are available until June 30, 2017, to support the Distinguished After School Health Recognition Program as established by Chapter 369 of the Statutes of 2014.

Uniform Complaint Procedure (UCP) Activities (Issue 819)—It is requested that Schedule (2) of this item be increased by \$200,000 General Fund on a one-time basis to support the SDE's review of UCP appeals related to civil rights, physical education, lactation accommodations, foster and homeless youth rights, and courses without educational content. The California State Auditor is expected to release a report in December 2016 evaluating the current UCP process to determine whether other complaint models may serve the state more effectively. This one-time funding provides SDE with resources for 2016-17 activities. Future funding for UCP activities will be considered after the State Auditor's report is issued.

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

32. Of the funds appropriated in Schedule (2), \$200,000 is provided on a one-time basis to support activities associated with reviewing various appeals subject to the Uniform Complaint Procedures.

Item 6100-491, Support, Reappropriation (Issues 100, 682, 716, 732, and 733)—It is requested that citations (1) and (2) of Item 6100-491 be deleted to remove the reappropriation of \$3.6 million General Fund for the SACS system replacement project. The reappropriated General Fund is unnecessary because this Administration proposes that the SACS system replacement project be funded through a contract with a county office of education (see trailer bill language section for alternative funding).

It is also requested that \$135,000 General Fund appropriated in Item 6100-001-0001, Budget Act of 2015 (Chapters 10 and 11, Statutes of 2015), be reappropriated to 2016-17 for the SDE to contract with a researcher/writer with expertise in sex trafficking and sexual abuse to draft a section of the Health Framework for consideration by the Instructional Quality Commission.

It is further requested that the following citation be added to Item 6100-491 to conform to this action:

3. \$135,000 in Item 6100-001-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015), for the State Department of Education to contract with a researcher/writer with expertise in sex trafficking and sexual abuse for purposes of drafting a section for the Instructional Quality Commission to consider including in the Health Framework.

Items 6100-101-0231 and 6100-102-0231, Local Assistance, Tobacco-Use Prevention Education Program (Issues 741 and 742)—It is requested that Schedule (1) of Item 6100-101-0231 be increased by \$190,000 Health Education Account and Schedule (1) of Item 6100-102-0231 be increased by \$568,000 Health Education Account to reflect increased revenue estimates for the Cigarette and Tobacco Products Surtax Fund (Proposition 99). These funds are used for health education efforts aimed at preventing and reducing tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.

Item 6100-113-0001, Local Assistance, Student Assessment Program (Issue 108)—It is requested that Schedule (3) of this item be decreased by \$153,000 Proposition 98 General Fund to conform to an increase in federal Title VI funds being used to support student assessments.

Item 6100-119-0001, Local Assistance, Foster Youth Services Coordinating (FYSC) Program (Issue 822)—It is requested that this item be decreased by \$119,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment for the FYSC Program. The FYSC Program provides funding to participating county offices of education to coordinate with LEAs within its jurisdiction to ensure that direct services, consistent with foster youth services coordinating plans, are being provided to foster youth pupils to promote positive educational outcomes.

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

"1. Of the funds appropriated in this item, ~~\$119,000~~ \$0 is to reflect a cost-of-living adjustment."

Items 6100-139-8080, 6100-639-0001, and 6100-698-8080, Local Assistance, Proposition 39 (Issue 407)—It is requested that Items 6100-139-8080 and 6100-639-0001 be increased by \$33,370,000 Clean Energy Job Creation Fund to reflect an increase in projected

revenues in 2016-17 tied to the corporate tax changes enacted by Proposition 39. It is also requested that a conforming adjustment be made to Item 6100-698-8080.

Item 6100-150-0001, Local Assistance, American Indian Early Childhood Education Program (Issue 824)—It is requested that Schedule (1) of this item be decreased by \$3,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the American Indian Early Childhood Education Program. This program provides competitive grants for programs that increase academic achievement and self-esteem for American Indian students in pre-kindergarten through grade four.

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

"1. Of the funds appropriated in this item, ~~\$3,000~~ \$0 is to reflect a cost-of-living adjustment."

Item 6100-151-0001, Local Assistance, American Indian Education Centers (Centers) (Issue 823)—It is requested that Schedule (1) of this item be decreased by \$19,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to grants for the Centers. The Centers serve as educational resources to the American Indian students, their parents, and the public schools in their communities. They also provide supplemental and extended day instructional programs to meet the needs of American Indian students.

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

"1. Of the funds appropriated in this item, ~~\$19,000~~ \$0 is to reflect a cost-of-living adjustment."

Item 6100-158-0001, Local Assistance, Education for Adults in Correctional Facilities (Issue 485 and 504)—It is requested that this item be decreased by \$71,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to reimbursements for the Adults in Correctional Facilities program.

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

"2. Of the funds appropriated in this item, ~~\$71,000~~ \$0 is to reflect a cost-of-living adjustment."

It is further requested that provisional language be amended as follows to reflect the appropriate fiscal year.

"1. Notwithstanding Section 41841.5 of the Education Code, or any other provision of law, all of the following shall apply:

(a) The amount appropriated in this item and any amount allocated for this program in this act shall be the only funds available for allocation by the Superintendent of Public Instruction to school districts or county offices of education for the Adults in Correctional Facilities Program.

(b) The amount appropriated in this item shall be allocated based upon prior year rather than current year expenditures.

(c) Funding distributed to each local educational agency (LEA) for reimbursement of services provided in the prior fiscal year for the Adults in Correctional Facilities Program shall be limited to the amount received by the agency for services provided in the 2009–10 fiscal year. Funding shall be reduced or eliminated, as appropriate, for any LEA that reduces or eliminates services provided under this program in the prior fiscal year, as compared to the level of services provided in the ~~2009–10~~ 2014–15 fiscal year. Any funds remaining as a result of those

decreased levels of service shall be allocated to provide support for new programs in accordance with Section 41841.8 of the Education Code.

(d) Funding appropriated in this item for growth in average daily attendance (ADA) first shall be allocated to programs that are funded for 20 units or less of ADA, up to a maximum of 20 additional units of ADA per program."

Item 6100-161-0001, Local Assistance, Special Education (Issues 260, 261, 262, 263, and 265)—It is requested that Schedule (1) of this item be increased by \$15,702,000 Proposition 98 General Fund. This adjustment includes: (1) an increase of \$36,138,000 to reflect decreased offsetting property tax revenues; (2) a decrease of \$3,209,000 to reflect reduced estimates of growth in average daily attendance; and (3) a decrease of \$17,227,000 to reflect a decrease in the cost-of-living adjustment.

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

"2. Of the funds appropriated in Schedule (1), up to ~~\$17,524,000~~ \$17,427,000 shall be available to provide special education and related services to pupils with low-incidence disabilities pursuant to their individualized education program. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on an equal per-pupil rate using the methodology specified in Section 56836.22 of the Education Code."

"4. Of the funds appropriated in Schedule (1), up to ~~\$146,129,000~~ \$145,318,000 is available to fund the costs of children placed in licensed children's institutions who attend nonpublic schools based on the funding formula authorized in Chapter 914 of the Statutes of 2004."

"9. Of the amount provided in Schedule (1), up to ~~\$196,000~~ \$195,000 shall be available to fully fund the declining enrollment of necessary small special education local plan areas pursuant to Chapter 551 of the Statutes of 2001."

"14. Of the amount specified in Schedule (1), ~~\$362,120,000~~ \$360,110,000 shall be available only to provide educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas in the 2016-17 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code."

"15. The funds appropriated in this item reflect an adjustment to the base funding of ~~-0.41~~ -0.497 percent for the annual adjustment in statewide average daily attendance."

"16. Of the amount provided in Schedule (1), ~~\$17,227,000~~ \$0 is to reflect a cost-of-living adjustment."

"19. Of the amount specified in Schedule (1), up to ~~\$2,803,000~~ \$2,788,000 shall be available for small SELPAs to conduct regionalized services, pursuant to Section 56836.31 of the Education Code."

It is also requested that Schedule (2) of this item be decreased by \$495,000 Proposition 98 General Fund. This adjustment includes: (1) a decrease of \$78,000 to reflect reduced estimates

of growth in average daily attendance; and (2) a decrease of \$417,000 to reflect a decrease in the cost-of-living adjustment.

It is further requested that provisional language be amended as follows to conform to these actions:

"17. Of the amount provided in Schedule (2), ~~\$417,000~~ \$0 is to reflect a cost-of-living adjustment."

Item 6100-172-0001, Local Assistance, College Planning Website (Issue 401)—It is requested that Schedule (1) of this item be increased by \$2 million Proposition 98 General Fund on an ongoing basis to support online tools that provide college planning and preparation tools and services to students, teachers, counselors, and administrators.

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

"1. The funds appropriated in this item shall be apportioned to the Riverside County Office of Education for support of ~~an Internet Web site to serve as a college planning and preparation tool for students in middle school, high school, and community college, as well as for their parents and school counselors.~~ online tools to provide (a) information regarding college planning and preparation primarily applicable to students in middle school, high school, and community college, their parents, teachers, and counselors, and (b) services related to college preparation and matriculation, such as the transmission of high school transcripts and test scores to colleges and universities."

"2. The Riverside County Office of Education shall report to the State Department of Education ~~on, the Director of Finance, and the Legislature, pursuant to Government Code section 9795,~~ regarding the expenditures supported by this appropriation."

Item 6100-182-0001, Local Assistance, K-12 High Speed Network (HSN) (Issues 050 and 683)—It is requested that provisional language be amended as follows to reflect revised expenditure authority for the K-12 HSN and the amount of reserve funds available for expenditure.

"1. The funds appropriated in Schedule (1) and ~~\$3,500,000 reappropriated in Provision 5 of Item 6400-488~~ appropriated in pending legislation for a total of \$8,000,000 shall be allocated to the K-12 High Speed Network.

2. Expenditure authority of no greater than ~~\$49,264,000~~ \$22,023,000 is provided for the K-12 High Speed Network.

(a) Of the amount authorized for expenditure in this provision, \$10,878,000 shall be funded by E-rate and California Teleconnect Fund moneys. The leading education agency or the Corporation for Education Network Initiatives in California (CENIC), or both, shall submit quarterly reports to the Department of Finance and the budget committees of each house of the Legislature on funds received from E-rate and the California Teleconnect Fund.

(b) Of the amounts authorized for expenditure in this provision, ~~\$383,000~~ \$3,145,000 shall be funded by the reserves held by the K-12 High Speed Network.

(c) For the 2016–17 fiscal year, all major subcontracts of the K–12 High-Speed Network program shall be excluded from both the eligible program costs on which indirect costs are charged and from the calculation of the indirect cost rate based on that year's data. For purposes of this provision, a major subcontract is defined as a subcontract for services in an amount in excess of \$25,000."

It is further requested that provisional language be added as follows to require the K-12 HSN or the Corporation for Education Network Initiative in California (CENIC), or both, to report E-rate and California Teleconnect Fund subsidies received as a result of network connectivity infrastructure grants issued pursuant to Item 6110-182-0001 of the Budget Act of 2014 and Item 6100-182-0001 of the Budget Act of 2015.

4. The K-12 High-Speed Network or CENIC, or both, shall submit quarterly reports to the Department of Finance and the budget committees of each house of the Legislature on E-rate and California Teleconnect Fund subsidies received as a result of network connectivity infrastructure grants issued pursuant to Item 6110-182-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014) and Item 6100-182-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

It is further requested that provisional language be added as follows to require the K-12 HSN to receive Department of Finance approval prior to expending any E-rate and California Teleconnect Fund subsidies received as a result of network connectivity infrastructure grants issued pursuant to Item 6110-182-0001 of the Budget Act of 2014 and Item 6100-182-0001 of the Budget Act of 2015.

5. The K-12 High-Speed Network shall not expended any E-rate and California Teleconnect Fund subsidies received as a result of network connectivity infrastructure grants issued pursuant to Item 6110-182-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014) and Item 6100-182-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015) prior to receiving Department of Finance approval, and no sooner than 30 days after notification in writing is provided to the Joint Legislative Budget Committee.

Item 6100-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issues 731 and 750)—It is requested that this item be decreased by \$757,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the per-meal reimbursement rates for the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and homes.

It is also requested that this item be decreased by \$2,377,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and homes. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2016-17.

It is further requested that provisional language be amended as follows to conform to these actions:

"5. Of the funds appropriated in this item, ~~\$757,000~~ \$0 is to reflect a cost-of-living adjustment."

"6. The funds appropriated in this item reflect a growth adjustment of ~~-\$1,331,000~~ -\$3,708,000 due to a decrease in the projected number of meals served."

Item 6100-296-0001, Local Assistance, Increase Mandate Block Grant Funding (Issue 749)—It is requested that Schedule (1) of this item be increased by \$131,000 Proposition 98 General Fund to align mandate block grant funding with revised average daily

attendance estimates. This additional funding is required to maintain statutory block grant funding rates assuming 100 percent program participation.

Addition of Budget Bill Item 6100-497, Support, Revert General Fund Savings

(Issue 746 and 820)—It is requested that \$1,555,000 General Fund from Item 6110-001-0001, Budget Act of 2014 (Chapters 25 and 663, Statutes of 2014), and \$2,927,000 General Fund from Item 6100-001-0001, Budget Act of 2015 (Chapters 10 and 11, Statutes of 2015), be reverted to the General Fund. The *Cruz v. California* lawsuit has been settled and the SDE no longer needs the remaining funding for legal defense costs.

It is also requested that \$2.5 million General Fund from Item 6110-003-0001, Budget Act of 2013 (Chapters 20 and 354, Statutes of 2013), \$1.1 million from Item 6110-003-0001, Budget Act of 2014 (Chapters 25 and 663, Statutes of 2014), and \$3.6 million from Item 6100-003-0001, Budget Act of 2015 (Chapters 10 and 11, Statutes of 2015), be reverted to the General Fund. The funding is no longer necessary because the Administration proposes that the Standardized Account Code Structure system replacement project be funded through a county office of education (see trailer bill language section for alternative funding).

It is further requested that Item 6100-497 be added as follows to conform to this action:

6100-497—Reversion, Department of Education. As of June 30, 2016, the balances specified below, of the appropriations provided in the following citations, shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) \$1,555,000 from Schedule (2) of Item 6110-001-0001, Budget Act of 2014 (Chs. 25 and 663, Stats. 2014), as reappropriated by Item 6100-491, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (2) \$2,927,000 from Schedule (2) of Item 6100-001-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (3) \$2,500,000 from Item 6110-003-0001, Budget Act of 2013, (Chs. 20 and 354, Stats. 2013), as reappropriated by Item 6110-491, Budget Act of 2014 (Chs. 25 and 663, Stats. 2014), and by Item 6100-491, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (4) \$1,100,000 from Item 6110-003-0001, Budget Act of 2014 (Chs. 25 and 663, Stats. 2014), as reappropriated by Item 6100-491, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (5) \$3,600,000 from Item 6100-003-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

Item 6100-601-0001, Local Assistance, School District Local Control Funding Formula (LCFF), Continuous Appropriation, Base Adjustments, Local Property Tax Offsets, and the Restoration of Transitional Kindergarten Funding (Issues 161, 162, 164, 165, 166, 168, and 179)

—It is requested that this non-Budget Act item be increased by \$1,768,111,000 Proposition 98 General Fund to reflect the following: (1) a decrease of \$5.2 million to reflect reduced growth estimates; (2) an increase of \$474,000 to reflect increased Basic Aid pupil transfer costs and Basic Aid supplemental charter school costs; (3) a decrease of \$298,851,000 to reflect increased offsetting local revenue property taxes; (4) an increase of \$1,327,639,000 to reflect reduced offsetting Education Protection Account revenues; (5) an increase of \$9,130,000 to reflect increased Minimum State Aid estimates; (6) an increase of \$9,093,000 to reflect revised estimates of offsetting local revenues filling the gap to fully fund implementation; and (7) an increase of \$725,826,000 to reflect the restoration of LCFF funds associated with delayed implementation of the Early Education Block Grant.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 177)—It is requested that this non-Budget Act item be decreased by \$1,339,086,000 Education Protection Account to reflect revised revenue estimates.

Items 6100-601-3286, 6100-695-3286, and 6100-611-0001, Local Assistance, Proposition 47 (Issues 730, 751, and 752)—It is requested that non-Budget Act Item 6100-601-3286 be increased by \$2,539,000 Safe Neighborhoods and Schools Fund to reflect increased General Fund savings pursuant to Proposition 47. This funding is aimed at improving outcomes for public schools pupils in K-12 by reducing truancy and supporting pupils who are at risk of dropping out of school or are victims of crime.

It is further requested that non-Budget Act Items 6100-695-3286 and 6100-611-0001 be adjusted to conform to this action.

Items 6100-602-0001 and 6100-488, Local Assistance, SDE, Reappropriate (Issues 015, 024, 025, 030, 031, 032, 033, 034, 035, 036, 402, 684, 753, 754, and 755)—It is requested that Provision 7 of Item 6100-488 be added, as specified in Attachment 1, and non-Budget Act Item 6100-602-0001 be increased by \$300,000 in one-time Proposition 98 General Fund savings to reflect unspent funds from the first round of the Career Pathways Trust Program that is being reappropriated to support the technical assistance needs of the program in 2016-17.

It is further requested that Provision 8 of Item 6100-488 be added, as specified in Attachment I, and non-Budget Act Item 6100-602-0001 be increased by \$87,623,000 in one-time Proposition 98 General Fund savings for the K-12 School Facility Emergency Repair Revolving Loan Program pursuant to pending legislation (see attached trailer bill language).

It is also requested that Provisions 1, 2, 4, 5, and 6 of Item 6100-488 be deleted, and the non-Budget Act Item 6100-602-0001 be decreased by \$61,106,000 to shift available one-time Proposition 98 General Fund savings to the Career Pathways Program and the K-12 School Facility Emergency Repair Revolving Loan Program.

Item 6100-605-0001, and 6100-485, Local Assistance, SDE, Reappropriation (Issues 021, 023, 037, and 038)—It is requested that Provision 2 of Item 6100-485 be added, as specified in Attachment II, and non-Budget Act Item 6100-605-0001 be increased by \$12,377,000 in one-time Proposition 98 General Fund savings for the K-12 School Facility Emergency Repair Revolving Loan Program.

It is further requested that Provision 1 of this item be deleted, and the non-Budget Act Item 6100-605-0001 decreased by \$11,570,000 to shift available one-time Proposition 98 General Fund savings to the K-12 School Facility Emergency Repair Revolving Loan Program.

Item 6100-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 172, 173, 174, and 175)—It is requested that this non-Budget Act item be increased by \$72,131,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$3,109,000 to reflect growth in ADA; (2) an increase of \$51,387,000 to reflect decreased offsetting local revenue property taxes; (3) an increase of \$12,145,000 to reflect reduced offsetting Education Protection Account revenues; and (4) an increase of \$5,490,000 to reflect increased Minimum State Aid estimates.

Item 6100-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 176)—It is requested that this non-Budget Act item be decreased by \$1,339,086,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-630-0001, Local Assistance, Shift Funding for the Career Technical Education (CTE) Incentive Grant Program (Issue 110)—It is requested that this non-Budget Act item be increased by \$60 million one-time Proposition 98 General Fund to reflect funding for the CTE Incentive Grant Program. The Governor's Budget funded a portion of the CTE Incentive Grant Program with \$60 million Proposition 98 General Fund that count towards the 2015-16 Proposition 98 minimum guarantee. The May Revision shifts \$60 million of the program funding from the 2015-16 Proposition 98 minimum guarantee to the 2016-17 Proposition 98 minimum guarantee. See the Current Year Adjustment section below for the corresponding reduction.

Item 6100-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment (Issue 163)—It is requested that this non-Budget Act item be increased by \$90,000 Proposition 98 General Fund to reflect charter school average daily attendance growth.

Item 6100-672-0001, Local Assistance, School District LCFF, Transition Funding Appropriation Adjustment (Issue 167)—It is requested that this non-Budget Act item be increased by \$154,120,000 Proposition 98 General Fund to reflect an adjustment to the amount of LCFF Transition Funding provided in 2016-17 (see trailer bill section for increased appropriation).

Item 6100-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 178)—It is requested that this non-Budget Act item be increased by \$1,339,086,000 Education Protection Account to reflect revised revenue estimates.

Current Year Adjustments

Item 6100-601-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 161, 162, 164, 165, 166)—It is requested that this non-Budget Act item be increased by \$725,486,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$34,187,000 to reflect growth; (2) an increase of \$481,000 to reflect increased Basic Aid pupil transfer costs and Basic Aid supplemental charter school costs; (3) a decrease of \$247,567,000 to reflect increased offsetting local revenue property taxes; (4) an increase of \$929,255,000 to reflect reduced offsetting Education Protection Account revenues; and (5) an increase of \$9,130,000 to reflect increased Minimum State Aid estimates.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 177)—It is requested that this non-Budget Act item be decreased by \$936,651,000 Education Protection Account to reflect revised revenue estimates.

Item 6100-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 172, 173, 174, and 175)—It is requested that this non-Budget Act item be increased by \$70,504,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$5,850,000 to reflect growth; (2) an increase of \$51,069,000 to reflect decreased offsetting local revenue property

taxes; (3) an increase of \$8,095,000 to reflect reduced offsetting Education Protection Account revenues; and (4) an increase of \$5,490,000 to reflect increased Minimum State Aid estimates.

Item 6100-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 176)—It is requested that this non-Budget Act item be decreased by \$936,651,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-630-0001, Local Assistance, Shift Funding for the CTE Incentive Grant Program (Issue 110)—It is requested that this non-Budget Act item be decreased by \$60 million Proposition 98 General Fund. The Governor's Budget funded a portion of the CTE Incentive Grant Program with \$60 million Proposition 98 General Fund from the 2015-16 Proposition 98 minimum guarantee. The May Revision shifts \$60 million of program funding from the 2015-16 Proposition 98 minimum guarantee to the 2016-17 Proposition 98 minimum guarantee.

Item 6100-663-0001, Local Assistance, Special Education Adjustment for Property Tax Revenue (Issue 264)—It is requested that this non-Budget Act item be increased by up to \$28.5 million Proposition 98 General Fund to reflect an expected decrease in property tax revenues of the same magnitude (see attached trailer bill language).

Item 6100-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment (Issue 163)—It is requested that this non-Budget Act item be increased by \$436,000 Proposition 98 General Fund to reflect charter school average daily attendance growth.

Item 6100-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 178)—It is requested that this non-Budget Act item be increased by \$936,651,000 Education Protection Account to reflect revised revenue estimates.

Trailer Bill Language (See Attachment III)

K-12 School Facility Emergency Repair Revolving Loan—The Administration proposes trailer bill legislation to provide \$100 million in one-time Proposition 98 savings to establish a K-12 School Facility Emergency Repair Revolving Loan Program. The program would provide temporary funding to school districts to address imminent health and safety issues on school sites that displace students, subject to strict criteria such as no alternative or temporary facilities being available to a school district to educate their students. The program would enable qualifying school districts to expeditiously remediate their health and safety issue in an effort to quickly return displaced students to an educational setting.

Proposition 98 Settle-up Payment—The Governor's Budget proposed adding Education Code section 41207.42 to specify the amount of the settle-up payments to be provided. The Administration proposes amended trailer bill language at the May Revision to specify changes to these payments.

Foster Youth Services Coordinating Program Funding Allocation—The Administration proposes trailer bill legislation to require a base grant amount of \$75,000 Proposition 98 General Fund for each county office of education participating in the Foster Youth Services Coordinating Program. The proposed legislation would also require 70 percent of the annual funding allocation to be based on the number of foster youth in the county and 30 percent of the annual funding allocation to be based on the number of school districts in the county.

Child Nutrition Program Reimbursement Rates—The Administration proposes trailer bill legislation that updates reimbursement rates for the Child Nutrition program to reflect the revised cost-of-living adjustment that decreased from 0.47 percent to 0.00 percent.

Storage of Independent Study Program Agreements—The Administration proposed trailer bill legislation at the Governor's Budget to clarify statute concerning electronic signatures for independent study agreement storage and is now proposing further clarifying language to confirm that electronic storage of independent study agreements is adequate for purposes of an audit.

Career Technical Education Incentive Grant Match Review—The Administration proposes trailer bill legislation to allow the State Superintendent of Public Instruction to annually review the career technical education program expenditures of grant recipients, for purposes of verifying that the dollar-for-dollar match requirement of the California Career Technical Education Incentive Grant Program was met. If the match requirement was not met, the language directs the Superintendent to reduce the following year's grant allocation in an amount equal to the unmet portion of the match requirement.

Funding for Out-of-Home Care Program for Special Education—The Administration proposes trailer bill legislation to reflect anticipated changes in funding for the Out-of-Home Care program for foster students with exceptional needs receiving special education services, pursuant to Chapter 773, Statutes of 2015 (AB 403).

Single Test Delivery System—The Administration proposes trailer bill legislation to state the Legislature's intent that the SDE ensure, where feasible, that future California computer-based assessments utilize the assessment delivery system infrastructure and hosting platform outlined in the Smarter Balanced Technical Hosting Solution. The proposed trailer bill legislation further specifies that all computer-based statewide assessments, to the extent possible and most cost-effective, will be developed to operate on the existing approved infrastructure, provide a single logical access point, support a single secure browser for remote and local access, and utilize uniform system development standards.

Reasonable Reimbursement Methodology (RRM)—The Administration proposed trailer bill legislation at the Governor's Budget requiring a RRM, based wholly or partly on claimed cost data, to be developed with claimed costs that have been audited by the State Controller's Office (SCO). The Administration proposes to amend the trailer bill legislation to require the SCO to audit a representative sample of claimed costs used to develop an RRM.

Discretionary Funding and Mandate Debt Payments—The Administration proposes to revise trailer bill legislation to appropriate an additional \$201,029,000 Proposition 98 General Fund to K-12 LEAs for discretionary use that will also offset applicable mandate reimbursement claims. Specifically, the Administration proposes an increase of \$295,824,000 Proposition 98 General Fund applicable to 2014-15 and a decrease of \$94,795,000 Proposition 98 General Fund applicable to 2015-16. As a result, total 2014-15 funding is \$634,864,000 and total 2015-16 funding is \$586,472,000. Coupled with other adjustments to settle up and reappropriation funding, total discretionary funding increased from \$1,280,757,000 at the Governor's Budget to \$1,415,509,000 at the May Revision. The intended use of these funds continues to focus on deferred maintenance, professional development for educators, induction programs, technology infrastructure, and the implementation common core standards and Next Generation Science standards.

Special Education Redevelopment Agency Revenue Backfill—The Administration proposes trailer bill legislation to provide a Proposition 98 General Fund backfill for special education programs if redevelopment agency revenues distributed to local educational agencies for special education are less than estimated in the 2016 Budget Act. This trailer bill language was inadvertently left out of the 2016-17 Governor's Budget trailer bill legislation.

Special Education Adjustment for Property Tax Revenue—The Administration proposes trailer bill legislation to appropriate up to \$28.5 million Proposition 98 General Fund to backfill an expected special education property tax shortfall in 2015-16. These funds will be available only if the amount of local proceeds of property taxes for special education reported as of the second principal apportionment and certified pursuant to Education Code section 41339 are less than the estimated local property taxes for special education that were included in the 2015 Budget Act.

Multi-Tiered Systems of Support Initiative—The Administration proposes trailer bill legislation to appropriate \$30 million in one-time Proposition 98 General Fund, to expand upon activities currently underway to develop and implement multi-tiered systems of support to improve academic and behavioral outcomes for all students, which was funded with \$10 million in one-time General Fund in 2015. The \$30 million is applicable to the 2014-15 Proposition 98 minimum guarantee.

California School Information Services (CSIS)—The Administration proposes trailer bill legislation to appropriate \$6,636,000 Proposition 98 General Fund for CSIS operational activities. The May Revision provides CSIS the same amount of funding as the Governor's Budget; however, the May Revision shifts CSIS funding from reappropriated Proposition 98 savings to the 2014-15 Proposition 98 minimum guarantee.

K-12 HSN—The Administration proposes trailer bill legislation to appropriate \$3.5 million Proposition 98 General Fund for K-12 HSN operational activities authorized pursuant to Item 6100-182-0001, Budget Act of 2016. The May Revision provides K-12 HSN the same amount of funding as the Governor's Budget; however, the May Revision shifts K-12 HSN funding from reappropriated Proposition 98 savings to the 2014-15 Proposition 98 minimum guarantee.

SACS System Replacement Project—The Administration proposes trailer bill legislation to appropriate \$3 million Proposition 98 General Fund to provide initial funding for the SACS system replacement project. The SACS system technology is outdated, lacks adequate support, is incompatible with modern systems, and does not meet current security standards. Given the necessity to replace the SACS system and the challenges of implementing a state solution, the Administration proposes that the SACS system replacement project be addressed through a contract with a county office of education. The funding will allow the SDE to initiate the SACS replacement project in 2016-17 to the extent that an appropriate county office of education is selected, a viable project is identified, and adequate justification is provided to the Department of Finance.

School District LCFF Transition Funding Appropriation Augmentation—The Administration proposed trailer bill legislation at the Governor's Budget to appropriate \$2,824,669,000 Proposition 98 General Fund in 2016-17 for the continued implementation of the LCFF. The May Revision proposes an additional \$154,120,000, providing a total of \$2,978,789,000 for 2016-17 implementation costs.

Career Technical Education Incentive Grant Funding Source—The Governor's Budget proposed trailer bill legislation specifying that \$60 million of the \$300 million provided for year two of the California Career Technical Education Incentive Grant Program is applicable to the 2015-16 Proposition 98 minimum guarantee. The May Revision proposes to shift the \$60 million to the 2016-17 Proposition 98 minimum guarantee. As a result, proposed trailer bill legislation from the Governor's Budget is unnecessary and is being deleted.

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 COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Nick Schweizer, Deputy Superintendent, State Department of Education
Ms. Roxanne Eres, Fiscal and Administrative Services Director, State Department of Education

Proposed Amendments to Budget Bill Item 6100-488

"6100-488—Reappropriation, State Department of Education. Notwithstanding any other provision of law, the balances from the following items are available for reappropriation for the purposes specified in Provisions 4 to 6, inclusive 3, 7, and 8:

0001—General Fund

- (1) \$24,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for class size reduction pursuant to Section 39 and 40 of Chapter 724 of the Statutes of 2010.
- (2) \$135,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for assessment review and reporting in Schedule (1) of Item 6110-113-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).
- (3) \$3,062,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for assessment apportionments in Schedule (5) of Item 6110-113-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).
- (4) \$20,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).
- (5) \$10,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California American Indian Education Centers in Item 6110-151-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).
- (6) ~~\$56,000~~ \$287,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6110-166-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).
- (7) \$24,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Agricultural Career Technical Education Incentive Program in Item 6110-167-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).
- (8) ~~\$300,000~~ \$400,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Item 6110-203-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).
- (9) ~~\$465,000~~ \$333,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for assessment review and reporting in Schedule (1) of Item 6110-113-0001 of the Budget Act of 2014 (Ch. 25 and 663, Stats. 2014).
- (10) \$4,287,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the English Language Development Assessment in Schedule (3) of Item 6110-113-0001 of the Budget Act of 2014 (Ch. 25 and 663, Stats. 2014).
- (11) ~~\$52,000~~ \$3,210,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Statewide Pupil Assessment System in Schedule (5) of Item 6110-113-0001 of the Budget Act of 2014 (Ch. 25 and 663, Stats. 2014).

(12) ~~\$14,045,000~~ or whatever greater or lesser amount of the unexpended balance of the amount appropriated for apportionment to county offices of education in paragraph (2) of subdivision (a) of Section 51 of Chapter 33 of the Statutes of 2014.

(13) ~~\$7,091,000~~ \$12,207,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Child Development, Preschool Education in Schedule (1) of Item 6110-196-0001 of the Budget Act of 2013 (Ch. 20 and 354, Stats. 2013).

(14) ~~\$475,000~~ \$520,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2013–14 fiscal year pursuant to Section 8483.5 of the Education Code.

(15) ~~\$1,360,000~~ \$2,729,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education in Schedule (1) of Item 6110-196-0001 of the Budget Act of 2014 (Ch. 25 and 663, Stats. 2014).

(16) ~~\$30,000,000~~ or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Early Education Program for Children with Exceptional Needs in Schedule (2) of Item ~~6110-161-0004~~ 6100-161-0001 of the Budget Act of 2015 (Chs. 10, and 11, and 321, Stats. 2015).

(17) ~~\$5,039,000~~ or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the High School Exit Examination in Schedule (3) of Item ~~6110-113-0004~~ 6100-113-0001 of the Budget Act of 2015 (Chs. 10, and 11, and 321, Stats. 2015).

(18) \$255,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for class size reduction pursuant to Section 58 of Chapter 7 of the Statutes of 2011.

(19) \$531,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for class size reduction pursuant to Section 91 of Chapter 38 of the Statutes of 2012.

(20) \$57,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2013 (Chs. 20 and 354, Stats. 2013).

(21) \$200,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Early Education Program for Individuals with Exceptional Needs in Schedule (2) of Item 6110-161-0001 of the Budget Act of 2013 (Chs. 20 and 354, Stats. 2013).

(22) \$140,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6110-166-0001 of the Budget Act of 2013 (Chs. 20 and 354, Stats. 2013).

(23) \$68,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Child Nutrition School Breakfast and Summer Food Service Program of Item 6110-201-0001 of the Budget Act of 2013 (Chs. 20 and 354, Stats. 2013).

(24) \$1,752,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act pursuant to Section 52055.780 of the Education Code.

(25) \$32,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(26) \$20,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Specialized Secondary Programs in Item 6110-122-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(27) \$151,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for American Indian Education Centers in Item 6110-151-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(28) \$244,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6100-161-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(29) \$11,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6110-166-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(30) \$52,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Child Nutrition School Breakfast and Summer Food Service Program of Item 6110-201-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(31) \$200,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Item 6110-203-0001 of the Budget Act of 2014 (Ch. 25 and 663, Stats. 2014).

(32) \$772,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6100-161-0001 of the Budget Act of 2015 (Chs. 10, 11, and 321, Stats. 2015).

(33) \$300,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Instructional Support – Career Technical Education in Item 6110-280-0001 of the Budget Act of 2013 (Chs. 20 and 354, Stats. 2013).

(34) \$11,845,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education in Schedule (1) of Item 6100-196-0001 of the Budget Act of 2015 (Ch. 10, 11, and 321, Stats. 2015).

Provisions:

1. The sum of \$6,636,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund. Of this amount, \$828,000 shall be provided by the department to local educational agencies that did not participate in the former state reporting program administered by California School Information Services (CSIS) and are for the support of data submission to the California Longitudinal Pupil Achievement Data System (CALPADS), and \$5,808,000 is for allocation by the Superintendent of Public Instruction to the Fiscal Crisis and Management Assistance Team for CSIS, pursuant to the memorandum of understanding with the State Department of Education in support of CALPADS. As a condition of receiving funds appropriated in this item, CSIS shall submit an expenditure plan with workload justification to the Department of Finance and the Legislative Analyst's Office by November 1, 2016. The expenditure plan shall include, at a minimum, (a) positions filled and intended to be filled, (b) salaries and benefits, (c) external contracts, (d)

~~other operating expenses, and (e) equipment needs. The workload information shall include, at a minimum, activities performed by CSIS and by the State Department of Education to implement CALPADS, workload associated with maintenance of CALPADS, and assistance provided to local educational agencies in transmission of data to CALPADS. The expenditure plan and workload data shall provide information for the prior year, current year, and budget year.~~

~~2. The sum of \$30,000,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to the county office of education or two county offices of education designated to provide technical assistance and disseminate evidence-based best practices to encourage local educational agencies in establishing and aligning multi-tiered systems of support, pursuant to Section 57 of Chapter 13 of the Statutes of 2015.~~

~~3. The sum of \$5,039,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to fund the California Student Assessment System authorized pursuant to Schedule (3) of Item 6100-113-0001 in this Budget Act.~~

~~4. The sum of \$19,970,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and charter schools in proportion to their average daily attendance reported as of the second principal apportionment for the 2015-16 fiscal year, for mandate claim reimbursement pursuant to pending legislation.~~

~~5. The sum of \$3,500,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support K-12 High Speed Network activities authorized pursuant to Item 6100-182-0001.~~

~~6. The sum of \$1,000,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for apportionment to the Riverside County Office of Education for support of an Internet website described in Item 6100-172-0001.~~

7. The sum of \$300,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the State Superintendent of Public Instruction to the Career Pathways Trust Grant Program pursuant to Item 6110-280-0001 of the Budget Act of 2013 (Chs. 20 and 354, Stats. 2013).

8. The sum of \$87,623,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support the K-12 Facilities Emergency Repair Revolving Loan Program activities pursuant to pending legislation."

Proposed Amendments to Budget Bill, Item 6100-485

"6100-485—Reappropriation (Proposition 98), Department of Education. The sum of \$11,570,000 \$12,377,000 is hereby reappropriated from the Proposition 98 Reversion Account for the following purpose:

0001—General Fund

1. ~~The sum of \$11,570,000 to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and charter schools in proportion to their average daily attendance reported as of the second principal apportionment for the 2015-16 fiscal year, for mandate claim reimbursement pursuant to pending legislation.~~
2. The sum of \$12,377,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support the K-12 Facilities Emergency Repair Revolving Loan Program activities pursuant to pending legislation."

Proposed Trailer Bill

The May Revision proposes the following trailer bill language changes. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

K-12 School Facility Emergency Repair Revolving Loan

Section 17375 of the Education Code is added to read:

(New for May Revision)

17375. (a) There is hereby established the K-12 School Facility Emergency Repair Revolving Loan Program for the purpose of providing bridge loans to school districts to address imminent emergency health and safety facilities repairs that result in the displacement of pupils from an educational setting. The loan program shall be administered by the Superintendent of Public Instruction.

(b) From the resources available for the K-12 School Facility Emergency Repair Revolving Loan Program, participating school districts meeting the requirements of this article shall be eligible to receive bridge loan funding to expeditiously mitigate emergency health and safety repairs, to ensure pupils are able to return to their school site.

(c) An eligible applicant shall be a school district that has an emergency health and safety issue and meets all of the following conditions:

(1) The health and safety issue causes a school site to be out of service for at least one week.

(2) To mitigate the issue, the school will close and cause pupils to be outside of an educational setting for at least one week.

(3) The school district has no alternative facility available to continue instruction.

(4) The school district has exhausted all readily available state and local resources to remediate the health and safety issue.

(5) The school facilities in question have been deemed unsafe for occupation by an outside public agency, including but not limited to, a local public health office.

(d) (1) For purposes of this article, "emergency health and safety facilities repairs" means structures or systems that are in a condition that pose a threat to the health and safety of pupils while at school. These projects may include, but are not limited to, the following types of facility repairs or replacements:

(A) Gas leaks.

(B) Electrical power failure.

(C) Major sewer line stoppage.

(D) Major pest or vermin infestation.

(E) Abatement of hazardous materials previously undiscovered that pose an immediate threat to pupil or staff.

(F) Structural damage creating a hazardous or uninhabitable condition.

(2) For purposes of this section, "emergency health and safety facilities repairs" does not include any cosmetic or nonessential repairs.

(e) A school district that receives a loan through their voluntary participation in the K-12 School Facility Emergency Repair Revolving Loan Program shall agree to expend the proceeds of the loan for the sole purpose of mitigating the identified emergency health and safety issue. Any loan funds not needed to mitigate the identified emergency health and safety issue shall be returned to the K-12 School Facility Emergency Repair Revolving Loan Fund by the school district.

Section 17376 of the Education Code is added to read:

(New for May Revision)

17376. (a) The K-12 School Facility Emergency Repair Revolving Loan Fund is hereby created in Section A of the State School Fund.

(b) Funds identified within the annual Budget Act for this purpose shall be available for the K-12 School Facility Emergency Repair Revolving Loan Fund. Moneys transferred pursuant to this subdivision shall be used for the purpose of addressing emergency health and safety facilities repairs pursuant to Section 17375.

(c) Within one year of loan disbursement, the school district shall have the option to repay the principal amount in full without interest, or the Superintendent of Public Instruction shall structure a long-term loan with a repayment plan of principal plus interest, pursuant to subdivision (d). A school district is encouraged to fully repay a loan from the K-12 School Facility Emergency Repair Revolving Loan Fund by either participating in the state's School Facilities Program pursuant to Section 17070.10 through 17079.30, or using available local resources.

(d)(1) If the school district opts not to repay the loan in full pursuant to subdivision (c), commencing with the first fiscal year following the fiscal year the school district receives the loan, the Superintendent of Public Instruction may direct the Controller to deduct from apportionments made to the school district, as appropriate, an amount equal to the annual repayment of the amount loaned to the school district under this section and pay the same amount into the K-12 School Facility Emergency Repair Revolving Loan Fund. Upon direction, the repayment of the full amount loaned to the school district shall be deducted by the Controller in equal annual amounts over a number of years agreed upon between the loan recipient and the Superintendent of Public Instruction in accordance with the loan terms specified in this article.

(2) The loan amount plus interest shall be repaid by the school district on the date this act becomes effective, for a period not to exceed 20 years.

(3) Notwithstanding paragraph (1), a school district shall have the option to fully repay the outstanding balance of a loan issued pursuant to paragraph (1) at any time.

Section 17377 of the Education Code is added to read:

(New for May Revision)

17377. (a) A loan pursuant to subdivision (d) of Section 17376 from moneys in the K-12 School Facility Emergency Repair Revolving Loan Fund shall be loaned at the interest rate earned by the money in the Pooled Money Investment Account plus two percent as of the date of disbursement of the funds to the school district.

(b) A school district shall pay the principle and interest on any loan from the fund either in total pursuant to subdivision (c) of Section 17376 or in regular installments withdrawn from the annual apportionment the school district receives pursuant to subdivision (d) of Section 17376.

(c) All principle and interest payments shall be paid into the K-12 School Facility Emergency Repair Revolving Loan Fund.

Section 17378 of the Education Code is added to read:

(New for May Revision)

17378. (a) The Superintendent of Public Instruction shall do all of the following:

(a) Adopt regulations and review and amend its regulations, as necessary, pursuant to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), for the administration of this article. The initial regulations adopted pursuant to this article shall be adopted as emergency regulations, and the circumstances related to the initial adoption are hereby deemed to constitute an emergency for this purpose. The initial regulations adopted pursuant to this article shall be adopted by June 30, 2017.

- (b) Establish and publish any procedures and policies in connection with the administration of this article as it deems necessary.
- (c) Disburse loan funds to approved school districts as expeditiously possible, pursuant to the conditions of this article.
- (d) Collect or direct the Controller to intercept principal and interest loan repayments for transfer to the K-12 School Facility Emergency Repair Revolving Loan Fund.
- (e) Provide technical assistance to school districts to implement this article.

Section 17379 of the Education Code is added to read:

(New for May Revision)

17379 . (a) By October 1 of each year, the Superintendent of Public Instruction shall provide detailed fund condition information for the K-12 School Facility Emergency Repair Revolving Loan Fund to the Department of Finance and the Legislative Analyst's Office. At a minimum, this information shall contain an accounting of actual beginning balances, revenues, itemized expenditures, and ending balances for the prior year, as well as projected beginning balances, revenues, itemized expenditures, and ending balances for the current year and budget year.

Section 17380 of the Education Code is added to read:

(New for May Revision)

17380. (a)(1) It is the intent of the Legislature that each school district exercise due diligence in the administration of deferred maintenance and regular maintenance in order to avoid the occurrence of emergency repairs.

(2) A school district's participation in this program shall be voluntary.

Proposition 98 Settle-up Payment

Section 41207.42 of the Education Code is amended to read:

41207.42. (a)(1) The sum of two hundred ~~fifty-seven~~ eighteen million dollars ~~(\$257,000,000)~~ (\$218,000,000) is hereby appropriated in the 2016-17 fiscal year from the General Fund to the Controller for allocation to school districts and community college districts for the purpose of offsetting the 2009–10 fiscal year outstanding balance of the minimum funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution.

(2) The amount appropriated pursuant to this subdivision shall be allocated to school districts and community college districts, as described in subdivision (a) of Section 41203.1, in accordance with the following:

(A) ~~Two hundred twenty-eight million nine hundred ten~~ One hundred ninety-four million one hundred seventy-three thousand dollars ~~(\$228,910,000)~~ (\$194,173,000) for transfer by the Controller to Section A of the State Schools Fund for allocation by the Superintendent pursuant to this section.

(B) ~~Twenty-eight million ninety~~ Twenty-three million eight hundred twenty-seven thousand dollars ~~(\$28,090,000)~~ (\$23,827,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges districts for deferred maintenance, instructional materials, and other activities as specified in Provision 20 of Item 6870-101-0001 of the Budget Act of 2016.

(3) The amount allocated to school districts pursuant to subparagraph (A) of paragraph (2) shall be distributed on the basis of an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2015-16 fiscal year.

(4) The amount allocated to community college districts pursuant subparagraph (B) of paragraph (2) shall be distributed on the basis of an equal amount per enrolled full-time equivalent student, as those numbers of students are reported at the time of the second principal apportionment for the 2015-16 fiscal year.

(5) For purposes of this subdivision a school district includes a county office of education and a charter school.

(b) For purposes of Section 8 of Article XVI of the California Constitution, the amounts appropriated and allocated pursuant to this section shall be applied to the outstanding balance of the minimum funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution for the 2009-10 fiscal year, and shall be deemed to be appropriations made and allocated in that fiscal year in which the deficiencies resulting in the outstanding balance were incurred.

(c) Funding received by school districts pursuant to subparagraph (A) of paragraph (2) of subdivision (a) shall first be deemed to be paid in satisfaction of any outstanding claims pursuant to Section 6 of Article XIII B of the California Constitution for reimbursement of state-mandated local costs for any fiscal year. Notwithstanding Section 12419.5 of the Government Code and any amounts that are deemed, pursuant to this subdivision, to be paid in satisfaction of outstanding claims for reimbursement of state-mandated local costs, the Controller may audit any claim as allowed by law and may recover any amount owed by school districts pursuant to an audit only by reducing amounts owed for any other mandate claims. Under no circumstances shall a school district be required to remit funding back to the state to pay for disallowed costs identified by a Controller audit of claimed reimbursable state-mandated local program costs. The Controller shall not recover any amount owed by a school district pursuant to an audit of claimed reimbursable state-mandated local program costs by reducing any amount owed a school district for any purpose other than amounts owed for any other mandate claims. The Controller shall apply amounts received by each school district against any balances of unpaid claims for reimbursement of state-mandated local costs and interest in chronological order beginning with the earliest claim. The Controller shall report to each school district the amounts of any claims and interest that are offset from funds provided pursuant to this section and shall report a summary of the amounts offset for each mandate for each fiscal year to the Department of Finance and the fiscal committees of the Legislature.

(d) (1) The governing board of a school district may expend the one-time funds received pursuant to subparagraphs (A) of paragraph (2) of subdivision (a) for any purpose, as determined by the governing board.

(2) It is the intent of the Legislature that school districts will prioritize the use of these one-time funds for deferred maintenance, professional development, induction for beginning teachers with a focus on relevant mentoring, instructional materials, technology infrastructure, and any other investments necessary to support implementation of the common core standards in English language arts and mathematics, the implementation of English language development standards, and the implementation of the Next Generation Science standards.

Foster Youth Services Coordinating Program Funding Allocation

Section 42920.5 of the Education Code is amended to read:

(New for May Revision)

42920.5. (a) Commencing with the 2015–16 fiscal year, and each fiscal year thereafter, the Foster Youth Services Coordinating Program, administered by the Superintendent, is hereby established to provide supplemental funding to county offices of education, or a consortium of county offices of education, to coordinate and ensure that local educational agencies within its jurisdiction are providing services to foster youth pupils pursuant to the plan established in Section 42921, with the purpose of ensuring positive educational outcomes.

(b) A foster youth services coordinating program shall meet minimum standards established by the Superintendent to ensure the provisions of Section 42921 are implemented, and shall be required to meet those minimum standards annually as a condition of continued funding.

(c) As a condition of receiving funds, a county office of education, or a consortium of county offices of education, shall work with the local educational agencies within the county or consortium of counties, and shall coordinate services to ensure that, for the 2015–16 and 2016–17 fiscal years, the level of direct services provided to support foster youth pupils is not less

than what was provided in the 2014–15 fiscal year through the foster youth services program established pursuant to Section 42921, as it read on June 30, 2015. In meeting this requirement, services for foster youth pupils may be provided through one or any combination of state funding, including, but not limited to, the local control funding formula, or federal, local, or other funding.

(d) For the 2015–16 fiscal year, the allocation amount for which any county office of education or consortium of county offices of education is eligible shall not be less than the amount allocated to that county or consortium in the 2014–15 fiscal year, including the allocation amounts of school districts identified in Section 42920, as it read on June 30, 2015. This subdivision applies only if a county office of education or consortium of county offices of education elects to apply for grant funding pursuant to Section 42921.

(e) On or before October 31, 2015, the Superintendent shall develop an allocation formula to determine the allocation amounts for which each county office of education or consortium of county offices of education is eligible. The Superintendent, within 30 days of the developing the allocation formula, shall submit the allocation formula to the appropriate policy and fiscal committees of the Legislature and the Department of Finance for review, and the Department of Finance shall approve the allocation formula within 30 days of submission by the Superintendent. The allocation formula may be revised annually upon submission to the appropriate policy and fiscal committees of the Legislature and approval by the Department of Finance within 30 days of submission by the Superintendent. The Superintendent may include additional criteria in the allocation formula, but shall apply, at a minimum, the following criteria:

(1) The number of pupils in foster care in the county.

(2) The number of school districts in the county.

(f) Commencing with the 2016-17 fiscal year, the Superintendent shall provide a base grant of \$75,000 to each participating county office of education or consortium of county offices of education that serves at least one foster youth pupil in the prior fiscal year.

(g) After providing base grants pursuant to subdivision (f), the Superintendent shall allocate the remaining funding to participating county offices of education or consortium of county offices of education based on the following criteria:

(1) Seventy-percent of the allocation shall be based on the number of pupils in foster care in the county.

(2) Thirty-percent of the allocation shall be based on the number of school districts in the county.

(f) (h) For purposes of this chapter, "local educational agency" means a county office of education, school district, or charter school.

Child Nutrition Reimbursement Rate Increase

Section 49430.5 of the Education Code is amended to read:

SEC. 8. 49430.5. (a) The reimbursement a school receives for free and reduced-price meals sold or served to pupils in elementary, middle, or high schools included within a school district, charter school, or county office of education shall be twenty-two and ~~eighty-two~~ **seventy-one** hundredths cents (~~\$0.2282~~) (**\$0.2271**) per meal, and, for meals served in child care centers and homes, the reimbursement shall be sixteen and ~~ninety-nine~~ **ninety-one** hundredths cents (~~\$0.1699~~) (**\$0.1691**) per meal.

(b) To qualify for the reimbursement for free and reduced-price meals provided to pupils in elementary, middle, or high schools, a school shall follow the Enhanced Food Based Meal Pattern, Nutrient Standard Meal Planning, or Traditional Meal Pattern developed by the United States Department of Agriculture or the SHAPE Menu Patterns developed by the state.

(c) The reimbursement rates set forth in this section shall be adjusted annually for increases in cost of living in the same manner set forth in Section 42238.1.

Storage of Independent Study Program Agreements

Section 51747 of the Education Code is amended to read:

51747. A school district or county office of education shall not be eligible to receive apportionments for independent study by pupils, regardless of age, unless it has adopted written policies, and has implemented those policies, pursuant to rules and regulations adopted by the Superintendent, that include, but are not limited to, all of the following:

(a) The maximum length of time, by grade level and type of program, that may elapse between the time an independent study assignment is made and the date by which the pupil must complete the assigned work.

(b) The number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether he or she should return to the regular school program. A written record of the findings of any evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. The record shall be maintained for a period of three years from the date of the evaluation and, if the pupil transfers to another California public school, the record shall be forwarded to that school.

(c) A requirement that a current written agreement for each independent study pupil shall be maintained on file, including, but not limited to, all of the following:

(1) The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress.

(2) The objectives and methods of study for the pupil's work, and the methods utilized to evaluate that work.

(3) The specific resources, including materials and personnel, that will be made available to the pupil.

(4) A statement of the policies adopted pursuant to subdivisions (a) and (b) regarding the maximum length of time allowed between the assignment and the completion of a pupil's assigned work, and the number of missed assignments allowed before an evaluation of whether or not the pupil should be allowed to continue in independent study.

(5) The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement. No independent study agreement shall be valid for any period longer than one school year.

(6) A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.

(7) The inclusion of a statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate. In the case of a pupil who is referred or assigned to any school, class, or program pursuant to Section 48915 or 48917, the agreement also shall include the statement that instruction may be provided to the pupil through independent study only if the pupil is offered the alternative of classroom instruction.

(8) (A) Each written agreement shall be signed, before the commencement of independent study, by the pupil, the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years of age, the certificated employee who has been designated as having responsibility for the general supervision of independent study, and all persons who have direct responsibility for providing assistance to the pupil. For purposes of this paragraph "caregiver" means a person who has met the requirements of Part 1.5 (commencing with Section 6550) of Division 11 of the Family Code.

(B) ~~A signed written agreement~~ Signed written agreements, supplemental agreements, assignment records, work samples, and attendance records assessing time value of work or evidence that an instructional activity occurred may be maintained ~~on file electronically as an~~ electronic file.

(d) For the purposes of this section, an electronic ~~copy~~ file includes a computer or electronic stored image of an original document, including, but not limited to, portable document format (PDF), JPEG, or other digital image file type, that may be sent via fax machine, email, or other electronic means.

(e) Either an original document, or an electronic file of the original document, is allowable documentation for auditing purposes.

Career Technical Education Incentive Grant Match Review

Section 53076 of the Education Code is amended to read:

(New for May Revision)

53076. For purposes of administering the program established by this chapter, the Superintendent may do any of the following:

(a) Determine, in collaboration with the executive director of the state board, specific funding amounts and the number of grants to be awarded.

(b) Distribute funding on a multiyear schedule, establish a process for monitoring the use of the funding, and, if necessary, cease distribution of funding and recover previously distributed funding in the case of a recipient's failure to comply with a grant prerequisite or minimum standard.

(c) Annually review grant recipients expenditures on career technical education programs for purposes of determining if the grant recipients have met the dollar-for-dollar match requirement, as specified in subdivision (a) of Section 53071 of the Education Code. If after review, the Superintendent determines that a grant recipient failed to meet the matching funds requirement, the Superintendent shall reduce the following year's grant allocation in an amount equal to the unmet portion of the match requirement.

~~(e)~~(d) Require grant recipients to submit program reports.

~~(d)~~(e) Set aside up to 1 percent of the total amount provided for the program for one or both of the following purposes:

(1) To provide planning grants.

(2) To contract with a local educational agency for the provision of technical assistance to applicants and grant recipients.

Funding for Out-of-Home Care Program for Special Education

Section 56836.165 of the Education Code is amended to read:

(New for May Revision)

56836.165. (a) For the 2004-05 fiscal year and each fiscal year thereafter, the Superintendent shall calculate for each special education local plan area an amount based on (1) the number of children and youth residing in foster family homes, small family homes, and foster family agencies, (2) the licensed capacity of group homes licensed by the State Department of Social Services, and (3) the number of children and youth ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in skilled nursing facilities or intermediate care facilities licensed by the State Department of Health Services and the number of children and youth, ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services.

(b) The department shall assign each facility described in paragraphs (1), (2), and (3) of subdivision (a) a severity rating. The severity ratings shall be on a scale from 1 to 14. Foster family homes and small family homes shall be assigned a severity rating of 1. Foster family agencies shall be assigned a severity rating of 2. Facilities described in paragraph (2) of subdivision (a) shall be assigned the same severity rating as its State Department of Social Services rate classification level. For facilities described in paragraph (3) of subdivision (a), skilled nursing facilities shall be assigned a severity rating of 14, intermediate care facilities shall

be assigned a severity rating of 11, and community care facilities shall be assigned a severity rating of 8.

(c) (1) The department shall establish a "bed allowance" for each severity level. For the 2004-05 fiscal year, the bed allowance shall be calculated as described in paragraph (2). For the 2005-06 fiscal year and each fiscal year thereafter, the department shall increase the bed allowance by the inflation adjustment computed pursuant to Section 42238.1. The department shall not establish a bed allowance for any facility defined in paragraphs (2) and (3) of subdivision (a) if it is not licensed by the State Department of Social Services or the State Department of Health Services.

(2) (A) The bed allowance for severity level 1 shall be five hundred two dollars (\$502).

(B) The bed allowance for severity level 2 shall be six hundred ten dollars (\$610).

(C) The bed allowance for severity level 3 shall be one thousand four hundred thirty-four dollars (\$1,434).

(D) The bed allowance for severity level 4 shall be one thousand six hundred forty-nine dollars (\$1,649).

(E) The bed allowance for severity level 5 shall be one thousand eight hundred sixty-five dollars (\$1,865).

(F) The bed allowance for severity level 6 shall be two thousand eighty dollars (\$2,080).

(G) The bed allowance for severity level 7 shall be two thousand two hundred ninety-five dollars (\$2,295).

(H) The bed allowance for severity level 8 shall be two thousand five hundred ten dollars (\$2,510).

(I) The bed allowance for severity level 9 shall be five thousand four hundred fifty-one dollars (\$5,451).

(J) The bed allowance for severity level 10 shall be five thousand eight hundred eighty-one dollars (\$5,881).

(K) The bed allowance for severity level 11 shall be nine thousand four hundred sixty-seven dollars (\$9,467).

(L) The bed allowance for severity level 12 shall be thirteen thousand four hundred eighty-three dollars (\$13,483).

(M) The bed allowance for severity level 13 shall be fourteen thousand three hundred forty-three dollars (\$14,343).

(N) The bed allowance for severity level 14 shall be twenty thousand eighty-one dollars (\$20,081).

(d) (1) For each fiscal year, the department shall calculate an out-of-home care funding amount for each special education local plan area as the sum of amounts computed pursuant to paragraphs (2), (3), and (4). The State Department of Social Services and the State Department of Developmental Services shall provide the State Department of Education with the residential counts identified in paragraphs (2), (3), and (4).

(2) The number of children and youth residing on April 1 in foster family homes, small family homes, and foster family agencies located in each special education local plan area times the appropriate bed allowance.

(3) The capacity on April 1 of each group home licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.

(4) The number on April 1 of children and youth (A) ages 3 through 21 referred by the State Department of Developmental Services who are residing in skilled nursing facilities and intermediate care facilities licensed by the State Department of Health Services located in each special education local plan area times the appropriate bed allowance, and (B) ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.

(e) In determining the amount of the first principal apportionment for a fiscal year pursuant to Section 41332, the Superintendent shall continue to apportion funds from Section A of the State

School Fund to each special education local plan area equal to the amount apportioned at the advance apportionment pursuant to Section 41330 for that fiscal year.

(f) Notwithstanding subdivision (b) and paragraph (3) of subdivision (d), for the 2016-17 fiscal year funding for group homes, the Superintendent shall use the rate classification levels as they exist on December 31, 2016 and the capacity of each group home licensed by the State Department of Social Services located in each special education local plan area on December 31, 2016.

Single Test Delivery System

Section 60602.6 is added to the Education Code to read:

(New for May Revision)

60602.6. It is the intent of the Legislature that the California Department of Education minimize the impact to teachers and administrators and state resources by ensuring, where feasible, that future California computer-based assessments utilize the assessment delivery system infrastructure and hosting platform outlined in the Smarter Balanced Technical Hosting Solution as approved by the Department of Technology for the California Student Assessment System. All computer-based statewide assessments, to the extent possible and most cost-effective, will be developed to operate on the existing approved infrastructure, provide a single logical access point, support a single secure browser for remote and local access, and utilize uniform system development standards. The assessment delivery system infrastructure shall be scalable in nature to allow the department to incorporate additional computer-based statewide assessments as funded.

Amend Mandate Reasonable Reimbursement Methodology

Section 17518.5 of the Government Code is amended to read:

SEC. XX. 17518.5. (a) "Reasonable reimbursement methodology" means a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514.

(b) A reasonable reimbursement methodology shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs.

(c) A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.

(d) Whenever possible, a reasonable reimbursement methodology shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs. In cases when local agencies and school districts are projected to incur costs to implement a mandate over a period of more than one fiscal year, the determination of a reasonable reimbursement methodology may consider local costs and state reimbursements over a period of greater than one fiscal year, but not exceeding 10 years.

(e) (1) A reasonable reimbursement methodology that is based on, in whole or in part, costs that have been included in claims submitted to the Controller for reimbursement, shall only use costs that have been audited by the Controller.

(2) Upon receiving a reasonable reimbursement methodology proposal that is based on, in whole or in part, costs that have been included in claims submitted to the Controller for reimbursement, the Commission on State Mandates shall notify the Controller within 30 days of receiving the proposed reasonable reimbursement methodology.

(3) The Controller shall select and audit a representative sample of the claimed costs used in the proposed reasonable reimbursement methodology within 360 days of being notified by the Commission on State Mandates.

(4) The allowable costs reported by the Controller as a result of the audits shall be the costs used for the proposed reasonable reimbursement methodology.

(e) (f) A reasonable reimbursement methodology may be developed by any of the following:

- (1) The Department of Finance.
- (2) The Controller.
- (3) An affected state agency.
- (4) A claimant.
- (5) An interested party.

Discretionary Funding and K-14 Mandate Debt Payments

Section 17581.10 of the Government Code is amended to read:

17581.10. For the 2016-17 fiscal year, 17581.10. (a) (1) The sum of one billion **twenty two hundred twenty-one** million three hundred **seven thirty-six** thousand dollars ~~(\$1,020,307,000)~~ **(\$1,221,336,000)** is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to school districts and county superintendents of schools in the manner, and for the purposes, set forth in this section.

(2) The sum of ~~seventy-six-one hundred five~~ million ~~three five~~ hundred ~~one seven~~-thousand dollars ~~(\$76,307,000)~~ **(\$105,501,000)** is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts in the manner, and for the purposes, set forth in this section.

(3) For purposes of this section, a school district includes a county office of education and a charter school.

(b) The Superintendent of Public Instruction shall allocate the funds appropriated pursuant to paragraph (1) of subdivision (a) to school districts on the basis of an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2015-16 fiscal year.

(c) The Chancellor of the California Community Colleges shall allocate the funds appropriated pursuant to paragraph (2) of subdivision (a) to community college districts on the basis of an equal amount per enrolled full-time equivalent student, as those numbers of students are reported at the time of the second principal apportionment for the 2015-16 fiscal year.

(d) Allocations made pursuant to this section shall first satisfy any outstanding claims pursuant to Section 6 of Article XIII B of the California Constitution for reimbursement of state-mandated local program costs for any fiscal year. Notwithstanding Section 12419.5 and any amounts that are paid in satisfaction of outstanding claims for reimbursement of state-mandated local program costs, the Controller may audit any claim as allowed by law, and may recover any amount owed by school districts or community college districts pursuant to an audit only by reducing amounts owed by the state to school districts or community college districts for any other mandate claims. Under no circumstances shall a school district or community college district be required to remit funding back to the state to pay for disallowed costs identified by a Controller audit of claimed reimbursable state-mandated local program costs. The Controller shall not recover any amount owed by a school district or community college district pursuant to an audit of claimed reimbursable state-mandated local program costs by reducing any amount owed a school district or community college district for any purpose other than amounts owed for any other mandate claims. The Controller shall apply amounts received by each school district or community college district against any balances of unpaid claims for reimbursement of state-mandated local program costs and interest in chronological order beginning with the earliest claim. The Controller shall report to each school district and community college district the amounts of any claims and interest that are offset from funds provided pursuant to this section and shall report a summary of the amounts offset for each mandate for each fiscal year to the Department of Finance and the fiscal committees of the Legislature.

(e) (1) The governing board of a school district or community college district may expend the one-time funds received pursuant to this section for any purpose, as determined by the governing board of the school district or community college district.

(2) It is the intent of the Legislature that school districts shall prioritize the use of these one-time funds for deferred maintenance, professional development for educators, induction for beginning teachers with a focus on relevant mentoring, instructional materials, technology infrastructure, and any other investments necessary to support implementation of the common core standards in English language arts and mathematics, the implementation of English language development standards, and the implementation of the Next Generation Science standards.

(3) It is the intent of the Legislature that community college districts shall prioritize the use of these one-time funds for professional development, campus security infrastructure, technology infrastructure, and developing open education resources and zero-textbook cost degrees.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~three six~~ hundred thirty-nine ~~four~~ million ~~eight hundred sixty-four~~ ~~forty~~ thousand dollars ~~(\$339,040,000)~~ **(\$634,864,000)** of the appropriations made by paragraph

(1) of subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year.

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~three twenty-nine~~ million ~~three four~~ hundred ~~ninety-four~~ ~~fifty-one~~ thousand dollars ~~(\$3,394,000)~~ **(\$29,451,000)** of the appropriations made by paragraph (2) of subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year.

(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~six five~~ hundred eighty-one ~~six~~ million ~~two four~~ hundred ~~sixty-seven~~ ~~seventy-two~~ thousand dollars ~~(\$681,267,000)~~ **(\$586,472,000)** of the appropriations made by paragraph (1) of subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2015-16 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015-16 fiscal year.

(i) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~seventy-two~~ ~~six~~ million ~~nine hundred thirteen~~ ~~fifty~~ thousand dollars ~~(\$72,913,000)~~ **(\$76,050,000)** of the appropriations made by paragraph (2) of subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2015-16 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015-16 fiscal year.

Special Education Redevelopment Agency Revenue Backfill

Add uncodified language as follows:

(New for May Revision)

Uncodified. (a) On or before June 30, 2017, an amount to be determined by the Director of Finance shall be appropriated from the General Fund to the Superintendent of Public Instruction in augmentation of Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2016.

- (b) The funds appropriated in subdivision (a) shall only be available to the extent that revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act of 2016, as determined by the Director of Finance.
- (c) On or before June 30, 2017, the Director of Finance shall determine if the revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code exceed the estimated amount reflected in the Budget Act of 2016 and shall reduce Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2016 by the amount of that excess.
- (d) In making the determinations pursuant to subdivisions (b) and (c), the Director of Finance shall consider any other local property tax revenues collected in excess or in deficit of the estimated amounts reflected in the Budget Act of 2016.
- (e) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a) or to make the reduction pursuant to subdivision (c), and the amount needed to address the property tax shortfall determined pursuant to subdivision (b) or the amount of the reduction made pursuant to subdivision (c). The Controller shall make the funds available pursuant to subdivision (a) not sooner than five days after this notification and the State Department of Education shall work with the Controller to allocate these funds to local educational agencies as soon as practicable.
- (f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2016-17 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016-17 fiscal year.

Special Education Property Tax Revenue Backfill

Add uncodified language as follows:

(New for May Revision)

Uncodified. (a) On or before June 30, 2016, up to twenty eight million, five hundred thousand dollars (\$28,500,000) shall be appropriated from the General Fund to the Superintendent of Public Instruction in augmentation of Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2015 (Ch. 10, Stats 2015).

(b) The funds appropriated in subdivision (a) shall only be available to the extent that property tax revenues distributed to local educational agencies for special education programs, pursuant to Section 2572 of the Education Code, reported as of the second principal apportionment and certified pursuant to Section 41339 of the Education Code are less than the estimated amount reflected in the Budget Act of 2015, as determined by the Director of Finance.

(c) In making the determination pursuant to subdivision (b), the Director of Finance shall consider any other local property tax revenues collected in excess or in deficit of the estimated amounts reflected in the Budget Act of 2016.

(d) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a), and the amount needed to address the property tax shortfall determined pursuant to subdivision (b). The Controller shall make the funds available pursuant to subdivision (a) not sooner than five days after this notification and the State Department of Education shall work with the Controller to allocate these funds to local educational agencies as soon as practicable, pursuant to Section 56836.08 (e) of the Education Code.

(e) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be

"General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2015-16 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016-17 fiscal year.

One-Time Funding for the Multi-Tiered Systems of Support Initiative

Add uncodified language as follows:

(New for May Revision)

Uncodified. (a) For the 2016-17 fiscal year, the sum of thirty million dollars (\$30,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to the Orange County Department of Education in the manner, and for the purposes, set forth in this section.

(b) The Superintendent and the Executive Director of the State Board of Education in consultation with the Orange County Department of Education "Scale Up MTSS Statewide" (SUMS) project will develop criteria for how the Orange County Department of Education will allocate the amount appropriated in subdivision (a), for the purpose of expanding and strengthening the use of evidence-based programs and practices through the use of a Multi-Tiered Systems of Support framework.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016-17 fiscal year.

California School Information Services

Add uncodified language as follows:

(New for May Revision)

Uncodified. (a) For the 2016-17 fiscal year, the sum of six million six hundred thirty-six thousand dollars (\$6,636,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for transfer by the Controller to Section A of the State School Fund for the purposes set forth in subdivisions (b) and (c).

(b) Of the funds appropriated pursuant to subdivision (a), five million eight hundred eight thousand dollars (\$5,808,000) shall be provided to the Fiscal Crisis and Management Assistance Team for California School Information Services (CSIS), pursuant to the memorandum of understanding with the State Department of Education in support of the California Longitudinal Pupil Achievement Data System (CALPADS).

(c) Of the funds appropriated pursuant to subdivision (a), eight hundred twenty-eight thousand dollars (\$828,000) shall be provided to local educational agencies that did not participate in the former state reporting program administered by CSIS and are for the support of data submission to CALPADS.

(d) As a condition of receipt of funds appropriated in subdivision (b), CSIS shall submit an expenditure plan with workload justification to the Department of Finance and the Legislative Analyst's Office by November 1, 2016. The expenditure plan shall include, at a minimum, (a) positions filled and intended to be filled, (b) salaries and benefits, (c) external contracts, (d) other operating expenses, and (e) equipment needs. The workload information shall include, at a minimum, activities performed by CSIS and by the State Department of Education to implement CALPADS, workload associated with maintenance of CALPADS, and assistance provided to local educational agencies in transmission of data to CALPADS. The expenditure

plan and workload data shall provide information for the prior year, current year, and budget year.

(e) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, six million six hundred thirty-six thousand dollars (\$6,636,000) of the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year.

K-12 High Speed Network

Add uncodified language as follows:

(New for May Revision)

Uncodified. (a) For the 2016-17 fiscal year, the sum of three million five hundred thousand dollars (\$3,500,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to the K-12 High-Speed Network for operational activities authorized pursuant to Item 6100-182-0001 of the Budget Act of 2016.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, three million five hundred thousand dollars (\$3,500,000) of the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year.

Standardized Account Code Structure System Replacement Project

Add uncodified language as follows:

(New for May Revision)

Uncodified. (a) For the 2016-17 fiscal year, the sum of three million dollars (\$3,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for transfer to the Controller to Section A of the State School Fund for the purposes set forth in subdivision (b).

(b). The Superintendent shall allocate the funds appropriated pursuant to subdivision (a) to a county office of education, as determined by the Department of Education, to initiate the procurement of a replacement system for the Standardized Account Code Structure system.

(c). The funding provided pursuant to subdivision (a) shall only be available upon approval of the Department of Finance, and not sooner than 30 days after notification of the Joint Legislative Budget Committee.

(d) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, three million dollars (\$3,000,000) of the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year.

School District LCFF Transition Funding Appropriation Augmentation

Amend uncoded language as follows:

(a) The sum of ~~two billion eight hundred twenty-four million six hundred sixty-nine thousand dollars (\$2,824,669,000)~~ **two billion nine hundred seventy-eight million seven hundred eighty-nine thousand dollars (\$2,978,789,000)** is hereby appropriated from the General Fund to the Superintendent of Public Instruction and shall be allocated pursuant to the calculation in subdivision (b) of Section 42238.03 of the Education Code.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2016-17 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016-17 fiscal year.

Career Technical Education Incentive Grant Funding Source

Delete uncoded language as follows:

SEC. 18. (a) Notwithstanding Section 52 of Chapter 13 of the Statutes of 2015, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, sixty million dollars (\$60,000,000) of the appropriation made by paragraph (2) of subdivision (a) of Section 53070 of the Education Code shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2015-16 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015-16 fiscal year.



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

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

May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items and Trailer Bill Language, Local Assistance, Related to Child Care and State Preschool Programs, State Department of Education

Federal Fund Adjustments

Item 6100-194-0890, Local Assistance, Align Provisional Language with Proposed Trailer Bill Language for Local Planning Councils (Issue 508)—It is requested that provisional language in this item be amended as follows to align with the Administration's proposed trailer bill language to bring local planning council activities under the purview of county offices of education.

"4. Notwithstanding any other provision of law, each ~~local planning council~~ county office of education receiving funds appropriated in Schedule (7) shall meet the requirements of Section ~~8499.5~~ 8499 of the Education Code to the extent feasible and to the extent data is readily accessible."

Items 6100-194-0890 and 6100-194-0001, Local Assistance, Adjust Federal Child Care and Development Fund One-Time Carryover (Issues 488 and 489)—It is requested that Schedule (5) of Item 6100-194-0890 be increased by \$35,195,000 Federal Trust Fund to reflect an increase in one-time federal carryover funds available from prior years. It is also requested that Schedule (6) of Item 6100-194-0001 be decreased by a like amount to reflect this change. The increased federal funds will offset an identical amount of non-Proposition 98 General Fund in the California Work Opportunity and Responsibility to Kids (CalWORKs) Stage 3 child care program. The Governor's Budget identified \$15,356,000 one-time Federal Trust Fund carryover available in fiscal year 2016-17 and this adjustment will increase the total available carryover funds to \$50,551,000.

It is further requested that Provision 5 of Item 6100-194-0890 be amended as follows to conform to this action:

"5. Of the funds appropriated in this item, ~~\$15,356,000~~ \$50,551,000 is available on a one-time basis for CalWORKs Stage 3 child care from federal Child Care and Development Block Grant funds appropriated prior to the 2016-17 ~~federal~~ fiscal year."

Items 6100-194-0890 and 6100-194-0001, Local Assistance, Adjust Federal Child Care and Development Fund Base Grant (Issues 490 and 493)—It is requested that Schedules (5) and (6) of Item 6100-194-0890 be increased by \$11,302,000 and \$9,152,000 Federal Trust Fund, respectively, to reflect an increase in ongoing federal funds. It is also requested that Schedule (6) of Item 6100-194-0001 be decreased by \$11,302,000 to reflect a federal fund offset of non-Proposition 98 General Fund in the CalWORKs Stage 3 child care program. The increase in Schedule (6) of Item 6100-194-0001 will align federal funding for quality activities with the amount required for 2016-17 by the federal Child Care and Development Block Grant.

Item 6100-294-0890, Local Assistance, Early Head Start–Child Care Partnership One-Time Carryover (Issue 483)—It is requested that this item be increased by \$3,752,000 Federal Trust Fund to reflect an increase in one-time Early Head Start–Child Care Partnership carryover funds available from prior years to support existing program activities.

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

4. Of the funds appropriated in this item, \$3,752,000 is available on a one-time basis from federal funds appropriated prior to the 2016-17 fiscal year.

Item 6100-194-0890, Local Assistance, Child Care and Development Block Grant Quality Funding (Issue 502)—It is requested that the following provisional language be added to this item prioritizing federal Child Care and Development Block Grant quality funding for activities supporting the Quality Rating and Improvement System.

7. (a) By March 1, 2017, the Department of Education shall develop a new quality funding expenditure plan for submission as an amendment to the state's Child Care and Development Block Grant State Plan.

(b) The new quality expenditure plan shall prioritize activities that support the Quality Rating and Improvement System. It is the intent of the Legislature that to the greatest extent possible, the state utilize funding from the state's Child Care and Development Block Grant quality allocation to support the Quality Rating and Improvement System.

(c) The new quality expenditure plan shall maintain funding for resource and referral agencies, local planning councils, and licensing enforcement.

(d) The new quality expenditure plan shall comply with the federal Child Care and Development Block Grant of 2014.

(e) No later than February 1, 2017, the Department of Education shall provide a draft of the new quality expenditure plan to the Department of Finance and the Chairperson of the Joint Legislative Budget Committee for review and comment.

General Fund and Other Adjustments

Item 6100-194-0001, Local Assistance, Adjust CalWORKs Child Care Caseload Funding (Issue 491)—It is requested that this item be decreased by \$43,176,000 General Fund to reflect revised cost estimates for the CalWORKs Stage 2 and Stage 3 child care programs. Specifically, it is requested that Schedule (5) of this item be decreased by \$884,000 and Schedule (6) of this item be decreased by \$42,292,000. For Stages 2 and 3, this adjustment reflects a lower projected increase in the cost of providing care; for Stage 3, this adjustment also reflects lower projected caseload.

Item 6100-194-0001, Local Assistance, Authorization for Mid-Year Transfers Between CalWORKs Stage 2 and CalWORKs Stage 3 Child Care (Issue 507)—It is requested that the following provisional language be amended to allow the Department of Finance discretion to authorize a mid-year transfer of excess funds in CalWORKs Stage 3 child care to CalWORKs Stage 2 child care if the need for the funds exists in that program. This authority currently exists for similar transfers from CalWORKs Stage 2 to CalWORKs Stage 3.

"7. (a) The State Department of Education (SDE) shall conduct monthly analyses of CalWORKs Stage 2 and Stage 3 caseloads and expenditures and adjust agency contract maximum reimbursement amounts and allocations as necessary to ensure funds are distributed proportionally to need. ~~The SDE shall share monthly caseload analyses with the State Department of Social Services (DSS).~~

(b) ~~The SDE shall provide quarterly information regarding the sufficiency of funding for Stage 2 and Stage 3 to DSS. The SDE shall provide caseloads, expenditures, allocations, unit costs, family fees, and other key variables and assumptions used in determining the sufficiency of state allocations. Detailed backup by month and on a county-by-county basis shall be provided to the DSS at least on a quarterly basis for comparisons with Stage 1 trends.~~

(c) By September 30 and March 30 of each year, ~~the SDE shall ensure that detailed caseload and expenditure data, through the most recent period for Stage 2 and Stage 3 along with all relevant assumptions, is provided to DSS to facilitate budget development. The detailed data provided shall include actual and projected monthly caseload from Stage 2 scheduled to time off of their transitional child care benefit from the last actual month reported by agencies through the next two fiscal years as well as local attrition experience. DSS shall utilize data provided by the SDE, including key variables from the prior fiscal year and the first two months of the current fiscal year, to provide coordinated estimates in November of each year for each of the three stages of care for preparation of the Governor's Budget, and shall utilize data from at least the first two quarters of the current fiscal year, and any additional monthly data as they become available for preparation of the May Revision. The DSS shall share its assumptions and methodology with the SDE in the preparation of the Governor's Budget.~~

(d) ~~The SDE shall coordinate with the DSS to identify annual general subsidized child care program expenditures for Temporary Assistance for Needy Families-eligible children. The SDE shall modify existing reporting forms as necessary to capture this data.~~

(e) ~~The SDE shall provide to the DSS, upon request, access to the information and data elements necessary to comply with federal reporting requirements and any other information deemed necessary to improve estimation of child care budgeting needs.~~

(f) (i) On or before January 30, 2017, following consultation with ~~the DSS~~, ~~the SDE shall determine the adequacy of funding appropriated by the Legislature for CalWORKs Stage 2 and Stage 3.~~

(ii) If ~~the SDE determines that the Stage 2 appropriation exceeds the current year caseload needs and the Stage 3 appropriation is not sufficient to fully fund its caseload need, then the SDE shall submit a request to the Department of Finance to transfer the excess funds from Schedule (5), CalWORKs Stage 2 child care to Schedule (6), CalWORKs Stage 3 child care. Notwithstanding Section 26.00 or any other provision of law, the Department of Finance may, at its discretion, approve such a transfer.~~

(iii) If SDE determines that the Stage 3 appropriation exceeds the current year caseload needs and the Stage 2 appropriation is not sufficient to fully fund its caseload need, then SDE shall submit a request to the Department of Finance to transfer the excess funds from Schedule (6), CalWORKs Stage 3 child care to Schedule (5), CalWORKs Stage 2 child care. Notwithstanding Section 26.00 or any other provision of law, the Department of Finance may, at its discretion, approve such a transfer.

(g) Notwithstanding any other provision of law or any other sections of this act, the Department of Finance may augment the appropriation for CalWORKs Stage 3 if the estimate of expenditures, as determined by the SDE, following consultation with the DSS, will exceed the expenditures authorized in Schedule (6). The Department of Finance shall report any augmentation pursuant to this paragraph to the Joint Legislative Budget Committee. At the time the report is made, the amount of the appropriation made in Schedule (6) shall be increased by the amount of the augmentation.

(h) The Director of Finance may, pursuant to subdivisions (f) and (g) of Provision 7, authorize the augmentation of the amount available for expenditure in Schedule (6) by making a transfer from Schedule (5). An augmentation may be authorized not sooner than 30 days after notification in writing of the necessity to exceed the limitations is provided to the Joint Legislative Budget Committee, or whatever lesser time the chairperson of the joint committee may determine. Any request made by the SDE to augment the CalWORKs Stage 3 appropriation shall be approved only in order to cover increases in costs that are consistent with assumptions of this act. This provision shall not be construed to treat Stage 3 as an entitlement."

Item 6100-194-0001, Local Assistance, Adjust Child Care Programs for Cost-of-Living (Issue 495)—It is requested that this item be decreased by \$3,548,000 General Fund to reflect a decrease in the cost-of-living adjustment. Specifically, it is requested that Schedule (1) of this item be decreased by \$2,104,000, Schedule (2) of this item be decreased by \$138,000, Schedule (3) of this item be decreased by \$1,193,000, Schedule (4) of this item be decreased by \$89,000, Schedule (8) of this item be decreased by \$8,000, and Schedule (11) of this item be decreased by \$16,000.

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

"5. The maximum standard reimbursement rate shall not exceed ~~\$38.47~~\$38.29 per day for general child care programs. This reflects a ~~0.470.00~~ percent cost-of-living adjustment. Furthermore, the migrant child care program shall adhere to the maximum standard reimbursement rates as prescribed for the general child care programs. All other rates and adjustment factors shall conform."

Items 6100-196-0001 and 6100-198-0001, Local Assistance, 2017-18 Implementation of the Early Education Block Grant and State Preschool Cost-of-Living (Issues 486, 487, and 496)—It is requested that Schedules (1) and (2) of Item 6100-198-0001 be decreased by \$33,150,000 and \$1,620,364,000 Proposition 98 General Fund, respectively, and Item 6100-196-0001 be added in the amount of \$923,348,000 Proposition 98 General Fund to reflect a one year transition to the Early Education Block Grant. The Administration is proposing to implement the Early Education Block Grant in 2017-18. Item 6100-196-0001 will reflect an increase in Schedule (1) of \$877,688,000 for State Preschool and a decrease of \$4,340,000 to reflect a decrease in the cost-of-living for State Preschool. The amount in Schedule (2) of

Item 6100-196-0001 reflects an increase of \$50 million for the Child Development, Quality Ratings Improvement Grant Systems.

It is requested that Item 6100-196-0001 be added as follows:

6100-196-0001—For local assistance, State Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of part-day state preschool programs pursuant to Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1 of the Education Code funded in this item, in lieu of the amount that otherwise would be appropriated pursuant to any other statute923,348,000

Schedule:

(1) 5210020-Preschool Education.....873,348,000

(2) 5210010-Child Development, Quality Rating Improvement System Grants.....50,000,000

Provisions:

1. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
2. The amount provided in Schedule (1) reflects an adjustment to the base funding of 0.13 percent for an increase in the population of 0–4 year-olds.
3. The maximum standard reimbursement rate shall not exceed \$23.87 per day for part-day state preschool programs. The maximum standard reimbursement rate shall not exceed \$38.71 for full-day state preschool programs.
4. Of the amount appropriated in Schedule (1), up to \$5,000,000 is available for the family literacy supplemental grant provided to California state preschool programs pursuant to Section 8238.4 of the Education Code.
5. The amount provided in Schedule (2) is available for Quality Rating and Improvement System grants provided to state preschool programs pursuant to Section 8203.1 of the Education Code.

It is also requested that Provision (1) of Item 6100-198-0001 be deleted to conform to this action.

Item 6100-198-0001, Local Assistance, County Office of Education Capacity Building for the Early Education Block Grant (Issue 505)—It is requested that Schedule (2) of Item 6100-198-0001 be increased by \$10 million Proposition 98 General Fund to support county offices of education in planning for implementation of the Early Education Block Grant and building local capacity to provide early education programs. The Administration is proposing to implement the Early Education Block Grant in 2017-18.

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

"2. The funds appropriated in Schedule (2) are for the support of the Targeted-Play and Learning-Block-Grant Early Education Block Grant. Funds shall be appropriated to county offices of education on the basis of an equal amount per unit of regular average daily attendance of school districts in each county, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2015-16 fiscal year. No county office of education shall receive less than \$100,000 for this appropriation."

Trailer Bill Language Changes (Attachment A)

Item 6100-691-0001, Local Assistance, County Office of Education One-Time Funding for the Early Education Block Grant (Issue 506)—The Administration proposes trailer bill language to appropriate \$10 million Proposition 98 General Fund for one-time county office of education costs associated with preparing for the implementation of the Early Education Block Grant in 2017-18. The \$10 million counts toward the 2014-15 Proposition 98 minimum guarantee.

Early Education Block Grant— It is requested that the Early Education Block Grant trailer bill language transmitted with the Governor's Budget be revised to provide additional details about the Administration's proposal to consolidate existing early learning programs into a single Early Education Block Grant. The proposed amendments establish a local governance model for the new block grant, set minimum program standards, define eligibility, require local planning, set parameters for funding and a transition plan, and allow for ongoing program assessment.

Child Care Single System Plan— It is requested that the Child Care Single System Plan trailer bill language transmitted with the Governor's Budget be revised to provide additional details regarding the Administration's proposal to require the SDE to create a plan to move state-subsidized child care from a model of direct-contract and voucher-driven subsidies to a model of vouchers only. The proposed amendments clarify that in addition to a transition plan, the SDE shall develop recommendations for a single system of provider reimbursement, a single set of minimum quality standards for care providers, and improved efficiency in the access and use of vouchers for both families and providers.

Local Planning Councils—The Administration proposes trailer bill language moving local planning council activities within the purview of county offices of education. This streamlining of local child care planning and data collection maintains a collaborative process while identifying county offices of education as the regional leaders in setting priorities for child care and early learning program planning.

Administrative Efficiencies—The Administration proposes trailer bill language aligned with several recommendations of the child care administrative efficiency stakeholder workgroups required by Chapter 13, Statutes of 2015. These amendments streamline processes for single-parent verification and notices of action.

Eliminate the Child Development Teacher and Supervisor Grant Program—The Administration proposes trailer bill language that eliminates the Child Development Teacher and Supervisor Grant program. Beneficiaries of this program may access several other financial aid programs. Eliminating this program allows for \$318,000 in federal Child Care and Development Block Grant funds to be allocated for other child care quality 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 Erika Li, Assistant Program Budget Manager, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Nick Schweizer, Deputy Superintendent, State Department of Education
Ms. Roxanne Eres, Fiscal and Administrative Services Director, State Department of Education
Ms. Debra McMannis, Director, Early Education and Support Division, State Department of Education

Proposed Trailer Bill Language - (Attachment A)

Article XX: Early Education Block Grant

(New to May Revision)

Adjust Findings and Declarations

SEC. 1. – Education Omnibus Trailer Bill – Early Education Block Grant

(a) The Legislature finds and declares all of the following:

(1) Available prekindergarten resources should target young children most in need of services.

(2) Prekindergarten education programs should support the specific needs of children in local communities, and local educational agencies should be provided with the flexibility to enact prekindergarten programs that reflect their local priorities and needs.

(3) Prekindergarten education should be developmentally appropriate and instill in children a love for school and learning, as well as provide them with the skills they need to be ready for kindergarten.

(4) Funding provided for prekindergarten education should be administered efficiently to ensure that available funding supports classrooms and pupils.

(5) New funding for prekindergarten programs should be distributed statewide based on local need to ensure equitable opportunity across the state.

(b) It is the intent of the Legislature to implement the Early Education Block Grant for the purpose of providing access to developmentally appropriate prekindergarten education and positive social and emotional experiences to low-income and at-risk children at least one year before entering kindergarten. It is also the intent of the Legislature that funding for the Early Education Block Grant is provided in the annual Budget Act, with payments to school districts made in accordance with the schedule outlined in Section 14041 of the Education Code, and that prekindergarten programs funded by the block grant are not entitlements. Finally, it is the intent of the Legislature that funds for the Early Education Block Grant are for the purpose of supporting prekindergarten education and are not used to fund kindergarten through twelfth grade educational programs.

(c) It is the intent of the Legislature that local educational agencies participating in the Early Education Block Grant use the following guiding principles in implementing prekindergarten programs:

(1) First priority for prekindergarten services is children from families with the lowest income, as defined locally, as well as homeless children, foster children, children with exceptional needs, children at risk for abuse and neglect, and limited-English-speaking-proficient and non-English-speaking-proficient children.

(2) The educational and social-emotional needs of young children in the local community should be taken into account when developing goals and curriculum for a local educational agency's prekindergarten program.

(3) Prekindergarten education programs shall be integrated into the broader educational goals of local educational agencies.

(4) Prekindergarten education shall be developmentally appropriate and delivered in a manner that engages young children.

(5) Services for prekindergarten pupils should include family engagement, screening for developmental disabilities, and referral to supportive health and social services, if appropriate.

(d) It is the intent of the Legislature that the Early Education Block Grant should not be funded based on average daily attendance, and pupils participating in the Early Education Block Grant should not be counted in a local educational agency's report of average daily attendance.

(e) Notwithstanding subdivision (d), it is the intent of the Legislature that changes to average daily attendance as a result of the creation of the Early Education Block Grant should not result in an unintended reduction to the minimum funding guarantee established by Section 8 of Article XVI of the California Constitution.

Establish the Block Grant

(New to May Revision)

SEC. XX

There is hereby established the Early Education Block Grant, to be administered by school districts with support from county offices of education and the California Department of Education, to provide one year of subsidized pre-kindergarten education for low-income and at-risk four-year-old children.

Definitions

(New to May Revision)

SEC. XX

(a) "Age-eligible" means children who will have their fourth birthday on or before September 1st of the fiscal year in which they are enrolled in pre-kindergarten program funded by the Early Education Block Grant.

(b) "At-risk children or "children who are at-risk" means children who are any of the following:

(1) Homeless, as defined in Section 11434a(2) of Title 42 of the United States Code.

(2) Foster youth, as defined in subdivision (b) of Section 42238.01.

(3) Children with exceptional needs.

(A) For the purposes of this article, "children with exceptional needs" means either of the following:

(i) Infants and toddlers under three years of age who have been determined to be eligible for early intervention services pursuant to the California Early Intervention Services Act (Title 14 commencing with Section 95000) of the Government Code) and its implementing regulations. These children include an infant or toddler with a developmental delay or established risk condition, or who is at high risk of having a substantial developmental disability, as defined in subdivision (a) of Section 95014 of the Government Code. These children shall have active

individualized family service plans, shall be receiving early intervention services, and shall be children who require the special attention of adults in a child care setting.

(ii) Children 3 to 5 years of age, inclusive, who have been determined to be eligible for special education and related services by an individualized education program team according to the special education requirements contained in Part 30 (commencing with Section 56000) of Division 4 of Title 2, and who meet eligibility criteria described in Section 56026 and, Article 2.5 (commencing with Section 56333) of Chapter 4 of Part 30 of Division 4 of Title 2, and Sections 3030 and 3031 of Title 5 of the California Code of Regulations. These children shall have an active individualized education program, shall be receiving early intervention services or appropriate special education and related services, and shall be children who require the special attention of adults in a child care setting. These children include children with intellectual disabilities, hearing impairments (including deafness), speech or language impairments, visual impairments (including blindness), serious emotional disturbance (also referred to as emotional disturbance), orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities, who need special education and related services consistent with Section 1401(3)(A) of Title 20 of the United States Code.

(4) At risk of abuse, neglect, or exploitation, as identified in a written referral from a legal, medical, or social service agency, or emergency shelter.

(5) Limited-English-speaking-proficient and non-English-speaking-proficient as defined in subdivision (c) of Section 42238.01.

(c) "California State Preschool Program" means the preschool program defined in Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1 of the Education Code.

(d) "Department" means the California Department of Education.

(e) "Eligible child(ren)" means children that are age-eligible as defined in subdivision (a) and are either of the following:

(1) At-risk, as defined in subdivision (b).

(2) Income eligible for state-subsidized child care and development programs pursuant to Section 8263.1 or eligible for free or reduced-price meals as defined in subdivision (a) of Section 42238.01.

Community Early Learning Plans

(New to May Revision)

SEC. XX

(a) As a condition of the receipt of Early Education Block Grant funding, on or before July 1, 2018, the governing board of each school district shall adopt community early learning plan, using a template adopted by the school district's county office of education. This plan shall be provided to school district's county office of education upon adoption.

(b) A community early learning plan adopted by the governing board of a school district shall be effective for a period of three years, and shall be updated on or before July 1 of each year.

(c) A community early learning plan adopted by the governing board of a school district shall include all of the following:

(1) The unduplicated pupil percentage, as defined in Section 42238.02, and enrollment for school district kindergarten students from the prior year.

(2) The enrollment of children in pre-kindergarten programs funded by the Early Education Block Grant.

(3) To the extent available, enrollment for children in other subsidized pre-kindergarten programs within school district boundaries, including Head Start.

(4) An analysis, based on available information and using information from paragraph (1) as a proxy when needed, of the number of children within school district boundaries that do not have access to a subsidized pre-kindergarten program and are eligible for services pursuant to subdivision (e) of Section XX.

(5) Identification of any areas of the school district where need for subsidized pre-kindergarten education and access to services is not well-matched.

(6) A description of the school district's annual goals for:

(A) Increasing access to pre-kindergarten education programs, especially for low-income and at-risk children, and especially in areas where the need for services and access is not well-matched.

(B) Working with local pre-kindergarten program providers to maximize the federal, state, and local funds available for subsidized pre-kindergarten education for eligible children living within school district boundaries.

(C) At least one additional local pre-kindergarten priority identified by the governing board of the school district.

(7) A description of the specific actions the school district will take during each year of the community early learning plan to achieve the goals identified in paragraph (6). The specific actions shall not supersede the provisions of existing local collective bargaining agreements within the jurisdiction of the school district.

(8) A description of how the school district is aligning its pre-kindergarten program with its other elementary school programs to improve kindergarten readiness.

(9) As applicable, and if in alignment with a school district's priorities or goals, information regarding the need for pre-kindergarten services of children not defined as eligible pursuant to subdivision (e) of Section XX.

(d) The governing board of a school district shall consult with teachers, principals, administrators, other school personnel, local bargaining units of the school district, local providers of pre-kindergarten education programs, parents, and pupils in developing a community early learning plan.

SEC. XX

(a) On or before July 1, 2019, and each year thereafter, a participating school district shall update the community early learning plan. The annual update shall include all of the following:

(1) A review of any changes in the applicability of the goals described in paragraph (4) of subdivision (c) of Section XX.

(2) A review of the progress toward the goals included in the existing community early learning plan, an assessment of the effectiveness of the specific actions described in the existing community early learning plan toward achieving the goals, and a description of changes to the specific actions the school district will make as a result of the review and assessment.

Regional Early Learning Plans

(New to May Revision)

SEC. XX

(a) As a condition of the receipt of Early Education Block Grant funding, on or before October 1, 2017 each county superintendent of schools shall develop, and present to the county office of education for adoption, a regional early learning plan, using a template adopted by the department. This plan shall be provided to the department upon adoption.

(b) A regional early learning plan adopted by a county office of education shall be effective for a period of three years, and shall be updated on or before October 1 of each year.

(c) A regional early learning plan adopted by a county office of education shall include all of the following:

(1) An assessment of the early learning needs of the county. This assessment shall include, at a minimum, the following factors:

(A) The needs of families eligible for subsidized pre-kindergarten education.

(B) The needs of families not eligible for subsidized pre-kindergarten education.

(C) The need for subsidized pre-kindergarten education for children determined to be at-risk pursuant to subdivision (b) of Section XX.

(D) Family income among families with children of pre-kindergarten age.

(E) The number of pre-kindergarten age children who have been determined by a local educational agency to require services pursuant to an individualized education program.

(F) The number of pre-kindergarten age children in the county by primary language spoken, if available.

(G) Special needs based on geographic considerations, including rural areas.

(H) Identification of any areas of the county where need for subsidized pre-kindergarten education and access to services is not well-matched.

(2) A description of the county office of education's annual goals for:

(A) Increasing the capacity of school districts and other pre-kindergarten program providers to provide access to high-quality, full-day pre-kindergarten education.

(B) Through providing technical assistance and other supportive services to school districts and other pre-kindergarten program providers, increasing the quality of pre-kindergarten education

in the county and encouraging its alignment with other kindergarten through twelfth grade programs.

(C) Improving the county office of education's capacity to recognize school districts and pre-kindergarten program providers in need of assistance and support and providing targeted interventions in a timely manner.

(D) Improving access to subsidized pre-kindergarten programs in areas of the county that are underserved.

(E) At least one additional local early education priority identified by the county office of education.

(3) A summary of the data and other information provided by districts in their Community Early Learning Plans.

(4) Working with school districts and local pre-kindergarten program providers, a plan to maximize the federal, state, and local funds available for subsidized pre-kindergarten education for eligible children living within the county. This plan shall include strategies to assist school districts and other providers of subsidized pre-kindergarten education in administering programs in the most efficient manner possible, maximizing direct services to children.

(5) A description of the specific actions the county office of education will take during each year of the regional early learning plan to achieve the goals identified in paragraph (2). The specific actions shall not supersede the provisions of existing local collective bargaining agreements within the jurisdiction of the county superintendent of schools.

(d) The county superintendent of schools shall consult with teachers, principals, administrators, other school personnel, local bargaining units of the county office of education, parents, and pupils in developing a regional early learning plan.

SEC. XX

(a) On or before October 1, 2018, and each year thereafter, a participating county office of education shall update the regional early learning plan. The annual update shall include all of the following:

(1) A review of any changes in the applicability of the goals described in paragraph (2) of subdivision (c) of Section XX.

(2) A review of the progress toward the goals included in the existing regional early learning plan, an assessment of the effectiveness of the specific actions described in the existing regional early learning plan toward achieving the goals, and a description of changes to the specific actions the county office of education will make as a result of the review and assessment.

Program Requirements

(New to May Revision)

SEC. XX

(a) A pre-kindergarten program funded by the Early Education Block Grant shall be maintained for a minimum of 180 minutes per day, and for at least an equal length of time during the school year as school district kindergarten classes.

(b) School districts are encouraged to provide full-day pre-kindergarten programs.

SEC. XX

(a) A pre-kindergarten program funded by the Early Education Block Grant shall meet a minimum of a Tier 4 rating on its county's Quality Rating and Improvement System matrix, as defined in Section 8203.1. School district programs shall be considered exempt from elements that are not applicable to them, including director qualifications, but shall otherwise be considered similar to centers for the purposes of determining quality tiers.

(b) All pre-kindergarten programs funded by the Early Education Block Grant shall publically post their Quality Rating and Improvement System tier of quality in a conspicuous place for families and the public to see.

(c) A change in the common quality tiers of the Quality Rating and Improvement System shall be subject to legislation.

SEC. XX

(a) A school district shall have the autonomy to choose a curriculum appropriate and responsive to the needs of its students and aligned with the goals and priorities defined in its Community Early Learning Plan.

(b) School districts are strongly encouraged to use the Preschool Learning Foundations and to provide a curriculum that socially and emotionally prepares children for kindergarten.

SEC. XX

(a) A provider of a pre-kindergarten program funded by the Early Education Block Grant shall be licensed under Title 22 of the California Code of Regulations.

(b) Local educational agencies are exempt from subdivision (a).

Governance - Districts

(New to May Revision)

SEC. XX

(a) As a condition of the receipt of Early Education Block Grant funds, a school district shall:

(1) By July 1 of each year, develop and submit to its county office of education a Community Early Learning Plan.

(2) Align the expenditure of funds with the goals and priorities identified in the school district's Community Early Learning Plan.

(3) Provide a pre-kindergarten program to no less than the number of children served within school district boundaries in transitional kindergarten and State Preschool in the 2016-17 school year, as determined by the department, adjusted annually for the percentage change in average daily attendance in kindergarten through third grade. This condition shall not become effective until the 2018-19 school year.

(A) The number of children served shall be considered the sum of children receiving state-subsidized pre-kindergarten education within a school district's boundaries, without regard to the entity providing the education program, if the program is at least equivalent in quality to a pre-kindergarten program funded by the Early Education Block Grant. Children partially subsidized through a graduated fee program developed by a school district pursuant to Section XX may be included in the number of children served.

(B) The Superintendent may waive this requirement for a school district if it is determined that the school district will not be able to meet the requirement due to circumstances beyond the school district's control.

(C) A school district may contract with another entity, including other school districts, county offices of education, and community based organizations, to provide a pre-kindergarten program funded by the Early Education Block Grant. Pursuant to Sections XX and XX, the school district shall ensure that the contracting provider meets minimum program quality requirements.

(4) Pursuant to Section XX, comply with eligibility, age, and priority requirements.

(b) To expand access to subsidized pre-kindergarten programs, school districts may develop a family fee schedule. Fees shall not be required of families that are income eligible, as defined in Section XX.

(c) School districts shall provide technical assistance to contracting agencies, as needed. To the extent that a contracting agency continues to need technical assistance beyond what the school district is able to provide, the school district shall request that the county office of education assist in providing technical assistance to the contracting agency.

(d) In order to promote efficiency and program continuity throughout a region, school districts are encouraged to form consortia to administer pre-kindergarten programs funded by the Early Education Block Grant with other school districts and county offices of education.

(e) A school district may form a joint powers entity pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code to administer or appoint a separate entity to administer its Early Education Block Grant funds.

(f) School districts shall take steps to minimize the disruption to care for children in pre-kindergarten education programs as the state transitions to the Early Education Block Grant.

SEC. XX

(a) As a condition of the receipt of Early Education Block Grant funds, a county office of education shall:

(1) By October 1 of each year, develop and submit to the department a Regional Early Learning Plan.

(2) Align the expenditure of funds with the goals and priorities identified in the county office of education's Regional Early Learning Plan.

(3) Provide school districts and community based organizations with pre-kindergarten program technical assistance.

(A) If an entity requires technical assistance beyond what the county office of education is able to provide, the county office of education shall request that the department assist in providing technical assistance to the entity.

(4) Pursuant to Section 8203.1, work with a regional consortium to maintain and administer the county quality rating and improvement system matrix.

(5) Work with pre-kindergarten program providers, including Head Start providers, to maintain and expand program capacity in the county.

(6) Provide assistance to entities contracting with multiple school districts for Early Education Block Grant funds to allow them to consolidate contracts and realize efficiencies in contracting processes, should they request assistance.

(7) By April 15, 2017, develop a template for the Community Early Learning Plan and provide the template to school districts. This template shall be structured to minimize workload for school districts in completing the plan.

(b) In order to promote efficiency and program continuity throughout a region, county offices of education are encouraged to form consortia to administer pre-kindergarten programs funded by the Early Education Block Grant with school districts and other county offices of education.

(c) A county office of education may form a joint powers entity pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code to administer or appoint a separate entity to administer its Early Education Block Grant funds.

(d) County offices of education shall take steps to minimize the disruption to care for children in pre-kindergarten education programs as the state transitions to the Early Education Block Grant.

Governance – CDE

(New to May Revision)

SEC. XX

(a) The department shall provide technical assistance to help county offices of education regionally plan for early education, build local capacity, and serve as support agencies for their school districts. Programmatic technical assistance shall be provided through the department's Early Education and Support Division.

(b) By February 1, 2017, the department shall develop a template for the Regional Early Learning Plan and provide the template to county offices of education. This template shall be structured to minimize workload for county offices of education in completing the plan.

(c) By November 1, 2017, and by November 1 of each year thereafter, the department shall report to the Department of Finance and the Legislature a statewide summary of data and other information collected in the Regional Early Learning Plans.

(d) By February 1, 2018, the department shall provide to each school district the number of children served within school district boundaries in transitional kindergarten and State Preschool in the 2016-17 school year, using data from the second principal apportionment.

Charter Schools

(New to May Revision)

SEC. XX

(a) Charter schools may participate in the Early Education Block Grant.

(b) Charter schools that elect to receive funding directly pursuant to Section 47651 shall be subject to the same funding considerations, conditions, and requirements as school districts participating in the Early Education Block Grant, as applicable.

(c) Charter schools that do not elect to receive funding directly pursuant to Section 47651 shall be eligible to participate in the Early Education Block Grant through the local educational agency that has designated oversight over the charter school.

Eligibility

(New to May Revision)

SEC. XX

(a) Priority for pre-kindergarten programs supported by Early Education Block Grant funds shall be for children defined as age-eligible and low-income or at-risk pursuant to Section XX.

(b) Early Education Block Grant funds may be used to serve additional children beyond those prioritized in subdivision (a), if the following conditions are met:

(1) The school district or county office of education has actively promoted the availability of a subsidized pre-kindergarten program to eligible families.

(2) The school district or county office of education has taken reasonable steps to ensure that the pre-kindergarten program is convenient for eligible families to access, including, but not

limited to factors such as length and time of school day and proximity to neighborhoods where eligible families reside. The specific actions shall not supersede the provisions of existing local collective bargaining agreements within the jurisdiction of the school district or county office of education.

(3) All children prioritized in subdivision (a) who reside within the school district boundaries and whose families have requested access to a subsidized pre-kindergarten program have received access.

(c) Children served beyond those prioritized in subdivision (a) must be younger than age five, but may be served regardless of family income or at-risk status.

Fee Structure

(New to May Revision)

SEC. XX

(a) A school district or county office of education may develop a family fee schedule for a pre-kindergarten program funded by the Early Education Block Grant, if the purpose of the fee is to expand access to or improve services in the program.

(b) A school district or county office of education may not charge a family fee for a pre-kindergarten program funded by the Early Education Block Grant to families defined as low-income and at-risk pursuant to Section XX.

(c) School districts are encouraged to develop family fee schedules that are graduated based on a family's income.

Rates and Funding, Transition

(New to May Revision)

SEC. XX

(a) Funding for the Early Education Block Grant shall be provided in the annual Budget Act, with payments to school districts and county offices of education made in accordance with the schedule outlined in Section 14041.

(b) Early Education Block Grant funding shall be for the purpose of providing pre-kindergarten education to young children and shall not be used to support a kindergarten through twelfth grade program. Funding shall be allocated in accordance with the priorities identified in either a school district's Community Early Learning Plan, as defined in Section XX, or a county office of education's Regional Early Learning Plan, as defined in Section XX.

(1) To the extent that a school district or county office of education contracts with another entity to provide a pre-kindergarten program using Early Education Block Grant funds, the school district or county office of education may be reimbursed for the costs associated with administering and monitoring that contract, up to five percent of the contract amount.

(c) The department shall allocate funding for the Early Education Block Grant based on the amount of state funding that is available in the annual Budget Act.

(d) For the 2017-18, 2018-19, and 2019-20 fiscal years, the department shall provide Early Education Block Grant funding to participating school districts in the amount of state Proposition 98 General Fund that each school district received in fiscal year 2016-17 for its transitional kindergarten students and part- and full-day California State Preschool Program.

(e) For the 2017-18, 2018-19, and 2019-20 fiscal years, the department shall provide Early Education Block Grant funding to participating school districts in the amount of state Proposition 98 General Fund that non-school district California State Preschool Program contractors received to provide services within school district boundaries in fiscal year 2016-17. The department shall not include the amount funding provided to community colleges, workforce investment boards, and tribes in 2016-17 for the California State Preschool Program when calculating this funding amount.

(1) If a non-school district California State Preschool Program contractor received state Proposition 98 General Fund to provide services within multiple school districts in fiscal year 2016-17, then the department shall provide each school district with Early Education Block Grant funds in the amount attributable to services provided by the contractor in each school district.

(2) To the extent that it is unclear which school district to attribute 2016-17 California State Preschool Program funding to, the department shall provide the county office of education with Early Education Block Grant funds in the amount attributable to the county. The county office of education shall then distribute that funding to school districts based on need as determined by the county's Regional Early Learning Plan.

(3) School districts without the capacity to provide a pre-kindergarten program consistent with this article may contract with another entity, including a county office of education, to provide the program on its behalf.

(f) For the 2017-18, 2018-19, and 2019-20 fiscal years, the department shall provide Early Education Block Grant funding to participating county offices of education in the amount of state Proposition 98 General Fund that that each county office of education received in fiscal year 2016-17 for its transitional kindergarten students and part- and full-day California State Preschool Program. The department shall not include the amount funding provided to community colleges, workforce investment boards, and tribes in 2016-17 for the California State Preschool Program when calculating this funding amount.

(1) To the extent that school districts have the capacity to provide a pre-kindergarten program consistent with this article, county offices of education shall distribute Early Education Block Grant funds to school districts based on need as determined by the county's Regional Early Learning Plan.

(2) County offices of education may provide a pre-kindergarten program consistent with this article to the extent that school districts do not have the capacity to provide a pre-kindergarten program.

(g) Nothing in this section shall preclude a school district or county office of education from using Early Education Block Grant funds to contract with an entity to provide pre-kindergarten program services or from identifying a fiscal agent for those funds.

(h) Commencing with the 2020-21 fiscal year, except as provided in subdivision (i), the department shall provide Early Education Block Grant funding to participating school districts and county offices of education in at least the same amount provided in 2019-20.

(i) Notwithstanding subdivision (h), commencing with the 2020-21 fiscal year, the department may reduce a school district or county office of education's share of Early Education Block Grant funding if a school district, including entities contracting with the school district to provide pre-kindergarten programs, does not serve at least the number of children it is required to serve pursuant to paragraph (3) of subdivision (a) of Section XX. The reduction shall ensure that the school district receives funding in proportion to the number of children it serves. If adjusting for a decline in children served, the department may reduce a school district's share of Early Education Block Grant funding no more than 5 percent each year.

(1) Pursuant to approval by the Superintendent, if a school district has fewer than twenty eligible children or has had its minimum service requirement waived by the Superintendent pursuant to subparagraph (B) of paragraph (3) of subdivision (c) of Section XX, it may develop an alternate plan of service that may allow the school district to maintain a higher level of funding than is reflective of the number of children it serves.

(j) Notwithstanding subdivision (i), if the department finds that a school district is not in compliance with the requirements of the Early Education Block Grant, the department may revoke a school district's Early Education Block Grant funding. This may only occur if both the school district's county office of education and the department have attempted to provide the school district with technical assistance to bring it into compliance. Funds may be returned to the school district upon the school district coming into compliance with the requirements of the Early Education Block Grant and upon funds being available for allocation. If a school district's funding is revoked, the county office of education and the department shall work together to create a plan to maintain continuity of care for as many affected children as possible.

(k) Commencing with the 2017-18 fiscal year, any increase in appropriation made to the Early Education Block Grant in the annual Budget Act or unallocated funding shall be distributed by the department to school districts based on unmet need. The department shall determine a district's unmet need by comparing a district's Early Education Block Grant funding to its estimate of unserved eligible children pursuant to paragraph (4) of subdivision (c) of Section XX. It is the intent of the Legislature that state resources for pre-kindergarten programs are provided in a manner that allows for children to be served equitably in these programs across the state.

(l) Notwithstanding subdivision (k), the Early Education Block Grant shall be subject to an annual cost-of-living adjustment. This cost-of-living adjustment shall be provided as a percentage increase to each school district and county office of education receiving Early Education Block Grant funding and shall be considered as an increase in the per-pupil rate. Funding provided pursuant to subdivision (k) shall be considered as an increase in the number of children served.

(m) For the purposes of this section, the 2017-18 per-child rate for the Early Education Block Grant shall be \$6,200, adjusted annually for changes in the cost-of-living.

(n) Commencing with the 2017-18 fiscal year, a pupil included in the computation of average daily attendance for purposes of apportionments pursuant to Section 42238.02, 42238.03, 2574, or 2575, shall not be eligible for funding pursuant to this section.

Ongoing Equity Assessment

(New to May Revision)

SEC. XX

(a) It is the intent of the Legislature that opportunities for subsidized pre-kindergarten are provided equitably across the state. It is further the intent of the Legislature that priority for state pre-kindergarten resources go to children who could most benefit from those resources and who have the least ability to access pre-kindergarten without assistance.

(b) Commencing in 2017-18 and occurring at least once every three years, the Legislature shall appoint an independent entity to assess the level of equity of opportunities for subsidized pre-kindergarten across the state. This assessment shall include:

(1) Estimates of the number of children provided with access to pre-kindergarten education, including, to the extent data is available:

(A) By age.

(B) By subsidized and non-subsidized.

(C) By income level.

(D) By determination of at-risk, as defined in Section XX.

(E) By county.

(F) By school district.

(2) Estimates of the percentage need for subsidized pre-kindergarten education in each county and school district.

(3) Comparisons of unmet need for subsidized pre-kindergarten education by county and school district.

(4) Identification of barriers to families in accessing subsidized pre-kindergarten programs and school districts in providing access.

(5) Recommendations on steps the state could take to increase program equity and access.

(c) The assessment shall be submitted to the Department of Finance and the Legislature by February 1 of each fiscal year an assessment is required.

Prop. 98 Designation

(New to May Revision)

SEC. XX

For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, appropriations made for the Early Education Block Grant shall be deemed to be "General Fund revenues appropriated for school districts and community college districts," as defined in subdivision (c) of Section 41202 of the Education Code and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code.

Adjust QRIS Block Grant Language

(New to May Revision)

8203.1.

(a) The Superintendent shall administer a QRIS block grant, pursuant to an appropriation made for that purpose in the annual Budget Act, to be allocated to local consortia for support of local early learning quality rating and improvement systems that increase the number of low-income children in high-quality preschool programs that prepare those children for success in school and life.

(b) (1) For purposes of this section, "early learning quality rating and improvement system" or "QRIS" is defined as a locally determined system for continuous quality improvement based on a tiered rating structure with progressively higher quality standards for each tier that provides supports and incentives for programs, teachers, and administrators to reach higher levels of quality, monitors and evaluates the impacts on child outcomes, and disseminates information to parents and the public about program quality.

(2) For purposes of this section, "local consortium" is defined as a local or regional entity, administered by a lead agency, that convenes a planning body that designs and implements a QRIS. A local consortium shall include representatives from organizations including, but not limited to, all of the following:

(A) Local educational agencies.

(B) First 5 county commissions.

(C) Local postsecondary educational institutions.

~~(D) Local child care planning councils.~~

~~(E)~~(D) Local resource and referral agencies.

~~(F)~~(E) Other local agencies, including nonprofit organizations, that provide services to children from birth to five years of age, inclusive.

(3) For purposes of this section, "quality continuum framework" means the tiered rating matrix created and adopted by a local consortium for purposes of implementing a QRIS. The tiered rating matrix shall include three common tiers shared by all participating local consortia. Changes to the common tiers shall be approved and adopted by all participating local consortia.

(c) The QRIS block grant shall build on local consortia and other local QRIS work in existence on or before the operative date of this section.

~~(d) For the 2014–15 fiscal year, if a county or region has an established local consortium that has adopted a quality continuum framework, the local consortium's lead administering agency shall be provided the first opportunity to apply for a QRIS block grant.~~

~~(e)~~(d) Local consortia shall do all of the following to be eligible for a QRIS block grant:

(1) Implement a QRIS that incorporates evidence-based elements and tools in the quality continuum framework that are tailored to the local conditions and enhanced with local resources.

(2) Set ambitious yet achievable targets for ~~California state preschool program contracting agencies' pre-kindergarten education programs'~~ participation in the QRIS with the goal of achieving the highest common tier, as the tier existed on June 1, 2014, or a higher level of quality.

(3) Develop an action plan that includes a continuous quality improvement process that is tied to improving child outcomes.

(4) Describe how QRIS block grant funds will be used to increase the number of sites achieving the highest common local tier and to directly support classrooms that have achieved the highest common tier, as that tier existed on June 1, 2014, or a higher level of quality.

(f) (1) Until July 1, 2017, the Superintendent, in consultation with the executive director of the state board, shall allocate QRIS block grant funds to local consortia that satisfy the requirements of subdivision (e)(d) based on the number of California state preschool program slots within the county or region.

(2) Commencing July 1, 2017, the Superintendent, in consultation with the executive director of the state board, shall allocate QRIS block grant funds to local consortia that satisfy the requirements of subdivision (d) based on the percentage of average daily attendance of school districts within each consortia. County offices of education have priority for this funding unless they defer to another agency to carry out these projects.

(g) (1) Local consortia receiving QRIS block grant funds shall allocate those funds to ~~contracting agencies of the California state preschool program, as established by Article 7 (commencing with Section 8235), or local educational agencies,~~ agencies providing a pre-kindergarten education program funded by the Early Education Block Grant for activities that support and improve quality, and assess quality and access. In allocating the QRIS block grant funds, priority shall be given to directly supporting the classrooms of the ~~California state preschool~~ Early Education Block Grant program sites that have achieved the highest common local tier of quality.

(2) No more than 20 percent of a local ~~consortium's~~ allocation of QRIS block grant funds may be used for assessment and access projects.

(h) A family child care home education network established pursuant to Section 8245 that provides ~~California state preschool program~~ Early Education Block Grant services shall be eligible for an allocation from a local consortium of QRIS block grant funds for activities that support, improve, and assess quality.

Remove Transitional Kindergarten

(New to May Revision)

46300.

(a) In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils and under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

(b) (1) For purposes of a work experience education program in a secondary school that meets the standards of the California State Plan for Career Technical Education, "immediate

supervision," in the context of off-campus work training stations, means pupil participation in on-the-job training as outlined under a training agreement, coordinated by the school district under a state-approved plan, wherein the employer and certificated school personnel share the responsibility for on-the-job supervision.

(2) The pupil-teacher ratio in a work experience program shall not exceed 125 pupils per full-time equivalent certificated teacher coordinator. This ratio may be waived by the state board pursuant to Article 3 (commencing with Section 33050) of Chapter 1 of Part 20 of Division 2 under criteria developed by the state board.

(3) A pupil enrolled in a work experience program shall not be credited with more than one day of attendance per calendar day, and shall be a full-time pupil enrolled in regular classes that meet the requirements of Section 46141 or 46144.

(c) (1) For purposes of the rehabilitative schools, classes, or programs described in Section 48917 that require immediate supervision, "immediate supervision" means that the person to whom the pupil is required to report for training, counseling, tutoring, or other prescribed activity shares the responsibility for the supervision of the pupils in the rehabilitative activities with certificated personnel of the district.

(2) A pupil enrolled in a rehabilitative school, class, or program shall not be credited with more than one day of attendance per calendar day.

(d) (1) For purposes of computing the average daily attendance of pupils engaged in the educational activities required of high school pupils who are also enrolled in a regional occupational center or regional occupational program, the school district shall receive proportional average daily attendance credit for those educational activities that are less than the minimum schoolday, pursuant to regulations adopted by the state board; however, none of that attendance shall be counted for purposes of computing attendance pursuant to Section 52324.

(2) A school district shall not receive proportional average daily attendance credit pursuant to this subdivision for a pupil in attendance for less than 145 minutes each day.

(3) The divisor for computing proportional average daily attendance pursuant to this subdivision is 240, except that, in the case of a pupil excused from physical education classes pursuant to Section 52316, the divisor is 180.

(4) Notwithstanding any other provision of law, travel time of pupils to attend a regional occupational center or regional occupational program shall not be used in any manner in the computation of average daily attendance.

(e) (1) In computing the average daily attendance of a school district, there shall also be included the attendance of pupils participating in independent study conducted pursuant to Article 5.5 (commencing with Section 51745) of Chapter 5 of Part 28 for five or more consecutive schooldays.

(2) A pupil participating in independent study shall not be credited with more than one day of attendance per calendar day.

(f) For purposes of cooperative career technical education programs and community classrooms described in Section 52372.1, "immediate supervision" means pupil participation in paid and unpaid on-the-job experiences, as outlined under a training agreement and individualized

training plans wherein the supervisor of the training site and certificated school personnel share the responsibility for the supervision of on-the-job experiences.

(g) (1) In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten ~~only if or pupils in a transitional kindergarten program after they have completed one year in that program if one of the following conditions is met:~~

(A) ~~The school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the department and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than one additional school year.~~

(B) ~~The pupils participated in a transitional kindergarten program pursuant to subdivision (c) of Section 48000.~~

(2) ~~A school district may not include for apportionment purposes the attendance of any pupil for more than two years in kindergarten or for more than two years in a combination of transitional kindergarten and kindergarten.~~

(h) This section shall take effect beginning July 1, 2017.

SEC. XX

(New to May Revision)

Section 46300 as it read on January 1, 2016 shall remain in effect for the 2016-17 fiscal year.

48000.

(New to May Revision)

(a) A child shall be admitted to a kindergarten maintained by the school district at the beginning of a school year, or at a later time in the same year, if the child will have his or her fifth birthday on or before one of the following dates:

(1) December 2 of the 2011–12 school year.

(2) November 1 of the 2012–13 school year.

(3) October 1 of the 2013–14 school year.

(4) September 1 of the 2014–15 school year and each school year thereafter.

(b) The governing board of the school district of a school district maintaining one or more kindergartens may, on a case-by-case basis, admit to a kindergarten a child having attained the age of five years at any time during the school year with the approval of the parent or guardian, subject to the following conditions:

(1) The governing board of the school district determines that the admittance is in the best interests of the child.

(2) The parent or guardian is given information regarding the advantages and disadvantages and any other explanatory information about the effect of this early admittance.

(c) As a condition of receipt of apportionment for pupils in a transitional kindergarten program pursuant to Section 46300, and Chapter 3 (commencing with Section 47610) of Part 26.8, as applicable, a school district or charter school shall ensure the following:

(1) In the 2012–13 school year, a child who will have his or her fifth birthday between November 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district or charter school.

(2) In the 2013–14 school year, a child who will have his or her fifth birthday between October 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district or charter school.

(3) (A) In the 2014–15 school year and each school year thereafter, a child who will have his or her fifth birthday between September 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district or charter school.

(B) (i) For the 2015–16 school year and each school year thereafter, a school district or charter school may, at any time during a school year, admit a child to a transitional kindergarten program who will have his or her fifth birthday after December 2 but during that same school year, with the approval of the parent or guardian, subject to the following conditions:

(I) The governing board of the school district or the governing body of the charter school determines that the admittance is in the best interests of the child.

(II) The parent or guardian is given information regarding the advantages and disadvantages and any other explanatory information about the effect of this early admittance.

(ii) Notwithstanding any other law, a pupil admitted to a transitional kindergarten program pursuant to clause (i) shall not generate average daily attendance for purposes of Section 46300, or be included in the enrollment or unduplicated pupil count pursuant to Section 42238.02, until the pupil has attained his or her fifth birthday, regardless of when the pupil was admitted during the school year.

(d) For purposes of this section, “transitional kindergarten” means the first year of a two-year kindergarten program that uses a modified kindergarten curriculum that is age and developmentally appropriate.

(e) A transitional kindergarten shall not be construed as a new program or higher level of service.

(f) It is the intent of the Legislature that transitional kindergarten curriculum be aligned to the California Preschool Learning Foundations developed by the department.

(g) As a condition of receipt of apportionment for pupils in a transitional kindergarten program pursuant to Section 46300, a school district or charter school shall ensure that credentialed teachers who are first assigned to a transitional kindergarten classroom after July 1, 2015, have, by August 1, 2020, one of the following:

(1) At least 24 units in early childhood education, or childhood development, or both.

(2) As determined by the local educational agency employing the teacher, professional experience in a classroom setting with preschool-age children that is comparable to the 24 units of education described in paragraph (1).

~~(3) A child development teacher permit issued by the Commission on Teacher Credentialing.~~

(c) This section shall take effect beginning July 1, 2017.

SEC. XX

(New to May Revision)

Section 48000 as it read on January 1, 2016 shall remain in effect for the 2016-17 fiscal year.

Class Size Reduction – Hold Harmless

SEC. XX

(New to May Revision)

For the 2017-18 fiscal year, a school district's percentage of progress towards an average class enrollment of not more than 24 for each schoolsite for kindergarten and grades 1 to 3, inclusive, pursuant to subparagraph (B) of paragraph (3) of subdivision (d) of Section 42238.02, shall not be decreased as a result of the Early Education Block Grant. For school districts operating transitional kindergarten programs in the 2016-17 fiscal year, progress made in the 2017-18 fiscal year towards an average class enrollment of not more than 24 for kindergarten and grades 1 to 3, inclusive, shall be determined by comparing the average class enrollment for kindergarten and grades 1 to 3, inclusive, to that of the 2016-17 fiscal year, excluding transitional kindergarten enrollment.

One-Time Funding for County Offices of Education to Implement the Early Education Block Grant

SEC. XX

(New to May Revision)

(a) For the 2016-17 fiscal year, the sum of ten million dollars (\$10,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to county superintendents of schools in the manner, and for the purposes, set forth in this section.

(b) The Superintendent shall allocate the funds appropriated pursuant to subdivision (a) on a one-time basis to county superintendents of schools on the basis of an equal amount per unit of regular average daily attendance of school districts in each county, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2015-16 fiscal year.

(1) Funds appropriated pursuant to subdivision (a) shall be for one-time costs associated with planning for and implementing the Early Education Block Grant defined in Section XX. Funds shall be used for one or more of the following purposes:

(1) To build capacity at county offices of education to provide technical assistance to school districts to provide pre-kindergarten programs.

(2) To build capacity in the county for subsidized pre-kindergarten program access.

(3) To develop a Regional Early Learning Plan pursuant to Section XX.

(4) To develop and disseminate materials to support pre-kindergarten programs, including best practices. Materials related to curriculum shall support K-12 program alignment and the social and emotional development of children.

(5) To support collaborative working relationships with pre-kindergarten program providers and pre-kindergarten program staff at school districts and other county offices of education.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ten million dollars (\$10,000,000) of the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year.

Child Care Single System Plan

SEC. 17. – Education Omnibus Trailer Bill

(a) The Department of Education shall develop a plan, with input from stakeholders, to transition contract-based funding for subsidized child care to voucher-based funding by 2019-20. The plan shall include recommendations to shift funding for the General Child Care and Migrant Child Care programs from contracted programs to voucher-based programs, and make recommendations for the reallocation of federal Child Care and Development Block Grant quality funds that currently support contracted programs.

(a) No later than May 1, 2017, the Department of Education shall develop all of the following:

(1) A set of recommendations to streamline the existing subsidized child care system, including General Child Care, Migrant Child Care, the Alternative Payment Program, and CalWORKs Child Care, using vouchers as the method of subsidy. The purpose of shifting from contracts to vouchers shall be to provide eligible working families with better access to child care services that align with their need to work and to attend eligible educational activities. Recommendations shall include:

(A) A single system of provider reimbursement that reflects the variations in the cost of doing business across the state.

(B) A single set of minimum quality and program guidelines for all subsidized providers by setting.

(C) Improved efficiency for parents to access information about subsidized care, to apply for and use vouchers, and to access care that meets their needs.

(D) Improved efficiency for providers accepting subsidies to receive payment for services.

(2) A set of recommendations to reallocate federal Child Care and Development Block Grant quality funds in accordance with the recommendations in paragraph (1).

(3) A plan to transition existing programs in accordance with the recommendations in paragraph (1) by 2019-20. To the extent possible, the plan shall include a process that ensures the transition does not disparately affect the continuity of care for families participating in contracted programs. The plan shall also ensure that contracted providers are provided appropriate transitional support and receive technical assistance to help them participate in voucher programs.

(4) All recommendations shall utilize existing infrastructure to the extent possible. The recommendations and the transition plan shall not increase existing state costs for subsidized child care and shall not reflect a reduction in the number of child care slots available statewide.

(5) The Department of Education shall participate in a stakeholder process in developing its recommendations and transition plan. Stakeholders shall include, but are not limited to, the Department of Social Services, the Governor's State Advisory Council for Early Learning and Care, First 5 California, alternative payment agencies, contracted child care providers, other subsidized child care providers, local educational agencies, and families utilizing subsidized care.

~~(b) The purpose of shifting from contracts to vouchers shall be to provide eligible working families with better access to child care services that align with their need to work and to attend eligible educational activities. To the extent possible, the plan shall include a process that ensures the transition does not disparately affect the continuity of care for families participating in contracted programs. The plan shall also ensure that contracted providers are provided appropriate transitional support and receive technical assistance to help them participate in voucher programs. The plan shall not increase existing state costs for the General Child Care Program and shall not reflect a reduction in the number of child care slots available statewide.~~

~~(e)~~(b) The Department of Education shall provide its recommendations and transition plan to the Legislature, Department of Finance, and the Executive Director of the State Board of Education no later than May 1, 2017. The Department shall make a draft of the plan available to the Department of Finance and the Governor's State Advisory Council for Early Learning and Care no less than 30 days before May 1, 2017, for comment and review.

County Offices of Education - Local Child Care Planning (New to May Revision)

8499.

For purposes of this chapter, the following definitions shall apply:

(a) "Block grant" means the block grant contained in Title VI of the Child Care and Development Fund, as established by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193).

(b) "Child care" means all licensed child care and development services and license-exempt child care, including, but not limited to, private for-profit programs, nonprofit programs, and publicly funded programs, for all children up to and including 12 years of age, including children with exceptional needs and children from all linguistic and cultural backgrounds.

(c) "Child care provider" means a person who provides child care services or represents persons who provide child care services.

~~(d) "Community representative" means a person who represents an agency or business that provides private funding for child care services, or who advocates for child care services through participation in civic or community based organizations but is not a child care provider and does not represent an agency that contracts with the State Department of Education to provide child care and development services.~~

~~(e) "Consumer" means a parent or person who receives, or who has received within the past 36 months, child care services.~~

~~(f) "Department" means the State Department of Education.~~

~~(g) "Local planning council" means a local child care and development planning council as described in Section 8499.3.~~

~~(h) "Public agency representative" means a person who represents a city, county, city and county, or local educational agency.~~

(a) It is the intent of the Legislature that county offices of education, either individually or in a consortium, provide a forum for the identification of local priorities for child care and the development of policies to meet the needs identified within those priorities.

(b) As a condition of the receipt of funding for that purpose, by May 30 of each year, the county superintendent of schools shall submit to the department the local priorities it has identified that reflect all child care needs in the county. To accomplish this, a county superintendent of schools shall do all of the following:

(1) Conduct an assessment of child care needs in the county no less frequently than once every three years. The department shall define and prescribe data elements to be included in the needs assessment and shall specify the format for the data reporting. The needs assessment shall also include all factors deemed appropriate by the county office of education in order to obtain an accurate picture of the comprehensive child care needs in the county. The factors shall include, but are not limited to, all of the following:

(A) The needs of families eligible for subsidized child care.

(B) The needs of families not eligible for subsidized child care.

(C) Information on local waiting lists for state-subsidized child care programs, as available.

(D) The need for child care for children determined by a child protective services agency to be neglected, abused, or exploited, or at risk of being neglected, abused, or exploited.

(E) The number of children in families receiving public assistance, including CalFresh benefits, housing support, and Medi-Cal, and assistance from the Healthy Families Program and the Temporary Assistance for Needy Families (TANF) program.

(F) Family income among families with children younger than 13 years old.

(G) The number of children in migrant agricultural families who move from place to place for work or who are currently dependent for their income on agricultural employment in accordance with subdivision (a) of, and paragraphs (1) and (2) of subdivision (b) of, Section 8231.

(H) The number of children who have been determined by a regional center to require services pursuant to an individualized family service plan, or by a local educational agency to require

services pursuant to an individualized education program or an individualized family service plan.

(I) The number of children in the county by primary language spoken pursuant to the department's language survey.

(J) Special needs based on geographic considerations, including rural areas.

(K) The number of children needing child care services by age cohort.

(2) Document information gathered during the needs assessment which shall include, but need not be limited to, data on supply, demand, cost, and market rates for each category of child care in the county.

(3) Identify local priorities for expanding access to subsidized child care, goals in regard to the local priorities, and the method for measuring the county office of education's progress toward achieving those goals.

(A) The county office of education shall work with the county board of supervisors, child care providers that reflect the range of child care providers in the county, local educational agencies, families, and human services and other local public agencies to develop priorities.

(B) The county office of education shall encourage public input and provide at least one public hearing during which members of the public can comment on the proposed priorities.

(4) Prepare a comprehensive countywide child care plan designed to mobilize public and private resources to address identified needs. County offices of education are encouraged to combine this plan with the Regional Early Learning Plan defined in Section XX to create an aligned set of early learning and child care priorities for their region.

(5) Collaborate with subsidized and nonsubsidized child care providers, county welfare departments, human service agencies, regional centers, job training programs, employers, integrated child and family service councils, local and state children and families commissions, parent organizations, early start family resource centers, family empowerment centers on disability, local child care resource and referral programs, and other interested parties to foster partnerships designed to meet local child care needs.

(6) Coordinate part-day programs with other child care and development services to provide full-day child care.

(c) The department shall, in conjunction with the State Department of Social Services and all appropriate statewide agencies and associations, develop guidelines for use by county offices of education to assist them in conducting needs assessments that are reliable and accurate. The guidelines shall include acceptable sources of demographic and child care data, and methodologies for assessing child care supply and demand.

(d) Except as otherwise required by subdivision (c) of Section 8236, the department shall allocate funding within each county in accordance with the priorities identified by the respective county office of education and submitted to the department pursuant to this section, unless the priorities do not meet the requirements of state or federal law.

~~(a) It is the intent of the Legislature that local child care and development planning councils shall provide a forum for the identification of local priorities for child care and the development of policies to meet the needs identified within those priorities.~~

~~(b) The county office of supervisors and the county superintendent of schools shall do both of the following:~~

~~(1) Select the members of the local planning council. Before making selections pursuant to this subdivision, the board of supervisors and the county superintendent of schools shall publicize their intention to select the members and shall invite local organizations to submit nominations. In counties in which the superintendent is appointed by the county office of education, the county office of education may make the appointment or may delegate that responsibility to the superintendent.~~

~~(2) Establish the term of appointment for the members of the local planning council.~~

~~(c) (1) The local planning council shall be comprised as follows:~~

~~(A) Twenty percent of the membership shall be consumers.~~

~~(B) Twenty percent of the membership shall be child care providers, reflective of the range of child care providers in the county.~~

~~(C) Twenty percent of the membership shall be public agency representatives.~~

~~(D) Twenty percent of the membership shall be community representatives, who shall not be child care providers or agencies that contract with the department to provide child care and development services.~~

~~(E) The remaining 20 percent shall be appointed at the discretion of the appointing agencies.~~

~~(2) The board of supervisors and the superintendent of schools shall each appoint one half of the members. In the case of uneven membership, both appointing entities shall agree on the odd-numbered appointee.~~

~~(d) Every effort shall be made to ensure that the ethnic, racial, and geographic composition of the local planning council is reflective of the ethnic, racial, and geographic distribution of the population of the county.~~

~~(e) The board of supervisors and county superintendent of schools may designate an existing child care planning council or coordinated child and family services council as the local planning council, as long as it has or can achieve the representation set forth in this section.~~

~~(f) Upon establishment of a local planning council, the local planning council shall elect a chair and select a staff.~~

~~(g) Each local planning council shall develop and implement a training plan to provide increased efficiency, productivity, and facilitation of local planning council meetings. This may include developing a training manual, hiring facilitators, and identifying strategies to meet the objectives of the council.~~

~~(h) No member of a local planning council shall participate in a vote if he or she has a proprietary interest in the outcome of the matter being voted upon.~~

~~8499.5.~~

~~(a) The department shall allocate child care funding pursuant to Chapter 2 (commencing with Section 8200) based on the amount of state and federal funding that is available.~~

~~(b) By May 30 of each year, upon approval by the county office of supervisors and the county superintendent of schools, a local planning council shall submit to the department the local priorities it has identified that reflect all child care needs in the county. To accomplish this, a local planning council shall do all of the following:~~

~~(1) Conduct an assessment of child care needs in the county no less frequently than once every five years. The department shall define and prescribe data elements to be included in the needs assessment and shall specify the format for the data reporting. The needs assessment shall also include all factors deemed appropriate by the local planning council in order to obtain an accurate picture of the comprehensive child care needs in the county. The factors include, but are not limited to, all of the following:~~

~~(A) The needs of families eligible for subsidized child care.~~

~~(B) The needs of families not eligible for subsidized child care.~~

~~(C) The waiting lists for programs funded by the department and the State Department of Social Services.~~

~~(D) The need for child care for children determined by the child protective services agency to be neglected, abused, or exploited, or at risk of being neglected, abused, or exploited.~~

~~(E) The number of children in families receiving public assistance, including CalFresh benefits, housing support, and Medi-Cal, and assistance from the Healthy Families Program and the Temporary Assistance for Needy Families (TANF) program.~~

~~(F) Family income among families with preschool or schoolage children.~~

~~(G) The number of children in migrant agricultural families who move from place to place for work or who are currently dependent for their income on agricultural employment in accordance with subdivision (a) of, and paragraphs (1) and (2) of subdivision (b) of, Section 8231.~~

~~(H) The number of children who have been determined by a regional center to require services pursuant to an individualized family service plan, or by a local educational agency to require services pursuant to an individualized education program or an individualized family service plan.~~

~~(I) The number of children in the county by primary language spoken pursuant to the department's language survey.~~

~~(J) Special needs based on geographic considerations, including rural areas.~~

~~(K) The number of children needing child care services by age cohort.~~

~~(2) Document information gathered during the needs assessment which shall include, but need not be limited to, data on supply, demand, cost, and market rates for each category of child care in the county.~~

~~(3) Encourage public input in the development of the priorities. Opportunities for public input shall include at least one public hearing during which members of the public can comment on the proposed priorities.~~

~~(4) Prepare a comprehensive countywide child care plan designed to mobilize public and private resources to address identified needs.~~

~~(5) Conduct a periodic review of child care programs funded by the department and the State Department of Social Services to determine if identified priorities are being met.~~

~~(6) Collaborate with subsidized and nonsubsidized child care providers, county welfare departments, human service agencies, regional centers, job training programs, employers, integrated child and family service councils, local and state children and families commissions, parent organizations, early start family resource centers, family empowerment centers on disability, local child care resource and referral programs, and other interested parties to foster partnerships designed to meet local child care needs.~~

~~(7) Design a system to consolidate local child care waiting lists, if a centralized eligibility list is not already in existence.~~

~~(8) Coordinate part day programs, including state preschool and Head Start, with other child care and development services to provide full day child care.~~

~~(9) Submit the results of the needs assessment and the local priorities identified by the local planning council to the board of supervisors and the county superintendent of schools for approval before submitting them to the department.~~

~~(10) Identify at least one, but not more than two, members to serve as part of the department team that reviews and scores proposals for the provision of services funded through contracts with the department. Local planning council representatives may not review and score proposals from the geographic area covered by their own local planning council. The department shall notify each local planning council whenever this opportunity is available.~~

~~(e) The department shall, in conjunction with the State Department of Social Services and all appropriate statewide agencies and associations, develop guidelines for use by local planning councils to assist them in conducting needs assessments that are reliable and accurate. The guidelines shall include acceptable sources of demographic and child care data, and methodologies for assessing child care supply and demand.~~

~~(d) Except as otherwise required by subdivision (e) of Section 8236, the department shall allocate funding within each county in accordance with the priorities identified by the local planning council of that county and submitted to the department pursuant to this section, unless the priorities do not meet the requirements of state or federal law.~~

8499.7.

(New to May Revision)

(a) It is the intent of the Legislature that any additional conditions imposed upon local planning councils county offices of education for local child care planning shall be funded from available federal funds to the greatest extent legally possible.

(b) Commencing with the 2016-17 fiscal year, the Department shall allocate funds designated for local planning councils in the annual Budget Act to county offices of education.

Single-Parent Verification

(New to May Revision)

8263.

(a) The Superintendent shall adopt rules and regulations on eligibility, enrollment, and priority of services needed to implement this chapter. In order to be eligible for federal and state subsidized child development services, families shall meet at least one requirement in each of the following areas:

(1) A family is (A) a current aid recipient, (B) income eligible, (C) homeless, or (D) one whose children are recipients of protective services, or whose children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited.

(2) A family needs the child care services (A) because the child is identified by a legal, medical, or social services agency, a local educational agency liaison for homeless children and youths designated pursuant to Section 11432(g)(1)(J)(ii) of Title 42 of the United States Code, a Head Start program, or an emergency or transitional shelter as (i) a recipient of protective services, (ii) being neglected, abused, or exploited, or at risk of neglect, abuse, or exploitation, or (iii) being homeless or (B) because the parents are (i) engaged in vocational training leading directly to a recognized trade, paraprofession, or profession, (ii) employed or seeking employment, (iii) seeking permanent housing for family stability, or (iv) incapacitated.

(3) When only one parent has signed an application for enrollment, as required by the Department, and the information provided indicates the child(ren) in the family has another parent whose name does not appear on the application, then the presence or absence of that parent shall be self-certified by the parent signing the application, under penalty of perjury.

(b) Except as provided in Article 15.5 (commencing with Section 8350), priority for federal and state subsidized child development services is as follows:

(1) First priority shall be given to neglected or abused children who are recipients of child protective services, or children who are at risk of being neglected or abused, upon written referral from a legal, medical, or social services agency. If an agency is unable to enroll a child in the first priority category, the agency shall refer the family to local resource and referral services to locate services for the child.

(B) A family who is receiving child care on the basis of being a child at risk of abuse, neglect, or exploitation, as defined in subdivision (k) of Section 8208, is eligible to receive services pursuant to subparagraph (A) for up to three months, unless the family becomes eligible pursuant to subparagraph (C).

(C) A family may receive child care services for up to 12 months on the basis of a certification by the county child welfare agency that child care services continue to be necessary or, if the child is receiving child protective services during that period of time, and the family requires child care and remains otherwise eligible. This time limit does not apply if the family's child care referral is recertified by the county child welfare agency.

(2) Second priority shall be given equally to eligible families, regardless of the number of parents in the home, who are income eligible. Within this priority, families with the lowest gross monthly income in relation to family size, as determined by a schedule adopted by the Superintendent, shall be admitted first. If two or more families are in the same priority in relation to income, the family that has a child with exceptional needs shall be admitted first. If there is no family of the same priority with a child with exceptional needs, the same priority family that has been on the waiting list for the longest time shall be admitted first. For purposes of determining order of admission, the grants of public assistance recipients shall be counted as income.

(3) The Superintendent shall set criteria for, and may grant specific waivers of, the priorities established in this subdivision for agencies that wish to serve specific populations, including children with exceptional needs or children of prisoners. These new waivers shall not include proposals to avoid appropriate fee schedules or admit ineligible families, but may include proposals to accept members of special populations in other than strict income order, as long as appropriate fees are paid.

(c) Notwithstanding any other law, in order to promote continuity of services, a family enrolled in a state or federally funded child care and development program whose services would otherwise be terminated because the family no longer meets the program income, eligibility, or need criteria may continue to receive child development services in another state or federally funded child care and development program if the contractor is able to transfer the family's enrollment to another program for which the family is eligible before the date of termination of services or to exchange the family's existing enrollment with the enrollment of a family in another program, provided that both families satisfy the eligibility requirements for the program in which they are being enrolled. The transfer of enrollment may be to another program within the same administrative agency or to another agency that administers state or federally funded child care and development programs.

(d) In order to promote continuity of services, the Superintendent may extend the 60-working-day period specified in subdivision (a) of Section 18086.5 of Title 5 of the California Code of Regulations for an additional 60 working days if he or she determines that opportunities for employment have diminished to the degree that one or both parents cannot reasonably be expected to find employment within 60 working days and granting the extension is in the public interest. The scope of extensions granted pursuant to this subdivision shall be limited to the necessary geographic areas and affected persons, which shall be described in the Superintendent's order granting the extension. It is the intent of the Legislature that extensions granted pursuant to this subdivision improve services in areas with high unemployment rates and areas with disproportionately high numbers of seasonal agricultural jobs.

(e) A physical examination and evaluation, including age-appropriate immunization, shall be required before, or within six weeks of, enrollment. A standard, rule, or regulation shall not require medical examination or immunization for admission to a child care and development program of a child whose parent or guardian files a letter with the governing board of the child care and development program stating that the medical examination or immunization is contrary to his or her religious beliefs, or provide for the exclusion of a child from the program because of a parent or guardian having filed the letter. However, if there is good cause to believe that a

child is suffering from a recognized contagious or infectious disease, the child shall be temporarily excluded from the program until the governing board of the child care and development program is satisfied that the child is not suffering from that contagious or infectious disease.

(f) Regulations formulated and promulgated pursuant to this section shall include the recommendations of the State Department of Health Care Services relative to health care screening and the provision of health care services. The Superintendent shall seek the advice and assistance of these health authorities in situations where service under this chapter includes or requires care of children who are ill or children with exceptional needs.

(g) The Superintendent shall establish guidelines for the collection of employer-sponsored child care benefit payments from a parent whose child receives subsidized child care and development services. These guidelines shall provide for the collection of the full amount of the benefit payment, but not to exceed the actual cost of child care and development services provided, notwithstanding the applicable fee based on the fee schedule.

(h) The Superintendent shall establish guidelines according to which the director or a duly authorized representative of the child care and development program will certify children as eligible for state reimbursement pursuant to this section.

(i) Public funds shall not be paid directly or indirectly to an agency that does not pay at least the minimum wage to each of its employees.

Notice of Action Changes

(New to May Revision)

SEC. XX

(a) In order to assist with a uniform due process system across the state, the Department shall create a required agency form for both (1) notice of action, application for services, and (2) notice of action, recipient of services. These forms shall comply and be equivalent with Section 658P(2) of the federal Child Care and Development Act of 2014 with regards to child care certificates.

(b) Notices of action forms must include information about parents' due process rights and be written in a user-friendly manner.

(c) The Superintendent shall adopt rules and regulations to specify additional criteria for notices of action, as defined in subdivisions (v) and (w) in Section 8208.

8208.

(New to May Revision)

As used in this chapter:

(a) "Alternative payments" includes payments that are made by one child care agency to another agency or child care provider for the provision of child care and development services, and payments that are made by an agency to a parent for the parent's purchase of child care and development services.

(b) "Alternative payment program" means a local government agency or nonprofit organization that has contracted with the department pursuant to Section 8220.1 to provide alternative payments and to provide support services to parents and providers.

(c) "Applicant or contracting agency" means a school district, community college district, college or university, county superintendent of schools, county, city, public agency, private nontax-exempt agency, private tax-exempt agency, or other entity that is authorized to establish, maintain, or operate services pursuant to this chapter. Private agencies and parent cooperatives, duly licensed by law, shall receive the same consideration as any other authorized entity with no loss of parental decisionmaking prerogatives as consistent with the provisions of this chapter.

(d) "Assigned reimbursement rate" is that rate established by the contract with the agency and is derived by dividing the total dollar amount of the contract by the minimum child day of average daily enrollment level of service required.

(e) "Attendance" means the number of children present at a child care and development facility. "Attendance," for purposes of reimbursement, includes excused absences by children because of illness, quarantine, illness or quarantine of their parent, family emergency, or to spend time with a parent or other relative as required by a court of law or that is clearly in the best interest of the child.

(f) "Capital outlay" means the amount paid for the renovation and repair of child care and development facilities to comply with state and local health and safety standards, and the amount paid for the state purchase of relocatable child care and development facilities for lease to qualifying contracting agencies.

(g) "Caregiver" means a person who provides direct care, supervision, and guidance to children in a child care and development facility.

(h) "Child care and development facility" means a residence or building or part thereof in which child care and development services are provided.

(i) "Child care and development programs" means those programs that offer a full range of services for children from infancy to 13 years of age, for any part of a day, by a public or private agency, in centers and family child care homes. These programs include, but are not limited to, all of the following:

(1) General child care and development.

(2) Migrant child care and development.

(3) Child care provided by the California School Age Families Education Program (Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29 of Division 4 of Title 2).

(4) California state preschool program.

(5) Resource and referral.

(6) Child care and development services for children with exceptional needs.

(7) Family child care home education network.

(8) Alternative payment.

(9) Schoolage community child care.

(j) "Child care and development services" means those services designed to meet a wide variety of needs of children and their families, while their parents or guardians are working, in training, seeking employment, incapacitated, or in need of respite. These services may include direct care and supervision, instructional activities, resource and referral programs, and alternative payment arrangements.

(k) "Children at risk of abuse, neglect, or exploitation" means children who are so identified in a written referral from a legal, medical, or social service agency, or emergency shelter.

(l) "Children with exceptional needs" means either of the following:

(1) Infants and toddlers under three years of age who have been determined to be eligible for early intervention services pursuant to the California Early Intervention Services Act (Title 14 (commencing with Section 95000) of the Government Code) and its implementing regulations. These children include an infant or toddler with a developmental delay or established risk condition, or who is at high risk of having a substantial developmental disability, as defined in subdivision (a) of Section 95014 of the Government Code. These children shall have active individualized family service plans, shall be receiving early intervention services, and shall be children who require the special attention of adults in a child care setting.

(2) Children 3 to 21 years of age, inclusive, who have been determined to be eligible for special education and related services by an individualized education program team according to the special education requirements contained in Part 30 (commencing with Section 56000) of Division 4 of Title 2, and who meet eligibility criteria described in Section 56026 and, Article 2.5 (commencing with Section 56333) of Chapter 4 of Part 30 of Division 4 of Title 2, and Sections 3030 and 3031 of Title 5 of the California Code of Regulations. These children shall have an active individualized education program, shall be receiving early intervention services or appropriate special education and related services, and shall be children who require the special attention of adults in a child care setting. These children include children with intellectual disabilities, hearing impairments (including deafness), speech or language impairments, visual impairments (including blindness), serious emotional disturbance (also referred to as emotional disturbance), orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities, who need special education and related services consistent with Section 1401(3)(A) of Title 20 of the United States Code.

(m) "Closedown costs" means reimbursements for all approved activities associated with the closing of operations at the end of each growing season for migrant child development programs only.

(n) "Cost" includes, but is not limited to, expenditures that are related to the operation of child care and development programs. "Cost" may include a reasonable amount for state and local contributions to employee benefits, including approved retirement programs, agency administration, and any other reasonable program operational costs. "Cost" may also include amounts for licensable facilities in the community served by the program, including lease payments or depreciation, downpayments, and payments of principal and interest on loans incurred to acquire, rehabilitate, or construct licensable facilities, but these costs shall not exceed fair market rents existing in the community in which the facility is located. "Reasonable and necessary costs" are costs that, in nature and amount, do not exceed what an ordinary prudent person would incur in the conduct of a competitive business.

(o) "Elementary school," as contained in former Section 425 of Title 20 of the United States Code (the National Defense Education Act of 1958, Public Law 85-864, as amended), includes early childhood education programs and all child development programs, for the purpose of the cancellation provisions of loans to students in institutions of higher learning.

(p) "Family child care home education network" means an entity organized under law that contracts with the department pursuant to Section 8245 to make payments to licensed family child care home providers and to provide educational and support services to those providers and to children and families eligible for state-subsidized child care and development services. A family child care home education network may also be referred to as a family child care home system.

(q) "Health services" include, but are not limited to, all of the following:

(1) Referral, whenever possible, to appropriate health care providers able to provide continuity of medical care.

(2) Health screening and health treatment, including a full range of immunization recorded on the appropriate state immunization form to the extent provided by the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code) and the Child Health and Disability Prevention Program (Article 6 (commencing with Section 124025) of Chapter 3 of Part 2 of Division 106 of the Health and Safety Code), but only to the extent that ongoing care cannot be obtained utilizing community resources.

(3) Health education and training for children, parents, staff, and providers.

(4) Followup treatment through referral to appropriate health care agencies or individual health care professionals.

(r) "Higher educational institutions" means the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the governing bodies of any accredited private nonprofit institution of postsecondary education.

(s) "Intergenerational staff" means persons of various generations.

(t) "Limited-English-speaking-proficient and non-English-speaking-proficient children" means children who are unable to benefit fully from an English-only child care and development program as a result of either of the following:

(1) Having used a language other than English when they first began to speak.

(2) Having a language other than English predominantly or exclusively spoken at home.

(u) "Local educational agency" means a school district, a county office of education, a community college district, or a school district on behalf of one or more schools within the school district.

(v) "Notice of action, application for services" means a written statement of specific information issued by the contractor that informs the applicant of the contractor's decision to approve or deny child care services.

(w) "Notice of action, recipient of services" means a written statement of specific information issued by the contractor informing the family receiving child care services that a change has

been made to their service agreement. These changes may include, but are not limited to, need and eligibility requirements that are no longer being met, fees that have not been paid, or the proposed modification of the fee or amount of services provided by the contractor.

~~(u)~~(x) "Parent" means a biological parent, stepparent, adoptive parent, foster parent, caretaker relative, or any other adult living with a child who has responsibility for the care and welfare of the child.

~~(v)~~(y) "Program director" means a person who, pursuant to Sections 8244 and 8360.1, is qualified to serve as a program director.

~~(w)~~(z) "Proprietary child care agency" means an organization or facility providing child care, which is operated for profit.

~~(x)~~(aa) "Resource and referral programs" means programs that provide information to parents, including referrals and coordination of community resources for parents and public or private providers of care. Services frequently include, but are not limited to: technical assistance for providers, toy-lending libraries, equipment-lending libraries, toy- and equipment-lending libraries, staff development programs, health and nutrition education, and referrals to social services.

~~(y)~~(ab) "Severely disabled children" are children with exceptional needs from birth to 21 years of age, inclusive, who require intensive instruction and training in programs serving pupils with the following profound disabilities: autism, blindness, deafness, severe orthopedic impairments, serious emotional disturbances, or severe intellectual disabilities. "Severely disabled children" also include those individuals who would have been eligible for enrollment in a developmental center for handicapped pupils under Chapter 6 (commencing with Section 56800) of Part 30 of Division 4 of Title 2 as it read on January 1, 1980.

~~(z)~~(ac) "Short-term respite child care" means child care service to assist families whose children have been identified through written referral from a legal, medical, or social service agency, or emergency shelter as being neglected, abused, exploited, or homeless, or at risk of being neglected, abused, exploited, or homeless. Child care is provided for less than 24 hours per day in child care centers, treatment centers for abusive parents, family child care homes, or in the child's own home.

~~(aa)~~(ad) (1) "Site supervisor" means a person who, regardless of his or her title, has operational program responsibility for a child care and development program at a single site. A site supervisor shall hold a permit issued by the Commission on Teacher Credentialing that authorizes supervision of a child care and development program operating in a single site. The Superintendent may waive the requirements of this subdivision if the Superintendent determines that the existence of compelling need is appropriately documented.

(2) For California state preschool programs, a site supervisor may qualify under any of the provisions in this subdivision, or may qualify by holding an administrative credential or an administrative services credential. A person who meets the qualifications of a program director under both Sections 8244 and 8360.1 is also qualified under this subdivision.

~~(ab)~~(ae) "Standard reimbursement rate" means that rate established by the Superintendent pursuant to Section 8265.

~~(ae)~~(af) "Startup costs" means those expenses an agency incurs in the process of opening a new or additional facility before the full enrollment of children.

~~(ad)~~(ag) "California state preschool program" means part-day and full-day educational programs for low-income or otherwise disadvantaged three- and four-year-old children.

~~(ae)~~(ah) "Support services" means those services that, when combined with child care and development services, help promote the healthy physical, mental, social, and emotional growth of children. Support services include, but are not limited to: protective services, parent training, provider and staff training, transportation, parent and child counseling, child development resource and referral services, and child placement counseling.

~~(af)~~(ai) "Teacher" means a person with the appropriate permit issued by the Commission on Teacher Credentialing who provides program supervision and instruction that includes supervision of a number of aides, volunteers, and groups of children.

~~(ag)~~(aj) "Underserved area" means a county or subcounty area, including, but not limited to, school districts, census tracts, or ZIP Code areas, where the ratio of publicly subsidized child care and development program services to the need for these services is low, as determined by the Superintendent.

~~(ah)~~(ak) "Workday" means the time that the parent requires temporary care for a child for any of the following reasons:

- (1) To undertake training in preparation for a job.
- (2) To undertake or retain a job.
- (3) To undertake other activities that are essential to maintaining or improving the social and economic function of the family, are beneficial to the community, or are required because of health problems in the family.

~~(ai)~~(al) "Three-year-old children" means children who will have their third birthday on or before the date specified of the fiscal year in which they are enrolled in a California state preschool program, as follows:

- (1) November 1 of the 2012–13 fiscal year.
- (2) October 1 of the 2013–14 fiscal year.
- (3) September 1 of the 2014–15 fiscal year and each fiscal year thereafter.

~~(aj)~~(am) "Four-year-old children" means children who will have their fourth birthday on or before the date specified of the fiscal year in which they are enrolled in a California state preschool program, as follows:

- (1) November 1 of the 2012–13 fiscal year.
- (2) October 1 of the 2013–14 fiscal year.
- (3) September 1 of the 2014–15 fiscal year and each fiscal year thereafter.

~~(ak)~~ "Local educational agency" means a school district, a county office of education, a community college district, or a school district on behalf of one or more schools within the school district.

Remove Child Development Teacher and Supervisor Grant Program

(New to May Revision)

~~69620.~~

~~There is hereby established the Child Development Teacher and Supervisor Grant Program, to be administered by the Student Aid Commission, with participation by students attending California public or private two year or four year postsecondary educational institutions who intend to teach or supervise in the field of child care and development in a licensed children's center. The Student Aid Commission may enter into an agreement with another state or local agency to administer this program.~~

~~69621.~~

(New to May Revision)

~~For purposes of this article, the following definitions apply:~~

~~(a) "Child Development Permit" means a permit issued by the Commission on Teacher Credentialing that authorizes an individual to teach, instruct, or supervise in a licensed child care and development program.~~

~~(b) "Licensed children's center" means a public school district based, nonprofit community-based, or private proprietary program licensed by the State Department of Social Services under the health and safety requirements of Title 22 of the California Code of Regulations or administered by the State Department of Education under Title 5 of the California Code of Regulations. Licensed children's centers include federally subsidized, state subsidized, and nonsubsidized child care and development programs serving children part day or full day.~~

~~69622.~~

(New to May Revision)

~~(a) Participants shall be enrolled in an approved course of study leading to the teacher, site supervisor, or program director level of the Child Development Permit.~~

~~(b) An applicant shall be eligible to participate if he or she meets one of the following criteria:~~

~~(1) Is nominated by a postsecondary institution.~~

~~(2) Is nominated by his or her employing agency that holds an approved waiver of staffing qualifications on behalf of the applicant.~~

~~(c) From the list of applicants who are eligible under subdivisions (a) and (b), the Student Aid Commission, or an agency designated by the commission, shall select participants on the basis of their demonstrated financial need and academic achievement, which may include, but not be limited to, high school grade-point average, college grade-point average, or academic test scores.~~

~~(d) Participants shall maintain no less than half-time enrollment and satisfactory academic progress as defined by the postsecondary educational institution.~~

~~(e) Recipients of a grant may renew their participation by maintaining satisfactory academic progress, financial need, and intent to pursue the approved course of study leading to the teacher, site supervisor, or program director level as provided in subdivision (a). The maximum amount any one recipient may receive through the grant program is six thousand dollars (\$6,000).~~

~~(f) Participants may not concurrently receive benefits from the grant program under this article and from the Child Development Teacher Loan Assumption Program.~~

69623.

(New to May Revision)

~~(a) To receive a grant under this article, a participant shall enter into a contractual agreement with the Student Aid Commission under which the participant agrees to do all of the following:~~

~~(1) Pursue a course of study leading to the Child Development Permit at the teacher, site supervisor, or program director level.~~

~~(2) Maintain full-time employment in a licensed children's center in California for a period of one year for each year in which grant assistance was received and provide the Student Aid Commission with evidence of compliance with this requirement.~~

~~(b) Each participant shall complete and return to the Student Aid Commission an employment verification for each year of service as a teacher, instructor, or supervisor. A year of employment may be based on a calendar year or a school year.~~

~~(c) The Student Aid Commission shall develop appropriate mechanisms to document and report annually to the State Department of Education regarding compliance with the requirements of paragraph (2) of subdivision (a).~~

69624.

(New to May Revision)

~~(a) It is the intent of the Legislature that up to 100 new grants be awarded each year, or that the maximum number of grants be based on the amount of federal funds available from the Child Development Block Grant Act of 1990 (P.L. 97-35).~~

~~(b) (1) Grants shall be awarded in the amount of two thousand dollars (\$2,000) for each academic year if the participant is enrolled at least one-half time in a four-year institution.~~

~~(2) Grants shall be awarded in the amount of one thousand dollars (\$1,000) for each academic year if the participant is enrolled at least one-half time in a two-year institution.~~

~~(3) Participants may renew their awards for a maximum of one additional year.~~

69625.

(New to May Revision)

~~(a) In order to accomplish the purposes set forth in this article, commencing January 1, 1998, the Controller, the State Department of Education, the State Department of Social Services, or any other state agency receiving funds from the Child Care Development Block Grant Act of~~

~~1990 (P.L. 97-35) shall make these funds available to the Student Aid Commission for this program only to the extent this program is incorporated into, and approved in, the state plan established pursuant to subsection (a) of Section 658E of Subchapter C as contained in Section 5082 of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508).~~

~~(b) For the purpose of implementing this article, the State Department of Education or designated state agency shall enter into an interagency agreement with the Student Aid Commission to allocate federal funds received annually for purposes of this program and to include funds for the administrative costs.~~

~~(c) On or before January 1, 1999, and each year thereafter, the Student Aid Commission shall report to the State Department of Education or designated state agency regarding the federal funding level required to award 100 new grants and all of the renewal grants annually. The State Department of Education or designated state agency shall take these amounts into consideration when developing the state plan referenced in subdivision (a). The State Department of Education or designated state agency shall notify the Student Aid Commission of any revision to the federal funding level as reflected in changes to the Child Care and Development Block Grant State Plan.~~

~~(d) This program is contingent upon the receipt of federal funds for the childcare and development block grant for the purposes of implementing this program.~~

69626.

(New to May Revision)

~~(a) The Student Aid Commission shall administer the Child Development Teacher and Supervisor Grant Program. This includes determining the application procedures and the selection criteria for grant awards.~~

~~(b) It is the intent of the Legislature that the Student Aid Commission consult with the Child Development Division of the California Department of Education, postsecondary educational institutions, and child care and development representatives of statewide organizations regarding the development of the program, including the program requirements and selection criteria.~~

69627.

(New to May Revision)

~~Notwithstanding Section 7550.5 of the Government Code, the Student Aid Commission shall report to the Governor and the Legislature by January 1, 2001, on the Child Development Teacher and Supervisor Grant Program to assess the following:~~

~~(a) The number of applicants annually.~~

~~(b) The number of participants annually.~~

~~(c) The rate of compliance with academic and employment requirements.~~

~~(d) Participating postsecondary educational institutions.~~

~~(e) Needs assessment for program growth based on the eligible pool of applicants.~~

~~(f) Participation and success rates for each permit.~~

~~(g) The amount of grant funds awarded each year, by institution.~~

~~(Added by Stats. 1997, Ch. 721, Sec. 1. Effective January 1, 1998.)~~

69628.

(New to May Revision)

~~This article shall not be implemented unless and until federal funds are made available for the purposes of implementing this article in accordance with subdivision (a) of Section 69625.~~



DEPARTMENT OF
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OFFICE OF THE DIRECTOR

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May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 6120-011-0001, Support, California State Library

Augmentation for Increased Facilities Rent (Issue 605)—It is requested that Item 6120-011-0001 be increased by \$56,000 to provide additional funds for estimated increases in rent and facilities costs at the State Library's 900 N Street building in Sacramento. The State Library has limited ability to absorb increases in these costs and also maintain existing program levels. Therefore, this request adjusts the appropriation based on changes in those costs in fiscal year 2016-17.

Augmentation for Library Services (Issue 606)—It is requested that Item 6120-011-0001 be increased by \$505,000 to provide additional funds for costs of publications, database subscriptions, and other resources. This request provides funds for items identified in the State Library's review of its users' needs.

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 Christian Osmena, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Greg Lucas, State Librarian, California State Library
Ms. Sharleen Finn, Fiscal Manager, California State Library



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May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Addition of Trailer Bill Language, School Facilities Aid Program

Division of the State Architect School Construction Plan Review (Issue 101)—It is requested that trailer bill language be added (see Attachment 1) to increase the minimum project cost threshold for school and community college construction projects to be reviewed by the Division of the State Architect. This will increase the minimum project cost threshold from \$42,218 to \$100,000 for structural projects, and from \$168,187 to \$225,000 for non-structural projects.

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 Chris Ferguson, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

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Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Daniel C. Kim, Director, Department of General Services
Mr. Miles Burnett, Chief, Administrative Services, Department of General Services
Ms. Rhonda Basarich, Chief, Office of Fiscal Services, Department of General Services
Mr. Justin Smith, Budget Officer, Department of General Services
Mr. Chester A. Widom, State Architect, Division of the State Architect, Department of General Services

Proposed Trailer Bill

Division of the State Architect Construction Plan Review

Section 17295 of the Education Code is amended to read:

"17295. (a) (1) The Department of General Services shall pass upon and approve or reject all plans for the construction or, if the estimated cost exceeds twenty-five one hundred thousand dollars (~~\$25,000~~) (~~\$100,000~~), the alteration of any school building.

(2) To enable the Department of General Services to pass upon and approve plans pursuant to this subdivision, the governing board of each school district and any other school authority before adopting any plans for the school building shall submit the plans to the Department of General Services for approval, and shall pay the fees prescribed in this article.

(b) Notwithstanding subdivision (a) of Section 17295, where the estimated cost of the reconstruction or alteration of, or an addition to, any school building exceeds twenty-five one hundred thousand dollars (~~\$25,000~~) (~~\$100,000~~) but does not exceed one two hundred twenty-five thousand dollars (~~\$100,000~~) (~~\$225,000~~), a licensed structural engineer shall examine the proposed project to determine if it is a nonstructural alteration or a structural alteration. If he or she determines that the project is a nonstructural alteration, he or she shall prepare a statement so indicating. If he or she determines that the project is structural, he or she shall prepare plans and specifications for the project which shall be submitted to the Department of General Services for review and approval. A copy of the engineer's report stating that the work does not affect structural elements shall be filed with the Department of General Services.

(c) If a licensed structural engineer submits a report to the Department of General Services stating that the plans or activities authorized pursuant to subdivision (b) do not involve structural elements, then all of the following shall apply to that project:

(1) The design professional in responsible charge of the project undertaken pursuant to this subdivision shall certify that the plans and specifications for the project meet any applicable fire and life safety standards, and do not affect the disabled access requirements of Section 4450 of the Government Code, and shall submit this certification to the department. The letter of certification shall bear the identifying licensing stamp or seal of the design professional. This provision does not preclude a design professional from submitting plans and specifications to the department along with the appropriate fee for review.

(2) Within 10 days of the completion of any project authorized pursuant to subdivision (b), the school construction inspector of record on the project, who is certified by the department to inspect school buildings, shall certify in writing to the department that the reconstruction, alteration, or addition has been completed in compliance with the plans and specifications.

(3) The dollar amounts cited in this section shall be increased on an annual basis, commencing January 1, ~~1999~~ 2018, by the department according to an inflationary index governing construction costs that is selected and recognized by the department.

(4) No school district shall subdivide a project for the purpose of evading the limitation on amounts cited in this section.

(d) For purposes of this section, "design professional in responsible charge" or "design professional" means the licensed architect, licensed structural engineer, or licensed civil engineer who is responsible for the completion of the design work involved with the project." —

Section 81133 of the Education Code is amended to read:

"81133. (a) The Department of General Services shall pass upon, and approve or reject, all plans for the construction or, if the estimated cost exceeds ~~twenty-five~~ one hundred thousand dollars (\$25,000) (\$100,000), the alteration of any school building. To enable it to do so, the governing board of each community college district and any other school authority before adopting any plans for the school building shall submit the plans to the Department of General Services for approval, and shall pay the fees prescribed in this article.

(b) Notwithstanding subdivision (a), where the estimated cost of reconstruction or alteration of, or addition to, a school building exceeds ~~twenty-five~~ one hundred thousand dollars (\$25,000) (\$100,000) but does not exceed ~~one~~ two hundred ~~twenty-five~~ thousand ~~dollars (\$100,000)~~ dollars (\$225,000), a licensed structural engineer shall examine the proposed project to determine if it is a nonstructural alteration or a structural alteration. If he or she determines that the project is a nonstructural alteration, he or she shall prepare a statement so indicating. If he or she determines that the project is structural, he or she shall prepare plans and specifications for the project which shall be submitted to the Department of General Services for review and approval. A copy of the engineer's report stating that the work does not affect structural elements shall be filed with the Department of General Services.

(c) If a licensed structural engineer submits a report to the Department of General Services stating that the plans or activities authorized pursuant to subdivision (b) do not involve structural elements, then all of the following shall apply to that project:

(1) The design professional in responsible charge of the project undertaken pursuant to this subdivision shall certify that the plans and specifications for the project meet any applicable fire and life safety standards, and do not affect the disabled access requirements of Section 4450 of the Government Code, and shall submit this certification to the department. The letter of certification shall bear the identifying licensing stamp or seal of the design professional. This provision does not preclude a design professional from submitting plans and specifications to the department along with the appropriate fee for review.

(2) Within 10 days of the completion of any project authorized pursuant to subdivision (b), the school construction inspector of record on the project, who is certified by the department to inspect school buildings, shall certify in writing to the department that the reconstruction, alteration, or addition has been completed in compliance with the plans and specifications.

(3) The dollar amounts cited in this section shall be increased on an annual basis, commencing January 1, ~~1999~~ 2018, by the department according to an inflationary index governing construction costs that is selected and recognized by the department.

(4) No school district shall subdivide a project for the purpose of evading the limitation on amounts cited in this section."



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May 13, 2016

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Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 6360-001-0407, and Addition of Items 6360-002-0001 and 6360-490, Support, Commission on Teacher Credentialing

Reappropriation for Attorney General Services (Issue 005)—It is requested that Schedule (2) of Item 6360-001-0407, be increased by \$2.4 million to provide a reappropriation of one-time Teacher Credentials Fund carryover for the cost of representation by the Office of the Attorney General in educator discipline cases.

It is also requested that Item 6360-490 be added as follows to conform to this action:

6360-490—Reappropriation, Commission on Teacher Credentialing. The amounts specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2017:

0407—Teacher Credentials Fund

(1) \$2,400,000 in Item 6360-001-0407, Budget Act of 2015, (Chs. 10 and 11, Stats. 2015), for the cost of representation by the Office of the Attorney General in educator discipline cases.

Integrated Teacher Preparation Grant (Issue 007)—It is requested that Item 6360-002-0001 be added in the amount of \$10 million one-time General Fund as follows for the Commission to develop and implement a program to award 20 postsecondary institutions two-year grants or 40 institutions one-year grants to improve existing or create new four-year integrated programs of teacher preparation.

6360-002-0001—For support of the Commission on Teacher Credentialing.....10,000,000
Schedule:

(1) 5386-Integrated Teacher Preparation Grant10,000,000
Provisions:

1. Of the funds appropriated in Schedule (1), \$10,000,000 in one-time General Fund is provided for a competitive grant program to allocate one-year and two-year grants to public and private postsecondary institutions to develop and implement four-year teacher preparation programs that integrate subject matter and pedagogy, pursuant to pending legislation.
2. Funds shall be available for encumbrance and expenditure through June 30, 2018.

See Attachment 1 (Integrated Teacher Preparation Grant) for proposed trailer bill to implement this program.

California Center on Teaching Careers (Issue 006)—The Administration proposes trailer bill legislation to appropriate \$2.5 million one-time Proposition 98 General Fund for the Commission to allocate to a local educational agency through a competitive bid to establish the California Center on Teaching Careers for the purpose of recruiting qualified and capable individuals into the teaching profession (see Attachment 2).

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, Assistant Program Budget Manager, at (916) 445-0328.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
Ms. Elizabeth Hambridge, Fiscal and Business Services, Commission on Teacher Credentialing

Proposed Trailer Bill

Integrated Teacher Preparation Grant

Section 44259.1 of the Education Code is amended to read:

44259.1. (a) (1) An integrated program of professional preparation shall enable candidates for teaching credentials to engage in professional preparation, concurrently with subject matter preparation, while completing baccalaureate degrees at regionally accredited postsecondary educational institutions. An integrated program shall provide opportunities for candidates to complete intensive field ~~experiences-~~ experiences, including student teaching, in public elementary and secondary schools early in the undergraduate sequence. The development and implementation of an integrated program shall be based on intensive collaboration among subject matter departments and education units within postsecondary educational institutions and local public elementary and secondary school districts.

(2) A postsecondary institution may offer a four-year integrated program of professional preparation that allows a student to earn a baccalaureate degree and a preliminary multiple or single subject teaching credential, or an education specialist instruction credential authorizing the holder to teach special education, including student teaching requirements, concurrently and within four years of study.

(2) (3) The commission shall encourage postsecondary educational institutions to offer integrated programs of professional preparation that follow the guidelines developed pursuant to this section. In approving integrated programs, the commission shall not compromise or reduce its standards of subject matter preparation pursuant to Article 6 (commencing with Section 44310) or its standards of professional preparation pursuant to paragraph (3) of subdivision (b) of Section 44259.

(4) The commission shall, as part of its accreditation process, collect information about integrated programs of professional preparation, including which institutions offer integrated programs and the number and type of credentials the programs produce.

(b) (1) Commencing with the 2005–06 school year, an integrated program offered by the California State University shall be designed to concurrently lead to a preliminary multiple subject or single subject teaching credential, or an education specialist instruction credential authorizing the holder to teach special education, and a baccalaureate degree.

Recommendation for each shall be contingent upon satisfactory completion of the requirements for each.

(2) By July 1, 2004, the Chancellor of the California State University, in consultation with California State University faculty members, shall develop a framework defining appropriate balance for an integrated program of general education, subject matter preparation, and professional education courses, for both lower division and upper division students, including an appropriate range of units to be taken in professional education courses. In developing the framework, the Chancellor of the California State University and California State University faculty members shall consult with the Academic Senate for the California Community Colleges on matters related to the effective and efficient use of, and appropriate role for, lower division coursework in an integrated program.

(c) (1) By January 1, 2005, the Chancellor of the California State University and the Chancellor of the California Community Colleges shall collaboratively ensure that both of the following occur:

(A) Lower division coursework completed by a community college student transferring to a California State University integrated program is articulated with the corresponding coursework of the California State University.

(B) The articulated community college lower division coursework is accepted as the equivalent to the coursework offered to students who enter that integrated program as freshman students.

(2) Commencing with the 2005–06 school year, each campus of the California State University shall invite the community colleges in its region that send significant numbers of transfer students to that campus to enter into articulation agreements. These articulation agreements shall be based on a fully transferable education curriculum that is developed pursuant to the framework developed under paragraph (2) of subdivision (b). Approval of one or more of the articulation agreements will enable the coursework of a community college student to be accepted as the equivalent to the coursework offered to students who enter that integrated program as freshman students.

(d) A postbaccalaureate program of professional preparation shall enable candidates for teaching credentials to commence and complete professional preparation after they have completed baccalaureate degrees at regionally accredited institutions. The development and implementation of a postbaccalaureate program of professional preparation shall be based on intensive collaboration among the postsecondary educational institution and local public elementary and secondary school districts.

(e) The commission shall develop and implement a program to award 20 two-year or 40 one-year grants, or any combination of one- and two-year grants, of two hundred fifty thousand dollars (\$250,000) each to public and private postsecondary institutions for the development and implementation of four-year integrated programs of professional preparation including student teaching.

(1) A postsecondary institution awarded a grant under this subdivision may create a new four-year integrated program of professional preparation or adapt an existing integrated program of professional preparation.

(2) A postsecondary institution awarded a grant under this subdivision may use grant funds for any proper purpose in support of planning for and implementing a four-year integrated program of professional preparation, including, but not limited to, any of the following:

(A) To provide faculty release time to redesign existing courses.

(B) To provide program coordinators to assist in collaboration with subject-matter professors and pedagogy professors.

(C) To create summer courses for students in a four-year integrated program of professional preparation.

(D) To recruit individuals for participation as students in four-year integrated programs of professional preparation.

(3) In awarding grants pursuant to the program, the commission shall grant priority to proposals for the establishment of four-year integrated programs of professional preparation designed to do all of the following:

(A) Produce teachers with either an education specialist instruction credential authorizing the holder to teach special education or a single subject area credential in a subject with chronic shortages of qualified teachers.

(B) Partner with a California Community College and one or more K-12 local educational agencies to create a four-year integrated program of professional development.

(4) As a condition of the receipt of a grant, a postsecondary institution shall provide to the commission program and outcome data for at least three years after receiving the grant. The information shall include program design and features, the number of graduates, the number and type of credentials earned, the time taken to earn a degree and credential, and any other information the commission may require for the purpose of documenting the effect of the grant and identifying effective practices in program design and implementation.

(5) The requirements of this subdivision are contingent upon the appropriation of funds for the purposes of this subdivision in the annual Budget Act or another statute.

Proposed Trailer Bill

California Center on Teaching Careers

(uncodified) (a) The sum of two million five hundred thousand dollars (\$2,500,000) is hereby appropriated from the General Fund to the Commission on Teacher Credentialing for allocation to a local educational agency to establish the California Center on Teaching Careers in the manner, and for the purposes, set forth in this section.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year."

(c) The California Center on Teaching Careers is hereby established for the purpose of recruiting qualified and capable individuals into the teaching profession. From funds appropriated for that purpose, the Commission shall provide a multi-year award to a local educational agency through a competitive grant process to establish and administer the center with the concurrence of representatives of the Superintendent of Public Instruction, the University of California, the California State University, the Chancellor's Office of the California Community Colleges, and independent institutions of higher education, as defined in subdivision (b) of Section 66010. For purposes of this subdivision, "concurrence" means agreement on both of the following:

(1) The priorities, goals, and general objectives of the duties of the California Center on Teaching Careers.

(2) The order in which the duties specified in this section are undertaken.

(c) The activities of the California Center on Teaching Careers shall be implemented with the active involvement of local educational agencies whenever appropriate.

(d) The duties of the California Center on Teaching Careers include, but are not limited to, all of the following:

(1) Developing and distributing statewide public service announcements relating to teacher recruitment.

(2) Developing, modifying, and distributing effective recruitment publications.

(3) Providing information to prospective teachers regarding requirements for obtaining a teaching credential.

(4) Providing specific information to prospective teachers regarding admission to and enrollment into conventional and alternative teacher preparation programs, including identification of public and private postsecondary institutions that provide an integrated four-year preparation program.

- (5) Providing specific information to prospective teachers regarding financial aid and loan assistance programs.
- (6) Creating or expanding a referral database for qualified teachers seeking employment in the public schools.
- (7) Developing and conducting outreach activities to high school pupils as well as to college students.
- (8) Developing and conducting outreach activities to teachers to fill existing teacher shortage areas.
- (e) The California Center on Teaching Careers, in conducting its duties, shall coordinate and work collaboratively with the Education Job Opportunities Information Network, existing teacher recruitment centers, school districts, county offices of education, and other teachers clubs and organizations.
- (f) The California Center on Teaching Careers shall periodically reassess its recruitment activities aimed at individuals from different populations or target audiences for effectiveness and efficiencies in light of the state's teacher workforce, changing market conditions, changes to state and federal law, and any other evolving circumstances.
- (g) The California Center on Teaching Careers shall periodically review all products and communication tools for accuracy, quality, ease of use, and effectiveness.
- (h) On or before January 1, 2020, the Commission shall conduct an evaluation and report to the Department of Finance, relevant policy and fiscal committees of the Legislature, and the Legislative Analyst's Office outcomes of the California Centers on Teaching Careers including, but not limited to, the following:
 - (1) A focus on information that identifies the impact of the California Center on Teaching Careers on meeting the objective of recruiting teachers for California schools.
 - (2) Survey data from a representative sample of teacher preparation candidates, new teachers, and school districts to assess which methods of public outreach and engagement were most impactful on recruitment.



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

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

Amend Provision Related to Sustainability Plan (Issue 203)—The Regents of the University of California (UC) endorsed, at their May 2015 meeting, a framework for long-term funding consistent with the agreement between the Governor and the UC President. The Administration proposes that the Budget Bill provisions related to the Regents' adoption of a sustainability plan reflect that action. Therefore, it is requested that paragraph (1) of subdivision (a) of Provision 3 of Item 6440-001-0001 be amended as follows:

"(1) Projections of available resources in the 2017-18, 2018-19, and 2019-20 fiscal years. In projecting General Fund appropriations and student tuition and fee revenues, the university shall use any assumptions provided by the Department of Finance assume the availability of resources consistent with the framework for long-term funding endorsed by the Regents in May 2015."

Add One-Time Funding for A-G Success Initiative (Issue 204)—The Administration proposes trailer bill language to appropriate \$4 million General Fund on a one-time basis for an A-G Success Initiative (see attachment). The initiative will provide funds for the development of high-quality online classes and curriculum that would be approved by the UC for purposes of satisfying the "a-g" subject requirements, including Advanced Placement classes and curriculum.

Adjust Funding for Tobacco-Related Disease Research (Issues 202)—It is requested that Item 6440-001-0234 be increased by \$474,000 to reflect available resources in the Cigarette and Tobacco Products Surtax Fund Research Account. This account was created by Proposition 99 passed in 1988.

Information Only

Release Funding Related to Enrollment Expectation—Provision 2 of Item 6440-001-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015) expects the UC to enroll at least 5,000 more resident undergraduate students by 2016-17, compared to the number of resident undergraduate students the UC enrolled in 2014-15. The provision requires the Director of Finance to increase the item by \$25 million if the Regents provide sufficient evidence by May 1, 2016, to demonstrate that the UC will meet this expectation.

The 2016-17 Governor's Budget included this additional funding given that the UC President had announced that the UC would meet the state's expectation. On April 27, 2016, consistent with the Budget Act's provisions, the UC sent supporting evidence to the Director of Finance.

The Department of Finance has reviewed the evidence and concludes that it is reasonable to expect that the number of resident undergraduate students enrolled in 2016-17 will be at least 180,034, which is 5,000 more than the number of resident undergraduate students enrolled in 2014-15. Therefore, this letter serves as notification that the Director of Finance is increasing the appropriation consistent with the statutory provisions.

Release Funding Related to Changes in Retirement Program—Item 6440-004-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015) appropriates \$96 million but specifies that the funds may be released only upon certification by the Director of Finance that the Regents have approved a retirement program that limits pensionable compensation consistent with the limits specified in the Public Employees' Pension Reform Act of 2013 (PEPRA).

At their March 2016 meeting, the Regents approved a retirement program that limits pensionable compensation consistent with the limits specified in PEPRA. A summary of the action taken by the Regents related to approval of this program is attached (see attachment).

Therefore, the Director of Finance has certified that the Regents have approved such a plan, and the Director is requesting that the Controller release the funds.

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 Christian Osmena, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Peggy Collins, Principal Consultant, Joint Legislative Budget Committee
Mr. Nathan Brostrom, Executive Vice President and Chief Financial Officer, University of California
Office of the President
Ms. Debora Obley, Associate Vice President, Budget Analysis and Planning, University of
California Office of the President
Mr. David Alcocer, Director of the Operating Budget, University of California Office of the President

An act relating to pupil instruction, and making an appropriation therefor,
to take effect immediately, bill related to the budget.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. (a) This section shall be known, and may be cited, as the A-G Success Initiative.

(b) The sum of four million dollars (\$4,000,000) is hereby appropriated from the General Fund to the University of California for the purposes of this section.

(c) The moneys appropriated in subdivision (b) shall be used for the development of at least 45 high-quality online middle school and high school classes and curriculum that would be approved by the University of California for purposes of satisfying the "a-g" subject requirements.

(d) As a condition of receiving the moneys appropriated in subdivision (b), the University of California shall do all of the following:

(1) Solicit comments from the representatives of local educational agencies regarding the specific classes and curriculum to be developed pursuant to subdivision (c).

(2) No later than January 1, 2017, submit a report to the Director of Finance, the President of the State Board of Education, and the Legislature, pursuant to Section 9795 of the Government Code, on the specific classes and curriculum selected for development.

(3) Commit to making the online classes and curriculum developed pursuant to this section available no later than January 1, 2018.

SEC. 2. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California

Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

- 0 -

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Pupil instruction: online course development: A-G Success Initiative.

Existing law requires the California State University, and requests the University of California, to establish a model uniform set of academic standards for high school courses for purposes of recognition for admission to the California State University and to the University of California, respectively. These uniform set of academic standards are commonly referred to as the "a-g" subject requirements.

This bill would establish the A-G Success Initiative and would appropriate the sum of \$4,000,000 from the General Fund to the University of California to be used for the development of at least 45 high-quality online middle school and high school classes and curriculum that would be approved by the University of California for purposes of satisfying the "a-g" subject requirements. The bill would condition the receipt of these moneys on the University of California soliciting comments from the representatives of local educational agencies regarding the specific classes and curriculum to be developed, submitting a report, no later than January 1, 2017, to the Legislature and specified persons on the specific classes and curriculum selected for development, and committing to make the online classes and curriculum developed available no later than January 1, 2018.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

F

Approved

COMMITTEE ON FINANCE

March 24, 2016

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

**A. RECOMMENDATION FOR NEW UNIVERSITY OF CALIFORNIA
RETIREMENT PROGRAM**

The Committee recommends that the new retirement program, described in detail in Attachment 1, be approved. A list of eligible faculty employees is included in Attachment 2.

Committee vote: Regents Blum, Davis, Gould, Island, Kieffer, Lozano, Makarechian, Napolitano, Ortiz Oakley, Reiss, and Varner voting "aye."

Board vote: Regents Blum, De La Peña, Elliott, Gorman, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Ortiz Oakley, Pattiz, Reiss, Sherman, and Zettel voting "aye," and Regents Davis, Oved, and Pérez voting "no."

**B. APPROVAL OF EXTERNAL FINANCING, SANTA MONICA ORTHOPEDIC
HOSPITAL LEGAL SETTLEMENT, LOS ANGELES CAMPUS**

The Committee recommends to the Regents that:

- (1) The President of the University be authorized to obtain external financing in an amount not to exceed \$44 million for the Santa Monica Orthopedic Hospital legal settlement, where said settlement was both previously approved by the Regents and paid in full via hospital reserves. The President shall require that:
 - a. As long as the debt is outstanding, the gross revenues of UCLA Medical Center shall be maintained in amounts sufficient to pay the debt service and to meet the requirements of the authorized financing.
 - b. The general credit of the Regents shall not be pledged.
- (2) The President be authorized to execute all documents necessary in connection with the above.

Committee vote: Regents Blum, Davis, Gould, Island, Kieffer, Lozano, Makarechian, Napolitano, Ortiz Oakley, Reiss, and Varner voting "aye."

Board vote: Regents Blum, Davis, De La Peña, Elliott, Gorman, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Ortiz Oakley, Oved, Pattiz, Pérez, Reiss, Sherman, and Zettel voting "aye."

RECOMMENDATIONS

The President of the University recommends that the Committee on Finance recommend to the Regents that:

- I. Employees described in recommendation II.a. below, except for employees with a UCRP entry date prior to July 1, 1994, be given a choice between participation in:
 - a. a new University of California Retirement Plan (UCRP) tier (i.e., the UCRP 2016 Tier) with a defined contribution plan supplemental benefit (i.e., DC Supplemental Benefit) for UCRP 2016 Tier members as described in III.A. below, or
 - b. a new defined contribution plan benefit (i.e., DC Plan Benefit)

The employee's choice of a. or b. above is subject to the following conditions:

- 1) Employees who do not make a choice within 90 days of becoming eligible for choice will be defaulted to the UCRP 2016 Tier. A choice of, or default to, the UCRP 2016 Tier would be irrevocable.
- 2) Employees who initially choose the DC Plan Benefit may be given a future opportunity to elect to participate in the UCRP 2016 Tier prospectively. The election opportunity could be offered only if it is approved by the Internal Revenue Service (IRS) in a private letter ruling issued to the University and implemented by the President.

- II. The University of California Retirement Plan be amended effective July 1, 2016 to provide for the following:

- a. A new member tier (the 2016 Tier) for the following categories of employees:
 - 1) employees initially hired on or after July 1, 2016 (i) as UCRP-eligible employees or (ii) who later attain UCRP-eligible employee status;
 - 2) former employees who incur a tier break in service and are rehired on or after July 1, 2016 (i) as UCRP-eligible employees or (ii) who later attain UCRP-eligible employee status, including rehired retirees who have suspended UCRP retirement income;
 - 3) Safe Harbor (i.e., non-eligible) employees who attain UCRP-eligible status on or after July 1, 2016.
- b. A cap on covered compensation of the following subcategories of employees described in II.a. above that will be used to calculate 2016 Tier benefits (New Covered Compensation Limit or New CCL):

- 1) employees with an initial hire date as UCRP-eligible employees on or after July 1, 2016;
- 2) Safe Harbor employees with an initial hire date on or after July 1, 2016 who later attain UCRP-eligible employee status;
- 3) all other employees who first become eligible for UCRP on or after July 1, 2016, regardless of initial hire date.

The New CCL would not apply to employees with an initial hire date as UCRP-eligible employees on or after July 1, 2016 who are eligible for reciprocity with CalPERS if their CalPERS initial membership date is prior to January 1, 2013.

The New CCL will mirror the cap on covered compensation established by the Public Employees' Pension Reform Act of 2013 (PEPRA). The PEPRA cap for 2016 is \$117,020 for applicable state employees with Social Security and \$140,424 for applicable state employees without Social Security. This limit is indexed.

To comply with the terms of the budget agreement with the State, the New CCL will apply to all employees, subject to any applicable collective bargaining requirements for represented employees.

- c. For employees who elect or are defaulted to UCRP, participation in UCRP (i.e., contributions and service credit accrual) commences prospectively following the employee's election date or default date, subject to payroll processing cycles. UCRP service credit cannot be established for time worked prior to the participation date through a service credit purchase.
- d. Only UCRP service credit, plus any CalPERS service for members eligible for reciprocity, will be used to determine eligibility for UCRP benefits. However, subject to the favorable IRS ruling described in I.b above regarding a future choice opportunity, for an employee who initially chooses the DC Plan Benefit, but later elects to move to the UCRP 2016 Tier, an employee's service credit accrued under the DC Plan Benefit will be used to determine the vested status for the prospective UCRP 2016 Tier benefits to the same extent as service credit earned as a UCRP member. It will not be taken into account for benefit accruals.

All other provisions of the 2016 Tier will be the same as for the 2013 Tier, including the employer and employee contribution rates. A portion of the University contribution, including a portion of the contribution made of behalf of employees of Lawrence Berkeley National Laboratory (LBNL) which is reimbursed by the Department of Energy, will continue to be allocated to reduce the Unfunded Actuarial Accrued Liability (UAAL) in the appropriate segment of UCRP. These contribution rates, determined by the Regents, are as follows:

- 1) 14 percent employer contribution on UCRP covered compensation up to the New CCL for active UCRP members other than those employed at LBNL and an 11.8 percent contribution on UCRP covered compensation up to the New CCL for UCRP members employed at LBNL. (The rate is subject to change annually for the next five years, according to the UC-U.S. Department of Energy (DOE) contract modification authorized by the Regents in September 2015);
- 2) 7 percent pretax employee contribution rate on UCRP covered compensation up to the New CCL.

III. The DC Plan be amended effective July 1, 2016 to provide for the following benefits:

- a. A new DC Supplemental Benefit for UCRP 2016 Tier members to whom the New CCL is applicable, with the following provisions:
 - 1) Employer contributions -
 - i. for Academic Appointees as listed in Attachment II, 5 percent of UCRP covered compensation to the IRC limit;
 - ii. for UCRP 2016 Tier members who are not Academic Appointees as listed in Attachment II, 3% of UCRP covered compensation that is in excess of the New CCL up to the IRC limit.
 - 2) Employee contributions - mandatory pretax contributions of 7 percent of UCRP covered compensation that is in excess of the New CCL up to the IRC limit.
 - 3) Employer contributions and related earnings will fully vest when the employee completes five years of UCRP service credit or, if earlier, on the date the employee dies, provided the employee is actively employed on that date. Employee contributions and related earnings are always fully vested.
 - 4) If an employee terminates UC employment before vesting, the non-vested employer portion of the employee's DC Supplemental Benefit account will be forfeited consistent with the terms of the DC Supplemental Plan Benefit, and used to reduce future employer contributions, restore previously forfeited amounts if required, and/or to pay reasonable plan administrative costs.
- b. A new DC Plan Benefit for employees, as described in II.a. above, who affirmatively elect this option. The DC Plan Benefit will include the following provisions:
 - 1) Covered compensation for purposes of this benefit will be the same as covered compensation under UCRP up to the IRC limit (the New CCL will not apply).
 - 2) Employer contributions - 14 percent of covered compensation
 - i. 8 percent to participant accounts

- ii. 6 percent to reduce the Campus and Medical Centers Segment of UCRP UAAL. (The amount to reduce the LBNL Segment of UCRP's UAAL, if any, will be determined in accordance with the UC/DOE contract)
- 3) Employee contributions - mandatory pretax employee contributions of 7 percent of covered compensation
- 4) Employer contributions to a participant account and related earnings will fully vest after one year. University service completed prior to the applicable vesting measurement period will not be recognized for vesting purposes for the DC Plan Benefit. An employee will automatically vest in the employee's employer contributions account if the employee dies prior to completing the one year requirement, but while actively employed. Employee contributions and related earnings are always fully vested.
- 5) If an employee terminates UC employment before vesting, the non-vested employer portion of the employee's DC Plan Benefit account will be forfeited, as provided in the DC Plan Benefit terms, and such forfeiture amounts may be used to reduce future employer contributions, restore previously forfeited amounts, if required, and/or to pay reasonable plan administrative costs.
- 6) If an employee who elects the DC Plan Benefit separates from service and is later rehired into an eligible position, the employee will automatically be reenrolled in the DC Plan Benefit option pending the outcome of the IRS private letter ruling referenced in item I.

IV. The President of the University be delegated broad authority to determine and take all action incident to implementing the changes to UCRP and the DC Plan, including resolving eligibility questions. This delegation is necessary considering the complex technical and operational issues to be addressed to meet the July 1, 2016 effective date.

UNIVERSITY COSTS AND SAVINGS

University Costs and Savings

There are two types of separate and distinct "savings" due to the proposed retirement options as outlined in this item:

- Cash flow Savings – These are direct cash flow savings that result from a reduction in University contributions to either UCRP or the DC plans.
- Normal Cost Savings – These are savings that result from a reduction in the University's long-term pension cost structure by reducing UCRP's Normal Cost over time. While these are not cash flow savings, they allow more of the University's contributions to UCRP to go towards funding UCRP's UAAL over time.

Cash flow savings are discussed first below followed by discussion of the Normal Cost savings.

The 15-year average annual University cash outlay for future new hires on or after July 1, 2016 was projected to have been \$655 million if the UCRP 2013 Tier benefit structure had continued, but it is now projected to drop to \$646 million under the new structure. The cumulative non-discounted cash flow savings are about \$136 million. The savings will be back-loaded, with most of it coming in the later years of the 15-year projection period as a greater percentage of the total population is affected by the benefit changes.

The table below shows a reconciliation of the University's costs and savings under the recommendations for UCRP and the new DC plan benefits both on a 15-year average cost basis and total cumulative cost over the 15 years. These results are for future new hires on or after July 1, 2016 and have not been discounted for interest. Positive numbers shown are costs while negative numbers represent cash flow savings. They are based on a new hire take rate (election) assumption of 80% for Option A (UCRP 2016 Tier paired with Supplemental DC Benefit) and 20% for Option B (DC Plan Benefit).

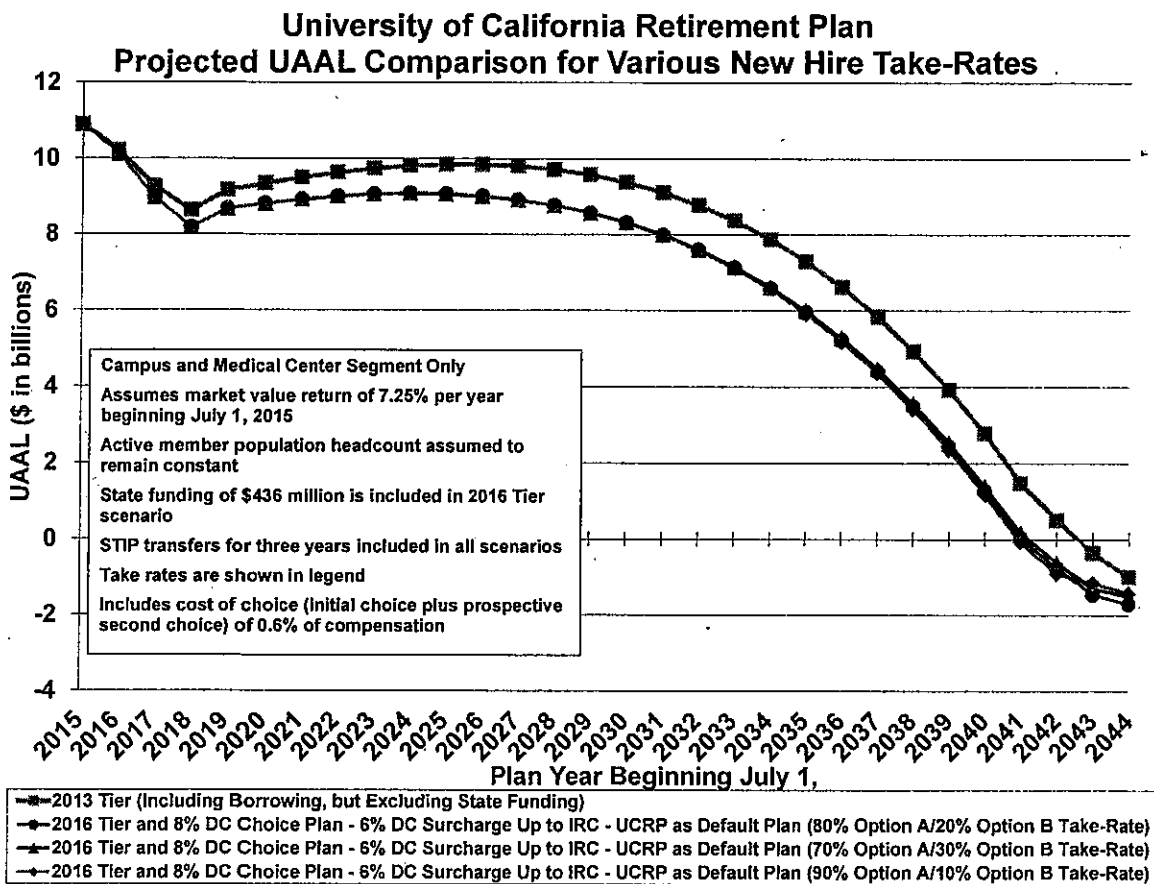
Reconciliation of Estimated University Cash flow Costs and Savings for UCRP and DC Plan Benefits (New Hires On or After July 1, 2016)		
Results Not Discounted For Interest	15-Year Average Employer Cash flow Costs/Savings	15-Year Total Employer Costs/Savings
University Cash flow <u>Costs</u> for 2013 Tier	\$655 million	\$9.8 billion
Cash flow <u>Savings</u> from Implementing 2016 Tier (Not making employer contributions above CCL)	-\$51 million	-\$767 million
Cash flow <u>Savings</u> from Implementing Option B with no UAAL Contribution	-\$48 million	-\$716 million
<u>Costs</u> for Implementing DC Supplemental Benefits in Option A	+\$34 million	+\$510 million
Costs for Implementing 6% UCRP UAAL Contribution in Option B	+\$56 million	+\$837 million
Total Changes in Cash flow Costs	-\$9 million	-\$136 million
University Cash flow <u>Costs</u> for Option A & B	\$646 million	\$9.7 billion

Ensuring UCRP's Financial Sustainability / Impact on UCRP's Long Term Funded Status

The Normal Cost for the UCRP 2016 Tier is lower than the 2013 Tier by over 1% of covered compensation. Provided the 14 percent University contribution to UCRP is held constant, any contribution amount not required to fund the Normal Cost would serve to fund the UAAL. As more new hires in the UCRP 2016 Tier replace those in the UCRP 1976 and 2013 Tiers, the total Normal Cost declines and the UAAL contribution increases, accelerating the pay down of that liability. One important result is that even without UAAL contributions on compensation above the new CCL for those in the UCRP 2016 Tier, the reduction in Normal Cost and the accelerated

funding of the UAAL will continue, with little effect on the date UCRP reaches full funding.

A key priority for UC in designing a new set of retirement benefits was maintaining the financial stability of UCRP. Thus, the University's employer contribution under either option will continue to include a component to pay down the unfunded UCRP liability. The Option B design includes a percent of compensation UAAL contribution that maintains the same level of UAAL funding as under the UCRP 2016 Tier (approximately 6 percent of covered compensation). The impact of the recommendations on UCRP's projected UAAL was modeled by the Regents' consulting actuary (Segal Consulting). The projections include three years of borrowing from the Short Term Investment Pool (STIP) fund that was previously approved in November. The recommendations also include three years of State funding. The following chart compares the projected UAAL based on the recommended designs to the projected UAAL based on assuming that the UCRP 2013 Tier would continue.



As noted in the graph, these projections assume a market value return of 7.25% per year. Note that all cost and UAAL impact calculations depend on "take rate" assumptions as to what proportion of new members participate in each plan.

The take rate (election) assumptions were derived by considering two main factors:

- What is the default plan (Option A)?

- What is the underlying relative value of Option B to Option A?

For purposes of sensitivity analysis, three sets of take rates are modeled. The baseline take rates are 80% Option A and 20% Option B. The other two scenarios for sensitivity analysis adjust the take rates by plus or minus 10%.

There is a potential for significant variability in the actual take rates as compared to those assumed since no plan-specific take rate experience is currently available. To the extent that the actual take rates are different, it will impact the combined cost of the two programs. However, since the same UAAL contribution rate applies regardless of whether the members elects Option A or Option B the take rate really has no material impact on UCRP's long-term projected UAAL.

The results of the projection are also summarized in the following table.

Scenario	Take-Rate Assumed	Projected UAAL in 2044	Projected Funded Ratio in 2044
2013 Tier	N/A	-\$1.0 billion	101%
Option A and B	80% Option A/20% Option B	-\$1.7 billion	101%
Option A and B	70% Option A/30% Option B	-\$1.5 billion	101%
Option A and B	90% Option A/10% Option B	-\$1.4 billion	101%

As previously noted, Segal Consulting stated that, as long as the University continues to make contributions to pay down UCRP's unfunded liability for those employees who choose the DC Plan Benefit option, allowing future employees to elect this option in lieu of UCRP would not jeopardize UCRP's ability to pay pension benefits.

COLLECTIVE BARGAINING

The University will take appropriate action concerning proposed changes that may trigger notice, consultation, and meeting and conferring obligations under the Higher Education Employer-Employee Relations Act, if any such action is required.

**ACADEMIC APPOINTEES¹ ELIGIBLE FOR
2016 RETIREMENT OPTIONS DC SUPPLEMENTAL BENEFIT**

Title
Ladder-rank faculty and equivalent titles (Professorial and Equivalent titles, which include Agronomists, Astronomers, Clinical Professor of Dentistry [over 50%] and Supervisor of Physical Ed)
Professor In Residence series
Professor of Clinical X series
Acting full, associate, and assistant professors
Lecturers/Senior Lecturers with Security of Employment or Potential Security of Employment (full time)
Adjunct Professor series
Health Science Clinical Professors series

¹ Due to specific provisions within their collective bargaining agreements, librarians covered by the Professional Librarians Unit (LX Unit) and Non-Senate faculty (NSF) employees covered under Unit 18 (also known as the IX Unit) are also included, provided their appointments make them eligible for UCRP coverage.



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May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 6610-001-0001, and Addition of Item 6610-003-0001 and Trailer Bill Language, Support, California State University

Add One-Time Funding for New Plans to Improve Graduation Rates (Issue 203)—The Administration proposes trailer bill language to appropriate \$25 million from the General Fund to the California State University (CSU) on a one-time basis (see attachment). Release of these funds would be contingent upon certification by the Director of Finance that the plans approved by the Trustees to increase four-year graduation rates and two-year transfer graduation rates are consistent with the approach described in the Governor's Revised Budget Summary. Given this proposal, it is also requested that Provision 2 of Item 6610-001-0001 be deleted. Please see the Higher Education Chapter of the Governor's Revised Budget Summary for additional details.

Add Funding for Support of CSU Student Success Network (Issue 201)—It is requested that Item 6610-003-0001 be added in the amount of \$1.1 million to support the CSU Student Success Network. This new network would be led by faculty, staff, and administrators across campuses and administered by the Education Insights Center at CSU Sacramento. The network would support campus leaders who are committed to exploring new ways to improve outcomes for students and scaling effective practices more broadly by convening them to identify common challenges, conducting research on interventions, and disseminating information across the system.

It is further requested that the following language be added to conform to this action:

6610-003-0001—For support of the CSU Student Success Network, administered by the Education Insights Center at California State University, Sacramento..... 1,100,000

Schedule:

(1) 5560-Support..... 1,100,000

Provisions:

The funds appropriated in this item shall be used for the CSU Student Success Network. The Education Insights Center at California State University, Sacramento, shall administer these funds.

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 Christian Osmena, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, California State University
Mr. Ryan Storm, Assistant Vice Chancellor for Budget, California State University

An act relating to the California State University, and making an appropriation therefor.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. (a) The sum of twenty-five million dollars (\$25,000,000) is hereby appropriated from the General Fund to the Trustees of the California State University for the purposes of this section.

(b) The funds shall not be released until the Director of Finance has certified that the trustees have done, no later than September 30, 2016, all of the following:

(1) Endorsed the components of the approach articulated in the 2016–17 Governor’s Revised Budget Summary to improve four-year graduation rates and two-year transfer graduation rates for all students of the university, particularly low-income students.

(2) Adopted a plan for the university that specifies both of the following:

(A) The time-frame by which all of following will occur:

(I) The four-year graduation rate for students of the university increases to at least the four-year graduation rate for students at other postsecondary educational institutions.

(II) The two-year transfer graduation rate for students of the university increases to at least the two-year transfer graduation rate for students at other postsecondary educational institutions.

(III) The four-year graduation rate for low-income students increases to at least the four-year graduation rate for its students who are not low-income students.

(IV) The two-year transfer graduation rate for low-income students increases to at least the two-year transfer graduation rate for its students who are not low-income students.

(B) The specific actions to be taken by the university consistent with the approach articulated in the 2016–17 Governor’s Revised Budget Summary.

(3) Adopted a plan for each campus that specifies both of the following:

(A) The time-frame by which all of the following will occur:

(I) The four-year graduation rate for students of the campus increases to at least the four-year graduation rate for students at other postsecondary educational institutions.

(II) The two-year transfer graduation rate for students at the campus increases to at least the two-year transfer graduation rate for students at other postsecondary educational institutions.

(III) The four-year graduation rate for low-income students at the campus increases to at least the four-year graduation rate for students at the campus who are not low-income students.

(IV) The two-year transfer graduation rate for low-income students at the campus increases to at least the two-year transfer graduation rate for students at the campus who are not low-income students.

(B) The specific actions to be taken by the campus consistent with the approach articulated in the 2016–17 Governor’s Revised Budget Summary.

(4) Made a commitment to submit reports, at least annually, to the Director of Finance and the Legislature, pursuant to Section 9795 of the Government Code, regarding progress in improving its four-year graduation rate and two-year transfer graduation rate.

(c) For purposes of this section, “four-year graduation rate”, “low-income student,” and “two-year transfer graduation rate” have the same meanings as those terms are defined in Section 89295 of the Education Code.

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: California State University: graduation rates.

Existing law establishes the California State University, under the administration of the Trustees of the California State University, as one of the segments of public postsecondary education in this state. The university comprises 25 institutions of higher education throughout the state. Existing law, commencing with the 2013–14 academic year, requires the university to report, by March 15 of each year, on specified performance measures, including various calculations of graduation rates, for the preceding academic year.

This bill would appropriate \$25,000,000 from the General Fund to the trustees upon the trustees taking, by September 30, 2016, specified actions to improve the 4-year graduation rate and the 2-year transfer graduation rate at the university, including actions to improve those graduation rates for low-income students. To receive this appropriation, the bill would require the trustees to commit to submitting reports, at least annually, to the Director of Finance and the Legislature regarding progress in improving its 4-year graduation rate and 2-year transfer graduation rate.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.



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May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Local Assistance, Board of Governors of the California Community Colleges

Budget Year, Local Assistance

Item 6870-101-0001, Increase Base Apportionment Funding to Reflect Increased Operation Expenses (Issue 476)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$75 million to reflect additional base apportionment funding in recognition of increased operating expenses in the areas of facilities, retirement benefits, professional development, full-time faculty, and other general expenses.

It is further requested that Provision 2 (d) of this item be added as follows to conform to this action:

2. (d) Of the funds appropriated in Schedule (1), \$75,000,000 shall be used to adjust the budget formula pursuant to Section 84750.5 of the Education Code to recognize increases in operating expenses.

Item 6870-101-0001, Telecommunications and Technology Infrastructure Program Augmentation (Issue 477)—It is requested that Schedule (15) be increased by \$5 million to support efforts within the Telecommunications and Technology Infrastructure Program to expand broadband capacity across community college campuses to ensure appropriate internet access is available for students, faculty, and community college administrators.

It is further requested that Provision (12) of this item be amended as follows to conform to these actions:

"12. Of the funds provided in Schedule (15):

(a) ~~\$22,890,000~~ \$27,890,000 shall be allocated by the chancellor on a competitive basis, for the following purposes:

(1) Provision of access to statewide multimedia hosting and delivery services for state colleges and districts.

- (2) Provision of systemwide Internet, audio bridging, data security, and telephony.
- (3) Technical assistance and planning, cooperative purchase agreements, and faculty and staff development.
- (4) Ongoing support for the California Virtual Campus Distance Education Program.
- (5) Ongoing support for programs designed to use technology in assisting accreditation and the alignment of curricula across K–20 segments in California.
- (6) Support for technology pilots and ongoing technology programs and applications that serve to maximize the utility and economy of scale of the technology investments of the community college system toward improving learning outcomes.
- (7) Ongoing support of the California Partnership for Achieving Student Success (Cal-PASS) program.
- (b) The remaining funds shall be available for allocations to districts to maintain technology capabilities.”

Item 6870-101-0001, Inmate Digital Instructional Materials (Issue 487)—It is requested that Schedule (22) be increased by \$3 million to provide digital course content to inmates under the jurisdiction of the California Department of Corrections and Rehabilitation that are enrolled in a California community college course or courses.

It is further requested that Provision (19) of this item be amended as follows to conform to these actions:

“19. Of the funds appropriated in Schedule (22):

(a) \$10,000,000 shall be allocated to the chancellor to increase the number of courses available through the use of technology and to provide alternative methods for students to earn college credit. The chancellor shall ensure, to the extent possible, that the following conditions are satisfied:

- (1) These courses can be articulated across all community college districts.
- (2) These courses are made available to students systemwide, regardless of the campus at which a student is enrolled.
- (3) Students who complete these courses are granted degree-applicable credit across community colleges.
- (4) These funds shall be used for those courses that have the highest demand, fill quickly, and are prerequisites for many different degrees.

(b) \$5,000,000 shall be allocated by the Chancellor's Office to community college districts to develop zero-textbook-cost degrees using open education resources pursuant to pending legislation Article 4 (commencing with Section 78050) of Chapter 1 of Part 48 of Division 7 of Title 3 of the Education Code.

(c) By September 1, 2016, up to \$3 million shall be disbursed by the California Community Colleges Chancellor's Office to a community college district or community college districts to provide digital course content to inmates under the jurisdiction of the California Department of Corrections and Rehabilitation that are enrolled in a California community college course or courses. The provision of this digital course content is expected to enable community college districts to provide instruction to incarcerated adults.

(1) To the extent possible, community college districts providing digital course content pursuant to this subdivision are encouraged to first use open educational resources.

(2) Notwithstanding any other law, a contract between the Chancellor's Office and a community college district for purposes of this subdivision is not subject to any competitive bidding requirements of Section 10340 of the Public Contract Code."

Item 6870-101-0001, Increase Apportionments Estimate to Reflect the City College of San Francisco's Statutory Current Year Declining Enrollment Protection (Issue 465)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$41,515,000 to reflect the City College of San Francisco's estimated declining enrollment protection.

Item 6870-101-0001, Decrease Apportionments Cost-of-Living Adjustment (COLA) (Issue 464)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$29,293,000 to reflect a 0-percent COLA.

Item 6870-101-0001, Technical Base Apportionment Adjustments (Issue 463)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$5,344,000 to reflect various technical base apportionment adjustments.

It is further requested that paragraphs (1) and (2) of subdivision (a) of Provision 2 of this item be amended as follows to conform to the action in this issue and the prior issue:

"2. (a) The funds appropriated in Schedule (1) shall be allocated using the budget formula established pursuant to Section 84750.5 of the Education Code. The budget formula shall be adjusted to reflect the following:

(1) Of the funds appropriated in Schedule (1), ~~\$114,668,000~~ \$114,260,000 shall be used to increase statewide growth of full-time equivalent students (FTES) by 2 percent.

(2) Of the funds appropriated in Schedule (1), ~~\$29,293,000~~ \$0 shall be used to reflect a cost-of-living adjustment of ~~0.47~~ 0.00 percent."

Item 6870-101-0001, Net Offsetting Education Protection Account (EPA) Revenue (Issues 472 and 473)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$164,930,000 to reflect a decrease in apportionment funding associated with an increase in estimated net offsetting EPA revenue. It is also requested that conforming adjustments be made to related non-Budget Act items.

Item 6870-101-0001, Net Offsetting Local Tax Revenue (Issues 466, 469, 470, 478, and 484)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$51,179,000 to reflect an increase in apportionment funding associated with a decrease in estimated net offsetting local tax revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Offsetting Student Fee Revenues (Issues 467 and 485)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$9,837,000 to reflect a decrease in apportionment funding associated with an increase in estimated offsetting student fee revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Increase Student Financial Aid Administration and Board Financial Assistance Program Funding (Issues 457 and 458)—It is requested that Schedule (5) of Item 6870-101-0001 be increased by \$2,333,000 to reflect an increase of \$1,173,000 for the Student Financial Aid Administration Program and an increase of \$1,160,000 for the Board Financial Assistance Program. These adjustments reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived.

It is further requested that Paragraphs (1) and (2) of subdivision (a) of Provision 6 of this item be amended as follows to conform to these actions:

"6. (a) Of the funds appropriated in Schedule (5):

(1) Not less than ~~\$15,596,000~~ \$16,756,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of board of governors (BOG) fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.

(2) Not less than ~~\$15,767,000~~ \$16,940,000 is available for the Board Financial Assistance Program to provide reimbursement of 2 percent of total waiver value to community college districts for the provision of BOG fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code."

Item 6870-101-0001, Academic Senate for the Community Colleges Augmentation (Issue 451)—It is requested that Schedule (10) be increased by \$300,000 to enable the Academic Senate of the California Community Colleges to more expeditiously develop, promote, and act upon policies in support of recent statewide community college programmatic efforts and initiatives, such as the Strong Workforce Program and the Online Education Initiative.

Item 6870-101-0001, Apprenticeship Program Rate Adjustment (Issue 468)—It is requested that Schedules (2) and (3) be decreased by \$61,000 and \$75,000, respectively, to reflect a 0-percent cost-of-living adjustment applied to the hourly non-credit funding rate for the Community College and K-12 Apprenticeship programs.

It is further requested that subdivision (b) of Provision (3) of this item be amended as follows to conform to these actions:

"(b) Pursuant to Section 79149.3 of the Education Code, the reimbursement rate shall be ~~\$5.73~~ \$5.71 per hour."

It is also requested that subdivision (b) of Provision (4) of this item be amended as follows to conform to these actions:

"(b) Pursuant to Section 8152 of the Education Code, the reimbursement rate shall be ~~\$5.73~~ \$5.71 per hour."

Item 6870-101-0001, Extended Opportunity Programs and Services Program

COLA (Issue 462)—It is requested that Schedule (18) be decreased by \$579,000 to reflect a 0-percent COLA for the Extended Opportunity Programs and Services Program.

It is further requested that subdivision (a) of Provision (15) of this item be amended as follows to conform to these actions:

“(a) Of the funds appropriated in Schedule (18):

(1) ~~\$108,076,000~~ \$107,570,000 shall be used pursuant to Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. Funds provided in this item for Extended Opportunity Programs and Services shall be available to students on all campuses within the California Community Colleges system.

(3) ~~\$15,692,000~~ \$15,619,000 shall be used for funding, at all colleges, the Cooperative Agencies Resources for Education program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. The chancellor shall allocate these funds to local programs on the basis of need for student services.”

Item 6870-101-0001, Disabled Student Programs and Services Program COLA

(Issue 461)—It is requested that Schedule (6) be decreased by \$542,000 to reflect a 0-percent COLA for the Disabled Student Programs and Services Program.

Item 6870-101-0001, Student Services for CalWORKs Recipients Program COLA

(Issue 459)—It is requested that Schedule (7) be decreased by \$164,000 to reflect a 0-percent COLA for the Student Services for CalWORKs Recipients Program.

It is further requested that subdivision (b) of Provision (8) of this item be amended as follows to conform to these actions:

“(b) Of the amount appropriated in Schedule (7):

(1) ~~\$9,231,000~~ \$9,188,000 is for child care, except that a community college district may request that the chancellor approve use of funds for other purposes.

(2) No less than ~~\$4,923,000~~ \$4,900,000 shall be used to provide direct workstudy wage reimbursement for students served under this program, and \$613,000 is available for campus job development and placement services.”

Item 6870-101-0001, Campus Childcare Tax Bailout Program COLA (Issue 460)—It is requested that Schedule (20) be decreased by \$16,000 to reflect a 0-percent COLA for the Campus Childcare Tax Bailout Program.

Item 6870-101-0001, Reduce One-Time Physical Plant and Instructional Equipment

Funding (Issue 482)—It is requested that Schedule (23) be decreased by \$65,849,000 to reflect alternative spending priorities and that provisional language be revised to reflect the 2016-17 project cost threshold for scheduled maintenance and repair projects.

It is further requested that Provision 20 of this item be amended as follows to conform to these actions:

"20. (a) Any funds appropriated in Schedule (23) are available for the following purposes:

(1) Scheduled maintenance and special repairs of facilities. The Chancellor of the California Community Colleges shall allocate funds to districts on the basis of actual reported FTES, and may establish a minimum allocation per district. As a condition for receiving and expending these funds for maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995–96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs. ~~The question of whether a district has complied~~ A district's compliance with its resolution shall be reviewed under the annual audit of that district.

(2) Hazardous substances abatement, cleanup, and repairs.

(3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to \$400,000 \$656,000.

(4) Water conservation projects to reduce water consumption in cooperation with the Governor's Executive Order B-29-15. Projects may include any of the following:

(A) Replacement of water intensive landscaping with drought tolerant landscaping, synthetic turf, provided that the turf is used only in nonathletic areas, and other nonplant materials.

(B) Drip or low-flow irrigation systems.

(C) Building improvements to reduce water usage.

(D) Installation of meters for wells to allow for monitoring of water usage.

(b) Any funds appropriated in Schedule (23) are available for replacement of instructional equipment and library materials. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported FTES and may establish a minimum allocation per district. ~~The question of whether a district has complied~~ A district's compliance with its resolution shall be reviewed under the annual audit of that district.

(c) Any funds appropriated in Schedule (23) shall be available for one-time use until June 30, 2018."

Item 6870-102-0001, Increase Full-Time Student Success Grant Funding (Issue 455)—It is requested that Item 6870-102-0001 be increased by \$2,174,000 to reflect the inclusion of Cal Grant C recipients, and an increased estimate of eligible Cal Grant B students in fiscal year 2016-17.

It is further requested that the provision (1) of this item be amended as follows to conform to these actions:

"(1) The funds appropriated in this item are for transfer by the Controller to Section B of the State School Fund for distribution to students who are receiving the Cal Grant B or C Access Awards and are taking 12 units or more per semester, or prorated amount for colleges using a

quarter system. The Office of the Chancellor of the California Community Colleges shall determine the number of students eligible for this funding, and distribute a maximum of \$300 per semester, or prorated amount for colleges using a quarter system, to community college districts to distribute an equal amount of funding to each eligible student as funding allows. If eligible students exceed funding available in this item, awards shall be proportionally reduced to fit within available funds."

Item 6870-139-8080, Increase Clean Energy Job Creation Fund Revenue Estimate (Issue 471)—It is requested that Item 6870-139-8080 be increased by \$4,120,000 to reflect an increase in estimated Clean Energy Job Creation Fund revenue. It is also requested that conforming adjustments be made to related non-Budget Act items.

Item 6870-296-0001, Decrease Mandate Block Grant (Issue 456)—It is requested that Item 6870-296-0001 be decreased by \$134,000 to align block grant funding with the revised estimate of full-time equivalent students.

Item 6870-101-3273, Equal Employment Opportunity Program (Issue 452)—It is requested that Item 6870-101-3273 be added in the amount of \$2,333,000 to promote equal employment opportunities in hiring and promotion at community college districts.

It is requested that item 6870-101-3273 be added as follows:

6870-101-3273-For local assistance, Board of Governors of the California Community Colleges, payable from the Employment Opportunity Fund.....2,333,000

Schedule:

(1) 5675069-Equal Employment Opportunity2,333,000

Provisions:

1. The funds appropriated in this item are provided to promote equal employment opportunities in hiring and promotion at community college districts and shall be spent pursuant to Education Code section 87108 and associated regulations.

Item 6870-101-0001, Technical Provisional Language Adjustments—It is also requested that the following provisional language amendments to Item 6870-101-0001 be made:

"5. Of the funds appropriated in Schedule (4):

(a) Up to \$1,209,000 \$2,502,000 shall be used for faculty and staff development to improve curriculum, instruction, student services, and program practices in basic skills and English as a Second Language-(ESL) programs. The Chancellor of the California Community Colleges (chancellor) shall select a district, using a competitive process, to carry out these activities.

— (b) \$48,828,000 Remaining funding shall be allocated by the chancellor to community college districts to improve the number of students successfully transitioning to college-level math and English courses pursuant to pending legislation Part 54.3 (commencing with Section 88815) of Division 7 of Title 3 of the Education Code."

"10. (a) The funds appropriated in Schedule (9) shall be used for the purposes of Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code.

(b) Of the amount included in Schedule (9):

(1) \$285,183,000 shall be allocated pursuant to Section 78216 of the Education Code.

(2) (A) \$155,000,000 shall be allocated to community college districts to implement student equity plans pursuant to Article 1.5 of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code. These plans shall be coordinated with the Student Success and Support Program plans, pursuant to Section 78216 of the Education Code, and the Student Success Scorecard, pursuant to Section 84754.5 of the Education Code.

(B) These funds shall be allocated by the chancellor to community college districts using a methodology that ensures that districts with a greater proportion or number of students who have high needs receive more resources to provide services to these students. The chancellor shall ensure that the allocation methodology reflects the inclusion of foster youth within the proportion or number of high-needs students.

(C) Consistent with the intent of Chapter 771 of the Statutes of 2014 and within the funds allocated to community college districts pursuant to this paragraph, the chancellor shall enter into agreements with up to 10 community college districts to provide additional services in support of postsecondary education for foster youth. Up to \$15 million of the funds allocated to community college districts pursuant to this paragraph shall be prioritized for services pursuant to Chapter 771 of the Statutes of 2014. Further, the chancellor shall ensure that the list of eligible expenditures developed pursuant to subdivision (d) of Education Code Section 78221 includes expenditures that are consistent with the intent of Chapter 771 of the Statutes of 2014.

(D) Nothing in this provision prevents existing student-equity related categorical programs or campus-based programs from accessing student equity plan funds.

(E) Increased services for high need students may include the development of open educational resources and zero-textbook-cost degrees that reduce costs for students. Community college districts utilizing resources for this purpose are encouraged to first develop open educational resources and zero-textbook degrees for courses that are transferable to the CSU and the UC and for approved associates degrees for transfer. Open educational resources and zero-textbook-cost degrees developed by a community college district pursuant to this provision shall make the applicable course materials and curriculum available to all community college districts through the online clearinghouse of information identified in provision 10 (b)(4)(B) of this item.

(3) (A) \$7,500,000 may be used by the chancellor to provide technical assistance to community college districts that demonstrate low performance in any area of operations. It is the intent of the Legislature that technical assistance providers be contracted in a cost-effective manner, that they primarily consist of experts who are current and former employees of the California Community Colleges, and that they provide technical assistance consistent with the vision for the California Community Colleges.

(B) Technical assistance funded pursuant to this paragraph that is initiated by the chancellor may be provided at no cost to the district. If a community college district requests technical

assistance, the district is required to spend at least \$1 from local or other resources for every \$2 received as determined by the chancellor.

(4) (A) \$20,000,000 may be used by the chancellor to provide regional and online workshops and trainings to community college personnel to promote statewide priorities, including, but not limited to: strategies to improve student achievement; strategies to improve community college operations; and system leadership training to better coordinate planning, implementation, and outcomes of statewide initiatives. To the extent possible, the chancellor shall partner with existing statewide initiatives with proven results of improving student success and institutional effectiveness. Beginning in the 2016–17 fiscal year, the Chancellor of the California Community Colleges shall submit a report on the use of these funds in the prior year to the Department of Finance and the Joint Legislative Budget Committee no later than December 1 of each year.

(B) Funding available pursuant to this paragraph may be utilized by the chancellor to coordinate with community college districts to develop and disseminate effective practices through the establishment of an online clearinghouse of information. The development of effective practices shall include, but not be limited to, statewide priorities such as the development of educational programs or courses for the incarcerated adults in prisons and jails, and the formerly incarcerated, educational programs or courses for California Conservation Corps members, and other effective practices. The online clearinghouse of information shall also reflect effective practices, guidance, policies, curriculum, courses, and programs developed by local community colleges in support of the Strong Workforce Program established pursuant to pending legislation Part 54.5 (commencing with Section 88820) of Division 7 of Title 3 of the Education Code.

(C) It is the intent of the Legislature to encourage the chancellor to facilitate the development of local community college courses for the California Conservation Corps and the incarcerated adults in prisons and jails, and the formerly incarcerated. The California Department of Corrections and Rehabilitation and the California Conservation Corps are encouraged to partner with the chancellor's office in the development and dissemination of local community college courses and effective practices pursuant to this subparagraph and subparagraph (B).

(5) Up to \$14,000,000 may be used for e-transcript, e-planning, and common assessment tools. Any remaining funds shall be used pursuant to paragraph (1)."

"13. Of the funds appropriated in Schedule (16):

(a) \$22,929,000 is available for the following purposes:

(1) Up to 10 percent may be allocated for state-level technical assistance, including statewide network leadership, organizational development, coordination, and information and support services.

(2) All remaining funds shall be allocated for programs that target investments in priority and emergent sectors, including statewide and/or regional centers, hubs, collaborative communities, advisory bodies, and short-term grants. Short-term grants may include industry-driven regional education and training, Responsive Incumbent Worker Training, and Job Development Incentive Training. Funds allocated pursuant to this provision may be used to provide substantially similar services in support of the Strong Workforce Program.

(3) Funds applied to performance-based training shall be matched by a minimum of \$1 contributed by private businesses or industry for each \$1 of state funds. The chancellor shall

consider the level of involvement and financial commitments of business and industry in making awards for performance-based training.

(b) \$200,000,000 shall be available to support the Strong Workforce Program pursuant to pending legislation Part 54.5 (commencing with Section 88820) of Division 7 of Title 3 of the Education Code.

(c) \$48,000,000 shall be available to support the Career Technical Education Pathways Program, pursuant to Education Code Sections 88530 through 88540, inclusive. Funds provided for this program shall be used for purposes that align with the implementation of the Strong Workforce Program and may be utilized to support leadership, coordination, accountability and capacity-building activities that align with the implementation of the Strong Workforce Program and the recommendations of the Task Force on Workforce, Job Creation and a Strong Economy.”

“16. The funds appropriated in Schedule (19) shall be used for the following purposes:

(a) ~~\$1,921,000~~ \$1,183,000 shall be used for the Puente Project to support up to 75 colleges. These funds are available if matched by \$200,000 of private funds and if the participating community colleges and University of California campuses maintain their 1995–96 fiscal year support level for the Puente Project. All funding shall be allocated directly to participating districts in accordance with their participation agreement.

(b) Up to ~~\$2,459,000~~ \$1,515,000 is for the Mathematics, Engineering, Science Achievement (MESA) program. A community college district is required to spend \$1 from local or other resources for every \$1 received pursuant to this subdivision.

(c) No less than ~~\$1,778,000~~ \$1,094,000 is for the Middle College High School Program. With the exception of special part-time students at the community colleges pursuant to Sections 48802 and 76001 of the Education Code, student workload based on participation in the Middle College High School Program shall not be eligible for community college state apportionment.”

Compton Community College District Loan (Issue 450)—It is requested that General Fund interest revenue be reduced by approximately \$134,000 in 2016-17 and principal repayment amounts be increased by approximately \$51,000 in 2016-17 to revise the interest rate on three Compton Community College District emergency apportionments to 2.307 percent, which is reflective of the rate recently provided to other K-12 agencies. It is requested that conforming adjustments be made to related non-Budget Act items. See Attachment 1 (Compton Community College District Loan) for the proposed trailer bill language that implements this revision.

Adult Education Technical Assistance and Apportionment (Issue 401)—It is requested that trailer bill language be adopted to appropriate \$5 million one-time for a three-year contract with a community college district to provide statewide technical assistance, coordination, and capacity-building assistance to adult education consortia. Further, it is requested that trailer bill language be adopted to clarify that an adult education consortia fiscal agent shall develop a process to apportion funds to each member of a consortium within 45 days of receiving the funds from the state. It is requested that conforming adjustments be made to related non-Budget Act items. See Attachment 2 (Adult Education Technical Assistance) and 3 (Adult Education Apportionments) for the proposed trailer bills.

Current and Prior Year, Local Assistance

Increase Mandate Debt Payments (Issue 481)—It is requested that mandate debt payments be increased by \$29,194,000 to reflect proposed 2014-15 and 2015-16 Proposition 98 General Fund appropriations of \$26,057,000 and \$3,137,000, respectively, to pay for outstanding mandate debt on a per full-time equivalent student basis. This flexible one-time funding will reduce mandate debt while also providing districts with discretion to pay for other one-time expenses such as professional development, campus security infrastructure, technology infrastructure, and developing open education resources and zero-textbook cost degrees. See associated education omnibus trailer bill language within the State Department of Education May Revision letter for this proposed action.

Local Revenue Backfill (Issue 483)—It is requested that trailer bill language be adopted to appropriate \$38,577,000 in 2015-16 Proposition 98 General Fund to backfill a projected shortfall in estimated offsetting local community college district revenue. To the extent the appropriation exceeds the final shortfall, the language proposes that the funding would be used to make additional mandate debt payments. See Attachment 4 (Local Revenue Backfill) for the proposed trailer bill.

Telecommunications and Technology Infrastructure Program Augmentation (Issue 479)—It is requested that trailer bill language be adopted to appropriate \$7 million in 2015-16 Proposition 98 General Fund to support efforts within the Telecommunications and Technology Infrastructure Program to expand broadband capacity across community college campuses to ensure appropriate internet access is available for students, faculty, and community college administrators. See Attachment 5 (Telecommunications and Technology Infrastructure Program Augmentation) for the proposed trailer bill.

Online Education Initiative (Issue 480)—It is requested that trailer bill language be adopted to appropriate \$20 million in 2014-15 Proposition 98 General Fund to expedite and enhance the adaptation and development of courses that are available through the online course exchange component of the Online Education Initiative. See Attachment 6 (Online Education Initiative) for the proposed trailer bill.

Item 6870-101-0001, 2015-16 EPA Revenue Update (Issues 474 and 475)—It is requested that Item 6870-101-0001, Budget Act of 2015 be increased and conforming adjustments be made to reflect a \$115,766,000 decrease in estimated 2015-16 EPA revenues. This adjustment is authorized by Education Code section 84751.7.

Item 6870-101-0001, 2015-16 EPA Excess Tax Offset (Issues 474 and 475)—It is requested that Item 6870-101-0001, Budget Act of 2015 be decreased by \$578,000 to reflect differences between the estimated and actual impact of excess revenue districts receiving EPA funding that does not offset apportionment funding. This adjustment is authorized by Education Code section 84751.7.

2014-15 and 2015-16 Informational Offsetting Revenue Update (Issues 484 and 485)—It is requested that non-Budget Act items be adjusted to reflect 2014-15 and 2015-16 informational offsetting property tax and student fee revenue.

Trailer Bill Language

Zero-Textbook-Cost (ZTC) Degree Program—It is requested that the ZTC trailer bill language transmitted with the Governor's Budget be revised to: (1) reflect maximum grant amounts per ZTC degree of \$200,000, (2) clarify that discretionary student printing costs are allowable within a ZTC degree, (3) prioritize existing open educational resources and initiatives to expedite development of ZTC degrees, (4) clarify that districts comply with existing copyright and accessibility law, and (5) reflect various other clarifying amendments. See Attachment 7 (Zero-Textbook-Cost Degree Program) for the proposed trailer bill.

Student Success for Basic Skills—It is requested that the Student Success for Basic Skills trailer bill transmitted with the Governor's Budget be revised to include concurrence from the Legislative Analyst's Office to the list of agencies that must concur with the Chancellor's Office if additional factors are used to distribute this funding. See Attachment 8 (Student Success for Basic Skills) for the proposed trailer bill.

Strong Workforce Program—It is requested that the Strong Workforce Program trailer bill language transmitted with the Governor's Budget be revised to include: (1) requiring the Chancellor's Office to provide the Legislature and Administration with a plan to expedite and improve the course approval process, (2) authorizing the Chancellor's Office to distribute a specified percentage of funds directly to community colleges, (3) requiring that a portion of this funding be used on one-time expenditures, (4) requiring the Chancellor's Office, the Department of Finance (Finance), and the Legislative Analyst's Office to investigate future consolidation of community college career technical education programs into the Strong Workforce Program, (5) establishing a career technical education faculty subcommittee within the Academic Senate of the California Community Colleges to provide feedback and guidance on career technical education matters, and (6) various other clarifying amendments. See Attachment 9 (Strong Workforce Program) for the proposed trailer bill.

Informational

Pursuant to Education Code section 84758, Finance is required to notify the Legislature and the Chancellor's Office of the amount of revenue estimated to be available to community college districts during the next fiscal year from local taxes, exclusive of bond interest and redemption, and timber taxes received.

Finance estimates that property taxes totaling \$2,803,503,000 net of excess taxes will be available to offset district apportionments in 2016-17. This estimate excludes \$752,000 in estimated timber tax revenues.

Education Code section 84758 also requires Finance to notify the Legislature of the difference between the Chancellor's Office 2015-16 local property tax estimate, excluding timber taxes, and Finance's 2015-16 property tax estimates as of May 2015, excluding timber taxes.

The Chancellor's Office reported 2015-16 local property taxes of \$2,495,373,000, net of excess taxes and excluding timber taxes of \$548,000, as of the first principal apportionment payment. Finance's 2015-16 property tax estimate as of May 2015, was \$2,612,446,000, net of excess taxes and excluding timber taxes of \$705,000. Therefore, the Chancellor's Office's current property tax estimate based on first principal apportionment payments for 2015-16 is \$117,073,000 below Finance's May 2015 estimate.

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 Chris Ferguson, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Erik Skinner, Acting Chancellor, California Community Colleges Chancellor's Office
Mr. Mario Rodriguez, Acting Vice Chancellor, California Community Colleges Chancellor's Office

Compton Community College District Loan

Section 1. Section 41329.60 is added to Article 2.7 of Chapter 3 of Part 24 of Division 3 of Title 2 of the Education Code, to read:

41329.60. (a) Notwithstanding any other law, effective July 1, 2016, the interest rate on any outstanding General Fund emergency apportionments made to Compton Community College District pursuant to Section 41329.52 and 41329.58, shall be revised to 2.307 percent. All other terms of the emergency apportionments shall remain the same.

Adult Education Technical Assistance

Section XX. (a) The sum of five million dollars (\$5,000,000) is hereby appropriated from the General Fund for the purposes of this section.

(b) Utilizing a competitive process and from one-time funds appropriated in the 2016-17 Budget Act for this purpose, the Chancellor of the California Community Colleges and the State Department of Education shall jointly select a community college district, school district, county office of education, or adult education consortia to provide statewide leadership for community college districts and local educational agencies participating in the Adult Education Block Grant Program. All community college districts and local educational agencies participating in the Adult Education Block Grant Program shall be provided with the opportunity to participate statewide leadership activities specified in this section.

(c) For purposes of this section statewide leadership activities shall include, but not be limited to:

(1) The development and dissemination of effective practices and other guidance documents.

(2) Providing adult education consortia with technical assistance to enhance the effectiveness of their local adult education programs.

(3) Providing professional development opportunities to adult education consortia.

(4) Providing weekly webinars.

(5) The establishment and maintenance of a website containing programmatic guidance.

(6) Researching effective adult education practices in other states.

(7) Enhancing programmatic collaboration with other State and Federal education and workforce development programs.

(d) The selected community college district or local educational agency shall expend funds received pursuant to subdivision (b) to support the statewide activities identified pursuant to subdivision (c). Funds allocated pursuant to this section shall be expended by the selected

community college district or local educational agency to provide leadership activities in the 2016-17, 2017-18, and 2018-19 fiscal years.

(e) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts and community college districts," as defined in subdivisions (c) and (d) of Section 41202 of the Education Code, for the 2016-17 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016-17 fiscal year.

Adult Education Apportionments

Section 84905. The chancellor and the Superintendent, with the advice of the executive director, shall approve, for each consortium, rules and procedures that adhere to all of the following conditions:

(a) Any community college district, school district, or county office of education, or any joint powers authority consisting of community college districts, school districts, county offices of education, or a combination of these, located within the boundaries of the adult education region shall be permitted to join the consortium as a member.

(b) As a condition of joining a consortium, a member shall commit to reporting any funds available to that member for the purposes of education and workforce services for adults and the uses of those funds.

(c) A member of the consortium shall be represented only by an official designated by the governing board of the member.

(d) (1) Decisionmaking procedures are specified that ensure that all of the following conditions are satisfied:

(A) All members of the consortium shall participate in any decision made by the consortium.

(B) A proposed decision is considered at an open, properly noticed public meeting of the consortium at which members of the public may comment.

(C) The consortium has provided the public with adequate notice of a proposed decision and considered any comments submitted by members of the public, and any comments submitted by members of the public have been distributed publicly.

(D) (i) The consortium has requested comments regarding a proposed decision from other entities located in the adult education region that provide education and workforce services for adults.

(ii) The consortium has considered and responded to any comments submitted by entities pursuant to clause (i).

(iii) For purposes of this subparagraph, entities that provide education and workforce services to adults include, but are not necessarily limited to, local public agencies, departments, and offices, particularly those with responsibility for local public safety and social services; workforce investment boards; libraries; and community-based organizations.

(E) A decision is final.

(2) For purposes of this subdivision, a decision includes approval of an adult education plan pursuant to Section 84906 and approval of a distribution schedule pursuant to Section 84913.

(e) The members of the consortium may decide to designate a member to serve as the fund administrator to receive and distribute funds from the program. **If a member is chosen to be the fiscal agent, the chosen member shall commit to the following:**

(1) The fiscal agent shall develop a process to apportion the funds to each member of the consortium according to the adult education plan within 45 days of receiving the funds from the State.

(2) The apportionment process developed pursuant to paragraph (1) shall not require their consortium members be funded on a reimbursement basis.

Local Revenue Backfill

Section xx. (a)(1) Thirty-eight million five hundred seventy-seven thousand dollars (\$38,577,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges in augmentation of Schedule (1) of Item 6870-101-0001 of Section 2.00 of the 2015 Budget Act for allocation to community college districts to backfill a projected shortfall in final 2015-16 offsetting local revenues as specified in Education Code section 84751.

(2) The Director of Finance shall initially determine the need for a backfill by comparing 2015-16 offsetting local revenues, as certified by the Chancellor of the California Community Colleges at the second principal apportionment for the 2015-16 fiscal year to the estimated offsetting local revenues used by the Department of Finance when developing the Proposition 98 General Fund apportionment need pursuant to 84750.5 at the 2015 Budget Act.

(3) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of the amount needed to address the local revenue shortfall determined pursuant to this subdivision. The Chancellor of the California Community Colleges shall disburse funds available pursuant to this subdivision not sooner than five days after this notification and will work with the State Controller to allocate these funds to community college districts as soon as practicable.

(b) (1) Notwithstanding paragraph (2) of subdivision (a), no later than April 1, 2017 the Director of Finance shall re-determine the need for a backfill by comparing 2015-16 offsetting local revenues as certified by the Chancellor of the California Community Colleges at the first principal apportionment for the 2016-17 fiscal year to the estimated offsetting local revenues used by the Department of Finance when developing the Proposition 98 General Fund apportionment need pursuant to 84750.5 at the 2015 Budget Act.

(2) To the extent that the redetermination made pursuant to this subdivision results in a backfill amount that is less than the amount appropriated in subdivision (a), the Department of

Finance shall compute the difference between the revised backfill calculated pursuant to this subdivision and the amount computed pursuant to paragraph (2) of subdivision (a). If the amount computed is greater than \$1,000, the Director of Finance shall reallocate this amount from Schedule (1) of Item 6870-101-0001 of Section 2.00 of the 2015 Budget Act, as adjusted pursuant to subdivision (a), to community colleges pursuant to subdivision (c) of Government Code section 17581.10.

(3) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of the amount needed to address the local revenue shortfall determined pursuant to paragraph (2) of subdivision (b), and of the amount to be disbursed pursuant to subdivision (c) of Government Code section 17581.10, if applicable. The Chancellor of the California Community Colleges shall disburse the funds available pursuant to this subdivision not sooner than five days after this notification and will work with the State Controller to allocate these funds to community college districts as soon as practicable.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2015-16 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015-16 fiscal year.

Telecommunications and Technology Infrastructure Program Augmentation

Section xx. (a) For the 2016-17 fiscal year, the sum of seven million dollars (\$7,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges for allocation to community college districts to enhance network infrastructure through the Telecommunications and Technology Infrastructure program administered by the Board of Governors of the California Community Colleges.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2015-16 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015-16 fiscal year.

Online Education Initiative

Section xx. (a) For the 2016-17 fiscal year, the sum of twenty million dollars (\$20,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges for allocation to community college districts to expedite and enhance the adaptation and development of courses that are available through the online course exchange of the Online Education Initiative. The online course exchange is intended to provide community college students with increased access to and success in high-quality online courses.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014-15 fiscal year.

Zero-Textbook-Cost Degree Program

SECTION 1. Article 4 (commencing with Section 78050) is added to Chapter 1 of Part 48 of Division 7 of Title 3 of the Education Code, to read:

Article 4. Zero-Textbook-Cost Associate Degree Grant Program

78050. This act shall be known, and may be cited, as the Zero-Textbook-Cost Associate Degree Grant Program.

78051. The Zero-Textbook-Cost Associate Degree Grant Program is hereby established to reduce the overall cost of education for students and decrease the time it takes students to complete degree programs offered by community colleges.

78052. (a) It is the intent of the Legislature that community college districts develop and implement zero-textbook-cost degrees to reduce the overall cost of education for students and decrease the time it takes students to complete degree programs.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Chancellor" means the Chancellor of the California Community Colleges.

(2) "Chancellor's office" means the Office of the Chancellor of the California Community Colleges.

(3) "Degree" means a zero-textbook-cost degree.

(4) "Open educational resources" means high-quality teaching, learning, and research resources that reside in the public domain or have been released pursuant to an intellectual property license that permits their free use and repurposing by others, and may include other resources that are legally available and free of cost to students. Open educational resources include, but are not limited to, full courses, course materials, modules, textbooks, faculty-created content, streaming videos, tests, software, and any other tools, materials, or techniques used to support access to knowledge.

(5) "Zero-textbook-cost degrees" means community college associate degrees or career technical education certificates earned entirely by completing courses that eliminate

conventional textbook costs by using alternative instructional materials and methodologies, including open educational resources. **Discretionary student printing of instructional materials shall not be considered a cost as a part of this program.**

(c) Of the funding appropriated in the annual Budget Act to develop and implement degrees, the chancellor shall distribute grants of up to ~~five~~ **two** hundred thousand dollars (~~\$500,000~~**\$200,000**) to a community college district for each degree developed and implemented within the district that contributes to the overall elimination of textbook costs for students and aligns with the conditions for receipt of funds specified in subdivision (d). The chancellor's office shall ensure that a grant does not result in the development or implementation of duplicate degrees for a subject matter to avoid duplication of effort and ensure the development and implementation of the greatest number of degrees for the benefit of the greatest number of students. The chancellor's office may distribute the grants in phases, including a planning phase and an implementation phase.

(d) As a condition of receiving funding appropriated in the annual Budget Act to develop and implement degrees, a community college district shall comply with all of the following:

(1) Develop and implement a degree from an existing associate degree ~~for transfer~~, develop and implement a **new or existing** career technical education certificate program, that has high value in the regional market, as a zero-textbook-cost certificate program, ~~or establish a zero-textbook-cost certificate program from an existing certificate program.~~

(2) In complying with paragraph (1), ~~giveshall-priority~~ **prioritize-to-developing development and implementing implementation of** a degree from an existing **associate degree for transfer** **and to the extent possible, prioritize the adaption of existing open educational resources through existing open educational education resource initiatives, or elsewhere, before creating new content.**

(3) **Develop degrees with consideration for sustainability after grant funding is exhausted including how content is updated and presented.**

(4) Ensure compliance with the federal Americans with Disabilities Act (Public Law 104-197), and the federal Copyright Act of 1976 (Public Law 94-553).

(35) Develop and implement a minimum of one degree for each grant received:

(46) Develop and implement a degree that other community college districts can use or adapt, and post each degree, and the contents of the degree; on the online clearinghouse of information established pursuant to Item 6870-101-0001 of the Budget Act of 2016, or a successor Internet Web site. All ~~new~~ open educational resources ~~developed and available that are adopted~~ used as ~~course-learning~~ materials for a degree developed pursuant to this section shall be added to the California Digital Open Source Library established in Section 66408. **Testing and assessment materials posted online pursuant to this paragraph shall be safeguarded to maintain the integrity of those materials. This shall not be construed to prohibit faculty from providing sample test and assessment materials to students.**

(7) Faculty shall have flexibility to update and customize degree content as necessary within the parameters of this program.

(58) Ensure that the degree developed and implemented is clearly identified in college catalogs and in class schedules.

(69) Provide the chancellor with all planning and outcome information that the chancellor determines necessary.

(710) Consult with the local academic senate of a college that would implement a degree.

(811) Use a multimember team approach, to develop and implement a degree pursuant to this section, that includes faculty, college administrators, and other content-focused staff, including, but not limited to, librarians, instructional designers, and technology experts, from ~~either~~ the campus that would implement the degree, ~~or~~ other colleges of the community college system, and interested universities in the California State University and University of

California systems. Grant recipients may use funds to obtain professional development and technical assistance to assist in the development of degrees.

(12) Strive to implement degrees by the first term of the 2018-19 academic year, or sooner, as determined by the chancellor's office.

(e) (1) The chancellor shall, by June 30, 2019, report to the Legislature, the Legislative Analyst's Office, and the Department of Finance on the development and implementation of degrees, including, but not limited to:

(A) The number of degrees developed and implemented within each district disaggregated by college.

(B) The estimated annual savings to students.

(C) The number of students who completed a zero-textbook-cost degree program.

(D) Recommendations to increase, expand, or improve the offering of degrees.

(2) A report pursuant to paragraph (1) shall be submitted to the Legislature in compliance with Section 9795 of the Government Code.

(f) (1) Of the funds appropriated in the annual Budget Act for this program, up to 10 percent of the appropriation may be allocated by the chancellor's office to contract with a community college district to administer this program.

(2) The contract between the chancellor's office and the district shall reflect all of the following:

(A) The programmatic and administrative responsibilities that will be delegated to the district, including the programmatic requirements identified in subdivisions (c), (d), and (e).

(B) A requirement that the contracting district provide prebid conferences, either in person or via webinar, for interested grant applicants.

(C) Technical assistance to grant applicants and grantees.

(3) The contracting district may apply for, and receive, a grant to develop and implement a degree and have employees and administrators of the district participate as part of a

multimember team approach pursuant to paragraph (8) of subdivision (d). To be eligible to receive a grant, the district shall maintain appropriate and transparent internal controls and processes to ensure that the district's contracted duties and responsibilities are clearly delineated, identified, and distinguished from the duties and responsibilities conferred upon the district as a grant applicant and recipient.

(4) Upon request of the chancellor's office, the contracted district shall provide the chancellor's office with an update on the status of the development and implementation of each degree within the district.

(5) Notwithstanding any other law, a contract between the chancellor's office and a community college district for purposes of this subdivision is not subject to any competitive bidding requirements of Section 10340 of the Public Contract Code for the limited purpose of administering the program pursuant to this subdivision.

(g) Of the funds appropriated in the annual Budget Act for this program, funds not awarded in the 2016–17 fiscal year may be awarded in the 2017–18 fiscal year.

(h) The chancellor's office shall award an initial round of grants no later than January 1, 2017.

Student Success for Basic Skills

SECTION 1. Part 54.3 (commencing with Section 88815) is added to Division 7 of Title 3 of the Education Code, to read:

PART 54.3. STUDENT SUCCESS FOR BASIC SKILLS PROGRAM

88815. (a) There is hereby established the Student Success for Basic Skills Program to be administered by the Chancellor of the California Community Colleges in accordance with subdivision (b).

(b) From funds provided in the annual Budget Act for the Student Success for Basic Skills Program, the Board of Governors of the California Community Colleges shall allocate:

(1) An amount up to 5 percent for faculty and staff development to improve curriculum, instruction, student services, and program practices in the areas of basic skills and English as a second language programs. The office of the Chancellor of the California Community Colleges shall select a community college district, utilizing a competitive process, to carry out these faculty and staff development activities. All colleges receiving funds pursuant to paragraph (2) shall be provided with the opportunity to participate in the faculty and staff development programs specified in this paragraph.

(2) (A) All other funds for grants to community college districts for improving outcomes of students who enter college needing at least one course in English as a second language or basic skills, with particular emphasis on students transitioning from high school.

(B) Funds allocated pursuant to this paragraph shall be expended for any of the following purposes:

(i) Program and curriculum planning and development, student assessment, advisement and counseling services, supplemental instruction and tutoring, articulation, instructional materials and equipment, any other purpose directly related to the enhancement of basic skills, English as a second language instruction, and related student programs.

(ii) To implement or expand upon the use or application of evidence-based practices and principles identified in paragraphs (1) to (6), inclusive, of subdivision (a) of Section 88810.

(iii) To accelerate the adoption and utilization of lower cost, high-quality, open educational resources in English as a second language or basic skills courses.

(iv) To collaborate with high schools, and when applicable, California State University campuses, to better align remedial instruction methodologies, curriculum, and course offerings between local educational agencies, community colleges, and California State University campuses.

(v) To implement assessment and placement practices that increase the likelihood that students are appropriately placed in college-level, rather than remedial, courses.

(C) The funds allocated pursuant to this paragraph shall supplement, and not supplant, current expenditures by community college districts for matriculation and assessment services, basic skills, English as a second language instruction, and related student programs.

(D) To be eligible to receive grant funds pursuant to this paragraph, a community college district shall submit to the office of the Chancellor of the California Community Colleges an application containing a certification that the college will, within the fiscal year, (i) complete a revised assessment of its programs and activities serving basic skills and English as a second language students utilizing the assessment tool developed pursuant to paragraph (1) of Item 6870-493 of Section 2.00 of the Budget Act of 2006 (Chapters 47 and 48 of the Statutes of 2006), and (ii) submit to the office of the chancellor an action and expenditure plan for funds received under this paragraph. The grant application shall also contain the strategies a community college district will implement to improve the successful transition of students to college-level math and English courses. These improvements shall include both the number of students that successfully transition to college-level math and English courses as well as reducing the time it takes students to successfully transition to college-level math and English courses. At a minimum, to be eligible to receive a grant the community college district's strategy

shall include a plan for the adoption and implementation of multiple measures of assessment and placement. The office of the chancellor shall prioritize funding grant applications from community college districts that participate in the Community Colleges Basic Skills and Student Outcomes Transformation Program established by Part 54 (commencing with Section 88800), or that subsequently implement or expand upon the use or application of evidence-based practices and principles identified in paragraphs (1) to (6), inclusive, of subdivision (a) of Section 88810.

(E) The Chancellor of the California Community Colleges shall distribute grant funds to community college districts that meet the application criteria in subparagraph (D) on the basis of the following factors:

(i) The percentage of students who first enrolled in a course below transfer level in English, math, or English as a second language, or any combination of these, and subsequently completed a college-level course in the same subject within one year and within two years.

(ii) The percentage of incoming students undergoing assessment, who go on to pass college-level math and English within one year and within two years of enrolling.

(iii) The chancellor shall include a weighting factor of up to 20 percent for community college districts that participate in the Community Colleges Basic Skills and Student Outcomes Transformation Program established by Part 54 (commencing with Section 88800), or that subsequently implement or expand upon evidence-based practices and principles identified in paragraphs (1) to (6), inclusive, of subdivision (a) of Section 88810.

(iv) For purposes of distributing the funds, the chancellor shall establish a minimum allocation of one hundred thousand dollars (\$100,000) per college in the applying community college district.

(v) The chancellor may include other factors and adjustments as he or she determines necessary to accomplish the objectives of this paragraph.

(vi) The chancellor shall annually notify and receive concurrence from the Department of Finance and the Legislative Analyst's Office prior to including additional factors and adjustments pursuant to clause (v), and prior to apportioning these funds to community college districts.

(F) Notwithstanding subparagraph (E), commencing with the 2016–17 fiscal year, the Chancellor of the California Community Colleges shall adjust the distribution of funds pursuant to subparagraph (E) to ensure that community college districts do not receive less state aid from the Student Success for Basic Skills Program than they received from appropriations for these purposes in the 2015–16 fiscal year.

(G) As a condition of participating in this program, commencing with the 2017–18 fiscal year, the office of the Chancellor of the California Community Colleges shall strongly encourage the five community college districts with the lowest calculated percentages as specified in either clause (i) or (ii) of subparagraph (E) that participated in this program to apply for a technical assistance team to improve the likelihood that a student is able to expeditiously transition from a basic skills course to a college-level course at that community college district.

(c) The office of the Chancellor of the California Community Colleges shall work jointly with the Department of Finance and the Legislative Analyst to develop and recommend annual accountability measures for the program. It is the intent of the Legislature that annual performance accountability measures for the program utilize, to the extent possible, data available as part of the accountability system developed pursuant to Section 84754.5.

SEC. 2. Section 9 of Chapter 489 of the Statutes of 2007 is repealed.

~~SEC. 9. (a) The sum of thirty-three million one hundred thousand dollars (\$33,100,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges, in augmentation of Schedule (2) (10.10.020~~

~~Basic Skills and Apprenticeship) of Item 6870-101-0001 of the Budget Act of 2007 (Chapters 171 and 172 of the Statutes of 2007).~~

~~(b) These funds shall be available for the following purposes:~~

~~(1) The sum of one million six hundred thousand dollars (\$1,600,000) for faculty and staff development to improve curriculum, instruction, student services, and program practices in the areas of basic skills and English as a Second Language (ESL) programs. The Office of the Chancellor shall select a district, utilizing a competitive process, to carry out these faculty and staff development activities. All colleges receiving funds pursuant to paragraph (2) shall be provided with the opportunity to participate in the faculty and staff development programs specified in this paragraph. The Chancellor shall report on the use of these funds by the selected district to the Legislative Analyst and the Department of Finance not later than September 1, 2008.~~

~~(2) The sum of thirty one million five hundred thousand dollars (\$31,500,000) for allocation by the Chancellor to community college districts for improving outcomes of students who enter college needing at least one course in ESL or basic skills, with particular emphasis on students transitioning from high school.~~

~~(A) Funds allocated pursuant to this paragraph shall be expended for program and curriculum planning and development, student assessment, advisement and counseling services, supplemental instruction and tutoring, articulation, instructional materials and equipment, and any other purpose directly related to the enhancement of basic skills, ESL instruction, and related student programs. The allocated funds shall supplement, and not supplant, current expenditures by districts for matriculation and assessment services, basic skills, ESL instruction, and related student programs.~~

~~(B) To be eligible to receive funds pursuant to this paragraph, a district must submit to the Office of the Chancellor an application containing a certification that the college will, within the fiscal year, (i) complete an assessment of its programs and activities serving basic skills and~~

~~ESL students utilizing the assessment tool developed pursuant to paragraph (1) of Item 6870-493 of Section 2.00 of the Budget Act of 2006 (Chapters 47 and 48 of the Statutes of 2006), and (ii) submit to the Office of the Chancellor an action and expenditure plan for funds received under this paragraph.~~

~~(C) The Office of the Chancellor shall work jointly with the Department of Finance and the Legislative Analyst to develop annual accountability measures for this program. It is the intent of the Legislature that annual performance accountability measures for this program utilize, to the extent possible, data available as part of the accountability system developed pursuant to Section 84754.5 of the Education Code. By November 1, 2008, the Chancellor shall submit a report to the Governor and Legislature on the annual accountability measures developed pursuant to this process.~~

~~(D) The Chancellor shall distribute funds to districts on the basis of the following two factors, with equal weight given to each: (i) the number of full-time equivalent students generated in basic skills and ESL courses in the preceding fiscal year; and (ii) the number of full-time equivalent students generated in basic skills and ESL courses by students transitioning from high schools in the preceding fiscal year. For purposes of distributing these funds, the Chancellor may establish a minimum allocation of one hundred thousand dollars (\$100,000) per college.~~

Strong Workforce Program

SECTION 1. Part 54.5 (commencing with Section 88820) is added to Division 7 of Title 3 of the Education Code, to read:

PART 54.5. STRONG WORKFORCE PROGRAM

88820. This part shall be known, and may be cited as, the Strong Workforce Program.

88821. (a) The Legislature finds and declares all of the following:

(1) California's economic competitiveness is fueled, in part, by the strength of its regional economies and its skilled workforce.

(2) Upward social and economic mobility helps keep the state's economy diversified and vibrant.

(3) The attainment of industry valued "middle skill credentials" serves as a gateway for a large and diverse number of careers in the state's economy.

(4) California's local educational agencies, community college districts, interested public four-year universities, local workforce development boards, economic development and industry leaders, and local civic representatives should collaboratively work together to inform the offerings of courses, programs, pathways, and workforce development opportunities that enable students to access the current and future job market and further social and economic mobility.

(b) The Strong Workforce Program is hereby established for the purpose of expanding the availability of quality community college career technical education and workforce development courses, programs, pathways, credentials, certificates, and degrees.

(c) To facilitate program coordination and alignment with other workforce training, education, and employment services in the state, the Strong Workforce Program shall operate in a manner that complies with the California Strategic Workforce Development Plan, required pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128), and expand upon existing Career Technical Education Regional Consortia infrastructure.

(d) To avoid duplication of effort, activities funded under the Strong Workforce Program shall be informed by, aligned with, and expand upon the activities of existing workforce and education regional partnerships, including those partnership activities that pertain to regional planning efforts established pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128), adult education block grant consortia, and K-12 career technical education programs.

(e) All of the following guiding principles shall apply to community college districts participating in the Strong Workforce Program:

(1) Community college districts shall ensure community college career technical education and workforce development courses, credentials, certificates, degrees, programs, and pathway offerings are responsive to the needs of employers, workers, civic leaders, and students.

(2) Community college districts shall collaborate with other public institutions, including, but not limited to, local educational agencies, adult education consortia, local workforce development boards, and interested California State University and University of California institutions on a regional basis.

(3) Collaborative efforts shall focus upon evidence-based decision making and student success with workforce outcomes aligned with the performance accountability measures of the federal Workforce Innovation and Opportunity Act (Public Law 113-128), and closing labor market and employment gaps. Each collaborative shall strive to align programmatic offerings in the most effective and efficient manner to avoid duplication of effort and streamline access to services, and education and training opportunities.

(4) Community college districts and other participating entities within a regional collaborative are encouraged to develop long-term partnerships with private sector employers and labor partners to provide coordinated courses, programs, and pathways with employer involvement in the assessment, planning, and development of community college career

technical education courses, programs, and pathways. To the extent practicable, employer partnerships should build upon regional partnerships formed pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128), existing infrastructure established by the chancellor's office, and other state or federal programs.

(f) The chancellor's office shall, in consultation with the California Workforce Development Board, the Academic Senate for California Community Colleges, and its partners formed pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128), as applicable, develop and implement policies and guidance necessary to implement the Strong Workforce Program, including policies and guidance necessary for participating community college districts and their regional partners to increase the number of aligned middle skill and career technical education courses, programs, pathways, credentials, certificates, and degrees. No later than June 30, 2017, the chancellor's office shall develop and implement policies and guidance pursuant to this subdivision and bring before the Board of Governors of the California Community Colleges any policies, regulations, and guidance necessary to accomplish all of the following:

(1) Facilitate the ~~regional~~ development, implementation, and sharing of career technical education effective practices, curriculum models and courses, and community college credentials, certificates, degrees, and programs across regions and between community college districts.

(2) Enable community college districts to develop career technical education and workforce outcomes, and applicable associate degrees and certificates ~~for transfer~~ as appropriate.

(3) Provide accessible performance and labor market data that can be used flexibly by participating community college districts and their regional partners to support the implementation of the Strong Workforce Program and related efforts to align regional workforce and education programming with regional labor market needs.

(4) Encourage local efficiency through coordinated and collaborative regional workforce efforts in which community college districts are partners.

(5) Enable Support curriculum processes to ensure that students are able to efficiently transfer college-level career technical education credits across community college districts and to the California State University and the University of California.

(6) Improve sector-based engagement with employers within a region to provide work-based learning opportunities for students that increase their employability and earning potential.

(7) Enable community college districts to facilitate and optimize their resources to support the Strong Workforce Program and other related regional workforce development efforts. on a regional basis.

(8) Ensure that community college district Strong Workforce Program expenditures are focused on improving student success with workforce outcomes for all students enrolled in community college career technical education courses, programs, and pathways.

(9) (A) Notwithstanding the June, 30, 2017 implementation date specified in Subdivision (f), the Chancellor's Office shall develop and implement a plan to Streamlines streamline the process of course and curriculum approval process, both at the state and local levels, ~~including the potential elimination of~~ The plan shall reflect a an expedited state approval process for career technical education courses, programs, and certificates, and may include the elimination of a state course and program approval process. The final plan shall reflect one of the two following options:

(i) A process of course and curriculum approval that enables community colleges to develop a course or program within one academic year and to offer that course or program the subsequent academic year.

(ii) A process of course and curriculum approval that enables community colleges to develop a course or program within one academic semester and to offer that course or program the subsequent academic semester.

(B) The plan shall also reflect the creation of a process that enables career technical education course and program portability between the State's community colleges. This process shall enable a community college to adapt, adopt, or adapt and adopt another community college's approved career technical education courses, programs, and curriculum within one academic semester and to offer that course or program, or utilize that curriculum the subsequent academic semester.

(C) The Chancellor's Office shall consult with the Legislature and the Administration prior to implementing the plan. The plan shall be developed no later than July 1, 2017 and implemented no later than January 1, 2018.

(10) Eliminate barriers to hiring qualified instructors for career technical education courses, including re-evaluating the required minimum qualifications for career technical education instructors.

(g) After June 30, 2017, and only as necessary, the chancellor's office may develop and implement revised policies and guidance and bring regulations before the Board of Governors of the California Community Colleges as necessary for a community college district and its regional partners to accomplish both of the following:

(1) Implement and expand the amount of aligned middle skill and career technical education credentials, certificates, degrees, courses, programs, and pathways in accordance with paragraphs (1) to (10), inclusive, of subdivision (f).

(2) Implement the recommendations of the Strong Workforce Task Force.

(h) (1) For purposes of this section, the Chancellor's Office shall consider input provided by relevant stakeholders, including the Academic Senate of the California Community Colleges and the California Workforce Development Board, prior to implementing revised guidance, policies, or regulatory changes.

(2) For purposes of this article, the Academic Senate of California Community Colleges shall establish a career technical education subcommittee to satisfy the

consultation requirement under Education Code Sections 70901 and 70902. No less than eighty percent of the subcommittee shall consist of career technical education faculty. This subcommittee's charter shall be to ensure that career and technical education and its instruction is responsive and aligned to current and emergent industry trends, and to ensure that similar courses, programs, and degrees are portable between community colleges.

88822. For purposes of this part, the following terms have the following meanings:

(a) "Career pathways" means an identified series of positions, work experiences, or educational benchmarks or credentials that offer occupational and financial advancement within a specified career field or related fields over time.

(b) "Career technical education credential" means a workforce certificate, degree, or industry-recognized credential.

(c) "Career Technical Education Regional Consortia" means the administrative grouping of community colleges by the Division of Workforce and Economic Development of the chancellor's office for the purpose of coordination and joint planning within regions, as defined in subdivision (j).

(d) "Chancellor's office" means the Office of the Chancellor of the California Community Colleges.

(e) "Collaborative" means a collaborative group of community college districts, local educational agencies, interested campuses of the California State University and University of California, civic representatives, workforce development boards, representatives from the labor community, and economic development and industry sector leaders.

(f) "Industry" or "industry sectors" means trade associations or those firms that produce similar products or provide similar services using somewhat similar business processes.

(g) "Middle-skill credential" means a certificate, associate's degree, or industry recognized credential that is less than a bachelor's degree but more than a high school diploma and facilitates student success with workforce outcomes.

(h) "Plan" means the regional plan established under this part.

(i) "Program" means the Strong Workforce Program established under this part.

(j) "Region" means a geographic area of the state defined by economic and labor market factors containing at least one industry cluster and the cities, counties, or community college districts, or all of them, in the industry cluster's geographic area. To the extent possible, for the purposes of this part, collaborative regions should align with federal Workforce Innovation and Opportunity Act (Public Law 113-128) regional planning unit boundaries specified in the California Strategic Workforce and Development Plan and expand upon existing Career Technical Education Regional Consortia infrastructures.

(k) "Strong Workforce Task Force" means the Task Force on Workforce, Job Creation and a Strong Economy commissioned by the Board of Governors of the California Community Colleges.

88823. (a) Commencing July 1, 2017, as a condition of receipt of funds from this program for a fiscal year, the members of a regional collaborative shall have approved a plan that has been updated for that fiscal year.

(b) The plan pursuant to subdivision (a) shall include all of the following requirements:

(1) The names of the entities participating in the collaborative, including the name of the collaborative's fiscal agent.

(2) The governance model for the collaborative. Decisions governing, or relating to, the distribution of fiscal resources shall be determined exclusively by the community college districts participating in the collaborative.

(3) An analysis of regional labor market needs informed by a federal Workforce Innovation and Opportunity Act (Public Law 113-128) economic analysis and other sources as

applicable. This analysis shall also include wage data for each industry sector or labor market need identified.

(4) An inventory of regionally prioritized and locally prioritized projects and programs that close relevant labor market and employment gaps.

(5) Measurable regional goals that align with the performance accountability measures of the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(6) For regionally prioritized projects and programs, a work plan, spending plan, and budget.

(7) A description of the alignment of work plans, spending plans, and other education and workforce plans guiding services in the region, including plans pertaining to the building of career pathways and the employment of workforce sector strategies and those plans required pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(c) The members of a regional collaborative shall approve a plan by January 31 once every four years and shall annually update the plan by January 31 of each year thereafter.

(d) The chancellor's office shall review the plans on a four-year cycle and ensure that annual updates are made by each regional collaborative. The chancellor's office shall determine if each collaborative has made significant progress in meeting the goals and measures outlined in its plan, and provide technical assistance to a collaborative that has not met its goals. The chancellor's office is encouraged to provide technical assistance pursuant to this subdivision through the Institutional Effectiveness Partnership Initiative.

(e) To avoid duplication of effort, plans developed pursuant to this section shall be informed by, aligned with, and expand upon regional plans and planning efforts established pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(f) Community college districts participating in a regional collaborative shall utilize the regional plan to inform local campus planning to implement career technical education courses,

programs, and pathways and integrate available local, regional, state, and non-public resources to ensure student success with workforce outcomes.

(g) Community college districts shall meet with the members of their collaborative not less than annually to inform the delivery of career technical education and workforce development courses, programs, and pathways within the region. In order to

(h) Each region's plan shall be for the primary purpose of informing the development of strategies related to career technical education and workforce development courses, programs, and pathways. Each region's plan shall reflect strategies to efficiently and effectively utilize any available public and private resources, including funds for the Career Technical Education Pathways Program established in Part 52 (commencing with Section 88530), in a manner that better aligns career technical education courses, programs, and pathways with the needs of their regional economies.

(i) It is the intent of the Legislature to align community college career technical education programs within the Strong Workforce Program. It is requested that staff from the Chancellor's Office, the Legislative Analyst's Office, and the Department of Finance investigate the potential consolidation of community college career technical education programs within the Strong Workforce Program.

88824. (a) This section shall apply commencing with the 2016–17 fiscal year.

(b) To promote the success of community college students and the career technical education programs that serve them, up to 5 percent of the funds appropriated for the program in the annual Budget Act may be allocated by the Board of Governors of the California Community Colleges to a community college district for statewide activities to improve and administer the program, including the facilitation of system, program, and data alignment at the state and regional levels. The Chancellor's Office shall consult with the California Workforce Development Board **and other affected state agencies** on the development of all statewide activities that would be implemented by the selected district to facilitate broader workforce and

education system alignment. Coordination activities funded out of this allocation may include, but are not limited to, the following activities:

(1) State-level coordination ~~with the Employment Development Department~~ for the development of labor market analyses pertaining to economic and industry trends and jobs projections for the purpose of supporting common regional planning efforts and the alignment of career technical education program offerings with regional labor market dynamics.

(2) Research, evaluation, and ~~joint~~ technical assistance ~~with state-level partners, including the California Workforce Development Board and the State Department of Education,~~ on the use of effective local and regional policies, best practices, and model partnerships.

(3) Development and prototyping of innovative policies, practices, and coordinated services with local workforce and education partners.

(4) Participation of community college districts in existing regional coalitions and planning efforts.

(5) ~~State-agency coordination in cross-training~~ Cross-training local program staff.

(6) Development and maintenance of a state-level cross-system data reporting mechanism with partners formed pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128), ~~including the Employment Development Department,~~ for the purpose of monitoring workforce program outcomes and performance accountability.

(7) Leveraging allocated funds with state and local partners ~~not described in paragraph (6)~~ through interagency agreements, memorandums of understanding, or other appropriate mechanisms.

(c) The chancellor's office shall recommend to the Department of Finance and the Legislative Analyst's Office the allocation of funds available for each career technical education regional collaborative no later than August 30, 2016. The department shall approve the allocation plan before the release of funding. Each regional collaborative, in consultation

with local colleges, community college districts, and the chancellor's office, shall select a fiscal agent who shall directly receive funds apportioned for the collaborative in accordance with this section. The chancellor's office shall consider, for purposes of allocating funds for the collaborative, local unemployment rates, proportion of career technical education full-time equivalent students, and proportion of projected job openings. Funds may be used for regionally prioritized projects and programs and locally prioritized projects and programs that meet regional needs for career technical education and workforce development courses, programs, pathways, credentials, certificates, and degrees.

(1) Forty Percent of the funds apportioned for the program shall be provided directly to the fiscal agents of regional collaboratives for the purpose of funding regionally prioritized projects and programs that meet the needs of local and regional economies, as identified in regional plans and Workforce Innovation and Opportunity Act regional plans.

(2) Sixty percent of the funds apportioned for the program shall be provided directly to the regional collaborative's community college districts. Funds apportioned directly to a community college district shall be expended for the purpose of funding regionally prioritized projects and programs within their community college district that meet the needs of local and regional economies, as identified in regional plans and Workforce Innovation and Opportunity Act regional plans. As a condition of receiving direct funding, each community college district shall actively participate in their regional collaborative.

(3) Of the funds provided directly to a community college district pursuant to paragraph (2), no more than sixty percent of the funding shall be used for ongoing costs.

(d) As a condition of receipt of funds pursuant to subdivision (c), a community college or its district must comply with all of the following requirements:

(1) Be a member of a collaborative.

(2) Participate in regional planning efforts established pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128) and other efforts to align workforce, employment, and education services.

(3) Work with other members of the collaborative to create and submit a plan to the chancellor by January 31, 2017, for inclusion in the submissions of regional plans for purposes of the program and the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(4) Provide accessible performance and labor-market data that can be used by community college districts and their regional partners to support the implementation of the program and describe related efforts to align regional workforce and education programming with regional labor market needs, including, but not limited to, regional planning efforts established pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(5) Certify that the use of funds will meet the intent of the program to accomplish all of the following:

(A) Increase the number of students in quality career technical education courses, programs, and pathways that will achieve successful workforce outcomes.

(B) Increase the number of quality career technical education courses, programs, and pathways that lead to successful workforce outcomes, or invest in new or emerging career technical education courses, programs, and pathways that may become operative in subsequent years and are likely to lead to successful workforce outcomes.

(C) Address recommendations from the Strong Workforce Task Force, which include the provision of student services related to career exploration, job readiness and job placement, and work-based learning.

(e) Funds appropriated to community college districts for the program shall supplement, not supplant, existing funding of community college career technical education programs. This subdivision shall not be interpreted to mean that a participating community college district is

prohibited from eliminating or altering existing programs, but that the percentage of that community college district's total full-time equivalent students enrolled in career technical education courses relative to the total full-time equivalent students enrolled in the district shall ~~total offering of career technical education and workforce development by the district must~~ not be reduced from the percentage computed for the 2015-16 fiscal year.

(f) A regional collaborative shall allocate funds only to community college districts.

88825. (a) This section applies commencing with the 2017–18 fiscal year.

(b) To promote the success of community college students and the career technical education programs that serve them, up to 5 percent of the funds appropriated for the program may be allocated by the Board of Governors of the California Community Colleges to a community college district for statewide activities to improve and administer the program, including the facilitation of system, program, and data alignment at the state and regional levels and the implementation of the 25 Strong Workforce Taskforce recommendations. The chancellor's office shall consult with the California Workforce Development Board and other affected state agencies on the development of all statewide activities that would be implemented by the selected district to facilitate broader workforce and education system alignment. Statewide coordination activities funded out of this allocation may include, but are not limited to, the following activities:

(1) State-level coordination ~~with the Employment Development Department~~ for the development of labor market analyses pertaining to economic and industry trends and jobs projections for the purpose of supporting common regional planning efforts and the alignment of career technical education program offerings with regional labor market dynamics.

(2) Research, evaluation, and ~~joint~~ technical assistance ~~with state-level partners, including the California Workforce Development Board and the State Department of~~

Education, on the use of effective local and regional policies, best practices, and model partnerships.

(3) Development and prototyping of innovative policies, practices, and coordinated services with local workforce and education partners.

(4) Participation of community college districts in existing regional coalitions and planning efforts.

(5) ~~State agency coordination in cross training~~ **Cross-training** local program staff.

(6) Development and maintenance of a state-level cross-system data reporting mechanism with partners formed pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128), ~~including the Employment Development Department~~, for the purpose of monitoring workforce program outcomes and performance accountability.

(7) Leveraging allocated funds with state and local partners ~~not described in paragraph (6)~~ through interagency agreements, memorandums of understanding, or other appropriate mechanisms.

(c) **(1) Forty Percent of the Funds-funds** apportioned for the program shall ~~go be~~ **apportioned** directly to the fiscal agents of regional collaboratives for the purpose of funding regionally prioritized projects and programs ~~and locally prioritized projects and programs~~ that meet the needs of local and regional economies, as identified in regional plans and Workforce Innovation and Opportunity Act regional plans.

(2) Sixty percent of the funds apportioned for the program shall be apportioned directly to the regional collaborative's community college districts. Funds apportioned directly to a community college district shall be expended for the purpose of funding regionally prioritized projects and programs within their community college district that meet the needs of local and regional economies, as identified in regional plans and Workforce Innovation and Opportunity Act regional plans. As a condition of receiving

direct funding, each community college district shall actively participate in their regional collaborative.

(3) Of the funds apportioned directly to a community college district pursuant to paragraph (2), no more than sixty percent of the funding shall be used for ongoing costs.

(d) The allocation of funds to a regional collaborative shall be based on a schedule determined by the chancellor's office and is effective for the four years of each plan cycle. Within the four-year plan cycle, this schedule may be altered to reflect changes in the statewide allocation for the program as appropriated in the annual Budget Act.

(e) The chancellor's office shall recommend to the Department of Finance and the Legislative Analyst's Office the allocation of funds available for each regional collaborative no later than August 30 of each year. The department shall approve the allocation plan before the release of funding.

(f) (1) For each four-year plan cycle, the chancellor's office shall determine the amount of funds to be allocated to each regional collaborative based on the following factors in each region:

~~(1)~~ (A) The unemployment rate.

~~(2)~~ (B) The proportion of career technical education full-time equivalent students.

~~(3)~~ (C) The proportion of projected job openings.

~~(4)~~ (D) The proportion of successful workforce outcomes as evidenced by the performance accountability measures of the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(2) For each four-year plan cycle, the chancellor's office shall determine the amount of funds to be allocated directly to each community college district within a regional collaborative based on the following factors in each district within the region:

(A) The unemployment rate.

(B) The proportion of career technical education full-time equivalent students.

(C) The proportion of projected job openings.

(D) The proportion of successful workforce outcomes as evidenced by the performance accountability measures of the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(g) A regional collaborative shall allocate funds in accordance with its plan and only to community college districts. Decisions governing, or relating to, the distribution of **the regional collaborative's** fiscal resources shall be determined exclusively by the community college districts participating in the collaborative.

(h) As a condition of receipt of funds under this section, a participating community college or its district must comply with all of the following:

(1) Be a member of a collaborative.

(2) Participate in regional planning efforts formed pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128) and other efforts that align workforce, employment, and education services.

(3) Work with other collaborative members to create and submit a plan to the chancellor's office by January 31 of every fourth year of a four-year plan cycle.

(4) Provide accessible performance and labor market data that can be used by community college districts and their regional partners to support the implementation of the program and any related efforts to align regional workforce and education programming with regional labor market needs, including, but not limited to, regional planning efforts established pursuant to the federal Workforce Innovation and Opportunity Act (Public Law 113-128).

(5) Include interested public universities in regional planning.

(6) Certify that the use of funds will meet the intent of the program to accomplish all of the following:

(A) Increase the number of students in quality career technical education courses, programs, and pathways that will achieve successful workforce outcomes.

(B) Increase the number of quality career technical education courses, programs, and pathways that lead to successful workforce outcomes, or invest in new or emerging career technical education courses, programs, and pathways that may become operative in subsequent years and are likely to lead to successful workforce outcomes.

(C) Address recommendations from the Strong Workforce Task Force, which include the provision of student services related to career exploration, job readiness and job placement, and work-based learning.

(i) Funds appropriated to community college districts for the program shall supplement, not supplant, existing funding of community college career technical education programs. This subdivision shall not be interpreted to mean that a participating community college district is prohibited from eliminating or altering existing programs, but that the **percentage of that community college district's total full-time equivalent students enrolled in career technical education courses relative to the total full-time equivalent students enrolled in the district shall** ~~total offering of career technical education and workforce development by the district must~~ not be reduced **from the percentage computed for the 2015-16 fiscal year.**

(j) Programs, courses, or instructional materials developed using funding from the program shall be made available to all community college districts through the online clearinghouse of information created as part of the Institutional Effectiveness Partnership Initiative.

88826. (a) The chancellor's office shall implement performance accountability outcome measures for the program that provide the Governor, the Legislature, and the general public with information that quantifies employer and student outcomes for those participating in the program. These performance accountability measures should, to the extent possible, align with the performance accountability measures of the federal Workforce Innovation and Opportunity Act (Public Law 113-128). Outcome measures shall include, to the extent possible,

demographic data, to allow policymakers and the general public to evaluate progress in closing equity gaps in program access and completion, and earnings of underserved demographic groups.

(b) The chancellor's office shall post on its Internet Web site, for ease of access, all regional plans and their subsequent progress plans, and solicit feedback from collaboratives on recommendations they have for overall program improvement.

(c) (1) Commencing in 2018, the chancellor's office shall submit a report on the program to the Governor and the Legislature on or before January 1 of each year. This report shall include, but is not limited to, all of the following:

(A) Data summarizing outcome accountability performance measures collected by the chancellor's office pursuant to subdivision (a).

(B) A summary of recommendations for program improvement collected by the chancellor's office pursuant to subdivision (b).

(C) Recommendations for future allocations to regional collaboratives based upon program outcomes, including, at a minimum, the number of certificates granted to, and wage increases of, students who have completed a career technical education program.

(2) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items and Reimbursements, Support and Local Assistance, Student Aid Commission

Fund Support for Grant Delivery System Procurement Project Planning (Issue 601)—It is requested that Item 6980-001-0001 be increased by \$396,000 on a one-time basis for planning for the procurement of a new Grant Delivery System. The Project Approval Lifecycle, as implemented by the Department of Technology, is a four-stage process departments follow when planning information technology projects. The Student Aid Commission (Commission) has submitted documents necessary to finish the first stage, which requires a business analysis. It is expected that the Commission will perform activities required in the second and third stages, which include alternatives analysis and solution development, in fiscal year 2016-17.

Fund Support for Existing Grant Delivery System (Issue 602)—It is requested that Item 6980-001-0001 be increased by \$1,971,000 for upgrades to the existing Grant Delivery System. Of this amount, \$526,000 is provided on an ongoing basis and \$1,445,000 is provided on a one-time basis. A recent security audit of the Grant Delivery System identified a number of risks. The proposed resources would be used to mitigate many of the items described in the audit. The Commission is also expected to reallocate resources to address any remaining issues.

Increase Reimbursements for Partnership with College Futures Foundation (Issue 611)—It is requested that reimbursements in Item 6980-001-0001 be increased by \$500,000 on a one-time basis. This request would allow the Commission to receive funds for a potential partnership with the College Futures Foundation. The scope of the arrangement is being finalized. To the extent an agreement is not reached, no additional funds would be expended.

Decrease Reimbursements to Reflect Elimination of Child Development Grant Program (Issue 613)—It is requested that reimbursements be decreased by \$41,000 in Item 6980-001-0001 and by \$277,000 in Item 6980-101-0001 to reflect elimination of the Child Development Grant Program. The program is funded with federal funds. This request is part of the proposed changes to child care and development programs. See Issue 502 in the Department of Education May Revision Finance letter for more information.

Revise Cal Grant Program Estimates (Issue 314)—It is requested that Item 6980-101-0001 be decreased by \$101,582,000 to reflect revised cost estimates for the Cal Grant program.

Adjust Offset of General Fund for Cal Grant Program with Temporary Assistance for Needy Families (TANF) Reimbursements (Issues 307 and 308)—It is requested that Item 6980-101-0001 be decreased by \$282,965,000 to reflect an increase in the amount of TANF reimbursements budgeted to support costs of the Cal Grant program. These reimbursements directly offset General Fund costs.

Adjust Graduate Assumption Program of Loans for Education Estimates (Issue 310)—It is requested that Item 6980-101-0001 be increased by \$2,000 to reflect revised cost estimates for the Graduate Assumption Program of Loans for Education.

Adjust Assumption Program of Loans for Education Estimates (Issue 306)—It is requested that Item 6980-101-0001 be decreased by \$2,262,000 to reflect revised cost estimates for the Assumption Program of Loans for Education.

Adjust State Nursing Assumption Program of Loans for Education Estimates (Issue 309)—It is requested that Item 6980-101-0001 be decreased by \$91,000 to reflect revised cost estimates for the State Nursing Assumption Program of Loans for Education.

Fund Supplement to Cal Grant B Access Awards (Issue 317)—It is requested that Item 6980-101-3263 be increased by \$3,184,000 to reflect available resources in the College Access Tax Credit Fund. This request would allow the Commission to make a supplemental award of \$22 to each student who receives a Cal Grant B access award.

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

“6980-101-3263—For local assistance, Student Aid Commission, payable from the College Access Tax Credit Fund..... ~~\$1,918,000~~\$5,102,000

Schedule:

(1) 5755-Financial Aid Grants Program..... ~~\$1,918,000~~\$5,102,000

Provisions:

1. The funds appropriated in this item shall be used to make a supplemental award of ~~\$8~~22 to any student who receives a Cal Grant B Access Award in the 2016-17 award year.”

Information Only

The following issues are included for information only and reflect revisions to estimates made in the Governor’s Budget for expenditures in the current year:

Revise Cal Grant Program Estimates (Issue 313)—The May Revision assumes incremental savings of \$50,877,000 in Item 6980-101-0001 as a result of revised cost estimates for the Cal Grant program.

Revise Assumption Program of Loans for Education Estimates (Issue 301)—The May Revision assumes incremental savings of \$2,129,000 in Item 6980-101-0001 to reflect revised cost estimates for the Assumption Program of Loans for Education.

Revise State Nursing Assumption Program of Loans for Education Estimates

(Issue 304)—The May Revision assumes incremental expenditure of \$67,000 in Item 6980-001-0001 to reflect revised cost estimates for the State Nursing Assumption Program of Loans for Education.

Revise Funding for Law Enforcement Personnel Dependents Grant Program Estimates

(Issue 305)—The May Revision assumes incremental savings of \$3,000 in Item 6980-001-0001 to reflect revised cost estimates for the Law Enforcement Personnel Dependents Grant Program.

Revise Funding for Middle Class Scholarship Program Estimates (Issue 311)—The

May Revision assumes incremental savings of \$33,539,000 in Item 6980-101-0001 to reflect anticipated savings in the Middle Class Scholarship Program. Existing law appropriates \$82 million for the program in 2015-16. The Commission estimates costs of \$48,461,000 that 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 Christian Osmena, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Lupita Alcala, Executive Director, Student Aid Commission
Ms. Kathleen Finnigan, Fiscal Manager, Student Aid Commission