

May 11, 2017

Honorable Holly Mitchell, 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 Reimbursements, Support and Local Assistance, State Department of Education

Federal Funds Adjustments

Item 6100-001-0890, Support, Amend Provisional Language Governing Title II State Administration (Issue 620)—It is requested that Provision 11 of this item be amended to require the State Department of Education (SDE) to receive Department of Finance approval prior to expending federal Title II state administration funds, and to require the SDE to submit a plan to Finance illustrating how the funds will support the priorities identified in the Every Student Succeeds Act State Plan adopted by the State Board of Education (SBE).

Specific amendments to provisional language are proposed as follows:

"11. (a) Of the funds appropriated in this item, up to \$945,000 is available from federal Title II funds for the Compliance Monitoring, Intervention and Sanctions (CMIS) program, to support Title II related priorities identified in the State Plan adopted by the State Board of Education (Board) pursuant to the federal Elementary and Secondary Education Act as amended by the Every Student Succeeds Act of 2015 (P.L. 114-95). This program is designed to help school districts meet the highly qualified teacher requirements specified in the federal No Child Left Behind Act of 2001 (P.L. 107-110).

(b) The obligation or expenditure of these funds is contingent upon approval by the Department of Finance. The State Department of Education shall provide the Department of Finance a detailed plan illustrating how these funds will be used to support the priorities identified in the Board-adopted State Plan.

(c) By April 1 of each year, August 1, 2018, the State Department of Education shall submit a report on the CMIS program on the final year activities of the Compliance, Monitoring, Interventions, and Sanctions (CMIS) program to the appropriate budget and policy committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance. The report shall identify (a) the number of school districts that received CMIS support in the prior fiscal year and (b) the major components of the plans that those districts developed to respond to the federal highly qualified teacher requirements. For each participating district, the report shall provide longitudinal data on the number and percent of teachers who are and are were and were not highly qualified. At a minimum, the annual report shall include finalized data for the

prior fiscal year and initial data for the current fiscal year. The report shall provide data separately for high- and low-poverty schools. For comparison, the report shall provide the same longitudinal data for the statewide average of all school districts as well as the average for school districts not receiving CMIS support."

Items 6100-001-0890 and 6100-161-0890, Support and Local Assistance, Special Education (Issues 672 and 671)—It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$806,000 Individuals with Disabilities Education Act funds and that Schedule (1) of Item 6100-161-0890 be decreased by \$806,000 Individuals with Disabilities Education Act funds to support increased costs associated with special education dispute resolution services, which are required by both state and federal law. The SDE contracts with the Office of Administrative Hearings to provide these services, which include hearings, mediations, and related due process activities. The number of claims filed and the cost per case have increased over the past few years. The Governor's Budget included an ongoing increase of \$2,653,000 Individuals with Disabilities Education Act funds to support these costs.

It is further requested that Provision 5 of Item 6100-001-0890 be amended as follows to conform to this action:

"5. Of the funds appropriated in this item, ~~\$13,514,000~~ \$14,320,000, of which \$806,000 is available on a one-time basis, is for dispute resolution services, including mediation and fair hearing services, provided through contract for the special education programs. The State Department of Education shall ensure the quarterly reports that the contractor submits on the results of its dispute resolution services include the same information as required by Provision 9 of Item 6110-001-0890 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) and Section 56504.5 of the Education Code and reflect year-to-date data and final yearend data."

Items 6100-001-0890 and 6100-195-0890, Support and Local Assistance, Supporting Effective Educators, Principals, and Other School Leaders (Issues 621, 622, 623, 624, and 625)—It is requested that Item 6100-001-0890 be increased by \$11,273,000 federal Title II funds to support effective educators, principals and other school leaders. Specifically, the funding will be provided to the Commission on Teacher Credentialing through an interagency agreement to address educator recruitment and retention issues throughout the state. The Commission, in conjunction with the California Center on Teaching Careers, will develop a competitive grant program that assists local educational agencies in attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high need subjects and schools. The \$11,273,000 increase reflects a redirection of \$10,978,000 from local assistance funding in Item 6100-195-0890 and a \$295,000 increase to align with the federal grant award.

It is also requested that Schedule (1) of Item 6100-195-0890 be decreased by \$11,032,000 federal Title II funds and that the funds be redirected to state operations to support effective educators, principals, and other school leaders.

It is further requested that provisional language be added to Item 6100-001-0890 as follows to conform to this action:

28. Of the funds appropriated in Schedule (1) of this Item, \$11,273,000 shall be provided to the Commission on Teacher Credentialing through an interagency agreement for a competitive grant program that assists local educational agencies in attracting and supporting the

preparation and continued learning of teachers, principals, and other school leaders in high need subjects and schools.

Items 6100-113-0890 and 6100-113-0001, Local Assistance, Student Assessment Program (Issues 264 and 267)—It is requested that Schedule (2) of Item 6100-113-0890 be decreased by \$59,000 federal Title VI funds to reflect a \$2,844,000 decrease in the federal grant award and an increase of \$2,785,000 in one-time carryover funds. It is also requested that Schedule (2) of Item 6100-113-0001 be increased by \$59,000 Proposition 98 General Fund to reflect a corresponding adjustment due to the federal funds decrease. Federal funds for state assessments are provided for costs associated with the administration of statewide testing.

It is further requested that provisional language be added to Item 6100-113-0890 as follows to conform to this action:

10. Of the funds appropriated in Schedule (2), \$2,785,000 is provided in one-time federal carryover.

It is also requested that \$502,000 Proposition 98 General Fund in Schedule (3) of Item 6100-113-0001 be specified to support professional development for instructional leaders on California Next-Generation Science Standards.

It is further requested that provisional language be added to Item 6100-113-0001 as follows to conform to this action:

9. Of the funds appropriated in Schedule (3), \$502,000 shall be used to support the California Assessment of Student Performance and Progress (CAASPP) Science Academy for purposes of providing professional development to instructional leaders in science content areas on the California Next-Generation Science Standards and the California Science Test.

Item 6100-134-0890, Local Assistance, School Improvement Grant (Issue 256)—It is requested that provisional language be amended to allow funds that were previously used for the School Improvement Grant program to be available for activities that support the Every Student Succeeds Act State Plan.

Specific amendments to provisional language are as follows:

"2. The funds appropriated in Schedule (1) shall be available for the purposes established by Article 4.2 (commencing with Section 52059) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code, or for the purposes of supporting the statewide system of technical assistance and support for local educational agencies established in the approved Every Student Succeeds Act State Plan."

"5. The funds appropriated in Schedule (2) are for purposes of Sections 1116 and 1117 of Part A of Title I of the federal Elementary and Secondary Education Act of 1965 (20 U.S.C. Secs. 6316 and 6317) and shall be used to fund the local educational agency corrective action program established by Article 3.1 (commencing with Section 52055.57) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code, or in a manner that is consistent with the approved Every Student Succeeds Act State Plan. The funds appropriated in Schedule (2) shall be disbursed to local educational agencies pursuant to federal guidance under Section 1003(g) of the federal Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec. 6303(g)). In the event that federal Title I Set Aside funds, or federal funds provided for school improvement

activities, are insufficient to fully fund all local educational agencies that become eligible, apply for, and are selected by the State Board of Education to receive those federal funds, and notwithstanding any other provision of law, the State Department of Education and the board shall, in the following order:

(a) Identify all schools that qualify to receive, have applied for, and have been selected by the board to receive a ~~federal School Improvement Grant~~ federal school improvement funds and also are within a local educational agency that has been selected by the board to receive federal Title I Set Aside funds.

(b) Ensure that schools identified in subdivision (a) are excluded for purposes of calculating federal Title I Set Aside program funding.

(c) Determine the federal Title I Set Aside grant amount to be awarded to each qualifying local educational agency pursuant to levels specified in paragraph (3) of subdivision (d) of Section 52055.57 of the Education Code and exclude schools identified in subdivision (a) of this provision.

(d) In the event that the available federal Title I Set Aside funds are insufficient to fully fund all eligible corrective action program local educational agencies, the board shall proportionately reduce each corrective action program grant so that all approved local educational agencies may be funded with the maximum amount of federal Title I Set Aside funds possible."

Items 6100-194-0890 and 6100-194-0001, Local Assistance, Federal Child Care and Development Fund One-Time Carryover (Issues 491 and 492)—It is requested that Schedule (5) of Item 6100-194-0890 be increased by \$10,917,000 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 \$10,917,000 non-Proposition 98 General Fund 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 \$19,101,000 one-time Federal Trust Fund carryover available in fiscal year 2017-18 and this adjustment will increase the total available carryover funds to \$30,018,000.

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, ~~\$19,101,000~~ \$30,018,000 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 2017-18 federal fiscal year."

General Fund and Other Adjustments

Item 6100-001-0903 and Reimbursements, Support, Schoolbus Driver Instructor Training Program (Issue 052)—It is requested that Schedule (2) be added in the amount of \$175,000 reimbursements to support the Schoolbus Driver Instructor Training program. It is also requested that provisional language be added to reflect the availability of \$170,000 Special Deposit Fund to support program operations and to specify total program funding of \$1,389,000. This program trains and certifies instructors responsible for training drivers of school buses, school pupil activity buses, transit buses, and farm labor vehicles (See Attachment 3 for corresponding trailer bill language.)

Specific amendments are added as follows:

(2) Reimbursements to 5205068-Schoolbus Driver Instructor Training-175,000
Provisions:

1. The State Department of Education shall not expend more than \$1,389,000 for the Schoolbus Driver Instructor Training program.
2. Of the amount authorized for expenditure in Provision 1, \$170,000 shall be funded from the existing reserves held in the Special Deposit Fund Account established to receive fees charged by the State Department of Education pursuant to Section 40090 of the Education Code.
3. The reimbursement amount in Schedule (2) reflects the amount of current year fees to be collected pursuant to Section 40090 of the Education Code. Any fees collected in excess of the reimbursement amount in this item shall be deposited into the Special Deposit Fund Account currently established for this purpose.

Item 6100-006-0001 and Reimbursements, Support, State Special Schools (Issue 670)—It is requested that Schedule (5) of this item be increased by \$1 million reimbursements, Schedule (6) of this item be increased by \$1.2 million reimbursements, Schedule (7) of this be item increased by \$1.3 million reimbursements, and Schedule (8) of this item be increased by \$1.2 million reimbursements. These adjustments reflect a one-time increase in reimbursements for the three state special schools and the Diagnostic Centers to purchase technology through the Education Technology K-12 (Ed Tech) Voucher Program. The Ed Tech Voucher Program is a grant program established with funds from a settlement agreement between California consumers and the Microsoft Corporation. Through this agreement, K-12 schools were awarded grants to purchase specified information technology products and services. After the first of five grant distribution periods, a balance of \$4.7 million was available for reallocation. The SDE, with approval from the Microsoft Corporation, has proposed awarding the remaining balance to the state special schools and diagnostic centers. The state special schools and Diagnostic Center serve students with low incidence disabilities requiring high-cost adaptive equipment and technology.

It is further requested that provisional language be added to require the SDE to provide Finance a proposed list of the items to be purchased through this program as follows:

1. Of the amount provided in this item, \$4,700,000 reimbursements is provided on a one-time basis to purchase information technology products and services through the Education Technology K-12 Voucher Program. Prior to obligating or expending any of the resources available through this one-time program, the State Department of Education shall provide a list of proposed expenditures to the Department of Finance for review and approval.

Item 6100-101-3309, Local Assistance, Tobacco Prevention and Control Programs (Issue 059)—It is requested that Schedule (1) of this item be increased by \$471,000 Tobacco Prevention and Control Programs Account, California Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund (Proposition 56) to reflect revised revenue estimates. These funds are used for school programs that prevent and reduce the use of tobacco and nicotine products by young people as specified by Proposition 56.

Item 6100-102-0231, Local Assistance, Tobacco-Use Prevention Education Program (Issue 053)—It is requested that Schedule (1) of this item be decreased by \$30,000 to reflect

decreased revenue estimates for the Health Education Account, 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 6100-119-0001, Local Assistance, Foster Youth Services Coordinating (FYSC) Program (Issue 062)—It is requested that this item be increased by \$20,000 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 local educational agencies 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, ~~\$376,000~~ \$396,000 is to reflect a cost-of-living adjustment."

Items 6100-139-8080, 6100-639-0001, and 6100-698-8080, Local Assistance, Proposition 39 (Issue 726)—It is requested that Item 6100-139-8080 be decreased by \$46,720,000 Clean Energy Job Creation Fund to reflect reduced projected revenues in 2017-18 tied to the corporate tax changes enacted by Proposition 39. It is also requested that conforming adjustments be made to related non-Budget Act Items 6100-639-0001 and 6100-698-8080.

Item 6100-150-0001, Local Assistance, American Indian Early Childhood Education Program (Issue 063)—It is requested that Schedule (1) of this item be increased by \$1,000 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 designed to 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, ~~\$8,000~~ \$9,000 is to reflect a cost-of-living adjustment."

Item 6100-151-0001, Local Assistance, American Indian Education Centers (Issue 064)—It is requested that Schedule (1) of this item be increased by \$4,000 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 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, ~~\$60,000~~ \$64,000 is to reflect a cost-of-living adjustment."

Item 6100-161-0001, Local Assistance, Special Education (Issues 434, 435, 673, 674, 675, and 676)—It is requested that Schedule (1) of this item be increased by \$21,821,000 Proposition 98 General Fund. This adjustment includes: (1) an increase of \$15,663,000 to

reflect reduced offsetting property tax revenues; (2) an increase of \$1,108,000 to reflect increased estimates of growth in average daily attendance; (3) an increase of \$2,969,000 to reflect an increase in the cost-of-living adjustment, and (4) an increase of \$2,081,000 to reflect revised estimates for out-of-home care services.

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

"2. Of the funds appropriated in Schedule (1), up to ~~\$17,629,000~~ \$17,761,000 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 ~~\$138,277,000~~ \$140,428,000 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 ~~\$197,000~~ \$198,000 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), ~~\$364,963,000~~ \$365,362,000 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 2017-18 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 ~~-0.130~~ -0.100 percent for the annual adjustment in statewide average daily attendance."

"17. Of the amount specified in Schedule (1), up to ~~\$2,824,000~~ \$2,825,000 shall be available for small SELPAs to conduct regionalized services, pursuant to Section 56836.31 of the Education Code."

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

19. Of the amount provided in Schedule (1), \$56,964,000 is to reflect a cost-of-living adjustment.

It is also requested that Schedule (2) of this item be increased by \$98,000 Proposition 98 General Fund. This adjustment includes: (1) an increase of \$27,000 to reflect increased estimates of growth in average daily attendance; and (2) an increase of \$71,000 to reflect an increase in the cost-of-living adjustment.

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

20. Of the amount provided in Schedule (2), \$1,381,000 is to reflect a cost-of-living adjustment.

Item 6100-182-0001, Local Assistance, K-12 High-Speed Network (Issue 194)—It is requested that this item be decreased by \$8 million Proposition 98 General Fund to reflect savings achieved by authorizing the K-12 High-Speed Network to expend available network connectivity infrastructure grant funding for operational support.

It is also requested that provisional language be amended and added to reflect revised operational expenditure authority for the K-12 High-Speed Network. Specifically, the K-12 High-Speed Network would be authorized to expend \$11.9 million from E-rate and California Teleconnect Fund moneys, \$8 million from available network connectivity infrastructure grant funding, and \$2.5 million from available operational reserve funding. Additional language is also proposed to clarify that the specified spending authority does not apply to ongoing network connectivity infrastructure grant expenditures applicable to funding provided by Item 6110-182-0001, Budget Act of 2014 and Item 6100-182-0001, Budget Act of 2015, as well as professional development and technical assistance expenditures applicable to funding provided by Section 58 of Chapter 104, Statutes of 2014.

Specific amendments to provisional language are as follows:

"1. Expenditure authority of no greater than ~~\$18,878,000~~ \$22,400,000 is provided for the K-12 High-Speed Network.

(a) Of the amount authorized for expenditure in this provision, ~~\$10,878,000~~ \$11,900,000 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 fiscal committees in each house of the Legislature on funds received from E-rate and the California Teleconnect Fund.

(b) Of the amount authorized for expenditure in this provision, \$8,000,000 in available network connectivity infrastructure grant funding provided to the K-12 High-Speed Network pursuant to Item 6100-182-0001, Budget Act of 2015 (Chs.10 and 11, Stats. 2015) shall be available for operational support.

(c) Of the amount authorized for expenditure in this provision, \$2,500,000 shall be funded by the operational reserves maintained by the K-12 High-Speed Network.

(d) The expenditure limit pursuant to this provision does not apply to ongoing network connectivity infrastructure grant expenditures pursuant to Item 6110-182-0001, Budget Act of 2014 (Chs. 25 and 663, Stats. 2014) and of Item 6100-182-0001, Budget Act of 2015 (Chs.10 and 11, Stats. 2015), as well as professional development and technical assistance funding expenditures pursuant to Section 58 of Chapter 104 of the Statutes of 2014.

(b) (e) For the 2017–18 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."

Item 6100-194-0001, Local Assistance, Adjust CalWORKs Child Care Caseload Funding (Issue 490)—It is requested that this item be decreased by \$30,913,000 non-Proposition 98 General Fund to reflect revised cost estimates for the CalWORKs Stages 2 and 3 child care programs. Specifically, it is requested that Schedule (5) of this item be decreased by \$18,093,000 and Schedule (6) of this item be decreased by \$12,820,000.

Item 6100-194-0001, Local Assistance, Child Care Programs (Issues 498 and 499)—It is requested that this item be increased by \$33,719,000 non-Proposition 98 General Fund to

reflect the following: (1) an increase of \$21,460,000 to update the Regional Market Reimbursement Rate to the 75th percentile of the 2016 survey, and (2) an increase of \$12,259,000 to hold rates for voucher-based child care providers harmless for the update to the 75th percentile of the 2016 regional market survey. (See Attachment 3 for the corresponding trailer bill language.)

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

"6. (a) Alternative payment child care programs shall be subject to the rate ceilings established in the Regional Market Rate Survey of California child care and development providers for provider payments. When approved pursuant to Section 8447 of the Education Code, any changes to the market rate limits, adjustment factors, or regions shall be utilized by the State Department of Education, the California Community Colleges, and the State Department of Social Services in various programs under the jurisdiction of these departments.

(b) Notwithstanding any other provision of law, the funds appropriated in this item for the cost of licensed child care services provided through alternative payment or voucher programs, including those provided under Article 3 (commencing with Section 8220) and Article 15.5 (commencing with Section 8350) of Chapter 2 of Part 6 of Division 1 of Title 1 of the Education Code, shall be the greater of either:

(1) The 75th percentile of rates based on the ~~2014~~ 2016 Regional Market Rate Survey.

(2) The regional market rate ceiling for that region as it existed on December 31, ~~2016~~ 2017.

(c) The funds appropriated in this item for the cost of license-exempt child care services provided through alternative payment or voucher programs, including those provided under Article 3 (commencing with Section 8220) and Article 15.5 (commencing with Section 8350) of Chapter 2 of Part 6 of Division 1 of Title 1 of the Education Code, shall be used only to reimburse license-exempt child care costs up to 70 percent of the regional reimbursement rate limits established for family child care homes."

Item 6100-194-0001, Local Assistance, Child Care Programs (Issues 497 and 503)—It is requested that this item be increased by \$55,893,000 non-Proposition 98 General Fund to reflect the following: (1) an increase of \$23,930,000 to reflect an increase in the Standard Reimbursement Rate for direct-contracted child care providers to reflect the full 10 percent increase made at the 2016 Budget Act, and (2) an increase of \$31,963,000 to reflect an additional 6 percent increase of the Standard Reimbursement Rate for direct-contracted child care providers. (See Attachment 3 for the corresponding trailer bill language.)

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

"5. The maximum standard reimbursement rate shall not exceed ~~\$40.20~~ \$45.44 per day for general child care programs. 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."

Item 6100-194-0001, Local Assistance, Child Care Programs (Issue 501)—It is requested that this item be increased by \$13,019,000 non-Proposition 98 General Fund to reflect a 1.56 percent cost-of-living adjustment. (See Attachment 3 for the corresponding trailer bill language.)

Item 6100-196-0001, Local Assistance, Preschool Programs (Issues 496, 500, 502, and 504)—It is requested that this item be increased by \$127,854,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$43,667,000 to reflect an increase in the Standard

Reimbursement Rate for direct-contracted state preschool providers to reflect the full 10 percent increase made at the 2016 Budget Act, (2) an increase of \$7,944,000 to reflect an additional 2,959 full-day State Preschool slots for local educational agencies, (3) an increase of \$15,540,000 to reflect a 1.56 percent cost-of-living adjustment, and (4) an increase of \$60,703,000 to reflect an additional 6 percent increase of the Standard Reimbursement Rate for direct-contracted state preschool providers. (See Attachment 3 for the corresponding trailer bill language.)

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

"3. Notwithstanding any other provision of law, the maximum standard reimbursement rate shall not exceed ~~\$25.06~~ \$28.32 per day for part-day California state preschool programs. The maximum standard reimbursement rate shall not exceed ~~\$40.46~~ \$45.73 for full-day California state preschool programs."

6. Of the amount appropriated in Schedule (1), \$7,944,000 is available to provide 2,959 slots for full-day state preschool to local educational agencies beginning April 1, 2018.

Item 6100-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issues 192 and 193)—It is requested that this item be increased by \$146,000 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 increased by \$1,226,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2017-18.

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

"5. Of the funds appropriated in this item, ~~\$2,350,000~~ \$2,496,000 is to reflect a cost-of-living adjustment."

"6. The funds appropriated in this item reflect a growth adjustment of ~~\$0~~ \$1,226,000 due to ~~no change~~ an increase in the projected number of meals served."

Item 6100-295-0001, Local Assistance, Increase Mandate Reimbursement Funding (Issue 190)—It is requested that this item be increased by \$1,000 Proposition 98 General Fund to reflect the addition of the California Assessment of Student Performance and Progress (CAASPP) mandate to the mandate reimbursement program.

It is further requested that sub-schedule (ww) be added as follows to conform to this action:

(ww) California Assessment of Student Performance and Progress (CAASPP) (Ch. 489, Stats. 2013) (14-TC-01 and 14-TC-04)..... 1,000

Item 6100-296-0001, Local Assistance, Increase Mandate Block Grant Funding (Issue 195)—It is requested that Schedule (1) of this item be increased by

\$90,000 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.

Items 6100-501-3286 and 6100-601-3286, Support and Local Assistance, Proposition 47 (Issues 060 and 061)—It is requested that non-Budget Act Item 6100-501-3286 be increased by \$33,000 Safe Neighborhoods and Schools Fund and that non-Budget Act Item 6100-601-3286 be increased by \$628,000 Safe Neighborhoods and Schools Fund to reflect increased General Fund savings pursuant to Proposition 47. This funding is intended to improve outcomes for public school pupils in K-12 by reducing truancy and supporting pupils who are at risk of dropping out of school or are victims of crime.

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 the June 2017 LCFF Payment (Issues 677, 678, 679, 681, 682, 683, 685, and 697)—It is requested that this non-Budget Act item be decreased by \$7,955,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$70,022,000 to reflect reduced growth estimates; (2) an increase of \$1,218,000 to reflect increased Basic Aid pupil transfer costs and Basic Aid supplemental charter school costs; (3) an increase of \$267,739,000 to reflect increased offsetting property tax revenues; (4) a decrease of \$366,731,000 to reflect increased offsetting Education Protection Account revenues; (5) an increase of \$698,000 to reflect increased Minimum State Aid estimates; and (6) an increase of \$19,099,000 to reflect revised estimates of offsetting local revenues filling the gap to fully fund LCFF implementation.

It is further requested that this item be decreased by \$859,107,000 to eliminate the Governor's Budget proposal to shift \$859,107,000 in LCFF expenditures from June 2016 to July 2017. This shift is no longer necessary because the May Revision proposes to increase Proposition 98 spending above the minimum required in 2016-17 and provide one-time Proposition 98 settle-up funding in 2016-17.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 431)—It is requested that this non-Budget Act item be increased by \$366,002,000 Education Protection Account to reflect revised revenue estimates.

Item 6100-602-0001 and 6100-488, Support, Reappropriation (Issues 695)—It is requested that Provision 1 of Item 6100-488 be amended, as specified in Attachment 1, and non-Budget Act Item 6100-602-0001 be increased by \$62,754,000 in one-time Proposition 98 General Fund savings for the California Career Technical Education Incentive Grant Program.

Item 6100-605-0001 and 6100-485, Support, Reappropriation (Issues 696)—It is requested that Provision 1 of Item 6100-485 be amended, as specified in Attachment 2, and non-Budget Act Item 6100-605-0001 be increased by \$2,913,000 in one-time Proposition 98 General Fund savings for the California Career Technical Education Incentive Grant Program.

Item 6100-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 686, 687, 688, 689, and 694)—It is requested that this non-Budget Act item be increased by \$35,162,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$3,449,000 to reflect growth in ADA; (2) an increase of \$44,509,000 to reflect decreased offsetting property tax revenues; (3) an increase of \$928,000 to reflect reduced offsetting Education Protection

Account revenues; (4) an increase of \$6,866,000 to reflect increased Minimum State Aid estimates; and (5) a decrease of \$20,590,000 to reflect a technical adjustment to growth and Education Protection Account revenues not included in the Governor's Budget proposal.

Item 6100-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 432)—It is requested that this non-Budget Act item be increased by \$366,002,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment (Issue 680)—It is requested that this non-Budget Act item be increased by \$612,000 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 684)—It is requested that this non-Budget Act item be increased by \$642,235,000 Proposition 98 General Fund to reflect an adjustment to the amount of LCFF transition funding provided in 2017-18 (see Attachment 3 for corresponding trailer bill appropriation).

Item 6100-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 431)—It is requested that this non-Budget Act item be decreased by \$366,002,000 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 677, 678, 681, 682, 683, 697, and 698)—It is requested that this non-Budget Act item be increased by \$125,232,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$25,183,000 to reflect growth; (2) an increase of \$1,202,000 to reflect increased Basic Aid pupil transfer costs and Basic Aid supplemental charter school costs; (3) an increase of \$149,441,000 to reflect reduced offsetting property tax revenues; (4) a decrease of \$51,292,000 to reflect increased offsetting Education Protection Account revenues; and (5) an increase of \$698,000 to reflect increased Minimum State Aid estimates.

It is further requested that this item be increased by \$859,107,000 to eliminate the Governor's Budget proposal to shift \$859,107,000 in LCFF expenditures from June 2016 to July 2017.

It is also requested that this item be decreased by \$513,643,000 to reflect one-time Proposition 98 settle-up funding applied to 2016-17 LCFF payment obligations.

The deferral of expenditures from 2016-17 to 2017-18 is no longer necessary because the May Revision proposes to increase Proposition 98 spending above the minimum required in 2016-17 and use one-time Proposition 98 funding to backfill for Proposition 98 General Fund, as mentioned above.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 430)—It is requested that this non-Budget Act item be increased by \$47,153,000 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 686, 687, 688, 689, and 694)—It is requested that this non-Budget Act item be increased by \$30,774,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$897,000 to reflect growth; (2) an increase of \$39,264,000 to reflect decreased offsetting property tax revenues; (3) an increase of \$4,337,000 to reflect reduced offsetting Education Protection Account revenues; (4) an increase of \$6,866,000 to reflect increased Minimum State Aid estimates, and (5) a decrease of \$20,590,000 to reflect a technical adjustment to growth and Education Protection Account revenues not included in the Governor's Budget proposal.

Item 6100-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 432)—It is requested that this non-Budget Act item be increased by \$47,153,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment (Issue 680)—It is requested that this non-Budget Act item be increased by \$106,000 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 431)—It is requested that this non-Budget Act item be decreased by \$47,153,000 Education Protection Account to reflect revised revenue estimates.

Trailer Bill Language (See Attachment 3)

Various Child Care Amendments—The Administration proposes amendments to trailer bill legislation to: (1) clarify that all otherwise eligible children must be served before opening part-day State Preschool slots to families who exceed the income eligibility threshold who have children with exceptional needs, (2) align teacher education requirements with State Preschool and Transitional Kindergarten by replacing proposed Governor's Budget trailer bill amendments to Education Code section 8264.8 with new trailer bill language (Education Code section 8264.9), (3) specify the authorization of different lengths of school day for Kindergarten and Transitional Kindergarten classes at the same or different school sites, (4) provide the SDE with one year to implement the changes in licensing requirements for State Preschool programs operating on a local educational agency campus, and (5) make other technical and minor clarifying amendments.

Career Technical Education for the K-12 School Facilities Program—The Administration proposes trailer bill legislation to allow \$500 million in state General Obligation bond funding for the Career Technical Education Program (CTE) to align with the language approved by voters in Proposition 51 Kindergarten through Community College Public Education Facilities Bond Act of 2016. Prior to the passage of Proposition 51, the State Allocation Board, governing body of the School Facilities Program, took action to suspend funding for CTE projects and to prioritize remaining program funding for new construction and modernization projects.

Emergency Repair Program (ERP)—The Administration proposes to revise trailer bill legislation to direct any remaining balance in the ERP account to the Proposition 98 reversion account.

Schoolbus Driver Instructor Training Program Fees—The Administration proposes trailer bill legislation to clarify that the SDE may charge all bus driver instructor applicants, or applicable employers of applicants such as local educational agencies, a fee to enroll in the Schoolbus Driver Instructor Training Program. The fees collected will partially offset the SDE's costs for administering the program. Current law only specifies that instructor applicants enrolled to train drivers of transit buses may be assessed fees.

Proposition 98 Suspension of the Supplemental Appropriation (3B)—The Administration proposes trailer bill legislation to suspend the statutory appropriation added to the Proposition 98 minimum guarantee in specified Test 3 years. In a Test 3 year, the minimum guarantee is based on the prior year Proposition 98 funding level adjusted for growth in average daily attendance and per capita General Fund plus 0.5 percent. Pursuant to current law, a supplemental appropriation is added to the Test 3 funding level to ensure that Proposition 98 funding grows at least as much as the non-Proposition 98 side of the budget.

In response to a decline in revenues projections at the Governor's Budget, the Administration proposed a variety of adjustments to bring down Proposition 98 to the minimum required in 2015-16 and 2016-17. As a result of modestly improved revenues for the 2015-16 to 2017-18 fiscal years, the May Revision eliminates the various shifts and proposes funding in excess of the levels required for those fiscal years. While near-term revenues have improved since the Governor's Budget, out-year revenues are trending downward, a situation that requires a more cautious approach to Proposition 98 funding over that period. To that end, the May Revision includes the suspension of the 3B supplemental appropriation. Relative to the Governor's Budget, the suspension does not impact the funding levels of the fiscal years included in this spending plan, 2015-16 through 2017-18. However, future Test 3 funding levels will be temporarily lower as a result; the Proposition 98 formula will restore the funding when state General Fund revenue growth is strong relative to the economy.

Proposition 98 Settle-up Payment—The Governor's Budget proposed adding Education Code section 41207.43 to specify the amount of the settle-up payments to be provided. The Administration proposes amendments to trailer bill legislation to increase the settle-up amount provided by \$203,280,000, to a total of \$603,280,000 and proposes to provide \$513,643,000 of this amount to backfill the June 2017 LCFF payment. This backfill eliminates the need to shift a portion of the June LCFF payment to July 2017, as proposed in the Governor's Budget. Further, the amendments increase the amount provided to community colleges for deferred maintenance by \$42.6 million and decreases the amount for Career Technical Education Incentive Grant Program by \$65,667,000. As part of a three-year grant program, the Incentive Grant program will be provided the final payment of \$200 million in 2017-18 through various fund sources.

Middle and Early College High School Instructional Minute Averaging—The Administration proposes trailer bill legislation authorizing early and middle college high schools to average their 180-minute minimum daily minute requirement over a five-or ten-day period. This language provides early and middle college high schools with the same authority already provided to the governing boards of school districts maintaining a junior high school or a high school.

Charter School Facilities Incentive Grant—The Administration proposes trailer bill legislation to increase eligible grant awards for charter schools participating in the Charter School Facilities Incentive Grant program. The current program allows charter schools to receive a maximum of \$750 per unit of average daily attendance, or up to 75 percent of the annual facilities rent and lease costs for the charter school. These changes will increase the eligible amount to \$1,236

per unit of average daily attendance in 2017-18 (adjusted by cost-of-living annually thereafter) or 75 percent of the annual facilities rent and lease cost for the charter school, whichever is less.

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 increased from 1.48 percent to 1.56 percent.

Child Nutrition Advisory Council—The Administration proposes trailer bill legislation that would require the Superintendent of Public Instruction to make the member appointments to the Child Nutrition Advisory Council rather than the SBE as currently required.

Allowing for Revisions in Local Control and Accountability Plans—The Administration proposes trailer bill legislation to allow the SBE to adopt revisions to the Local Control and Accountability Plan (LCAP) template. This change will align with the intent of the Administration to allow for updates and clarifications to the LCAP template.

Fiscal Agent for the California Collaborative for Educational Excellence (CCEE)—The Administration proposes trailer bill legislation to streamline the fiscal agent selection process by allowing the CCEE to select its fiscal agent. The SDE and SBE currently have this authority, and both have membership on the CCEE board.

Deadline Extension for the Adoption of New Curriculum Frameworks and Instructional Materials for World Languages and Visual and Performing Arts—The Administration proposes trailer bill legislation to extend the deadline for Instructional Quality Commission activities related to standards, frameworks, and instructional materials adoptions by one additional year from the Governor's Budget proposal to avoid out-year workload conflicts.

Payments and Recoveries for Student Assessment Contractors—The Administration proposes trailer bill legislation to specify that contractors for the CAASPP are paid or can recover payments by test administration rather than by fiscal year. These changes will align with current practice and allow SDE to be more targeted in its payment to and fund recovery from CAASPP contractors.

California Assessment of Student Progress and Performance—The Administration proposes trailer bill legislation that would add the CAASPP mandate to the mandate block grant program.

Career Technical Education Appropriation—The Administration proposes trailer bill legislation to specify that \$200 million provided to career technical education no longer counts toward the 2017-18 Proposition 98 minimum guarantee. The May Revision proposal uses one-time Proposition 98 re-appropriation to fund this program in 2017-18.

School District LCFF Transition Funding Appropriation Augmentation—The Administration proposed trailer bill legislation at the Governor's Budget to appropriate \$744 million Proposition 98 General Fund in 2017-18 for the continued implementation of the LCFF. The May Revision proposes an additional \$642,235,000, providing a total of \$1,386,620,000 for 2017-18 implementation costs.

Special Education Redevelopment Agency Revenue Tax Backfill—The Administration proposes a technical amendment to trailer bill legislation to ensure the correct budget year is cited in trailer bill.

Southern California Regional Occupational Center (SoCal ROC) Transition Funding—The Administration proposes trailer bill legislation to appropriate \$4 million Proposition 98 General Fund in 2017-18 to the SoCal ROC for instructional and operational costs. This allocation, the first of four over the next four years, is intended to help SoCal ROC transition to a fully fee-supported funding model as the LCFF reaches full implementation.

Local Control and Accountability Plan Electronic Template (eTemplate) Support—The Administration proposes trailer bill legislation to appropriate \$350,000 Proposition 98 General Fund for support and development of the LCAP eTemplate system. This adjustment would allow for further improvements to the eTemplate, and these changes would result in significant efficiencies for local educational agencies in maintaining accountability plans.

Rescind Redevelopment Agency Clean-up Language—The Administration is eliminating trailer bill legislation (Health and Safety Code section 33676) proposed at the Governor's Budget that would have made various amendments to Redevelopment Agency statute. The Administration is eliminating this section because the SDE has indicated that the proposed amendments are not technical and require further consideration.

Rescind Proposed Shift of Proposition 98 General Fund Discretionary/Mandate Funding—The Administration is eliminating trailer bill legislation (Government Code section 17581.95) proposed at the Governor Budget that would have shifted 2016-17 discretionary funding of \$309.9 million Proposition 98 General Fund from 2015-16 to 2016-17 to achieve 2015-16 fiscal year savings. The shift is no longer necessary because the May Revision proposes to increase 2015-16 Proposition 98 spending above 2015-16 minimum guarantee.

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: 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: 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: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, 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. Caryn Moore, 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 1, 2, and 3:

0001—General Fund

~~610-488—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 1, 2, and 3:~~

~~0001—General Fund~~

(1) ~~\$174,000~~ \$180,000 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)..

(2) \$35,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act pursuant to Section 52055.770 of the Education Code.

(3) \$1,148,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the High School Exit Examination in Schedule (4) of Item 6110-113-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(4) ~~\$32,430,000~~ \$35,329,000 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 (Chs. 25 and 663, Stats. 2014).

(5) ~~\$876,000~~ \$7,932,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2014-15 fiscal year pursuant to Section 8483.5 of the Education Code.

(6) \$13,000 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 2014 (Chs. 25 and 663, Stats. 2014).

(7) ~~\$500,000~~ \$600,000 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 2014 (Chs. 25 and 663, Stats. 2014).

(8) \$100,000 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 (Chs. 25 and 663, Stats. 2014).

(9) ~~\$147,000~~ \$645,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act pursuant to Section 52055.770 of the Education Code.

(10) \$67,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for assessment review and reporting in Schedule (1) of Item 6100-113-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(11) \$213,000 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 6100-113-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(12) \$120,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Student Assessment System in Schedule (4) of Item 6100-113-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(13) \$10,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6100-166-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(14) \$1,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Item 6100-203-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(15) \$2,447,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the K-12 Mandated Programs Block Grant in Schedule (1) of Item 6100-296-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(16) ~~\$49,160,000~~ \$93,562,000 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 (Chs. 10 and 11, Stats. 2015).

(17) \$45,100,000 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 2016 (Chs. 23 and 318, Stats. 2016).

(18) ~~\$28,000~~ \$52,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for support of the integration of academic content standards in instruction pursuant to paragraph (1) of subdivision (i) of Section 85 of Chapter 48 of the Statutes of 2013.

(19) ~~\$5,000~~ \$11,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for support of the integration of academic content standards in instruction pursuant to paragraph (2) of subdivision (i) of Section 85 of Chapter 48 of the Statutes of 2013.

(20) \$111,000 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).

(21) \$294,000 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).

(22) \$180,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Clean Technology Partnership Academies in Schedule (2) of Item 6110-166-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(23) \$107,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the reimbursement of the 2013-14 Adults in Correctional Facilities Program in Provision 3 of Item 6110-488 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(24) \$8,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the purpose specified in subdivisions (c) and (d) of Section 17581.8 of the Government Code in Provision 7 of Item 6110-488 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(25) \$21,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated in paragraph (1) of subdivision (a) of Section 17581.8 of the Government Code.

(26) \$107,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated in paragraph (1) of subdivision (a) of Section 17581.9 of the Government Code.

(27) \$2,779,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Quality Rating Improvement System Grants in Schedule (1.1) of Item 6110-196-0001 of the Budget Act of 2014 (Chs. 25 and 663, Stats. 2014).

(28) \$59,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the development of resources for schoolwide, data-driven systems of support pursuant to Section 57 of Chapter 13 of the Statutes of 2015.

(29) \$1,269,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Schedule (1) of Item 6100-119-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(30) \$9,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the American Indian Early Childhood Education Program in Schedule (1) of Item 6100-150-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(31) \$176,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Indian Education Centers in Schedule (1) of Item 6100-151-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(32) \$374,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Special Education Program for Individuals with Exceptional Needs in Schedule (1) of Item 6100-161-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(33) \$1,300,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Adults in Correctional Facilities Program in Schedule (1) of Item 6100-158-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(34) \$907,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Special Education Program for Individuals with Exceptional Needs in Schedule (1) of Item 6100-161-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(35) \$59,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Career Pathways Trust Grant Program in Provision 7 of Item 6100-488 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

1. The sum of ~~\$63,544,000~~ \$126,298,000 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 for the Career Technical Education Incentive Grant Program pursuant to Education Code Section 53070.

2. The sum of \$5,808,000 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 Fiscal Crisis and Management Assistance Team for the California School Information Services (CSIS), pursuant to memorandum of understanding with the State Department of Education in support of the California Longitudinal Pupil Achievement Data System (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, 2017. 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 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.

3. The sum of \$64,218,000 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 for apportionment for special education programs pursuant to Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code."

Proposed Amendments to Budget Bill, Item 6100-485:

"6100-485—Reappropriation (Proposition 98), State Department of Education. The sum of ~~\$67,472,000~~ \$70,385,000 is hereby reappropriated from the Proposition 98 Reversion Account for the following purpose:

0001—General Fund

(1) The sum of ~~\$67,472,000~~ \$70,385,000 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 for the Career Technical Education Incentive Grant Program pursuant to Education Code Section 53070."

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.

Allow Eligibility for Part-Day State Preschool for Children with Exceptional Needs

Education Code Section 8235 is amended to read:

8235. (a) The Superintendent shall administer all California state preschool programs. Those programs shall include, but not be limited to, part-day age and developmentally appropriate programs designed to facilitate the transition to kindergarten for three- and four-year-old children in educational development, health services, social services, nutritional services, parent education and parent participation, evaluation, and staff development. Preschool programs for which federal reimbursement is not available shall be funded as prescribed by the Legislature in the Budget Act, and unless otherwise specified by the Legislature, shall not use federal funds made available through Title XX of the federal Social Security Act (42 U.S.C. Sec. 1397).

(b) Three- and four-year-old children are eligible for the part-day California state preschool program if the family meets at least one of the criteria specified in paragraph (1) of subdivision (a) of Section 8263.

(c) Notwithstanding any other law, a part-day California state preschool program may provide services to children in families whose income is no more than 15 percent above the income eligibility threshold, as described in Sections 8263 and 8263.1, after all eligible three- and four-year-old children have been enrolled. No more than 10 percent of children enrolled, calculated throughout the participating program's entire contract, may be filled by children in families above the income eligibility threshold.

(d) Notwithstanding any other law, **after all otherwise eligible children have been enrolled**, a part-day California state preschool program may provide services to three- and four-year old children in families whose income is above the income eligibility threshold if those children have been identified as "children with exceptional needs" pursuant to subdivision (l) of Section 8208. Children receiving services pursuant to this subdivision shall not count towards the 10-percent limit of children from families above the income eligibility threshold as specified in subsection (c).

~~(d)~~ (e) A part-day California state preschool program shall operate for a minimum of (1) three hours per day, excluding time for home-to-school transportation, and (2) a minimum of 175 days per year, unless the contract specifies a lower number of days of operation.

~~(e)~~ (f) Any agency described in subdivision (c) of Section 8208 as an "applicant or contracting agency" is eligible to contract to operate a California state preschool program.

(f) (g) Part-day preschool services shall be reimbursed on a per capita basis, as determined by the Superintendent, and contingent on funding being provided for the part-day preschool services in the annual Budget Act.

~~(g)~~ (h) Federal Head Start funds used to provide services to families receiving California state preschool services shall be deemed nonrestricted funds.

Allow Flexibility in Adult-to-Student Ratios and Teacher Education Requirements for Child Care Programs

Section 8264.9 of the Education Code is added to read:

(New for May Revision)

8264.9. (a) Commencing July 1, 2017, the adult-to-student ratio for part-day State Preschool programs shall be, at a minimum, either:

(1) In a classroom led by a permitted teacher, as defined by EC 8208(af)—1:8 adult-child ratio, 1:24 teacher-child ratio, maximum group size of 24 students.

(2) In a classroom led by a teacher authorized to provide instruction in transitional kindergarten classroom and meets the TK teaching requirements pursuant to EC 48000(g) —1:12 adult-child ratio, 1:24 teacher-child ratio, maximum group size of 24 students.

(b) (3) Part-day State Preschool programs certified at a Tier 4 or higher on their local Quality Rating and Improvement System matrix, pursuant to Section 8203.1, shall not be subject to adult-to-student ratios beyond what is required to maintain a Tier 4 or higher rating.

State Preschool Reimbursement Rate Adjustment

Sections 8265 of the Education Code is amended to read:

8265. (a) The Superintendent shall implement a plan that establishes reasonable standards and assigned reimbursement rates, which vary with the length of the program year and the hours of service.

(1) Parent fees shall be used to pay reasonable and necessary costs for providing additional services.

(2) When establishing standards and assigned reimbursement rates, the Superintendent shall confer with applicant agencies.

(3) The reimbursement system, including standards and rates, shall be submitted to the Joint Legislative Budget Committee.

(4) The Superintendent may establish any regulations he or she deems advisable concerning conditions of service and hours of enrollment for children in the programs.

(b) ~~Until December 31, 2016, the standard reimbursement rate shall be nine thousand five hundred seventy-two dollars and fifty cents (\$9,572.50) per unit of average daily enrollment for a 250-day year. Commencing January July 1, 2017, the standard reimbursement rate shall be ten thousand five hundred twenty-nine dollars and seventy-five cents (\$10,529.75) fifty dollars (\$10,050.00) eleven thousand three hundred sixty dollars (\$11,360) and, commencing with the 2017-18 2018-19 2017-18 fiscal year, shall be increased by the cost-of-living adjustment granted by the Legislature annually pursuant to Section 42238.15. Until December 31, 2016, the full-day state preschool reimbursement rate shall be nine thousand six hundred thirty-two dollars and fifty cents (\$9,632.50) per unit of average daily enrollment for a 250-day year. Commencing January July 1, 2017, the full-day state preschool reimbursement rate shall be ten thousand five hundred ninety-five dollars and seventy-five cents (\$10,595.75) one hundred fifteen dollars (\$10,115) eleven thousand four hundred thirty-two dollars and fifty cents (\$11,432.50) and, commencing with the 2017-18 2018-19 2017-18 fiscal year, shall be increased by the cost-of-living adjustment granted by the Legislature annually pursuant to Section 42238.15. It is the intent of the Legislature to further increase the standard reimbursement rate through the 2018-19 2019-20 2018-19 fiscal year to reflect increased costs to providers resulting from increases in the state minimum wage.~~

(c) The plan shall require agencies having an assigned reimbursement rate above the current year standard reimbursement rate to reduce costs on an incremental basis to achieve the standard reimbursement rate.

(d) (1) The plan shall provide for adjusting reimbursement on a case-by-case basis, in order to maintain service levels for agencies currently at a rate less than the standard reimbursement rate. Assigned reimbursement rates shall be increased only on the basis of one or more of the following:

(A) Loss of program resources from other sources.

(B) Need of an agency to pay the same child care rates as those prevailing in the local community.

(C) Increased costs directly attributable to new or different regulations.

(D) Documented increased costs necessary to maintain the prior year's level of service and ensure the continuation of threatened programs.

(2) Child care agencies funded at the lowest rates shall be given first priority for increases.

- (e) The plan shall provide for expansion of child development programs at no more than the standard reimbursement rate for that fiscal year.
- (f) The Superintendent may reduce the percentage of reduction for a public agency that satisfies any of the following:
 - (1) Serves more than 400 children.
 - (2) Has in effect a collective bargaining agreement.
 - (3) Has other extenuating circumstances that apply, as determined by the Superintendent.

Child Care Reimbursement Rate Adjustment

Section 8357 of the Education Code is amended to read:

8357. (a) The cost of child care services provided under this article shall be governed by regional market rates. Recipients of child care services provided pursuant to this article shall be allowed to choose the child care services of licensed child care providers or child care providers who are, by law, not required to be licensed, and the cost of that child care shall be reimbursed by counties or agencies that contract with the department if the cost is within the regional market rate. For purposes of this section, "regional market rate" means care costing no more than 1.5 market standard deviations above the mean cost of care for that region. It is the intent of the Legislature to reimburse child care providers at the 85th percentile of the most recent regional market rate survey. It is also the intent of the Legislature to update the regional market rate ceilings with each new regional market rate survey, based on available funding, and to further increase the regional market rate ceilings through the ~~2018-19~~ 2019-20 ~~2018-19~~ fiscal year to reflect increased costs to providers resulting from increases in the state minimum wage.

~~(b) Until December 31, 2016, the regional market rate ceilings shall be established at 104.5 percent of the greater of either of the following:~~

~~(1) The 85th percentile of the 2009 regional market rate survey for that region, reduced by 10.11 percent.~~

~~(2) The 85th percentile of the 2005 regional market rate survey for that region.~~

~~(c) Commencing January 1, 2017, and until June 30, 2018~~ **December 31, 2017**, the regional market rate ceilings shall be established at the greater of either of the following:

(1) The 75th percentile of the 2014 regional market rate survey for that region.

(2) The regional market rate ceiling for that region as it existed on December 31, 2016.

~~(d) Commencing July January 1, 2018 and until December 31, 2018, the regional market rate ceilings shall be established at the 75th percentile of the 2014 regional market rate survey for that region. greater of either of the following:~~

(1) The 75th percentile of the 2016 regional market rate survey for that region.

(2) The regional market rate ceiling that existed in that region on December 31, 2017.

(d) Commencing January 1, 2019, the regional market rate ceilings shall be established at the 75th percentile of the 2016 regional market rate survey for that region.

~~(e) Until December 31, 2016, reimbursement to license-exempt child care providers shall not exceed 65 percent of the family child care home rate established pursuant to subdivisions (a) and (b).~~

~~(d) (e)~~ Commencing January 1, 2017, reimbursement to license-exempt child care providers shall not exceed 70 percent of the family child care home rate established pursuant to subdivisions ~~(e) and (d)~~ **(b) and (c)**.

~~(f) (e) (f)~~ Reimbursement to child care providers shall not exceed the fee charged to private clients for the same service.

~~(g) (f) (g)~~ Reimbursement shall not be made for child care services when care is provided by parents, legal guardians, or members of the assistance unit.

~~(h) (g) (h)~~ A child care provider located on an Indian reservation or rancheria and exempted from state licensing requirements shall meet applicable tribal standards.

~~(i) (h) (i)~~ For purposes of this section, "reimbursement" means a direct payment to the provider of child care services, including license-exempt providers. If care is provided in the home of the

recipient, payment may be made to the parent as the employer, and the parent shall be informed of his or her concomitant legal and financial reporting requirements. To allow time for the development of the administrative systems necessary to issue direct payments to providers, for a period not to exceed six months from the effective date of this article, a county or an alternative payment agency contracting with the department may reimburse the cost of child care services through a direct payment to a recipient of aid rather than to the child care provider.

~~(j)-(i)~~ **(i)** Counties and alternative payment programs shall not be bound by the rate limits described in subdivisions (a) to (d), inclusive, when there are, in the region, no more than two child care providers of the type needed by the recipient of child care services provided under this article.

~~(k)-(i)~~ **(k)** (1) Notwithstanding any other law, reimbursements to child care providers based upon a daily rate may only be authorized under either of the following circumstances:

(A) A family has an unscheduled but documented need of six hours or more per occurrence, such as the parent's need to work on a regularly scheduled day off, that exceeds the certified need for child care.

(B) A family has a documented need of six hours or more per day that exceeds no more than 14 days per month. In no event shall reimbursements to a provider based on the daily rate over one month's time exceed the provider's equivalent full-time monthly rate or applicable monthly ceiling.

(2) This subdivision shall not limit providers from being reimbursed for services using a weekly or monthly rate, pursuant to subdivision (c) of Section 8222.

Career Technical Education for the K-12 School Facilities Program

Section 17078.73 of the Education Code is repealed:

~~On or after January 1, 2015, the board shall not approve any projects pursuant to this article.~~

Emergency Repair Program Clean-Up

Section 17592.71 of the Education Code is amended to read:

17592.71. (a) There is hereby established in the State Treasury the School Facilities Emergency Repair Account. The State Allocation Board shall administer the account.

(b) (1) Commencing with the 2005–06 fiscal year, an amount of moneys shall be transferred in the annual Budget Act from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account, equaling 50 percent of the unappropriated balance of the Proposition 98 Reversion Account or one hundred million dollars (\$100,000,000), whichever amount is greater. Moneys transferred pursuant to this subdivision shall be used for the purpose of addressing emergency facilities needs pursuant to Section 17592.72.

(2) Notwithstanding paragraph (1), for the 2008–09 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall not exceed one hundred one million dollars (\$101,000,000).

(3) Notwithstanding paragraph (1), for the 2009–10 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero dollars (\$0).

(4) Notwithstanding paragraph (1), for the 2010–11 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero dollars (\$0).

(5) Notwithstanding paragraph (1), for the 2011–12 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero dollars (\$0).

(6) Notwithstanding paragraph (1), for the 2012–13 and 2013–14 fiscal years, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero dollars (\$0).

(c) The Legislature may transfer to the School Facilities Emergency Repair Account other one-time Proposition 98 funds, except funds specified pursuant to Section 41207, as repealed and added by Section 6 of Chapter 216 of the Statutes of 2004. Donations by private entities shall be deposited in the account and, for tax purposes, be treated as otherwise provided by law.

(d) Funds shall be transferred pursuant to this section until a total of eight hundred million dollars (\$800,000,000) has been disbursed from the School Facilities Emergency Repair Account.

(e) Any unencumbered funds balance available in the School Facilities Emergency Repair Account after July 1, 2018, shall be transferred revert to the Proposition 98 General Fund reversion account.

Authorize Exception to Instructional Minute Waiver for Kindergarten and Transitional Kindergarten

Section 37202 of the Education Code Section 37202 is amended to read:

37202. (a) Except if a school has been closed by order of a city or county board of health, or of the State Board of Health, on account of contagious disease, or if the school has been closed on account of fire, flood, or other public disaster, the governing board of a school district shall maintain all of the elementary day schools established by it for an equal length of time during the school year and all of the day high schools established by it for an equal length of time during the school year.

(b) Notwithstanding subdivision (a), a school district that is implementing an early primary program, pursuant to Chapter 8 (commencing with Section 8970) of Part 6, may maintain kindergarten or transitional kindergarten classes for different lengths of time during the schoolday either at the same or a different schoolsite. ~~at different schoolsites within the school district for different lengths of time during the schoolday.~~

Schoolbus Driver Instructor Training Program Fees

Section 40090 of the Education Code is amended to read: (New for May Revision)

40090. The department may assess fees to any instructor applicant who will be training drivers of any vehicle as defined in ~~Section~~ Sections 322, 545, 546, or 642 of the Vehicle Code. The fee fees may not be more than necessary to offset the department's reasonable costs.

Suspend Proposition 98 Supplemental Appropriation (3B)

Section 41203.5 of the Education Code is amended to read: (New for May Revision)

41203.5. (a) In any fiscal year in which the amount of the moneys that are required to be applied by the state for the support of school districts and community college districts is determined under paragraph (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, a supplemental appropriation shall be made from the General Fund for the support of those entities in that sum by which the amount determined under that paragraph is exceeded by the amount computed under subdivision (b) of this section.

(b) The amount of General Fund revenues required to assure that the rate of growth in total allocations per unit of average daily attendance to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B of the California Constitution, excluding any revenues allocated pursuant to subdivision (a) of Section 8.5 of Article XVI of the California Constitution, and allocated local proceeds of taxes is not less

than the rate of growth in per capita appropriations for all other programs and services from General Fund proceeds of taxes appropriated pursuant to Article XIII B of the California Constitution, excluding any revenues allocated pursuant to subdivision (a) of Section 8.5 of Article XVI of the California Constitution.

(c) In no event shall the total amount appropriated in any fiscal year pursuant to this section and paragraph (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution exceed the amount which would have been computed pursuant to paragraph (2) of subdivision (b) of Section 8 of Article XVI of the California Constitution.

(d) Notwithstanding any other law, this section does not apply to the 2016-17 to the 2020-21 fiscal years, inclusive.

Proposition 98 Settle-up Payment

Sections 41207.43 and 41207.44 of the Education Code are added to read:

41207.43. (a) The sum of ~~four hundred million eighty-nine million six hundred thirty-seven thousand~~ dollars ~~(\$400,000,000)~~ ~~(\$89,637,000)~~ is hereby appropriated in the 2017-18 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.

(1) 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 eighty-seven million two hundred ninety-six thousand dollars (\$287,296,000) for transfer by the Controller to Section A of the State Schools Fund for allocation by the Superintendent pursuant to this section.~~

~~(B) Forty-three million seven hundred twenty thousand dollars.~~

(A) Eighty-six million three hundred twenty thousand dollars ~~(\$43,720,000)~~ ~~(\$86,320,000)~~ 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.

~~(C) Sixty-eight million nine hundred eighty-four thousand dollars.~~

~~(B) Three million three hundred seventeen thousand dollars ~~(\$68,984,000)~~ ~~(\$3,317,000)~~ for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the Career Technical Education Incentive Grant Program pursuant to Education Code Section 53070.~~

~~(2) The amount allocated to school districts, pursuant to subparagraph (A) of paragraph (1), 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 2016-17 fiscal year.~~

~~(3)(2) The amount allocated to community college districts, pursuant to subparagraph (B) (A) of paragraph (1), shall be distributed as specified in Provision 20 of Item 6870-101-0001 of the Budget Act of 2016.~~

~~(4) 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 (1) 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 (1) 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.~~

41207.44. (a) If the Superintendent and the Director of Finance jointly determine that for the 2016-17 fiscal year, the state has applied money for the support of school districts and community college districts in an amount that exceeds the minimum amount required for the 2016-17 fiscal year pursuant to Section 8 of Article XVI of the California Constitution, the excess, up to five hundred thirteen million six hundred forty-three thousand dollars (\$513,643,000) shall be deemed, as of June 30, 2017, a payment in satisfaction of 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.

Child Care Cost of Living Adjustment Suspension

Section 42238.15 of the Education Code is amended to read:

(a) Notwithstanding any other law, and in lieu of any inflation or cost-of-living adjustment otherwise authorized for the programs enumerated in subdivision (b), state funding for the programs enumerated in subdivision (b) shall be increased annually by the product of the following:

(1) The sum of 1.0 plus the percentage change determined under paragraph (2) of subdivision (d) of Section 42238.02.

(2) The sum of 1.0 plus the percentage of increase, from the prior fiscal year to the current fiscal year, in each of the workload factors described in subdivision (b).

- (b) The programs for which annual state funding increases are determined under this section, and the factors used to measure workload for each of those programs, are as follows:
- (1) Special education programs and services, with workload measured by the regular second principal apportionment average daily attendance for kindergarten and grades 1 to 12, inclusive.
 - (2) Child care and development programs, and preschool programs, with workload measured by the state population of children up to and including four years of age.
- (c) Notwithstanding any other law, child care and development programs shall not receive a cost-of-living adjustment in the 2012–13, 2013–14, ~~and~~ and 2014–15, ~~and 2017–18~~ fiscal years.

Instructional Minute Averaging

Section 46160 of the Education Code is amended to read: (New for May Revision)

46160. (a) ~~(a)~~(1) Notwithstanding any other provision of law, the governing board of a school district that maintains a junior high school or high school may schedule classes in these schools so that each pupil attends classes for at least 1,200 minutes during any five-school day period or 2,400 minutes during any 10-school day period.

(2) Notwithstanding any other provision of law, the governing board of a school district that maintains an early college high school or middle college high school may schedule classes in these schools so that each pupil who satisfies subdivisions (a) or (b) of Section 46146.5 attends classes for at least 900 minutes during any five-school day period or 1,800 minutes during any 10-school day period.

~~(b) (b)~~ Under that kind of a schedule pursuant to subdivision (a), any pupil may be authorized to attend school for less than the total number of days in which the school is in session as long as the pupil attends the required number of minutes per five-school day period or per 10-school day period to accommodate career technical education and regional occupational center and program courses and block or other alternative school class schedules.

~~(c) (c)~~ Computations authorized by this section shall not result in an increase in state apportionments to a school district.

Charter School Facilities Incentive Grant

Section 47614.5 of the Education Code is amended to read: (New for May Revision)

(a) The Charter School Facility Grant Program is hereby established, and shall be administered by the California School Finance Authority. The grant program is intended to provide assistance with facilities rent and lease costs for pupils in charter schools.

(b) Commencing with the 2017-18 fiscal year, and subject to available funding in the annual Budget Act, eligible charter schools shall receive an amount equivalent to one of the following, whichever is less:

(1) 75 percent of annual facilities rent and lease costs for the charter school.

(2) For the 2017-18 fiscal year, an amount equal to one thousand two hundred thirty six (\$1,236) per unit of average daily attendance, as certified at the second principal apportionment. Commencing with the 2018-19 fiscal year, the amount of funding provided per unit of average daily attendance in the preceding fiscal year, as adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

~~Subject to the annual Budget Act, eligible charter schools shall receive an amount of up to, but not more than, seven hundred fifty dollars (\$750) per unit of average daily attendance, as certified at the second principal apportionment, to provide an amount of up to, but not more than, 75 percent of the annual facilities rent and lease costs for the charter school.~~

(3) In any fiscal year, if the funds appropriated for purposes of this section by the annual Budget Act are insufficient to fully fund the approved amounts, the California School Finance Authority shall apportion the available funds on a pro rata basis.

(c) For purposes of this section, the California School Finance Authority shall do all of the following:

(1) Inform charter schools of the grant program.

(2) Upon application by a charter school, determine eligibility, based on the geographic location of the charter schoolsite, pupil eligibility for free or reduced-price meals, and a preference in admissions, as appropriate. Eligibility for funding shall not be limited to the grade level or levels served by the school whose attendance area is used to determine eligibility. A charter schoolsite is eligible for funding pursuant to this section if the charter schoolsite meets either of the following conditions:

(A) The charter schoolsite is physically located in the attendance area of a public elementary school in which 55 percent or more of the pupil enrollment is eligible for free or reduced-price meals and the charter schoolsite gives a preference in admissions to pupils who are currently enrolled in that public elementary school and to pupils who reside in the elementary school attendance area where the charter schoolsite is located.

(B) Fifty-five percent or more of the pupil enrollment at the charter schoolsite is eligible for free or reduced-price meals.

(3) Inform charter schools of their grant eligibility.

(4) Make apportionments to a charter school for eligible expenditures according to the following schedule:

(A) An initial apportionment by August 31 of each fiscal year or 30 days after enactment of the annual Budget Act, whichever is later, provided the charter school has submitted a timely application for funding, as determined by the California School Finance Authority. The initial apportionment shall be 50 percent of the charter school's estimated annual entitlement as determined by this section.

(B) A second apportionment by March 1 of each fiscal year. This apportionment shall be 75 percent of the charter school's estimated annual entitlement, as adjusted for any revisions in cost, enrollment, and other data relevant to computing the charter school's annual entitlement, less any funding already apportioned to the charter school.

(C) A third apportionment within 30 days of the end of each fiscal year or 30 days after receiving the data and documentation needed to compute the charter school's total annual entitlement, whichever is later. This apportionment shall be the charter school's total annual entitlement less any funding already apportioned to the charter school.

(D) Notwithstanding subparagraph (A), the initial apportionment in the 2013–14 fiscal year shall be made by October 15, 2013, or 105 days after enactment of the Budget Act of 2013, whichever is later.

(d) For purposes of this section:

(1) The California School Finance Authority shall use prior year data on pupil eligibility for free or reduced-price meals to determine eligibility pursuant to paragraph (2) of subdivision (c). A new charter school that was not operational in the prior year shall be eligible in the current year if it meets the free or reduced-price meal eligibility requirements specified in paragraph (2) of subdivision (c) based on current year data. Prior year rent or lease costs provided by charter schools shall be used to determine eligibility for the grant program until actual rent or lease costs become known or until June 30 of each fiscal year.

(2) If prior year rent or lease costs are unavailable, and the current year lease and rent costs are not immediately available, the California School Finance Authority shall use rent or lease cost estimates provided by the charter school.

(3) The California School Finance Authority shall verify that the grant amount awarded to each charter school is consistent with eligibility requirements as specified in this section and in regulations adopted by the authority. If it is determined by the California School Finance Authority that a charter school did not receive the proper grant award amount, either the charter school shall transfer funds back to the authority as necessary within 60 days of being notified by the authority, or the authority shall provide an additional apportionment as necessary to the charter school within 60 days of notifying the charter school, subject to the availability of funds.

(e) Funds appropriated for purposes of this section shall not be apportioned for any of the following:

(1) Units of average daily attendance generated through nonclassroom-based instruction as defined by paragraph (2) of subdivision (e) of Section 47612.5 or that does not comply with conditions or limitations set forth in regulations adopted by the state board pursuant to this section.

(2) Charter schools occupying existing school district or county office of education facilities, except that charter schools shall be eligible for the portions of their facilities that are not existing school district or county office of education facilities.

(3) Charter schools receiving reasonably equivalent facilities from their chartering authorities pursuant to Section 47614, except that charter schools shall be eligible for the portions of their facilities that are not reasonably equivalent facilities received from their chartering authorities.

(f) Funds appropriated for purposes of this section shall be used for costs associated with facilities rents and leases, consistent with the definitions used in the California School Accounting Manual or regulations adopted by the California School Finance Authority. These funds also may be used for costs, including, but not limited to, costs associated with remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites.

(g) If an existing charter school located in an elementary attendance area in which less than 50 percent of pupil enrollment is eligible for free or reduced-price meals relocates to an attendance area identified in paragraph (2) of subdivision (c), admissions preference shall be given to pupils who reside in the elementary school attendance area into which the charter school is relocating.

(h) The California School Finance Authority annually shall report to the department and the Director of Finance, and post information on its Internet Web site, regarding the use of funds that have been made available during the fiscal year to each charter school pursuant to the grant program.

(i) The California School Finance Authority shall annually allocate the facilities grants to eligible charter schools according to the schedule in paragraph (4) of subdivision (c) for the current school year rent and lease costs. However, the California School Finance Authority shall first use the funding appropriated for this program to reimburse eligible charter schools for unreimbursed rent or lease costs for the prior school year.

(j) It is the intent of the Legislature that the funding level for the Charter School Facility Grant Program for the 2012–13 fiscal year be considered the base level of funding for subsequent fiscal years.

(k) The Controller shall include instructions appropriate to the enforcement of this section in the audit guide required by subdivision (a) of Section 14502.1.

(l) The California School Finance Authority, effective with the 2013–14 fiscal year, shall be considered the senior creditor for purposes of satisfying audit findings pursuant to the audit instructions to be developed pursuant to subdivision (k).

(m) The California School Finance Authority may adopt regulations to implement this section. Any regulations adopted pursuant to this section may be adopted as emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Title 2 of the Government Code). The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.

(n) Notwithstanding any other law, a charter school shall be subject, with regard to this section, to audit conducted pursuant to Section 41020.

Child Nutrition Reimbursement Rate Increase

Section 49430.5 of the Education Code is amended to read:

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~~ twenty-three and ~~seventy-one~~ hundredths ~~five six~~ one thousandths cents (~~\$0.2271~~) (~~\$0.2305~~) (**\$0.2306**) per meal, and, for meals served in child care centers and homes, the reimbursement shall be ~~sixteen~~ seventeen and ~~ninety-one~~ sixteen seventeen hundredths cents (~~\$0.1691~~) (~~\$0.1716~~) (**\$0.1717**) 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 United States Department of Agriculture meal pattern.

(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.

Child Nutrition Advisory Council

Section 49533 of the Education Code Section is amended to read: (New for May Revision)

49533. (a) A Child Nutrition Advisory Council composed of 13 members, shall be appointed by January 1, 1975, to recommend plans and guidelines for school and child care meal service and nutrition education programs. The members of the council shall be appointed by the ~~State Board of Education~~ Superintendent of Public Instruction and shall include one member of the State Department of Education, one school administrator, one school board member, one school food service director, one school food service supervisor or manager, one classroom teacher, one curriculum coordinator, one nutrition education specialist, one lay person, one child care food program sponsor, one secondary high school student, one representative from a recognized parent-teacher organization, and a qualified consultant specializing in nutrition, education, child care, or health and welfare.

(b) The members shall serve for a term of three years, except the student representative, who shall serve a one year term. Council members shall serve without pay but shall be reimbursed for authorized travel costs according to established State Department of Education procedures.

State Board of Education Approval of Local Control and Accountability Plan Template and Rubrics

Section 52064 of the Education Code is amended to read:

52064. (a) On or before March 31, 2014, the state board shall adopt templates for the following purposes:

(1) For use by school districts to meet the requirements of Sections 52060 to 52063, inclusive.

(2) For use by county superintendents of schools to meet the requirements of Sections 52066 to 52069, inclusive.

(3) For use by charter schools to meet the requirements of Section 47606.5.

(b) The templates developed by the state board shall allow a school district, county superintendent of schools, or charter school to complete a single local control and accountability plan to meet the requirements of this article and the requirements of the federal No Child Left Behind Act of 2001 related to local educational agency plans pursuant to Section 1112 of Subpart 1 of Part A of Title I of Public Law 107-110. The state board shall also take steps to minimize duplication of effort at the local level to the greatest extent possible. The template shall include guidance for school districts, county superintendents of schools, and charter schools to report both of the following:

- (1) A listing and description of expenditures for the 2014–15 fiscal year, and each fiscal year thereafter, implementing the specific actions included in the local control and accountability plan.
- (2) A listing and description of expenditures for the 2014–15 fiscal year, and each fiscal year thereafter, that will serve the pupils to whom one or more of the definitions in Section 42238.01 apply and pupils redesignated as fluent English proficient.
- (c) If possible, the templates identified in paragraph (2) of subdivision (a) for use by county superintendents of schools shall allow a county superintendent of schools to develop a single local control and accountability plan that would also satisfy the requirements of Section 48926.
- (d) The state board shall adopt the template pursuant to the requirements 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). The state board may adopt emergency regulations for purposes of implementing this section. The adoption of emergency regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare.
- (e) Notwithstanding subdivision (d), the state board may adopt or revise the template in accordance with the requirements of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). When adopting the template pursuant to the requirements of the Bagley-Keene Open Meeting Act, the state board shall present the template at a regular meeting and may only take action to adopt the template at a subsequent regular meeting. ~~This subdivision shall become inoperative on January 31, 2018.~~
- (f) Revisions to a template shall be approved by the state board by January 31 before the fiscal year during which the template ~~or evaluation rubric~~ is to be used by a school district, county superintendent of schools, or charter school.
- (g) The adoption of a template ~~or evaluation rubric~~ by the state board shall not create a requirement for a governing board of a school district, a county board of education, or a governing body of a charter school to submit a local control and accountability plan to the state board, unless otherwise required by federal law. The Superintendent shall not require a local control and accountability plan to be submitted by a governing board of a school district or the governing body of a charter school to the state board. The state board may adopt a template or evaluation rubric that would authorize a school district or a charter school to submit to the state board only the sections of the local control and accountability plan required by federal law.

Fiscal Agent for the California Collaborative for Educational Excellence

Section 52074 of the Education Code is amended to read: (New for May Revision)

52074. (a) The California Collaborative for Educational Excellence is hereby established.
- (b) The purpose of the California Collaborative for Educational Excellence is to advise and assist school districts, county superintendents of schools, and charter schools in achieving the goals set forth in a local control and accountability plan adopted pursuant to this article.
- (c) The Superintendent governing board of the California Collaborative for Educational Excellence shall, with the approval of the state board Department of Finance, contract with a local educational agency, or consortium of local educational agencies, to serve as the fiscal agent for the California Collaborative for Educational Excellence. The Superintendent shall apportion funds appropriated for the California Collaborative for Educational Excellence to the fiscal agent.
- (d) The California Collaborative for Educational Excellence shall be governed by a board consisting of the following five members:
- (1) The Superintendent or his or her designee.
 - (2) The president of the state board or his or her designee.
 - (3) A county superintendent of schools appointed by the Senate Committee on Rules.

- (4) A teacher appointed by the Speaker of the Assembly.
- (5) A superintendent of a school district appointed by the Governor.
- (e) At the direction of the governing board of the California Collaborative for Educational Excellence, the fiscal agent shall contract with individuals, local educational agencies, or organizations with the expertise, experience, and a record of success to carry out the purposes of this article. The areas of expertise, experience, and record of success shall include, but are not limited to, all of the following:
 - (1) State priorities as described in subdivision (d) of Section 52060.
 - (2) Improving the quality of teaching.
 - (3) Improving the quality of school district and schoolsite leadership.
 - (4) Successfully addressing the needs of special pupil populations, including, but not limited to, English learners, pupils eligible to receive a free or reduced-price meal, pupils in foster care, and individuals with exceptional needs.
- (f) The California Collaborative for Educational Excellence may, after consulting with the Superintendent, accept a request or referral to advise and assist a school district, county superintendent of schools, or charter school in any of the following circumstances:
 - (1) If the governing board of a school district, county board of education, or governing body or a charter school requests the advice and assistance of the California Collaborative for Educational Excellence.
 - (2) If the county superintendent of schools of the county in which the school district or charter school is located determines, following the provision of technical assistance pursuant to Section 52071 or 47607.3 as applicable, that the advice and assistance of the California Collaborative for Educational Excellence is necessary to help the school district or charter school accomplish the goals described in the local control and accountability plan adopted pursuant to this article.
 - (3) If the Superintendent determines that the advice and assistance of the California Collaborative for Educational Excellence is necessary to help the school district, county superintendent of schools, or charter school accomplish the goals set forth in the local control and accountability plan adopted pursuant to this article.

Extend Deadlines for Revising the Visual and Performing Arts Content Standards

Section 60605.13 of the Education Code is amended to read:

- 60605.13. (a) The Superintendent, in consultation with the Instructional Quality Commission, shall recommend to the state board revisions to the visual and performing arts content standards in the subjects of dance, theater, music, and visual arts adopted by the state board pursuant to Section 60605.1.
- (b) In consultation with the Instructional Quality Commission and the state board, the Superintendent shall select a group of experts in visual and performing arts for purposes of assisting the Superintendent in developing recommendations pursuant to this section. A majority of this group of experts shall be current public school elementary or secondary classroom teachers who have a professional teaching credential that is valid under state law.
- (c) The National Core Arts Standards in the subjects of dance, theater, music, and visual arts developed by the National Coalition for Core Arts Standards shall serve as the basis for deliberations regarding revisions to the visual and performing arts content standards.
- (d) (1) The Superintendent, in consultation with the Instructional Quality Commission, shall hold a minimum of two public hearings in order for the public to provide input on the revisions recommended pursuant to this section and the state board shall adopt, reject, or modify those recommendations at a subsequent public meeting.
- (2) The public hearings and meetings required by this subdivision shall be held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).
- (e) On or before November 30, ~~2018~~2019, the Superintendent shall present to the state board the revised visual and performing arts content standards, based on the work of the group of

experts convened pursuant to subdivision (b), conducted in consultation with the Instructional Quality Commission.

(f) (1) On or before January 31, ~~2019-2020~~, the state board shall adopt, reject, or modify any revisions to the visual and performing arts standards recommended by the Superintendent. If the state board modifies the revisions recommended by the Superintendent, the state board shall explain, in writing, the reasons for modifying the recommended revised content standards to the Governor and the Legislature.

(2) If the state board modifies the visual and performing arts content standards recommended by the Superintendent pursuant to subdivision (e), the state board shall, in a meeting conducted pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), provide written reasons for its revisions. The state board shall not adopt revised visual and performing arts content standards at the same meeting it provides its written reasons, but, instead, shall adopt these revisions at a subsequent meeting conducted no later than March 31, 2020.

(3) If the state board rejects the visual and performing arts content standards recommended by the Superintendent pursuant to subdivision (e), the state board shall transmit to the Superintendent, the Governor, and the appropriate policy and fiscal committees of the Legislature a specific written explanation of the reasons for the rejection of the standards presented by the Superintendent.

(g) If the visual and performing arts content standards are adopted pursuant to subdivision (f), the state board shall consider the adoption of a curriculum framework and evaluation criteria for instructional materials that are aligned to the visual and performing arts content standards no later than July 31, ~~2020~~ 2021 2022, based on recommendations of the Instructional Quality Commission.

(h) If the visual and performing arts content standards are adopted pursuant to subdivision (f), the state board may adopt instructional materials for kindergarten and grades 1 to 8, inclusive, that are aligned to the visual and performing arts content standards no later than November 30, ~~2021-2022~~ 2023, based on recommendations of the Instructional Quality Commission.

Extend Deadlines for Revising the World Languages Content Standards

Section 60605.5 of the Education Code is amended to read:

60605.5 (a) (1) In consultation with the Instructional Quality Commission, the Superintendent shall recommend to the state board revisions to the World Language Content Standards for California Public Schools adopted by the state board in 2009 pursuant to Section 60605.3.

(2) These recommended revisions shall be based on the work of the group of experts convened pursuant to subdivision (b).

(3) On or before January 31, ~~2019-2020~~, the Superintendent, in consultation with the Instructional Quality Commission, shall present his or her recommended revisions to the state board.

(b) In consultation with the Instructional Quality Commission and the state board, the Superintendent shall select a group of experts in this subject area to assist the Superintendent in developing recommended revisions pursuant to this section. A majority of this group of experts shall be current public school elementary or secondary classroom teachers who have a professional teaching credential that is valid under state law.

(c) (1) Before presenting his or her recommended revisions to the state board pursuant to paragraph (3) of subdivision (a), the Superintendent, in consultation with the Instructional Quality Commission, shall hold a minimum of two public hearings in order for the public to provide input on the recommended revisions.

(2) The public hearings and meetings required by this subdivision shall be held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

- (d) (1) On or before March 31, ~~2019~~ 2020, the state board shall adopt, reject, or modify the recommended revisions.
- (2) If the state board modifies the recommended revisions, it shall do both of the following:
- (A) It shall explain, in writing, to the Governor and the Legislature the reasons for those modifications.
- (B) It shall, in a meeting conducted pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), provide written reasons for its modifications. The state board shall not adopt its modified revisions at the same meeting it provides its written reasons, but, instead, shall adopt these modified revisions at a subsequent meeting conducted on or before May 31, ~~2019~~ 2020.
- (3) If the state board rejects the recommended revisions, the state board shall transmit to the Superintendent, the Governor, and the appropriate policy and fiscal committees of the Legislature a detailed written explanation of its reasons for rejecting the recommended revisions.
- (e) If the state board adopts revisions to the World Language Content Standards for California Public Schools pursuant to paragraph (1) of subdivision (d) or subparagraph (B) of paragraph (2) of subdivision (d), the state board shall consider adopting curriculum framework and evaluation criteria for instructional materials that are aligned to the revised World Language Content Standards for California Public Schools on or before September 30, ~~2020~~ 2021 2022, based on any recommendations the Instructional Quality Commission may make.
- (f) If the state board adopts revisions to the World Language Content Standards for California Public Schools pursuant to paragraph (1) of subdivision (d) or subparagraph (B) of paragraph (2) of subdivision (d), the state board may adopt instructional materials for kindergarten and grades 1 to 8, inclusive, that are aligned to the revised World Language Content Standards for California Public Schools on or before January 31, ~~2022~~ 2023 2024, based on any recommendations the Instructional Quality Commission may make.

Scope of Testing Contractor Progress Payments/Recoveries

Section 60643 of the Education Code is amended to read: (new for May Revision)

60643. (a) Notwithstanding any other law, the contractor or contractors of the achievement tests provided for in Section 60640 shall comply with all of the conditions and requirements of the contract to the satisfaction of the Superintendent and the state board.

(b) (1) The department shall develop, and the Superintendent and the state board shall approve, a contract or contracts to be entered into with a contractor in connection with the test provided for in Section 60640. The department may develop the contract through negotiations. In approving a contract amendment to the contract authorized pursuant to this section, the department, in consultation with the state board, may make material amendments to the contract that do not increase the contract cost. Contract amendments that increase contract costs may only be made with the approval of the department, the state board, and the Department of Finance.

(2) For purposes of the contracts authorized pursuant to this subdivision, the department is exempt from the requirements of Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code and from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code. The department shall use a competitive and open process utilizing standardized scoring criteria through which to select a potential administration contractor or contractors for recommendation to the state board for consideration. The state board shall consider each of the following criteria:

(A) The ability of the contractor to produce valid and reliable scores.

(B) The ability of the contractor to report accurate results in a timely fashion.

(C) Exclusive of the consortium assessments, the ability of the contractor to ensure technical adequacy of the tests, inclusive of the alignment between the California Assessment of Student Performance and Progress tests and the state-adopted content standards.

(D) The cost of the assessment system.

(E) The ability and proposed procedures to ensure the security and integrity of the assessment system.

(F) The experience of the contractor in successfully conducting statewide testing programs in other states.

(3) The contracts shall include provisions for progress payments to the contractor for work performed or costs incurred in the performance of the contract. Not less than 10 percent of the amount budgeted for each separate and distinct component task per test administration provided for in each contract shall be withheld pending final completion of all component tasks by that contractor. The total amount withheld pending final completion shall not exceed 10 percent of the total contract price for that test administration ~~fiscal year~~.

(4) The contracts shall require liquidated damages to be paid by the contractor in the amount of up to 10 percent of the total cost of the contract for any component task that the contractor through its own fault or that of its subcontractors fails to substantially perform as by the date specified in the agreement per test administration.

(5) The contracts shall establish the process and criteria by which the successful completion of each component task shall be recommended by the department and approved by the state board.

(6) The contractors shall submit, as part of the contract negotiation process, a proposed budget and invoice schedule that includes a detailed listing of the costs for each component task and the expected date of the invoice for each completed component task.

(7) The contract or contracts subject to approval by the Superintendent and the state board under paragraph (1) and exempt under paragraph (2) shall specify the following component tasks, as applicable, that are separate and distinct:

(A) Development of new tests or test items.

(B) Test materials production or publication.

(C) Delivery or electronic distribution of test materials to local educational agencies.

(D) Test processing, scoring, and analyses.

(E) Reporting of test results to the local educational agencies, including, but not necessarily limited to, all reports specified in this section.

(F) Reporting of valid and reliable test results to the department, including, but not necessarily limited to, the following electronic files:

(i) Scores aggregated statewide, and by county, school district, school, and grade.

(ii) Disaggregated scores based on English proficiency status, gender, ethnicity, socioeconomic disadvantage, foster care status, and special education designation.

(G) All other analyses or reports required by the Superintendent to meet the requirements of state and federal law and set forth in the agreement.

(H) Technology services to support the activities listed in subparagraphs (A) to (G), inclusive.

(I) Perform regular performance checks and load simulations to ensure the integrity and robustness of the technology system used to support the activities listed in subparagraphs (A) to (G), inclusive.

Mandate Block Grant Adjustment

Section 17581.6 of the Government Code is amended to read:

17581.6 (a) Funding apportioned pursuant to this section shall constitute reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of any state mandates included in the statutes and executive orders identified in subdivision (e).

(b) Any school district, county office of education, or charter school may elect to receive block grant funding pursuant to this section.

(c) (1) A school district, county office of education, or charter school that elects to receive block grant funding pursuant to this section in a given fiscal year shall submit a letter requesting funding to the Superintendent of Public Instruction on or before August 30 of that fiscal year.

(2) The Superintendent of Public Instruction shall, in the month of November of each year, apportion block grant funding appropriated pursuant to Item 6100-296-0001 of Section 2.00 of the annual Budget Act to all school districts, county offices of education, and charter schools that submitted letters requesting funding in that fiscal year according to the provisions of that item.

(3) A school district or county office of education that receives block grant funding pursuant to this section shall not be eligible to submit claims to the Controller for reimbursement pursuant to Section 17560 for any costs of any state mandates included in the statutes and executive orders identified in subdivision (e) incurred in the same fiscal year during which the school district or county office of education received funding pursuant to this section.

(d) Block grant funding apportioned pursuant to this section is subject to annual financial and compliance audits required by Section 41020 of the Education Code.

(e) Block grant funding apportioned pursuant to this section is specifically intended to fund the costs of the following programs and activities:

(1) Academic Performance Index (01-TC-22; Chapter 3 of the Statutes of 1999, First Extraordinary Session; and Chapter 695 of the Statutes of 2000).

(2) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000 and Chapter 805 of the Statutes of 2001).

(3) AIDS Instruction and AIDS Prevention Instruction (CSM 4422, 99-TC-07, and 00-TC-01; Chapter 818 of the Statutes of 1991; and Chapter 403 of the Statutes of 1998).

(4) California Assessment of Student Performance and Progress (CAASPP) (14-TC-01 and 14-TC-04; Chapter 489 of the Statutes of 2013 and Chapter 32 of the Statutes of 2014).

(4) (5) California State Teachers' Retirement System (CalSTRS) Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(5) (6) Caregiver Affidavits (CSM 4497; Chapter 98 of the Statutes of 1994).

(6) (7) Charter Schools I, II, and III (CSM 4437, 99-TC-03, and 99-TC-14; Chapter 781 of the Statutes of 1992; Chapters 34 and 673 of the Statutes of 1998; Chapter 34 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(7) (8) Charter Schools IV (03-TC-03; Chapter 1058 of the Statutes of 2002).

(8) (9) Child Abuse and Neglect Reporting (01-TC-21; Chapters 640 and 1459 of the Statutes of 1987; Chapter 132 of the Statutes of 1991; Chapter 459 of the Statutes of 1992; Chapter 311 of the Statutes of 1998; Chapter 916 of the Statutes of 2000; and Chapters 133 and 754 of the Statutes of 2001).

(9) (10) Collective Bargaining (CSM 4425; Chapter 961 of the Statutes of 1975).

(10) (11) Comprehensive School Safety Plans (98-TC-01 and 99-TC-10; Chapter 736 of the Statutes of 1997; Chapter 996 of the Statutes of 1999; and Chapter 828 of the Statutes of 2003).

(14) (12) Consolidation of Annual Parent Notification/Schoolsite Discipline Rules/Alternative Schools (CSM 4488, CSM 4461, 99-TC-09, 00-TC-12, 97-TC-24, CSM 4453, CSM 4474, CSM 4462; Chapter 448 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 975 of the Statutes of 1980; Chapter 469 of the Statutes of 1981; Chapter 459 of the Statutes of 1985; Chapters 87 and 97 of the Statutes of 1986; Chapter 1452 of the Statutes of 1987; Chapters 65 and 1284 of the Statutes of 1988; Chapter 213 of the Statutes of 1989; Chapters 10 and 403 of the Statutes of 1990; Chapter 906 of the Statutes of 1992; Chapter 1296 of the Statutes of 1993; Chapter 929 of the Statutes of 1997; Chapters 846 and 1031 of the Statutes of 1998; Chapter 1 of the Statutes of 1999, First Extraordinary Session; Chapter 73 of the Statutes of

2000; Chapter 650 of the Statutes of 2003; Chapter 895 of the Statutes of 2004; and Chapter 677 of the Statutes of 2005).

~~(12)~~ (13) Consolidation of Law Enforcement Agency Notification and Missing Children Reports (CSM 4505; Chapter 1117 of the Statutes of 1989 and 01-TC-09; Chapter 249 of the Statutes of 1986; and Chapter 832 of the Statutes of 1999).

~~(13)~~ (14) Consolidation of Notification to Teachers: Pupils Subject to Suspension or Expulsion I and II, and Pupil Discipline Records (00-TC-10 and 00-TC-11; Chapter 345 of the Statutes of 2000).

~~(14)~~ (15) Consolidated Suspensions, Expulsions, and Expulsion Appeals (96-358-03, 03A, 98-TC-22, 01-TC-18, 98-TC-23, 97-TC-09; Chapters 972 and 974 of the Statutes of 1995; Chapters 915, 937, and 1052 of the Statutes of 1996; Chapter 637 of the Statutes of 1997; Chapter 489 of the Statutes of 1998; Chapter 332 of the Statutes of 1999; Chapter 147 of the Statutes of 2000; and Chapter 116 of the Statutes of 2001) (CSM 4455; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 318 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 622 of the Statutes of 1984; Chapter 942 of the Statutes of 1987; Chapter 1231 of the Statutes of 1990; Chapter 152 of the Statutes of 1992; Chapters 1255, 1256, and 1257 of the Statutes of 1993; and Chapter 146 of the Statutes of 1994) (CSM 4456; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 73 of the Statutes of 1980; Chapter 498 of the Statutes of 1983; Chapter 856 of the Statutes of 1985; and Chapter 134 of the Statutes of 1987) (CSM 4463; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; and Chapter 498 of the Statutes of 1983).

~~(15)~~ (16) County Office of Education Fiscal Accountability Reporting (97-TC-20; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).

~~(16)~~ (17) Criminal Background Checks (97-TC-16; Chapters 588 and 589 of the Statutes of 1997).

~~(17)~~ (18) Criminal Background Checks II (00-TC-05; Chapters 594 and 840 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

~~(18)~~ (19) Developer Fees (02-TC-42; Chapter 955 of the Statutes of 1977; Chapter 282 of the Statutes of 1979; Chapter 1354 of the Statutes of 1980; Chapter 201 of the Statutes of 1981; Chapter 923 of the Statutes of 1982; Chapter 1254 of the Statutes of 1983; Chapter 1062 of the Statutes of 1984; Chapter 1498 of the Statutes of 1985; Chapters 136 and 887 of the Statutes of 1986; and Chapter 1228 of the Statutes of 1994).

~~(19)~~ (20) Differential Pay and Reemployment (99-TC-02; Chapter 30 of the Statutes of 1998).

(20) Expulsion of Pupil: Transcript Cost for Appeals (SMAS; Chapter 1253 of the Statutes of 1975).

~~(21)~~ (22) Financial and Compliance Audits (CSM 4498 and CSM 4498-A; Chapter 36 of the Statutes of 1977).

~~(22)~~ (23) Graduation Requirements (CSM 4181; Chapter 498 of the Statutes of 1983).

~~(23)~~ (24) Habitual Truants (CSM 4487 and CSM 4487-A; Chapter 1184 of the Statutes of 1975).

~~(24)~~ (25) High School Exit Examination (00-TC-06; Chapter 1 of the Statutes of 1999, First Extraordinary Session; and Chapter 135 of the Statutes of 1999).

~~(25)~~ (26) Immunization Records (SB 90-120; Chapter 1176 of the Statutes of 1977).

~~(26)~~ (27) Immunization Records—Mumps, Rubella, and Hepatitis B (98-TC-05; 14-MR-04; Chapter 325 of the Statutes of 1978; Chapter 435 of the Statutes of 1979; Chapter 472 of the Statutes of 1982; Chapter 984 of the Statutes of 1991; Chapter 1300 of the Statutes of 1992; Chapter 1172 of the Statutes of 1994; Chapters 291 and 415 of the Statutes of 1995; Chapter 1023 of the Statutes of 1996; and Chapters 855 and 882 of the Statutes of 1997; and Chapter 434 of the Statutes of 2010).

~~(27)~~ (28) Immunization Records—Pertussis (11-TC-02; Chapter 434 of the Statutes of 2010).

- ~~(28)~~ ~~(29)~~ Interdistrict Attendance Permits (CSM 4442; Chapters 172 and 742 of the Statutes of 1986; Chapter 853 of the Statutes of 1989; Chapter 10 of the Statutes of 1990; and Chapter 120 of the Statutes of 1992).
- ~~(29)~~ ~~(30)~~ Intradistrict Attendance (CSM 4454; Chapters 161 and 915 of the Statutes of 1993).
- ~~(30)~~ ~~(31)~~ Juvenile Court Notices II (CSM 4475; Chapters 1011 and 1423 of the Statutes of 1984; Chapter 1019 of the Statutes of 1994; and Chapter 71 of the Statutes of 1995).
- ~~(31)~~ ~~(32)~~ Notification of Truancy (CSM 4133; Chapter 498 of the Statutes of 1983; Chapter 1023 of the Statutes of 1994; and Chapter 19 of the Statutes of 1995).
- ~~(32)~~ ~~(33)~~ Parental Involvement Programs (03-TC-16; Chapter 1400 of the Statutes of 1990; Chapters 864 and 1031 of the Statutes of 1998; and Chapter 1037 of the Statutes of 2002).
- ~~(33)~~ ~~(34)~~ Physical Performance Tests (96-365-01; Chapter 975 of the Statutes of 1995).
- ~~(34)~~ ~~(35)~~ Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).
- ~~(35)~~ ~~(36)~~ Public Contracts (02-TC-35; Chapter 1073 of the Statutes of 1985; Chapter 1408 of the Statutes of 1988; Chapter 330 of the Statutes of 1989; Chapter 1414 of the Statutes of 1990; Chapter 321 of the Statutes of 1990; Chapter 799 of the Statutes of 1992; and Chapter 726 of the Statutes of 1994).
- ~~(36)~~ ~~(37)~~ Pupil Health Screenings (CSM 4440; Chapter 1208 of the Statutes of 1976; Chapter 373 of the Statutes of 1991; and Chapter 750 of the Statutes of 1992).
- ~~(37)~~ ~~(38)~~ Pupil Promotion and Retention (98-TC-19; Chapter 100 of the Statutes of 1981; Chapter 1388 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 1263 of the Statutes of 1990; and Chapters 742 and 743 of the Statutes of 1998).
- ~~(38)~~ ~~(39)~~ Pupil Safety Notices (02-TC-13; Chapter 498 of the Statutes of 1983; Chapter 482 of the Statutes of 1984; Chapter 948 of the Statutes of 1984; Chapter 196 of the Statutes of 1986; Chapter 332 of the Statutes of 1986; Chapter 445 of the Statutes of 1992; Chapter 1317 of the Statutes of 1992; Chapter 589 of the Statutes of 1993; Chapter 1172 of the Statutes of 1994; Chapter 1023 of the Statutes of 1996; and Chapter 492 of the Statutes of 2000).
- ~~(39)~~ ~~(40)~~ Race to the Top (10-TC06; Chapters 2 and 3 of the Statutes of 2009).
- ~~(40)~~ ~~(41)~~ School Accountability Report Cards (97-TC-21, 00-TC-09, 00-TC-13, and 02-TC-32; Chapter 918 of the Statutes of 1997; Chapter 912 of the Statutes of 1997; Chapter 824 of the Statutes of 1994; Chapter 1031 of the Statutes of 1993; Chapter 759 of the Statutes of 1992; and Chapter 1463 of the Statutes of 1989).
- ~~(41)~~ ~~(42)~~ School District Fiscal Accountability Reporting (97-TC-19; Chapter 100 of the Statutes of 1981; Chapter 185 of the Statutes of 1985; Chapter 1150 of the Statutes of 1986; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 525 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).
- ~~(42)~~ ~~(43)~~ School District Reorganization (98-TC-24; Chapter 1192 of the Statutes of 1980; and Chapter 1186 of the Statutes of 1994).
- ~~(43)~~ ~~(44)~~ Student Records (02-TC-34; Chapter 593 of the Statutes of 1989; Chapter 561 of the Statutes of 1993; Chapter 311 of the Statutes of 1998; and Chapter 67 of the Statutes of 2000).
- ~~(44)~~ ~~(45)~~ The Stull Act (98-TC-25; Chapter 498 of the Statutes of 1983; and Chapter 4 of the Statutes of 1999).
- ~~(45)~~ ~~(46)~~ Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).
- ~~(46)~~ ~~(47)~~ Training for School Employee Mandated Reporters (14-TC-02; Chapter 797 of the Statutes of 2014).
- ~~(46)~~ ~~(47)~~ ~~(48)~~ Uniform Complaint Procedures (03-TC-02; Chapter 1117 of the Statutes of 1982; Chapter 1514 of the Statutes 1988; and Chapter 914 of the Statutes of 1998).
- ~~(47)~~ ~~(48)~~ ~~(49)~~ Williams Case Implementation I, II, and III (05-TC-04, 07-TC-06, and 08-TC-01; Chapters 900, 902, and 903 of the Statutes of 2004; Chapter 118 of the Statutes of 2005; Chapter 704 of the Statutes of 2006; and Chapter 526 of the Statutes of 2007).
- (f) Notwithstanding Section 10231.5, on or before November 1 of each fiscal year, the Superintendent of Public Instruction shall produce a report that indicates the total amount of

block grant funding each school district, county office of education, and charter school received in that fiscal year pursuant to this section. The Superintendent of Public Instruction shall provide this report to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office.

Preschool Exemption from Title 22

Section 1596.792 of the Health and Safety Code is amended to read:

1596.792. This chapter, Chapter 3.5 (commencing with Section 1596.90), and Chapter 3.6 (commencing with Section 1597.30) do not apply to any of the following:

- (a) Any health facility, as defined by Section 1250.
- (b) Any clinic, as defined by Section 1202.
- (c) Any community care facility, as defined by Section 1502.
- (d) Any family day care home providing care for the children of only one family in addition to the operator's own children.
- (e) Any cooperative arrangement between parents for the care of their children when no payment is involved and the arrangement meets all of the following conditions:
 - (1) In a cooperative arrangement, parents shall combine their efforts so that each parent, or set of parents, rotates as the responsible caregiver with respect to all the children in the cooperative.
 - (2) Any person caring for children shall be a parent, legal guardian, stepparent, grandparent, aunt, uncle, or adult sibling of at least one of the children in the cooperative.
 - (3) There can be no payment of money or receipt of in-kind income in exchange for the provision of care. This does not prohibit in-kind contributions of snacks, games, toys, blankets for napping, pillows, and other materials parents deem appropriate for their children. It is not the intent of this paragraph to prohibit payment for outside activities, the amount of which may not exceed the actual cost of the activity.
 - (4) No more than 12 children are receiving care in the same place at the same time.
- (f) Any arrangement for the receiving and care of children by a relative.
- (g) Any public recreation program. "Public recreation program" means a program operated by the state, city, county, special district, school district, community college district, chartered city, or chartered city and county that meets either of the following criteria:
 - (1) The program is operated only during hours other than normal school hours for kindergarten and grades 1 to 12, inclusive, in the public school district where the program is located, or operated only during periods when students in kindergarten and grades 1 to 12, inclusive, are normally not in session in the public school district where the program is located, for either of the following periods:
 - (A) For under 20 hours per week.
 - (B) For a total of 14 weeks or less during a 12-month period. This total applies to any 14 weeks within any 12-month period, without regard to whether the weeks are consecutive.In determining "normal school hours" or periods when students are "normally not in session," the State Department of Social Services shall, when appropriate, consider the normal school hours or periods when students are normally not in session for students attending a year-round school.
 - (2) The program is provided to children who are over the age of four years and nine months and not yet enrolled in school and the program is operated during either of the following periods:
 - (A) For under 16 hours per week.
 - (B) For a total of 12 weeks or less during a 12-month period. This total applies to any 12 weeks within any 12-month period, without regard to whether the weeks are consecutive.
 - (3) The program is provided to children under the age of four years and nine months with sessions that run 12 hours per week or less and are 12 weeks or less in duration. A program subject to this paragraph may permit children to be enrolled in consecutive sessions throughout

the year. However, the program shall not permit children to be enrolled in a combination of sessions that total more than 12 hours per week for each child.

(h) Extended day care programs operated by public or private schools.

(i) Any school parenting program or adult education child care program that satisfies both of the following: (1) Is operated by a public school district or operated by an individual or organization pursuant to a contract with a public school district.

(2) Is not operated by an organization specified in Section 1596.793.

(j) Any child day care program that operates only one day per week for no more than four hours on that one day.

(k) Any child day care program that offers temporary child care services to parents and that satisfies both of the following:

(1) The services are only provided to parents and guardians who are on the same premises as the site of the child day care program.

(2) The child day care program is not operated on the site of a ski facility, shopping mall, department store, or any other similar site identified by the department by regulation.

(l) Any program that provides activities for children of an instructional nature in a classroom-like setting and satisfies both of the following:

(1) Is operated only during periods of the year when students in kindergarten and grades 1 to 12, inclusive, are normally not in session in the public school district where the program is located due to regularly scheduled vacations.

(2) Offers any number of sessions during the period specified in paragraph (1) that when added together do not exceed a total of 30 days when only schoolage children are enrolled in the program or 15 days when children younger than schoolage are enrolled in the program.

(m) A program facility administered by the Department of Corrections and Rehabilitation that (1) houses both women and their children, and (2) is specifically designated for the purpose of providing substance abuse treatment and maintaining and strengthening the family unit pursuant to Chapter 4 (commencing with Section 3410) of Title 2 of Part 3 of the Penal Code, or Chapter 4.8 (commencing with Section 1174) of Title 7 of Part 2 of that code.

(n) Any crisis nursery, as defined in paragraph (17) of subdivision (a) of Section 1502.

(o) Commencing July 1, 2018, a A State Preschool program, as defined by Section 8235 of the Education Code, operating in a school building, as defined by Section 17283 of the Education Code, under contract through a local education agency, that meets all of the following conditions:

(1) The program is operated in a local educational agency facility that meets the requirements of the Field Act as specified in Article 3 (commencing with Education Code Section 17280) of Chapter 3 of Part 10.5 of Division 1 of Title 1 of the Education Code, and Article 6 (commencing with Section 17365 of the Education Code) of Chapter 3 of Part 10.5 of Division 1 of Title 1 of the Education Code and Article 7 (commencing with Section 81130) of Chapter 1 of Part 49 of Division 7 of Title 3 of the Education Code.

(2) The local educational agency facility is constructed consistent with California Building Standards Code pursuant to Title 24 of the California Code of Regulations.

(3) The local educational agency facility meets the requirements of kindergarten classrooms in accordance with School Facilities Construction pursuant to Chapter 13 of Division 1 of Title 5 of the California Code of Regulations.

(4) The program meets all other requirements of State Preschool programs pursuant to Chapter 19 of Division 1 of Title 5 of the California Code of Regulations.

A State Preschool program exempt under this subdivision shall be considered licensed under Division 12 of Title 22 of the California Code of Regulations for purposes of establishing a rating on a local Quality Rating and Improvement System matrix, pursuant to Section 8203.1.

(5) A California state preschool program exempt under this subdivision shall be considered licensed under Division 12 (commencing with Section 101151) of Title 22 of the California Code of Regulations for purposes of establishing a rating on an early learning and quality rating and improvement system matrix pursuant to Section 8203.1 of the Education Code.

(6) The California Department of Education shall conduct all necessary preparations, including but not limited to regulatory changes and issuance of management bulletins, prior to July 1, 2018. To meet this goal, the process for adopting emergency regulations set forth in Section 11346.1 of the Government Code may be followed.

Career Technical Education Appropriation

Section 52, Chapter 13, Statutes of 2015 is amended to read: (New for May Revision)

(a) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, one hundred fifty million dollars (\$150,000,000) of the appropriation made by paragraph (1) 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 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.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, two hundred fifty million dollars (\$250,000,000) of the appropriation made by paragraph (1) 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.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, three hundred million dollars (\$300,000,000) 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 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.

~~(d) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, two hundred million dollars (\$200,000,000) of the appropriation made by paragraph (3) 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 2017–18 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 2017–18 fiscal year.~~

LCFF Transition Funding

Add uncodified language as follows:

(a) The sum of ~~seven hundred forty-four million four hundred and five thousand dollars (\$744,405,000)~~ one billion three hundred eighty-six million six hundred twenty thousand dollars (\$1,386,620,000) 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 2017-18 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 2017-18 fiscal year.

Special Education Redevelopment Agency Revenue Backfill

Add uncodified language as follows:

- (a) On or before June 30, 2018, 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 6100-161-0001 of Section 2.00 of the Budget Act of ~~2016~~2017.
- (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 2017, as determined by the Director of Finance.
- (c) On or before June 30, 2018, 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 2017 and shall reduce Schedule (1) of Item 6100-161-0001 of Section 2.00 of the Budget Act of 2017 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 2017.
- (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 2017-18 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 2017-18 fiscal year.

SoCal ROC Transition Funding

Add uncodified language as follows:

(New for May Revision)

- (a) The sum of four million dollars is hereby appropriated in the 2017-18 fiscal year from the General Fund to the Southern California Regional Occupational Center for instructional and operational costs. This allocation is intended to assist the Southern California Regional Occupational Center transition to a fully fee-supported funding model as the Local Control Funding Formula reaches full implementation.
- (b) It is the intent of the Legislature to allocate additional resources to the Southern California Regional Occupational Center in accordance with the following schedule:
- (1) For the 2018-19 fiscal year, three million dollars (\$3,000,000).
 - (2) For the 2019-20 fiscal year, two million dollars (\$2,000,000).

- (3) For the 2020-21 fiscal year, one million dollars (\$1,000,000).
- (c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the amount appropriated in 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 2017-18 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," defined in subdivision (e) of Section 41202 of the Education Code, for the 2017-18 fiscal year.

Local Control and Accountability Plan Electronic Template

Add uncodified language as follows:

(New for May Revision)

- (a) The sum of three hundred and fifty thousand dollars (\$350,000) in one-time Proposition 98 General Fund in 2017-18 is hereby appropriated to the Superintendent of Public Instruction for support and development of the Local Control and Accountability Plan Electronic Template system.
- (b) For the purposes outlined in subdivisions (a), the State Department of Education, in collaboration with and subject to the approval of the executive director of the State Board of Education, shall enter into a contract with the San Joaquin County Office of Education to host, maintain, and support the development of the Local Control and Accountability Plan Electronic Template system.
- When performing these activities, the San Joaquin County Office of Education may enter into appropriate contracts for the provision of support and services as necessary, and shall ensure alignment of the electronic template with California's accountability system, including but not limited to, the School Accountability Report Card and the California School Dashboard, accommodate state and local data availability, and reflect consistency with implementation of the local control funding formula.
- (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 school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2017-18 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 2017-18 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 11, 2017

Honorable Holly Mitchell, 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

Asset Management System Replacement—It is requested that Item 6120-011-0001 be increased by \$404,000 for replacement of the asset management system used by the California State Library. Of this amount, \$189,000 is ongoing to support costs of subscriptions and \$215,000 is one-time to support costs of implementation of the new system. A new system would allow the Library to improve organization of its collections, allow for better linkages with other libraries, and create efficiencies for other state agencies that choose to maintain their materials using the system.

Assistant Bureau Chief, State Library Services Bureau—It is requested that Item 6120-011-0001 be increased by \$137,000 ongoing for an Assistant Bureau Chief in the State Library Services Bureau. No position authority is requested. The State Library Services Bureau is the state's central reference and research library. An Assistant Bureau Chief would be responsible for general management of functions related to the library's collections and for coordination of the State Library's initiative to digitize state records. These responsibilities are currently being performed by the Bureau Chief.

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: 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: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, 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. Elizabeth Vierra, Bureau Chief, Administrative Services Bureau, California State Library
Ms. Sharleen Finn, Manager, Fiscal Services, California State Library

May 11, 2017

Honorable Holly Mitchell, 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 6360-001-0407 and Reimbursements, and Addition of Item 6360-490, Support, Commission on Teacher Credentialing

Effective Educators, Principals, and Other School Leaders (Issue 007)—It is requested that Item 6360-001-0407 be amended by increasing reimbursements by \$11,327,000 to assist local educational agencies with recruitment and retention of effective educators and school leaders. Specifically, the Commission on Teacher Credentialing, in conjunction with the California Center on Teaching Careers, will develop a competitive grant program that assists local educational agencies with attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high need subjects and schools. The grant program will be funded with federal Title II funds received through an interagency agreement with the State Department of Education.

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

8. Of the funds appropriated in Schedule (5), \$11,327,000 is for the Commission, in conjunction with the California Center on Teaching Careers, to develop a competitive grant program that assists local educational agencies with attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high need subjects and schools. The availability of these funds is contingent upon legislation being enacted in the 2016-17 legislative session.

Reappropriation for Attorney General Services (Issue 005)—It is requested that Item 6360-490 be added to reflect the reappropriation of one-time Teacher Credentials Fund carryover for the cost of representation by the Office of the Attorney General in educator discipline cases, as follows:

6360-490—Reappropriation, Commission on Teacher Credentialing. The amount specified in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance or expenditure until June 30, 2018:

0407—Teacher Credentials Fund

(1) \$4,500,000 in Item 6360-001-0407, Budget Act of 2016, (Chs. 23 and 370, Stats. 2016), for the cost of representation by the Office of the Attorney General in educator discipline cases.

Amend Provisional Language to Reflect Reporting Requirements for the Office of the Attorney General (Issue 006)—It is requested that Provision 7 of Item 6360-001-0407 be

amended to reflect available data maintained by the Office of the Attorney General that will facilitate reporting the status of teacher discipline caseload that has been referred by the Commission for representation in administrative hearings. Amendments also include specified reporting requirements for applicable costs incurred by the Office of the Attorney General for associated Commission workload.

Specific amendments to Provision 7 are proposed in the following language:

~~"7. (a) The Office of the Attorney General and the Commission on Teacher Credentialing (Commission) shall jointly submit a quarterly report data file to be transmitted, under a letter of joint signature between the Executive Director of the Commission and the Attorney General, to the chairpersons and vice chairpersons of the budget committees of each house of the Legislature, the Legislative Analyst's Office, and the Department of Finance on concerning the status of the teacher misconduct discipline caseload. caseload and other cases being handled by the Office of the Attorney General for the Commission on Teacher Credentialing (Commission). The data file quarterly report shall be submitted by August 1, 30, November 1, 30, February 1, 28, and May 1 31, of each year. year All data files shall include historical data, back to the oldest active case, as well as data from the most recent six months. for the previous corresponding fiscal quarter.~~

~~(b) The data file Each report shall include include, at a minimum, information on the status of all teacher misconduct cases that have been submitted to the Office of the Attorney General by the Commission on Teacher Credentialing, disaggregated by all of the following for teacher discipline matters:~~

~~(1) case identification number, the number of matters at the Office of the Attorney General at the beginning of the reporting period,~~

~~(2) designation of the credential holder or applicant, the number of matters for which further investigation was requested by the Office of the Attorney General,~~

~~(3) type of offense, the number of matters for which further investigation was received by the Office of the Attorney General,~~

~~(4) the date of submission to the number of matters adjudicated by the Office of the Attorney General from the Commission on Teacher Credentialing,~~

~~(5) adjudicate event type and date, the number of matters at the Office of the Attorney General at the end of the reporting period, and~~

~~(6) decision event type and date, the minimum, maximum, and median number of days from the date the Commission files an accusation or statement of issues with the Office of the Attorney General to the commencement of a hearing at the Office of Administrative Hearings.~~

~~(7) total hours worked by the Office of the Attorney General on each case,~~

~~(8) total fees charged by the Office of the Attorney General to the Commission on Teacher Credentialing for each case,~~

~~(9) total other costs for each case,~~

~~(10) date of cases returned to the Commission on Teacher Credentialing,~~

~~(11) the adverse action recommended by the Committee on Credentials, and~~

~~(12) identification of cases returned unadjudicated to the Commission on Teacher Credentialing and the reason for the lack of adjudication.~~

~~(c) The Office of the Attorney General and the Commission on Teacher Credentialing shall work together to ensure that data do not conflict, and to the extent there are any discrepancies in the data submitted, explanations are provided to explain why data conflict. To determine the cost of the Office of the Attorney General to represent the Commission, the Office of the Attorney General shall also report the following for each reporting period specified in paragraph (a):~~

- (1) the average and median number of hours worked by the staff of the Office of the Attorney General to adjudicate accusation and statement of issues matters,
 - (2) the average and median fees charged by the Office of the Attorney General to the Commission to adjudicate accusation and statement of issues matters,
 - (3) the average and median litigation costs to adjudicate accusation and statement of issues matters,
 - (4) the total hours worked by staff of the Office of the Attorney General for representation of the Commission in teacher discipline matters,
 - (5) the total fees charged by the Office of the Attorney General to the Commission for representation in teacher discipline matters,
 - (6) the total hours worked by staff of the Office of the Attorney General for representation of the Commission unrelated to teacher discipline matters, and
 - (7) the total fees charged by the Office of the Attorney General to the Commission for representation unrelated to teacher discipline matters.
- (d) This information shall be provided with the intent that recipients shall be able to determine the workload caseload input and output of at the Office of the Attorney General and the Commission on Teacher Credentialing in relation to representation of the Commission in teacher misconduct discipline cases, especially as it relates to determining the average case processing time for accusation and statement of issues representation and adjudication, and proper funding level for these cases: handling the teacher discipline caseload and other legal work for the Commission. Staff from the Office of the Attorney General and the Commission on Teacher Credentialing shall provide timely follow-up information to staff from the offices identified in paragraph (a) upon request if further explanation or information is required.”

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

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

MICHAEL 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
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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. Michele Perrault, Director of Administrative Services, Commission on Teacher Credentialing
Ms. Linda Schneider, Senior Assistant Attorney General, Office of the Attorney General
Ms. Vanessa C. Whitnell, General Counsel, Commission on Teacher Credentialing

May 11, 2017

Honorable Holly Mitchell, 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 Items 6440-001-0001, 6440-001-0007, 6440-001-0234, and 6440-001-3310, Addition of Item 6440-001-3290, and Trailer Bill Language, Support, University of California

Release of Funds Contingent on Achievement of Expectations Related to Cost Structure—It is requested that Item 6440-001-0001 be amended to set-aside \$50 million.

In 2015, the Governor and the UC President agreed on implementation of several initiatives to reduce the cost structure of the university. The UC has not made progress consistent with the timelines in the agreement in the following two areas:

- First, the agreement requires the UC to have piloted activity-based costing in the College of Humanities, Arts, and Social Sciences, at Riverside and in three departments at two other campuses. While the Office of the President has selected Davis and Merced to participate in the other pilots, evidence related to the pilots has not been provided.
- Second, the agreement requires that, by the 2017-18 academic year, each campus, except Merced and San Francisco, will enroll at least one entering transfer student for every two entering freshmen. The Office of the President expects to achieve this target in 2017-18 systemwide and at seven campuses but not at Riverside and Santa Cruz.

Further, the California State Auditor recently released a report regarding the UC Office of the President that identified concerns related to undisclosed reserves, budgeting practices, employee compensation, and justification for systemwide initiatives. The report made recommendations to the Regents and the Office of the President. The UC President has indicated that the UC accepts the recommendations.

These funds would not be released until the Director of Finance has certified the UC has (1) completed the remaining activity-based costing pilots, (2) taken actions to attain, by the 2018-19 academic year, a ratio of at least one entering transfer student for every two entering freshmen at each campus, except for the Merced and San Francisco campuses, and (3) taken actions identified in the recommendations the Auditor made to the Regents and the Office of the President. The UC is required to submit evidence to the Director of Finance by May 1, 2018, that it has met these expectations.

It is further requested that Provision 2.1 be added to Item 6440-001-0001 as follows to conform to this action:

2.1. (a) It is the expectation of the Legislature that the university do all of the following no later than May 1, 2018:

(1) Complete pilot programs of activity-based costing at the Riverside campus in the College of Humanities, Arts, and Social Sciences, and at two other campuses in three departments each.

(2) Take any actions necessary to attain a ratio at each of its campuses, except for the Merced and San Francisco campuses, of at least one entering transfer student for every two entering freshman students beginning in the 2018-19 academic year.

(3) Take the actions the Regents of the University of California and the University of California Office of the President are directed by the California State Auditor in its audit report "Report 2016-130," dated April 25, 2017, regarding the University of California Office of the President, to take by April 1, 2018.

(b) Of the funds appropriated in this item, \$50,000,000 shall be released only if the Director of Finance certifies that the Regents of the University of California provided sufficient evidence, no later than May 1, 2018, to demonstrate that the university satisfied the expectation enumerated in subdivision (a).

Redirection to Cal Grant Program (Issue 306)—It is requested that Item 6440-001-0001 be decreased by \$4 million to fund costs of the Cal Grant program. The May Revision increases the Cal Grant maximum tuition award for students attending the UC, the California State University (CSU), and private institutions accredited by the Western Association of Schools and Colleges. It is estimated that the UC will receive an additional \$20,855,000 in state funds in fiscal year 2017-18 because of the award increase. The cost of the award increase for private institutions is estimated to be \$7,963,000 in 2017-18. This adjustment, and a corresponding adjustment made to the appropriation for the CSU, would fund that cost.

Breast Cancer Research (Issue 302)—It is requested that Item 6440-001-0007 be increased by \$2,073,000 for the Breast Cancer Research Program. The May Revision estimates that \$7,954,000 in revenues will be transmitted into the Breast Cancer Research Account, Breast Cancer Fund, in 2017-18. Existing law requires that, upon appropriation, 90 percent of the moneys in the Breast Cancer Research Account, Breast Cancer Fund be allocated to the Breast Cancer Research Program. The Governor's Budget includes \$5,086,000 for the Program. The share that should be appropriated is \$7,159,000. This action adjusts that appropriation to effectuate the related provisions.

Tobacco-Related Disease Research (Issues 303 and 500)—It is requested that the following adjustments be made related to tobacco-related disease research programs:

- Item 6440-001-0234 be increased by \$3,000. Proposition 99 created the Research Account in the Cigarette and Tobacco Products Surtax Fund. Funds in the account are only available for appropriation for tobacco-related disease research. The Governor's Budget includes \$10,146,000 for the program. Based on revenue estimates for the May Revision, the appropriation should be \$10,149,000. This action adjusts that appropriation to effectuate the related provisions.

- Item 6440-001-3310 be increased by \$1,208,000. Proposition 56 required that 5 percent of funds in the Medical Research Program Account, California Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund, following other deductions and transfers, be allocated for medical research of tobacco-related diseases to supplement the Cigarette and Tobacco Products Surtax Medical Research Program. The Governor's Budget includes \$80,748,000 for those purposes. Based on revenue estimates for the May Revision, the appropriation should be \$81,956,000. This action adjusts that appropriation to effectuate the related provisions.

Transportation Research (Issue 304)—It is requested that Item 6440-001-3290 be added in the amount of \$5 million from the Road Maintenance and Rehabilitation Account, State Transportation Fund to the University of California for transportation research. Chapter 5, Statutes of 2017 (SB 1) allocates the funds for this purpose.

It is further requested that Item 6440-001-3290 be added as follows to conform to this action:

6440-001-3290—For support of the University of California, payable from the Road Maintenance and Rehabilitation Account, State Transportation Fund.....	5,000,000
Schedule:	
(1) 5440-Support.....	5,000,000

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

If you have any questions or need additional information regarding this matter, please call 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: 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: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, 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. Nathan Brostrom, Executive Vice President and Chief Financial Officer, University of California
Office of the President
Mr. Kieran Flaherty, Deputy to the Chief Financial Officer, University of California Office of the
President
Mr. David Alcocer, Interim Associate Vice President, Budget Analysis and Planning, University of
California Office of the President



**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 11, 2017

Honorable Holly Mitchell, 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 6610-001-3290,
Support, California State University**

Redirection to Cal Grant Program (Issue 306)—It is requested that Item 6610-001-0001 be decreased by \$4 million to fund costs of the Cal Grant program. The May Revision increases the Cal Grant maximum tuition award for students attending the California State University (CSU), the University of California (UC), and private institutions accredited by the Western Association of Schools and Colleges. It is estimated that the CSU will receive an additional \$27,996,000 in state funds in fiscal year 2017-18 because of the award increase. The cost of the award increase for private institutions is estimated to be \$7,963,000 in 2017-18. This adjustment, and a corresponding adjustment made to the appropriation for the UC, would fund that cost.

Transportation Research, Education, and Training (Issue 304)—It is requested that Item 6610-001-3290 be added to appropriate \$2 million from the Road Maintenance and Rehabilitation Account, State Transportation Fund, to the CSU for transportation research and transportation-related workforce education and training. Chapter 5, Statutes of 2017 (SB 1), allocates the funds for this purpose.

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

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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, California State University Office of the Chancellor
Mr. Ryan Storm, Assistant Vice Chancellor, California State University Office of the Chancellor
Ms. Kara Perkins, Executive Budget Director, California State University Office of the Chancellor



**DEPARTMENT OF
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May 11, 2017

Honorable Holly Mitchell, 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 Reimbursements, Support and Local Assistance, Board of Governors of the California Community Colleges

Budget Year, Support

Item 6870-001-0001, Position Changes to Support the Chancellor's Office Reorganization Plan (Issues 149 and 150)—It is requested that the Governor's Budget proposal to provide 2 new Vice Chancellor positions be rescinded (Issue 149), and instead, that Schedule (2) and reimbursements be increased by \$618,000 and \$454,000, respectively, to provide the Board of Governors of the California Community Colleges (Chancellor's Office) with 6 positions and funding to support a vacant Executive Vice Chancellor position that would be reclassified to a Deputy Chancellor. The resources would assist the Chancellor's Office in refocusing its efforts away from regulatory oversight and toward providing colleges with more direct technical assistance to help them improve student outcomes.

Budget Year, Local Assistance

Item 6870-101-0001, Increase Base Apportionment Funding to Reflect Increased Operation Expenses (Issue 335)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$160 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 subdivision (d) of Provision 2 of this item be amended as follows to conform to this action:

"2. (d) Of the funds appropriated in Schedule (1), ~~\$23,615,000~~ \$183,615,000 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, Technical Base Apportionment Adjustments (Issue 304)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$73,213,000 to reflect various technical base apportionment adjustments.

Item 6870-101-0001, Increase Stability Restoration Estimate (Issue 302)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$28,490,000 to reflect estimated full-time equivalent student stability restoration earned back by community college districts that declined in enrollment during the previous three fiscal years.

Item 6870-101-0001, Adjust Apportionments to Reflect Unused Prior Year Enrollment Growth Funding (Issue 303)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$23,579,000 to reflect unused prior year enrollment growth funding.

Item 6870-101-0001, Increase Apportionments Cost-of-Living Adjustment (COLA) (Issue 316)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$3,452,000 to reflect a 1.56-percent COLA.

Item 6870-101-0001, Enrollment Growth Adjustment (Issue 315)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$21,545,000 to reflect a new enrollment growth target.

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 this action and the prior action:

"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), ~~\$79,339,000~~ \$57,794,000 shall be used to increase statewide growth of full-time equivalent students (FTES) by ~~4.34~~ 1.00 percent.

(2) Of the funds appropriated in Schedule (1), ~~\$94,121,000~~ \$97,573,000 shall be used to reflect a cost-of-living adjustment of ~~4.48~~ 1.56 percent."

It is also requested that paragraph (3) of subdivision (a) of Provision 2 be added to this item to enable the Chancellor's Office to allocate unused growth funding to backfill any unanticipated shortfalls in total general purpose revenues appropriated to support the budget formula established pursuant to Education Code section 84750.5, as follows:

(3) Notwithstanding paragraph (1), the Chancellor's Office may allocate unused growth funding to backfill any unanticipated shortfalls in the total amount of funding appropriated to support the budget formula established pursuant to Section 84750.5 of the Education Code.

Item 6870-101-0001, Net Offsetting Education Protection Account (EPA) Revenue (Issues 306 and 327)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$45,079,000 to reflect an increase in apportionment funding associated with a decrease in estimated net offsetting EPA revenue. It is also requested that corresponding adjustments be made to related non-Budget Act items.

Item 6870-101-0001, Net Offsetting Local Tax Revenue (Issues 305 and 312)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$68,190,000 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 301 and 313)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$24,763,000 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 307 and 308)—It is requested that Schedule (5) of Item 6870-101-0001 be decreased by \$1,230,000 to reflect a decrease of \$612,000 for the Student Financial Aid Administration Program and a decrease of \$618,000 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 ~~\$16,661,000~~ \$16,049,000 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 ~~\$16,844,000~~ \$16,326,000 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, Extended Opportunity Programs and Services Program COLA (Issue 318)—It is requested that Schedule (18) of Item 6870-101-0001 be increased by \$99,000 to reflect a 1.56-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:

“15. (a) Of the funds appropriated in Schedule (18):

(1) ~~\$109,162,000~~ 109,248,000 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) ~~\$15,850,000~~ 15,863,000 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 319)—It is requested that Schedule (6) of Item 6870-101-0001 be increased by \$92,000 to reflect a 1.56-percent COLA for the Disabled Student Programs and Services Program.

Item 6870-101-0001, Student Services for CalWORKs Recipients Program COLA (Issue 320)—It is requested that Schedule (7) of Item 6870-101-0001 be increased by \$35,000 to reflect a 1.56-percent COLA for the Student Services for CalWORKs Recipients Program.

Item 6870-101-0001, Campus Childcare Tax Bailout Program COLA (Issue 321)—It is requested that Schedule (20) of Item 6870-101-0001 be increased by \$3,000 to reflect a 1.56-percent COLA for the Campus Childcare Tax Bailout Program.

Item 6870-101-0001, One-Time Physical Plant and Instructional Equipment Funding (Issue 336)—It is requested that Schedule (24) be added to Item 6870-101-0001 to reflect an increase of \$49,542,000 for the repair and maintenance of facilities and the replacement of instructional equipment and library materials.

It is requested that Schedule 24 of this item be added as follows to conform to this action:

(24) 5675133-Physical Plant and Instructional Support49,542,000

It is further requested that Provision 22 of this item be added as follows to conform to this action:

22. (a) Any funds appropriated in Schedule (24) 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. 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 \$656,000.

(4) Water conservation projects to reduce water consumption in cooperation with the Governor's Executive Order B-37-16. 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 (24) 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. A district's compliance with its resolution shall be reviewed under the annual audit of that district.

(c) Any funds appropriated in Schedule (24) shall be available for one-time use until June 30, 2019.

Item 6870-101-0001, Encumbrance Period and Technical Assistance Funding for Guided Pathways (Issue 332)—It is requested that provisional language be added to paragraph (5) of Provision 10 to extend the encumbrance period for the Guided Pathways Grant Program and authorize the Chancellor's Office to use funds to provide specialized training to support guided pathways.

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

"(5) (A) \$150,000,000 shall be used on a one-time basis to support the Guided Pathways Grant Program Grants pursuant to pending legislation Part 54.8 (commencing with Section 88920) of Division 7 of Title 3 of the Education Code. Up to ten percent may be used to augment subparagraph (A) of paragraph 4 of (A) of this subdivision to provide specialized training to support guided pathways.

(B) Funds appropriated pursuant to this paragraph shall be available for encumbrance or expenditure until June 30, 2022."

Item 6870-101-0001, Extend the Grant Period for the California Apprenticeship Initiative Awards (Issue 331)—It is requested that provisional language be added to subdivision (c) of Provision 3 of this item to extend the encumbrance and expenditure periods for grants awarded through the California Apprenticeship Initiative to develop new innovative apprenticeship programs. Program participants have expressed concerns that the current timeline is not adequate for implementing new programs and allowing apprentices in these programs to complete their programs.

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

"3. (c) Of the funds appropriated in Schedule (2), \$15,000,000 shall be used for the California Apprenticeship Initiative pursuant to Section 79148 of the Education Code. Funds appropriated pursuant to this subsection shall be available for encumbrance or expenditure until June 30, 2020."

Item 6870-102-0001, Increase Full-Time Student Success Grant Funding (Issue 309)—It is requested that Item 6870-102-0001 be increased by \$1,879,000 to reflect an increased estimate of eligible Cal Grant B and Cal Grant C students in fiscal year 2017-18.

It is further requested that the Provision 1 of this item be amended as follows to align the grant amounts with a statewide annual academic year average of \$600 per full-time student:

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 Cal Grant B or C Access Awards and are taking 12 units or more per semester, or a 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 \$350 per

semester, or a prorated amount for colleges using a quarter system, to community college districts to distribute to each eligible student. If eligible students exceed funding available in this item, awards shall be proportionally reduced to fit within available funds.”

Item 6870-139-8080, Decrease Clean Energy Job Creation Fund Revenue Estimate (Issue 310)—It is requested that Item 6870-139-8080 be decreased by \$5,771,000 to reflect a decrease 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 311)—It is requested that Item 6870-296-0001 be decreased by \$115,000 to align block grant funding with the revised estimate of full-time equivalent students.

Item 6870-101-3273, Equal Employment Opportunity Program (Issue 322)—It is requested that Item 6870-101-3273 be added in the amount of \$1,825,000 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 to conform to this action:

6870-101-3273—For local assistance, Board of Governors of the California Community Colleges, payable from the Employment Opportunity Fund.....1,825,000

Schedule:

(1) 5675069-Equal Employment Opportunity1,825,000

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 Section 87108 of the Education Code and associated regulations.

Current and Prior Year, Local Assistance

Rescind Elimination of Local Revenue Backfill—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to reflect the restoration of \$31,695,000 in 2015-16 Proposition 98 General Fund appropriated to backfill a projected shortfall in estimated offsetting local community college district revenue (section 36 of Chapter 24 of the Statutes of 2016) (see Attachment 1 for related trailer bill language).

Item 6870-101-0001, 2015-16 and 2016-17 Apportionment Adjustments to Reflect Unused Prior Year Enrollment Growth Funding—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to reflect the restoration of \$25,519,000 in Item 6870-101-0001, Budget Act of 2015 to reflect revised estimates of unused prior year enrollment growth funding (see Attachment 1 for related trailer bill language), and that trailer bill language transmitted with the Governor’s Budget be amended to reflect the restoration of \$23,579,000 in Item 6870-101-0001, Budget Act of 2016 to reflect revised estimates of unused prior year enrollment growth funding.

Item 6870-101-0001, 2015-16 and 2016-17 Apportionment Adjustments to Reflect Revised Local Revenue Estimate—It is requested that trailer bill language transmitted with the Governor's Budget be amended to reflect the restoration of \$16,400,000 in Item 6870-101-0001, Budget Act of 2015 to reflect revised local revenue estimates (see Attachment 1 for related trailer bill language), and that trailer bill language transmitted with the Governor's Budget be amended to increase Item 6870-101-0001, Budget Act of 2016 by \$50,093,000 to reflect revised local revenue estimates.

Item 6870-101-0001, 2015-16 and 2016-17 Apportionment Adjustments to Reflect Revised Estimate of Offsetting Student Fees—It is requested that trailer bill language transmitted with the Governor's Budget be amended to reflect the restoration of \$7,157,000 in Item 6870-101-0001, Budget Act of 2015 to reflect revised estimates of offsetting student fees (see Attachment 1 for related trailer bill language), and that trailer bill language transmitted with the Governor's Budget be amended to decrease Item 6870-101-0001, Budget Act of 2016 by \$28,164,000 to reflect revised estimates of offsetting student fees.

Item 6870-101-0001, Net Offsetting EPA Revenue (Issues 328 and 329)—It is requested that Item 6870-101-0001, Budget Act of 2016 be decreased by \$5,603,000 to reflect an increase in apportionment funding associated with a decrease in estimated net offsetting EPA revenue. It is also requested that corresponding adjustments be made to related non-Budget Act items.

2014-15 and 2015-16 Informational Offsetting Revenue Update—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

Authorized Exempt Positions for the California Community Colleges Chancellor's Office—It is requested that the Authorized Exempt Positions trailer bill language transmitted with the Governor's Budget be rescinded to conform with the revised proposal to provide \$618,000 in non-Proposition 98 General Fund and 6 positions to assist the Chancellor's Office in refocusing its efforts away from regulatory oversight and toward providing colleges with more upfront technical assistance and guidance.

Guided Pathways Trailer Bill Language—It is requested that the Guided Pathways trailer bill language transmitted with the Governor's Budget be revised to: (1) further clarify the activities and practices that make up a "guided pathways program," (2) further describe how funds could be used, (3) authorize the chancellor's office to better assess a colleges commitment to implementing a guided pathway program, (4) authorize the chancellor's office to release funds to community colleges in stages, (5) require the chancellor's office to develop measures of early outcomes, and (6) clarify reporting requirement. See Attachment 2 for the proposed trailer bill.

Extend the Grant Period for the California Apprenticeship Initiative Awards—The Administration proposes new trailer bill language to extend the encumbrance and expenditure periods for grants that were awarded through the California Apprenticeship Initiative in 2015-16 and 2016-17 (see corresponding Issue 331 above). See Attachment 1 for the trailer bill corresponding to 2015-16.

Provide the Chancellor's Office with Greater Contracting Flexibility—The Administration proposes trailer bill language to exempt the Chancellor's Office from the requirements of the competitive bidding process when contracting with community college districts, limited to new

contracts of \$20 million or less. Any existing contracts that are up for renewal would not be subject to competitive bidding requirements if the contract would be with the same college district. See Attachment 3 for the proposed trailer bill.

Informational

Pursuant to Education Code section 84758, the Department of 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 \$2,891,080,000 net of excess taxes will be available to offset district apportionments in 2017-18. This estimate excludes \$604,000 in estimated timber tax revenues.

Education Code section 84758 also requires Finance to notify the Legislature of the difference between the Chancellor's Office 2016-17 local property tax estimate, excluding timber taxes, and Finance's 2016-17 property tax estimates as of May 2016, excluding timber taxes.

The Chancellor's Office reported 2016-17 local property taxes of \$2,680,002,000, net of excess taxes and excluding timber taxes of \$576,000, as of the first principal apportionment payment. Finance's 2016-17 property tax estimate as of May 2016, was \$2,766,625,000 net of excess taxes and excluding timber taxes of \$752,000. Therefore, the Chancellor's Office's current property tax estimate based on first principal apportionment payments for 2015-16 is \$86,623,000 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

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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. Erik Skinner, Deputy Chancellor, California Community Colleges Chancellor's Office
Mr. Mario Rodriguez, Vice Chancellor, California Community Colleges Chancellor's Office

Amendments to RN 17 04247 (Changes are in Bold)

Sec. 1

Item 6870-101-0001 of Section 2.00 of the Budget Act of 2015 is amended to read:

	3,626,854,000
	<u>3,547,380,000</u>
6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98)	<u>3,595,827,000</u>

Schedule:

(1)		2,523,473,000
		<u>2,447,064,000</u>
	5670015-Appportionments	<u>2,496,140,000</u>
(2)	5670019-Apprenticeship	31,433,000
(3)	5670023-Apprenticeship Training and Instruction	20,491,000
(4)	5675015-Student Success for Basic Skills Students	20,037,000
(5)	5675019-Student Financial Aid Administration	73,727,000
(6)	5675027-Disabled Students	115,388,000
(7)	5675031-Student Services for Cal WORKs Recipients	34,897,000
(8)	5675035-Foster Care Education Program	5,254,000
(9)	5675039-Student Success and Support Program	471,683,000
(10)	5675061-Academic Senate for the Community Colleges	468,000
(11)	5675069-Equal Employment Opportunity	767,000
(12)	5675073-Part-Time Faculty Health Insurance	490,000
(13)	5675077-Part-Time Faculty Compensation	24,907,000

(14)	5675081-Part-Time Faculty Office Hours	3,514,000
(15)	5675099-Telecommunications and Technology Infrastructure	19,890,000
(16)	5675119-Economic Development	22,929,000
(17)	5675123-Transfer Education and Articulation	698,000
(18)	5675023-Extended Opportunity Programs and Services	123,189,000
(19)	5675115-Fund for Student Success	3,792,000
(20)	5675150-Campus Childcare Tax Bailout	3,384,000
(21)	5675156-Nursing Program Support	13,378,000
(22)	5670035-Expand the Delivery of Courses through Technology	10,000,000
(23)	5675133-Physical Plant and Instructional Support	100,000,000

Provisions:

1. The funds appropriated in this item are for transfer by the Controller during the 2015–16 fiscal year to Section B of the State School Fund.
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), ~~\$156,457,000~~ **\$100,540,000** **\$126,059,000** shall be used to increase statewide growth of full-time equivalent students (FTES) ~~by 3 percent~~.
 - (2) Of the funds appropriated in Schedule (1), \$61,022,000 shall be used to reflect a cost-of-living adjustment of 1.02 percent.

- (b) Of the funds appropriated in Schedule (1) \$266,692,000 shall be used to adjust the budget formula pursuant to Section 84750.5 of the Education Code to recognize increases in operating costs and to improve instruction.
- (c) Funds allocated to a community college district from funds included in Schedule (1) shall directly offset any mandated costs claimed for the Minimum Conditions for State Aid (02-TC-25 and 02-TC-31) program or any costs of complying with Section 84754.5 of the Education Code.
- (d) Of the funds appropriated in Schedule (1):
 - (1) \$100,000 is for a maintenance allowance, pursuant to Section 54200 of Title 5 of the California Code of Regulations.
 - (2) Up to \$500,000 is to reimburse colleges for the costs of federal aid repayments related to assessed fees for fee waiver recipients. This reimbursement only applies to students who completely withdraw from college before the census date pursuant to Section 58508 of Title 5 of the California Code of Regulations.
- (e) (1) Of the funds appropriated in Schedule (1), \$62,320,000 is for increasing the number of full-time faculty within the community college system. Notwithstanding, Subchapter 1 (commencing with Section 51025) of Chapter 2 of Division 6 of Title 5 of the California Code of Regulations, the Chancellor of the California Community Colleges shall allocate these funds to all districts on a per FTES basis by modifying each district's budget formula pursuant to Section 84750.5 of the Education Code. All districts, including districts that have offsetting local revenues that exceed the funding calculated pursuant to the district's budget formula, shall receive funding pursuant to this subdivision. Any revisions to the budget formula made for the purposes of this subdivision shall be made and reported consistent with the requirements of subdivision (f) of Section 84750.5 of the Education Code.
- (2) Utilizing the data from the full-time faculty obligation report for the 2014–15 fiscal

year, the chancellor shall rank, from the lowest to the greatest full-time faculty percentage, each community college district within quintiles so that each quintile has approximately equal numbers of full-time equivalent students. The chancellor shall adjust the faculty obligation number for each district as follows:

- (A) An increase of one for every \$73,057 received for districts in the lowest quintile (quintile 1).
 - (B) An increase of one for every \$80,000 received for districts in the second quintile (quintile 2).
 - (C) An increase of one for every \$95,000 received for districts in the third quintile (quintile 3).
 - (D) An increase of one for every \$110,000 received for districts in the fourth quintile (quintile 4).
 - (E) An increase of one for every \$125,000 received for districts in the fifth quintile (quintile 5).
 - (F) If the number of full-time faculty increased pursuant to subparagraphs (A) through (E) results in a district exceeding the 75-percent standard, the Chancellor shall increase the number of the full-time obligation to a point that leaves the district as close as possible to, but not in excess of, the 75-percent standard, consistent with paragraph (5) of subdivision (c) of Section 51025 of Subchapter (1) of Chapter 2 of Division 6 of Title 5 of the California Code of Regulations.
- (3) To the extent that the increased faculty obligation number calculated in paragraph (2) does not result in an obligation to hire additional full-time faculty, it is the intent of the Legislature that districts use these funds to enhance student success through the support of part-time and full-time faculty, including, but not limited to, part-time faculty office hours.
3. (a) The funds appropriated in Schedule (2) shall be available pursuant to Article 3 (commencing

with Section 79140) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code.

- (b) Pursuant to Section 79149.3 of the Education Code, the reimbursement rate shall be \$5.46 per hour.
 - (c) Of the funds appropriated in Schedule (2), \$15,000,000 shall be used for the purposes of Section 79148 of the Education Code. **Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2018.**
4. (a) The funds appropriated in Schedule (3) shall be available pursuant to Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code.
- (b) Pursuant to Section 8152 of the Education Code, the reimbursement rate shall be \$5.46 per hour.
5. Of the funds appropriated in Schedule (4):
- (a) \$1,209,000 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) \$18,828,000 shall be allocated by the chancellor to community college districts to improve outcomes of students who enter college needing to complete at least one course in ESL or basic skills.
6. (a) Of the funds appropriated in Schedule (5):
- (1) Not less than \$16,772,000 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 \$16,955,000 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.

- (3) \$2,800,000 shall be allocated to a community college district to conduct a statewide media campaign to promote the following message: (A) the California Community Colleges are affordable, (B) financial aid is available to cover fees and help with books and other costs, and (C) an interested student should contact his or her local community college financial aid office. The campaign should target efforts to reach low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. The community college district awarded the contract shall consult regularly with the chancellor and the Student Aid Commission.
- (4) Not more than \$37,200,000 shall be for direct contact with potential and current financial aid applicants. Each California Community College campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting FTES weighted by a measure of low-income populations demonstrated by BOG fee waiver program participation within a district. Of the amount allocated pursuant to this paragraph, \$3,000,000 is available on a one-time basis to support the administration of Cal Grant B Access Award distributions to students pursuant to Item 6870-102-0001.
- (5) Funds allocated to a community college district pursuant to paragraphs (1) and (2) shall supplement, not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001–02 or 2006–07 fiscal year, whichever is greater.
- (6) Funding allocated to a community college district pursuant to paragraphs (1) and (2) shall directly offset any costs claimed by that district for any of the following mandates: Enrollment Fee Collection (99-

TC-13), Enrollment Fee Waivers (00-TC-15), Cal Grants (02-TC-28), and Tuition Fee Waivers (02-TC-21).

- (7) Notwithstanding subdivision (m) of Section 76300 of the Education Code or any other provision of law, the amount of funds appropriated for the purpose of administering fee waivers for the 2015–16 fiscal year shall be determined in this act.
- 7.
 - (a) The funds appropriated in Schedule (6) shall be used to assist districts in funding the excess direct instructional cost of providing special support services or instruction, or both, to disabled students enrolled at community colleges and for state hospital programs, as mandated by federal law.
 - (b) Of the amount appropriated in Schedule (6):
 - (1) At least \$3,945,000 shall be used to address deficiencies identified by the United States Department of Education Office for Civil Rights.
 - (2) At least \$943,000 shall be used to support the High Tech Centers for activities, including, but not limited to, training of district employees, staff, and students in the use of specialized computer equipment for the disabled.
 - (3) At least \$9,600,000 shall be allocated to community college districts for sign language interpreter services, real-time captioning equipment, or other communication accommodations for hearing-impaired students. A community college district is required to spend \$1 from local or other resources for every \$4 received pursuant to this paragraph.
 - (4) \$1,000,000 shall be allocated for state hospital adult education programs at the hospitals served by the Coast and Kern Community College Districts.
- 8.
 - (a) The funds appropriated in Schedule (7) shall be allocated pursuant to Article 5 (commencing with Section 79200) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code.
 - (b) Of the amount appropriated in Schedule (7):

- (1) \$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 \$4,900,000 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.
 - (c) A community college district is required to spend \$1 from local or other resources for every \$1 received pursuant to this provision, except for any funds received pursuant to paragraph (1) of subdivision (b).
- 9. (a) The funds appropriated in Schedule (8) shall be allocated to community college districts to provide foster and relative/kinship care education and training pursuant to Article 8 (commencing with Section 79240) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. A community college district shall ensure that education and training required pursuant to Sections 1529.1 and 1529.2 of the Health and Safety Code and Section 16003 of the Welfare and Institutions Code receives priority.
- 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 Section 78221 of the Education Code 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.

- (3) (A) \$5,500,000 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) 12,000,000 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 October 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.

(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).

(D) It is the intent of the Legislature that the Chancellor identify one or multiple community college districts that would be willing to utilize at least a total of \$5,000,000 of their combined funding for the purpose of developing and providing effective education programs for incarcerated adults in prisons and jails, and the formerly incarcerated. These funds shall be utilized to receive a 1 to 3 match of state to private funds that could be available for these purposes. Any private funds received would be allocated to the identified community colleges based on their proportion of the combined funding match, as determined by the Chancellor.

(E) Funds appropriated pursuant to this paragraph shall be available for encumbrance and expenditure until June 30, 2018.

- (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).

- 11. The funds in Schedule (13) shall be allocated to increase compensation for part-time faculty. Funds shall be allocated to districts based on the total actual number of FTES in the previous fiscal year, with an adjustment to the allocations provided to small districts. These funds shall be used to assist districts in making part-time faculty salaries more comparable to full-time salaries for similar work, as determined through collective bargaining in each community college district. If a community college district achieves parity between compensation for full-time faculty and part-time faculty, funds received pursuant to this provision may be used for any other educational purpose.
- 12. Of the funds provided in Schedule (15):
 - (a) \$19,890,000 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, 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.
13. Of the funds appropriated in Schedule (16), the following shall apply:
- (a) Up to 10 percent may be allocated for state-level technical assistance, including statewide network leadership, organizational development, coordination, and information and support services.
 - (b) 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.

- (c) 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.
14. (a) The funds appropriated in Schedule (17) shall be used to support transfer and articulation projects and common course numbering projects.
- (b) Funding provided to community college districts shall directly offset any costs claimed by community college districts to be mandates pursuant to Chapter 737 of the Statutes of 2004.
15. (a) Of the funds appropriated in Schedule (18):
- (1) \$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) \$15,619,000 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.
- (b) Of the amount allocated pursuant to subdivision (a), no less than \$4,972,000 shall be available to support additional textbook assistance grants to community college students.
16. The funds appropriated in Schedule (19) shall be used for the following purposes:
- (a) \$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 \$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 \$1,094,000 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.
- 17. The funds appropriated in Schedule (20) shall be allocated by the chancellor to community college districts that levied child care permissive override taxes in the 1977–78 fiscal year pursuant to Sections 8329 and 8330 of the Education Code in an amount proportional to the property tax revenues, tax relief subventions, and state aid required to be made available by the district to its child care and development program for the 1979–80 fiscal year pursuant to Section 30 of Chapter 1035 of the Statutes of 1979, increased or decreased by any cost-of-living adjustment granted in subsequent fiscal years. These funds shall be used only for the purpose of community college child care and development programs.
- 18. Of the funds appropriated in Schedule (21):
 - (a) \$8,475,000 shall be used to provide support for nursing programs.
 - (b) \$4,903,000 shall be used for diagnostic and support services, preentry coursework, alternative program delivery model development, and other services to reduce the incidence of student attrition in nursing programs.
- 19. The funds appropriated in Schedule (22) 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:

- (a) These courses can be articulated across all community college districts.
 - (b) These courses are made available to students systemwide, regardless of the campus at which a student is enrolled.
 - (c) Students who complete these courses are granted degree-applicable credit across community colleges.
 - (d) These funds shall be used for those courses that have the highest demand, fill quickly, and are prerequisites for many different degrees.
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 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.
 - (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 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, 2017.

Sec. 2

~~Section 36 of Chapter 24 of the Statutes of 2016 is repealed.~~

SEC. 36. (a) (1) For the 2016–17 fiscal year, thirty-one million six hundred ninety-five thousand dollars (\$31,695,000) 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 Budget Act of 2015 for allocation to community college districts to backfill a projected shortfall in final 2015–16 offsetting local revenues as specified in Section 84751 of the Education Code.

(2) The Director of Finance shall initially determine the need for a backfill pursuant to paragraph (1) 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 Section 84750.5 of the Education Code for the Budget Act of 2015.

(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 that amount from funds available pursuant to this subdivision not sooner than five days after this notification and work with the 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 redetermine 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 Section 84750.5 of the Education Code for the Budget Act of 2015.

(2) To the extent that the redetermination made pursuant to this subdivision results in a backfill amount that is less than thirty-one million six hundred ninety-five thousand dollars (\$31,695,000), the Department of Finance shall compute the difference between the revised backfill calculated pursuant to this subdivision and thirty-one million six hundred ninety-five thousand dollars (\$31,695,000). If the amount computed is greater than one thousand dollars (\$1,000), the Director of Finance shall reallocate this amount from Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2015, as adjusted pursuant to subdivision (a), to community colleges pursuant to subdivision (c) of Section 17581.95 of the Government Code.

(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), and of the amount to be disbursed pursuant to subdivision (c) of Section 17581.95 of the Government Code, 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 work with the 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.

Amendments to RN 17 09567 (Changes are in Bold)

SECTION 1. Part 54.8 (commencing with Section 8898) is added to Division 7 of Title 3 of the Education Code, to read:

PART 54.5. CALIFORNIA COMMUNITY COLLEGES GUIDED PATHWAYS GRANT PROGRAM

88920. (a) The Legislature finds and declares all of the following:

(1) Students are more likely to graduate on time if they identify a major early on, have a clear outline of the courses required for completion, and are provided consistent ongoing guidance and support throughout their program of study.

(2) California has made investments to improve student outcomes at community colleges by providing student intake and guidance services, requiring colleges to focus on closing achievement gaps, improving basic skills instruction and placements, providing enhanced student services for remedial students, and streamlining and simplifying the transfer process to four-year universities.

(3) Providing community colleges with strategic, one-time state investments and technical assistance will enable colleges to integrate existing student-success programs and provide students with predictable course schedules and frequent feedback and support services to ensure that they can complete academic programs more efficiently.

~~(b) It is the intent of the Legislature that each community college integrate existing student-success programs and implement an institution wide approach to student success based on the college's guided pathways model, including, but not limited to, all of the following:~~

~~(1) Clarifying pathways to student end goals by simplifying student choices with program maps, and establishing transfer pathways with four-year universities.~~

~~(2) Helping students choose and enter a pathway by creating stronger bridges from high school to community college, changing remediation instruction to better integrate the student's program of study, and supporting students as they explore academic and career options.~~

~~(3) Helping students stay on a pathway by embedding advising, academic, and other forms of support in the pathway, including monitoring student progress, and intervening when they are off track.~~

~~(4) Supporting student learning by establishing program-level learning outcomes aligned with student goals for transfer or employment, integrating applied learning experiences within a pathway, and incorporating effective teaching practices throughout the pathway.~~

88921. (a) There is hereby established the California Community College Guided Pathways Grant Program under the administration of the chancellor's office. Grants awarded to community colleges pursuant to this part are intended to ensure integration of existing student-success programs and services and to build capacity at community colleges to develop clearly structured, coherent guided pathways programs.

(b) The chancellor's office shall distribute grants, upon appropriation by the Legislature, to community colleges that satisfy the requirements of this part and any programmatic criteria, administrative guidelines, and other requirements developed by the chancellor's office to implement this part.

(c) For purposes of this part, "chancellor's office" means the Office of the Chancellor of the California Community Colleges.

(d) For purposes of this part, a "guided pathways program" generally includes the following activities and practices:

(1) Clarifying paths to students end goals by:

(A) Simplifying students' choices with default program maps developed by faculty and advisors that show students a clear pathway to completion, further education, and employment in fields of importance to the region.

(B) Establishing transfer pathways through alignment of pathway courses and expected learning outcomes with transfer institutions, to optimize applicability of community college credits to university majors.

(2) Helping students choose and enter a pathway by:

(A) Bridging K-12 to higher education by assuring early remediation in the final year of high school.

(B) Redesigning traditional remediation as an "on-ramp" to a program of study, which helps students explore academic and career options from the beginning of their college experience, aligns math and other foundation skills coursework with a student's program of study, and integrates and contextualizes instruction to build academic and nonacademic foundation skills throughout the college-level curriculum, particularly in program "gateway" courses.

(3) Helping students stay on path by:

(A) Supporting students through a strong advising process, embedded and ongoing in the pathway experience and supported by appropriate technology, to help students make informed choices, strengthen clarity about transfer and career opportunities at the end of their chosen college path, ensure they develop an academic plan with predictable schedules, monitor their progress, and intervene when they go off track.

(B) Embedding academic and non-academic supports throughout students' programs to promote student learning and persistence.

(4) Ensuring students are learning by:

(A) Establishing program-level learning outcomes aligned with the requirements for success in employment and further education in a given field and apply the results of learning outcomes assessment to improve the effectiveness of instruction across programs.

(B) Integrating group projects, internships, and other applied learning experiences to enhance instruction and student success in courses across programs of study.

(C) Ensuring incorporation of effective teaching practice throughout the pathways.

88922. (a) From the funds provided for this part, the Board of Governors of the California Community Colleges shall allocate:

(1) Up to 10 percent of the total amount of these funds for statewide assistance and programmatic support to implement this part.

(2) All remaining funds shall be allocated as grants to participating community colleges.

(b) (1) The chancellor's office shall award grants to participating community colleges from the funds described in paragraph (2) of subdivision (a) as follows:

(A) Twenty percent of these funds shall be awarded equally among all participating colleges.

(B) Thirty-five percent of these funds shall be awarded based on the percentage of full-time equivalent students at each participating college.

(C) Forty-five percent of these funds shall be awarded based on the percentage of students at each participating college that satisfy the requirements to receive federal Pell Grants and the requirements in Section 68130.5.

(2) The chancellor's office may include additional measures or adjust the allocation percentages in subparagraphs (A) to (C), inclusive, of paragraph (1) to accomplish the purposes of this part pursuant to the process in paragraph (3).

(3) The chancellor's office shall notify and receive concurrence from the Department of Finance before including additional measures or adjusting the allocation percentages pursuant to paragraph (2) and providing these funds to participating community colleges. The department shall consult with the Legislative Analyst's Office before determining whether to concur. The Director of Finance shall notify the Joint Legislative Budget Committee if the department intends to concur.

(4) Participating community colleges may use grant funds to implementing guided pathways programs, including, but not limited to any of the following:

(A) Faculty and staff release time to review and redesign programs, instruction, and support services.

(B) Professional development in areas related to guided pathways.

(C) Administrative time to coordinate, communicate, and engage college stakeholders in the process.

(D) Upgrades to computer and student information systems to improve tracking of student progress.

(c) Before the chancellor's office may award grant funds to a participating community college, the college shall demonstrate its commitment to implement a guided pathways framework by completing all of the following:

(1) Submitting a letter to the chancellor's office signed by, and expressing the commitment of, the president of the governing board of the community college district, the chief executive officer of the college, and the president of the college's academic senate to adopt a guided pathways model.

(2) Notifying the chancellor's office that the college has attended an Institutional Effectiveness Partnership Initiative workshop for guided pathways. The chancellor's office shall ensure that community college representatives have sufficient access to an Institutional Effectiveness Partnership Initiative workshop for guided pathways.

(3) Establishing and submitting to the chancellor's office a plan outlining the college's commitment to implement a guided pathways program and integrate existing student-success programs, including, but not limited to, the Basic Skills Initiative, the Student Success and Support Program established in Article 1 (commencing with Section 78210) of Chapter 2 of Part 48, student equity plans adopted pursuant to Article 1.5 (commencing with Section 78220) of Chapter 2 of Part 48, the Adult Education Block Grant Program established in Article 9 (commencing with Section 84900) of Chapter 5 of Part 50, and the Strong Workforce Program established in Part 54.5 (commencing with Section 88820).

(4) The chancellor's office may develop an application or require a community college to submit additional information to assess a community colleges' commitment to implement a guided pathways program.

(d) If the chancellor's office determines that a participating community college has not sufficiently met the requirements of subdivision (c), the college may access available technical assistance opportunities and revise and resubmit the documentation required pursuant to subdivision (c) after receiving its grant funds.

(e) (1) The chancellor's office may establish programmatic criteria to release funding in stages to participating community colleges based upon a determination by the chancellor's office that a participating college is making appropriate progress toward implementing a guided pathways program.

(2) The chancellor's office shall develop qualitative and quantitative indicators to measure early outcomes of guided pathways programs. Nothing in this paragraph shall preclude the chancellor's office from using already available student success metrics.

~~(e)~~ **(f)** To the extent feasible, the chancellor's office shall utilize the structure and processes in place for the California Guided Pathways Project, including, but not limited to, the project's application, participation agreement, professional development, **outcome measures**, and technical assistance models.

~~(f)-(g)~~ To the extent feasible, the chancellor's office shall utilize the structure and processes in place for the California Guided Pathways Project, including, but not limited to, the project's application, participation agreement, professional development, outcome measures , and technical assistance models.

(A) By July 1, 2018, ~~report on the allocation of funds pursuant to this part. provide~~
a summary of the plans received by the chancellor pursuant to paragraph (3) of
subdivision (c).

(C) By each July 1 from 2020 to 2022, inclusive, provide an updated summary of each community college's progress toward implementing its plan established pursuant to paragraph (3) of subdivision (c). The annual report due July 1, 2022, shall include a summary of each participating community college's progress on the key indicators of early outcomes as developed or required by the Chancellor's Office.

(2) Each of the reports in paragraph (1) shall include recommendations on any statutory or regulatory changes necessary to improve the ability of community colleges to implement their locally developed guided pathways programs.

Provide Contracting Flexibility for the Chancellor's Office (New for May Revision)

SECTION 1. Amends Public Contract Code Section 20662 to read:

20662. The Chancellor of the California Community Colleges is authorized to enter into a contract or other agreement with the governing board of any community college district whereby the district performs services or acts as a fiscal agent on behalf of the California Community colleges~~-,~~ without advertising for or inviting bids for contracts or other agreements that are no more than \$20,000,000. For existing contracts or other agreements that the Chancellor of the California Community Colleges has entered into with the governing board of any community college district pursuant to this section, the contract or other agreement may be renewed without advertising for or inviting bids regardless of the amount. This section shall apply only when the funds for the contract or agreement are in satisfaction of the state obligation to provide funding pursuant to Section 8 of Article XVI of the California Constitution.



May 11, 2017

Honorable Holly Mitchell, 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 Reimbursements, Support and Local Assistance, California Student Aid Commission

Support

Grant Delivery System Modernization Project (Issue 607)—It is requested that Item 6980-001-0001 be increased by \$546,000 on a one-time basis for a final year of planning for the Grant Delivery System Modernization Project. The funds are for the costs of a project manager and for California Department of Technology project planning and support. The Commission uses the grant delivery system to accept financial aid applications, make financial aid offers to students, and process payments to institutions. The project, which would replace the Commission's legacy system, is currently in Stage 2 of the project approval lifecycle.

Local Assistance

Cal Grant Program (Issues 602, 603, 604, 626, 627, and 628)—It is requested that Item 6980-101-0001 be decreased by \$65,627,000 and reimbursements be increased by \$194,034,000 to reflect the impact related to the Cal Grant program as follows:

- A decrease of \$194,034,000 General Fund in fiscal year 2017-18 to reflect available Temporary Assistance for Needy Families (TANF) resources. An increase of \$194,034,000 reimbursement authority from available TANF resources.
- An increase of \$71,593,000 in 2017-18 because (1) the Commission estimates an increase in the number of new recipients in 2016-17, which increases the estimates of renewal students in 2017-18, and (2) the revised estimate of new recipients in 2016-17 is used as the new base for estimates of new recipients in 2017-18, with growth applied.
- An increase of \$20,855,000 in 2017-18 to reflect the costs of an increase in the maximum Cal Grant tuition award for students attending the University of California (UC). Existing law specifies that the maximum tuition award for students attending the UC is equal to the systemwide tuition and fees charged at those institutions. Because the Board of Regents approved an increase in tuition of \$282, the maximum award would increase by a corresponding amount. The May Revision assumes the maximum award would be \$12,630.

- An increase of \$27,996,000 in 2017-18 to reflect the costs of an increase in the maximum Cal Grant tuition award for students attending the California State University (CSU). Existing law specifies that the maximum tuition award for students attending the CSU is equal to the systemwide tuition and fees charged at those institutions. Because the Board of Trustees approved an increase in tuition of \$270, the maximum award would increase by a corresponding amount. The May Revision assumes the maximum award would be \$5,742.
- An increase of \$7,963,000 in 2017-18 to maintain the maximum Cal Grant tuition award for students attending private institutions accredited by Western Association of Schools and Colleges at \$9,084 (growing by \$1,028 from \$8,056 in existing law), subject to legislation that requires these institutions to increase the number of low-income students enrolled, ease transfer for students who have earned associate degrees for transfer, and expand online education.

Compared to the Governor's Budget, the May Revision also scores reduced costs for the program of \$55,742,000 in 2015-16 to correct prior estimates and increased costs of \$33,258,000 in 2016-17 to account for the estimated increase in new recipients.

It is further requested that subdivision (b) of Provision 2 of Item 6980-101-0001 be amended as follows to conform to this action:

- “(b) New recipients attending private, nonprofit institutions, and private, for-profit institutions that are accredited by the Western Association of Schools and Colleges as of July 1, 2017, shall be: ~~\$8,056.~~
- (1) \$9,084, if legislation is enacted, in a bill providing for appropriations related to the Budget Bill, relating to enrollment of low-income students, admissions and degree requirements for students who have earned associate degrees for transfer, and online education at these institutions.
- (2) \$8,056, if the condition in paragraph (1) is not met.”

Middle Class Scholarship Program (Issues 592 and 593)—It is requested that Item 6980-101-0001 be decreased by a total of \$10 million for revised cost estimates related to the Middle Class Scholarship Program. First, it is requested that the appropriation for the program be decreased by \$14 million in 2017-18 to reflect a decrease in the estimated cost of awards that would be paid pursuant to existing law. Second, it is requested that the appropriation for the program be increased by \$4 million in 2017-18 to reflect revised estimates of the effects of the proposal included in the Governor's Budget to phase out the program by making awards only to students who received awards in 2016-17 and are otherwise eligible to renew their awards.

The following chart displays the impact of these changes:

	Governor's Budget	May Revision
Appropriation Pursuant to Existing Law	\$117,000,000	\$117,000,000
Estimated Cost Pursuant to Existing Law	\$110,000,000	\$96,000,000
Existing Cost Pursuant to Phase-Out Proposal	\$74,000,000	\$64,000,000

Assumption Program of Loans for Education (APLE) (Issue 614)—It is requested that Item 6980-101-0001 be increased by \$612,000 to reflect revised cost estimates for APLE. The May Revision also scores reduced costs for APLE of \$142,000 in 2015-16 and \$72,000 in 2016-17.

State Nursing Assumption Program of Loans for Education (SNAPLE) (Issue 617)—It is requested that Item 6980-101-0001 be decreased by \$208,000 to reflect revised cost estimates for SNAPLE. The May Revision also scores reduced costs for SNAPLE of \$84,000 in 2015-16 and \$141,000 in 2016-17.

Child Development Teacher and Supervisor Grant Program (Issue 622)—It is requested that Item 6980-101-0001 be amended by decreasing reimbursements by \$51,000 to reflect a change in the agreement between the Student Aid Commission and the State Department of Education for grants through the Child Development Teacher and Supervisor Grant Program. The May Revision also scores reduced costs and reimbursements for the program of \$34,000 in 2016-17.

John R. Justice Loan Assumption Program (Issue 624)—It is requested that Item 6980-101-0001 be amended by increasing reimbursements by \$32,000 to reflect a change in the agreement between the Student Aid Commission and the Office of Emergency Services that increases the award amount by \$170 per recipient. The May Revision also assumes corresponding adjustments in 2016-17.

Law Enforcement Personnel Dependent Grant Program (Issue 620)—It is requested that Item 6980-101-0001 be increased by \$49,000 to reflect revised cost estimates for the Law Enforcement Personnel Dependent Grant Program. The May Revision also scores reduced costs for the program of \$3,000 in 2015-16 and \$5,000 in 2016-17.

Supplemental Awards Funded by College Access Tax Credit Program (Issue 625)—It is requested that Item 6980-101-3263 be decreased by \$5,614,000 to align with revised estimates of resources in the College Access Tax Credit Fund. Appropriations from this fund are used to make supplemental awards to students who receive Cal Grant B access awards. With this adjustment, the supplement would be \$24 in 2017-18.

It is further requested that Item 6980-101-3263 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..... 11,160,000
Schedule: 5,546,000
(1) 5755-Financial Aid Grants Program..... 11,160,000
Provisions: 5,546,000
1. The funds appropriated in this item shall be used to make a supplemental award of up to \$49 \$24 to any student who receives a Cal Grant B Access Award in the 2017-18 award year.”

Language

Competitive Cal Grant Program (Issue 594)—It is requested that Item 6980-402 be added to authorize the Student Aid Commission to make 35,000 initial award offers for the Competitive Cal Grant A and B award program for the 2017-18 award year. The Commission would be authorized to select the minimum scores used to determine which applicants receive offers based on the total offers specified in the item. Existing law authorizes the Commission to make 25,750 new competitive Cal Grant awards each year. The Commission currently limits initial award offers based on the number of statutorily authorized awards. However, many students who receive offers do not claim those awards. Therefore, to make the number of authorized awards, the Commission typically makes subsequent offers late in the award year. This proposal authorizes 35,000 award offers early in the year, based on recent data on the percentage of awards claimed, to better align Cal Grant notifications with student enrollment decisions.

It is further requested that Item 6980-402 be added as follows to conform to this action:

Item 6980-402—(a) This item relates to the Competitive Cal Grant A and B award program established pursuant to Article 5 (commencing with Section 69437) of Chapter 1.7 of Part 42 of Division 5 of Title 3 of the Education Code.

(b) In making initial award offers for the Competitive Cal Grant A and B award program for the 2017-18 award year, the Student Aid Commission may use a minimum score that results in 35,000 initial award offers.

(c) This item does not change the total number of Cal Grant A and B awards.

(d) This item does not limit the authority of the Student Aid Commission to make sufficient award offers to grant the total number of Cal Grant A and B awards.

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: 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: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, 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 Cortez Alcalá, Executive Director, California Student Aid Commission
Ms. Kelley Maddox, Deputy Director, Fiscal and Administrative Services Division, California
Student Aid Commission
Ms. Gloria Schroeter, Budget Manager, Administration and External Affairs Division, California
Student Aid Commission