



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

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

Federal Funds Adjustments

Item 6100-001-0890, Support, Special Education Dispute Resolution Services

(Issue 046)—It is requested that this item be increased by \$1,890,000 federal Individuals with Disabilities Education Act (IDEA) funds to support increased costs associated with special education dispute resolution services. Dispute resolution services, including mediation and due process hearings, are required by state and federal law. The State Department of Education (SDE) contracts with the Office of Administrative Hearings to provide these services. The number and cost per case have increased over the past few years, but the amount of funding provided SDE has remained constant. The SDE is able to absorb approximately \$1.7 million with existing federal funds, but \$1,890,000 in additional funding is required to cover the higher contract costs.

It is further requested that provisional language in Item 6100-001-0890 be amended as follows to reflect the cost of the contract and to conform to this action:

"5. Of the funds appropriated in this item, ~~\$9,206,000~~ \$12,751,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the special education programs. The State Department of Education shall ensure the quarterly reports that the contractor submits on the results of its dispute resolution services include the same information as required by Provision 9 of Item 6110-001-0890 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) and Section 56504.5 of the Education Code and reflect year-to-date data and final yearend data."

It is also requested that provisional language be amended as follows to expand the use of the federal IDEA funds to include support and technical assistance to special education local plan areas and local education agencies in order to meet the new requirements of the federal State Performance Plan.

"18. Of the funds appropriated in this item, \$800,000 of the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) funds is available for the State Department of Education to provide oversight and technical assistance for local educational agencies as the responsibility for overseeing educationally related mental health services transitions from county

mental health agencies to special education local plan areas and to develop resources and provide technical assistance to local education agencies for implementation of the federally required State Systemic Improvement Plan.”

Item 6100-001-0890, Support, Standardized Account Code Structure System (SACS) (Issue 380)—It is requested that Schedule (1) of this Item 6100-001-0890 be increased by \$2.5 million Federal Trust Fund to reflect the availability of one-time carryover to support the SACS system replacement project. The SACS system is a uniform chart of accounts used to record financial data and to organize school financial information to the specifications of the federal government. However, the current SACS system technology is outdated, lacks adequate support, is incompatible with modern systems, and does not meet the current security standards.

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

“19. Of the funds appropriated in this item, up to ~~\$2,500,000~~ \$5,000,000 in one-time Title I and Individuals with Disabilities Education Act carryover is available to fund Standardized Account Code Structure system replacement project costs.”

Items 6100-001-0890 and 6100-104-0890, Support and Local Assistance, “Now is the Time” Project Advancing Wellness and Resilience in Education (AWARE) Grant Program (Issues 194 and 195)—It is requested that Schedule (1) of Item 6110-001-0890 be increased by \$289,000 Federal Trust Fund to reflect a new federal grant for training, technical assistance, and oversight of mental health programs at selected local educational agencies (LEAs). Project AWARE is a five-year grant program that provides funding for the SDE and LEAs to increase awareness of mental health issues among school-aged youth, provide Mental Health First Aid training to teachers and other school personnel, and ensure students with signs of mental illness are referred to appropriate services.

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

X. Of the funds appropriated in this item, \$289,000 is available to support training, technical assistance, and oversight of selected local educational agencies receiving the “Now is the Time” Project Advancing Wellness and Resilience in Education grants.

It is also requested that Item 6100-104-0890 be added in the amount of \$1,661,000 Federal Trust Fund to provide grants to selected LEAs for programs and activities that increase access to mental health services for students and families. This funding reflects a new federal grant available for this purpose.

Items 6100-001-0890 and 6100-112-0890, Support and Local Assistance, Public Charter Schools Grant Program (PCSGP) (Issues 530 and 531)—It is requested that Schedule (1) of Item 6100-001-0890 be decreased by \$396,000 Federal Trust Fund and Item 6100-112-0890 be increased by \$4 million Federal Trust Fund to reflect the available grant carryover for the PCSGP. The PCSGP awards planning and implementation grants up to \$575,000 to new charter schools.

Items 6100-001-0890 and 6100-200-0890, Support and Local Assistance, Race to the Top—Early Learning Challenge Grant (Issues 802 and 803)—It is requested that

Schedule (2) of Item 6100-001-0890 be increased by \$1,816,000 Federal Trust Fund and Item 6100-200-0890 be increased by \$1,099,000 Federal Trust Fund to reflect grant carryover available from fiscal year 2014-15 for this grant.

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

"17. Of the funds appropriated in this item, ~~\$1,616,000~~ \$3,432,000 shall be available to support local quality improvement activities under the Race to the Top—Early Learning Challenge (RTT-ELC) grant, consistent with the plan approved by the Department of Finance."

Items 6100-001-0890 and 6100-294-0890, Support and Local Assistance, Early Head Start—Child Care Partnership Grant (Issues 800 and 801)—It is requested that that Schedule (2) of Item 6100-001-0890 be increased by \$916,000 Federal Trust Fund to support the Early Head Start—Child Care Partnership Grant awarded to California in December 2014. These funds will be expended for positions and travel supporting training and technical assistance to partnership agencies. This funding is the last 12-months' allocation of the original 18-month grant awarded in 2014.

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

X. Of the funds appropriated in this item, \$916,000 shall be available to support local Early Head Start services under the Early Head Start—Child Care Partnership Grant, consistent with the plan approved by the Department of Finance.

It is also requested that Item 6100-294-0890 be added in the amount of \$1,522,000 Federal Trust Fund as follows to provide for allocation to Early Head Start Partnership Agencies to enhance and extend child development services for low-income infants, toddlers, and their families residing in 11 rural Northern California counties.

6100-294-0890—For local assistance, Department of Education, payable from the Federal Trust Fund.....1,522,000

Schedule:

(1) 5210052-Early Head Start—Child Care Partnership Grant.....1,522,000

Provisions:

1. The funds appropriated in this item are available for local Early Head Start services under the Early Head Start—Child Care Partnership Grant.
2. The State Department of Education shall submit a report to the fiscal committees of the Legislature and the Department of Finance by May 1 of each fiscal year on the state and local activities undertaken with the Race to the Top-Early Learning Challenge Grant. The department shall submit this report each year. The report shall include funding allocations and a detailed description for each activity funded with the grant.

Item 6100-113-0890, Local Assistance, Student Assessment Program (Issue 633)—It is requested that this item be decreased by \$449,000 federal Title VI funds. Of this amount, it is requested that Schedule (2) be decreased by \$201,000 to reflect contract savings for the administration of the California English Language Development Test, and Schedule (5) be decreased by \$248,000 to align to contract costs for the California Assessment of Student Performance and Progress (CAASPP) System.

Item 6100-125-0890, Local Assistance, English Language Acquisition Program (Issue 192)—It is requested that Schedule (3) of this item be increased by \$1,836,000 federal Title III one-time carryover funds to support existing program activities. This program provides services to help students attain English proficiency and meet grade level academic standards.

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

X. Of the funds appropriated in Schedule (3), \$1,836,000 is one-time federal Title III carryover funds available to support grants to local school districts for activities conducted in 2014–15.

Item 6110-161-0890, Local Assistance, Special Education (Issues 047, 050, 054, 064, and 065)—It is requested that Schedule (1) of this item be decreased by \$1,962,000 federal IDEA funds to reflect a \$2,364,000 increase to the available federal IDEA grant award, a \$4,326,000 decrease primarily due to a redirection of \$1.9 million to state operations for dispute resolution (see Issue 046), and a redirection of \$2,150,000 to state-level activities in Schedule (2) to support the following activities: (1) \$500,000 to develop resources and provide technical assistance to local education agencies for implementation of the federally required State Systemic Improvement Plan for students with disabilities, and (2) \$1,650,000 to expand the existing Alternative Dispute Resolution grant program to all Special Education Local Plan Areas (SELPAs).

It is further requested that Schedule (3) of this item be increased by \$91,000 federal IDEA funds to reflect the availability of one-time carryover in the Preschool grant program.

It is further requested that Schedule (4) of this item be increased by \$392,000 federal IDEA funds to reflect the availability of one-time carryover in the State Improvement Grant program.

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

"2. Of the funds appropriated in Schedule (2), up to ~~\$300,000~~ \$1,950,000 shall be used to develop and test procedures, materials, and training for alternative dispute resolution in special education."

"7. Of the funds appropriated in Schedule (4), ~~\$2,190,000~~ \$2,582,000 is provided for scientifically based professional development as part of the State Personnel Development grant."

X. Of the funds appropriated in Schedule (2) up to \$500,000 is provided to develop resources and provide technical assistance to local education agencies for implementation of the State Systemic Improvement Plan.

Item 6100-194-0890, Local Assistance, Federal Child Care and Development Block Grant Determination and Funding Priorities (Issue 806)—It is requested that the following provisional language be added to this item to clarify the state's funding intent should federal Child Care and Development Block Grant funding received in 2015-16 differ from the amount identified in the enacted 2015-16 Budget. At this time the specific amount of federal Child Care and Development Block Grant that will be awarded to California for federal fiscal year 2016 is unknown; because of the recent changes to the federal block grant statutes, it is possible that California's grant award amount could differ from the amount that is ultimately

included within the enacted 2015-16 Budget. If the federal grant amount is higher than anticipated, this language directs the SDE to request that funds be allocated first to fulfill any federally required quality activities, and secondly to increase access in child care voucher programs. Further, this language indicates the intent of the state to protect program access and reimbursement rates to the extent possible if the grant amount is lower than anticipated. The purpose of this language is to provide increased certainty to those programs that utilize these funds.

X. (a) Notwithstanding any other provision of law, by March 1, 2016, the State Department of Education shall report to the Department of Finance the following:

(1) The amount of federal Child Care and Development Block Grant funding California was awarded in state fiscal year 2015-16, if available, or an estimate of the expected award amount.

(2) Pursuant to 42 U.S.C. § 9858e, the amount of federal Child Care and Development Block Grant funding required to be used for child care quality activities in state fiscal year 2015-16.

(3) The amount of federal funding California was awarded in state fiscal year 2015-16 for targeted child care quality, including for school-age and resource and referral, infants and toddlers, and quality expansion.

(b) If the sum of the amounts calculated in paragraphs (1) and (3) of subdivision (a) is greater than the amount appropriated this item, less \$10,000,000 in Temporary Assistance for Needy Families (TANF) funds identified in Provision (2), and less one-time Child Care and Development Block Grant carryover funds identified in Provision (5), the Department of Education shall submit a request pursuant to Section 28.00 to appropriate the additional unanticipated federal funds in the 2015-16 fiscal year. The request shall reflect the following priorities for allocation of these funds:

(1) First, to fulfill any additional funding needed for child care quality activities, as required pursuant to 42 U.S.C. § 9858e of the federal Child Care and Development Block Grant.

(2) Second, to augment the availability of services to children in voucher-based child care programs.

(c) If the sum of the amounts calculated in paragraphs (1) and (3) of subdivision (a) is less than the amount appropriated this item, less \$10,000,000 in Temporary Assistance for Needy Families (TANF) funds identified in Provision (2), and less one-time Child Care and Development Block Grant carryover funds identified in Provision (5), within available federal and state child care resources appropriated in this item it is the intent of the state to maintain as much access to child care for families and existing rate levels for providers as possible.

Item 6100-194-0890, Local Assistance, Infant and Toddler Quality Rating and

Improvement System Grant (Issue 807)—It is requested that the following provisional language be added to this item to identify that, beginning October 1, 2016, it is the intent of the state to use targeted infant and toddler quality funds subject to the requirements of the federal Child Care and Development Block Grant Act to create an Infant and Toddler Quality Rating and Improvement System Block Grant. This block grant will provide additional resources to high-quality providers of state-subsidized infant and toddler child care similar to the resources provided under the State Preschool Quality Rating and Improvement System Block Grant. This language provides advance notice of this program to providers should they be interested in increasing the quality of their programs in order to participate.

X. Beginning October 1, 2016, it is the intent of the state to allocate federal Child Care and Development Block Grant funds pursuant to subparagraph (B) of paragraph (2) of subdivision (a) of Section 9858e of Title 42 of the United States Code. It is further the intent of the state that this amount will be made available for Quality Rating and Improvement System grants provided

to General Child Care, Migrant Day Care, Alternative Payment, and CalWORKs child care programs serving infants and toddlers pursuant to Section 8203.1 of the Education Code.

Item 6100-194-0890, Local Assistance, Federal Child Care and Development Fund One-Time Quality Carryover (Issue 808)—It is requested that Schedule (6) of this item be increased by \$3,192,000 Federal Trust Fund to reflect an increase in available one-time federal child care quality funds from prior years. It is also requested that priority for allocation of this funding be for one-time costs associated with the reauthorization of the federal Child Care and Development Block Grant and to support training and retention activities for child care and early learning teachers and staff.

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

X. (a) Of the funds appropriated in Schedule (6) of this item, \$3,192,000 is available on a one-time basis for quality activities from federal Child Care and Development Block Grant funds appropriated prior to the 2015-16 federal fiscal year. The State Department of Education shall allocate these funds pursuant to federal law, and based on the following priorities:

(1) First, to provide one-time resources to meet the requirements of the 2014 reauthorization of the federal Child Care and Development Block Grant.

(2) Second, to support the retention and training of teachers and staff working in state and federally subsidized child care programs.

(b) Funds appropriated in Schedule (6) of this item may not be expended to develop Feasibility Study Reports or to support new information technology projects, unless approved by both the Department of Finance and the Chairperson of the Joint Legislative Budget Committee.

Items 6100-194-0890 and 6100-194-0001, Local Assistance, Adjust Federal Child Care Funds (Issues 811 and 813)—It is requested that Schedule (5) of Item 6100-194-0890 be increased by \$14,506,000 Federal Trust Fund to reflect the following: (1) an increase of \$8,960,000 in ongoing federal funds, and (2) an increase of \$5,546,000 in one-time federal carryover funds available from prior years. It is also requested that Schedule (6) of Item 6100-194-0001 be decreased by a like amount to reflect this change. The increased federal funds will offset an identical amount of non-Proposition 98 General Fund in the CalWORKs Stage 3 child care program. The Governor's Budget identified \$12,923,000 one-time Federal Trust Fund carryover available in 2015-16 and this adjustment will increase the total available carryover funds to \$18,469,000.

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

"5. Of the funds appropriated in this item, \$12,923,000 \$18,469,000 is available on a one-time basis for CalWORKs Stage 3 child care from federal Child Care and Development Block Grant funds appropriated prior to the 2015 federal fiscal year."

Item 6100-197-0890, Local Assistance, Federal 21st Century Community Learning Centers One-Time Carryover (Issue 819)—It is requested that this item be increased by \$9,896,000 federal Title IV, Part B funds to reflect an increase in one-time federal carryover funds available from prior years to support existing program activities.

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

X. Of the funds appropriated in this item, \$9,896,000 is available on a one-time basis from federal 21st Century Community Learning Center funds appropriated prior to the 2015 federal fiscal year.

Item 6100-201-0890, Local Assistance, Federal Child Nutrition Program

(Issues 362 and 363)—It is requested that Schedule (1) of this item be decreased by \$124 million Federal Trust Fund to remove excess authority and to more closely align program funding to expected program participation. The Child Nutrition Program is a federally assisted meal program that provides reimbursement to schools that serve nutritionally balanced low-cost or free meals.

It is further requested that Schedule (2) of this item be increased by \$4 million Federal Trust Fund to reflect projected growth in the Summer Food Service Program (SFSP). The SFSP was developed to provide nutritious meals in lower-income areas during the summer months to children who would normally be eligible for free and reduced-price meals during the regular school year.

6100-201-0890, Local Assistance, Federal Child Nutrition Program Equipment Assistance Grants (Issue 365)—It is requested that this item be increased by \$3,096,000 Federal Trust Fund to reflect the availability of one-time funds to provide grants for food service equipment. Qualifying LEAs receiving funding can purchase equipment needed to serve healthier meals, meet nutritional standards, and improve food safety.

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

X. Of the amount appropriated in Schedule (1), \$3,096,000 is provided on a one-time basis for equipment assistance grants.

General Fund and Other Adjustments

Item 6100-001-0001, Support, SDE (Issues 251, 496, and 628)

Administration of the Career Technical Education Incentive Grant Program

(Issue 251)—It is requested that this item be increased by \$350,000 General Fund and 2 positions be authorized to administer the Career Technical Education Incentive Grant Program. The Governor's Budget proposed this three-year transition program to encourage and maintain high quality Career Technical Education programs.

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

X. Of the funds appropriated in this item, \$350,000 is provided until June 30, 2018 and 2.0 positions are provided, to support the Career Technical Education Incentive Grant Program as established by Chapter 16.5 (commencing with Section 53070) of Part 28 of Division 4 of Title 2 of the Education Code.

Shift State Operations Funding Between Schedules (Issue 496)—It is requested that Schedule (2) of this item be decreased by \$250,000 General Fund and that Schedule (3) of this item be increased by \$250,000 General Fund to correct a scheduling error in the Governor's Budget.

Instructional Quality Commission (IQC) (Issue 628)—It is requested that Schedule (1) of this item be increased by \$274,000 General Fund to support curriculum framework activities of the IQC. This funding will support the development of the history-social science, science, and health curriculum frameworks in 2015-16.

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

X. Of the funds appropriated in this item, \$274,000 is available in one-time funds to support curriculum framework development activities of the Instructional Quality Commission.

Items 6100-003-0001, 6100-113-0001, and 6100-491, Support, SDE, Reappropriate One-Time Savings (Issues 381, 382, 384, 619, and 636)—It is requested that \$2.5 million General Fund appropriated in Item 6100-003-0001, Budget Act of 2013 be reappropriated in 2015-16 for the SACS system replacement project. It is also requested that \$1.1 million General Fund appropriated in Item 6100-003-0001, Budget Act of 2014 be reappropriated in 2015-16 for the SACS system replacement project. This funding is in addition to the federal fund carryover requested in Item 6100-001-0890. The SACS system is a uniform chart of accounts used to record financial data and to organize school financial information to the specifications of the federal government. However, the current SACS system technology is outdated, lacks adequate support, is incompatible with modern systems, and does not meet the current security standards.

It is also requested that \$2,380,000 Proposition 98 General Fund in Item 6100-113-0001, Budget Act of 2014 be reappropriated in 2015-16 to support the development of the English Language Proficiency Assessments for California.

It is further requested that the April Finance Letter request to add Item 6100-491 be amended as follows to add provisional language to conform to these actions:

(X) \$2,500,000 in Item 6110-003-0001, Budget Act of 2013 (Chs. 20 and 354, Stats. 2013) as reappropriated by Item 6110-491, Budget Act of 2014 (Ch. 25, Stats. 2014), for the purpose of supporting the Standardized Account Code Structure replacement project.

(X) \$1,100,000 in Item 6110-003-0001, Budget Act of 2014 (Ch. 25, Stats. 2014), for the purpose of supporting the Standardized Account Code Structure replacement project.

(X) \$2,380,000 in Item 6100-113-0001, Budget Act of 2014 (Ch. 25, Stats. of 2014), to support the development of the English Language Proficiency Assessments for California.

Item 6100-102-0231, Local Assistance, Tobacco-Use Prevention Education Program (Issue 390)—It is requested that this item be decreased by \$2,171,000 Health Education Account to reflect declining revenue estimates from the Cigarette and Tobacco Products Surtax Fund (Proposition 99). These funds are used for health education efforts aimed at the prevention and reduction of tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.

Item 6100-113-0001, Local Assistance, Student Assessment Program (Issues 616, 631, 632, and 634)—It is requested that this item be decreased by \$1,343,000 Proposition 98 General Fund. Of this amount, it is requested that Schedule (1) be decreased by \$4,000, Schedule (2) be increased by \$1,833,000, Schedule (4) be increased by \$2,587,000,

Schedule (5) be decreased by \$4 million, Schedule (6) be decreased by \$2 million, and Schedule (7) be increased by \$241,000. These adjustments: (1) reflect a decrease in funds needed to score and report the 2015 Test Administration and an increase in costs for the Physical Fitness Test Contract, (2) reflect an increase in costs for the development and transition to the English Language Proficiency Assessments for California, (3) conform to a decrease in federal Title VI funds for student assessments, (4) reflect contract costs for the CAASPP System, (5) collapse the Next Generation Science Standards Assessment and the Primary Languages other than English Assessments costs within Schedule (4), and (6) reflect an increase in the CAASPP apportionment.

It is further requested that program schedules (5) and (6) be deleted to conform to this action.

It is further requested that provisional language be added as follows to authorize the use of anticipated one-time savings for assessment support activities:

- X. Of the funds appropriated in Schedule (4), up to \$1,500,000 may be used by the State Department of Education to support the following one-time California Assessment of Student Performance and Progress (CAASPP) System support activities:
- (1) Conduct CAASPP System Institutes to train local educational agencies on how best to utilize the CAASPP System results, resources, and tools.
 - (2) Provide modules to be used by school and district administrators and teacher leaders to communicate and train others on the CAASPP System.
 - (3) Provide digital library resources specific to the use of the Smarter Balanced assessments.

Item 6100-119-0001, Local Assistance, Foster Youth Program (Issue 196)—It is requested that this item be decreased by \$86,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to grants for the Foster Youth Program. This program provides support services to foster youth including counseling, tutoring, mentoring, vocational training, and other services that improve foster youth educational performance.

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

"1. Of the funds appropriated in this item, ~~\$241,000~~ \$155,000 is to reflect a cost-of-living adjustment."

Items 6100-139-8080, 6100-639-0001, and 6100-698-8080, Local Assistance, Proposition 39 (Issues 533, 534, and 535)—It is requested that Item 6100-139-8080 be decreased by \$6,675,000 Clean Energy Job Creation Fund to reflect decreased projected revenues in 2015-2016 tied to the corporate tax changes enacted by Proposition 39. It is further requested that Items 6100-698-8080 and 6100-639-0001 be adjusted to conform to this action.

Item 6100-150-0001, Local Assistance, American Indian Early Childhood Education Program (Issue 197)—It is requested that this item be decreased by \$3,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the American Indian Early Childhood Education Program. This program provides competitive grants for programs that increase academic achievement and self-esteem for American Indian students in pre-kindergarten through grade four.

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

"1. Of the funds appropriated in this item, ~~\$9,000~~ \$6,000 is to reflect a cost-of-living adjustment."

Item 6100-151-0001, Local Assistance, American Indian Education Centers

(Issue 198)—It is requested that this item be decreased by \$23,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to grants for the American Indian Education Centers. The centers serve as educational resources to the American Indian students, their parents, and the public schools in their communities. They also provide supplemental and extended day instructional programs to meet the needs of American Indian students.

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

"1. Of the funds appropriated in this item, ~~\$64,000~~ \$41,000 is to reflect a cost-of-living adjustment."

Item 6110-161-0001, Local Assistance, Special Education (Issues 013, 014, 049, 051, 052, 053, 055, 056, and 058)—It is requested that this item be decreased by \$109,050,000 Proposition 98 General Fund. This adjustment includes: (1) a decrease of \$72,805,000 to reflect increased offsetting property tax revenues, (2) a decrease of \$17,101,000 to reflect growth in average daily attendance estimates, (3) a decrease of \$21,106,000 to reflect a decrease in the cost-of-living adjustment, and (4) an increase of \$1,962,000 to reflect a General Fund backfill of local assistance federal funds to ensure the federal local assistance grants remain at current levels after the redirection of federal IDEA funds for state operations and state level activities (see Item 6100-161-0890, Issue 054).

It is also requested that this item be increased \$30 million Proposition 98 General Fund to reflect an increase in the Early Education Program for Infants and Toddlers with Exceptional Needs. This program serves infants with special needs from birth to age two. Participation in the current program is limited to local education agencies who received state funding for the infant program in 1980-81. This investment will allow for new participation in the program and provide an opportunity for the state to reassess the outdated funding model. Distribution of this funding will be determined in implementing trailer bill language.

It is also requested that Schedule (2) of this item be increased \$347,000 to reflect an increase in federal IDEA Part C reimbursement funds available through an interagency agreement with the Department of Developmental Services and that Schedule (3) be decreased to conform to this action.

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

"2. Of the funds appropriated in Schedule (1), up to ~~\$17,703,000~~ \$17,525,000 shall be available to provide special education and related services to pupils with low-incidence disabilities pursuant to their individualized education program. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on an equal per-pupil rate using the methodology specified in Section 56836.22 of the Education Code."

"6. Of the funds appropriated in Schedule (1), up to ~~\$151,034,000~~ \$149,514,000 is available to fund the costs of children placed in licensed children's institutions who attend nonpublic schools based on the funding formula authorized in Chapter 914 of the Statutes of 2004."

"16. Of the amount specified in Schedule (1), ~~\$364,175,000~~ \$360,510,000 shall be available only to provide educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas in the 2015-16 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code."

"18. The funds appropriated in this item reflect an adjustment to the base funding of ~~-0.412~~ 0.112 percent for the annual adjustment in statewide average daily attendance."

"19. Of the amount provided in Schedule (1), ~~\$57,668,000~~ \$37,058,000 is to reflect a cost-of-living adjustment."

"20. Of the amount provided in Schedule (2), ~~\$1,388,000~~ \$892,000 is to reflect a cost-of-living adjustment."

"22. Of the amount specified in Schedule (1), up to ~~\$2,840,000~~ \$2,782,000 shall be available for small SELPAs to conduct regionalized services, pursuant to Section 56836.31 of the Education Code."

Addition of Budget Bill Item 6100-172-0001, Local Assistance, Student Friendly Services (Issue 880)—It is requested that Item 6100-172-0001 be added in the amount of \$500,000 Proposition 98 General Fund as follows for the Riverside County Office of Education to support a college planning and preparation website. These funds have previously been appropriated to the Board of Governors of the California Community Colleges.

6100-172-0001—For local assistance, Department of Education (Proposition 98)
 For college planning and preparation website.....500,000
 Schedule:
 (1) 5205227-Student Friendly Services.....500,000
 Provisions:

1. The funds appropriated in this item shall be apportioned to the Riverside County Office of Education for support of a website to serve as a college planning and preparation tool for students in middle school, high school, and community college, as well as for their parents and school counselors.
2. The Riverside County of Education shall report to the Department of Education on the expenditures supported by this appropriation.

Item 6100-194-0001, Local Assistance, Adjust CalWORKs Child Care Caseload Funding (Issue 804)—It is requested that this item be increased by \$43,585,000 General Fund to reflect revised cost estimates for the CalWORKs Stage 2 and Stage 3 child care programs. Specifically, it is requested that Schedule (5) of this item be increased by \$43,125,000 and Schedule (6) of this item be increased by \$460,000. For Stage 2, this adjustment reflects a higher projected cost per case and increased caseload of about 4,000 over Governor's Budget; for Stage 3, this adjustment reflects minor changes.

Item 6100-194-0001, Local Assistance, Adjust Cost of Full-Year Regional Market Rate Update Implementation (Issue 805)—It is requested that this item be increased by \$6,121,000 General Fund to reflect revised cost estimates for the full-year implementation of the update

made to the Regional Market Rate in the 2014 Budget Act for the CalWORKs Stage 2 and Stage 3 child care programs and the Alternative Payment Program. Specifically, it is requested that Schedule (3) of this item be increased by \$957,000, Schedule (5) of this item be increased by \$3,668,000, and Schedule (6) of this item be increased by \$1,496,000. These adjustments reflect updates in caseload, distribution of slots by county, and characteristics of children receiving care.

Item 6100-194-0001, Local Assistance, Adjust Child Care Programs for Growth

(Issue 815)—It is requested that this item be decreased by \$1,417,000 General Fund to reflect a revised growth adjustment of 0.37 percent. Specifically, it is requested that Schedule (1) of this item be decreased by \$1,007,000, Schedule (2) of this item be decreased by \$55,000, Schedule (3) of this item be decreased by \$352,000, and Schedule (8) of this item be decreased by \$3,000. At the Governor's Budget, demographic information indicated a 0.57 percent increase in the 0-4 year old population.

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

"4. The amounts provided in Schedules (1), (2), (3), and (8) of this item reflect an adjustment to the base funding of ~~0.57~~ 0.37 percent for an increase in the population of 0-4 year-olds."

Item 6100-194-0001, Local Assistance, Adjust Child Care Programs for Cost-of-Living

(Issue 817)—It is requested that this item be decreased by \$4,130,000 General Fund to reflect a decrease in the cost-of-living adjustment. Specifically, it is requested that Schedule (1) of this item be decreased by \$2,849,000, Schedule (2) of this item be decreased by \$155,000, Schedule (3) of this item be decreased by \$996,000, Schedule (4) of this item be decreased by \$104,000, Schedule (8) of this item be decreased by \$8,000, and Schedule (11) of this item be decreased by \$18,000.

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

"5. The maximum standard reimbursement rate shall not exceed ~~\$36.67~~ \$36.47 per day for general child care programs. Furthermore, the migrant child care program shall adhere to the maximum standard reimbursement rates as prescribed for the general child care programs. All other rates and adjustment factors shall conform."

Item 6100-194-0001, Local Assistance, Adjust 4,000 Full-Day State Preschool Wraparound Slots for Change in Cost-of-Living Adjustment (Issue 830)

—It is requested that Schedule (1) of this item be decreased by \$115,000 General Fund to reflect a decrease in the cost-of-living adjustment, which decreases rates and the cost of providing slots in the General Child Care program. This adjustment aligns the cost of 4,000 full-day State Preschool slots (with wraparound care in the General Child Care program) established in the 2014 Budget Act with the updated cost of providing slots.

Item 6100-196-0001, Local Assistance, Adjust State Preschool for Growth

(Issue 816)—It is requested that this item be decreased by \$1,098,000 Proposition 98 General Fund to reflect a revised growth adjustment of 0.37 percent. At the Governor's Budget, demographic information indicated a 0.57 percent increase in the 0-4 year old population.

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

"2. The amount provided in Schedule (1) reflects an adjustment to the base funding of ~~0.57~~ 0.37 percent for an increase in the population of 0-4 year-olds."

Item 6100-196-0001, Local Assistance, Adjust State Preschool for Cost-of-Living (Issue 818)—It is requested that this item be decreased by \$3,108,000 Proposition 98 General Fund to reflect a decrease in the cost-of-living adjustment.

Item 6100-196-0001, Local Assistance, Adjust 4,000 Full-Day State Preschool Slots for Change in Cost-of-Living Adjustment (Issue 829)—It is requested that this item be decreased by \$87,000 Proposition 98 General Fund to reflect a decrease in the cost-of-living adjustment, which decreases rates and the cost of providing slots in the State Preschool program. This adjustment aligns the cost of 4,000 full-day State Preschool slots established in the 2014 Budget Act with the updated cost of providing slots.

Item 6100-196-0001, Local Assistance, State Preschool Professional Development and Parental Information (Issue 809)— It is requested that this item be increased by \$6,025,000 Proposition 98 General Fund to reflect a 1 percent increase in the daily State Preschool reimbursement rate. This increase reflects the costs associated with the May Revision proposals to provide parents with information about accessing local resources for the screening and treatment of developmental disabilities, and within existing professional development requirements, to provide teachers with training on behavioral strategies and targeted interventions to improve kindergarten readiness.

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

"3. The maximum standard reimbursement rate shall not exceed ~~\$22.63~~ \$22.73 per day for state preschool programs. This reflects a 1.02 percent cost-of-living adjustment, and a 1 percent increase to reflect increased information and annual teacher training requirements pursuant to subparagraphs (b) and (c) of Section 8238 of the Education Code."

Item 6100-196-0001, Local Assistance, Add Part-Day State Preschool Slots with Priority for Children with Exceptional Needs (Issue 828)—It is requested that Schedule (1) of this item be increased by \$12,103,000 Proposition 98 General Fund to serve 2,500 additional children in part-day State Preschool, with priority for children with exceptional needs.

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

X. Of the amount appropriated in Schedule (1), \$12,103,000 is available to provide 2,500 slots for part-day State Preschool. First priority for these slots is for State Preschool contractors that intend to use these slots to increase access for children with exceptional needs.

Item 6100-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issues 366 and 367)—It is requested that this item be decreased by \$921,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the per-meal reimbursement rates for the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and homes.

It is also requested that this item be decreased by \$1,278,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and

homes. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2015-16.

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

"5. Of the funds appropriated in this item, ~~\$2,562,000~~ \$1,641,000 is to reflect a cost-of-living adjustment."

"6. The funds appropriated in this item reflect a growth adjustment of ~~\$3,762,000~~ \$2,484,000 due to an increase in the projected number of meals served."

Item 6100-209-0001, Local Assistance, Teacher Dismissal Apportionment

(Issue 291)—It is requested that this item be increased by \$10,000 Proposition 98 General Fund to support the anticipated claims from districts for reimbursement of teacher dismissal costs pursuant to statute. Paragraph (1) of subdivision (f) of Section 44944 of the Education Code requires the state to pay half the cost of teacher dismissal hearings and the costs of members of the Committee on Professional Competence, as specified, when the Committee determines a teacher should be dismissed or suspended.

Item 6100-295-0001, Local Assistance, Mandate Reimbursement Funding (Issues 371 and 372)

—It is requested that this item be decreased by \$2,000 Proposition 98 General Fund to reflect the removal of three state-mandated programs from, and the addition of one state-mandated program to, the mandate claiming process. Specifically, it is requested that Absentee Ballots, Mandates Reimbursement Process I and II, and the \$1,000 budgeted for each mandated program be deleted because these mandates have been suspended. It is also requested that the Open Meetings/Brown Act Reform mandate and the \$1,000 budgeted be deleted because the Commission on State Mandates (Commission) determined that it is not a reimbursable state-mandated program beginning November 7, 2012 due the passage of Proposition 30 on November 6, 2012. It is also requested that the Race to the Top mandate and \$1,000 Proposition 98 General Fund be added to the mandate claiming process to reflect the Commission's determination that it is state-mandated program.

It is further requested that program schedules (3), (11), and (17) be deleted and (50) be added as follows to conform to this action:

(50) 5240194—Race to the Top
(Ch. 2 and 3, Stats. 2009, 5th Ex. Sess.) (10-TC-06).....\$1,000

Item 6100-296-0001, Local Assistance, Increase Mandated Program Block Grant Funding

(Issue 370)—It is requested that this item be increased by \$1,166,000 Proposition 98 General Fund to reflect increased school district participation in the Mandated Programs Block Grant. This additional funding is required to maintain statutory block grant funding rates assuming 100 percent program participation.

Item 6100-601-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 501, 502, 514, and 516)

—It is requested that this non-Budget Act item be increased by \$458,738,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$144,304,000 to reflect growth, (2) a decrease of \$160,393,000 to reflect revised offsetting local revenue adjustments,

(3) an increase of \$459,594,000 to reflect revised offsetting Education Protection Account revenues, and (4) an increase of \$15,233,000 to reflect revised Minimum State Aid estimates.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 517)—It is requested that this non-Budget Act item be decreased by \$466,362,000 Education Protection Account funds to reflect revised revenue estimates.

Items 6100-602-0001 and 6100-488, Local Assistance, Proposition 98, Reappropriation for the School Facilities Emergency Repair Account and California Student Information Services (CSIS) (Issues 059, 061, 062, and 536)—It is requested that Provision 2 of Item 6100-488 be amended, as specified in Attachment 1, and non-Budget Act Item 6100-602-0001 be increased by \$17,486,000 in one-time Proposition 98 General Fund savings for the School Facilities Emergency Repair Account. This adjustment will backfill a reduction in settle-up funding of \$17,486,000 proposed in the May Revision, as specified in the trailer bill.

It is further requested that Provision 3 of Item 6100-488 be amended, as specified in Attachment 1, and non-Budget Act Item 6100-602-0001 be increased by \$827,000 in one-time Proposition 98 General Fund savings to restore a CSIS funding reduction that was erroneously included in the Governor's Budget.

Item 6100-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 480, 484, 485, and 486)—It is requested that this non-Budget Act item be increased by \$21,313,000 Proposition 98 General Fund to reflect the following: (1) a decrease of \$671,000 to reflect growth, (2) an increase of \$9,210,000 to reflect revised offsetting local revenue adjustments, (3) an increase of \$7,332,000 to reflect revised offsetting Education Protection Account revenues, and (4) an increase of \$5,442,000 to reflect revised Minimum State Aid estimates.

Item 6100-610-0001, Local Assistance Education Protection Account Adjustment, Continuous Appropriation (Issue 507)—It is requested that this non-Budget Act item be decreased by \$466,362,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-640-0001, Local Assistance, Proposition 39 (Issue 532)— It is requested that this non-Budget Act item be increased by \$342,000 General Fund to align to the Proposition 39 allocation for the California Conservation Corps.

Item 6100-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment, (Issue 515)—It is requested that this non-Budget Act item be increased by \$29,836,000 Proposition 98 General Fund to reflect revised charter school average daily attendance growth.

Item 6100-672-0001, Local Assistance, School District LCFF, Transition Funding Appropriation Adjustment (Issue 512)—It is requested that this non-Budget Act item be increased by \$2,127,255,000 Proposition 98 General Fund to reflect an adjustment to the amount of LCFF Transition Funding available for 2015-16.

Item 6100-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 518)—It is requested that this non-Budget Act item be

increased by \$466,362,000 Education Protection Account funds to reflect revised revenue estimates.

Current Year Adjustments

Item 6100-601-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 501, 502, 514, and 516)—It is requested that this non-Budget Act item be decreased by \$773,862,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$66,364,000 to reflect growth, (2) a decrease of \$145,990,000 to reflect revised offsetting local revenue adjustments, (3) a decrease of \$709,469,000 to reflect revised offsetting Education Protection Account revenues, and (4) an increase of \$15,233,000 to reflect revised Minimum State Aid estimates.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 517)—It is requested that this non-Budget Act item be increased by \$715,726,000 Education Protection Account funds to reflect revised revenue estimates.

Item 6100-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 480, 484, 485, and 486)—It is requested that this non-Budget Act item be increased by \$20,078,000 Proposition 98 General Fund to reflect the following: (1) a decrease of \$2,394,000 to reflect growth, (2) an increase of \$22,723,000 to reflect revised offsetting local revenue adjustments, (3) a decrease of \$5,693,000 to reflect revised offsetting Education Protection Account revenues, and (4) an increase of \$5,442,000 to reflect revised Minimum State Aid estimates.

Item 6100-610-0001, Local Assistance Education Protection Account Adjustment, Continuous Appropriation (Issue 507)—It is requested that this non-Budget Act item be increased by \$715,726,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-619-0001, Local Assistance, Teacher Dismissal Apportionment (Issue 292)—It is requested that this non-Budget Act item be increased by \$20,000 Proposition 98 General Fund to support the anticipated claims from districts for reimbursement of 2013-14 and 2014-15 teacher dismissal costs pursuant to statute. This categorical program was eliminated with the implementation of the LCFF. However, paragraph (1) of subdivision (f) Education Code section 44944 requires the state to pay half the cost of teacher dismissal hearings and the costs of members of the Committee on Professional Competence, as specified, when the Committee determines a teacher should be dismissed or suspended.

Item 6100-662-0001, Local Assistance, Special Education Adjustment for Redevelopment Agency Property Tax Revenues (Issue 063)—It is request that this non-Budget Act item be decreased by \$6,309,000 Proposition 98 General Fund to reflect an increase in property tax revenues.

Item 6100-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment (Issue 515)—It is requested that this non-Budget Act item be increased by \$30,397,000 Proposition 98 General Fund to reflect revised charter school average daily attendance growth.

Item 6100-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 518)—It is requested that this non-Budget Act item be decreased by \$715,726,000 Education Protection Account funds to reflect revised revenue estimates.

Trailer Bill Language Changes

Item 6100-608-0001, Local Assistance, “Tools for Tolerance” Professional Development and Leadership Training (Issue 487)—The Administration proposes trailer bill legislation to appropriate \$2 million Proposition 98 General Fund for the Los Angeles County Office of Education to contract with the Simon Wiesenthal Center to support anti-bias education, inclusion and equity through professional development, and leadership training for educators in California.

Item 6100-630-0001, Local Assistance, Career Technical Education (CTE) Incentive Grant Program (Issue 252)—The Administration proposes trailer bill legislation to appropriate \$150 million Proposition 98 General Fund for the CTE Incentive Grant Program. The Governor’s Budget proposed \$250 million in one-time Proposition 98 funding in each of the next three years for this program. The May Revision proposes an additional \$150 million in 2015-16 for the first year of this transition program, an additional \$50 million in 2016-17, and a reduction of \$50 million in 2017-18. The May Revision also proposes a series of other changes to the Administration’s January proposal, including:

- Increasing the minimum local-to-state funding match requirement to 1.5:1 in 2016-17 and 2:1 in 2017-18.
- Eliminating Career Pathways Trust from the list of allowable sources of local matching funds.
- Directing the SDE and the State Board of Education to prioritize applicants administering programs that are located in rural districts or regions with high student dropout rates.

Item 6100-654-0001, Local Assistance, Evaluation Rubrics (Issue 635)—The Administration proposes trailer bill legislation to appropriate \$350,000 Proposition 98 General Fund to further support the State Board of Education’s development of the evaluation rubrics.

Item 6100-652-0001, Local Assistance, Develop State-level Resources to Assist LEAs with Aligning Support Systems (Issue 057)—The Administration proposes trailer bill legislation to appropriate \$10 million one-time Proposition 98 General Fund to establish state-level resources that encourage and assist LEAs interested in aligning systems of learning and behavioral supports. School-wide tiered systems of support provide scientifically-based practices and interventions that are proportional to a student’s needs. Research indicates that implementing tiered systems of behavioral and learning supports have been successful at improving student outcomes and school climate. These funds will be used to develop and disseminate resources on evidence based practices, provide technical assistance in establishing tiered data-driven systems of support, and provide incentive grants to LEAs that require additional support.

Item 6100-680-0001, Local Assistance, Quality Education Investment Act (QEIA) Transition Assistance Funding (Issue 060)—The Administration proposes trailer bill legislation to appropriate \$4,583,000 one-time Proposition 98 General Fund to provide

assistance to Tier 1 and Tier 2 school districts that received QEIA funding in 2013-14, but do not meet the threshold for concentration grants under the LCFF. These districts require additional funding to transition from the resource requirements and funding provided by QEIA to the new levels provided in the LCFF.

Item 6100-795-0001, Local Assistance, Outstanding Mandate Claims

(Issue 373)—The Administration proposes trailer bill legislation to appropriate an additional \$2,530,566,000 for outstanding K-12 mandate claims. Specifically, \$98,315,000 is applicable to 2013-14 and \$2,414,765,000 is applicable to 2014-15. An additional \$17,486,000 in settle-up funding is applicable to 2015-16. The funding will be allocated on an average daily attendance basis and will first satisfy any outstanding mandate claims for reimbursement of state-mandate local program costs. The Administration intends that school districts utilize these one-time monies for implementation of the new state standards for English Language Arts and Mathematics, professional development, and other priority expenditures.

Proposition 98 Settle-up Payment—The Governor's budget proposed amending Education Code section 41207.3 and adding section 41207.41 to specify the amount of settle-up payments to be provided. The administration proposes amended trailer bill language at the May Revision to specify changes to these payments.

Special Education Maintenance of Effort—The Administration proposes trailer bill language to specify that \$35,721,493 provided in the 2012 Budget Act will count toward fully funding the federal Special Education maintenance of effort requirements in 2010-11 and 2011-12, \$16,548,538 and \$19,172,955 respectively.

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

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

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2015

-19-

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

Proposed Amendments to Budget Bill, Item 6100-488

"6100-488—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances from the following items are available for reappropriation for the purposes specified in Provisions 1 to 3:

0001—General Fund

- (1) \$6,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Healthy Start Program grants in Item 6110-650-0001 pursuant to Section 43 of Chapter 79 of the Statutes of 2006.
- (2) \$703,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for assessment review and reporting in Schedule (1) of Item 6110-113-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (3) \$460,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (4) \$608,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Adults in Correctional Facilities in Item 6110-158-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (5) \$461,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (6) ~~\$183,000~~ \$664,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6110-166-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (7) ~~\$24,000~~ \$26,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Agricultural Career Technical Education Incentive Program in Item 6110-167-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (8) ~~\$300,000~~ \$400,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Schedule (1) of Item 6110-203-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (9) \$1,500,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Economic Impact Aid for Charter Schools in Schedule (2) of Item 6110-211-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (10) \$684,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2013 (Ch. 20, Stats. 2013).

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(11) ~~\$422,000~~ \$1,329,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2013 (Ch. 20, Stats. 2013).

(12) \$684,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Early Education Program for Individuals with Exceptional Needs in Schedule (2) of Item 6110-161-0001 of the Budget Act of 2013 (Ch. 20, Stats. 2013).

(13) \$300,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the reimbursement of 2012-13 Adults in Correctional Facilities Program activities in Provision (5) of Item 6110-488-0001 of the Budget Act of 2013 (Ch. 20, Stats. 2013).

(14) \$1,162,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2012-13 fiscal year pursuant to Section 8483.5 of the Education Code.

(15) ~~\$24,393,000~~ \$25,868,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education in Schedule (1) of Item 6110-196-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(16) ~~\$360,000~~ \$1,017,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education in Schedule (1) of Item 6110-196-0001 of the Budget Act of 2013 (Ch. 20, Stats. 2013).

(17) \$63,396,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Charter School Facility Grant program in Item 6110-404 of the Budget Act of 2013 (Ch. 354, Stats. 2013).

~~(18) \$18,049,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for community colleges for the Quality Education Investment Act of 2006 in the 2013-14 fiscal year pursuant to Section 52055.780 of the Education Code.~~

(19) \$6,511,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2013-14 fiscal year pursuant to Section 8483.5 of the Education Code.

(20) \$909,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2014-15 fiscal year pursuant to Section 8483.5 of the Education Code.

(21) \$734,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Small School District Bus Replacement in Schedule (2) of Item 6110-111-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(22) \$7,955,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for assessment apportionments in Schedule (5) of Item 6110-113-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(23) \$921,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Early Education Program for Individuals with Exceptional Needs in Schedule (2) of Item 6110-161-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(24) \$153,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Clean Technology Partnership Academies in Schedule (2.5) of Item 6110-166-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(25) \$27,000 or whatever greater or lesser amount of the Child Nutrition School Breakfast and Summer Food Service Program of Item 6110-201-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(26) \$228,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Specialized Secondary Programs in Item 6110-122-0001 of the Budget Act of 2013 (Ch. 354, Stats. 2013).

(27) \$15,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the American Indian Early Childhood Education Program in Item 6110-150-0001 of the Budget Act of 2013 (Ch. 354, Stats. 2013).

(28) \$1,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Item 6110-203-0001 of the Budget Act of 2013 (Ch. 354, Stats. 2013).

(29) \$1,520,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Next Generation Science Standards Assessment in Schedule (6) of Item 6110-113-0001 of the Budget Act of 2014 (Ch. 25, Stats. 2014).

(30) \$1,892,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Primary Languages other than English Assessments in Schedule (7) of Item 6110-113-0001 of the Budget Act of 2014 (Ch. 25, Stats. 2014).

(31) \$760,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2014 (Ch. 25, Stats. 2014).

(32) \$10,112,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for K-12 Mandated Programs Block Grant in Item 6110-296-0001 of the Budget Act of 2014 (Ch. 25, Stats. 2014).

Provisions:

1. The sum of \$15,096,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for apportionment to reimburse the 2014-15 Adults in Correctional Facilities Program activities authorized pursuant to Item 6110-158-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
2. The sum of ~~\$92,787,000~~ \$110,273,000 to the School Facilities Program for the purpose of funding the School Facilities Emergency Repair Account pursuant to Chapter 899 of the Statutes of 2004.

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3. The sum of ~~\$5,809,000~~ \$6,636,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund. Of this amount, \$828,000 shall be provided by the department to local educational agencies that did not participate in the former state reporting program administered by California School Information Services (CSIS) and are for the support of data submission to the California Longitudinal Pupil Achievement Data System (CALPADS), and \$5,808,000 is for allocation by the Superintendent of Public Instruction to the Fiscal Crisis and Management Assistance Team for California School Information Services (CSIS), pursuant to the memorandum of understanding with the State Department of Education in support of the California Longitudinal Pupil Achievement Data System (CALPADS). ~~Of this amount, \$828,000 shall be provided to local educational agencies that did not participate in the former state reporting program administered by CSIS and are for the support of data submission to CALPADS.~~ As a condition of receiving funds appropriated in this item, CSIS shall submit an expenditure plan with workload justification to the Department of Finance and the Legislative Analyst's Office by December 1, 2015. The expenditure plan shall include, at a minimum, (a) positions filled and intended to be filled, (b) salaries and benefits, (c) external contracts, (d) other operating expenses, and (e) equipment needs. The workload information shall include, at a minimum, activities performed by CSIS and by the State Department of Education to implement CALPADS, workload associated with maintenance of CALPADS, and assistance provided to local educational agencies in transmission of data to CALPADS. The expenditure plan and workload data shall provide information for the prior year, current year, and budget year."



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

**Amendment to Various Budget Bill Items, Support and Local Assistance,
California State Library**

Funding for Literacy Program (Issue 005)—It is requested that Item 6120-213-0001 be increased by \$2 million General Fund ongoing for the Literacy and English Acquisition Services Program (Program). The Program allocates funds to public libraries to support instruction in basic literacy for adults. This request complements the proposed Adult Education Block Grant program, which would allocate funds to consortia of school districts and community college districts in regions across the state to implement regional plans for adult education, including instruction in basic literacy. The public libraries would be expected to participate in the development of regional plans for adult education.

Funding for Broadband Project Support (Issue 006)—It is requested that Item 6120-011-0001 be increased by \$225,000 General Fund ongoing for a contract with an entity to provide administrative and fiscal services related to the California Public Library Broadband Project (Project). The California State Library (Library) has entered into an agreement with the Califa Library Group for these services.

Funding for Broadband Equipment Grants (Issue 007)—It is requested that Item 6120-215-0001 be increased by \$1.5 million General Fund on a one-time basis for grants to public libraries that require additional equipment, network upgrades, or modifications to physical sites, or some combination of these items, to support broadband Internet access. These funds would increase the number of public libraries that can participate in the Project.

Funding for Preservation Activities (Issue 008)—It is requested that Item 6120-011-0001 be increased by \$521,000 General Fund, including \$181,000 ongoing for 2 new positions and \$340,000 on a one-time basis for digital scanning equipment. This request would allow the Library to make critical improvements to better preserve historical materials in its possession.

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

MAY 14 2015

-2-

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

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
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Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Greg Lucas, State Librarian, California State Library
Ms. Sharleen Finn, Manager, Fiscal Services, California State Library



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

**Amendment to Budget Bill Items 6360-001-0407 and 6360-001-0408, Support,
Commission on Teacher Credentialing**

Correct the Scheduling of Administration and Distributed Administration

(Issue 003)—It is requested that Schedule (1) of Item 6360-001-0407 be decreased by \$465,000, Schedule (3) be increased by \$179,000, and Schedule (4) be increased by \$286,000 to reflect a correction to the scheduling of administration and distributed administration. Additionally, it is requested that Schedule (1) of Item 6360-001-0408 be decreased by \$124,000, Schedule (2) be increased by \$48,000, and Schedule (3) be increased by \$76,000 to reflect a correction to the scheduling of administration and distributed administration. This redistribution does not change the total appropriation.

Increase to Core Mission Activities (Issue 004)—It is requested that Item 6360-001-0407 be increased by \$4.5 million Teacher Credentials Fund to support core mission activities of the Commission on Teacher Credentialing (Commission). Over the past five years, the number of candidates enrolled in and completing educator preparation programs and applying for credentials has declined resulting in a decrease in the Commission's revenue base. At the same time, the Commission's non-discretionary operating costs have continued to increase. Therefore, the May Revision proposes to increase the teacher credential fee to \$100 for initial and renewal credentials to provide the Commission with additional revenue needed to support ongoing licensing and discipline workload, including a backlog of cases at the Office of the Attorney General. Even with the proposed increase, teacher credential fees would remain lower than the renewal fees charged to professionals in a number of other occupational fields.

Trailer Bill Language (See Attachment A)

Increase the Teacher Credential Fee—It is requested that trailer bill language be adopted to increase the teacher credential fee to \$100 for initial and renewal credentials to provide the Commission with additional revenue necessary to support mission critical activities. The Commission is a special fee agency with teacher credential fees providing approximately 85 percent of the Commission's revenue. Over the past five years, the quantity of initial and renewal credentials has declined nearly 20 percent resulting in a decrease in the Commission's revenue base. Moreover, despite a reduction in staff, a temporary suspension of accreditation activities in fiscal year 2013-14, and streamlining of credential processing and disciplinary reviews, the Commission's non-discretionary operation costs and core mission costs have continued to increase.

Educator Misconduct—The Administration requests two pieces of trailer bill to improve educator misconduct reports:

1. The Administration also seeks to streamline functions and create workload efficiencies at the Commission. The Administration proposes to begin these efforts with a focus on the Commission's responsibilities related to educator misconduct. It is requested that trailer bill language be adopted to identify minimal information that is to be included in current district reports of educator misconduct to the Commission. Although this information is currently required in regulations, the Administration proposes to elevate these requirements to statutes in an effort to emphasize the basic information needed in a district report of educator misconduct, thereby improving the quality and depth of information included in these reports to the Commission.
2. It is requested that trailer bill language be adopted to provide the Commission jurisdiction to investigate a superintendent's or charter school administrator's failure to provide required information in reports of educator misconduct to the Commission. Specifically, this language would authorize the Commission to initiate a formal investigation for unprofessional conduct and report the incident to law enforcement. While current law specifies that a refusal or unwillingness to report educator misconduct is unprofessional conduct for a credential holder and in all instances a misdemeanor subject to a fine of \$500 to \$1,000, the Commission has no authority to pursue superintendents or administrators who refuse to include statutorily-required information for a report of educator misconduct.

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 Juan Mireles, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
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Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Mary Sandy, Executive Director, Commission on Teacher Credentialing
Ms. Beth Graybill, Chief Deputy Executive Director, Commission on Teacher Credentialing
Mr. Philip Chen, Director, Administrative Services Division, Commission on Teacher Credentialing

Proposed Trailer Bill

Information Required in Teacher Misconduct Reports from Districts

Section 44030.5 of the Education Code is amended to read:

44030.5. (a) The superintendent of a school district or county office of education, or the administrator of a charter school, employing a person with a credential shall report any change in the employment status of the credentialholder to the commission not later than 30 days after the change in employment status, if the credentialholder, while working in a position requiring a credential, and as a result of an allegation of misconduct or while an allegation of misconduct is pending, is dismissed, is nonreelected, resigns, is suspended or placed on unpaid administrative leave for more than 10 days as a final adverse action, retires, or is otherwise terminated by a decision not to employ or reemploy.

(b) Notwithstanding any other provision of law, the report made pursuant to subdivision (a) shall include all known information regarding each alleged act of misconduct including, but not limited to, contact information for the credentialholder and other persons who may have information relating to the alleged misconduct. If a minor is known to have information regarding the alleged misconduct, then the report shall include the minor's directory information as defined by the Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR Part 99.3.) The report shall contain all other specified information as adopted in regulations by the commission.

~~(b)~~ **(c)** For purposes of subdivision (a), a change of employment status due solely to unsatisfactory performance pursuant to paragraph (4) of subdivision (a) of Section 44932 or a reduction in force pursuant to Sections 44955 to 44958, inclusive, is not a result of an allegation of misconduct.

~~(c)~~ **(d)** The failure to make the report required by subdivisions (a) **and (b)** is unprofessional conduct and may subject the superintendent of the school district or county office of education, or the administrator of a charter school, to adverse action by the commission.

(d) ~~(e)~~ (1) Notwithstanding Section 44030, refusing or willfully neglecting to make the report required by subdivision (a) is a misdemeanor, punishable by a fine of not less than five hundred dollars (\$500) or more than one thousand dollars (\$1,000).

(2) The Commission on Teacher Credentialing shall report to local law enforcement for purposes of paragraph (1) of this subdivision, any superintendent of a school or county office of education, or the administrator of a charter school that refuses or willfully neglects to make the report required by subdivision (a), even if he or she is not a credentialholder.

~~(2)~~ **(3)** All fines imposed pursuant to this subdivision are the personal responsibility of the superintendent of the school district or county office of education, or the administrator of a charter school, and may not be paid or reimbursed with public funds.

Increase the Teacher Credential Fee

Section 44235 of the Education Code is amended to read:

44235. (a) Fees shall be levied by the commission for the issuance and renewal of teaching and service credentials. Commencing January 1, 1987, the fee for the issuance and renewal of

teaching and service credentials shall be fifty dollars (\$50). In subsequent years, the commission may set a different fee, but in no case shall a fee exceed ~~seventy dollars (\$70)~~ **one hundred dollars (\$100)** without express legislative approval.

(b) A single fee, not to exceed the charge for a single supplemental credential, shall be charged for all supplemental credentials applied for at the same time as a teaching or service credential pursuant to subdivision (a).

(c) Subject to funds being appropriated expressly for this purpose in the annual Budget Act, fees authorized by this section shall be waived by the commission for first-time teaching credential applicants for the following credentials:

- (1) Single subject credential.
- (2) Multiple subject credential.
- (3) Special education credential.
- (4) Specialist instruction credential.

(d) Annually, as part of the budget review process, the Department of Finance shall recommend to the Legislature an appropriate credential fee sufficient to generate revenues necessary to support the operating budget of the commission plus a prudent reserve, as determined by the Department of Finance pursuant to subdivision (b) of Section 44234.

Jurisdiction to Investigate a Failure to Report Educator Misconduct

Section 44242.5 of the Education Code is amended to read:

44242.5. (a) Each allegation of an act or omission by an applicant for, or holder of, a credential for which he or she may be subject to an adverse action shall be presented to the Committee of Credentials.

(b) The committee has jurisdiction to commence an initial review upon receipt of any of the following:

(1) (A) Official records of the Department of Justice, of a law enforcement agency, of a state or federal court, and of any other agency of this state or another state.

(B) For purposes of subparagraph (A), "agency of this state" has the same meaning as that of "state agency" as set forth in Section 11000 of the Government Code.

(2) An affidavit or declaration signed by a person or persons with personal knowledge of the acts alleged to constitute misconduct.

(3) (A) A statement from an employer notifying the commission that, as a result of an allegation of misconduct, or while an allegation of misconduct is pending, credentialholder has been dismissed, nonreelected, suspended for more than 10 days, or placed pursuant to a final adverse employment action on unpaid administrative leave for more than 10 days, or has resigned or otherwise left employment.

(B) The employer shall provide the notice described in subparagraph (A) to the commission not later than 30 days after the dismissal, nonreelection, suspension, placement on unpaid administrative leave, resignation, or departure from employment of the employee.

(C) For purposes of subparagraphs (A) and (B), a change in status due solely to unsatisfactory performance pursuant to paragraph (4) of subdivision (a) of Section 44932 or a reduction in force pursuant to Sections 44955 to 44958, inclusive, is not a result of an allegation of misconduct.

(4) A notice from an employer that a complaint was filed with the school district alleging sexual misconduct by a credentialholder. Results of an investigation by the committee based on this paragraph shall not be considered for action by the committee unless there is evidence presented to the committee in the form of a written or oral declaration under penalty of perjury that confirms the personal knowledge of the declarant regarding the acts alleged to constitute misconduct.

(5) A notice from a school district, employer, public agency, or testing administrator of a violation of Section 44420, 44421.1, 44421.5, or 44439.

(6) (A) An affirmative response on an application submitted to the commission as to any conviction, adverse action on, or denial of, a license, or pending investigation into a criminal allegation or pending investigation of a noncriminal allegation of misconduct by a governmental licensing entity.

(7) Failure to make a report or provide information required by Section 44030.5.

(B) Failure to disclose any matter set forth in subparagraph (A).

(c) An initial review commences on the date that the written notice is mailed to the applicant or credentialholder that his or her fitness to hold a credential is under review. Upon commencement of a formal review pursuant to Section 44244, the committee shall investigate all alleged misconduct and the circumstances in mitigation and aggravation. The investigation shall include, but not be limited to, all of the following:

(1) Investigation of the fitness and competence of the applicant or credentialholder to perform the duties authorized by the credential for which he or she has applied or that he or she presently holds.

(2) Preparation of a summary of the applicable law, a summary of the facts, contested and uncontested, and a summary of any circumstances in aggravation or mitigation of the allegation.

(3) Determination of probable cause for an adverse action on the credential. If the allegation is for unprofessional or immoral conduct, the committee, in any formal review conducted pursuant to Section 44244 to determine probable cause, shall permit the employer of the credentialholder to be present while testimony is taken. If the allegation of unprofessional or immoral conduct involves sexual abuse, the employer shall be examined in the meeting for any relevant evidence relating to the sexual abuse.

(A) If the committee determines that probable cause for an adverse action does not exist, the committee shall terminate the investigation.

(B) If the committee determines that probable cause for an adverse action on the credential exists, upon receipt of a request from an applicant or a credentialholder pursuant to Section 44244.1, the commission shall initiate an adjudicatory hearing, as prescribed by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, by filing an accusation or statement of issues.

(d) The committee has jurisdiction to commence a formal review pursuant to Section 44244 upon receipt of any of the following:

(1) (A) Official records of a state or federal court that reflect a conviction or plea, including a plea of nolo contendere, to a criminal offense or official records of a state court that adjudge a juvenile to be a dependent of the court pursuant to Section 300 of the Welfare and Institutions Code due to allegations of sexual misconduct or physical abuse by a credentialholder or applicant.

(B) Nothing in subparagraph (A) shall be construed to relieve the commission from the confidentiality provisions, notice, and due process requirements set forth in Section 827 of the Welfare and Institutions Code.

(2) An affidavit or declaration signed by a person or persons with personal knowledge of the acts alleged to constitute misconduct.

(3) A statement described in paragraph (3) of subdivision (b).

(4) Official records of a governmental licensing entity that reflect an administrative proceeding or investigation, otherwise authorized by law or regulation, which has become final.

(5) A notice described in paragraph (5) of subdivision (b).

(6) A response or failure to disclose, as described in paragraph (6) of subdivision (b).

(7) Failure to make a report or provide information required by Section 44030.5.

(e) (1) Upon completion of its investigation, the committee shall report its actions and recommendations to the commission, including its findings as to probable cause, and if probable cause exists, its recommendations as to the appropriate adverse action.

(2) The findings shall be available, upon its request, to the employing or last known employing school district, or, if adverse action is recommended by the committee and the credentialholder has not filed a timely appeal of the recommendation of the committee pursuant to Section 44244.1, upon a request made within five years of the date of the committee's recommendations to a school district providing verification that the credentialholder has applied for employment in the school district. The findings, for all purposes, shall remain confidential and limited to school district personnel in a direct supervisory capacity in relation to the person investigated. Any person who otherwise releases findings received from the committee or the commission, absent a verified release signed by the person who is the subject of the investigation, shall be guilty of a misdemeanor.



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

**Amendment to and Addition of Various Budget Bill Items, Support,
University of California**

General Fund Resources for the University of California (UC) (Issues 036 and 038)—It is requested that Provision 2 of Item 6440-001-0001 be removed.

Following the UC Regents' November 2014 action to authorize the UC President to increase student tuition by up to 28 percent over five years, the Administration and the UC President undertook a review of UC as part of a select advisory committee to develop and evaluate proposals to reduce the University's cost structure, while maintaining or improving access, quality, accountability, and outcomes.

After months of data review, discussions between the Administration and the UC Office of the President, and interviews with higher education experts, faculty and staff at UC campuses, and undergraduate and graduate students, the Governor and the UC President have agreed that UC will undertake a number of reforms to manage its operations more effectively and that the President will strongly recommend that the Academic Senate undertake reviews of additional reforms. Implementation of these reforms will allow UC to better serve existing students and reduce its future operating costs so that students will have access to an affordable UC education in the years to come.

Under this framework, tuition for California undergraduate students will remain flat through 2016-17.

It is further requested that Item 6440-004-0001 be added in the amount of \$96 million. Chapter 296, Statutes of 2012 (AB 340), establishes the Public Employees' Pension Reform Act of 2013 (PEPRA). Notably, the statute limits the compensation used to calculate pensions for new employees hired after January 1, 2013, in state government, local government, and schools. For members who participate in Social Security, PEPRA caps pensionable compensation at the Social Security Wage Base, with adjustments using the Consumer Price Index. The 2015 cap is \$117,020. (For members who do not participate in Social Security, the cap is 120 percent of that amount.) The University of California Retirement Plan complies with an Internal Revenue Service cap of \$265,000.

By July 1, 2016, the Regents will adopt a program for new employees in which an employee can elect either a defined benefit plan that includes a cap on pensionable compensation consistent with PEPRA (with, for some employees, a supplemental defined contribution plan) or a full defined contribution plan. By creating such a pension program to control long-term costs, UC will be eligible to receive Proposition 2 debt funds to pay down UC's pension liabilities.

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

6440-004-0001—For support of University of California.....	\$96,000,000
Schedule:	
(1) 5440-Support.....	\$96,000,000
Provisions:	
1. The amount appropriated in this item shall be released only upon certification by the Director of Finance that the Regents of the University of California have approved a retirement program that limits pensionable compensation consistent with the limits specified in the Public Employees' Pension Reform Act of 2013.	

The May Revision Budget Summary includes additional details regarding the framework.

Adjust Funding for Tobacco-Related Disease Research (Issue 035)—It is requested that Item 6440-001-0234 be decreased by \$1,661,000 to reflect available resources in the Cigarette and Tobacco Products Surtax Fund Research Account (created in Proposition 99).

Add One-Time Funding for Earthquake Engineering Research (Issue 033)—It is requested that Item 6440-001-0308 be added in the amount of \$431,000 on a one-time basis to appropriate the unencumbered balance in the Earthquake Risk Reduction Fund.

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

6440-001-0308—For support of University of California, payable from the Earthquake Risk Reduction Fund of 1996.....	\$431,000
Schedule:	
(1) 5440-Support.....	\$431,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 1.80, the funds appropriated in this item shall be available for expenditure until June 30, 2018.	

Trailer Bill Language

Extend Authority for the California Health Benefit Review Program—It is requested that trailer bill language be included to authorize the California Health Benefit Review Program for the 2015-16 fiscal year. The Governor's Budget funds the California Health Benefit Review Program from the Health Care Benefits Fund in 2015-16. Existing law authorizes the program through December 31, 2015. This proposal would extend authority for the program through June 30, 2016.

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

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

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
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Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Nathan Brostrom, Executive Vice President and Chief Financial Officer, University of California
Office of the President
Ms. Debora Obley, Associate Vice President, Budget Analysis and Planning, University of
California Office of the President

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An act to amend Sections 127662 and 127665 of the Health and Safety Code, relating to health insurance, and declaring the urgency thereof, to take effect immediately.

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COPY

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 127662 of the Health and Safety Code is amended to read:

127662. (a) In order to effectively support the University of California and its work in implementing this chapter, there is hereby established in the State Treasury, the Health Care Benefits Fund. The university's work in providing the bill analyses shall be supported from the fund.

(b) For fiscal years 2010-11 to ~~2014-15~~, 2015-16, inclusive, each health care service plan, except a specialized health care service plan, and each health insurer, as defined in Section 106 of the Insurance Code, shall be assessed an annual fee in an amount determined through regulation. The amount of the fee shall be determined by the Department of Managed Health Care and the Department of Insurance in consultation with the university and shall be limited to the amount necessary to fund the actual and necessary expenses of the university and its work in implementing this chapter. The total annual assessment on health care service plans and health insurers shall not exceed two million dollars (\$2,000,000).

(c) The Department of Managed Health Care and the Department of Insurance, in coordination with the university, shall assess the health care service plans and health insurers, respectively, for the costs required to fund the university's activities pursuant to subdivision (b).

(1) Health care service plans shall be notified of the assessment on or before June 15 of each year with the annual assessment notice issued pursuant to Section

1356. The assessment pursuant to this section is separate and independent of the assessments in Section 1356.

(2) Health insurers shall be noticed of the assessment in accordance with the notice for the annual assessment or quarterly premium tax revenues.

(3) The assessed fees required pursuant to subdivision (b) shall be paid on an annual basis no later than August 1 of each year. The Department of Managed Health Care and the Department of Insurance shall forward the assessed fees to the Controller for deposit in the Health Care Benefits Fund immediately following their receipt.

(4) "Health insurance," as used in this subdivision, does not include Medicare supplement, vision-only, dental-only, or CHAMPUS supplement insurance, or hospital indemnity, accident-only, or specified disease insurance that does not pay benefits on a fixed benefit, cash payment only basis.

SEC. 2. Section 127665 of the Health and Safety Code is amended to read:

127665. This chapter shall ~~remain in effect until December 31, 2015, and shall be repealed as of that date, become inoperative on June 30, 2016, and, as of January 1, 2017, is repealed~~ unless a later enacted statute that becomes operative on or before ~~December 31, 2015, January 1, 2017, deletes or extends that date. the dates on which it becomes inoperative and is repealed.~~

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the University of California is provided with sufficient advance notice regarding the continuing duties of the university to plan and carry out

MAY 14 2015

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necessary health care benefit research and analysis as requested pursuant to this act, it is necessary that this act take effect immediately.

- 0 -

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: California Health Benefit Review Program.

Existing law, until December 31, 2015, requests the University of California to establish the California Health Benefit Review Program to assess legislation proposing a mandated health benefit or service, as defined, to be provided by health care service plans and health insurers, and to prepare a written analysis in accordance with specified criteria. Existing law, for fiscal years 2010–11 to 2014–15, inclusive, provides funding for the University of California's implementation of these provisions from a fee imposed upon health care service plans and health insurers, which may not exceed a total of \$2,000,000 and is to be deposited in the Health Care Benefits Fund.

This bill would make these provisions inoperative on June 30, 2016, and would repeal them as of January 1, 2017. The bill would also provide for the imposition of the fee through the 2015–16 fiscal year.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendments to and Addition of Trailer Bill Language, Capital Outlay, University of California

It is requested that Education Code Section 92493 be amended to allow the University of California (UC) to pledge a portion of its General Fund appropriation to make availability payments, lease payments, or other similar payments for the financing of capital expenditures. This action will provide UC with greater flexibility to use its General Fund support appropriation for alternative financing options.

It is also requested that Education Code Section 92497 be added to allow UC to use project savings from the UC Merced Classroom and Academic Office Building project identified in Item 6440-301-6048 of the 2012 Budget Act, (as added by Chapter 575, Statutes of 2012), for the construction phase of this project, as authorized in Provision 3 of Item 6440-001-0001 of the 2013 Budget Act. This action would allow UC to use existing general obligation bond funds to address a potential deficiency in the construction phase, and would eliminate the need to issue additional bonds for this purpose. The addition also includes language extending the encumbrance period of the 2012 appropriation.

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 Sally Lukenbill, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
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Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mac Taylor, Legislative Analyst (4)
Craig Cornett, Senate President pro Tempore's Office (2)
Christopher W. Woods, Assembly Speaker's Office (2)
Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Kieran Flaherty, Interim Executive Director of Budget, Office of the Chief Financial Officer,
University of California
Steve Juarez, Associate Vice President and Director of State Governmental Relations, External
Relations, University of California
Sandra Kim, Associate Vice President of Finance, Capital Asset Strategies and Finance,
University of California
Deborah Wylie, Associate Vice President of Capital Programs, Capital Asset Strategies and
Finance, University of California
Debora Obley, Associate Vice President, Budget Analysis and Planning, University of California
Dana Santa Cruz, Director of Capital Planning, Capital Asset Strategies and Finance,
University of California

ATTACHMENT 1

92493. (a) (1) The University of California may pledge, along with its other revenues, its annual General Fund support appropriation less the amount of that appropriation that is required to fund general obligation bond payments and the State Public Works Board rental payments, to secure the payment of any of the university's general revenue bonds or commercial paper associated with the general revenue bond program, as well as to secure payment for any availability payments, lease payments, installment payments, and other similar or related payments.

(2) To the extent the university pledges any part of its support appropriation as a source of revenue securing any obligation, it shall provide that this commitment of revenue is subject to annual appropriation by the Legislature.

(3) The university may fund debt service and make availability payments, lease payments, installment payments, and other similar or related payments for capital expenditures defined in subdivision (b) from its General Fund support appropriation pursuant to Sections 92495 and 92495.5.

(4) The state hereby covenants with the holders of the university's obligations secured by the pledge of the university permitted by this section that, so long as any of the obligations referred to in this subdivision remain outstanding, the state will not impair or restrict the ability of the university to pledge any support appropriation or support appropriations that may be enacted for the university. The university may include this covenant of the state in the agreements or other documents underlying the university's obligations to this effect.

(b) For purposes of this section, "capital expenditures" means any of the following:

(1) The costs to design, construct, 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.

(2) The debt service amount associated with refunding, defeasing, or retiring State Public Works Board lease revenue bonds.

(3) The costs to design, construct, or equip energy conservation projects.

(c) 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.

(d) 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 layoffs, or reductions in employee compensation at the University of California.

92494. (a) The University of California may fund pay-as-you-go capital outlay projects from its General Fund support appropriation pursuant to Sections 92495 and 92495.5.

(b) For purposes of this section, "capital outlay project" means both of the following:

(1) The costs to design, construct, 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.

(2) The costs to design, construct, or equip energy conservation projects.

92495. (a) (1) Commencing with the 2013-14 fiscal year and for each fiscal year thereafter, if the University of California plans to use any of its support appropriation in the annual budget for the subsequent fiscal year for capital expenditures pursuant to Section 92493, as defined in paragraph (1) of subdivision (b) of that section, or for capital outlay projects pursuant to Section 92494, as defined in paragraph (1) of subdivision (b) of that section, it shall simultaneously submit, on or before September 1, 10 months before the commencement of that fiscal year, a report to the committees in each house of the Legislature that consider the annual state budget, the budget subcommittees in each house of the Legislature that consider appropriations for the University of California, and the Department of Finance.

(2) The report shall detail the scope of capital expenditures or capital outlay projects and how the capital expenditures or capital outlay projects will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(3) The Department of Finance shall review the report and submit, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the annual state budget and the budget subcommittees in each house of the Legislature that consider appropriations for the University of California. These committees may review and respond to the list of preliminarily approved capital expenditures and capital outlay projects before April 1.

(4) The Department of Finance shall submit a final list of approved capital expenditures and capital outlay projects to the University of California no earlier than April 1, three months before the commencement of the fiscal year of the planned expenditures.

(b) The Department of Finance may approve capital expenditures defined in paragraph (3) of subdivision (b) of Section 92493, or capital outlay projects defined in paragraph (2) of subdivision (b) of Section 92494, no sooner than 30 days after submitting, in writing, a list of capital expenditures and capital outlay projects being considered for approval to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee.

(c) The University of California shall not use its General Fund support appropriation to fund a capital expenditure defined in paragraph (1) or (3) of subdivision (b) of Section 92493, or capital outlay project defined in subdivision (b) of Section 92494, before receiving approval from the Department of Finance pursuant to this section.

(d) (1) For the 2013-14 fiscal year only, if the University of California plans to use any of its support appropriation in the annual budget for the 2013-14 fiscal year for capital expenditures pursuant to Section 92493, as defined in paragraph (1) of subdivision (b) of that section, or for

capital outlay projects pursuant to Section 92494, it shall simultaneously submit, on or before August 1 of that fiscal year, a report to the Joint Legislative Budget Committee and the Department of Finance. This report shall detail the scope of each capital outlay project or capital expenditure and how it will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(2) The Department of Finance shall review the report and submit a list of preliminarily approved projects to the Joint Legislative Budget Committee by November 1 of that fiscal year.

(3) The Department of Finance shall submit a final list of approved projects to the University of California no earlier than December 1 of that fiscal year.

(4) The University of California shall not proceed with any capital expenditures pursuant to Section 92493, as defined in paragraph (1) of subdivision (b) of that section, or capital outlay projects pursuant to Section 92494, before receiving approval from the Department of Finance pursuant to this subdivision.

(e) Notwithstanding subdivision (b), the University of California may use the authority provided in Section 92493 for the Merced Classroom and Academic Office Building, as specified in Provision 3 of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2013.

(f) Notwithstanding Section 10231.5 of the Government Code, commencing with the 2014-15 fiscal year, on or before February 1 of each fiscal 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 all capital expenditures undertaken pursuant to Section 92493 and for all capital outlay projects undertaken pursuant to Section 92494.

92495.5. The university shall manage its general revenue bond program and various programs referenced in Section 92493 in a manner so that not more than 15 percent of its General Fund support appropriation, less the amount of that appropriation that is required to fund general obligation bond payments and State Public Works Board rental payments, is used for the total of all of the following:

- (a) Payments Debt service for capital expenditures pursuant to Section 92493.
- (b) Pay-as-you-go capital outlay projects pursuant to Section 92494.
- (c) State Public Works Board rental payments.

92497. (a) The University of California may use any project savings from the Merced Classroom and Academic Office Building project identified in Item 6440-301-6048 of the 2012 Budget Act, as added by Chapter 575, Statutes of 2012, for the construction phase of the Merced Classroom and Academic Office Building project as authorized in Provision 3 of Item 6440-001-0001 of Section 2.00 of the 2013 Budget Act.

(b) The funds appropriated in Item 6440-301-6048 of the 2012 Budget Act, as added by Chapter 575, Statutes of 2012, shall be available for encumbrance until June 30, 2016.



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6610-001-0001, Support, California State University

It is requested that Item 6610-001-0001 be increased by \$38 million to provide additional base support to the California State University (CSU).

The Administration expects CSU to improve student success at all campuses as described in the CSU Chancellor's CSU Graduation Initiative. The CSU Graduation Initiative sets goals to be achieved by the year 2025, including a four-year graduation rate for freshman entrants of 24 percent and a two-year rate for transfer students of 35 percent. The Administration expects CSU to report publicly regarding progress toward those goals and to evaluate whether more ambitious targets are warranted. The CSU should expand the strategic use of technology and data to achieve these outcomes.

The CSU has already indicated that it would use the funds included in the Governor's Budget to support the costs of about 4,000 new students. The Administration expects CSU to use the additional resources included in the May Revision to enroll 1,500 more transfer students by the spring of 2016.

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

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

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2015

-2-

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, California State
University
Mr. Ryan Storm, Assistant Vice Chancellor for Budget, California State University



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to and Addition of Trailer Bill Language, Capital Outlay, California State University

It is requested that the following amendment (see Attachment 1) be made to Education Code section 89772 to better align capital outlay program reporting requirements with the California State University (CSU) Board of Trustees (Board) capital project approval timelines and practices. The amendment also specifies that CSU may use its support appropriation for the 2014-15 and 2015-16 fiscal years to fund the capital outlay projects approved at the CSU Board meetings in January 2015 and November 2014, respectively (see Attachments 2 and 3).

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 Sally Lukenbill, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2015

-2-

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, California State
University
Ms. Elvyra San Juan, Assistant Vice Chancellor, Capital Planning, Design and Construction,
California State University
Mr. Ryan Storm, Assistant Vice Chancellor for Budget, California State University

89772.

(a) (1) Commencing with the 2014–15 fiscal year, and for each fiscal year thereafter, if the California State University plans to use any of its support appropriation in the annual budget for the subsequent fiscal year for capital expenditures, or any other revenue source as defined in paragraph (1) of subdivision (a) of Section 89770, and pursuant to and as defined in paragraph (1) of subdivision (b) of Section 89770, for capital outlay projects pursuant to Section 89771, it shall simultaneously submit, on or before September 1, 10 months before the commencement of that fiscal year, a preliminary report to the committees in each house of the Legislature that consider the State Budget, the budget subcommittees in each house of the Legislature that consider appropriations for the California State University, and the Department of Finance.

(2) The preliminary report shall detail the scope of all capital expenditures and capital outlay projects and how those capital expenditures and capital outlay projects will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(3) The California State University shall submit, on or before December 1, a final report to the committees in each house of the Legislature that consider the State Budget, the budget subcommittees in each house of the Legislature that consider appropriations for the California State University, and the Department of Finance.

(4) The final report shall detail the scope of all capital expenditures and capital outlay projects and how those capital expenditures and capital outlay projects will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(35) The Department of Finance shall review the report and submit, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the State Budget and the budget subcommittees in each house of the Legislature that consider appropriations for the California State University. These committees may review and respond to the list of preliminarily approved capital expenditures and capital outlay projects before April 1.

(46) The Department of Finance shall submit a final list of approved capital expenditures and capital outlay projects to the California State University by no earlier than April 1, three months before the commencement of the fiscal year of the planned expenditures.

(7) Beginning with the 2014-15 fiscal year, the California State University may use its support appropriation in the annual budget for the capital expenditures and capital outlay projects identified in the resolution approved by the Trustees of the California State University on January 28, 2015, titled "Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Systemwide Infrastructure Improvement Projects (RFIN 01-15-04)."

(8) Beginning with the 2015-16 fiscal year, the California State University may use its support appropriation in the annual budget for capital expenditures and capital outlay projects identified in the "2015-2016 CSU/State Funded Capital Outlay Program" referenced in the resolution approved by the Trustees of the California State University on November 13, 2014, titled "Approval of the 2015-2016 Capital Outlay Program and the 2015-2016 through 2019-2020 Five-Year Capital Improvement Program (RCPBG 11-14-17)."

2014-2015 Budget Request Summary CSU Capital Outlay Program

The CSU 2014-2015 Capital Outlay program priority list was approved by the Board of Trustees in November 2013. Capital Outlay Budget Change Proposals totaling over \$360 million were submitted to DOF for review in September 2013. Subsequently the governor and legislature approved Trailer Bill Language in June 2014 increasing CSU's authority to finance and pay for capital outlay projects using operating funds. As a result, in September 2014, an information item was presented to the board of trustees identifying the projects that could be funded using \$10 million in annual operating funds for debt service to fund \$130 million in projects.

The highest priority project is the California State University, Fresno Utilities Infrastructure project which is currently being funded through the equipment lease financing program in order to enable the campus to proceed to construction as quickly as possible in light of the repeated failures to the electrical distribution system.

The second priority is the Statewide Infrastructure Improvements program which is designed to address building and infrastructure systems that have passed their useful life. The list of individual campus projects comprising the Statewide Infrastructure Improvements program still totals \$103.67 million but has been slightly revised and was approved by the board in January 2015.

The January 2015 approval also includes additional projects as the estimated amount of projects that may be financed has increased from \$130 million to \$150-\$160 million. Therefore, this list provides brief project descriptions for those additional projects that may be funded depending on the results of a future bond sale.

Statewide Infrastructure Improvements	PWC	\$103,674,000
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Statewide Infrastructure Improvement projects will address CSU's highest priority deficiencies in campus primary infrastructure, facilities, and distribution systems. Critical deficiencies identified throughout the 23-campus system will be addressed to enable campuses to continue essential operations, reduce the likelihood of catastrophic failures, and meet current code requirements to operate safe facilities. Major building systems will be modernized to enable campuses to operate utilities more effectively, improve HVAC systems efficiency, reduce energy and lighting costs, reduce water consumption and greenhouse gas emissions, and extend the useful life of existing facilities. The specific projects include:

BAKERSFIELD

PE Building HVAC/Roof Replacement	C	\$389,000
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This project will replace the existing roof and air handling system in the PE Building (#33) with new multi-ply roofing, insulation, roof drains, mechanical ducting, HVAC and controls.

Nursing Building HVAC Replacement	PWC	\$1,100,000
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This project will replace the existing HVAC air handling units and upgrade the ductwork throughout the Nursing building (#30).

CHANNEL ISLANDS

Steam Heating System Replacement PWC \$240,000
 This project will decommission and remove a portion of the existing steam lines on campus to provide a more efficient method of delivering heating, cooling, and hot water using the campus hot and chilled water hydronic loop.

Electrical Panel Upgrades PWC \$301,000
 This project will replace a portion of the original electrical panel boxes and wiring that serve existing buildings in order to meet current life/fire safety code requirements.

Napa Hall Roof Replacement PWC \$315,000
 This project will upgrade the existing flat roof with new multi-ply roofing, insulation, roof drains, and OSHA approved fall protection upgrades.

Lindero Hall Roof Replacement PWC \$500,000
 This project will upgrade the existing flat roof with new multi-ply roofing, insulation, roof drains, and OSHA approved fall protection upgrades.

CHICO

Boiler Replacement, Ph. 1 *PWc \$3,383,000
 This project will replace one of the three steam boilers in the Boiler/Chiller Plant (#26) with gas burner boilers that are more efficient and comply with Air Quality Management District regulations.

DOMINGUEZ HILLS

Central Plant Cooling Tower Replacement, Ph. 1 PWc \$1,859,000
 This project will replace the existing concrete single-stage cooling tower and supporting infrastructure in the Central Plant (#87) with a more efficient tower.

EAST BAY

Electrical Infrastructure Upgrade, Ph. 2B PWC \$2,121,000
 This project is part 2 of a 3-phase program to construct a 12kV electrical loop system to improve the safety and reliability of the existing campus electrical system. The project will provide new duct banks, manholes, cables, and pad mounted switchgear for multiple buildings.

FRESNO

Gas, Sewer and Storm Line Upgrade PW \$283,000
 This project will replace the campus underground natural gas and sanitary sewer lines, and expand the storm drainage system.

*PWc means design budget will include all phases of the project, while the "c", or construction budget, is only for the scope of the initial phase.

FULLERTON**Chilled and Heating Hot Water Line Replacement PWC \$2,582,000**

This project will include the replacement of existing chilled water (CHW) and heating hot water (HHW) distribution within the campus utility tunnel to ensure reliability of the systems. The project will also include provisions for new isolation valves. The original CHW/HHW distribution is over 40 years old and is deteriorating.

Library Renewal PWC \$6,000,000

This project will repair areas of the building to correct HVAC, interiors and ceiling system, code deficiencies resulting from the spring 2014 earthquake.

Central Plant Chiller Upgrade, Ph. 1 PWc \$1,689,000

This project will include piping and pumps associated with the Central Plant (#16) chiller. The project will also include separating the chiller and boiler areas so as to meet current building codes and modifying the piping infrastructure to allow the Main Chiller Plant to utilize the existing Thermal Energy Storage system.

HUMBOLDT**Switchgear Replacement PWC \$1,500,000**

This project will replace the main switchgear in the existing campus switchgear building (#58).

Fire Suppression System Replacement, Ph. 1 PWC \$250,000

This project will replace the existing fire protection system located in the Data Center (#26).

Substation Replacement PWC \$687,000

This project will replace the existing 12kV substations across campus.

LONG BEACH**Hot Water Piping Replacement, Ph. 1 PWc \$3,560,000**

This project will replace the existing campus direct-buried heating hot water distribution piping in the north and west sides of the campus. This project will also install new hot water isolation valves within access vaults to minimize disruption of services due to leaks and planned outages.

Electrical Substation and Switch Replacement PWC \$1,865,000

This project will provide insulation for the outdoor switching station and replace building substations and selector switches to enable isolation of buildings in the event of a fault.

LOS ANGELES**Electrical Distribution Replacement, Ph. 1 PWc \$4,818,000**

This project will provide a replacement substation and feeder to campus and Central Plant along with metering and main breaker switchgear.

Physical Sciences (Seismic), Ph. 1 PWC \$10,000,000

This project will renovate the Physical Sciences building (#12) to address structural and code deficiencies, including accessibility.

MARITIME ACADEMY**Emergency Generator, Sim/Data Center PWC \$246,000**

This project will provide a connection to the existing backup generator to the SIM Building (#41) Data Center. The project includes a circuit breaker at the existing generator switchboard, step-up transformer, conduit and cable to the SIM Building, Automatic Transfer Switch, and distribution panel.

Fire Alarm Upgrade PWC \$89,000

This project will replace all detector devices in the Lower Residence Halls (#17-19) with new current generation detector devices. The project includes the re-programming of the Fire Alarm Control Panel, including the address table for all detector devices.

Boiler Replacement, Ph. 1 PWC \$170,000

This project will provide a condensing boiler at the Faculty Office Building (#3), complete with neutralizing cartridge and double-walled stainless steel stack in buildings that presently do not have the Low NOx boilers.

MONTEREY BAY**Demolition, Ph. 1 C¹ \$10,000,000**

This project will demolish structures that remain from the former Fort Ord military base in order to remediate visual blight, lack of support infrastructure, and numerous hazards to public health and safety.

NORTHRIDGE**Heating System Replacement PWC \$4,469,000**

This project will replace the existing heating hot water lines experiencing leakage with new insulated lines.

Building Electrical System Replacement P \$242,000

This project will replace electrical distribution boards in buildings where the equipment is at the end of its useful life.

Redundant Substation Upgrade P \$198,000

This project will replace existing electrical substations and Medium Voltage transformers in buildings where the equipment is at the end of its useful life.

POMONA**Fire Alarm System Upgrade PWC \$2,933,000**

This project will remove and replace fire alarm systems in state facilities on campus that do not meet current fire code and ADA requirements. The work includes removal of the old systems and the abatement of asbestos containing materials in the areas of the work.

¹ It is likely that only a small "c" phase of the Monterey Bay – Demolition, Ph. 1 project will be funded based on the current interest rates.

Domestic Water Line Upgrades, Ph. 1 PWC \$1,367,000
 This project will replace de-ionized water piping and room and deck drain piping.

SACRAMENTO

Underground Power Lines PWC \$772,000
 This project will underground the 12kV overhead distribution lines that currently serve the campus main 12kV switchgear.

Fire Alarm System Upgrades, Ph. 1 PWC \$2,718,000
 This project will replace the existing, non-code compliant fire alarm system with a new system able to report to a central monitoring station through the existing campus network.

Elevator Cylinder Replacements, Ph. 1 PWC \$510,000
 This project will improve elevator reliability by replacing old hydraulic cylinders and modernizing existing generators.

Chiller Main Switch Replacements PWC \$420,000
 This project will replace the existing 5kV switchgear, associated breakers, relays, and accessories at the main central plant (#32).

SAN BERNARDINO

Performing Arts HVAC Replacement PWC \$2,881,000
 This project will replace the existing air handling system in Performing Arts (#20) with a new variable air volume duct system, piping, and controls.

SAN DIEGO

Engineering Roof/HVAC Replacement PWC \$1,500,000
 This project will replace the existing roof and rooftop air handling equipment in Engineering (#19) with new multi-ply roofing, insulation, roof drains, flashing at rooftop penetrations, rooftop HVAC equipment, and controls.

Love Library Roof/Elevator Replacement PWC \$1,966,000
 This project will repair and replace aging and malfunctioning elevator components and systems in Love Library (#54) and bring them into ADA compliance. Additionally the project will replace the existing roof at the mechanical penthouse with new multi-ply roofing, insulation, and roof drains.

Page Pavilion Roof Replacement C \$1,364,000
 This project will replace the existing roof and roof drain system in Student Services East (#59) with new multi-ply roofing, insulation, and roof drains in order to provide a structurally sound and weather tight assemblage at the connection with the newly constructed Page Pavilion.

Music Building HVAC Replacement PWC \$500,000
 This project will replace the existing air handling system in the Music Building (#53), including HVAC equipment and humidity and temperature controls.

HVAC Controls Upgrade PWC \$553,000
 This project will replace existing pneumatic controls with a new Direct Digital Control System for HVAC systems in up to six campus buildings.

SAN FRANCISCO

Electrical Substation Replacement PW \$500,000
 This project will replace the main campus 12kV electrical substation enclosure, switchgear and associated apparatus, metering, controls and instrumentation, and replace selected distribution feeders campus wide.

Science Building Repairs, Ph. 1 PWC \$8,115,000
 This project will repair and replace lab benches, fume hoods, and equipment in the lower-division labs and stockroom in the Science Building (#4).

SAN JOSÉ

Duncan Hall Roof Replacement PWC \$1,990,000
 This project will replace the outdated Duncan Hall (#52) roofing and the existing roof with new multi-ply roofing, insulation, and roof drains.

Duncan Hall Steam Line Upgrades PWC \$691,000
 This project will replace the existing steam pipe from the manhole located north of Duncan Hall (#52) with a new, insulated steam pipe.

Utilities Infrastructure, Ph. 1A PWC \$2,545,000
 This project extends an existing chilled water line to create a loop system, upsizes and extends the domestic water line along San Salvador Street into campus for improved fire-flow, and extends recycled water along Paseo San Carlos to enable expanding the use of recycled water to buildings on the south side of campus.

SAN LUIS OBISPO

Utilidor Access Upgrade PWC \$500,000
 This project will construct new access panels for the central campus utilidor system to improve maintenance accessibility and reduce closures and outages to utility systems.

Central Heating and Chilled Water Repairs, Ph. 1 PWC \$4,965,000
 This project will extend an existing chilled water line and replace the existing campus direct-buried heating hot water distribution piping. This project will also install new hot water isolation valves within access vaults to minimize disruption of services due to leaks and planned outages.

SAN MARCOS

Central Heating and Cooling Line Upgrades PWC \$1,646,000
 This project will include the replacement of existing direct-buried chilled water (CHW) and heating hot water (HHW) distribution from the Central Plant (#43) to the utility tunnel. The project will also include provisions for new CHW/HHW isolation valves.

SONOMA**Domestic Water Tank Replacement, Ph. 1** **PWc** **\$1,798,000**

This project would replace one of the two existing domestic water storage tanks with a 500-million gallon tank along with associated pumps, controls, and piping. In addition, the project will replace old and deteriorated transite water piping throughout the campus that is experiencing breakages and leakages.

STANISLAUS**PE Gym Cooling Infrastructure** **PWC** **\$3,000,000**

This project will install chilled and heating hot water lines from the Central Plant and new mechanical equipment to provide air conditioning for the University Physical Education Facility (#15).

PE Pool Repair and Infrastructure Upgrade, Ph. 1 **PWC** **\$1,584,000**

This project will repair the existing pool by providing new mechanical equipment, replacing the perimeter concrete beam and gutter, and correcting settlement of joints on the concrete deck. In addition, the project will correct ADA deficiencies at the pool.

ADDITIONAL APPROVED PROJECTS**Humboldt - Seismic Upgrade, Library** **PWC** **\$5,447,000**

This project will upgrade the structural systems of the Library building (#41), last renovated in 1974, to correct structural deficiencies. The building has a DSA seismic Level 6 rating. The upgrade will provide the necessary reinforcement to insure the stability of the building's support columns, brace library stacks as well as replace the existing roof with new metal roofing.

Los Angeles - Seismic Upgrade State Playhouse Theatre **PWC** **\$1,156,000**

The project will remedy deficient anchorage of long span roof trusses and anchorage of the walls to the roof systems to correct structural/seismic, health and safety hazards in the CSU Los Angeles State Playhouse Theatre (#1). The building, completed in 1958, is the home for the campus Theater Arts Department and has a DSA seismic Level 6 rating.

Humboldt - Seismic Upgrade, Van Duzer Theatre **PWC** **\$7,604,000**

This project will upgrade the structural systems of the Van Duzer Theatre (#10), constructed in 1960, to correct structural deficiencies. The building has a DSA seismic Level 6 rating. The upgrade will provide new bracing for the main roof trusses, metal deck, and roof diaphragm necessary to conform to the life/safety standards established by the California State University Seismic Review Board and current codes.

Bakersfield - Humanities Office Building **PWC** **\$7,540,000**

This project will demolish the Faculty Towers Building (#6) eliminating 50 faculty offices and 11 administrative offices in a building ranked as Level 6 on the DSA seismic list, and provide an equivalent replacement 12,400 GSF faculty office facility (#57a).

Los Angeles - Utilities Infrastructure

PWC²

\$36,253,000

This project will replace, upgrade and expand critical utility infrastructure components which are deteriorated and undersized. The project will be the first phase of a comprehensive approach to replace and upgrade campus wide utility systems including electrical switchgear and distribution systems, chillers, gas piping, telecom and energy management systems.

Long Beach - Utilities Infrastructure

PWC²

\$27,683,000

This project will replace, upgrade and expand critical utility infrastructure components which are deteriorated and have inadequate capacity to support growth. The project will address deficiencies in campus wide utility systems including sewer, storm drain, natural gas, potable and fire water, reclaimed water, existing chilled and heating hot water, electrical and telecommunications systems.

² It is likely that only the PW phase of the Los Angeles and Long Beach Utilities Infrastructure projects will be funded based on the current interest rates.

**2015-2016 Budget Request Summary
CSU Capital Outlay Program**

The CSU 2015-2016 Capital Outlay program priority list totaling over \$403 million was approved by the Board of Trustees in November 2014. Capital Outlay Budget Change Proposals totaling over \$364 million were submitted to DOF for review in September and October 2014. With the approval of Trailer Bill Language in June 2014, CSU's authority to finance and pay for capital outlay projects using operating funds was increased.

The highest priority project in the 2015-2016 Capital Outlay Program is the Statewide Infrastructure Improvements program which is designed to address deficiencies in campus primary infrastructure, facilities, and distribution systems. Critical deficiencies identified throughout the 23 campus system will be addressed to enable campuses to continue essential operations, reduce the likelihood of catastrophic failures, and meet current code requirements to operate safe facilities. The list of individual campus projects comprising the Statewide Infrastructure Improvements program totals \$120.22 million and includes limited funds for Statewide Water and Energy Conservation projects.

A summary of the university's proposed 2015-2016 Capital Outlay program is as follows, contingent upon state funding of the CSU support budget and/or other state funding becoming available (e.g. one-time deferred maintenance). Projects submitted to DOF in September 2014 that are now anticipated to be financed in 2014-2015 based on the January 2015 board approval have been dropped from the 2015-2016 Capital Outlay Program.

Statewide Infrastructure Improvements	PWC	\$120,220,000
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Statewide Infrastructure Improvement projects will address CSU's highest priority deficiencies in campus primary infrastructure, facilities, and distribution systems. Critical deficiencies identified throughout the 23 campus system will be addressed to enable campuses to continue essential operations, reduce the likelihood of catastrophic failures, and meet current code requirements to operate safe facilities. Major building systems will be modernized to enable campuses to operate utilities more effectively, improve HVAC systems efficiency, reduce energy and lighting costs, reduce water consumption and greenhouse gas emissions, and extend the useful life of existing facilities. The specific projects include:

BAKERSFIELD

Digital Control Replacement, Ph. 1	PWC	\$677,000
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This project will replace existing pneumatic controls with a new Direct Digital Control System for HVAC systems.

Natural Gas Line Replacement	PWC	\$300,000
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This project will replace the campus underground natural gas lines, relocate an existing utility meter, and provide new isolation valves and earthquake valves.

Cooling Tower Replacement, Ph. 1	PW	\$400,000
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This project will replace the main central plant cooling towers and associated piping and pumps.

CHANNEL ISLANDS**Sage Hall HVAC Upgrades** PWC \$576,000

This project will replace the existing air handling system in Sage Hall (#16) with a new HVAC system, ductwork, piping, and controls.

ADA Pathway Upgrades PWC \$350,000

This project will remove path of travel barriers campuswide. Barriers include but are not limited to curb cuts, slopes, ramps, crosswalks, and signage.

Electrical and Fire Alarm Upgrades PWC \$327,000

This project will replace the existing, non-code compliant fire alarm and electrical systems with new systems throughout the existing campus network.

CHICO**Boiler Replacement, Ph. 2** C \$1,621,000

This project will replace one of the three steam boilers in the Boiler/Chiller Plant (#26) with gas burner boilers that are more efficient and comply with Air Quality Management District regulations.

Arc Flash Reliability Upgrades PWC \$1,504,000

This project will identify critical arc flash hazards and replace and upgrade existing breakers on campus that do not meet current codes in order to prevent larger interruptions to the campus electrical grid.

DOMINGUEZ HILLS**Central Plant Cooling Tower Replacement, Ph. 2** C \$191,000

This project will complete the replacement of the central plant cooling tower project by connecting the new cooling tower to the existing central plant.

Domestic and Fire Water Line Replacement, Ph. 1 PWC \$1,527,000

This project will replace a segment of the transite pipe portion of the campus domestic and fire water system with PVC pipe and new valves.

EAST BAY**Electrical Infrastructure Upgrade, Ph. 2B** PWC \$1,960,000

This project is part 2 of a 3-phase program to construct a 12kV electrical loop system to improve the safety and reliability of the existing campus electrical system. The project will extend and connect existing loop feeders, provide pad mounted switchgear in two locations, and a spare 12kV circuit breaker.

FRESNO

Gas, Sewer, and Storm Line Upgrade C \$3,696,000

This project will replace the campus underground natural gas and sanitary sewer lines, and expand the storm drainage system.

FULLERTON

Central Plant Chiller Upgrade, Ph. 2 C \$3,947,000

This project will include the replacement of the two main Central Plant (#16) chillers, and the associated controls, piping, and pumps. This project will also include the demolition and removal of existing chiller equipment.

HUMBOLDT

Fire Alarm System Modernization, Ph. 2 PWC \$347,000

This project will update the non-code compliant fire alarm system and replace the outdated existing fire protection system with a centralized campuswide system.

Elevator Modernization PWC \$452,000

This project will update elevators in the oldest buildings on campus, provide new controls and accessibility upgrades to be fully ADA compliant.

Campus Controls Replacement PWC \$549,000

This project will replace the campus building management control system which can no longer be maintained and is not supported by independent controls companies.

LONG BEACH

Hot Water Piping Replacement, Ph. 2 C \$5,013,000

This project will replace the existing campus direct-buried heating hot water distribution piping in the south and east side of the campus. This project will also install new hot water isolation valves within access vaults to minimize disruption of services due to leaks and planned outages.

LOS ANGELES

Electrical Distribution Replacement, Ph. 2 PWC \$2,937,000

This project will upgrade the electrical equipment at the Central Plant (#4), including feeders for the central plant expansion, a new 12kV-480V 2,500kVA transformer, a 480V switchboard to serve the new central plant chillers, and associated cables and conduit. This project includes costs to inspect, test, and repair the 4,160V main service switchgear and certain other critical 4,160V campus building services.

Physical Sciences (Seismic), Ph. 2 PWC \$10,000,000

This project will renovate the Physical Sciences building (#12) to address structural and code deficiencies, including accessibility.

Central Plant Chiller Replacement, Ph. 1 PWC \$2,671,000

This project will expand the existing Chiller Plant (#4) to provide a new 1,200-ton electric chiller. Scope will include a new primary pump, new condenser water pump, and a new cooling tower to support the new chiller. Electrical infrastructure will be upgraded to bring a new 12kV service/feeder to the central plant area and step-down transformers will be used to provide 480V service to equipment.

MARITIME ACADEMY**Boiler Replacement, Ph. 2** PWC \$467,000

This project is the second phase of a campuswide boiler replacement project. This project will provide a condensing boiler at the Seamanship Building (#11), Student Services Center (#16), and Mayo Hall (#14), complete with neutralizing cartridge, and double-walled stainless steel stack in buildings that presently do not have the Low NOx boilers.

MONTEREY BAY**Demolition, Ph. 2** PWC \$10,000,000

This project will demolish structures that remain from the former Fort Ord military base in order to remediate visual blight, lack of support infrastructure, and numerous hazards to public health and safety.

Electrical Distribution System Replacement, Ph. 1 PWC \$1,516,000

This project will replace inefficient and outdated electrical substations and distribution systems across campus, improving reliability, flexibility and redundancy of existing system and provide ease of isolation of individual facilities.

NORTHRIDGE**Heating System Replacement** C \$3,536,000

This project will replace the existing heating hot water lines experiencing leakage with new insulated lines.

Building Electrical System Replacement W \$500,000

This project will replace electrical distribution boards in buildings where the equipment is at the end of its useful life.

Redundant Substation Upgrade, Ph. 1 W \$500,000

This project will replace existing electrical substations and Medium Voltage transformers in buildings where the equipment is at the end of its useful life.

POMONA**Domestic Water Line Upgrades, Ph. 2** C \$1,579,000

This project is the second phase of a campus-wide domestic water pipeline replacement project. This project will replace de-ionized water piping and room and deck drain piping.

Natural Gas Line Upgrades PWC \$2,394,000
 This project will repair the old and retired campus-wide natural gas distribution line, and include construction of pipeline and pressure distribution with hydrostatic testing.

SACRAMENTO

Fire Alarm System Upgrades, Ph. 2 PWC \$1,052,000
 This project will replace the existing fire alarm system, an old zoned system that does not meet current codes, and does not provide the ability to report to a central monitoring station through the existing campus network.

Elevator Cylinder Replacements, Ph. 2 PWC \$488,000
 This project will improve elevator reliability by replacing old elevator single-bottom cylinders and modernizing old, inefficient generators.

Building Main Switchgear Replacement PWC \$1,750,000
 This project will improve building electrical reliability by replacing old substations and 15kV fused air switches in old buildings.

Campus ADA Upgrades PWC \$795,000
 This project will remove path of travel barriers campuswide. Barriers include but are not limited to curb cuts, slopes, ramps, crosswalks, and signage.

SAN BERNARDINO

Pfau Library Deck Replacement PWC \$2,662,000
 This project will replace the existing waterproofing membrane at Pfau Library (#9) with a new waterproofing membrane and repair structural concrete substrate in the building foundation. This area houses the campus central data center and telecommunications network equipment.

SAN DIEGO

Engineering/Industrial Technology Demolition PWC \$4,736,000
 This project will demolish the Engineering Lab (#5) and Industrial Technology building (#9) which are obsolete facilities that have accumulated approximately \$14 million of deferred maintenance. The defunct buildings create a potential health safety risk and occupy property in the campus core needed for the Engineering and Science Lab Replacement building.

Peterson Gym Roof Replacement PWC \$700,000
 This project will replace the existing roof system in Peterson Gym (#16) with new multi-ply roofing, insulation and roof drains.

SAN FRANCISCO

Electrical Substation Replacement C \$3,780,000
 This project will replace the main campus 12kV electrical substation enclosure, switchgear and associated apparatus, metering, controls and instrumentation, and replace selected distribution feeders campuswide.

Increased Fire Hydrant Coverage PWC \$1,048,000
 This project will address a life safety concern by adding 27 fire hydrants throughout the campus. The performance of the existing Centennial Village fire water loop will also be tested and connected to the campus water main if necessary.

SAN JOSÉ

Utilities Infrastructure, Ph. 1B C \$4,830,000
 This project reinforces utilities along Paseo de San Carlos by extending chilled water to create a loop system, upsizes and extends the domestic water line along San Salvador Street into campus for improved fire-flow, and extends recycled water along Paseo San Carlos to enable expanding the use of recycled water to buildings on the south side of campus. The project consolidates gas services at the southeast quadrant of campus, reinforces telecom pathways at both the Computer Center and MacQuarrie Hall to increase reliability, and replaces an existing domestic well that is at the end of its useful life.

SAN LUIS OBISPO

Central Heating and Chilled Water System Repairs, Ph. 2 C \$5,050,000
 This project will replace approximately 4,900 feet of direct buried central heating hot water piping with new welded steel piping and replace existing hot and chilled water isolation valves and boxes. Leaks in existing direct buried piping and valves have been frequently encountered. The hot water branches are isolated by manually operated valves buried in the ground with no access for service and periodic inspection.

SAN MARCOS

Elevator Replacement PWC \$1,059,000
 This project will replace elevators in the oldest buildings on campus, including two elevators in Craven Hall (#1). Upgrading the elevators in Craven Hall would prevent any mechanical failure or possible life safety issues that are associated with malfunctioning elevators. Craven Hall elevators are the most widely used since it is the main administration building and the first building that campus visitors, students, faculty, and staff come to from the parking lots.

Craven Hall HVAC Upgrade, Ph. 1 PWC \$462,000
 This project will replace the existing dual duct HVAC system in Craven Hall (#1). The current HVAC system is a dual duct system not used any longer due to the inability to meet California State Title 24 energy codes. The building also does not have an outside air economizer, now required by energy codes.

SONOMA

Domestic Water Tank Replacement, Ph. 2 C \$1,661,000
 This project would replace the second existing domestic water storage tank with two 500-million gallon tanks along with associated pumps, controls and piping. In addition, the project would continue to replace old and deteriorated transite water piping throughout the campus that is experiencing breakages and leakages.

STANISLAUS**PE Pool Repair and Infrastructure Upgrade, Ph. 2** **C** **\$464,000**

This project will repair or replace the perimeter gutter, lining, concrete deck, and existing mechanical equipment for the Pool Facility (#40). This phase of the project seeks to add a pool cover to reduce energy consumption and begin to correct deficiencies related to the Americans with Disabilities Act (ADA).

Cafeteria Air Handling Unit Replacement **PWC** **\$1,000,000**

This project will replace two existing air handling units, associated exhaust fans, outside air louvers, piping, and ductwork in the Cafeteria (#12). The existing air handling units are approximately 40 years old, have exceeded their useful life, and are in need of major repairs.

BAKERSFIELD**Cooling Tower Replacement, Ph. 2** **C** **\$1,300,000**

This project will replace the main central plant cooling towers and associated piping and pumps.

CHICO**Boiler Replacement, Ph. 3** **C** **\$4,000,000**

This project will replace two of the three steam boilers in the Boiler/Chiller Plant (#26) with gas burner boilers that are more efficient and comply with Air Quality Management District regulations.

DOMINGUEZ HILLS**Domestic and Fire Water Line Replacement, Ph. 2** **PWC** **\$550,000**

This project will complete the replacement of the transite pipe portion of the campus domestic and fire water system with PVC pipe and new valves.

FULLERTON**Chilled and Heating Hot Water Line Replacement** **PWC** **\$5,500,000**

This project will replace the existing campus direct-buried chilled water and heating hot water distribution piping. This project will also install new hot and chilled water isolation valves within access vaults to minimize disruption of services due to leaks and planned outages.

MARITIME ACADEMY**Boiler Replacement, Ph. 3** **PWC** **\$700,000**

This project is the third phase of a campuswide boiler replacement project. This project will provide a condensing boiler at the Lower Residence Hall (#17-19) and McAllister Hall (#55), complete with neutralizing cartridge, and double-walled stainless steel stack in buildings that presently do not have the Low NOx boilers.

Transformer Replacement **C** **\$50,000**

This project will replace the existing step up transformer, conduit and distribution panel at the wharf side location serving the Training Ship Golden Bear.

Faculty Road Repairs PWC \$1,400,000
 This project will replace the failing road bed, pavement and drainage system for a primary campus access and service road.

MONTEREY BAY

Demolition, Ph. 3 PWC \$3,000,000
 This project will demolish structures that remain from the former Fort Ord military base in order to remediate visual blight, lack of support infrastructure, and numerous hazards to public health and safety.

NORTHRIDGE

Building Electrical System Replacement C \$1,000,000
 This project will complete the replacement of electrical distribution boards in buildings where the equipment is at the end of its useful life.

Redundant Substation Upgrade, Ph. 2 C \$1,000,000
 This project will replace existing electrical substations and Medium Voltage transformers in buildings where the equipment is at the end of its useful life.

SONOMA

Domestic Water Tank Replacement, Ph. 3 PWC \$700,000
 This project would replace the third existing domestic water storage tank with two 500-million gallon tanks along with associated pumps, controls and piping. In addition, the project would continue to replace old and deteriorated transite water piping throughout the campus that is experiencing breakages and leakages.

Central Plant Roof / Chiller Repairs PWC \$800,000
 This project will replace the failing roof of the Central Plant Building (#12) and the existing chiller pumps, piping, valves, and ancillary equipment.

SACRAMENTO

Central Plant Main Switchgear Replacement PWC \$1,000,000
 This project will improve building electrical reliability by replacing the Central Plant (#32) main 5kV switchgear serving the 4,160V campus chillers.

STANISLAUS

PE Pool Repair and Infrastructure Upgrade, Ph. 3 C \$650,000
 This project will complete repair or replacement of the concrete deck and existing mechanical equipment for the Pool Facility (#40) and correct deficiencies related to the Americans with Disabilities Act (ADA).

Boiler and Expansion Tank Replacement PWC \$2,600,000
 This project will replace three existing campus boilers and the heating hot water expansion tank which has a high risk of failure due to corrosion. The replacement boilers will be separated by a wall from the adjacent campus chillers.

SAN DIEGO**San Diego Imperial Valley Campus Substation Replacement PWC \$300,000**

This project will replace the main campus 12kV electrical substation enclosure, switchgear and associated apparatus, metering, controls, and instrumentation.

STATEWIDE**Energy Management Systems Replacements PWC \$4,596,000**

These projects will fund statewide replacement and upgrade of Energy Management Systems (EMS) at CSU campuses. EMS Replacement projects will provide monitoring and controls that enhance the efficiency and reliability of utility systems and plant operations and reduce water consumption, energy and lighting costs, while helping to reduce greenhouse gas emissions.

ADDITIONAL APPROVED PROJECTS**Los Angeles - Utilities Infrastructure C¹ \$33,889,000**

This project will replace, upgrade and expand critical utility infrastructure components which are deteriorated and undersized. The project will be the first phase of a comprehensive approach to replace and upgrade campuswide utility systems including electrical switchgear and distribution systems, chillers, gas piping, telecom, and energy management systems.

Long Beach – Utilities Infrastructure C¹ \$25,891,000

This project will replace, upgrade and expand critical utility infrastructure components which are deteriorated and have inadequate capacity. The project will address deficiencies in campuswide utility systems including sewer, storm drain, natural gas, potable and fire water, reclaimed water, existing chilled and heating hot water, electrical and telecommunications systems.

¹ It is likely that only the PW phase of the Los Angeles and Long Beach Utilities Infrastructure projects will be funded in 2014-2015 based on the current interest rates.



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

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MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6645-001-0001, Support, Health Benefits for California State University Retired Annuitants

It is requested that Item 6645-001-0001 be increased by \$3,648,000 to reflect projected medical premium increases. The 2015-16 Governor's Budget projected 2016 premiums to increase 5.5 percent over 2015 rates. The 2015-16 May Revision projects those premiums to increase 8 percent.

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

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

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary for Fiscal Policy and Administration, California
Government Operations Agency
Ms. Rose McAuliffe, Chief, Financial Planning and Policy, California Public Employees' Retirement
System
Mr. Michael Siu, Budget Manager, California Public Employees' Retirement System



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Various Budget Bill Items, Support and Local Assistance, Board of Governors of the California Community Colleges

Budget Year, Support

Item 6870-001-0001, Programmatic and Transformational Workload (Issue 001)—It is requested that Item 6870-001-0001 be increased by \$340,000 General Fund to provide the Board of Governors of the California Community Colleges (Chancellor's Office) with 6 positions to address workload in several programmatic areas as a part of its efforts to improve student outcomes and promote effective professional, administrative, and educational practices at local community colleges.

Budget Year, Local Assistance

Item 6870-101-0001, Investing in Student Success and Implementing Statewide Performance Strategies (Issues 027 and 028)—It is requested that Schedule (9) of Item 6870-101-0001 be increased by \$30 million to reflect: (1) \$15 million for Student Equity Plans, (2) \$12 million to develop and disseminate statewide effective professional, administrative, and educational practices including the development of curriculum and practices for members of the California Conservation Corps and for inmates to support the effective implementation of Chapter 695, Statutes of 2014, and (3) \$3 million to provide additional local technical assistance to support the implementation of effective practices across all districts. In addition, the May Revision proposes provisional language to implement foster youth services pursuant to Chapter 771, Statutes of 2014.

It is further requested that Provision 10 of this item be amended as follows to conform to these actions:

"10. (a) The funds appropriated in Schedule (9) shall be used for the purposes of Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code.

(b) Of the amount included in Schedule (9):

(1) \$285,183,000 shall be allocated pursuant to Section 78216 of the Education Code.

(2)(A) ~~\$170,000,000~~ \$185,000,000 shall be allocated to community college districts to implement student equity plans pursuant to Article 1.5 of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code. These plans shall be coordinated with the Student Success and Support Program plans, pursuant to Section 78216 of the Education Code, and the Student Success Scorecard, pursuant to Section 84754.5 of the Education Code.

(B) These funds shall be allocated by the chancellor to community college districts using a methodology that ensures that districts with a greater proportion or number of students who have high needs receive more resources to provide services to these students. The chancellor shall ensure that the allocation methodology reflects the inclusion of foster youth within the proportion or number of high needs students.

(C) Consistent with the intent of Chapter 771, Statutes of 2014 and within the funds allocated to community college districts pursuant to this paragraph, the chancellor shall enter into agreements with up to 10 community college districts to provide additional services in support of postsecondary education for foster youth. Further, the chancellor shall ensure that the list of eligible expenditures developed pursuant to subdivision (d) of Education Code Section 78221 includes expenditures that are consistent with the intent of Chapter 771, Statutes of 2014.

(3)(A) ~~\$2,500,000~~ \$5,500,000 may be used by the chancellor to provide technical assistance to community college districts that demonstrate low performance in any area of operations. It is the intent of the Legislature that technical assistance providers be contracted in a cost-effective manner, that they primarily consist of experts who are current and former employees of the California community colleges, and that they provide technical assistance consistent with the vision for the California community colleges.

(B) Technical assistance funded pursuant to this paragraph that is initiated by the chancellor may be provided at no cost to the district. If a community college district requests technical assistance, the district is required to spend at least \$1 from local or other resources for every \$2 received as determined by the chancellor.

(4)(A) \$12,000,000 may be used by the chancellor to provide regional and online workshops and trainings to community college personnel to promote statewide priorities including, but not limited to: strategies to improve student achievement; strategies to improve community college operations; and system leadership training to better coordinate planning, implementation, and outcomes of statewide initiatives. To the extent possible, the chancellor shall partner with existing statewide initiatives with proven results of improving student success and institutional effectiveness. Beginning in the 2016–17 fiscal year, the Chancellor of the California Community Colleges shall submit a report on the use of these funds in the prior year to the Department of Finance and the Joint Legislative Budget Committee no later than October 1 of each year.

(B) Funding available pursuant to this paragraph may be utilized by the chancellor to coordinate with community college districts to develop and disseminate effective practices through the establishment of an online clearinghouse of information. The development of effective practices shall include, but not be limited to, statewide priorities such as the development of educational programs or courses for the incarcerated, educational programs or courses for California Conservation Corps members, and other effective practices.

(C) It is the intent of the Legislature to encourage the chancellor to facilitate the development of local community college courses for Conservation Corps and the incarcerated. The California Department of Corrections and Rehabilitation and the California Conservation Corps are

encouraged to partner with the Chancellor's Office in the development and dissemination of local community college courses and effective practices pursuant to this subparagraph and subparagraph (B).

(D) It is the intent of the Legislature that the Chancellor identify, one, or multiple, community college districts that would be willing to utilize up to a total of \$5.0 million of their combined funding for the purpose of providing adult inmate education. These funds shall be utilized to receive a 1 to 3 match of state and private funds that could be available for the purpose of providing adult inmate education. Any private funds received would be allocated to the identified community colleges based on their proportion of the combined funding match.

(4)(5) Up to \$14,000,000 may be used for e-transcript, e-planning, and common assessment tools. Any remaining funds shall be used pursuant to paragraph (1)."

Item 6870-101-0001, Increasing Full-Time Faculty (Issue 021)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$75 million to increase apportionment funding on a per full-time equivalent student basis to increase the proportion of full-time faculty at community college districts. Districts would be required to increase their number of full-time faculty based on specified funding and full-time faculty percentages.

It is further requested that Provision 2 (e) of this item be added as follows to conform to these actions:

2. (e)(1) Of the funds appropriated in Schedule (1), \$75,000,000 is for increasing the number of full-time faculty within the community college system. Notwithstanding, Subchapter 2 (commencing with Section 51025) of Chapter 2 of Division 6 of Title 5 of the California Code of Regulations, the Chancellor shall allocate these funds to all districts on a per full-time equivalent student (FTES) basis by modifying each districts budget formula pursuant to Section 84750.5 of the Education Code. Any revisions to the budget formula made for the purposes of this subdivision shall be made and reported consistent with the requirements of subdivision (f) of Section 84750.5 of the Education Code.

(2) Utilizing the data from the full-time faculty obligation report for the 2014-15 fiscal year, the Chancellor shall rank, from the lowest to the greatest full-time faculty percentage, each community college district within quintiles. The Chancellor shall adjust the faculty obligation number for each district as follows:

- (A) An increase of one for every \$70,000 received for districts in the lowest quintile (quintile 1).
- (B) An increase of one for every \$100,000 received for districts in the second quintile (quintile 2).
- (C) An increase of one for every \$130,000 received for districts in the third quintile (quintile 3).
- (D) An increase of one for every \$160,000 received for districts in the fourth quintile (quintile 4).
- (E) An increase of one for every \$190,000 received for districts in the fifth quintile (quintile 5).

Item 6870-101-0001, Increase Base Operating Expense Apportionment Funding (Issue 009)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$141,692,000 to reflect additional base apportionment funding in recognition of increased operating expenses in the areas of facilities, retirement benefits, professional development, full-time faculty, and other general expenses.

It is further requested that Provision 2 (b) of this item be amended as follows to conform to these actions:

“2. (b) Of the funds appropriated in Schedule (1), ~~\$425 million~~ \$266,692,000 shall be used to adjust the budget formula pursuant to Section 84750.5 of the Education Code to recognize increases in operating costs and to improve instruction.”

Item 6870-101-0001, Increase FTES Growth (Issue 006)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$49,719,000 to reflect an increase in statewide full-time equivalent student growth from 2 percent to 3 percent.

Item 6870-101-0001, Decrease Apportionments Cost-of-Living Adjustment (COLA) (Issue 007)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$31,334,000 to reflect a 1.02-percent COLA.

It is further requested that Provision 2 (a) of this item be amended as follows to conform to the action in this issue and the following issue:

“2.(a) The funds appropriated in Schedule (1) shall be allocated using the budget formula established pursuant to Section 84750.5 of the Education Code. The budget formula shall be adjusted to reflect the following:

(1) Statewide growth in the number of full-time equivalent students (FTES) of 2 percent. Of the funds appropriated in Schedule (1), \$156,457,000 shall be used to increase statewide growth of full-time equivalent students (FTES) by 3 percent.

(2) A change in the cost-of-living of 1.58 percent. Of the funds appropriated in Schedule (1), \$61,022,000 shall be used to reflect a cost-of-living adjustment of 1.02 percent.”

Item 6870-101-0001, Increase Stability Restoration Estimate (Issue 005)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$41,884,000 to reflect estimated full-time equivalent student stability restoration earned back by community college districts that declined in enrollment during the previous three fiscal years.

Item 6870-101-0001, Technical Base Apportionment Adjustments (Issue 004)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$14,246,000 to reflect updated miscellaneous base apportionment adjustments.

Item 6870-101-0001, Net Offsetting Education Protection Account (EPA) Revenue (Issue 033)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$58,165,000 to reflect a decrease in apportionment funding associated with an increase in estimated net offsetting EPA revenue. It is also requested that conforming adjustments be made to related non-Budget Act items.

Item 6870-101-0001, Net Offsetting Local Tax Revenue (Issues 011 and 034)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$156,115,000 to reflect a decrease in apportionment funding associated with an increase in estimated net offsetting local tax revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Offsetting Student Fee Revenues (Issues 010 and 035)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$7,385,000 to reflect an increase in apportionment funding associated with a decrease in estimated offsetting student fee revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Increase Career Development and College Preparation Rate Change Funding (Issue 008)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$474,000 to reflect updated estimates of the career development and college preparation adjustment adopted as a part of the 2014-15 Budget.

Item 6870-101-0001, Increase Student Financial Aid Administration and Board Financial Assistance Program Funding (Issues 017 and 018)—It is requested that Schedule (5) of Item 6870-101-0001 be increased by \$1,306,000 to reflect an increase of \$650,000 for the Student Financial Aid Administration Program and an increase of \$656,000 for the Board Financial Assistance Program. These adjustments reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived.

It is further requested that Provision 6 of this item be amended as follows to conform to these actions:

"6. (a) Of the funds appropriated in Schedule (5):

(1) Not less than \$16,772,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of board of governors (BOG) fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.

(2) Not less than \$16,955,000 is available for the Board Financial Assistance Program to provide reimbursement of 2 percent of total waiver value to community college districts for the provision of BOG fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.

~~(1)~~(3) \$2,800,000 shall be allocated to a community college district to conduct a statewide media campaign to promote the following message: (A) the California community colleges are affordable, (B) financial aid is available to cover fees and help with books and other costs, and (C) an interested student should contact his or her local community college financial aid office. The campaign should target efforts to reach low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. The community college district awarded the contract shall consult regularly with the chancellor and the Student Aid Commission.

~~(2) Funds shall then be allocated to community college districts pursuant to subdivision (m) of Section 76300 of the Education Code.~~

~~(3)~~(4) Any remaining funds shall be allocated to community college districts for direct contact with students who may be eligible for financial aid or who have applied for financial aid. Each community college district shall receive an allocation based on the number of FTES, weighted by the number of those students who receive Board of Governors fee waivers. Not more than \$34,200,000 shall be for direct contact with potential and current financial aid applicants. Each CCC campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting FTES weighted by a measure of low-income populations demonstrated by BOG fee waiver program participation within a district.

~~(4)~~(5) Funds allocated to a community college district pursuant to paragraphs ~~(2) and (3)~~ (1) and (2) shall supplement, not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001–02 or 2006–07 fiscal year, whichever is greater.

~~(5)~~(6) Funding allocated to a community college district pursuant to paragraphs ~~(2) and (3)~~ (1) and (2) shall directly offset any costs claimed by that district for any of the following mandates: Enrollment Fee Collection (99-TC-13), Enrollment Fee Waivers (00-TC-15), Cal Grants (02-TC-28), and Tuition Fee Waivers (02-TC-21)."

(7) Notwithstanding subdivision (m) of Section 76300 of the Education Code or any other provision of law, the amount of funds appropriated for the purpose of administering fee waivers for the 2015-16 fiscal year shall be determined in this act."

Item 6870-101-0001, Programmatic Cost-of-Living Adjustments (COLA) (Issues 023, 024, 025, and 026)—It is requested that Schedules (6), (7), (18), and (20) be increased by \$1,165,000, \$352,000, \$904,000, and \$34,000, respectively, to reflect a 1.02 percent COLA for the Disabled Student Programs and Services Program, Student Services for CalWORKs Recipients Program, Extended Opportunity Programs and Services Program, and Campus Childcare Tax Bailout Program, respectively.

It is further requested that Provision 15 of this item be amended as follows to conform to these actions:

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

(1) ~~\$79,273,000~~ \$80,082,000 shall be used pursuant to Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. Funds provided in this item for Extended Opportunity Programs and Services shall be available to students on all campuses within the California Community Colleges system.

(2) ~~\$9,332,000~~ \$9,427,000 shall be used for funding, at all colleges, the Cooperative Agencies Resources for Education program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. The chancellor shall allocate these funds to local programs on the basis of need for student services.

(b) Of the amount allocated pursuant to subdivision (a), no less than \$4,972,000 shall be available to support additional textbook assistance grants to community college students."

Item 6870-101-0001, One-Time Physical Plant and Instructional Equipment Funding (Issue 022)—It is requested that Schedule (23) be added to Item 6870-101-0001 to reflect an increase of \$100 million for the repair and maintenance of facilities and the replacement of

instructional equipment and library materials. (See current year item that also augments funding for this program.)

It is further requested that Provision 20 of this item be added as follows to conform to these actions:

20. (a) Any funds appropriated in Schedule (23) are available for the following purposes:

(1) Scheduled maintenance and special repairs of facilities. The Chancellor of the California Community Colleges shall allocate funds to districts on the basis of actual reported FTES, and may establish a minimum allocation per district. As a condition for receiving and expending these funds for maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995–96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.

(2) Hazardous substances abatement, cleanup, and repairs.

(3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to \$400,000.

(b) Any funds appropriated in Schedule (23) are available for replacement of instructional equipment and library materials. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported FTES and may establish a minimum allocation per district. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.

(c) Any funds appropriated in Schedule (23) shall be available for one-time use in the 2015–16 fiscal year.

Item 6870-101-0001, Remove One-Time Technology Infrastructure Funding (Issue 003)—It is requested that Schedule (15) of Item 6870-101-0001 be decreased by \$1.4 million to remove one-time equipment replacement funding provided in the 2014-15 fiscal year.

It is further requested that Provision 12 of this item be amended as follows to conform to these actions:

"12. Of the funds provided in Schedule (15):

(a) ~~\$20,654,000~~ \$19,890,000 shall be allocated by the chancellor on a competitive basis, for the following purposes:

(1) Provision of access to statewide multimedia hosting and delivery services for state colleges and districts.

(2) Provision of systemwide Internet, audio bridging, and telephony.

(3) Technical assistance and planning, cooperative purchase agreements, and faculty and staff development.

- (4) Ongoing support for the California Virtual Campus Distance Education Program.
- (5) Ongoing support for programs designed to use technology in assisting accreditation and the alignment of curricula across K–20 segments in California.
- (6) Support for technology pilots and ongoing technology programs and applications that serve to maximize the utility and economy of scale of the technology investments of the community college system towards improving learning outcomes.
- (7) Ongoing support of the California Partnership for Achieving Student Success (Cal-PASS) program.
- (b) The remaining funds shall be available for allocations to districts to maintain technology capabilities.”

Item 6870-139-8080, Decrease Clean Energy Job Creation Fund Revenue Estimate (Issue 019)—It is requested that Item 6870-139-8080 be decreased by \$825,000 to reflect a decrease in estimated Clean Energy Job Creation Fund revenue. It is also requested that conforming adjustments be made to related non-Budget Act items.

Item 6870-202-0001, Shift Funding for the College Planning and Preparation Website (Issue 202)—It is requested that Item 6870-202-0001 be eliminated to conform with a shift of these funds to the Department of Education’s budget.

It is requested that this item be eliminated.

Item 6870-296-0001, Decrease Mandate Block Grant (Issue 002)—It is requested that Item 6870-296-0001 be decreased by \$691,000 to align block grant funding with the revised full-time equivalent student estimate.

Item 6870-101-0001, Technical Provisional Language Adjustments—It is also requested that the following provisional language amendments to Item 6870-101-0001 be made to reflect language that was inadvertently omitted:

“2. (d) Of the funds appropriated in Schedule (1):

(1) \$100,000 is for a maintenance allowance, pursuant to Section 54200 of Title 5 of the California Code of Regulations.

(2) Up to \$500,000 is to reimburse colleges for the costs of federal aid repayments related to assessed fees for fee waiver recipients. This reimbursement only applies to students who completely withdraw from college before the census date pursuant to Section 58508 of Title 5 of the California Code of Regulations.

8. (a) The funds appropriated in Schedule (7) shall be allocated pursuant to Article 5 (commencing with Section 79200) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code.

(b) Of the amount appropriated in Schedule (7):

(1) \$9,188,000 is for child care, except that a community college district may request that the chancellor approve use of funds for other purposes.

(2) No less than \$4,900,000 shall be used to provide direct workstudy wage reimbursement for students served under this program, and \$613,000 is available for campus job development and placement services.

9. (a) The funds appropriated in Schedule (8) shall be allocated to community college districts to provide foster and relative/kinship care education and training pursuant to Article 8, (commencing with Section 79240) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. A community college district shall ensure that education and training required pursuant to Sections 1529.1 and 1529.2 of the Health and Safety Code and Section 16003 of the Welfare and Institutions Code receives priority."

Current and Prior Year, Local Assistance

Basic Skills Grant and Partnership Funding (Issues 029 and 030)—It is requested that \$60 million be appropriated to establish the Community College Basic Skills and Student Outcomes Transformation Program to assist community college districts in improving the delivery of basic skills instruction by adopting or expanding the use of evidence-based models of assessment, placement, instruction, and student support that accelerates the progress of underprepared students towards achievement of postsecondary educational and career goals. It is further requested that \$2 million be appropriated to establish the California Community Colleges and California State University (CSU) Basic Skills Partnership program to provide incentives to community college districts and the CSU to coordinate their efforts to provide effective basic skills instruction to incoming CSU students in need of basic skills instruction.

See Attachment 1 (Community College Basic Skills and Student Outcomes Transformation Program) and 2 (California Community Colleges and CSU Basic Skills Partnership) for proposed trailer bill to implement these programs.

One-Time Physical Plant and Instructional Equipment Funding (Issue 022)—It is requested that one-time facilities and instructional equipment funding be increased by \$48 million to reflect a proposed 2014-15 Proposition 98 General Fund appropriation for repair and maintenance of facilities and replacement of instructional equipment and library materials. (See budget year item that also augments this program.)

See Attachment 3 for proposed trailer bill language for this purpose.

Increase Mandate Debt Payments (Issue 020)—It is requested that mandate debt payments be increased by \$274,749,000 to reflect proposed 2013-14 and 2014-15 Proposition 98 General Fund appropriations of \$13,529,000 and \$261,220,000, respectively, to pay for outstanding mandate debt on a per full-time equivalent student basis. This flexible one-time funding will reduce mandate debt while also providing districts with discretion to pay for other one-time expenses, such as curricula redesign, start-up costs for new career technical education programs, and other one-time costs. Associated trailer bill language would conform to this action.

Item 6870-101-0001, 2014-15 Education Protection Account (EPA) Revenue Update (Issue 032)—It is requested that Item 6870-101-0001, Budget Act of 2014 and conforming adjustments be made to reflect a \$88,341,000 increase in 2014-15 EPA revenues. This adjustment is authorized by Section 41 of Chapter 34, Statutes of 2014.

2013-14 and 2014-15 Informational Offsetting Revenue Update (Issues 034 and 035)—It is requested that non-Budget Act items be adjusted to reflect 2013-14 and 2014-15 informational offsetting property tax and student fee revenue.

Item 6870-101-0001, 2013-14 Education Protection Account (EPA) Excess Tax Offset (Issue 031)—It is requested that Item 6870-101-0001, Budget Act of 2013 be increased by \$31,000 to reflect differences between the estimated and actual impact of excess tax districts receiving EPA funding that does not offset apportionment funding. This adjustment is authorized by Section 42 of Chapter 34, Statutes of 2014.

Trailer Bill Language

Veterans Non-Resident Tuition Clarification—In addition, the May Revision proposes conforming trailer bill language to further clarify community college compliance with the Veterans Access, Choice and Accountability Act of 2014. This federal Act requires the U.S. Department of Veterans Affairs to disapprove programs of education eligible for GI Bill education benefit programs at institutions of higher learning if the institutions charge qualifying veterans and dependents tuition and fees in excess of the in-state rate for resident students for terms beginning after July 1, 2015.

See Attachment 4 for proposed trailer bill language for this purpose.

Informational

Pursuant to Education Code section 84758, the Department of Finance (Finance) is required to notify the Legislature and the Chancellor's Office of the amount of revenue estimated to be available to community college districts during the next fiscal year from local taxes, exclusive of bond interest and redemption, and timber taxes received.

Finance estimates that property taxes totaling \$2,612,446,000 net of excess taxes will be available to offset district apportionments in 2015-16. This estimate excludes \$705,000 in estimated timber tax revenues.

Education Code section 84758 also requires Finance to notify the Legislature of the difference between the Chancellor's Office 2014-15 local property tax estimate, excluding timber taxes, and Finance's 2014-15 property tax estimates as of May 2014, excluding timber taxes.

The Chancellor's Office reported 2014-15 local property taxes of \$2,262,734,000, net of excess taxes and excluding timber taxes of \$698,000, as of the first principal apportionment payment. Finance's 2014-15 property tax estimate as of May 2014, was \$2,308,081,000, net of excess taxes and excluding timber taxes of \$500,000. Therefore, the Chancellor's Office's current property tax estimate for 2014-15 is \$46,045,000 below Finance's May 2014 estimate.

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

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

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Erik Skinner, Deputy Chancellor, California Community Colleges Chancellor's Office
Mr. Dan Troy, Vice Chancellor, California Community Colleges Chancellor's Office
Mr. Mario Rodriguez, Assistant Vice Chancellor, California Community Colleges Chancellor's Office

ATTACHMENT 1

2015-16 May Revision

[313] Community Colleges Basic Skills and Student Outcomes Transformation Program

SEC. 1. Part 54 (commencing with Section 88800) is added to Division 7 of Title 3 of the Education Code, to read:

PART 54. Community Colleges Basic Skills and Student Outcomes Transformation Program

CHAPTER 1. General Provisions

88800.

A financial grant and professional development funding program, administered by the chancellor, is hereby established. The chancellor shall distribute multiyear financial grants, upon appropriation by the Legislature for this purpose to the governing board of a community college district that applies and satisfies the requirements of this part. Moneys allocated pursuant to this program shall be expended for community colleges within the district to adopt or expand the use of evidence-based models of academic assessment and placement, remediation, and student support that accelerate the progress of underprepared students toward achieving postsecondary educational and career goals.

88805.

(a) The governing board of a community college district may apply for funds pursuant to this part for the purpose of making more effective, evidence-based practices available to significantly more underprepared students who enroll at campuses of the California Community Colleges. A community college within the district may receive funds for purposes of implementing these evidence-based practices for the first time or expanding to additional students any evidence-based practices that are in effect as of the date of the district's application for funds.

(b) The evidence-based strategies implemented or expanded pursuant to subdivision (a) shall include basic skills improvement strategies that have demonstrated effectiveness in accelerating the progress of underprepared students toward, and increasing the number of underprepared students who successfully achieve in a timely manner one or both of the following goals:

(1) Completing a college-level English or mathematics course, or both, within a three-course sequence or less to prepare students for college-level work.

(2) Earning a college credential, certificate, or degree.

88810.

(a) In order to receive a grant, the governing board of a community college district shall demonstrate in its application for funding that the community colleges that are to participate in the grant program will redesign their curriculum, career pathways, assessment and placement procedures, or any combination thereof, to implement, or expand the use or application of, one or more of the following practices and principles:

(1) Adopting placement tests or other student assessment indicators and related policies that may include multiple measures of student performance, including grades in high school courses, especially overall grade point average, and input from counselors.

(2) Increasing the placement of students directly in gateway English and mathematics courses that are transferable to the University of California or California State University and career pathways, with remedial instruction integrated for these underprepared students.

(3) Aligning content in remedial courses with the students' programs of academic or vocational study to target students' actual needs and increase relevance. This paragraph is intended to encourage the development of remedial instruction focused on a student's identified academic need informed by the student's intended course of study.

(4) Completing a college-level English or mathematics course, or both, within a three-course sequence or less.

(5) Contextualizing remedial instruction in foundational skills for the industry cluster, pathways, or both, in which the student seeks to advance.

(6) Providing proactive student support services that are integrated with the instruction provided.

(7) Implementing other effective basic skills course strategies and practices, subject to the college providing evidence that substantiates the practice is effective.

(b) Community colleges are also encouraged to collaborate with local K-12 school districts to better matriculate English and Math instruction between the high schools and community colleges.

(c) Each participating community college shall be responsible for all of the following:

(1) Developing a plan based on one or more of the evidence-based principles and practices described in subdivision (a) that demonstrates a clear strategy for ensuring that all of the following occur within a five-year period:

(A) A progressively increasing share of the underprepared students who enroll at participating community colleges within the community college district achieve the goals listed in subdivision (b) of Section 88805.

(B) Underprepared students who are enrolled at the community college achieve the goals listed in subdivision (b) of Section 88805 within a shorter time period than before the implementation of this part at the community college.

(2) Ensuring that its faculty participate in professional development regarding academic programs or new curriculum developed or expanded pursuant to this part, using grant funds to support that faculty participation.

(3) Commencing in the year that a college receives a grant and for the following three fiscal years, annually reporting to the chancellor's office on program outcomes, disaggregated by the demographic characteristics, high school grade point average, and initial placement level of its students, for purposes of measuring progress compared to the community college's performance before its implementation of this part. These reports should include all of the following:

(A) The total number of underprepared students served at the college.

(B) The number and percentage of underprepared students served by the grant program.

(C) The number and percentage of underprepared students initially estimated to be served by the grant program.

(D) The number and percentages of underprepared students achieving the goals listed in subdivision (b) of Section 88805.

(E) The number of faculty involved and faculty needs regarding the adoption and operation of courses pursuant to this part.

(F) The number of faculty providing instruction utilizing the evidence-based course strategies and practices.

(G) If applicable, a narrative describing any subsequent adjustments to the design of the college's basic skills course practices or strategies adopted pursuant to paragraph (7) of subdivision (a).

(H) A description of any additional or expanded student supports offered.

(I) A narrative describing the college's efforts to collaborate with local K-12 school districts to better matriculate English and Math instruction between the high schools and community colleges.

(d) The chancellor's office shall be responsible for all of the following:

(1) Developing application criteria, administrative guidelines, and other requirements for purposes of administering the grant program. Applications to provide services to greater proportions of students should be given priority consideration within the application criteria.

(2) Administering the grant program and distributing and monitoring awards to recipient community college districts.

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(3) The Chancellor's Office shall provide the information submitted pursuant to paragraph (3) of subdivision (b) to the Legislative Analyst's Office. The Legislative Analyst's Office shall aggregate, analyze, and report to the Legislature on the progress of the grant program in achieving its prescribed purpose. The Legislative Analyst's Office shall issue an interim report by December 1, 2019 and issue a final report by December 1, 2021.

(B) (i) The requirement for submitting a report imposed under this paragraph is inoperative on July 1, 2028, pursuant to Section 10231.5 of the Government Code.

(ii) A report to be submitted pursuant to this paragraph shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 2. (a) The sum of sixty million dollars (\$60,000,000) is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts pursuant to Part 54 (commencing with Section 88800) of Division 7 of Title 3 of the Education Code.

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

ATTACHMENT 2

2015-16 May Revision

[312] Community Colleges: Basic Skills Partnership Pilot Program

Community College Basic Skills Partnership Pilot Program (Adds Uncodified Section)

SECTION 1. (a) It is the intent of the Legislature that school districts, community college districts, the California State University, and the University of California coordinate their efforts to provide instruction in basic skills in an efficient and effective way.

(b) The Chancellor of the California Community Colleges shall solicit applications from community college districts that describe plans to provide instruction in basic skills to students enrolled, or who will enroll, at California State University campuses.

(c) A community college district shall include the following components of its plan in its application:

(1) A list of the community colleges that will provide instruction to focus on students enrolled, or who will enroll at, California State University campuses.

(2) A list of the California State University campuses that will direct students to instruction at community colleges.

(3) A narrative explaining the strategy for directing students to instruction at community colleges and integrating this instruction with programs at California State University campuses.

(4) A letter from each of the presidents of the California State University campuses listed in the application pursuant to subparagraph (B) indicating support for the plan and identifying any fiscal impact for his or her particular campus.

(5) A narrative describing any effective evidence-based instructional strategies and practices the community colleges have implemented for the delivery of basic skills instruction and/or the community colleges efforts to incorporate effective evidence-based instructional strategies and practices within the delivery of their basic skills instruction.

(d) The Chancellor shall award grants of \$500,000 each to four community college districts. The grants shall be awarded and ranked in descending order of the community college district's description of the following factors:

(1) A greater number of students enrolled, or who will enroll, at California State University campuses and who need instruction in basic skills accessing instruction at the community colleges participating in the plan.

(2) A greater number of California State University campuses participating in the plan.

(3) A greater number of community college districts participating in the plan.

(4) A greater likelihood that the plan would be implemented effectively.

(5) The use of effective evidence-based instructional strategies and practices the community colleges have implemented for the delivery of basic skills instruction.

(e) (1) Upon awarding the grants, the Chancellor shall apportion \$250,000 to each community college district selected for a grant.

(2) The Chancellor shall release the remaining amount of a grant only after the community college district has submitted records demonstrating that students enrolled, or planning to enroll, at California State University campuses have accessed instruction in basic skills at the community colleges pursuant to the plan. Notwithstanding this reporting condition, the Chancellor shall release any amount of a grant that remains as of May 1, 2018 to the community college district by June 30, 2018.

(f) As a condition of receiving a grant pursuant to this section, a community college district shall provide the following information to the Chancellor by February 1, 2017:

(1) The number of students that were provided, or are being provided, instruction by community colleges pursuant to the adopted plan.

(2) The number of students who successfully completed basic skills instruction at the community colleges.

(3) The number of students provided instruction at the community colleges that subsequently enrolled in a California State University campus.

(4) A qualitative description of the local successes or challenges that community colleges encountered when partnering with California State University campuses to provide instruction in basic skills to students enrolled, or who will enroll at, those campuses.

(g) No later than April 1, 2017, the Chancellor shall analyze and report to the Legislature, the Legislative Analyst's Office and the Department of Finance on the effectiveness of the plans in delivering instruction in basic skills to students enrolled, or who will enroll at, California State University campuses. This report shall also include a report on the costs avoided by the California State University and recommendations on expanded utilization of community colleges to deliver basic skills instruction to California State University students

(1) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(h) Students enrolled in a basic skills course pursuant this section may be reported by a community college district as a full-time equivalent student for apportionment purposes.

(i) The sum of two million dollars (\$2,000,000) is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts to establish a basic skills partnership program at four community college campuses.

(j) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision

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

2015-16 May Revision

[314] Physical Plant and Instructional Equipment Funding**SEC 1.**

(a) The sum of forty-eight million dollars (\$48,000,000) is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts to provide funding for the following purposes:

(1) Scheduled maintenance and special repairs of facilities. The Chancellor of the California Community Colleges shall allocate funds to districts on the basis of actual reported full-time equivalent students, and may establish a minimum allocation per district. As a condition for receiving and expending these funds for maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995-96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.

(2) Hazardous substances abatement, cleanup, and repairs.

(3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to \$400,000.

(4) For replacement of instructional equipment and library materials. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported full-time equivalent students and may establish a minimum allocation per district. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.

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

ATTACHMENT 4

2015-16 May Revision

[310] Members of the Uniformed Services; exemption from paying nonresident tuition after discharge; eligibility

SEC. 1. Section 68075.7 is added to the Education Code, to read:

68075.5(a) Effective for terms beginning after July 15, 2015 and while living in this state, a student who meets the definition of "covered individual" as defined in 38 U.S.C. 3679(c) and is eligible for education benefits under the Montgomery GI Bill-Active Duty and Post-9/11 GI Bill education benefit programs (Chapters 30 and 33, respectively, of Title 38, U.S. Code) shall be exempt from paying nonresident tuition and any other fee exclusively applicable to nonresident students at an institution.

(b) A student who initially qualifies under subdivision (a) of this section will maintain "covered individual" status as long as he or she remains continuously enrolled (other than during regularly scheduled breaks between courses, semesters or terms) at an institution once they reach the end of the three year education benefits entitlement period, even if they enroll in multiple programs and shall continue to be exempt from paying nonresident tuition and other fees as provided in this section.

(c) A student exempt from nonresident tuition and fees pursuant to this section may be reported by a community college district as a full-time equivalent student for apportionment purposes.



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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Items 6100-001-0001 and 6100-156-0890, Support and Local Assistance, Adult Education, Department of Education and Board of Governors of the California Community Colleges

Item 6100-001-0001, Support, Adult Education Block Grant Workload (Issue 680)—It is requested that Item 6100-001-0001 be increased by \$335,000 General Fund to fund 3 existing positions to support the Superintendent of Public Instruction in performing responsibilities related to the proposed Adult Education Block Grant.

Item 6100-156-0890, Local Assistance, Audits of Federal Funds (Issue 681)—It is requested that subdivision (b) of Provision 2 of Item 6100-156-0890 be amended to cite provisions of federal law that are currently applicable to funds received pursuant to Title II of the federal Workforce Investment and Opportunity Act of 2014, as follows:

"2. (b) Notwithstanding any other provision of law, the State Department of Education shall annually submit to the Governor, Joint Legislative Budget Committee, and Joint Legislative Audit Committee limited-scope audit reports of all subrecipients it is responsible for monitoring that receive between \$25,000 and ~~\$500,000~~ \$750,000 of federal awards, and that do not have an organization wide audit performed. These limited-scope audits shall be conducted in accordance with the State Department of Education audit guidelines and ~~OMB, Circular No. A-133 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.~~ The department may charge audit costs to applicable federal awards, as authorized by ~~OMB, Circular No. A-133 Section 230(b)(2) 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.~~"

Trailer Bill Language

It is requested that the trailer bill language transmitted with the Governor's Budget be replaced. The revised trailer bill makes the following substantive changes:

- **State Role:** Specifies that the Chancellor of the California Community Colleges and the Superintendent of Public Instruction are the state officials responsible for identifying and understanding the educational needs of adults.

- **Consortia Governance:** Removes the proposal for consortia to establish allocation boards and instead requires the Chancellor and the Superintendent to approve rules and procedures for each consortium, such that a consortium will make decisions publicly and seek feedback from other entities interested in adult education.
- **Adult Education Plans:** Requires the members of each consortium to approve comprehensive plans at least once every three years, with annual updates to reflect available data.
- **Apportionments:**
 - For fiscal year 2015-16, requires the Chancellor and the Superintendent to:
 - By July 30, 2015, certify the portion of state funds each school district was required to use for adult education in 2013-14 and 2014-15 that was for the areas of adult education specified in AB 86.
 - By August 30, 2015, apportion funds to school districts equal to the amounts certified.
 - By October 30, 2015, approve allocations to consortia for the remaining funds, with apportionments to follow shortly thereafter.
 - Beginning in 2016-17, requires the Chancellor and the Superintendent to:
 - By February 28 of the prior year, approve preliminary allocations to consortia based on funds included in the Governor's Budget for that year.
 - Within 15 days of enactment of the annual budget, approve final allocations to consortia.
 - Requires the Chancellor and the Superintendent to include, in any schedule of allocations, preliminary projections of the amounts that would be apportioned in the subsequent two years.
 - Allows the consortia to have funds distributed to either (1) each of the members based on a schedule submitted to the Chancellor and the Superintendent or (2) a member serving as a fund administrator.
- **Distribution of Funds Within Consortia:**
 - Requires the members of a consortium to approve a schedule to specify the amount of funds to be distributed to each member in a given fiscal year.
 - Specifies that the members of a consortium may not reduce the amount of funds distributed to a particular member unless the members make at least one of the following findings related to the impacted member:
 - That member no longer wishes to provide services consistent with the adult education plan approved by the consortium.

- That member cannot provide services that address the needs identified in the adult education plan.
- That member has been consistently ineffective in providing services that address the needs identified in the adult education plan and reasonable interventions have not resulted in improvements.
- Requires a distribution schedule to include preliminary projections of the amounts that would be distributed in the subsequent two years.
- **Integration of Programs:**
 - Requires school districts, county offices of education, and community college districts to be members of consortia to be eligible for any funds received from Local Control Funding Formula apportionments for attendance by adult students, community college apportionments for courses in adult education, the Adults in Correctional Facilities program, and specified federal programs administered by the Department of Education.
 - Requires the Chancellor and the Superintendent to submit a plan, by January 31, 2016, to distribute specified federal funds for adult education and related programs to these consortia.

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

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

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: On following page

MAY 14 2015

-4-

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
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Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Erik Skinner, Deputy Chancellor, California Community Colleges Chancellor's Office
Mr. Dan Troy, Vice Chancellor, California Community Colleges Chancellor's Office
Mr. Nick Schweizer, Deputy Superintendent, State Department of Education
Ms. Roxanne Eres, Director, Fiscal and Administrative Service, State Department of Education



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6910-101-0001 and Addition of Item 6910-102-0001, Local Assistance, Awards for Innovation in Higher Education

Item 6910-101-0001 (Issue 004)—It is requested that Provisions 1 and 2 of Item 6910-101-0001 be amended to make technical amendments to the provisional language proposed in the Governor’s Budget:

- “1. The funds appropriated in this item shall be used for support of the Awards for Innovation in Higher Education program.
- 2. Funds may be awarded directly only to a California State University campus ~~campuses~~. ~~A campus selected for an award, however, may distribute funds to any other institutions of higher education, such as California community colleges, or local education agencies involved in the policies, practices, and/or systems recognized by the Committee on Awards for Innovation in Higher Education.”~~

Item 6910-102-0001 (Issue 005)—It is requested that Item 6910-102-0001 be added in the amount of \$25 million, with a designation of “Proposition 98” pursuant to Section 12.32, for the Awards for Innovation in Higher Education. This request would allow the Committee on Awards for Innovation in Higher Education to make awards to community colleges. The item would read as follows:

6910-102-0001—For local assistance, Awards for Innovation in Higher Education
(Proposition 98) \$25,000,000

Schedule:

(1) 5810-Awards for Innovation in Higher Education \$25,000,000

Provisions:

- 1. The funds appropriated in this item shall be used for support of the Awards for Innovation in Higher Education program.
- 2. Funds may be awarded directly only to California community colleges.

Trailer Bill Language

Proposition 98 Appropriation (Issue 003)—It is requested that Item 6910-102-0001 be added to the 2014 Budget Act in the amount of \$23 million, with a designation of "Proposition 98" pursuant to Section 12.32, for the Awards for Innovation in Higher Education.

For fiscal year 2014-15, the Committee on Awards for Innovation in Higher Education made awards to six applications coordinated by community colleges. The total amount of funds awarded to these applications was \$23 million. This request allows for appropriate accounting of these allocations. (The committee also awarded \$27 million to applications coordinated by University of California [UC] or CSU campuses. See Issue 002.)

Codify Innovation Awards Program—It is requested that Section 66010.96 be added to the Education Code to codify the program. The language included in this request replaces the trailer bill language transmitted with the Governor's Budget. The revised proposal specifies that the Awards for Innovation in Higher Education program recognizes institutions of higher education that achieve the objectives and goals for California's postsecondary education system as added by Chapter 367, Statutes of 2013 (SB 195).

Information Only

Item 6910-101-0001, Budget Act of 2014 (Issue 002)—Item 6910-101-0001, Budget Act of 2014, appropriates \$50 million from the General Fund for the Awards for Innovation in Higher Education. It is expected that the expenditures from this item will be \$27 million.

For 2014-15, the Committee on Awards for Innovation in Higher Education made awards to eight applications coordinated by UC or CSU campuses. The total amount of funds awarded to these applications was \$27 million. (The committee also awarded \$23 million to applications coordinated by community colleges. See Issue 003.)

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

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

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office

An act to add Section 66010.96 to the Education Code, and to add Item 6910-102-0001 to Section 2.00 of the Budget Act of 2014 (Chapters 25 and 663 of the Statutes of 2014), relating to postsecondary education, and making an appropriation therefor, to take effect immediately, bill related to the budget.

STUBBINS
STUBBINS

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 66010.96 is added to the Education Code, to read:

66010.96. (a) The Awards for Innovation in Higher Education program is hereby established.

(b) The program shall recognize institutions of higher education that improve policies, practices, or systems, or a combination thereof, to achieve the objectives and goals of this article.

(c) (1) The Director of Finance shall convene a Committee on Awards for Innovation in Higher Education to award any funds appropriated for this program.

(2) The committee shall consist of the following members:

(A) The Director of Finance or his or her designee, who shall serve as the chairperson of the committee.

(B) A member of the state board appointed by the Governor.

(C) A member of the Board of Governors of the California Community Colleges appointed by the Governor.

(D) A trustee of the California State University appointed by the Governor.

(E) A regent of the University of California appointed by the Governor.

(F) An appointee of the Senate Committee on Rules.

(G) An appointee of the Speaker of the Assembly.

(d) Actions taken to implement the provisions of this section by the Department of Finance or the committee convened pursuant to subdivision (c) shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) For purposes of Section 1090 of the Government Code, members of the committee shall not be deemed to be interested in any contract, including any award of funds by the committee.

(f) Members of the committee shall serve without compensation, but the committee may reimburse members for necessary expenses incurred in the discharge of their duties.

(g) The Department of Finance shall serve as staff to the committee convened pursuant to paragraph (1) of subdivision (c).

SEC. 2. Item 6910-102-0001 is added to Section 2.00 of the Budget Act of 2014, to read:

6910-102-0001—For local assistance, Awards for Innovation
in Higher Education (Proposition 98) 23,000,000

SEC. 3. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Postsecondary education: Awards for Innovation in Higher Education.

(1) Existing law establishes the segments of the postsecondary education system in the state, including the University of California administered by the Regents of the University of California, the California State University administered by the Trustees of the California State University, the California Community Colleges administered by the Board of Governors of the California Community Colleges, independent institutions of higher education, as defined, and private postsecondary educational institutions, as defined.

This bill would establish the Awards for Innovation in Higher Education program, which would recognize institutions of higher education that improve policies, practices, or systems, or a combination thereof, to achieve certain state objectives and goals relating to postsecondary education. The bill would require the Director of Finance to convene a committee consisting of 7 members, as specified, to award any funds appropriated for this program. The bill would require that the committee members serve without compensation but would authorize the committee to reimburse members for necessary expenses incurred in the discharge of their duties. The bill would require the Department of Finance to serve as staff to the committee.

(2) The Budget Act of 2014 made appropriations for the support of state government for the 2014–15 fiscal year.

This bill would amend the Budget Act of 2014 by making an additional appropriation of \$23,000,000 from the General Fund for the Awards for Innovation in Higher Education program.

(3) To the extent funds appropriated by this bill are awarded to community college districts, those funds would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(4) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6980-101-0001 and Reimbursements and Addition of Item 6980-101-3263, Local Assistance, California Student Aid Commission

Revise Cal Grant Program Caseload (Issue 011)—It is requested that Item 6980-101-0001 be decreased by \$42,228,000 to reflect revised estimates of participation in the Cal Grant program.

Adjust Offset of General Fund for Cal Grant Program Costs with Temporary Assistance for Needy Families (TANF) Reimbursements (Issue 013)—It is requested that Item 6980-101-0001 be decreased by \$247,326,000 to reflect an increase in the amount of TANF reimbursements budgeted to support costs of the Cal Grant program. These reimbursements directly offset General Fund costs.

It is further requested that Provision 5 of Item 6980-101-0001 be amended as follows to conform to this action:

"5. Of the funds appropriated in Schedules (1) and (2), ~~\$286,320,000~~ \$533,646,000 reflects reimbursements from the State Department of Social Services from the Temporary Assistance for Needy Families Block Grant for the purposes of offsetting General Fund costs of the Cal Grant Program."

Fund Supplement to Cal Grant B Access Awards (Issue 10)—It is requested that Item 6980-101-3263 be added in the amount of \$1,918,000 from the College Access Tax Credit Fund to make a supplemental award of \$8 to each student who receives a Cal Grant B Access Award, pursuant to Chapter 363, Statutes of 2014 (SB 174).

It is further requested that this item be added to the Budget Bill to conform to this action as follows:

6980-101-3263—For local assistance, Student Aid Commission, payable from the College Access Tax Credit Fund.....	\$1,918,000
Schedule:	
(1) 5755-Financial Aid Grants Program	\$1,918,000
Provisions:	

1. The funds appropriated in this item shall be used to make a supplemental award of \$8 to any student who receives a Cal Grant B access award in the 2015-16 award year.

Adjust Loan Assumption Program Costs (Issue 012)—It is requested that Item 6980-101-0001 be decreased by \$399,000 to reflect revised estimates of costs for the Assumption Program of Loans for Education program.

Revise Law Enforcement Personnel Dependents Grants Program (Issue 015)—It is requested that Item 6980-101-0001 be increased by \$20,000 to reflect revised estimates of participation in this program.

Information Only

The following issues are included for information only and reflect revisions to estimates made in the Governor's Budget for expenditures in the current year:

Revise Cal Grant Program Caseload (Issue 011)—The expenditures for Item 6980-101-0001 have been decreased by \$54,266,000 to reflect revised estimates of participation in the Cal Grant program.

Revise Funding for Middle Class Scholarship Program (Issue 014)—The expenditures for Item 6980-101-0001 have been decreased by \$18 million to reflect revised estimates of participation in the Middle Class Scholarship Program.

Revise Loan Assumption Programs Caseload (Issues 010 and 012)—The expenditures for Item 6980-101-0001 have been decreased by \$1,216,000 to reflect revised estimates of costs for the Assumption Program of Loans for Education and the State Nursing Assumption Program of Loans for Education.

Revise Funding for Law Enforcement Personnel Dependents Grants Program (Issue 015)—The expenditures for Item 6980-101-0001 have been decreased by \$9,000 to reflect revised estimates of participation in 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 Christian Osmena, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

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Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Diana Fuentes-Michel, Executive Director, California Student Aid Commission