



APR 1 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

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

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

Federal Funds Adjustment

Items 6110-001-0001 and 6110-001-0890, Support, Add Carryover Funds for the Public Charter Schools Grant Program (PCSGP) (Issue 437)—It is requested that Item 6110-001-0890 be increased by \$825,000 and that Item 6110-001-0001 be amended to reflect the availability of one-time carryover funds for the PCSGP. The PCSGP provides competitive grant awards of up to \$575,000 to newly approved charter schools for planning and initial implementation. As part of the 2010 federal grant application, the State Department of Education (SDE) agreed to contract for an independent evaluation to measure the effectiveness of the PCSGP and to increase charter school technical assistance. These activities were previously funded by the Budget Acts of 2011 and 2012. However, due to concerns stemming from a reduction in the federal grant award and a change in the SDE contracting process, the SDE was unable to enter into contracts and fulfill its commitments. This request will allow the SDE to fulfill its stated activities from the 2010 federal grant application.

It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:

X. Of the funds appropriated in this item, \$825,000 is available on a one-time basis for the State Department of Education to contract for the independent evaluation of the Public Charter Schools Grant Program and for the development of charter school technical assistance contracts.

Items 6110-001-0001, 6110-001-0890, and 6110-200-0890, Support and Local Assistance, Race to the Top—Early Learning Challenge Grant (RTT-ELC) (Issues 921 and 922)—It is requested that Item 6110-001-0890 be increased by \$3,875,000 and Item 6110-200-0890 be decreased by \$209,000 to more accurately reflect actual and projected expenditures for the federal RTT-ELC. This is necessary because without updating the budget of the grant, there is potential for further programmatic delays. It is further requested that Item 6110-001-0001 be amended to conform to this action.

It is requested that Provision 25 (a) of Item 6110-001-0890 be amended as follows to conform to this action:

"25. (a) Of the funds appropriated in this item, ~~\$1,208,000~~\$5,083,000 shall be available to support local quality improvement activities under the Race to the Top—Early Learning Challenge Grant (RTT-ELC), consistent with the plan approved by the Department of Finance."

It is further requested that Provision 1 of Item 6110-200-0890 be amended as follows to conform to this action:

"1. The funds appropriated in this item are available to support local quality improvement activities under the Race to the Top—Early Learning Challenge Grant (RTT-ELC). Of the funds appropriated in this item, ~~\$10,359,000~~\$10,150,000 shall be available for allocation to local regional leadership consortia, to improve upon or develop local quality rating improvement systems, consistent with the state's application for RTT-ELC funds. Encumbrance of the remaining funds in this item shall be contingent upon submission of an expenditure plan to the Department of Finance and the fiscal committee of the Legislature."

Items 6110-194-0001 and 6110-194-0890, Local Assistance, Add Federal Child Care and Development Fund Carryover Funds (CCDF) (Issue 923)—It is requested that Item 6110-194-0890 be increased by \$1,587,000 to reflect the availability of one-time federal CCDF carryover funds to improve the quality of child care in accordance with the approved California State Plan for the federal CCDF grant and that Item 6110-194-0001 be amended to conform to this action.

Item 6110-161-0890, Local Assistance, Amend Provisional Language for Special Education Compliance Monitoring (Issue 773)—It is requested that Provision 4 of this item be amended as follows to reflect current federal terminology. With the reauthorization of the federal Individuals with Disabilities Education Act and the development of the State Performance Plan and Annual Performance Report indicators, reference to "key performance indicators" is obsolete.

"4. Of the funds appropriated in this item, \$1,420,000 is available for local assistance grants to monitor local educational agency compliance with state and federal laws and regulations governing special education. This funding level is to be used to continue the facilitated reviews and, to the extent consistent with ~~key performance indicators~~State Performance Plan/Annual Performance Report indicators developed by the State Department of Education, these activities shall focus on local educational agencies identified by the United States Department of Education's Office of Special Education Programs."

General Fund and Other Adjustments

Item 6110-001-0001, Support, Shift State Operations Funding between Schedules (Issue 436)—It is requested that Schedule (2) of Item 6110-001-0001 be decreased by \$959,000 and that Schedule (3) of Item 6110-001-0001 be increased by \$959,000 to accurately reflect program funding. This technical adjustment would address a discrepancy that largely resulted from removing current year one-time funding from the incorrect schedule/program when preparing the Governor's Budget. This adjustment would have no effect on the total amount budgeted in the item.

Item 6110-161-0001, Local Assistance, Add Provisional Language to Consolidate Special Education Programs (Issue 777)—It is requested that provisional language be added to this item as follows to allow the implementation of the Governor's Budget proposal to consolidate the Program Specialists and Regionalized Services program for regular and small special education local plan areas and a personnel development grant into the base of the special education funding formula.

X. Of the amount specified in Schedule (1), the amount equal to that which was received by each SELPA in fiscal year 2012-13 for program specialists and regionalized services for regular and small SELPAs and the personnel development grant in the amount of \$2,500,000 shall be added to each SELPA's base funding in the 2013-14 fiscal year, as determined pursuant to Chapter 854, Statutes of 1997.

Item 6110-170-0001, Local Assistance, Add Career Technical Education (CTE) Program Carryover Funds (Issue 241)—It is requested that this item be amended by increasing reimbursements by \$491,000 to reflect one-time reimbursement carryover funds for the CTE Program. Specifically, the funds would be used to conduct additional University of California Curriculum Integration Institutes, develop a professional development component in conjunction with the California Subject Matter Projects, and expand delivery of the New Teacher Workshops and Leadership Development Institute.

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

X. Of the funds appropriated in this item, \$491,000 reflects one-time reimbursement carryover funds to support the existing program.

Item 6110-196-0001, Require the Department to Update the State Preschool Program Contract (Issue 924)—It is requested that provisional language be added to this item as follows to require the SDE to update the contractor funding terms and conditions to accurately reflect statute governing the California State Preschool Program. Currently, the contract fails to provide a clear distinction between the State Preschool Program and wraparound child care services.

X. The State Department of Education shall submit the California State Preschool Program funding terms and conditions and program requirements update prior to the issuance of the State Preschool Program contracts or the disbursement of funds in 2013-14. The Department of Finance will review and approve the funding terms and conditions prior to issuance of these contracts or disbursement of funds.

Current Year Adjustments

Item 6110-651-0001, Local Assistance, Emergency Apportionment Repayment (Issue 601)—It is requested that this non-budget act item be increased by \$29.0 million General Fund in the current year and decreased by \$29.0 million General Fund in the budget year to reflect the delayed repayment of the 2012-13 General Fund emergency apportionment provided to the Inglewood Unified School District, pursuant to Chapter 325, Statutes of 2012. Pending trailer bill language would clarify, for the purpose of financing district recovery bonds, the intercept of all Proposition 98 resources, including Education Protection Account funding that can be used for the purpose of recovery bond payments. This language is anticipated to provide the district with a lower bond interest rate.

Trailer Bill Language (See Attachment)

Extension of California English Language Development Test Administration—It is requested that trailer bill language be adopted to allow the SDE to continue to administer the reading and writing portions of the California English Language Development Test for an additional year to students in kindergarten and grade one. This extension would meet federal requirements under Title I and Title III of the Elementary and Secondary Education Act to provide an annual assessment of limited English proficient students in each of the four language domains. In addition, this proposed change would provide an additional six months for the Legislature to review an associated report.

Require the Department to Report State Preschool Fee Data—It is requested that trailer bill language be adopted to require the SDE to report the fees collected from families who have enrolled children in the State Preschool Program.

The Budget Act of 2012 required the SDE to collect fees from families who enrolled their children in state preschool. However, while the fees are being collected, the SDE does not isolate and cannot accurately report the amount of fees collected for this 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 Thomas Todd, Assistant Program Budget Manager, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

APR 1 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Tom Torlakson, Superintendent of Public Instruction, Department of Education
Ms. Jeannie Oropeza, Deputy Superintendent, Department of Education
Ms. Roxanne Eres, Fiscal and Administrative Services Director, Department of Education

Attachment

English Language Test Administration

Section 60810 of the Education Code is amended as follows:

"60810. (a)(1) The Superintendent shall review existing tests that assess the English language development of pupils whose primary language is a language other than English. The tests shall include, but not be limited to, an assessment of achievement of these pupils in English reading, speaking, and written skills. The Superintendent shall determine which tests, if any, meet the requirements of subdivisions (b) and (c). If any existing test or series of tests meets these criteria, the Superintendent, with approval of the state board, shall report to the Legislature on its findings and recommendations.

(2) If no suitable test exists, the Superintendent shall explore the option of a collaborative effort with other states to develop a test or series of tests and share test development costs. If no suitable test exists, the Superintendent, with approval of the state board, may contract to develop a test or series of tests that meets the criteria of subdivisions (b) and (c) or may contract to modify an existing test or series of tests so that it will meet the requirements of subdivisions (b) and (c).

(3) The Superintendent and the state board shall release a request for proposals for the development of the test or series of tests required by this subdivision. The state board shall select a contractor or contractors for the development of the test or series of tests required by this subdivision, to be available for administration during the 2000-01 school year.

(4) The Superintendent shall apportion funds appropriated to enable school districts to meet the requirements of subdivision (d). The state board shall establish the amount of funding to be apportioned per test administered, based on a review of the cost per test.

(5) An adjustment to the amount of funding to be apportioned per test is not valid without the approval of the Director of Finance. A request for approval of an adjustment to the amount of funding to be apportioned per test shall be submitted in writing to the Director of Finance and the chairpersons of the fiscal committees of both houses of the Legislature with accompanying material justifying the proposed adjustment. The Director of Finance is authorized to approve only those adjustments related to activities required by statute. The Director of Finance shall approve or disapprove the amount within 30 days of receipt of the request and shall notify the chairpersons of the fiscal committees of both houses of the Legislature of the decision.

(b)(1) The test or series of tests developed or acquired pursuant to subdivision (a) shall have sufficient range to assess pupils in grades 2 to 12, inclusive, in English listening, speaking, reading, and writing skills. Pupils in kindergarten and grade 1 shall be assessed in English listening and speaking, and, once an assessment is developed, early literacy skills. The early literacy assessment shall be administered for a period of ~~three~~ four years beginning after the initial administration of the assessment or until July 1, ~~2012~~ 2013, whichever occurs first. Six months after the results of ~~the last administered assessment~~ three administrations are collected, but no later than ~~January 4, June 30,~~ June 30, 2013, the department shall report to the Legislature on the administration of the kindergarten and grade 1 early literacy assessment results, as well as on the administrative process, in order to determine whether reauthorization of the early literacy assessment is appropriate.

(2) In the development and administration of the assessment for pupils in kindergarten and grade 1, the department shall minimize any additional assessment time, to the extent possible. To the extent that it is technically possible, items that are used to assess listening and speaking shall be used to measure early literacy skills. The department shall ensure that the test and procedures for its administration are age and developmentally appropriate. Age and developmentally appropriate procedures for administration may include, but are not limited to, one-on-one administration, a small group setting, and orally responding or circling a response to a question.

(c) The test or series of tests shall meet all of the following requirements:

(1) Provide sufficient information about pupils at each grade level to determine levels of proficiency ranging from no English proficiency to fluent English proficiency with at least two intermediate levels.

(2) Have psychometric properties of reliability and validity deemed adequate by technical experts.

(3) Be capable of administration to pupils with any primary language other than English.

(4) Be capable of administration by classroom teachers.

(5) Yield scores that allow comparison of the growth of a pupil over time, can be tied to readiness for various instructional options, and can be aggregated for use in the evaluation of program effectiveness.

(6) Not discriminate on the basis of race, ethnicity, or gender.

(7) Be aligned with the standards for English language development adopted by the state board pursuant to Section 60811.

(8) Be age and developmentally appropriate for pupils.

(d) The test shall be used for the following purposes:

(1) To identify pupils who are limited English proficient.

(2) To determine the level of English language proficiency of pupils who are limited English proficient.

(3) To assess the progress of limited-English-proficient pupils in acquiring the skills of listening, reading, speaking, and writing in English.

(e)(1) A pupil in any of grades 3 to 12, inclusive, shall not be required to retake those portions of the test that measure English language skills for which he or she has previously tested as advanced within each appropriate grade span, as determined by the department in accordance with paragraph (8) of subdivision (c).

(2) Notwithstanding paragraph (1), a pupil in any of grades 10 to 12, inclusive, shall not be required to retake those portions of the test that measure English language skills for which he or she has previously tested as early advanced or advanced.

(3) This subdivision shall not be implemented until the test publisher's contract that is in effect on January 1, 2012, expires.

(4) This subdivision shall not be implemented unless and until the department receives written documentation from the United States Department of Education that implementation is permitted by federal law."

State Preschool Fee Data

Section 8239 of the Education Code is amended as follows:

"8239. The Superintendent shall encourage state preschool program applicants or contracting agencies to offer full-day services through a combination of part-day preschool slots and wraparound general child care and development programs. In order to facilitate a full-day of services, all of the following shall apply:

(a) Part-day preschool programs provided pursuant to this section shall operate between 175 and 180 days.

(b) Wraparound general child care and development programs provided pursuant to this section may operate a minimum of 246 days per year unless the child development contract specified a lower minimum days of operation. Part-day general child care and development programs may operate a full-day for the remainder of the year after the completion of the preschool program.

(c) Part-day preschool services combined with wraparound child care services shall be reimbursed at no more than the full-day standard reimbursement rate for general child care programs with adjustment factors, pursuant to Section 8265 and as determined in the annual Budget Act.

(d) Three- and four-year-old children are eligible for wraparound child care services to supplement the part-day California state preschool program if the family meets at least one of the criteria specified in paragraph (1) of subdivision (a) of Section 8263, and the parents meet at least one of the criteria specified in paragraph (2) of subdivision (a) of Section 8263.

(e) Fees shall be assessed and collected for families with children in part-day preschool programs, or families receiving wraparound child care services, or both, pursuant to subdivisions (g) and (h) of Section 8263.

(f) The Superintendent shall report the fees collected from families who have enrolled children in the California state preschool program to the Department of Finance. The report shall distinguish between fees exclusively collected for part-day preschool programs and fees exclusively collected for wrap-around child care services. The report shall be provided annually by October 1.

~~(f)~~(g) For purposes of this section, "wraparound child care services" and "wraparound general child care and development programs" mean services provided for the remaining portion of the day or remainder of the year following the completion of part-day preschool services that are necessary to meet the child care needs of parents eligible pursuant to subdivision (a) of Section 8263. These services shall be provided consistent with the general child care and development programs provided pursuant to Article 8 (commencing with Section 8240)."



APR 1 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

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

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

Capital Outlay, University of California	6440-301-0658 6440-301-6048
Capital Outlay, California State University	6610-301-6048

The following requests would address changes to proposed capital outlay (CO) projects:

University of California

Merced, Science and Engineering Building 2—Equipment (Issue 001). It is requested that Item 6440-301-0658 be added in the amount of \$375,000, and Item 6440-301-6048 be added in the amount of \$3,845,000 to fund the equipment phase for the Merced Campus, Science and Engineering Building 2 project (Project). This Project would provide instructional and research space for Merced's School of Engineering and Natural Sciences. The Project is nearing completion (completion date of May 2014), and \$4,220,000 for equipment is needed to ensure that the facility is fully operational when completed.

California State University

The 2013 Budget Bill contained proposed reversions of \$4,190,000 in state General Obligation (GO) bonds that were appropriated in the 2012 Budget as a state match for five California State University (CSU) life-safety projects. These projects were proposed to be funded with a combination of GO bonds and federal reimbursements. However, the federal reimbursements did not materialize, and it is now requested that \$4,042,000 (of the \$4,190,000 in GO bonds) be appropriated for the equipment phase of a continuing CO project so that it can be fully operational when completed, and the design and construction for a new CO project that provides seismic strengthening for an existing campus theatre, as follows:

Channel Islands, West Hall—Equipment (Issue 001). It is requested that Item 6610-301-6048 be added in the amount of \$2,258,000 from the 2006 University Capital Outlay Bond Fund to fund the equipment phase for the Channel Islands campus, West Hall project (the Project). The Project would provide new space for lecture, laboratory and faculty offices that would support various campus programs such as computer science, environmental science, and physics. The Project will be completed by February 2015, but equipment needs to be ordered before the 2014-15 fiscal year to allow sufficient time for procurement and installation of “long lead” time scientific equipment and information technology/telecommunications equipment.

Bakersfield, Seismic Upgrade Dore Theatre—Preliminary plans, working drawings and construction (Issue 002). It is requested that Item 6610-301-6048 be added in the amount of \$1,784,000 from the 2006 University Capital Outlay Bond Fund to fund the design and construction phase for the Bakersfield campus, Seismic Upgrade Dore Theatre project. This Project would provide strengthening work such as roof bracing, and strengthening connections to support columns and walls of the 32-year old Dore Theatre. The CSU’s Seismic Review Board identified this Project as a high priority and the Division of State Architect has rated this building as a seismic level six (out of seven), meaning that in a seismic event, the building would incur substantial structural damage with partial collapse likely, with extensive risk to life for the occupants.

University of California/California State University/Hastings College of the Law

Amendment of Trailer Bill Language (Attachment 2). It is requested that the reporting dates in the Higher Education General Fund Pledge for Debt Issuance Trailer Bill Language be amended to earlier dates by which the higher education segments would report to the Joint Legislative Budget Committee and the Department of Finance (Finance) of their plans to use their support appropriation in the annual budget for CO projects. The report would include detailed information on the project scope and how the project would be financed. The initial report date for proposing projects to fund would be amended from July 1 of each year to March 1 of each preceding fiscal year in order to provide sufficient time to review the details of the projects requested prior to the start of the subsequent fiscal year. Additionally, the status report should occur in this same month to provide clear analysis on the ability to move projects with this funding mechanism.

Further, in accordance with this reporting requirement, Finance approves the University of California (UC) to use this new authority in 2013 to fund the construction phase (\$45,144,000) of the Merced campus, Classroom and Academic Office Building project. The design phase of the project had been funded by remaining GO bonds in 2012, and given the need to provide needed classroom space for Merced’s instructional programs; UC would restructure its public works board lease revenue bonds to generate savings sufficient to fund the construction phase of this project from its support budget.

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.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
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Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Patrick Lenz, Vice President for Budget, University of California
Ms. Deborah Wylie, Associate Vice President, Capital Resources Management, 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
Mr. David Seward, Chief Financial Officer, Hastings College of the Law

ATTACHMENT I

Item 6440-301-6048 is added to the Budget Bill:

Item 6440-301-0658—For capital outlay, University of California, payable from the 1996 Public Education Facilities Bond Act375,000

Schedule:

Merced Campus:

- (1) 99.11.050-Science and Engineering Building 2—
Equipment.....375,000

Provisions:

1. The funds provided in this item shall be available for expenditure only if the University of California requires the payment of prevailing wage rates by the contractors and subcontractors on all projects in this item and on all other capital outlay projects undertaken by the University of California that are funded using nonstate funds or are otherwise not financed with the funds appropriated in this item. This requirement shall represent a moratorium on granting further exceptions to paying prevailing wage rates until June 30, 2014.

Item 6440-301-6048—For capital outlay, University of California, payable from the 2006 University Capital Outlay Bond Fund.....3,845,000

Schedule:

Merced Campus:

- (2) 99.11.050-Science and Engineering Building 2—
Equipment.....3,845,000

Provisions:

1. The funds provided in this item shall be available for expenditure only if the University of California requires the payment of prevailing wage rates by the contractors and subcontractors on all projects in this item and on all other capital outlay projects undertaken by the University of California that are funded using nonstate funds or are otherwise not financed with the funds appropriated in this item. This requirement shall represent a moratorium on granting further exceptions to paying prevailing wage rates until June 30, 2014.

Item 6610-301-6048 is added to the Budget Bill:

Item 6610-301-6048—For capital outlay, California State University, payable from the 2006 University Capital Outlay Bond Fund.....4,042,000

Schedule:

- (1) 06.50.067-Bakersfield: Seismic Upgrade Dore Theatre—Preliminary plans, working drawings, and construction.....1,784,000
- (2) 06.83.004-Channel Islands, West Hall—Equipment.....2,258,000

Higher Education General Fund Pledge for Debt Issuance**Trailer Bill Language**

Section 1: Section 90083 of the Education Code is added to read:

In accordance with this article and notwithstanding the definition of projects and revenues in Section 90011 of this article, the board may issue bonds secured by revenues received in accordance with Section 89700 of the Education Code for projects as defined in Section 89771 of the Education Code.

Section 2: Section 89770 of the Education Code is added to read:

- a) The California State University may pledge, along with its other revenues, up to twelve percent (12%) of its annual General Fund support appropriation to secure the payment of any of the California State University's general revenue bonds or commercial paper associated with the general revenue bond program, provided that such obligations are (1) issued to refund, defease, or retire State Public Works Board lease revenue bonds or (2) issued for capital expenditures. This percentage shall be reduced by the percentage of its annual General Fund support appropriation that is required to fund General Obligation bond payments and the State Public Works Board rental payments. To the extent the California State University pledges its support appropriation as a source of revenue securing any obligation; it must provide that this revenue is subject to annual appropriation by the legislature.
- b) For purposes of this section capital expenditures shall mean (1) the costs to design, construct and or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities; and renewal or expansion of infrastructure to serve academic programs or (2) the cost of debt service associated with utilizing the pledge authorized in this section.
- c) The ability to utilize its support appropriation as stated in this section shall not be used as a justification for future increases in student tuition, additional employee lay-offs, or reductions in employee compensation at the California State University.
- d) Nothing in this section shall require the legislature to make an appropriation from the General Fund in any specific amount to support the California State University.

Section 3: Section 89771 of the Education Code is added to read:

- a) The California State University may use up to twelve percent (12%) of its annual General Fund support appropriation to fund pay-as-you-go capital outlay projects. This percentage shall be reduced by the percent of its annual General Fund support appropriation that is required to fund General Obligation bond payments, State Public Works Board rental payments, or that has been pledged as a source of revenue securing any California State University obligation as authorized in Section 89770 of the Education Code.
- b) For purposes of this section capital outlay project shall mean the costs to design, construct and or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities; and renewal or expansion of infrastructure to serve academic programs.

- c) If the California State University plans to use any of its support appropriation in the annual budget for capital outlay projects, by July ~~March~~ March 1 of each the preceding fiscal year, it shall simultaneously submit a report to the Joint Legislative Budget Committee and the Department of Finance, for review and approval. This report shall detail the scope of each capital outlay project and how the capital outlay project will be funded, including if it will be financed using the authority in this section. On or before ~~April~~ March 1 of each year, the California State University shall simultaneously submit a progress report to the Joint Legislative Budget Committee and the Department of Finance detailing the scope, funding and current status of each project that was proposed to be funded in the current fiscal year.

Section 4: Section 92493 of the Education Code is added to read: (within Article 3. Revenue Bonds):

- a) The University of California may pledge, along with its other revenues, up to fifteen percent (15%) of its annual General Fund support appropriation to secure the payment of any of the University of California's general revenue bonds or commercial paper associated with the general revenue bond program, provided that such obligations are (1) issued to refund, defease, or retire State Public Works Board lease revenue bonds or (2) issued for capital expenditures. This percentage shall be reduced by the percentage of its annual General Fund support appropriation that is required to fund General Obligation bond payments and the State Public Works Board rental payments. To the extent the University of California pledges its support appropriation as a source of revenue securing any obligation; it must provide that this revenue is subject to annual appropriation by the legislature.
- b) For purposes of this section capital expenditures shall mean (1) the costs to design, construct and or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities; and renewal or expansion of infrastructure to serve academic programs or (2) the cost of debt service associated with utilizing the pledge authorized in this section.
- c) The ability to utilize its support appropriation as stated in this section shall not be used as a justification for future increases in student tuition, additional employee lay-offs, or reductions in employee compensation at the University of California.
- d) Nothing in this section shall require the legislature to make an appropriation from the General Fund in any specific amount to support the University of California.

Section 5: Section 92494 of the Education Code is added to read:

- a) The University of California may use up to fifteen percent (15%) of its annual General Fund support appropriation to fund pay-as-you-go capital outlay projects. This percentage shall be reduced by the percent of its annual General Fund support appropriation that is required to fund General Obligation bond payments, State Public Works Board rental payments, or that has been pledged as a source of revenue securing any University of California obligation as authorized in Section 92493 of the Education Code.
- b) For purposes of this section capital outlay project shall mean the costs to design, construct and or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities; and renewal or expansion of infrastructure to serve academic programs.

- c) If the University of California plans to use any of its support appropriation in the annual budget for capital outlay projects, by ~~July~~ March 1 of each the preceding fiscal year, it shall simultaneously submit a report to the Joint Legislative Budget Committee and the Department of Finance, for review and approval. This report shall detail the scope of each capital outlay project and how the capital outlay project will be funded, including if it will be financed using the authority in this section. On or before ~~April~~ March 1 of each year, the University of California shall simultaneously submit a progress report to the Joint Legislative Budget Committee and the Department of Finance detailing the scope, funding and current status of each project that was proposed to be funded in the current fiscal year.

Section 6: Section 92216 of the Education Code is added to read:

- a) The Hastings College of the Law may pledge, along with its other revenues, up to seventeen percent (17%) of its annual General Fund support appropriation to secure the payment of any of the Hastings College of the Law's general revenue bonds or commercial paper associated with the general revenue bond program, provided that such obligations are issued for capital expenditures. This percentage shall be reduced by the percentage of its annual General Fund support appropriation that is required to fund General Obligation bond payments. To the extent the Hastings College of the Law pledges its support appropriation as a source of revenue securing any obligation; it must provide that this revenue is subject to annual appropriation by the legislature.
- b) For purposes of this section capital expenditures shall mean (1) the costs to design, construct and or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities; and renewal or expansion of infrastructure to serve academic programs or (2) the cost of debt service associated with utilizing the pledge authorized in this section.
- c) The ability to utilize its support appropriation as stated in this section shall not be used as a justification for future increases in student tuition, additional employee lay-offs, or reductions in employee compensation at the Hastings College of the Law.
- d) Nothing in this section shall require the legislature to make an appropriation from the General Fund in any specific amount to support the Hastings College of the Law.

Section 7: Section 92217 of the Education Code is added to read:

- a) The Hastings College of the Law may use up to seventeen percent (17%) of its annual General Fund support appropriation to fund pay-as-you-go capital outlay projects. This percentage shall be reduced by the percent of its annual General Fund support appropriation that is required to fund General Obligation bond payments or that has been pledged as a source of revenue securing any Hastings College of the Law obligation as authorized in Section 92216 of the Education Code.
- b) For purposes of this section capital outlay project shall mean the costs to design, construct and or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities; and renewal or expansion of infrastructure to serve academic programs.
- c) If the Hastings College of the Law plans to use any of its support appropriation in the annual budget for capital outlay projects, by ~~July~~ March 1 of each the preceding fiscal

year, it shall simultaneously submit a report to the Joint Legislative Budget Committee and the Department of Finance, for review and approval. This report shall detail the scope of each capital outlay project and how the capital outlay project will be funded, including if it will be financed using the authority in this section. On or before ~~April~~ March 1 of each year, the Hastings College of the Law shall simultaneously submit a progress report to the Joint Legislative Budget Committee and the Department of Finance detailing the scope, funding and current status of each project that was proposed to be funded in the current fiscal year.