



**2002-03 Budget  
Addressing a \$23.6 Billion Gap**  
(Dollars in Millions)

	Amount	Percent of Solution
Program Reductions	\$7,458	31.5%
Tobacco Settlement Securitization	4,500	19.0%
Loans	2,028	8.6%
Deferral of Education Disbursements (1 month)	1,728	7.3%
Fund Shifts	1,328	5.6%
Net Operating Loss (NOL) Deferral (2 year)	1,200	5.1%
Debt Restructuring	1,083	4.6%
Federal Tax Conformity/Tax Compliance	1,081	4.6%
Federal Funding Increases	1,081	4.6%
Fund Transfers	904	3.8%
Other Accelerations & Transfers	681	2.9%
Stock Options/Bonuses Withholding	400	1.7%
Teacher Tax Credit One-Year Suspension	170	0.7%
Total	\$23,642	100.0%

## Education

### K-12

**Proposition 98 Guarantee**—Total Proposition 98 spending is \$41.6 billion, an increase of \$3.3 billion, or 8.6 percent over 2001-02. Total K-12 spending per pupil increases from \$6,610 in 2001-02 to \$7,067 in 2002-03, a 6.9 percent increase.

**Growth**—The Budget includes \$727 million for increases in student population in both apportionments and categorical programs. Average daily attendance increases from 5,801,000 to 5,881,000, an increase of 1.37 percent.

**Cost of Living Adjustment (COLA)**—Although the statutory rate for 2002-03 is 1.66 percent, the Budget includes \$817 million for a 2.0 percent COLA for both apportionments and categorical programs.

**Proposition 98 Set-Aside**—The Budget reflects a total of \$143.3 million in Proposition 98 appropriations vetoed and set aside to be appropriated later in the fiscal year for any increased costs in existing programs such as enrollment or other necessary funding adjustments.



**Instructional Materials Block Grant**—The Budget includes \$400 million (\$150 million one-time) to provide standards-aligned instructional materials for K-12 students. After all pupils have standards-aligned textbooks in core curriculum areas, the funds can be used for a variety of instructional materials purposes, including supplemental and classroom library materials. This block grant replaces the existing Instructional Materials K-8, Instructional Materials 9-12, and K-4 Classroom Library programs.

**Professional Development**—The Budget contains \$86.3 million to ensure educators and administrators are provided with quality professional development programs as follows:

- ❖ **Mathematics and Reading Professional Development Program**—\$63.5 million to continue implementation of this program. Over a five-year period, more than 52,000 K-12 teachers and 22,000 instructional aides will receive 40 hours of intensive, out-of-classroom training in mathematics and/or reading instruction. Teachers will be provided with an additional 80 hours of follow-up training. Schools receive \$2,500 for each teacher trained and \$1,000 for each instructional aide trained.
- ❖ **Principal Training Program**—\$7.5 million for the second year of this three-year program that will provide 15,000 principals and vice-principals with training in instructional standards and effective school management techniques. Schools receive \$3,000 per person trained, which must be matched by \$1,000 from the school district.
- ❖ **Superintendent Training Program**—\$350,000 for the first year of this five-year program, which will provide superintendents of school districts with 40 hours of training in topics chosen collaboratively by the superintendent and the local governing board from a menu of training areas. School districts will receive \$1,500 per superintendent, which must be matched by \$1,000 from the school district.

**School Improvement**—The Budget provides a total of \$553.4 million for programs to assist and promote school improvement including:

- ❖ A total of \$441.3 million for assistance to low-performing schools through the High Priority Low Performing Schools Program, the Immediate Intervention/Underperforming Schools Program, and the Comprehensive School Reform Demonstration Program.
- ❖ \$77 million to pay the remaining balance of the \$144.3 million Governor's Performance Awards earned by schools in 2001-02.



- ❖ \$6.0 million Proposition 98 General Fund and up to \$29.1 million in federal Title I funds to support schools working with School Assistance and Intervention Teams or subject to other sanctions pursuant to the Immediate Intervention/Underperforming Schools Program. Schools working with a School Assistance and Intervention Team will receive at least \$75,000, up to a maximum of \$125,000, to contract for this team. Schools working with School Assistance and Intervention Teams or management teams would receive \$150 per pupil to implement academic improvement reforms. In addition, a portion of these funds will support a statewide system of school support to provide intensive support and technical assistance, including access to an assistance team, to school districts, county offices of education, and schools in need of improvement.

**Special Education**—The Budget includes \$72.4 million to provide a cost-of-living adjustment, and \$49.9 million to provide funding for program growth. The Budget also contains an additional \$8.2 million General Fund augmentation for special education, which will be used to provide a permanent increase to the base funding level for the program.

**No Child Left Behind**—The Budget reflects a total increase in federal funding of \$738 million, including the following significant increases:

- ❖ \$132 million for the new Reading First Program, which will provide additional teacher training, instructional materials, and other assistance to over 20,000 K-3 classrooms. California's application for this program was one of the first to be approved by the federal government.
- ❖ \$312 million, a 27 percent increase, for basic Title I grants to schools in lower-income areas of the state, including up to \$29 million for sanctions programs.
- ❖ \$109 million, a 50 percent increase, in Title II funding for teacher recruitment and development.
- ❖ \$74 million, a 47 percent increase, for English language learners from the Title I Migrant and Title III Immigrant Programs.
- ❖ \$29 million in new funding for enhanced student assessments and data collection.



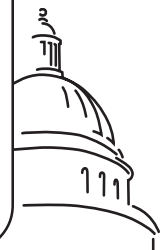
- ❖ \$83 million for the federal Enhancing Education through Technology program, which focuses on using technology as a tool to improve student achievement. Of this amount, the Budget allocates nearly \$41 million based on a federal formula, nearly \$41 million is allocated based on competitive grants targeted to high-need schools, and the remaining funds are for regional consortia to provide technical assistance and technology training to school districts. Grant funds can be used for a variety of technology-related purposes, including computer acquisition and professional development activities.
- ❖ The No Child Left Behind Act converts a formerly federal-administered after school program to a state-administered 21<sup>st</sup> Century Community Learning Centers (CCLC) After School Program. Commencing in 2002-03, California will receive \$42.5 million in CCLC funds for state operations costs and grants to local partnerships between schools and communities to provide academic support and a safe, constructive alternative for school students in the hours after the regular school day.

## Higher Education

**Enrollment Increases**—The Budget provides the University of California \$69.2 million to fund 7,700 additional enrollments, bringing total enrollment to 189,628. For the California State University, the Budget includes \$97.6 million to fund 15,278 additional enrollments, bringing total enrollment to 321,132. The Budget contains \$118.7 million for the California Community Colleges to fund an additional 32,200 students.

**Student Fees**—For the eighth year in a row, there will be no increase in system-wide fees for resident undergraduate or graduate students at the University of California and the California State University. In addition, student fees at California Community Colleges will remain at \$11 per unit, making it the most affordable higher education system in the nation.

**Cal Grants**—To help ensure affordability and access to higher education for deserving students, the Budget provides a total of \$629.3 million for the four types of Cal Grant awards. This represents an increase of \$90 million, or 17 percent, over the amount provided for Cal Grants in the 2001 Budget Act.



# Public Safety

## Homeland Security

### CALIFORNIA HIGHWAY PATROL (CHP)

In response to the terrorist attacks on September 11, 2001, the CHP was placed on 12-hour shifts to provide increased disaster response capacity and to protect sensitive public facilities. The Budget includes \$89.6 million for these security purposes, including \$32.5 million for overtime costs, \$26.7 million for five additional helicopters and crews to increase air coverage to 24 hours a day, 7 days a week, \$9.6 million for 101 new officer positions to protect key facilities (e.g., bridges, laboratories, etc.), \$16.1 million for 168 office positions and support staff to provide 24-hour staffing at 18 key truck inspection weigh stations, \$2.2 million for 24 officer positions to enable the CHP's participation in the numerous task forces and liaison activities with State, local, and federal agencies throughout the state, and \$2.5 million for protective equipment for CHP officers. These costs are expected to be reimbursed by the federal government.

### DEPARTMENT OF JUSTICE

The Budget provides an increase of \$6.7 million General Fund and 39 positions, as reimbursements from the Office of Criminal Justice Planning, to expand funding for the California Anti-Terrorism Information Center (CATIC), which provides investigative assistance to local and federal law enforcement, intelligence gathering, and a statewide database to analyze terrorist activities in the State. The Administration intends to reimburse the General Fund for this cost from future allocations of federal security-related funds.

### DEPARTMENT OF HEALTH SERVICES

The Budget provides \$50.8 million in federal grant funding, provided by the federal Centers for Disease Control and Prevention (CDC) and the Health Resources and Services Administration (HRSA), to support anti-bioterrorism activities by the State and its 58 counties, except Los Angeles County which has been provided direct grant funding. SB 406 contains this budget proposal to provide these funds to local health jurisdictions. Specifically, the Budget and SB 406 provide \$16.3 million to develop and enhance State-level preparedness, \$9.1 million to be distributed to the



Emergency Medical Services Authority to upgrade hospital preparedness planning, and \$25.4 million in direct subventions to counties for development of local anti-bioterrorism activities.

These funds will be used to upgrade infectious disease surveillance and investigation, enhance the readiness of hospital systems to deal with large numbers of casualties, and expand public health laboratory and communications systems capability.

## Local Public Safety

**Citizens' Option for Public Safety (COPS) and Juvenile Justice Crime Prevention Programs**—The Budget provides \$232.6 million for the COPS program (\$116.3 million) and county juvenile justice crime prevention programs (\$116.3 million). The COPS program continues to provide all local law enforcement agencies with at least \$100,000.

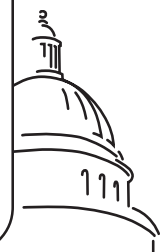
**Technology Funding for Local Law Enforcement**—The Budget includes \$18.5 million for the purchase of high-technology equipment. Local agencies will receive a minimum of \$15,000 and an additional per-capita amount.

**Rural and Small County Law Enforcement**—The Budget contains \$18.5 million for grants of \$500,000 each for rural and small county sheriffs' departments on an ongoing basis. These grants will be allocated to 37 specified counties to provide enhanced public safety resources.

**Booking Fees**—The Budget provides \$38.2 million to cities and special districts for reimbursement of jail booking fees paid to counties and other cities in 1997-98.

**War on Methamphetamine**—The Budget provides \$15 million General Fund to assist local law enforcement in the effort to eliminate the production and distribution of illegal drugs in California.

**High-Technology Theft Apprehension and Prosecution Program**—The Budget contains \$14.4 million General Fund (\$13.5 million local assistance and \$913,000 State operations) to provide resources to local task forces to combat high technology crimes and identity theft.



## Health and Human Services

### Children's Health

**Healthy Families Program**—The 1999 Budget Act expanded Healthy Families Program (HFP) coverage to uninsured children in families with income between 200 and 250 percent of the federal poverty level (FPL). For 2002-03, the Administration has provided a total of \$672.2 million for the Healthy Families Program. Due to expanded eligibility, continued outreach efforts, and application simplification, enrollment is expected to reach 624,000 children by June 30, 2003.

**Child Health and Disability Prevention Program Gateway**—The Budget provides \$8.8 million to implement the Child Health and Disability Prevention (CHDP) Gateway Program. The CHDP currently provides health assessments to approximately 1.1 million children each year. However, the program does not directly provide follow-up treatment for conditions found during the health assessment nor dental or vision services. Most of the children covered by the CHDP program are also eligible for comprehensive health care under Medi-Cal or the Healthy Families program. The Budget provides for the use of the CHDP program as a gateway to streamline enrollment into these comprehensive health care programs. Under this plan, pre-enrolled children will be immediately eligible, for up to two months, for a CHDP health assessment and for comprehensive medical care provided through the Medi-Cal or Healthy Families programs.

**Childhood Lead Poisoning Prevention Program**—To better protect California's children from the adverse effects of lead exposure and to help improve educational outcomes among these children, the Budget provides \$22 million, an increase of \$7.2 million, to implement a comprehensive programmatic restructuring of the Childhood Lead Poisoning Prevention Program. As a result, more lead-exposed children will be identified, treated, and the source of their lead poisoning eliminated, and more sources of lead in the environment will be properly identified and managed, thus preventing future lead exposure and poisoning. The Budget provides funding for universal reporting of blood lead testing results, improved accountability measures, increased enforcement provisions, and improved case management services to be performed by local health jurisdictions.

### Vital Seniors' Programs

**Community-Based Alternatives to Long-Term Care**—The Budget includes \$2.9 billion (\$1.1 billion General Fund) for the Multipurpose Senior Services Program (MSSP), In-Home Supportive Services (IHSS), and Adult Day Health





Care (ADHC). The MSSP provides case management services for the frail elderly who are eligible for placement in a nursing facility but who wish to remain in the community. The IHSS and ADHC programs serve as community-based alternatives to long-term care by providing a variety of health, therapeutic, personal care, and social services to seniors and adults at risk of institutionalization.

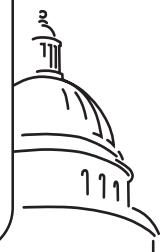
To further enhance efforts to improve the quality of provider services and strengthen recruitment and retention, beginning in 2002-03, the State will pay a share of costs for the IHSS public authority providers' wages and benefits up to \$10.10 per hour. This represents a \$1 per hour increase compared to the 2001-02 level.

**Community-Based Department of Aging Programs**—The Budget provides \$85.8 million (\$22.4 million General Fund) for community-based programs for seniors administered by the Department of Aging, including the Senior Nutrition, Alzheimer's Day Care Resource Centers, Respite, and Linkages Programs. Services under these community programs are provided to frail elderly and functionally impaired adults, and include congregate and home-delivered nutrition, temporary services to relieve caregivers, day care, and case management services.

**Medi-Cal Coverage for Aged and Disabled Beneficiaries**—The Budget continues to fund no-cost Medi-Cal for low-income seniors and disabled individuals, with an increase of approximately 20,500 individuals expected by June 2003. The Budget includes \$116.6 million (\$58.3 million General Fund) to support this expansion, which became effective January 1, 2001, as part of the Governor's Aging with Dignity Initiative.

**Long-Term Care Provider Rate Increase**—The Budget includes \$9.1 million General Fund to increase the reimbursement rate for long-term care facilities.

**Nursing Facility Staffing Ratio Increase**—Beginning January 1, 2000, the Medi-Cal staffing ratio of nursing hours to patients per day in nursing facilities increased from 2.92 to 3.2. the budget maintains funding of \$68.4 million (\$34.2 million General Fund) for this purpose.



# Resources and Environmental Protection

## CalFed

The CalFed Bay-Delta Program is an unprecedented effort to build a framework for managing California's most precious natural resource, water. California and the federal government have launched the largest, most comprehensive water management and ecosystem restoration program in the world. The CalFed Program includes participation by water users, environmentalists, business leaders, and representatives of local governments and tribal communities.

The Budget includes \$476.7 million for the State's share of the CalFed Bay-Delta Program (\$46.1 million General Fund, \$394.8 million bond funds, and \$35.8 million other funds) for the following activities:

- ❖ \$147.8 million for ecosystem restoration programs and projects
- ❖ \$102.1 million for surface and groundwater storage
- ❖ \$41.3 million for Delta conveyance projects
- ❖ \$34.6 million for drinking water quality projects
- ❖ \$150.9 million for water use efficiency, environmental water account, science, water transfers, watershed management, and Delta levees

## Proposition 40 Initiatives

Of the \$2.6 billion allocated for resources acquisition and protection through Proposition 40, the Budget provides \$632.8 million and 76.7 personnel years as follows:

- ❖ \$172.9 million for urban park grants and Murray-Hayden competitive local grants administered through the Department of Parks and Recreation
- ❖ \$57.1 million for State Park System acquisitions and development
- ❖ \$81.4 million to the Wildlife Conservation Board for the rehabilitation, restoration, and protection of wildlife habitat





























































I am revising Provision 1 to conform to this action.

- "1. Of the funds appropriated, \$1,300,000 is available for administration of the Advancement Via Individual Determination (AVID) centers and \$6,000,000 is available for competitive outreach grants to local education agencies for the AVID program. Notwithstanding any other provision of law, the remaining ~~\$5,000,000~~ \$3,000,000 shall be used solely for the provision of advanced placement teacher training or tutoring services, pursuant to Section 52247 of the Education Code."

Item 6110-136-0890—For local assistance, Department of Education. I revise this item by deleting Provision 8.

I am deleting Provision 8 of this item, which makes the receipt of \$1,495,541,000 in Title I federal funds by school districts contingent upon the reporting of unspecified data that is necessary to meet the data reporting requirements of the federal No Child Left Behind Act of 2001. While it will likely be necessary for school districts to provide data to the State to meet these reporting requirements, federal law does not allow the State to condition the receipt of these funds on the provision of data. Thus, this language may constitute a state mandate requiring reimbursement from the General Fund. Item 6110-113-0890 contains \$6,880,000 for federally required data collection.

Item 6110-137-0890—For local assistance, Department of Education. I revise this item by deleting Provision 1.

I am deleting Provision 1 of this item, which requires legislative notification prior to adopting or amending any plan for the expenditure of \$2,426,000 in federal Rural and Low Income School Grant funds pursuant to the federal No Child Left Behind Act. This provision conflicts with federal law that required the State Board of Education to submit the State's consolidated application prior to enactment of the budget bill. These funds are provided on a formula basis and are intended to provide small school districts with general purpose discretionary funding. I believe the notification requirement would delay the allocation of the funds and also impede the intended flexibility.

Item 6110-156-0001—For local assistance, State Department of Education. I reduce this item from \$605,038,000 to \$582,038,000 by reducing:

- (2) 10.50.010.008-Remedial education services for participants in the CalWORKs from \$31,739,000 to \$8,739,000,

and by revising Provision 2.

I am reducing the \$23,000,000 augmentation for remedial education services for CalWORKs participants. This augmentation consisted of \$10,000,000 for support services and \$13,000,000 for additional instruction for CalWORKs recipients in adult education programs or regional occupation centers and programs (ROC/Ps). With this action, \$9,900,000 in federal Temporary Assistance for Needy Families (TANF) funds remains in the Adult Education and ROC/P items to provide additional instruction for CalWORKs recipients in programs that are at or above their authorized average daily attendance cap. Support services are also provided through the federal Perkins Vocational and Technical Education Act, funded at \$138,445,000 and required

to target CalWORKs participants in the welfare-to-work program. The funds reduced from this item are reserved for Proposition 98 contingencies in 2002-03. I am revising Provision 2 to conform to this action.

- “2. The funds appropriated in Schedule (2) constitute the funding for both remedial education and job training services for participants in the CalWORKs program (Art. 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code). Funds shall be apportioned by the Superintendent of Public Instruction for direct instructional costs only to school districts and Regional Occupational Centers and Programs (ROC/Ps) that certify that they are unable to provide educational services to CalWORKs recipients within their adult education block entitlement or ROC/P block entitlement, or both. ~~However, of the funds appropriated in Schedule (2) of this item, an amount not to exceed \$10,000,000, as negotiated through an interagency agreement between the State Department of Education and the State Department of Social Services, shall be provided for Adult Education Programs, and ROC/Ps for the purposes of providing instructional and training supportive services for CalWORKs eligible members. These services shall include any of the following:~~
- ~~(a) Career and educational guidance and counseling.~~
  - ~~(b) Training-related assessment.~~
  - ~~(c) Transportation to the classroom or worksite during training.~~
  - ~~(d) Job readiness training and services.~~
  - ~~(e) Job development and placement.~~
  - ~~(f) Postemployment support and followup to ensure job retention.~~
  - ~~(g) Coordination and referrals to other services provided through the State Department of Social Services, the Employment Development Department, the Local Workforce Investment Boards, community colleges, the Department of Rehabilitation, the Economic Development Agency, and other community resources.~~
  - ~~(h) Curriculum and instruction development to provide short term integrated programs leading to employment.~~
  - ~~(i) Staff development costs resulting from policy development and training occurring between instructional staff and county welfare agencies in the coordination of the program.~~
  - ~~(j) One-time excess program startup costs.~~
- Allocations shall be distributed by the Superintendent of Public Instruction as equal statewide dollar amounts, based on the number of CalWORKs eligible family members served in the county and ~~subject to instructional and training support services needed annually by each agency as identified in the county CalWORKs Instruction and Job Training Plan required by Section 10200 of the Education Code.~~”

Item 6110-161-0001-For local assistance, Department of Education (Proposition 98). I am revising this item by revising Provision 15.

I am revising Provision 15 of this item by \$754,000 to conform to reductions required as a result of the Legislature’s revision to the level of Education Revenue Augmentation Fund available in 2002-03, and as a result of technical changes required to conform to providing a 2.0 percent cost of living adjustment for special education.

- “15. Of the amount provided in Schedule (1) of this item, ~~\$8,943,000~~ \$8,189,000 shall be appropriated in the following priority sequence:
- (a) The Superintendent of Public Instruction shall allocate any additional amount, if needed, to augment the amounts appropriated in Schedules (1) and (2) of this item to ensure full funding for the 2002-03 fiscal year.
  - (b) Once the Superintendent of Public Instruction has determined that none of the programs in Schedules (1) and (2) of this item require any additional funding pursuant to the statutory formulas contained in Chapter 854 of the Statutes of 1997 (AB 602), the remaining amount shall be allocated pursuant to Section 56836.158 of the Education Code.”

Item 6110-161-0890—For local assistance, Department of Education. I reduce this item from \$800,319,000 to \$798,369,000 by reducing:

- (4) 10.60.050.021—IDEA, Capacity Building, Special Education from \$44,858,000 to \$42,908,000,

and by revising Provision 3 and 12.

I am deleting the \$1,700,000 legislative augmentation provided to expand the existing Family Empowerment Centers on Disabilities. I share the desire to improve results for all children, especially those with disabilities, which is why I signed legislation last year establishing the Family Empowerment Centers funded in this item. However, given that my Budget already provides \$2,372,000 for local assistance grants for Family Empowerment Centers on Disabilities, and given that the 12 centers funded through the existing resources have only recently been established, I believe funding to expand this program would not be prudent until results from existing efforts are reviewed.

I am deleting the \$250,000 legislative augmentation to fund licensed children’s institution growth. My Budget already provides \$1,000,000 for local assistance grants for emergency impaction on Special Education Local Plan Areas as the result of licensed children’s institution growth, and I have not been provided with adequate justification to warrant a program augmentation.

I am revising Provisions 3 and 12 to conform to these actions.

- “3. Of the funds appropriated in Schedule (4) of this item, up to ~~\$1,250,000~~ \$1,000,000 may be used to fund licensed children’s institution growth pursuant to Section 56836.18 of the Education Code.”
- “12. Of the funds appropriated in Schedule (4) of this item, ~~\$4,072,000~~ \$2,372,000 shall be used for the purposes of establishing Family Empowerment Centers on Disabilities pursuant to Chapter 690, Statutes of 2001.”

Item 6110-194-0001—For local assistance, Department of Education. I reduce this item from \$1,105,000 to \$105,000 by deleting:

- (1) 20.60.101.001-Administrator Training and Evaluation Program (1,000,000),

and by revising Provision 2.

I am reducing the legislative augmentation of \$1,000,000 in support costs for the Administrator Training and Evaluation Program. This reduction is necessary to provide for a prudent General Fund reserve and eliminate the former Administrator Training and Evaluation Program. With this reduction, \$14,336,000 still remains for Principal and Administrator Training and Evaluation Program training activities in programs established by this Administration.

Item 6110-194-0890—For local assistance, Department of Education. I reduce this item from \$5,000,000 to \$4,350,000, and delete Provisions 2, 3 and 4.

I am deleting \$250,000 and Provision 2 which would be used for data collection and evaluation related to the effectiveness of professional development programs. While I recognize the importance of evaluating the effectiveness of programs, given many of these programs are relatively new and the scarcity of resources, I believe funds should be focused on providing training.

I am deleting \$400,000 and Provisions 3 and 4 which would earmark these funds for an evaluation of cultural competency training for teachers and provide professional development to substitute teachers, respectively. Both of these programs could be established by pending legislation. I believe it is premature to set aside these funds before the policy merits of the respective related legislation have been decided. In addition, according to the legislation which would establish the substitute teacher training, funding would not be necessary until 2003-04.

Item 6110-195-0890—For local assistance, Department of Education. I reduce this item from \$317,526,000 to \$317,026,000 by reducing:

(1) 20.60.280—Improving Teacher Quality Local Grants from \$315,472,000 to \$314,972,000, and by deleting Provision 1.

The reduction in Schedule (1) funding is a technical veto to account for this item over-appropriating the total amount of available federal funds by \$500,000.

I am deleting Provision (1), which specifies the uses of these federal funds. I would have preferred language that would have directed these funds to be used on a priority basis to ensure that class size reduction programs are maintained and teachers receive standards-aligned training. As federal law requires, the State has submitted an application for these funds that specifies their uses; therefore this language is unnecessary.

Item 6110-197-0890—For local assistance, Department of Education. I revise this item by deleting Provisions 2(b), 2(c), 2(d), and 2(h), and revising Provision 2(i).

I am deleting Provision 2(b) because this language is unnecessarily restrictive. It would limit the availability of \$3,500,000 to direct grants for programs serving middle and elementary school pupils to provide equitable access to and participation in programs. Analysis has not been performed to indicate the level of need for these types of grants. Furthermore, placing restrictions on these funds would limit the number of slots that could be created to serve additional children.

I am deleting Provision 2(c) because this language would restrict the availability of \$1,000,000 to fund direct grants for family literacy services for families of students participating in the 21<sup>st</sup> Century Community Learning Programs. Although I support family literacy programs, this



allocation duplicates existing efforts funded through federal Title 3 Literacy funds and other available federal and state funding sources to provide family literacy. Limiting the availability of these funds would restrict the creation of additional before and after school slots.

I am deleting Provisions 2(d) because this language is unnecessarily restrictive. It would limit the availability of \$2,500,000 to grants for high school programs. Denying accessibility to these funds to middle and elementary school programs, would restrict the creation of additional slots in an area where there is a known need. I am also deleting Provision 2(h) because the language would establish a program with reimbursement policies that conflict with those contained in existing statute, Article 22.5 (commencing with Section 8483.7) of Chapter 2 of Part 6 of Division 1 of the Education Code.

I am revising Provision 2(i) because this language conflicts with language contained in Provision 2(f) of this Item which requires programs to adhere to daily funding rates pursuant to Article 22.5 (commencing with Section 8482.5) of Chapter 2 of Part 6 of Division 1 of the Education Code.

"(i) Earned but unexpended funds may be carried forward to subsequent years consistent with federal requirements. ~~In year one, the full grant may be retained.~~"

As stated above, this language is unnecessarily restrictive and would result in higher costs per pupil. There is approximately \$14 million in quality applications pending for the existing Before and After School Learning and Safe Neighborhoods Partnership Program. The overall state need, however, is much greater. Given the success of this program in showing consistent patterns of positive results on student achievement, attendance, behavior, and reductions in grade attendance, I would prefer that the 21<sup>st</sup> Century federal funds be used to expand the existing program rather than creating additional cost pressures.

Item 6110-200-0001—For local assistance, Department of Education. I reduce this item from \$19,000,000 to \$2,000,000.

I am reducing the legislative augmentation of \$19,000,000 for Healthy Start Support Services by \$17,000,000. This reduction is necessary to limit program expansions and provide for a prudent General Fund reserve in light of the State's current fiscal condition. The program level started with this augmentation would cause costs to multiply in future years. This action will have no effect on schools currently operating this program, as full funding for the multi-year grant period has been provided in past budgets.

The funds reduced from this item are reserved for Proposition 98 contingencies in 2002-03.

Item 6110-205-0001—For local assistance, Department of Education. I revise this item by deleting Provision 3.

I am deleting Provision 3 of this item, which authorizes the Department of Education to establish a pilot program for allocating this funding for the Elementary School Intensive Reading Program as a block grant for up to 20 districts, rather than through hourly reimbursement for services rendered. This proposed pilot is a significant alteration in the program's current structure. The proposal does not contain any reasonable accountability to ensure that students receive necessary remedial services through this program, and may in fact reduce the total hours of









