



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

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

MAR 29 2007

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

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

Honorable John Laird, Chair
Assembly Budget Committee

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

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

Home-To-School Transportation / Public Transportation Account Adjustments

6110-111-0046, 6110-613-0046, 6110-111-0001, 6110-611-0001, 9901-611-0046, 9901-611-0001, and Control Section 24.80, Local Assistance, Home-To-School Transportation (Issues 900, 901, and 902)

We respectfully submit a revised proposal for Home-to-School Transportation for your consideration. While we continue to believe that our original proposal is consistent with the Constitution and the implementing legislation for Proposition 98, we are revising our proposal in an effort to avoid opposition from the education community. The revised proposal will continue to result in General Fund savings of \$627.0 million.

We also note that this redirection of funds to support Home-to-School Transportation can be accommodated, while increasing effective funding for transit operating grants over the 2005-06 level and funding all projected capital needs for transit, by:

- Using a very large increase in revenues from the surge in gasoline prices, which is projected to produce \$617.0 million in 2007-08, up from \$381.0 million in 2005-06.
- Using a balance in the Public Transportation Account of \$365.0 million to support other local projects.
- Saving almost \$600.0 million from switching most of the capital program to the Proposition 1B bonds for 2007-08. This compares to spending of about \$250.0 million on capital projects in 2006-07 from the Public Transportation Account. A total of \$3.6 billion is available for transit capital projects from Proposition 1B bonds.
- Applying growth in local revenues for transit to offset the reduction in operating grants compared to 2006-07, providing level funding for transit operations in 2007-08. This reflects the fact that state contributions are relatively minor compared to the \$5.5 billion local funding of transit operations.
- Using, at local discretion, the massive increase in state capital funding to \$1.2 billion in 2007-08 to free up local general purpose moneys that have been used for capital in past budgets.

It is therefore requested that Item 6110-111-0046 be eliminated and that Item 6110-111-0001 be added as follows:

~~"6110-111-0046—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code.....574,179,000~~

~~Schedule:~~

~~(1) 10.10.006-Pupil Transportation.....568,437,000~~

~~(2) 10.10.008-Small School District Bus Replacement.....5,742,000~~

~~Provisions:~~

~~1. Of the funds appropriated in this item, \$24,338,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.04 percent.~~

~~2. An additional \$52,583,000 in expenditures for this item has been deferred until the 2007-08 fiscal year."~~

6110-111-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code.....574,179,000

Schedule:

(1) 10.10.006-Pupil Transportation.....568,437,000

(2) 10.10.008-Small School District Bus Replacement.....5,742,000

Provisions:

1. Of the funds appropriated in this item, \$24,338,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.04 percent.

2. An additional \$52,583,000 in expenditures for this item has been deferred until the 2007-08 fiscal year.

It is further requested that Control Section 24.80 be added as follows:

SEC. 24.80. (a) Notwithstanding any other provision of law, the Director of Finance is authorized to reimburse overall General Fund expenditures for the purposes of offsetting the cost of Home-to-School Program for the 2007-08 fiscal year from the Public Transportation Account, State Transportation Fund. Upon order of the Director of Finance, up to \$627,000,000 from the Public Transportation Account, State Transportation Fund, may be used to reimburse General Fund expenditures from Item 6110-111-0001 and the deferral amount from 2006-07 paid in 2007-08 pursuant to approval of budget trailer legislation during the 2007-08 Regular Session that provides an appropriation for this purpose. The total reimbursement shall not reduce the balance in the Public Transportation Account, State Transportation Fund, below a prudent reserve as determined by the Director of Finance.

(b) It is not the intent of the Legislature in enacting this section to provide additional expenditure authority to state programs.

(c) Funds provided from the Public Transportation Account, State Transportation Fund, for this purpose are derived from the sales tax on fuels and are dedicated to mass transportation purposes pursuant to Section 99310.5 of the Public Utilities Code. The Legislature hereby finds that transporting students to schools is a component of the state's mass transportation program.

MAR 29 2007

Federal Funds Adjustments

6110-001-0890, State Operations—Department of Education (SDE) (Issues 002, 012, 050, 081, 088, 640, 651, 785, 786, 841, and 952)

Issue 002: Education Technology Administration—It is requested that this item be increased by \$220,000 to continue 2.0 limited-term positions for an additional two years. The positions would continue to address baseline workload under the federal Enhancing Education Through Technology program requirements. The positions and funding were removed from the 2007-08 base budget during the fall, as it was unknown if the federal government would be continuing the program. The federal government did ultimately continue the program, albeit at a slightly reduced level (see related Issue #051), yet base workload requirements will remain essentially unchanged.

Issue 012: Instructional Materials Administration—It is requested that this item be increased by \$75,000 from Title III funds to enable the SDE to contract with content experts for the review of instructional materials. The funding represents half-year costs in order to correlate to the forthcoming reading/language arts adoption in 2008. Full-year costs, an additional \$75,000, would be provided in 2008-09 as a baseline adjustment. In addition, the Administration proposes the following provisional language explicitly authorizing the use of the funds pursuant to pending legislation needed to explicitly authorize the current practice of using volunteer scholars to assist in addressing content review workload.

It is further requested that the following provisional language be added to conform to this action:

X. Of the amount appropriated in this item, \$75,000 of Title III funds is available for consulting and professional services workload necessary for content review workload, pursuant to pending, enabling legislation.

Issue 050: Education Technology Administration—It is requested that language in this item be amended to reallocate budgeted federal funds for administration. Specifically, the proposed change would reduce contracted technical support and evaluation services from \$686,000 to \$150,000 (\$536,000). This adjustment would align the contract allocation with the level needed according to the SDE, thereby allowing it to use the funds instead for addressing other workload such as complying with federal Enhancing Education Through Technology and E-Rate program requirements.

It is requested that Provision 8 be amended as follows:

"8. Of the funds appropriated in this item, \$1,427,000 shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount:
(a) ~~\$686,000~~ \$150,000 is available only for contracted technical support and evaluation services."

Issue 081: Title II Funds—It is requested that four existing positions and \$690,000 of Title V funds be shifted and funded with federal Elementary and Secondary Education Act Title II, Part A funds.

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

X. Of the funds appropriated in this item, \$690,000 of federal Elementary and Secondary Education Act Title II, Part A funds and 4.0 existing positions, previously funded with Title V funds, will support continued efforts to provide professional development activities for administrators, principals, and teachers. These positions will actively focus efforts on assisting local educational agencies to meet the requirements for Highly Qualified Teachers, pursuant to the Federal No Child Left Behind Act of 2001 (P.L. 107-110).

Issue 088: Mathematics and Science Partnership Program—It is requested that this item be increased by \$367,000 for 1.5 positions to support increased workload and to expand the external evaluator contract. This program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support for mathematics and science teachers.

It is further requested that the following provisional language be added to conform to this action:

X. Of the funds appropriated in this item, \$167,000 and 1.5 positions are provided to support increased workload for the Mathematics and Science Partnership Program. Additionally, \$200,000 is provided to expand the external evaluator contract.

Issue 640: Translation of Parental Notification Documents—It is requested that this item be increased by \$500,000 to reflect the availability of \$50,000 federal Title III one-time carryover funds from 2005-06 and \$450,000 from 2006-07. The carryover is a result of a delay in securing contracts with vendors to translate parental notification documents to languages other than English. These funds will be used to maintain the continuity of the SDE's translation of documents and make them available to school districts through an existing document clearinghouse.

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

X. Of the funds appropriated in this item, \$500,000 is available to the SDE for the cost of translating into languages other than English state prototype documents. The SDE shall be required to contract with appropriate translators or translator services to translate these documents. The SDE shall post all documents translated as a result of the appropriation referenced in this provision on its existing Internet-based electronic clearinghouse system of state and locally translated parental notification documents.

Issue 651: Migrant Education Program Oversight—It is requested that this item be increased by \$800,000 to reflect the availability of \$800,000 federal Title I one-time carryover funds from 2006-07. The funds will be used to develop various SDE operational plans to provide appropriate educational services to migrant students and to ensure the SDE's compliance with federal Migrant Education Program requirements.

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

X. Of the funds appropriated, \$800,000 is provided in one-time carryover funds to develop evaluation, improvement, and service delivery plans to meet federal Migrant Education program requirements. The completed plans shall be incorporated into the Single Plan for Pupil Achievement pursuant to Education Code Section 64001.

Issue 785: Free and Reduced-Price Meal Direct Certification Grant—It is requested that this item be increased by \$172,000 to reflect the availability of one-time carryover funds for a federal grant. The grant supports efforts to directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

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

X. Of the amount appropriated in this item, \$172,000 is available from one-time carryover funds to support efforts that directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

Issue 786: School Wellness Grant—It is requested that this item be increased by \$50,000 to reflect the availability of a one-time carryover funds from the School Wellness Grant, which supports training and technical assistance for local educational agencies implementing local wellness policies.

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

X. Of the amount appropriated in this item, \$50,000 is available from one-time federal funds for providing training and technical assistance to local educational agencies implementing local wellness policies.

Issue 841: Evaluation of No Child Left Behind Assessment Requirements—It is requested that this item be reduced by \$2.0 million to reflect the removal of one-time funds for an evaluation of whether California has met the assessment requirements of the federal No Child Left Behind Act of 2001. The evaluation has been completed, and it is no longer necessary to include funding in the annual Budget Act. Provisional language for this evaluation was removed from the Governor's Budget; however, the funding was not removed.

Issue 952: Technical Adjustment for Federal Special Education Funds—It is requested that \$127,000 in federal funds, originally budgeted in Provision 46 of Item 6110-001-0890, Budget Act of 2006, for education monitoring and technical assistance in correctional facilities, be restored. The federal funds were inadvertently eliminated as a one-time cost. Although the monitoring in correctional facilities workload has sunset (Education Code Section 56867 (h)), the SDE advises that the federal funds should remain as a part of the base for administration (in other words, the federal grant for administration continues to provide California with the funds).

6110-102-0890, Local Assistance, One-time Carryover for the Learn and Serve America Program (Issues 263 and 264)

It is requested that this item be increased by \$162,000 to reflect additional one-time carryover funding to support additional service learning activities. It is also requested that this item be increased by \$3,000 to conform base federal expenditure authority to available grant funding.

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

X. The funds appropriated in this item include a one-time carryover of \$162,000, available for the support of additional service learning activities during the 2007-08 fiscal year.

MAR 29 2007

**6110-103-0890, Local Assistance, Robert C. Byrd Honors Scholarship Program
(Issue 791)**

It is requested that this item be increased by \$114,000 to align the appropriation with available federal funds. The funds will be used to promote student excellence and achievement by awarding scholarships solely on the basis of academic merit to recognize students who show promise of continued academic excellence.

6110-112-0890, Local Assistance, Public Charter Schools (Issue 980)

It is requested that this item be reduced by \$2,423,000 to align the appropriation authority with the anticipated federal grant award amount. Public Charter School funds are used to fund start-up, implementation, and best practices dissemination for charter schools.

6110-113-0890, Local Assistance, Title VI Flexibility and Accountability (Issues 838, 842, 843, and 845)

It is requested that Schedule (2) of this item be reduced by \$7,000. This adjustment includes a decrease of \$1,407,000 to align expenditure authority with federal Title VI grant funding and an increase of \$1.4 million to reflect the availability of one-time Title III carryover funds. Title VI grant funds are used to create and implement testing programs for K-12 public education. The Title III carryover funds will be used to develop, pursuant to legislation, reading and writing assessments for Kindergarten and grade 1 English learner students.

It is also requested that \$130,000 be shifted from Schedule (5) to Schedule (6) of this item. This adjustment is necessary to reflect an increase in evaluation costs for the California High School Exit Exam (CAHSEE).

It is also requested that Schedule (6) be reduced by \$100,000 to reflect the removal of one-time funds for a study of English learner and special education students who did not graduate because of the CAHSEE requirement. The evaluation was a one-time activity, and it is no longer necessary to include funding in the annual Budget Act. Provisional language for this evaluation was removed from the Governor's Budget; however, the funding was not removed.

**6110-119-0890, Local Assistance, Neglected and Delinquent Children Program
(Issue 646)**

It is requested that this item be decreased by \$53,000 to align appropriation authority with the anticipated federal grant. Federal Neglected and Delinquent Children Program funds are used to address the educational needs of neglected and delinquent children and to provide education continuity for children in juvenile institutions.

6110-123-0890, Local Assistance, Title V Innovative Programs (Issue 839)

It is requested that this item be increased by \$104,000 to align the appropriation with the anticipated federal grant award. These grant funds are provided to districts to develop and implement innovative educational programs intended to improve school, student, and teacher performance.

MAR 29 2007

6110-125-0890, Local Assistance, Migrant Education Program and English Language Acquisition Program (Issues 642, 643, 649, and 650)

It is requested that Schedule (1) of this item be increased by \$6,576,000. This adjustment includes an increase of \$2,976,000 to align the Migrant Education Program appropriation with the anticipated federal grant and an increase of \$3.6 million to reflect the availability of one-time federal carryover funds. These funds will be used to meet the educational needs of highly mobile children whose family members are employed in seasonal occupations. The program provides supplemental services to support the core academic program children receive during the regular school day.

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

X. Of the funds appropriated in Schedule (1), \$3,600,000 is provided in one-time carryover funds to support the existing program.

It is further requested that Schedule (3) of this item be increased by \$5,771,000. This adjustment includes an increase of \$3,871,000 to align the English Language Acquisition Program appropriation with the anticipated federal grant and an increase of \$1.9 million to reflect the availability of one-time carryover funds. These funds will be used to help students attain English proficiency and meet grade level standards.

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

X. Of the funds appropriated in Schedule (3), \$1,900,000 is provided in one-time carryover funds to support the existing program.

6110-126-0890, Local Assistance, Reading First Program (Issue 084)

It is requested that this item be decreased by \$9,567,000 to align appropriation authority with the anticipated federal grant award amount. The Reading First Program provides grants to use scientifically based reading programs to improve reading in kindergarten through grade 3.

6110-136-0890, Local Assistance, Title I Basic Program, McKinney-Vento Homeless Children Education Program, Title I School Improvement Program, and Even Start Program (Issues 085, 092, 644, 647, and 648)

It is requested that Schedule (1) of this item be decreased by \$95,641,000. This adjustment includes a decrease of \$107,641,000 to align the Title I Basic Program appropriation with the anticipated federal grant and an increase of \$12.0 million to reflect the availability of one-time carryover funds. The Title I Basic Program provides funding to local educational agencies with socio-economically disadvantaged student populations. The purpose is to improve the academic achievement of students who are failing or at risk of failing academic standards.

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

X. Of the funds appropriated in Schedule (1), \$12,000,000 is provided in one-time carryover funds to support the existing program.

It is further requested that Schedule (2) of this item be decreased by \$598,000 to align the McKinney-Vento Homeless Children Education Program appropriation with the anticipated federal grant. The program facilitates the enrollment, attendance, and success in school of homeless children.

It is further requested that this item be increased by \$5,467,000. This adjustment includes an increase of \$467,000 to align the Title I Even Start Program appropriation with the anticipated federal grant and an increase of \$5.0 million to reflect the availability of one-time carryover funds. The Even Start Program provides funds to improve the educational opportunities of low-income families, by integrating early childhood education and parenting education into a unified literacy program.

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

X. Of the funds appropriated in Schedule (1), \$5,000,000 is provided in one-time carryover funds to support the Even Start Program.

6110-137-0890, Local Assistance, Rural/Low-Income School Program (Issue 645)

It is requested that this item be decreased by \$498,000 to align appropriation authority with the anticipated federal grant. Rural/Low-Income School Program funds are used to improve instruction and achievement for children in rural and low-income schools by supporting activities such as teacher recruitment and retention, professional development, educational technology projects, and parental involvement activities.

6110-156-0890, Local Assistance, One-time Carryover for Adult Education (Issue 262)

It is requested that this item be increased by \$2,348,000 to reflect additional one-time carryover funding to support adult education programs, with provisional language added to specify that these one-time funds be used to ensure compliance with federal reporting requirements.

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

X. The funds appropriated in this item include a one-time carryover of \$2,348,000, available for the support of additional adult education instructional activities and may be used by local providers to upgrade data collection and other software systems to ensure compliance with federal adult education reporting requirements as specified in Public Law 109-77.

6110-166-0890, Local Assistance, One-time Carryover for Vocational Education (Issue 261)

It is requested that this item be increased by \$10,718,000 to reflect additional one-time carryover funding to support vocational education programs, with provisional language added to specify that these one-time funds be used to expand and align K-12 tech prep programs with community college economic development programs.

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

X. The funds appropriated in this item include a one-time carryover of \$10,718,000. These funds shall be used during the 2007-08 academic year to support additional vocational education institutional activities, with first priority being given to supporting curriculum

development and articulation of K-12 technical preparation programs with local community college economic development and vocational education programs in an effort to incorporate greater participation of K-12 students in sequenced, industry-driven coursework that leads to meaningful employment in today's high-tech, high demand, and emerging technology areas of industry employment.

6110-180-0890: Local Assistance, Education Technology Program (Issue 051)

It is requested that this item be reduced by \$2,233,000. This proposal would realign the program budget with the new federal grant. The reduction would be allocated proportionately among competitive grants, formula grants, and the California Technology Assistance Project. We note that at least \$250.0 million in private funds is available to local education agencies directly as a result of a settlement with Microsoft, which will help mitigate the impact of the federal reduction.

It is further requested that Provisions 1, 2 and 3 be amended as follows:

"1. Of the funds appropriated in this item, ~~\$16,662,000~~ \$15,569,000 is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program.

2. Of the funds appropriated in this item, ~~\$16,662,000~~ \$15,569,000 is available for competitive grants pursuant to Chapter 8.9 (commencing with Section 52295.10) of Part 28 of the Education Code and the requirements of the federal Enhancing Education Through Technology Grant Program including the eligibility criteria established in federal law to target local educational agencies with high numbers or percentages of children from families with incomes below the poverty line and one or more schools either qualifying for federal school improvement or demonstrating substantial technology needs.

3. Of the funds appropriated in this item, ~~\$701,000~~ \$654,000 is available for the California Technology Assistance Project (CTAP) to provide federally required technical assistance and to help districts apply for and take full advantage of the federal Enhancing Education Through Technology grants."

6110-183-0890, Local Assistance, Safe and Drug Free Schools Program (Issues 788 and 789)

It is requested that this item be increased by \$3,211,000. This adjustment includes an increase of \$811,000 to align the appropriation with the anticipated federal grant. In addition, this adjustment includes an increase of \$2.4 million to reflect the availability of one-time carryover funds from 2006-07. These funds will be used to support programs that prevent violence in and around schools, prevent the illegal use of alcohol, tobacco, and drugs, and involve parents and communities.

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

X. Of the funds appropriated in this item, \$2,400,000 is a one-time carryover available to support the existing program.

**6110-193-0890, Local Assistance, Mathematics and Science Partnership Program
(Issues 089 and 093)**

It is requested that this item be increased by \$2,176,000. This adjustment includes a decrease of \$1,426,000 to align Title II, Part B of the Elementary and Secondary Education Act (Mathematics and Science Partnership Program) appropriation with the anticipated federal grant award and an increase of \$3,602,000 to reflect the availability of one-time carryover funds. This program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support for mathematics and science teachers.

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

X. Of the funds appropriated in this item, \$3,602,000 is provided in one-time carryover funds to support the Math and Science Partnership Program.

**6110-195-0890, Local Assistance, Title II Improving Teacher Quality Local Grants
(Issue 086)**

It is requested that this item be decreased by \$4,683,000 to align with appropriation authority for the Teacher and Principal Training and Recruiting Fund with the anticipated federal grant award. This program provides an apportionment to local education agencies for activities focused on preparing, training, and recruiting high-quality teachers.

**6110-197-0890, Local Assistance, 21st Century Community Learning Centers Program
(Issue 354)**

It is requested that this item be increased by \$57,226,000. This adjustment includes a reduction of \$3,774,000 in order to align the appropriation authority with the anticipated federal grant award amount and an increase of \$61.0 million to provide one-time carryover authority for unspent prior year funds. The carryover shall be allocated in a manner consistent with the existing program.

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

X. Of the funding provided in this item, \$61,000,000 is available on a one-time basis as carryover from prior years.

Other Adjustments

6110-001-0001, State Operations, Child Nutrition Standards (Issue 787)

It is requested that this item be increased \$200,000 reimbursements for efforts to establish an approved listing of beverages that can be served on school campuses and that comply with Chapter 237, Statutes of 2005.

It is further requested that Provision 21 be amended as follows:

"21. Of the reimbursement funds appropriated in this item, ~~\$200,000~~ \$400,000 shall be available to the SDE to contract for assistance in developing an approved listing of food and beverage

items that ~~complies~~ comply with the nutrition standards of Chapter 235 of the Statutes of 2005 and Chapter 237 of the Statutes of 2005. In order to fund the development and maintenance of the approved product listing, the SDE shall collect a fee, as it deems appropriate, from vendors seeking to have their product reviewed for potential placement on the approved product listing. Reimbursements collected in 2007-08 may be used to offset costs incurred in 2006-07."

6110-001-0001 and 6110-005-0001, State Operations, State Special Schools (Issues 953 and 955)

Issue 953: Technical Adjustment for State Special Schools Utility Costs—It is requested that \$420,000 be shifted from Item 6110-001-0001 to Item 6110-005-0001. These funds were inadvertently placed in the wrong item for increased utility costs for the California School for the Deaf at Riverside.

It is requested that conforming language also be moved as follows:

6110-001-0001

~~25. Of the funds appropriated in this item, \$420,000 is for funding increased utility costs at the California School for the Deaf, Riverside.~~

6110-005-0001

X. Of the funds appropriated in this item, \$420,000 is for funding increased utility costs at the California School for the Deaf, Riverside.

Issue 955: Fund Unemployment Insurance Costs for the State Special Schools—It is requested that \$275,000 be appropriated to cover increased Unemployment Insurance costs related to increased claims and contract costs. Increased benefits and claims are resulting primarily from seasonal (school year) staffing issues.

6110-113-0001, Local Assistance, California's Pupil Testing Program (Issues 832 and 833)

Issue 832: California High School Proficiency Exam—It is requested that Schedules (5) and (6) of this item be amended to reflect an increase in reimbursement authority of \$74,000 for the California High School Proficiency Exam (CHSPE). These funds will be used to pay a contractor for the administration of the CHSPE.

Issue 833: Provisional Language—It is also requested that Provisions 1 and 4 of this item be amended as follows to clarify and conform to the Education Code. Specifically, it is requested that a CHSPE statutory reference be added to Provision 1. As in past Budget Act items, this item will appropriate funds for the administration of the CHSPE and a statutory reference will eliminate ambiguity as to the appropriate use of these funds. Also, it is requested that the term "annually" be struck from Provision 4. This term is unnecessary because the common practice of the State Board of Education is to adjust the California High School Exit Exam apportionment funding on an as-needed basis.

"1. The funds appropriated in this item shall be for the pupil testing programs authorized by Chapter 3 (Section 48412), Chapter 5 (commencing with Section 60600), Chapter 6 (commencing with Section 60800), Chapter 7 (commencing with Section 60810), and Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code."

"4. The funds appropriated in Schedule (4) include funds for approved contract costs and apportionment costs for the administration of the California High School Exit Examination (CAHSEE) pursuant to Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code. The State Board of Education shall annually establish the amount of funding to be apportioned to school districts for the CAHSEE. The amount of funding to be apportioned per test shall not be valid without the approval of the Department of Finance."

6110-491 and 6110-001-3085, Reappropriation, Mental Health Services Act, Proposition 63 (Issue 951)

It is requested that \$289,000 in funds (income tax for Mental Health Services) appropriated in Schedule (1) of Item 6110-491, Budget Act of 2006 be reappropriated for 2007-08. These funds were appropriated to allow the SDE to contract for training school business officials pursuant to the Mental Health Services Act. Due to contract bid issues (non-qualified bids and appeals), the funds will not be spent until March 2008 according to the SDE.

It is requested that the following language be added:

6110-491—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, in those appropriations, and shall be available for encumbrance or expenditure until June 30, 2008:

(1) Schedule (1) of Item 6110-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Of the funds appropriated in this item, \$289,000 is made available for the 2007-08 fiscal year, for the purpose of fulfilling contracting services with local education agencies pursuant to the Mental Health Services Act (Proposition 63).

Current Year Adjustments

6110-501-0001, State Operations, State Board of Education Operational Deficiency (Issue 641)

It is requested that \$425,000 General Fund be set aside to provide funds to the SDE for the current year operational costs of the State Board of Education. The funds will be appropriated through pending legislation.

6110-001-0890, State Operations—Department of Education (Issue 981)

Issue 981: Technical Adjustment to Remove Pending Budget Revision—It is requested that this item be reduced by \$1,409,000 to eliminate a pending budget revision that was inadvertently included in the Governor's Budget for the federal Model Charter Schools program. The funding for this program was not received, and this technical adjustment is necessary to correct the error.

6110-136-0890, Local Assistance, Title I School Improvement Program (Issue 844)

It is requested that trailer bill language be adopted to increase the amount of funding that may be expended from Schedule (3) on school assistance and intervention teams (SAIT). Prior to enactment of the 2006-07 Budget, the SDE estimated the necessary funding for SAIT teams.

MAR 29 2007

-13-

However, after the Budget was enacted, the SDE determined that the actual costs of SAIT teams would be higher than anticipated. This action will not result in an increase to the current year appropriation. Rather, existing funds will be reallocated from general purpose School Improvement Program activities to SAIT activities. SAIT teams are assigned to schools that have failed to make significant academic progress under the High Priority Schools Grant Program.

It is further requested that Provision 3 be amended as follows:

"3. Of the funds appropriated in Schedule (3), up to ~~\$4,600,000~~ \$2,000,000 shall be made available to support school assistance and intervention teams that enter into a contract with a school pursuant to subdivision (a) of Section 52055.51 of the Education Code. These funds shall be allocated in the amount of \$75,000 for each school assistance and intervention team assigned to an elementary or middle school and \$100,000 for each team assigned to a high school. The State Department of Education and Department of Finance may approve applications with justification for a total funding level of \$125,000."

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 Barbara Taylor, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, Chair, Assembly Budget Subcommittee No. 2
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Honorable Jack O'Connell, Superintendent of Public Instruction
Ms. Sharon Taylor, Director, Fiscal and Administrative Services, Department of Education
Mr. David Long, Secretary of Education

MAR 29 2007

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

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

Honorable John Laird, Chair
Assembly Budget Committee

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

**Amendment to Budget Bill Item 6120-011-0001, Support, and Addition of Item 6120-490,
Reappropriation, California State Library**

6120-011-0001, Support, California State Library (Issue 958)

Issue 958: Technical Correction to Distributed Administration—It is requested that the administration and distributed administration schedules be increased by \$69,000. This adjustment is necessary to properly budget for the State Library's support as a result of various baseline adjustments which were inadvertently not reflected on the administration scheduled in the Governor's Budget, such as employee compensation (no new policy). This is only a scheduling issue and is not a request for additional funding.

6120-490, New Reappropriation Item, California State Library (Issue 959)

Issue 959: Reappropriation of Expenditure Authority for California Cultural and Historical Endowment—It is requested the balance of Proposition 40 funds be reappropriated for the California State Library for purposes of administering grant awards for the California Cultural and Historical Endowment. Grant agreement delays have caused the need for a reappropriation so that projects may be appropriately reviewed and ultimately completed. According to the California State Library, the final round of the grant process will be awarded in May 2007 and projects will be completed by 2010. This action will restore those funds so that the grant process can be completed.

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

6120-490—Reappropriation, California State Library. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance and expenditure until June 30, 2010.

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

(1) Item 6120-101-6029, Budget Act of 2003 (Ch. 157, Stats. 2003) as reappropriated by Item 6120-490, Budget Act of 2004 (Ch. 208, Stats. 2004)

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

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

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, Chair, Assembly Budget Subcommittee No. 2
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Cameron Robertson, Deputy State Librarian, California State Library
Ms. Lizabeth Peralta, Chief of Fiscal Services, California State Library

MAR 29 2007

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

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6360-001-0407, Support, Commission on Teacher Credentialing

It is requested that Item 6360-001-0407 be increased by \$340,000 to provide 2.0 permanent positions to implement the revised accreditation system and one limited-term position to support credential reform activities. Pursuant to Chapter 517, Statutes of 2006 (SB 1209, Scott), the Commission on Teacher Credentialing (Commission) will revise the standards related to intern and induction programs. The Commission will also review and revise the Special Education Credential, the Reading and Language Arts Specialist Credential, the Reading Certificate, and the Designated Subjects Credential for Career and Vocational Education.

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

X. Of the funds appropriated in Schedule (1), \$227,000 and 2.0 permanent positions are provided to support implementation of the revised accreditation system.

X. Of the funds appropriated in Schedule (1), \$113,000 and 1.0 limited-term two-year position is provided to support review and revision of the Special Education Credential, the Reading and Language Arts Specialist Credential, the Reading Certificate and the Designated Subjects Credential for Career and Vocational Education, and revision of the standards related to intern and induction programs.

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

-2-

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

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, Chair, Assembly Budget Subcommittee No. 2
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Dale Janssen, Executive Director, Commission on Teacher Credentialing
Ms. Crista Hill, Division Director, Commission on Teacher Credentialing



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

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

MAR 29 2007

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

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

Honorable John Laird, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6440-001-3054, Support, University of California

It is requested that Item 6440-001-3054 be increased by \$1,886,000 to allow the University of California to spend the revenues remaining in the Health Care Benefits Fund from fiscal year 2006-07. These funds were not appropriated in the current year because the California Health Benefit Review Program was set to expire on January 1, 2007, but subsequent legislation, Chapter 684, Statutes of 2006 (SB 1704), extended the sunset date of the program until January 1, 2011. This request would augment the funding level proposed in 2007-08, which reflects the Fund's anticipated revenues.

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

X. Of the funds appropriated in this item, \$1,886,000 is provided in one-time funds to support the California Health Benefit Review Program.

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

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

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, Chair, Assembly Budget Subcommittee No. 2
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Larry Hershman, Vice President for Budget, UC Office of the President
Ms. Deborah Obley, Assistant Vice President, Budget Development and External
Relations, UC Office of the President



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

Amend Item 6440-301-0660 to reflect the removal of Schedule 1 for the Energy Biosciences Institute and combine the project and funding with Schedule 2 and rename it the Helios Energy Research Facility.

California State University

Monterey Bay Campus, Library—Equipment. This project has experienced delays resulting from a July 2005 bid failure, coupled with California State University's (CSU) efforts to secure new bidders in a rising construction market. Consequently, the library equipment funding was deferred until a construction contract could be awarded and a timeline for completion established. The construction contract was awarded June 2006 and the project is now on track for completion by September 2008. Therefore, it is requested that equipment funding be provided in 2007-08 so the library building can be ready for occupancy in late 2007-08.

To meet CSU's request:

Add Item 6610-301-6028 to provide funding of \$4,228,000 from the Higher Education Capital Outlay Bond Fund of 2002 for the equipment phase of the Monterey Bay Library project.

Systemwide: Minor Capital Outlay—Preliminary plans, working drawings, and construction. The proposed 2007-08 Governor's Budget includes \$20.0 million in bond funds for Systemwide Minor Capital Outlay Projects. CSU requests adding \$7.0 million in bond funds for additional minor capital outlay handicapped accessibility projects on campuses. In conjunction with this effort, CSU is also working with the Division of State Architect (DSA) to develop a pre-approved path of travel plan on each campus in an effort to expedite the capital outlay plans through the DSA review process and move the projects to bid faster.

Therefore, it is requested to:

Add Item 6610-301-6028 to provide funding of \$7.0 million from the Higher Education Capital Outlay Bond Fund of 2002 to fund Systemwide: Minor Capital Outlay projects. This will be in addition to the funds already proposed in Item 6610-301-0574 to provide Systemwide: Minor Capital Outlay project funding.

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

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

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, Chair, Assembly Budget Subcommittee No. 2
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Larry C. Hershman, Vice President, University of California
Ms. Deborah Obley, Assistant Vice President, University of California
Ms. Elvyra San Juan, Assistant Vice Chancellor, Capital Planning, Design and
Construction, California State University
Mr. Larry Piper, Chief, Capital Planning, Design and Construction, California State
University



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

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

MAR 29 2007

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

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

Honorable John Laird, Chair
Assembly Budget Committee

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

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

State Operations – Budget Year:

**6870-001-0890, Increase Federal Funding for Small Manufacturers Training Program
(Issue 870)**

It is requested that Item 6870-001-0890 be added to appropriate \$12,000 from the Federal Trust Fund to support administrative costs associated with the implementation of the Small Manufacturers Training Program and that Item 6870-001-0001 be amended to reflect this change, as follows:

6870-001-0890—For support of the Board of Governors of the California Community Colleges, for payment to Item 6870-001-0001, payable from the Federal Trust Fund.....\$12,000
Provisions:

1. The funds appropriated in this item are available to support one-time administrative costs necessary for the implementation of the Small Manufacturers Training Program pursuant to a grant from the U.S. Small Business Administration in Item 6870-101-0890.

Local Assistance – Budget Year:

6870-101-0001, CalWORKs Provisional Language (Issue 868)

It is requested that the provisional language for this item be amended to authorize expenditure of funds for campus based case management and to clarify work-study criteria.

It is requested that provision 15 be amended to conform to this action as follows:

“15. The funds appropriated in Schedule (6), Special Services for CalWORKs recipients, are for the purpose of assisting welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges, including work study, other educational related work experience, job placement services, child care services, and coordination with county welfare offices to determine eligibility and availability of services. All services funded in Schedule (6) shall be for current CalWORKs recipients or prior CalWORKs recipients who are in transition off of cash assistance for no more than two years. Current cash-assistance recipients may utilize these services until their initial

educational objectives are met. Former recipients in transition off of cash assistance may utilize these services for a period of up to two years after leaving cash assistance subject to the conditions of this provision. These funds shall be used to supplement and not supplant existing funds and services provided for CalWORKs recipients attending community colleges. The Chancellor of the California Community Colleges shall develop an equitable method for allocating funds to all districts and colleges based on the relative numbers of CalWORKs recipients in attendance and shall allocate funds for the following purposes:

- (a) Job placement.
- (b) Coordination with county welfare offices and other local agencies, including local workforce investment boards.
- (c) Curriculum development and redesign.
- (d) Child care and work-study.
- (e) Instruction.
- (f) Post employment skills training and related skills.
- (g) Campus-based case management, limited to on-campus assistance and services not provided by county case workers that do not supplant other counseling and academic support services funded through existing CCC categorical programs.

Of the amount appropriated in Schedule (6), \$15,000,000 shall be for child care and shall not require a district match. For the remaining funds, districts shall, as a condition of receipt of these funds, provide a \$1 match for every \$1 provided by the state.

Funds utilized for subsidized child care shall be for children of CalWORKs recipients through campus-based centers or parental choice vouchers at rates and with rules consistent with those applied to related programs operated by the State Department of Education in the 2007-08 fiscal year, including eligibility, reimbursement rates, and parental contribution schedules. Subsidized campus child care for CalWORKs recipients may be provided during the period they are engaged in qualifying state and federal work activities through attainment of their initial education and training plan and for up to three months thereafter or until the end of the academic year, whichever period of time is greater.

Funds utilized for work-study shall be used solely for payments to employers that currently participate in campus-based work-study programs or are providing work experiences that are directly related to and in furtherance of student educational programs, and work participation requirements, provided that those payments may not exceed 75 percent of the wage for the work-study positions, and the employers shall pay at least 25 percent of the wage for the work-study position. These funds may be expended only if the total hours of education, employment, and work-study for the student are sufficient to meet both state and federal minimum requirements for qualifying work-related activities.

Funds may be used to provide credit or noncredit classes for CalWORKs students if a district has committed all of its funded full-time-equivalent students (FTES) and is unable to offer the additional instructional services to meet the demand for CalWORKs students. This determination shall be based on fall enrollment information. Districts shall submit applications to the chancellor's office by October 15 of each year. If the chancellor approves the use of funds for direct instructional workload, the chancellor's office shall submit a report to the Department of Finance and the Joint Legislative Budget Committee by November 15, 2007, that (1) identifies the enrollment of new CalWORKs students, (2) states whether and why additional classes were needed to accommodate the needs of CalWORKs students, and (3) sets forth an expenditure plan for the balance of funds.

As a condition of receipt of the funds appropriated in Schedule (6), by the fourth week following the end of the semester or quarter term commencing in January 2008, each participating community college shall submit to the chancellor's office a report, in

the format specified by the chancellor in consultation with the State Department of Social Services, that includes, but is not limited to, the funded components, the number of hours of child care provided, the average monthly enrollment of CalWORKs dependents served in child care, the number of work-study hours provided, the hourly salaries and type of jobs, the number of students being case managed, the short-term programs available, the student participation rates, and other outcome data. It is intended that, to the extent practical, reporting from colleges utilize data gathered for federal reporting requirements at the state and local level. Further, it is intended that the chancellor's office compile the information for annual reports to the Legislature, the Governor, the Legislative Analyst, and the Department of Finance and State Department of Social Services by November 15 of each year.

First priority for expenditures of any funds appropriated in Schedule (6) shall be in support of current CalWORKs recipients. However, if caseloads are insufficient to fully utilize all of the funding in this schedule in a cost beneficial way, it is intended that up to \$5,000,000 of the funds subject to local matching requirements may be allocated for providing post employment services to former CalWORKs recipients who have been off of cash assistance for no longer than two years to assist them in upgrading skills, job retention, and advancement. Allowable services include direct instruction that cannot be funded under available growth funding, child care to support attendance in these classes consistent with this provision, job development and placement services, and career counseling and assessment activities which cannot be funded through other programs. Child care services may only be provided for periods commensurate with a student's need for post employment training within the two-year transitional period.

Prior to allocation of funds for post employment services, the chancellor shall first secure the approval of the Department of Finance for the allocations, complete a cumulative report on the outcomes, activities, and cost-effectiveness of the program no later than November 15, 2007, in compliance with the Budget Acts of 1998 (Ch. 324, Stats. 1998) and 1999 (Ch. 50, Stats. 1999) and this act, and shall provide the rationale and justification for the proposed allocation of post-employment services to districts for transitional students.

If a district is unable to fully expend its share of child care funds, it may request that the chancellor's office approve a reallocation to other CalWORKs purposes authorized by this provision, subject to all pertinent limitations and district match required for these purposes under this provision.

Of the funds appropriated in Schedule (6) for the Special Services for CalWORKs Recipients Program, no less than \$8,000,000 is to provide direct work-study wage reimbursement for students served under this program. \$1,000,000 shall be available for campus job development and placement services."

6870-101-0890, Increase Federal Funding for Small Manufacturers Training Program (Issue 869)

It is requested that Item 6870-101-0890 be added to appropriate \$235,000 from the Federal Trust to provide education and training services to California's small manufacturers on-line and at their worksites as follows:

6870-101-0890 – For local assistance, Board of Governors of the California Community Colleges, Program 20.96.001 – Special Services and Operations, Small Business Manufacturers Training Program, payable from the Federal Trust Fund.....\$235,000
Provisions:

1. The funds provided in this item shall be used to implement the Small Manufacturers Training Program pursuant to a grant from the U.S. Small Business Administration. This program will focus on providing on-line and worksite-based training to small manufacturers in California.

Federal Reimbursement Authority for Vocational Education (Issue 871)

It is requested that Item 6870-111-0001 be amended to reflect an increase of \$3,800,000 in Reimbursements from one-time federal vocational education funding that will be received by community colleges pursuant to Item 6110-166-0890 (Issue 261) for the 2007-08 fiscal year to be used to expand and align K-12 tech-prep programs with community college economic development programs.

It is requested that the following language be to conform to this action:

4. Of the funds appropriated in schedule (3) of this item, \$3,800,000 is one-time carryover available for the support of additional vocational education instructional activities. These funds shall be used during the 2007-08 academic year to support additional alignment and articulation of K-12 tech prep programs with local community college economic development programs in an effort to incorporate greater participation of K-12 students in sequenced, industry-driven coursework that leads to meaningful employment in today's high-tech, high-demand, and emerging technology areas of industry employment."

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

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Committee No. 1
Honorable Julia Brownley, Chair, Assembly Budget Subcommittee No. 2
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office