



May 11, 2018

Honorable Holly Mitchell, Chair
 Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
 Assembly Budget Committee

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

Amendment to, Addition of, and Eliminate Various Budget Bill Items and Reimbursements and Trailer Bill Language, Support and Local Assistance, State Department of Education

Federal Funds Adjustment

Items 6100-001-0890 and 6100-102-0890, Support and Local Assistance, Immediate Aid to Restart School Operations (Issues 264 and 278)—It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$533,000 one-time federal Immediate Aid to Restart School Operations program funds for the administration of a one-time grant to assist applicant local educational agencies impacted by the Northern and Southern California wildfires of October and December 2017.

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

18. Of the funds appropriated in Schedule (1), \$533,000 one-time federal Immediate Aid to Restart School Operations program funds shall be available for the administration of a one-time grant to assist applicant local educational agencies impacted by the Northern and Southern California wildfires of October and December 2017.

It is also requested that Item 6100-102-0890 be added in the amount of \$13,864,000 federal Immediate Aid to Restart School Operations program funds to reflect the availability of a one-time grant award. This federal program provides funds to assist local educational agencies and non-public schools with expenses related to reopening schools impacted by the Northern and Southern California wildfires of October and December 2017.

It is further requested that Item 6100-102-0890 be added as follows to conform to this action:

6100-102-0890—For local assistance, State Department of Education, Immediate Aid to Restart School Operations program funds, payable from the Federal Trust

Fund.....	13,864,000
Schedule:	
(1) 5205155-Immediate Aid to Restart School Operations.....	13,864,000

Provisions:

1. The funds appropriated in this item are one-time funds to assist local educational agencies with eligible expenses related to reopening schools after the October and December 2017 wildfires in Northern and Southern California.

Items 6100-001-0890 and 6100-134-0890, Support and Local Assistance, Federal Title I Funding (Issues 625 and 626)—It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$381,000 federal Title I funds to support the State Department of Education (SDE), the California Collaborative for Educational Excellence (CCEE), lead county offices of education, and stakeholders to inform the work of agencies within the statewide system of support pursuant to paragraph (2) of subdivision (a) of Section 52073 of the Education Code, as proposed by the Administration in the 2018-19 Education omnibus trailer bill. It is also requested that Schedule (2) of Item 6100-134-0890 be decreased by \$381,000 federal Title I funds to conform to action.

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

19. Of the funds appropriated in Schedule (1), \$381,000 is available for two existing positions in the Improvement and Accountability Division to support the work of the State Department of Education, the California Collaborative for Educational Excellence, lead county offices of education, and stakeholders to inform the work of agencies within the statewide system of support pursuant to paragraph (2) of subdivision (a) of Section 52073 of the Education Code.

Items 6100-001-0890 and 6100-161-0890, Support and Local Assistance, Special Education (Issues 323 and 840)—It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$3,050,000 federal Individuals with Disabilities Education Act (IDEA) funds on a one-time basis for increased special education dispute resolution services costs. The SDE contracts with the Office of Administrative Hearings to provide special education services, which include hearings, mediations, and related due process activities required by both state and federal law. The number of claims filed and the cost per case have increased in recent years.

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

“5. Of the funds appropriated in this item, ~~\$13,514,000~~ \$16,564,000, of which \$3,050,000 is available on a one-time basis, is for dispute resolution services, including mediation and fair hearing services, provided through contract for the special education programs. The State Department of Education shall ensure the quarterly reports that the contractor submits on the results of its dispute resolution services include the same information as required by Provision 9 of Item 6110-001-0890 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) and Section 56504.5 of the Education Code and that they reflect year-to-date data and final yearend data.”

It is also requested that Schedule (1) of Item 6100-161-0890 be decreased by \$3,050,000 federal IDEA funds to reflect the redirection of federal funds to Item 6100-001-0890 for dispute resolution services costs.

Items 6100-001-0890 and 6100-195-0890, Support and Local Assistance, Early Math Initiative (Issues 272 and 273)—It is requested that Schedule (1) of Item 6100-001-0890 be increased by \$100,000 one-time federal Title IV funds for the administration of the statewide early math initiative that is focused on pre-K through grade 3 children.

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

20. Of the funds appropriated in Schedule (1), \$100,000 one-time federal Title IV funds shall be available for the administration of a one-time grant for a statewide early math initiative focused on pre-K through grade 3 children. Activities of the early math initiative shall include development, identification, and distribution of early math resources, professional learning and coaching for educators, and mathematical learning opportunities for children. These funds shall be used consistent with the statewide system of support pursuant to Article 4.5 (commencing with Section 52059.5) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code.

It is also requested that Schedule (3) of Item 6100-195-0890 be increased by \$11,792,000 Federal Trust Fund for a one-time competitive grant to establish a regional lead that will implement the statewide early math initiative in the statewide system of support. Specifically, this amount reflects the one-time availability of \$3,729,000 federal Title II funds and \$8,063,000 federal Title IV funds to support a statewide early math initiative focused on pre-K through grade 3 children.

It is further requested that provisional language be added to Item 6100-195-0890 as follows to conform to this action:

3. Of the funds appropriated in Schedule (3), \$11,792,000 one-time federal funds shall be used consistent with the statewide system of support pursuant to Article 4.5 (commencing with Section 52059.5) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code. Specifically, this amount reflects the one-time availability of \$3,729,000 federal Title II funds and \$8,063,000 federal Title IV funds to support a statewide early math initiative focused on pre-K through grade 3 children. Activities of the early math initiative shall include development, identification, and distribution of early math resources, professional learning and coaching for educators, and mathematical learning opportunities for children. The State Department of Education, with the approval of the Executive Director of the State Board of Education, shall develop, award, and administer a one-time grant.

Items 6100-001-0890 and 6100-294-0890, Support and Local Assistance, Early Head Start—Child Care Partnership Grant (Issues 532, 536, and 836)—It is requested that Item 6100-294-0890 be increased by \$925,000 federal Early Head Start Child Care Partnership Grant funds to reflect \$602,000 one-time carryover funds and a \$323,000 increase to the available federal grant. This program allows SDE to partner with local providers to assist them in meeting the requirements of the Head Start program, providing high quality infant and toddler child care to low-income families in selected high-need northern California counties. The Early Head Start—Child Care Partnership grant has been extended from June 30, 2019 to June 30, 2024.

It is requested that provisional language in Item 6100-294-0890 be amended and added as follows to conform to these actions:

“1. The funds appropriated in this item are available to local Early Head Start services under the Early Head Start—Child Care Partnership Grant. This funding is available on a limited-term basis until June 30, ~~2019~~ 2024.”

2. Of the funds appropriated in this item, \$602,000 is available on a one-time basis from federal funds appropriated prior to the 2018-19 fiscal year.

It is also requested that provisional language in Item 6100-001-0890 be amended as follows to conform to these actions:

“15. Of the funds appropriated in this item, \$1,470,000 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. This funding is available on a limited-term basis until June 30, ~~2019~~ 2024.”

Item 6100-101-0890, Local Assistance, Project School Emergency Response to Violence (Issue 269)—It is requested that Item 6100-101-0890 be added in the amount of \$2 million federal Project School Emergency Response to Violence funds to reflect the availability of a one-time grant award for allocation to applicant local educational agencies impacted by the Northern California wildfires of October 2017. This federal program funds short-term and long-term education-related services for local educational agencies to help them recover from a violent or traumatic event in which the learning environment has been disrupted.

It is further requested that Item 6100-101-0890 be added as follows to conform to this action:

6100-101-0890—For local assistance, State Department of Education, Project School Emergency Response to Violence funds, payable from the Federal Trust Fund.....2,000,000
Schedule:

(1) 5205154-Project School Emergency Response to Violence.....2,000,000

Provisions:

1. The funds appropriated in this item are one-time funds to reimburse applicant local educational agencies for eligible expenses incurred to quickly reopen schools after the October 2017 wildfires in Northern California.

Items 6100-113-0890 and 6100-113-0001, Local Assistance, Student Assessment Program (Issues 629, 630, 632, 633, and 634)—It is requested that Schedule (2) of Item 6100-113-0890 be increased by \$755,000 federal Title VI funds to reflect a \$304,000 decrease in the federal grant award and an increase of \$1,059,000 in one-time carryover funds.

It is also requested that Schedule (2) of Item 6100-113-0001 be decreased by \$755,000 Proposition 98 General Fund to reflect the offsetting federal funds increase.

It is further requested that Schedule (3) of Item 6100-113-0001 be increased by \$60,000 Proposition 98 General Fund to align with contract costs for the California Assessment of Student Performance and Progress.

It is also requested that Schedule (4) of Item 6100-113-0001 be decreased by \$2,742,000 Proposition 98 General Fund to align with updated estimates of costs associated with apportionments to local educational agencies for assessment administration. Federal funds and Proposition 98 General Fund for state assessments are provided for costs associated with the administration of statewide K-12 student testing.

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

“7. Of the funds appropriated in Schedule (2), ~~\$89,000~~ \$1,148,000 is provided in one-time federal carryover.”

Item 6100-125-0890, Local Assistance, Migrant Education Program, Migrant Education State-Level Activities, and English Language Acquisition Program (Issues 027, 028, 029, 030, 031, 032, and 033)—It is requested that Schedule (1) of this item be increased by \$11,930,000 federal Title I, Part C funds to reflect \$13 million in one-time carryover funds and a \$1,070,000 decrease to the federal grant award. This program provides educational support services to meet the needs of highly-mobile children.

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

2. Of the funds appropriated in Schedule (1), \$13,000,000 is provided in one-time federal Title I, Part C carryover funds to support the existing program.

It is also requested that Schedule (2) of this item be increased by \$1,075,000 federal Title I, Part C funds to reflect \$2 million in one-time carryover funds and a \$925,000 decrease to the federal grant award. The state-administered Migrant Education programs include the Binational Migrant Education Program, Minicorps Program, and the Migrant Student Information Network.

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

3. Of the funds appropriated in Schedule (2), \$2,000,000 is provided in one-time federal Title I, Part C carryover funds to support the existing program.

It is also requested that Schedule (3) of this item be decreased by \$13,953,000 federal Title III funds to reflect \$1,437,000 in one-time carryover funds, a \$17,390,000 decrease to the federal grant award, and a \$2 million increase to reflect a redirection of county office of education regional lead funding to support English learners within the statewide system of support. 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 these actions:

4. Of the funds appropriated in Schedule (3), \$1,437,000 is provided in one-time federal Title III carryover funds to support the existing program.

5. Of the funds appropriated in Schedule (3), \$2,000,000 is provided to support English learners within the statewide system of support pursuant to Article 4.5 (commencing with Section 52059.5) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code.

Item 6100-134-0890, Local Assistance, Federal Title I Funding (Issues 600, 623, 624, and 627)—It is requested that this item be increased by \$165,005,000 federal Title IV Student Support and Academic Enrichment Grant funds and \$120,368,000 federal Title I School Improvement Grant to reflect new, one-time Title IV funds and one-time Title I carryover funds. Title IV Student Support and Academic Enrichment grant funds help school districts provide students with a well-rounded education, with a focus on safe and healthy students and educational technology. The Title IV funding reflected in this item is available from the 2017 and 2018 federal fiscal years; this funding is not anticipated to continue beyond the 2018 federal fiscal year. Title I School Improvement Grant funds are awarded to school districts by SDE through a competitive subgrant process, with awards going to districts with the greatest need and a demonstrated commitment to use the funds to substantially raise the achievement of students in their lowest-performing schools. The School Improvement Grant program was not

included in the 2015 reauthorization of the federal Elementary and Secondary Education Act; however, the funds in this item are available to school districts that were awarded funds in prior years, through 2020-21.

It is also requested that Schedules (3) and (4) be added to Item 6100-134-0890 as follows to conform to this action:

(3) 5200120-Title IV, Student Support and Academic Enrichment.....	165,005,000
(4) 5200099-School Improvement Grant.....	120,368,000

It is further requested that provisional language be added to Item 6100-134-0890 as follows to conform to this action:

8. The funds appropriated in Schedule (3) are available on a one-time basis and shall be allocated to local educational agencies pursuant to Section 4105 of the federal Elementary and Secondary Education Act of 1965, as reauthorized by the federal Every Student Succeeds Act of 2015 (P.L. 114-95), and shall be used in accordance with Title IV, Part A of the same federal law.

9. The funds appropriated in Schedule (4) are one-time carryover available through June 30, 2021, for allocation to remaining local educational agency cohorts pursuant to federal guidance under Section 1003(g) of the federal Elementary and Secondary Education Act of 1965, as that section read prior to reauthorization by the federal Every Student Succeeds Act of 2015.

It is also requested that provisional language in Item 6100-134-0890 be amended as follows to align the allocation methodology of funds appropriated in Schedule (1) with the California State Plan for the federal Every Student Succeeds Act of 2015:

“7. The funds appropriated in Schedule (1) shall be allocated to county offices of education for the purposes of supporting the statewide system of technical assistance and support for local educational agencies established in the California State Plan for the federal Every Student Succeeds Act (P.L. 114-95). ~~The State Board of Education shall determine, and the Department of Finance shall approve, the method of allocation for these funds. The State Department of Education shall develop, in consultation with the Executive Director of the State Board of Education and with the approval of the Department of Finance, the method of~~ allocation for these funds, which shall be based on a formula that considers the number of schools within a county that are identified for additional support consistent with the California State Plan for the federal Every Student Succeeds Act.”

It is further requested that provisional language in Item 6100-134-0890 be amended as follows to increase the amount of federal Title I funds allocated for school support in proportion to the state’s increased Title I Basic Grant award (as proposed in the 2018 April 1 Finance Letter):

“6. Of the funds appropriated in Schedule (2), no less than ~~\$143,869,000~~ \$124,728,000 ~~are is~~ available for purposes of providing grants to local educational agencies with schools identified as requiring support, consistent with the California State Plan for the federal Every Student Succeeds Act (P.L. 114-95). The Department shall develop and administer a process for providing grants from these funds on a formula basis to local educational agencies with schools identified as requiring support. Local educational agencies shall use the funds for the development of strategies to improve pupil performance at schools identified as requiring

support that are aligned to goals, actions and services identified in the local educational agency's local control and accountability plan. Such funds shall not be expended to hire additional permanent staff."

Item 6100-194-0890, Local Assistance, Adjust One-Time Child Care and Development Quality Carryover (Issue 539)—It is requested that Schedule (6) of this item be increased by \$17,162,000 federal Child Care and Development fund to reflect an increase in one-time federal Child Care quality carryover funds. Coupled with the \$8,793,000 already included in the Governor's Budget, the total federal Child Care quality carryover is \$25,955,000.

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

7. Of the funds appropriated in Schedule (6), \$25,955,000 is available on a one-time basis for quality activities from federal Child Care and Development Block Grant funds appropriated prior to the 2018-19 fiscal year.

Items 6100-194-0001 and 6100-194-0890, Local Assistance, Federal Child Care and Development Fund One-Time Carryover (Issues 537 and 538)—It is requested that Schedule (5) of Item 6100-194-0890 be decreased by \$17,156,000 federal Child Care Development fund to reflect a decrease in one-time federal carryover funds. It is also requested that Schedule (6) of Item 6100-194-0001 be increased by \$17,156,000 non-Proposition 98 General Fund to reflect the decrease in federal funds. Federal funds offset non-Proposition 98 General Fund in the CalWORKs Stage 3 child care program.

It is also requested that provisional language in Item 6100-194-0890 be amended as follows to conform to this action:

"5. Of the funds appropriated in this item, ~~\$22,033,000~~ \$4,877,000 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 2018-19 federal fiscal year."

Item 6100-195-0890, Local Assistance, Supporting Effective Instruction (Issues 261 and 262)—It is requested that Schedule (1) of this item be decreased by \$13,316,000 federal Title II, Part A funds to reflect a decrease in the federal grant. The federal Supporting Effective Instruction Local Grants Program provides funds to local educational agencies on a formula basis for professional development activities focused on preparing, training, and recruiting high quality teachers, principals, or other school leaders.

It is also requested that Schedule (3) of this item be increased by \$733,000 Federal Trust Fund for federally-required professional development of private school teachers and administrators. Specifically, this amount reflects the one-time availability of \$212,000 federal Title II funds and the one-time availability of \$521,000 federal Title IV funds for educators in private schools.

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

"2. ~~The~~ Of the funds appropriated in Schedule ~~(3)~~ (3), \$1,212,000 shall be reserved for the professional development of private school teachers and administrators as required by Title II of the federal Elementary and Secondary Education Act (20 U.S.C. Sec 6601 et seq.). This amount reflects the availability of \$479,000 ongoing federal Title II funds, \$212,000 one-time federal Title II funds, and \$521,000 one-time federal Title IV funds."

General Fund and Other Adjustments

Item 6100-001-0001, Support, SDE (Issues 803, 811, 812, 818, 844, and 846)

Computer-Based English Language Proficiency Assessment for California (ELPAC) and Alternative ELPAC Assessments (Issue 803)—It is requested that Schedule (1) of this item be increased by \$252,000 non-Proposition 98 General Fund for the development and maintenance of the computer-based ELPAC and alternative computer-based ELPAC for students with disabilities.

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

28. Of the funds appropriated in Schedule (1), \$252,000 shall be used to support the development and maintenance of a computer-based English Language Proficiency Assessment for California and a computer-based alternative English Language Proficiency Assessment for California for students with disabilities.

Uniform Complaint Procedures (Issue 811)—It is requested that Schedule (1) of this item be increased by \$122,000 non-Proposition 98 General Fund for the coordination of a centralized Uniform Complaint Procedures process and database to improve the administration and resolution of Uniform Complaint Procedures complaints and appeals received by SDE.

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

29. Of the funds appropriated in this item, \$122,000 is provided to support 1.0 existing position for the coordination of a centralized Uniform Complaint Procedures process and database to improve the administration and resolution of Uniform Complaint Procedures complaints and appeals received by SDE.

District of Choice Data Collection and Reporting Requirements (Issue 812)—It is requested that Schedule (1) of this item be increased by \$119,000 one-time non-Proposition 98 General Fund to allow SDE to collect, analyze, and report applicable district of choice data to the Legislature as required by Chapter 15, Statutes of 2017.

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

30. Of the funds appropriated in this item, \$119,000 is to support activities associated with data collection and reporting required under the Districts of Choice program.

California High School Proficiency Exam (Issue 818)—It is requested that Schedule (1) of this item be increased by \$197,000 one-time non-Proposition 98 General Fund to backfill reduced revenue in the Special Deposit Fund as a result of fee waivers for homeless and foster youth that take the California High School Proficiency Exam. These fee waivers are the result of Chapter 384, Statutes of 2015 (SB 252), and Chapter 697, Statutes of 2016 (AB 2656).

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

31. Of the funds appropriated in Schedule (1), \$197,000 is for administration of the California High School Proficiency Exam. The funds shall be available through June 30, 2019.

***Ella T. v. State of California* Lawsuit (Issue 844)**—It is requested that Schedule (1) of this item be increased by \$595,000 one-time non-Proposition 98 General Fund for legal costs associated with the *Ella T. v. State of California* lawsuit. (Plaintiffs allege that multiple students demonstrated literacy significantly below grade level for multiple years and were not provided meaningful or effective intervention.)

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

32. Of the funds appropriated in this item, \$595,000 is provided on a one-time basis for the legal costs related to *Ella T. v. State of California* lawsuit.

Subsidized County Child Care Pilot Programs (Issue 846)—It is requested that Schedule (2) of this item be increased by \$624,000 non-Proposition 98 General Fund for SDE to administer subsidized county child care pilot programs authorized by Chapters 697, 699, 701, and 703, Statutes of 2017.

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

33. Of the funds appropriated in this item, \$624,000 shall be available to support subsidized county child care pilot programs. This funding is available on a limited-term basis until June 30, 2023.

Items 6100-001-3321, 6100-101-3321, 6100-501-3321, and 6100-601-3321, Support and Local Assistance, Tobacco Prevention and Control Programs (Issues 274, 276, 277, 284, and 286)—It is requested that Item 6100-001-3321 be eliminated and that the amount of \$1,111,000 Department of Education, Tobacco Prevention and Control Programs Account, CA Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund (Proposition 56) be reflected in the new continuously appropriated non-Budget Act Item 6100-501-3321.

It is also requested that Item 6100-101-3321 be eliminated and that the amount of \$21,114,000 Department of Education, Tobacco Prevention and Control Programs Account, CA Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund (Proposition 56) be reflected in the new continuously appropriated non-Budget Act Item 6100-601-3321. Continuously appropriating these funds is consistent with Proposition 56 and the provisions of the Revenue and Taxation Code section 30130.53, subdivision (c). Proposition 56, passed by the voters in November 2016, increased the excise tax rate on cigarettes and tobacco products, effective April 1, 2017. These funds are used for school programs that prevent and reduce the use of tobacco and nicotine products by young people as specified in Proposition 56.

It is further requested that Item 6100-601-3321 be increased by \$622,000 Department of Education, Tobacco Prevention and Control Programs Account, CA Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund (Proposition 56) to reflect revised revenue estimates.

Item 6100-006-0001 and Reimbursements, State Special Schools (Issue 847)—It is requested that Schedule (5) of this item be increased by \$253,000 reimbursements, Schedule (6) of this item be increased by \$513,000 reimbursements, Schedule (7) of this item be increased by \$435,000 reimbursements, and Schedule (8) of this item be increased by \$696,000 reimbursements. These adjustments reflect a one-time increase in reimbursements for the three state special schools and the diagnostic centers to purchase technology through the Education Technology K-12 (Ed Tech) Voucher Program. The Ed Tech Voucher Program is a grant program established with funds from a settlement agreement between California

consumers and the Microsoft Corporation. Through this agreement, K-12 schools were awarded grants to purchase specified information technology products and services. In fiscal year 2017-18, the State Special Schools and Services Division was allocated \$4.7 million from the overall settlement and \$2,473,000 has been expended to date. The state special schools and Diagnostic Center serve students with low-incidence disabilities requiring high cost adaptive equipment and technology.

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

1. Of the amount provided in this item, \$1,897,000 reimbursements is provided on a one-time basis to purchase information technology products and services through the Education Technology K-12 Voucher Program. Prior to obligating or expending any of the resources available through this one-time program, the State Department of Education shall provide a list of proposed expenditures to the Department of Finance for review and approval.

Items 6100-101-0231 and 6100-102-0231, Local Assistance, Tobacco-Use Prevention Education Program (Issues 267 and 268)—It is requested that Item 6100-101-0231 be increased by \$96,000 Health Education Account, Cigarette and Tobacco Products Surtax Fund and Item 6100-102-0231 be increased by \$308,000 Health Education Account, Cigarette and Tobacco Products Surtax Fund to reflect revised revenue estimates for the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Proposition 99). These funds are allocated to local educational agencies for health education efforts aimed at preventing and reducing tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.

Item 6100-106-0001, Local Assistance, California Collaborative for Educational Excellence (Issue 631)—It is requested that this item be increased by \$5,024,000 Proposition 98 General Fund, reflected as increases of \$3,224,000 for Schedule (1) and \$1.8 million for Schedule (3), to align with the estimated ongoing cost of services provided by the CCEE. The funds for Schedule (1) include a \$424,000 increase for the Marin County Office of Education (MCOE), which currently acts as the fiscal agent for the CCEE, to support, in part, the transition of MCOE from a fiscal agent to an administrative agent, pursuant to Education Code section 52074, as proposed by the Administration in the 2018-19 Education omnibus trailer bill.

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

“3. Of the funds appropriated in Schedule (1), ~~\$310,000~~ \$734,000 shall be allocated by the Controller directly to the ~~fiscal and administrative~~ agent selected pursuant to Section 52074 of the Education Code to oversee California Collaborative for Educational Excellence responsibilities with respect to these funds and to meet the costs of participation ~~under~~ pursuant to Section 52074 of the Education Code. The funds appropriated to the agent shall be re-assessed annually to consider changes in the cost of administering the Collaborative.”

It is further requested that provisional language be amended and added to this item as follows to clarify allowable uses of funding, fiscal reporting requirements, and administrative agent contracting requirements:

“1. The ~~administrative and fiscal~~ agent selected pursuant to Section 52074 of the Education Code shall develop and administer the operating budget of the California Collaborative for Educational Excellence, with approval of the Department of Finance.”

"2. The ~~administrative and fiscal~~ agent selected pursuant to Section 52074 of the Education Code shall use existing funds pursuant to Section 46 of Chapter 29 and Section 9 of Chapter 319, Statutes of 2016, before expending funds appropriated in this item."

"5. The amount appropriated in Schedule (3) shall be available for activities to build the capacity of local educational agencies consistent with subdivision (b) of Section 52059.5 of the Education Code, with activities focused on the following, in order of descending priority:

(a) County offices of education providing technical assistance pursuant to Section 52071 of the Education Code. Activities may include, but are not limited to, facilitation of technical assistance between county offices of education and school districts and county office of education-focused professional learning networks.

(b) Regional lead county offices of education that are providing technical assistance pursuant to ~~Section 52080~~ Sections 52073 and 52073.1 of the Education Code.

(c) Other activities pursuant to ~~Section 52080~~ Sections 52073 and 52073.1 of the Education Code.

(d) Staff and resource development pursuant to Provision 4."

"6. The ~~administrative and fiscal~~ agent shall provide the Department of Finance, the Legislative Analyst's Office, and the appropriate legislative fiscal committees a detailed expenditure report upon request. This report shall include an accounting of all revenues, including funds not appropriated by the Legislature, expenditures, and any anticipated revenues and proposed expenditures for the period specified in the request."

7. Pursuant to subdivision (e) of Section 52074 of the Education Code, the Department of Education, with the support of the Department of General Services, shall enter into a contract with Marin County Office of Education as the administrative agent no later than August 31, 2018.

Item 6100-107-0001, Local Assistance, Fiscal Crisis Management Assistance Team (FCMAT) Support (Issue 482)—It is requested that this item be increased by

\$972,000 Proposition 98 General Fund. Of this amount, it is requested that Schedule (1) be increased by \$699,000 and Schedule (4) be increased by \$273,000. This additional funding will allow FCMAT to approach county offices of education to offer more proactive and preventive services to school districts, including those with a qualified interim budget status, which are districts that may not meet their financial obligations in the current year or subsequent two years. FCMAT was created by legislation in 1992 as an independent and external body whose core mission is to provide proactive and preventive fiscal, business and management review services that help local educational agencies comply with fiscal accountability standards and incorporate best practices.

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

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

(a) ~~\$2,944,000~~ \$3,366,000 shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee Fiscal Crisis and Management Assistance Team (FCMAT) responsibilities with respect to these funds and to meet the costs of participation under Section 42127.8 of the Education Code.

(b) ~~\$223,000 shall be available to develop and implement the activities of regional teams of fiscal experts to assist districts in fiscal distress.~~ \$500,000 shall be allocated to FCMAT to supplement the funds provided in subdivision (a) of this provision to support the performance of

any responsibilities under Section 42127.8 of the Education Code. These funds shall only be made available for expenditure upon request of the Chief Financial Officer of FCMAT, subject to the approval of the Director of the Department of Finance.

(c) \$374,000 shall be allocated to FCMAT for the purpose of providing, through computer technology, financial and demographic information that is interactive and immediately accessible to all local educational agencies to assist them in their decisionmaking process. To ensure a completely integrated system, this computer information should be developed in collaboration with the State Department of Education, and should be compatible with the hardware and software of the State Department of Education, so that this information may also assist state-level policymakers in making comparable standardized financial information available to the local educational agencies and the public.”

~~“7. Of the funds appropriated in Schedule (4):~~

~~(a) \$652,000 is for The funds appropriated in Schedule (4) are for the purpose of providing staff development to local educational agency school finance and business personnel, as provided in Section 42127.8 of the Education Code. Funds appropriated in Schedule (4) shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee the Fiscal Crisis and Management Assistance Team’s responsibilities with respect to these funds.~~

~~(b) \$262,000 of the funds appropriated in Schedule (4) is for the purpose of providing training that shall be developed and facilitated pursuant to Section 42127.8 of the Education Code to increase school-district and school-level capacity to implement and manage site-based budgeting and decision-making governance structures.”~~

Item 6100-119-0001, Local Assistance, Foster Youth Services Coordinating Program (Issue 037)—It is requested that this item be increased by \$52,000 Proposition 98

General Fund to reflect the revised cost-of-living adjustment for the this program. This program provides funding to participating county offices of education to coordinate with local educational agencies within its jurisdiction to ensure that direct services, consistent with foster youth services coordinating plans, are being provided to foster youth pupils to promote positive educational outcomes.

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

“1. Of the funds appropriated in this item, ~~\$647,000~~ \$699,000 is to reflect a cost-of-living adjustment.”

Item 6100-150-0001, Local Assistance, American Indian Early Childhood Education Program (Issue 038)—It is requested that Schedule (1) of this item be increased by

\$1,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the American Indian Early Childhood Education Program. This program provides competitive grants designed to increase academic achievement and self-esteem for American Indian students in pre-kindergarten through grade four.

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

“1. Of the funds appropriated in this item, ~~\$14,000~~ \$15,000 is to reflect a cost-of-living adjustment.”

Item 6100-151-0001, Local Assistance, American Indian Education Centers (Issue 039)—It is requested that Schedule (1) of this item be increased by \$8,000 Proposition 98 General Fund

to reflect the revised cost-of-living adjustment applied to grants for the Centers. The Centers serve as educational resources to American Indian students, their parents, and the public schools in their communities. They also provide supplemental and extended day instructional programs to meet the needs of American Indian students.

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

"1. Of the funds appropriated in this item, ~~\$104,000~~ \$112,000 is to reflect a cost-of-living adjustment."

Item 6100-161-0001, Local Assistance, Special Education (Issues 328, 329, 330, 331 and 332)—It is requested that Schedule (1) of this item be increased by \$18,580,000 Proposition 98 General Fund. This adjustment includes: (1) an increase of \$11,244,000 to reflect decreased offsetting property tax revenues; (2) a decrease of \$52,000 to reflect decreased estimates of growth in average daily attendance; and (3) an increase of \$7,388,000 to reflect an increase in the cost-of-living adjustment. It is further requested that the amount allocated to special education local plan areas (SELPAs) for program specialist/regionalized services (PS/RS), which was removed from the special education funding formula and provided to SELPAs specifically for the PS/RS service in the Governor's Budget, be allocated based on the statewide average PS/RS rate for all SELPAs.

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

"2. Of the funds appropriated in Schedule (1), up to ~~\$18,076,000~~ \$18,111,000 shall be available to provide special education and related services to pupils with low-incidence disabilities pursuant to their individualized education program. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on an equal per-pupil rate using the methodology specified in Section 56836.22 of the Education Code."

"4. Of the funds appropriated in Schedule (1), up to ~~\$139,747,000~~ \$140,018,000 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."

"14. Of the amount specified in Schedule (1), ~~\$373,527,000~~ \$374,250,000 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 2018-19 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code."

"15. The funds appropriated in this item reflect an adjustment to the base funding of ~~-0.269~~ -0.270 percent for the annual adjustment in statewide average daily attendance."

"18. Of the funds provided for in Schedule (1), ~~\$92,739,000~~ \$100,127,000 is to reflect a cost-of-living adjustment."

"20. Of the funds provided in Schedule (1), \$10,000,000 shall be allocated by the Superintendent of Public Instruction to Special Education Local Plan Areas selected pursuant to

Section ~~52080~~ 52073.2 of the Education Code to provide technical assistance to local educational agencies as defined in Section 52071.”

“21. Of the amount specified in Schedule (1), the amount ~~equal to that which was added to each special education local plan areas base funding in the 2013–14 fiscal year~~ computed for program specialists and regionalized services pursuant to subdivision (b) of Section 56836.24 of the Education Code including any growth and cost-of-living adjustment applied to that amount for the fiscal years 2013–14 through 2017–18, shall be removed from each special education local plan areas SELPA’s base funding as determined pursuant to Section 56836.10 of the Education Code, and provided to each special education local plan area for regionalized operations and services and the direct instructional support of program specialists pursuant to ~~Section 56836.24 of the Education Code and~~ Provision 22 of this item.”

“22. Of the funds provided in Schedule (1), the Superintendent of Public Instruction shall apportion the amount ~~determined in Provision 24~~ pursuant to Section 56836.24 of the Education Code for regionalized operations and services and the direct instructional support of program specialists to special education local plan areas that perform all functions pursuant to Section 56836.23 of the Education Code in accordance with the description set forth in its local plan adopted pursuant to Section 56205.”

“23. Of the amount specified in Schedule (1), up to ~~\$2,912,000~~ \$2,917,000 shall be available for small SELPAs to conduct regionalized services, pursuant to Section 56836.31 of the Education Code.”

It is also requested that Schedule (2) of this item be increased by \$178,000 Proposition 98 General Fund. This adjustment includes: (1) a decrease of \$1,000 to reflect decreased estimates of growth in average daily attendance, and (2) an increase of \$179,000 to reflect an increase in the cost-of-living adjustment.

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

“19. Of the funds provided for in Schedule (2), ~~\$2,250,000~~ \$2,430,000 is to reflect a cost-of-living adjustment.”

Item 6100-170-0001, Local Assistance, Career Technical Education Pathways Program (Issue 333)—It is requested that provisional language of this item be amended as follows to further define the reporting requirements for this program:

“1. The funds appropriated in Schedule (1) are for improving linkages and aligning career-technical education curriculum pathways between K–12 and community colleges in targeted industry-driven programs. Funds shall be used for purposes that align with the Strong Workforce Program and the recommendations of the Task Force on Workforce, Job Creation and a Strong Economy.”

“2. The Superintendent shall allocate the funds in this item for contracts and grants in accordance with Section 88532 of the Education Code as it read on January 1, 2017, including requiring outcome-based data from grant recipients and contractees. The expenditure plan required pursuant to Provision (3) shall list the outcome-based data metrics that will be used to evaluate applicants that are granted a contract or grant, and describe how the assistance provided by applicants that are granted a contract or grant will be assessed to determine its effectiveness in achieving the following goals:

(1) Increasing the readiness of middle school and high school pupils for, and their access to, postsecondary education and careers in high-need, high-growth, or emerging regional economic sectors.

(2) Increasing student success in postsecondary education and training for careers in high-need, high-growth, or emerging regional economic sectors.”

“3. The Superintendent shall annually submit an expenditure plan for the funds in this item to the appropriate policy and fiscal committees of the Legislature, ~~and to the Department of Finance and to the Chancellor’s Office of the California Community Colleges~~ at least 30 days before taking action to implement the expenditure plan. The expenditure plan shall contain, at a minimum, all of the following for each anticipated grant recipient and contractee:

(a) Name of grant recipient or contractee

(b) Name of contract monitor, if applicable

(c) Grant award date or contract term

(d) Grant or contract amount

(e) Description of the project and purpose for which the grant or contract is awarded, including a description of how the project and purpose aligns with the Strong Workforce Program and the recommendations of the Task Force on Workforce, Job Creation and a Strong Economy as required pursuant to Provision (1).”

“4. The Superintendent shall submit a report to the Governor and the appropriate policy and fiscal committees of the Legislature on or before ~~March 4~~ October 1 of each year, including:

(a) Outcome-based data and other assessment information submitted to the Superintendent pursuant to Provision (2).

(b) Number of pupils and students served by programs funded through this item and information on expenditure of funding by type, industry, and region.”

Item 6100-182-0001, Local Assistance, K-12 High-Speed Network (HSN) (Issue 035)—It is requested that K-12 HSN be authorized to expend \$1.8 million of remaining network connectivity infrastructure grant funding for 13 network circuit upgrade projects. The K-12 HSN annually assesses the bandwidth capacity of its network circuits and upgrades circuits as bandwidth demand increases.

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

“1. Expenditure authority of no greater than ~~\$19,900,000~~ \$21,000,000 is provided for the K-12 High-Speed Network.

(a) Of the amount authorized for expenditure in this provision, ~~\$11,900,000~~ \$11,200,000 shall be funded by E-rate and California Teleconnect Fund moneys. The leading education agency or the Corporation for Education Network Initiatives in California (CENIC), or both, shall submit quarterly reports to the Department of Finance and the fiscal committees in each house of the Legislature on funds received from E-rate and the California Teleconnect Fund.

(b) Of the amount authorized for expenditure in this provision, ~~\$8,000,000~~ \$9,800,000 of available network connectivity infrastructure grant funding provided to the K-12 High-Speed Network pursuant to Item 6100-182-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015) shall be available for operational support.

(c) The expenditure limit pursuant to this provision does not apply to ongoing network connectivity infrastructure grant expenditures pursuant to Item 6110-182-0001, Budget Act of 2014 (Chs. 25 and 663, Stats. 2014) and Item 6100-182-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015) or to professional development and technical assistance funding expenditures pursuant to Section 58 of Chapter 13 of the Statutes of 2015.

(d) For the 2018–19 fiscal year, all major subcontracts of the K–12 High-Speed Network program shall be excluded from both the eligible program costs on which indirect costs are charged and from the calculation of the indirect cost rate based on that year’s data. For purposes of this provision, a major subcontract is defined as a subcontract for services in an amount in excess of \$25,000.”

Item 6100-194-0001, Local Assistance, Adjust CalWORKs Child Care Caseload Funding (Issue 540)—It is requested that Schedule (5) of this item be increased by \$41,484,000 non-Proposition 98 General Fund and Schedule (6) be increased by \$62,532,000 non-Proposition 98 General Fund. Increased costs in these programs are a result of higher caseload associated with recent program eligibility changes.

Item 6100-194-0001, Local Assistance, Child Care Programs Cost-of-Living Adjustment (Issue 543)—It is requested that this item be increased by \$1,769,000 non-Proposition 98 General Fund to reflect the revised cost-of-living adjustment.

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

“5. The maximum standard reimbursement rate shall not exceed ~~\$47.88~~ \$47.98 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 and Reimbursements, Local Assistance, Inclusive Early Education Expansion Program (Issue 541)—It is requested that Schedule (12) of this item be amended by decreasing reimbursements by \$42,242,000 to remove one-time Temporary Assistance for Needy Family (TANF) funds that are no longer available for this program.

It is further requested that Schedules (12) and (13) and Provision 13 be eliminated to conform to this action.

Item 6100-196-0001, Local Assistance, Preschool Programs Cost-of-Living Adjustment (Issue 542)—It is requested that Schedule (1) of this item be increased by \$2,208,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the California state preschool programs.

It is also requested that Provision 3 of this item be amended as follows to conform to this action:

“3. Notwithstanding any other provision of law, the maximum standard reimbursement rate shall not exceed ~~\$29.84~~ \$29.90 per day for part-day California state preschool programs. The maximum standard reimbursement rate shall not exceed ~~\$48.19~~ \$48.28 for full-day California state preschool programs.”

Item 6100-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issues 279, 280, and 285)—It is requested that this item be increased by \$330,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the per-meal reimbursement rates for the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and homes.

It is also requested that this item be increased by \$410,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2018-19.

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

“8. Of the funds appropriated in this item, ~~\$4,003,000~~ \$4,333,000 is to reflect a cost-of-living adjustment.”

“9. The funds appropriated in this item reflect a growth adjustment of ~~-\$3,017,000~~ -\$2,607,000 due to a decrease in the projected number of meals served.”

It is also requested that the per-meal reimbursement rates specified in provisional language be amended as follows to reflect the revised cost-of-living adjustment:

“6. The reimbursement a school receives for free and reduced-price meals sold or served to pupils in elementary, middle, or high schools included within a school district, charter school, or county office of education shall be twenty-three and ~~sixty-four~~ sixty-eight thousandths cents (~~(\$0.2364)~~ (\$0.2368) per meal, and, for meals served in child care centers and homes, the reimbursement shall be seventeen and ~~sixty~~ sixty-four hundredths cents (~~(\$0.1760)~~ (\$0.1764) per meal.”

It is also requested that provisional language be amended to delete the reference to Education Code section 49430.5 and to clarify when the reimbursement of eligible claims should be prorated. Specifically, the Governor’s Budget specifies the applicable reimbursement rates for specified free and reduced-price meal programs in provisional language and repeals Education Code section 49430.5, which currently specifies the applicable reimbursement rates.

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

“3. If the appropriation in this item is insufficient to fully fund all eligible reimbursement claims pursuant to ~~Section 49430.5 of the Education Code~~ the reimbursement rates specified in Provision 6, the State Department of Education shall reimburse eligible claims at a prorated share of the funds appropriated in this item.”

Item 6100-209-0001, Local Assistance, Teacher Dismissal Apportionment (Issue 266)—It is requested that Schedule (1) of this item be increased by \$60,000 Proposition 98 General Fund as a result of increased reimbursement claims by local educational agencies for non-conduct related teacher dismissal hearing costs.

Item 6100-296-0001, Local Assistance, Mandate Block Grant Funding (Issues 281 and 282)—It is requested that Schedule (1) of this item be decreased by \$77,000 Proposition 98 General Fund to align mandate block grant funding with revised average daily attendance estimates. Mandate block grant funding is allocated to participating local educational agencies based on specified reimbursement rates per unit average daily attendance.

It is also requested that Schedule (1) of this this item be increased by \$458,000 Proposition 98 General to reflect the revised cost-of-living adjustment.

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

“1. The Superintendent of Public Instruction shall apportion the funds appropriated in this item to all school districts, county offices of education, and charter schools that request funding during the 2018–19 fiscal year pursuant to Section 17581.6 of the Government Code using the following rates:

(a) A school district shall receive ~~\$31.40~~ \$31.16 per unit of average daily attendance of pupils in kindergarten to grade 8, inclusive, and ~~\$59.74~~ \$59.83 per unit of average daily attendance of pupils in grades 9 to 12, inclusive.

(b) A county office of education shall receive:

(1) ~~\$31.40~~ \$31.16 per unit of average daily attendance of pupils in kindergarten to grade 8, inclusive, and ~~\$59.74~~ \$59.83 per unit of average daily attendance of pupils in grades 9 to 12, inclusive.

(2) \$1.05 per unit of countywide average daily attendance. For purposes of this section, “countywide average daily attendance” means the aggregate number of units of average daily attendance within the county attributable to all school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253 of the Education Code, charter schools within the county, and the schools operated by the county superintendent of schools.

(c) A charter school shall receive ~~\$16.30~~ \$16.33 per unit of average daily attendance of pupils in kindergarten to grade 8, inclusive, and ~~\$45.15~~ \$45.23 per unit of average daily attendance of pupils in grades 9 to 12, inclusive.”

“4. Of the funds appropriated in this item, ~~\$5,776,000~~ \$6,234,000 is to reflect a cost-of-living adjustment.”

Items 6100-485 and 6100-605-0001, Local Assistance, Reappropriation (Issues 473 and 478)—It is requested that Item 6100-485 be amended, as specified in Attachment 1, and non-Budget Act Item 6100-605-0001 be decreased by \$68,258,000 in one-time Proposition 98 General Fund savings for one-time discretionary payments to local educational agencies.

Items 6100-488 and 6100-602-0001, Local Assistance, Reappropriation (Issues 265, 474, 477, and 843)—It is requested that Item 6100-488 be amended, as specified in Attachment 2, and non-Budget Act Item 6100-602-0001 be increased by \$170,673,000 in one-time Proposition 98 General Fund savings for one-time discretionary payments to local educational agencies and other specified purposes.

Item 6100-491, Support, Reappropriation for External Legal Representation (Issue 034)—It is requested that Item 6100-491 be added to reappropriate one-time General Fund savings for external legal costs associated with an employment lawsuit, as follows:

6100-491—Reappropriation, State Department of Education. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2019:

0001—General Fund

(1) \$297,000 in Item 6100-001-0001, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015), as reappropriated by Item 6100-491, Budget Act of 2016 (Ch. 23, Stats. 2016) and partially reverted by Item 6100-497, Budget Act of 2016 (Ch. 23, Stats. 2016), for external legal costs associated with an employment lawsuit.

Item 6100-601-0001, Local Assistance, School District Local Control Funding Formula (LCFF), Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 480, 487, 488, 489, 490, 494, and 500)—It is requested that this non-Budget Act item be increased by \$275,140,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$39,371,000 to reflect reduced growth estimates; (2) an increase of \$122,000 to reflect increased basic aid pupil transfer costs, basic aid supplemental charter school costs, and Economic Recovery Target costs; (3) an increase of \$257,960,000 to reflect decreased offsetting property tax revenues, including fire-related losses for non-basic aid districts; (4) a decrease of \$36,791,000 to reflect increased offsetting Education Protection Account revenues; (5) an increase of \$8,733,000 to reflect increased Minimum State Aid estimates; (6) an increase of \$4,453,000 to reflect revised estimates of offsetting local revenues filling the gap to fully fund LCFF implementation; and (7) an increase of \$1,292,000 to reflect the estimated backfill for fire-related property tax losses for basic aid school districts.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 485)—It is requested that this non-Budget Act item be increased by \$38,061,000 Education Protection Account to reflect revised revenue estimates.

Item 6100-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 486, 491, 492, 493, and 497)—It is requested that this non-Budget Act item be increased by \$20,673,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$3,252,000 to reflect growth in average daily attendance and cost-of-living adjustment; (2) an increase of \$15,435,000 to reflect decreased offsetting property tax revenues, including fire-related losses; (3) a decrease of \$390,000 to reflect increased offsetting Education Protection Account revenues; (4) an increase of \$3,376,000 to reflect increased Minimum State Aid estimates; and (5) a decrease of \$1 million to reflect the exclusion of single-district county offices from per-district funding under the statewide system of support proposal.

Item 6100-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 485)—It is requested that this non-Budget Act item be increased by \$38,061,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-660-0001, Local Assistance, California K-12 School Dashboard (Issue 628)—It is requested that this non-Budget Act item be decreased by \$120,000 Proposition 98 General Fund to align with contract costs to host and maintain the K-12 School Dashboard. The SDE contracts with the San Joaquin County Office of Education to administer the Dashboard. The Dashboard is a publicly available website of student outcome data for the state's K-12 public schools.

Item 6100-672-0001, Local Assistance, School District LCFF, Transition Funding Appropriation Adjustment (Issue 495)—It is requested that this non-Budget Act item be increased by \$276,652,000 Proposition 98 General Fund to reflect an adjustment to the amount of LCFF transition funding provided in 2018-19 (see Attachment 3 for corresponding trailer bill appropriation). This increase represents an increase in the cost-of-living adjustment from 2.51 to 2.71 percent, or \$115,096,000 and includes additional funding of \$161,556,000, which equates to an effective cost-of-living adjustment of 3 percent applied to the 2018-19 LCFF target calculation. This funding maintains implementation at 100 percent, as proposed in the Governor's Budget.

Item 6100-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 484)—It is requested that this non-Budget Act item be decreased by \$38,061,000 Education Protection Account to reflect revised revenue estimates.

Current Year Adjustments

Item 6100-601-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 480, 487, 488, 489, 490, and 494)—It is requested that this non-Budget Act item be increased by \$176,212,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$43,660,000 to reflect growth; (2) an increase of \$375,000 to reflect increased Basic Aid pupil transfer costs and Basic Aid supplemental charter school costs; (3) an increase of \$137,563,000 to reflect reduced offsetting property tax revenues, including fire-related losses; (4) a decrease of \$16,518,000 to reflect increased offsetting Education Protection Account revenues; (5) an increase of \$8,733,000 to reflect increased Minimum State Aid estimates; and (6) an increase of \$2,399,000 to reflect the estimated backfill for fire-related property tax losses for basic aid school districts.

Item 6100-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 485)—It is requested that this non-Budget Act item be increased by \$17,597,000 Education Protection Account to reflect revised revenue estimates.

Item 6100-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 486, 491, 492, and 493)—It is requested that this non-Budget Act item be increased by \$17,761,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$3,149,000 to reflect growth; (2) an increase of \$11,435,000 to reflect decreased offsetting property tax revenues, including fire-related losses; (3) a decrease of \$199,000 to reflect increased offsetting Education Protection Account revenues; and (4) an increase of \$3,376,000 to reflect increased Minimum State Aid estimates.

Item 6100-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 485)—It is requested that this non-Budget Act item be increased by \$17,597,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6100-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 484)—It is requested that this non-Budget Act item be decreased by \$17,597,000 Education Protection Account to reflect revised revenue estimates.

Trailer Bill Language (see Attachments 3 and 4)

Various Technical Amendments—The Administration proposes trailer bill legislation to make various technical amendments as follows:

- Update the sunset dates in Education Protection Account revenues to reflect 2033, which conforms to the sunset date set forth by Proposition 55 passed by voters in 2016.
- Remove a provision, which is inoperative as of 2018-19, for Necessary Small High Schools in the county offices of education LCFF calculation.

- Align programs that are continuously appropriated and programs currently funded through the principal apportionment system to be consistent with current law and current practice by SDE.
- Update the basic aid funding determination provisions in class size penalty, court ordered voluntary pupil transfer, property tax in-lieu transfers to charter schools, charter supplement, districts of choice, and open enrollment to better align with the timing of the LCFF provisions upon full implementation.
- Clarify which average daily attendance will be used in the following cases: (1) when prior year and current year average daily attendance are equal, for purposes of apportionment determination, current year will be used; and (2) when reporting out-of-state average daily attendance, second principal apportionment average daily attendance, will be used instead of annual principal apportionment because those students are now credited to their district of residence under LCFF and not the county office of education.
- Clarify the calculation of county office of education local appropriations limit to better align with funding received and students served under the LCFF and existing practice by SDE.

Alternative Payment Program Contract—The Administration proposes trailer bill legislation to specify that an alternative payment program shall have no less than 12 and no more than 24 months to expend contracted funds.

Inclusive Early Education Expansion Program—The Administration proposes amendments to trailer bill legislation to: (1) clarify the definitions of inclusive programs and children with exceptional needs, (2) clarify the intent of professional development for staff to develop best practices for inclusion, (3) specify that applicants will need to demonstrate how they will consult with special education experts when determining how to expend funds, (4) prioritize applicants that demonstrate the ability to serve a range of disability types and a proportion of children with disabilities consistent with the regional rate of identification, (5) specify that grant funds may be used for universal design practices, (6) specify that grant recipients must participate in program evaluation activities, (7) specify that up to 1 percent of program funds may be used for a program evaluation, and (8) remove federal TANF funding from the program.

Require SDE to Post Supplemental and Concentration Grant Funding Online—The Administration proposed trailer bill legislation at the Governor's Budget, which requires SDE to post online the amount of supplemental and concentration grant funding awarded to each local educational agency on an annual basis. This amendment proposes further language to clarify that this requirement is applicable once all local educational agencies are funded pursuant to the LCFF target calculation.

Designated Party to Education Audit Appeals—The Administration proposes trailer bill legislation authorizing the Department of Finance to be a designated party to all local educational agency audit appeals submitted to the Education Audit Appeals Panel. Existing law allows Finance to intervene as a party in any audit appeal; however, the election to intervene creates an unnecessary administrative exercise to file a motion to intervene with the Office of Administrative Hearings. Authorizing Finance to be a designated party to all education audit appeals allows for a more efficient process.

Fiscal Transparency—The Administration proposes trailer bill amendments to provide additional detail regarding the Governor's Budget proposal for a school district budget summary.

The amendments clarify that the intended audience for the budget summary should be parents, detail the specific information that will be included in the summary, and specify that information should be represented graphically, when possible, to be more user-friendly.

Repeal Sunset of K-3 Willful Defiance Suspension Exemption—The Administration proposes trailer bill legislation to eliminate the sunset date of a provision of law that disallows the use of suspension based on acts of willful defiance for students in grades kindergarten through third grade.

Various SELPA Amendments—The Administration proposes amendments to trailer bill legislation to: (1) remove the requirement that SELPAs submit a summary document with their local plan, and instead require SELPAs to submit an annual assurances support plan on a template that will be developed by SDE, (2) require district and county superintendents to consult with their SELPA administrator(s) to determine that actions included in their Local Control and Accountability Plan for individuals with exceptional needs are consistent with strategies included in their annual assurances support plan, (3) require SELPAs to review their local plan at least once every three years and update as needed to ensure information included within the plan remains relevant, (4) revise descriptions of expenditures included in the annual budget plan to be more understandable for purposes of developing an annual budget plan template, and (5) make other technical and minor clarifying amendments.

SELPAs in the State System of Support—The Administration proposes amendments to trailer bill legislation to: (1) rescind the standalone SELPA lead language and instead incorporate the language in to the state system of support, (2) change references from “lead agencies” to “special education resource leads,” (3) specify that at least three of the resource leads selected shall be focused directly on building SELPA capacity to work with county offices of education, and (4) make other technical and minor clarifying amendments.

Special Education Local Plan Area Funding—The Administration proposes trailer bill legislation to correct an incorrect cross-reference in current law.

PS/RS Rate—The Administration proposes amendments to trailer bill legislation to provide a calculation for removing the PS/RS rate from a SELPA’s funding base, and instead provide PS/RS funding as a separate allocation based on the statewide average PS/RS rate for all SELPAs. The formulas for providing Supplemental Funding for Necessary Small SELPAs and for calculating the statewide target rate are also revised using the same methodology.

Out-of-Home Care Funding Amounts—The Administration proposes amendments to trailer bill legislation to clarify the out-of-home care funding rates for 2017-18. The trailer bill legislation proposed at the Governor’s Budget incorrectly removed the reference to the 2017-18 funding rates.

Discretionary Funding and Mandate Debt Payments—The Administration proposes to revise trailer bill legislation to appropriate an additional \$184,164,000 Proposition 98 General Fund to K-12 local educational agencies for discretionary use that will also offset applicable mandate reimbursement claims. Specifically, the Administration proposes an increase of \$126,590,000 Proposition 98 General Fund applicable to 2016-17, an increase of \$165,976,000 Proposition 98 General Fund applicable to 2017-18, and a decrease of \$108,402,000 Proposition 98 General Fund applicable to 2018-19. As a result, total 2017-18 funding is \$669,756,000 and total 2018-19 funding is \$812,243,000. Coupled with other adjustments to settle up and reappropriation funding, total discretionary funding increased from

\$1,756,560,000 at the Governor's Budget to \$2,042,120,000 at the May Revision. The intended use of these funds continues to focus on deferred maintenance, professional development for educators, induction programs, teacher benefits costs, technology infrastructure, and the implementation common core standards and Next Generation Science standards.

Teacher Residency Grant Program—The Administration proposes amendments to trailer bill legislation that modifies the repayment process for grant recipients when a candidate fails to complete the teacher residency program or teaching requirement.

Fire-Related State Testing Exemption—The Administration proposes trailer bill legislation to exempt specified school districts impacted by the wildfires that began in Northern California in October 2017 from state educational testing requirements in the 2017-18 school year, if these districts are granted a waiver from the federal government.

Community Engagement Initiative—The Administration proposes trailer bill language to create the Community Engagement Initiative and appropriate \$13,274,000 one-time Proposition 98 General Fund for the program. This program will build the capacity of communities, school districts, and county offices of education to engage more effectively with each other, specifically in the development of the local control and accountability plan, with a focus on improving student outcomes.

ELPAC and Alternative ELPAC Computer-Based Assessments—The Administration proposes trailer bill legislation to appropriate \$27,370,000 one-time Proposition 98 General Fund to convert the ELPAC from a paper-based to a computer-based assessment, and to develop a computer-based alternative ELPAC for children with exceptional needs.

Standardized Account Code Structure (SACS) System Replacement Project—The Administration proposes trailer bill legislation to appropriate \$716,000 Educational Telecommunication Fund to augment first-year funding for the SACS system replacement project. The SACS system technology is outdated, lacks adequate support, is incompatible with modern systems, and does not meet current security standards. Given the necessity to replace the current SACS system, SDE has selected the Kern County Superintendent of Schools through its subsidiaries the FCMAT and the California School Information Services program to develop the new SACS system at a total cost of \$11.5 million. The proposed \$716,000 Educational Telecommunication Fund coupled with the \$3 million Proposition 98 General Fund provided by the 2016 Budget Act will fund the first-year costs of the SACS system replacement project.

Improving School Climate—The Administration proposes trailer bill legislation to appropriate \$15 million one-time Proposition 98 General Fund to expand upon past investments in Multi-tiered Systems of Support (MTSS) to build and disseminate statewide resources specifically focused on improving school climate. By utilizing the MTSS structure, this allocation leverages work done by many school districts across the state who have implemented social-emotional learning, restorative justice, and positive behavioral interventions, in order to disseminate successful strategies identified by these school districts to schools statewide.

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

K-12 Strong Workforce Program—The Administration proposes amendments to trailer bill legislation to: (1) restructure language to better clarify the requirements that apply to the new K-12 component of the Strong Workforce Program; (2) specify that grant decisions for the K-12 component will be made exclusively by the K-12 Selection Committee (formerly the K-12 Subcommittee); (3) specify the composition and duties of the K-12 Selection Committee; (4) allow the \$12 million provided for Workforce Pathway Coordinators (WPC) to also be used to continue support for the K-14 Technical Assistance Providers established under the California Career Pathways Trust program; (5) clarify who is eligible to serve as a WPC and how they will be held accountable for performance; (6) provide an additional \$2 million ongoing Proposition 98 General Fund for consortia administrative costs to support the K-12 component of the program, including duties of the K-12 Selection Committee (see issue 460 in the California Community Colleges May Revision Finance Letter); and (7) make other technical and minor clarifying amendments. Note: this section of trailer bill language is not included in this letter; however, the language will be included in the 2018-19 Education omnibus trailer bill RN once it is available on Finance’s website.

Statewide System of Support—The Administration proposes trailer bill amendments (see Attachment 4) to clarify all of the following: (1) the allocation of technical assistance funding for county offices of education; (2) the definition of and methods of evaluation for alternative schools within the state’s accountability system; (3) county office of education technical assistance reporting requirements; (4) when fees for technical assistance may be levied by county offices of education; (5) how school districts, county offices of education, lead agencies, the CCEE, and SDE collaborate within the technical assistance process; (6) how lead agencies will be held accountable for improving student outcomes in their regions; and (7) the authority of the board of the CCEE to determine the acceptance and expenditure of CCEE revenues not appropriated by the Legislature. The proposed amendments also make technical changes to streamline language and correct minor errors.

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

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

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: On the following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez Fletcher, Chair, Assembly Appropriations Committee
Attention: Mr. Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Nick Schweizer, Deputy Superintendent, State Department of Education
Ms. Leisa Maestretti, Fiscal and Administrative Services Director, State Department of Education
Ms. Olga Garti, Budget Manager, State Department of Education

Proposed Amendments to Budget Bill Item 6100-485:

“6100-485—Reappropriation (Proposition 98), State Department of Education. The sum of ~~\$148,589,000~~ \$80,331,000 is hereby reappropriated from the Proposition 98 Reversion Account for the following purpose:

0001—General Fund

(1) The sum of ~~\$148,589,000~~ \$80,331,000 to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and charter schools in proportion to their average daily attendance reported as of the second principal apportionment for the 2017–18 fiscal year, for mandate claim reimbursement and discretionary uses pursuant to pending legislation.”

Proposed Amendments to Budget Bill Item 6100-488:

"6100-488—Reappropriation, State Department of Education. Notwithstanding any other provision of law, the balances from the following items are available for reappropriation for the purposes specified in Provisions 1 to ~~3~~ 5:

0001—General Fund

- (1) \$1,056,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Assessment Review and Reporting in Schedule (1) of Item 6100-113-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (2) ~~\$20,000~~ \$195,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the High School Exit Examination in Schedule (3) of Item 6100-113-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (3) \$524,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Student Assessment System in Schedule (4) of Item 6100-113-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (4) ~~\$951,000~~ \$1,098,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6100-166-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (5) \$44,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Child Nutrition Programs in Schedule (1) of Item 6100-201-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (6) ~~\$1,500,000~~ \$2,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Item 6100-203-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (7) ~~\$37,977,000~~ \$48,735,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education in Schedule (1) of Item 6100-196-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).
- (8) ~~\$95,000~~ \$492,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for support of teacher professional development in subdivision (b) of Section 58 of Chapter 13 of the Statutes of 2015.
- (9) \$10,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated in subdivision (b) of Section 85 of Chapter 48 of the Statutes of 2013.
- (10) ~~\$12,399,000~~ \$63,635,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education in Schedule (1) of Item 6100-196-0001 of the Budget Act of 2016 (Ch. 23, Stats. 2016).
- (11) \$39,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Program for Individuals with Exceptional Needs in Schedule (1) of Item 6100-161-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(12) ~~\$500,000~~ \$771,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Early Education Program for Individuals with Exceptional Needs in Schedule (2) of Item 6100-161-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(13) \$25,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Agricultural Career Technical Education Incentive Grant in Schedule (1) of Item 6100-167-0001 of the Budget Act of 2015 (Chs. 10 and 11, Stats. 2015).

(14) \$8,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6100-166-0001 of the Budget Act of 2016 (Ch. 23, Stats. 2016).

(15) \$1,644,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for K–12 Mandated Programs Block Grant in Schedule (1) of Item 6100-296-0001 of the Budget Act of 2016 (Ch. 23, Stats. 2016).

(16) \$1,412,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for After School Education and Safety Program in the 2014–15 fiscal year pursuant to Section 8483.5 of the Education Code.

(17) ~~\$12,558~~ \$13,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated to school districts pursuant to paragraph (3) of subdivision (b) of Section 17581.9 of the Education Code.

(18) \$5,600,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Collaborative for Educational Excellence in Provision 9 of Item 6100-488 of the Budget Act of 2016 (Ch. 23, Stats. 2016).

(19) \$50,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated in Section 51 of Chapter 13, Statutes of 2015, for allocation by the State Controller for payment of claims for costs pursuant to paragraph (1) of subdivision (f) of Section 44944 of the Education Code for the Teacher Dismissal Apportionment.

(20) \$9,670,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Collaborative for Educational Excellence pursuant to Section 46 of Chapter 29 of the Statutes of 2016.

(21) \$29,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Assessment Review and Reporting in Schedule (1) of Item 6100-113-0001 of the Budget Act of 2016 (Ch. 23, Stats. 2016).

(22) \$170,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Student Assessment System in Schedule (3) of Item 6100-113-0001 of the Budget Act of 2016 (Ch. 23, Stats. 2016).

(23) \$7,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Child Nutrition Programs in Schedule (1) of Item 6100-201-0001 of the Budget Act of 2016 (Ch. 23, Stats. 2016).

(24) \$1,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for K-12 Mandated Programs Block Grant in Schedule (1) of Item 6100-296-0001 of the Budget Act of 2017 (Chs. 14, 22, and 54, Stats. 2017).

(25) \$85,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Career Technical Education Incentive Grant program in fiscal year 2015-16 pursuant to paragraph (1) of subdivision (a) of Section 53070 of the Education Code.

(26) \$32,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Career Technical Education Incentive Grant program in fiscal year 2015-16 pursuant to paragraph (1) of subdivision (a) of Section 53070 of the Education Code.

(27) \$49,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for one-time discretionary payments in fiscal year 2016-17 pursuant to paragraph (1) of subdivision (a) of Section 17581.95 of the Government Code.

(28) \$24,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for one-time discretionary payments in fiscal year 2016-17 pursuant to paragraph (1) of subdivision (a) of Section 17581.95 of the Government Code.

(29) \$10,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the discretionary payments in Provision 4 of Item 6100-488 of the Budget Act of 2016 (Ch. 23, Stats. 2016).

(30) \$15,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated in fiscal year 2016-17 for the purpose of offsetting the outstanding balance of the minimum funding obligation in 2009-10 pursuant to Article XVI of the California Constitution, pursuant to paragraph (1) of subdivision (a) of Section 41207.42 of the Education Code.

(31) \$141,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the College Readiness Block Grant pursuant to subdivision (a) of Section 41580 of Education Code.

(32) \$680,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Career Technical Education Initiative in Schedule (1) of Item 6100-170-0001 of the Budget Act of 2017 (Chs. 14, 22, and 54, Stats. 2017).

Provisions:

1. The sum of \$6,508,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to the Fiscal Crisis and Management Assistance Team for California School Information Services (CSIS), pursuant to memorandum of understanding with the State Department of Education in support of the California Longitudinal Pupil Achievement Data System (CALPADS). As a condition of receiving funds appropriated in this item, CSIS shall submit an expenditure plan with workload justification to the Department of Finance and the Legislative Analyst's Office by November 1, 2018. The expenditure plan shall include at a minimum (a) positions filled and intended to be filled, (b) salaries and benefits, (c) external

contracts, (d) other operating expenses, and equipment expenses. 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.

2. The sum of ~~\$51,708,000~~ \$221,362,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and charter schools in proportion to their average daily attendance reported as of the second principal apportionment for the 2017–18 fiscal year, for mandate claim reimbursement and discretionary uses pursuant to pending legislation.

3. The sum of \$5,600,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to the ~~administrative and fiscal agent of the California Collaborative for Educational Excellence~~ to support ~~(1) existing pilot programs between the California Collaborative for Educational Excellence and local educational agencies to improve student outcomes, (2) statewide training on evaluation rubrics, and (3) activities to support county offices of education and school districts to improve outcomes for students with disabilities.~~ Marin County Office of Education for (1) reimbursement of expenditures made by the California Collaborative for Educational Excellence for pilot programs with local educational agencies during the 2017–18 fiscal year, and (2) 2018-19 costs of pilot programs that began prior to the 2018-19 fiscal year. The pilot programs shall not receive additional dedicated funding beyond the 2018–19 fiscal year.

~~(a) Of this amount, up to \$2,279,000 is available to reimburse the administrative and fiscal agent of the California Collaborative for Educational Excellence for expenditures made by the California Collaborative for Educational Excellence for the purposes listed above during the 2017–18 fiscal year.~~

~~(b) By October 1, 2019, the California Collaborative for Educational Excellence shall submit a report to the Department of Finance, the Legislative Analyst's Office, and the appropriate legislative fiscal and policy committees that includes an accounting of all pilot program expenditures, the local educational agencies that participated in the pilot programs, and the activities, outcomes, and recommendations that resulted from the pilot programs. This requirement supersedes the report required pursuant to subdivision (i) of Section 46 of Chapter 29 of the Statutes of 2016.~~

4. The sum of \$339,000 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 State Controller for payment of claims from local educational agencies without regard to the fiscal year of a claim received pursuant to Section 44944 of the Education Code.

5. The sum of \$680,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund to be used consistent with the provisions of Item 6100-170-0001 of the Budget Act of 2018 for the K-14 Technical Assistance Providers (TAPs) jointly selected by the Superintendent of Public Instruction and the Chancellor's Office of the California Community Colleges pursuant to Section 88833 of the Education Code."

Proposed Trailer Bill

The May Revision proposes the following trailer bill language changes. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Extend Sunset Date to Conform to Proposition 55

Section 2558 of the Education Code is amended to read: (New for May Revision)

2558. Notwithstanding any other law, for the 1979–80 fiscal year and each fiscal year thereafter, the Superintendent shall apportion state aid to county superintendents of schools pursuant to this section.

(a) The Superintendent shall total the amounts computed for the fiscal year pursuant to Sections 2550, 2551.3, 2554, 2555, and 2557 and Section 2551, as that section read on January 1, 1999. For the 1979–80 fiscal year and for purposes of calculating the 1979–80 fiscal year base amounts in succeeding fiscal years, the amounts in Sections 2550, 2551, 2552, 2554, 2555, and 2557, as they read in the 1979–80 fiscal year, shall be multiplied by a factor of 0.994. For the 1981–82 fiscal year and for purposes of calculating the 1981–82 fiscal year base amounts in succeeding fiscal years, the amount in this subdivision shall be multiplied by a factor of 0.97.

(b) For the 1995–96 fiscal year and each fiscal year thereafter, the county superintendent of schools shall adjust the total revenue limit computed pursuant to this section by the amount of increased or decreased employer contributions to the Public Employees' Retirement System resulting from the enactment of Chapter 330 of the Statutes of 1982, adjusted for any changes in those contributions resulting from subsequent changes in employer contribution rates, excluding rate changes due to the direct transfer of the state-mandated portion of the employer contributions to the Public Employees' Retirement System through the current fiscal year. The adjustment shall be calculated for each county superintendent of schools as follows:

(1) Determine the amount of employer contributions that would have been made in the current fiscal year if the applicable Public Employees' Retirement System employee contribution rate in effect immediately before the enactment of Chapter 330 of the Statutes of 1982 were in effect during the current fiscal year.

(2) Determine the actual amount of employer contributions made to the Public Employees' Retirement System in the current fiscal year.

(3) If the amount determined in paragraph (1) is greater than the amount determined in paragraph (2), the total revenue limit computed pursuant to this part for that county superintendent of schools shall be decreased by the amount of the difference between those paragraphs; or if the amount determined in paragraph (1) is less than the amount determined in paragraph (2), the total revenue limit for that county superintendent of schools shall be increased by the amount of the difference between those paragraphs.

(4) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for either of the following positions shall be excluded from the calculation specified above:

(A) Positions or portions of positions supported by federal funds that are subject to supplanting restrictions.

(B) Positions supported, to the extent of employers' contributions not exceeding twenty-five thousand dollars (\$25,000) by any single educational agency, from a non-General Fund revenue source determined to be properly excludable from this subdivision by the Superintendent with the approval of the Director of Finance. Commencing in the 2002–03 fiscal year, only positions supported from a non-General Fund revenue source determined to be properly excludable as identified for a particular local educational agency or pursuant to a blanket waiver by the Superintendent and the Director of Finance, before the 2002–03 fiscal year, may be excluded pursuant to this paragraph.

(5) For accounting purposes, any reduction to county office of education revenue limits made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent.

(6) The amount of the increase or decrease to the revenue limits of county superintendents of schools made by this subdivision for the 1995–96 to 2001–02 fiscal years, inclusive, may not be adjusted by the deficit factor applied to the revenue limit of each county superintendent of schools pursuant to Section 2558.45.

(7) For the 2003–04 fiscal year and any fiscal year thereafter, the revenue limit reduction specified in Section 2558.46 may not be applied to the amount of the increase or decrease to the revenue limits of each county superintendent of schools computed pursuant to paragraph (3).

(c) The Superintendent shall also subtract from the amount determined in subdivision (a) the sum of all of the following:

(1) Local property tax revenues received pursuant to Section 2573 in the then current fiscal year, and tax revenues received pursuant to Section 2556 in the then current fiscal year.

(2) State and federal categorical aid for the fiscal year.

(3) District contributions pursuant to Section 52321 for the fiscal year, and other applicable local contributions and revenues.

(4) Any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979.

(5) The amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health and Safety Code that is considered property taxes pursuant to that section.

(6) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.

(7) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(d) The remainder computed in subdivision (c) shall be distributed in the same manner as state aid to school districts from funds appropriated to Section A of the State School Fund.

(e) If the remainder determined pursuant to subdivision (c) is a negative amount, no state aid shall be distributed to that county superintendent of schools pursuant to subdivision (d), and an amount of funds of that county superintendent of schools equal to that negative amount shall be deemed restricted and not available for expenditure during the current fiscal year. In the next fiscal year, that amount shall be considered local property tax revenue for purposes of the operation of paragraph (1) of subdivision (c).

(f) The calculations set forth in paragraphs (1) to (3), inclusive, of subdivision (b) exclude employer contributions for employees of charter schools funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4 of Title 2.

(g) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(h) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

Align County Office of Education Provisions with Updated Necessary Small High School Provisions

Section 2574 of the Education Code is amended to read:

(New for May Revision)

2574. For the 2013–14 fiscal year and for each fiscal year thereafter, the Superintendent annually shall calculate a county local control funding formula for each county superintendent of schools as follows:

(a) Compute a county office of education operations grant equal to the sum of each of the following amounts:

(1) Six hundred fifty-five thousand nine hundred twenty dollars (\$655,920).

(2) One hundred nine thousand three hundred twenty dollars (\$109,320) multiplied by the number of school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253.

(3) (A) Seventy dollars (\$70) multiplied by the number of units of countywide average daily attendance, up to a maximum of 30,000 units.

(B) Sixty dollars (\$60) multiplied by the number of units of countywide average daily attendance for the portion of countywide average daily attendance, if any, above 30,000 units, up to a maximum of 60,000 units.

(C) Fifty dollars (\$50) multiplied by the number of units of countywide average daily attendance for the portion of countywide average daily attendance, if any, above 60,000, up to a maximum of 140,000 units.

(D) Forty dollars (\$40) multiplied by the number of units of countywide average daily attendance for the portion of countywide average daily attendance, if any, above 140,000 units.

(E) For purposes of this section, countywide average daily attendance means the aggregate number of annual units of average daily attendance within the county attributable to all school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253, charter schools authorized by school districts for which the county superintendent of schools has jurisdiction, and charter schools authorized by the county superintendent of schools.

(4) For the 2014–15 fiscal year and each fiscal year thereafter, adjust each of the rates provided in the prior year pursuant to paragraphs (1), (2), and (3) by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(b) Determine the enrollment percentage of unduplicated pupils pursuant to the following:

(1) (A) For the 2013–14 fiscal year, divide the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the 2013–14 fiscal year by the total enrollment in those schools in the 2013–14 fiscal year.

(B) For the 2014–15 fiscal year, divide the sum of the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the 2013–14 and 2014–15 fiscal years by the sum of the total enrollment in those schools in the 2013–14 and 2014–15 fiscal years.

(C) For the 2015–16 fiscal year and each fiscal year thereafter, divide the sum of the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the current fiscal year and the two prior fiscal years by the sum of the total enrollment in those schools in the current fiscal year and the two prior fiscal years.

(D) (i) For purposes of the quotients determined pursuant to subparagraphs (B) and (C), the Superintendent shall use a county superintendent of schools' enrollment of unduplicated pupils and total pupil enrollment in the 2014–15 fiscal year instead of the enrollment of unduplicated pupils and total pupil enrollment in the 2013–14 fiscal year if doing so would yield an overall greater percentage of unduplicated pupils.

(ii) It is the intent of the Legislature to review each county office of education's enrollment of unduplicated pupils for the 2013–14 and 2014–15 fiscal years and provide one-time funding, if necessary, for a county office of education with higher enrollment of unduplicated pupils in the 2014–15 fiscal year as compared to the 2013–14 fiscal year.

(E) For purposes of determining the enrollment percentage of unduplicated pupils pursuant to this subdivision, enrollment in schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2 and the enrollment of pupils other than the pupils identified in clauses (i) to (iii), inclusive, of subparagraph (A) of paragraph (4) of subdivision (c), shall be excluded from the calculation of the enrollment percentage of unduplicated pupils.

(F) The data used to determine the percentage of unduplicated pupils shall be final once that data is no longer used in the current fiscal year calculation of the percentage of unduplicated pupils. This subparagraph does not apply to a change that is the result of an audit that has been appealed pursuant to Section 41344.

(2) For purposes of this section, an "unduplicated pupil" is a pupil who is classified as an English learner, eligible for a free or reduced-price meal, or a foster youth. For purposes of this section, the definitions in Section 42238.01 of an English learner, a pupil eligible for a free or reduced-price meal, and foster youth shall apply. A pupil shall be counted only once for purposes of this section if any of the following apply:

(A) The pupil is classified as an English learner and is eligible for a free or reduced-price meal.

(B) The pupil is classified as an English learner and is a foster youth.

(C) The pupil is eligible for a free or reduced-price meal and is classified as a foster youth.

(D) The pupil is classified as an English learner, is eligible for a free or reduced-price meal, and is a foster youth.

(3) (A) Under procedures and timeframes established by the Superintendent, commencing with the 2013–14 fiscal year, a county superintendent of schools annually shall report the enrollment of unduplicated pupils, pupils classified as English learners, pupils eligible for free and reduced-price meals, and foster youth in schools operated by the county superintendent of schools to the Superintendent using the California Longitudinal Pupil Achievement Data System.

(B) The Superintendent shall make the calculations pursuant to this section using the data submitted through the California Longitudinal Pupil Achievement Data System.

(C) The Controller shall include instructions, as appropriate, in the audit guide required by subdivision (a) of Section 14502.1, for determining if the data reported by a county superintendent of schools using the California Longitudinal Pupil Achievement Data System is consistent with pupil data records maintained by the county office of education.

(c) Compute an alternative education grant equal to the sum of the following:

(1) (A) For the 2013–14 fiscal year, a base grant equal to the 2012–13 per pupil undeficitated statewide average juvenile court school base revenue limit calculated pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013. For purposes of this subparagraph, the 2012–13 statewide average juvenile court school base revenue limit shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) Commencing with the 2013–14 fiscal year, the per pupil base grant shall be adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(2) A supplemental grant equal to 35 percent of the base grant described in paragraph (1) multiplied by the enrollment percentage calculated in subdivision (b). The supplemental grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(3) (A) A concentration grant equal to 35 percent of the base grant described in paragraph (1) multiplied by the greater of either of the following:

(i) The enrollment percentage calculated in subdivision (b) less 50 percent.

(ii) Zero.

(B) The concentration grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(4) (A) Multiply the sum of paragraphs (1), (2), and (3) by the total number of units of average daily attendance for pupils attending schools operated by a county office of education, excluding units of average daily attendance for pupils attending schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2, who are enrolled pursuant to any of the following:

(i) Probation-referred pursuant to Sections 300, 601, 602, and 654 of the Welfare and Institutions Code.

(ii) On probation or parole and not in attendance in a school.

(iii) Expelled for any of the reasons specified in subdivision (a) or (c) of Section 48915.

(B) Multiply the number of units of average daily attendance for pupils attending schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2 by the sum of the base grant calculated pursuant to paragraph (1), a supplemental grant equal to 35 percent of the base grant calculated pursuant to paragraph (1), and a concentration grant equal to 17.5 percent of the base grant calculated pursuant to paragraph (1). Funds provided for the supplemental and concentration grants pursuant to this calculation shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(C) Add the amounts calculated in subparagraphs (A) and (B).

(d) Add the amount calculated in subdivision (a) to the amount calculated in subparagraph (C) of paragraph (4) of subdivision (c).

(e) Add all of the following to the amount calculated in subdivision (d):

(1) The amount of funding a county superintendent of schools received for the 2012–13 fiscal year from funds allocated pursuant to the Targeted Instructional Improvement Block Grant program, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read on January 1, 2013.

(2) (A) (i) The amount of funding a county superintendent of schools received for the 2012–13 fiscal year from funds allocated pursuant to the Home-to-School Transportation program, as set forth in former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, former Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, and the Small School District Transportation program, as set forth in former Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2, as those articles read on January 1, 2013.

(ii) If a home-to-school transportation joint powers agency, established pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation, received an apportionment directly from the Superintendent pursuant to Item 6110-111-0001 of Section 2.00 of the Budget Act of 2012, as identified in clause (i) of subparagraph (A) of paragraph (2) of subdivision (a) of Section 2575, the joint powers agency may identify the member local educational agencies and transfer entitlement to that funding to any of those member local educational agencies by reporting to the Superintendent, on or before September 30, 2015, the reassignment of a specified amount of the joint powers agency's 2012–13 fiscal year entitlement to the member local educational agency. Commencing with the 2015–16 fiscal year, the Superintendent shall add the reassigned amounts to the amounts calculated pursuant to this paragraph.

(B) On or before March 1, 2014, the Legislative Analyst's Office shall submit recommendations to the fiscal committees of both houses of the Legislature regarding revisions to the methods of funding pupil transportation that address historical funding inequities across county offices of education and school districts and improve incentives for local educational agencies to provide efficient and effective pupil transportation services.

~~(3) The difference determined by subtracting the amount calculated pursuant to paragraph (1) of subdivision (c) for pupils attending a school that is eligible for funding pursuant to paragraph (2) of subdivision (b) of Section 42285 from the amount of funding that is provided to eligible schools pursuant to Section 42284, if the difference is positive.~~

Section 2575 of the Education Code is amended to read:

(New for May Revision)

2575. (a) Commencing with the 2013–14 fiscal year and for each fiscal year thereafter, the Superintendent shall calculate a base entitlement for the transition to the county local control funding formula for each county superintendent of schools based on the sum of the amounts computed pursuant to paragraphs (1) to (3), inclusive, ~~as adjusted pursuant to paragraph (4):~~

(1) Revenue limits in the 2012–13 fiscal year pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013, adjusted only for changes in average daily attendance claimed by the county superintendent of schools for pupils identified in clauses (i), (ii), and (iii) of subparagraph (A) of paragraph (4) of subdivision (c) of Section 2574 and for pupils attending juvenile court schools. For purposes of this paragraph, the calculation of an amount per unit of average daily attendance for pupils attending juvenile court schools shall be considered final for purposes of this section as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339. All other average daily attendance claimed by the county superintendent of schools and any other average daily attendance used for purposes of calculating revenue limits pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013, shall be considered final for purposes of this section as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(2) The sum of all of the following:

(A) (i) The amount of funding received from appropriations contained in Section 2.00 of the Budget Act of 2012, as adjusted by Section 12.42, in the following Items: 6110-104-0001, 6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2, as that chapter read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915. For purposes of this subparagraph, the 2012–13 fiscal year appropriations described in this subparagraph shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(ii) If a home-to-school transportation joint powers agency, established pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation, received an apportionment directly from the Superintendent pursuant to Item 6110-111-0001 of Section 2.00 of the Budget Act of 2012, as identified in clause (i), the joint powers agency may identify the member local educational agencies and transfer entitlement to that funding to any of those member local educational

agencies by reporting to the Superintendent, on or before September 30, 2015, the reassignment of a specified amount of the joint powers agency's 2012–13 fiscal year entitlement to the member local educational agency. Commencing with the 2015–16 fiscal year, the Superintendent shall add the reassigned amounts to the amounts calculated pursuant to this paragraph. These funds shall be subject to the requirements specified in paragraph (1) of subdivision (k).

(B) The amount of local revenues used to support a regional occupational center or program established and maintained by a county superintendent of schools pursuant to Section 52301.

(3) For the 2014–15 fiscal year and for each fiscal year thereafter, the sum of the amounts apportioned to the county superintendent of schools pursuant to subdivision (f) in all prior years.

~~(4) The revenue limit amount determined pursuant to paragraph (1) shall be increased by the difference determined by subtracting the amount provided per unit of average daily attendance in paragraph (1) for pupils attending a school that is eligible for funding pursuant to paragraph (2) of subdivision (b) of Section 42285 from the amount of funding that was provided to eligible schools in the 2012–13 fiscal year pursuant to Sections 42284 and 42238.146, as those sections read on January 1, 2013.~~

(b) The Superintendent shall annually compute a county local control funding formula transition adjustment for each county superintendent of schools as follows:

(1) Subtract the amount computed pursuant to subdivision (a) from the amount computed pursuant to subdivision (e) of Section 2574. A difference of less than zero shall be deemed to be zero.

(2) Divide the difference for each county superintendent of schools calculated pursuant to paragraph (1) by the total sum of the differences for all county superintendents of schools calculated pursuant to paragraph (1).

(3) Multiply the proportion calculated for each county superintendent of schools pursuant to paragraph (2) by the amount of funding specifically appropriated for purposes of subdivision (f). The amount calculated shall not exceed the difference for the county superintendent of schools calculated pursuant to paragraph (1).

(c) The Superintendent shall subtract from the amount calculated pursuant to subdivision (a) the sum of each of the following:

(1) Local property tax revenues received pursuant to Section 2573 in the then current fiscal year.

(2) Any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979.

(3) The amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health and Safety Code that is considered property taxes pursuant to that section.

(4) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, 34183, and 34188 of the Health and Safety Code.

(5) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(d) The Superintendent shall subtract from the amount computed pursuant to subdivision (e) of Section 2574 the sum of the amounts computed pursuant to paragraphs (1) to (5), inclusive, of subdivision (c).

(e) The Superintendent shall annually apportion to each county superintendent of schools the amount calculated pursuant to subdivision (c) unless the amount computed pursuant to subdivision (c) is negative. If the amount computed is negative, except as provided in subdivision (f), an amount of property tax of the county superintendent of schools equal to the negative amount shall be deemed restricted and not available for expenditure during the fiscal year. In the following fiscal year, that amount, excluding any amount of funds used for purposes of subdivision (f), shall be considered restricted local property tax revenue for purposes of

subdivision (a) of Section 2578. State aid shall not be apportioned to the county superintendent of schools pursuant to this subdivision if the amount computed pursuant to subdivision (c) is negative.

(f) (1) The Superintendent shall apportion, from an appropriation specifically made for this purpose, the amount computed pursuant to subdivision (b), or, if the amount computed pursuant to subdivision (c) is negative, the sum of the amounts computed pursuant to subdivisions (b) and (c) if the sum is greater than zero.

(2) The Superintendent shall apportion any portion of the appropriation made for purposes of paragraph (1) that is not apportioned pursuant to paragraph (1) pursuant to the following calculation:

(A) Add the amount calculated pursuant to subdivision (b) to the amount computed pursuant to subdivision (a) for a county superintendent of schools.

(B) Subtract the amount computed pursuant to subparagraph (A) from the amount computed pursuant to subdivision (e) of Section 2574 for the county superintendent of schools.

(C) Divide the difference for the county superintendent of schools computed pursuant to subparagraph (B) by the sum of the differences for all county superintendents of schools computed pursuant to subparagraph (B).

(D) Multiply the proportion computed pursuant to subparagraph (C) by the unapportioned balance in the appropriation. That product shall be the county superintendent of schools' proportion of total need.

(E) Apportion to each county superintendent of schools the amount calculated pursuant to subparagraph (D), or if subdivision (c) is negative, apportion the sums of subdivisions (b) and (c) and subparagraph (D) of this subdivision if the sum is greater than zero.

(F) The Superintendent shall repeat the computation made pursuant to this paragraph, accounting for any additional amounts apportioned after each computation, until the appropriation made for purposes of paragraph (1) is fully apportioned.

(G) The total amount apportioned pursuant to this subdivision to a county superintendent of schools shall not exceed the difference for the county superintendent of schools calculated pursuant to paragraph (1) of subdivision (b).

(H) For purposes of this paragraph, the proportion of need that is funded from any appropriation made specifically for purposes of this subdivision in the then current fiscal year shall be considered fixed as of the second principal apportionment for that fiscal year. Adjustments to a county superintendent of schools' total need computed pursuant to subparagraph (D) after the second principal apportionment for the then current fiscal year shall be funded based on the fixed proportion of need that is funded for that fiscal year pursuant to this subdivision, and shall be continuously appropriated pursuant to Section 14002.

(g) (1) For a county superintendent of schools for whom, in the 2013–14 fiscal year, the amount computed pursuant to subdivision (c) is less than the amount computed pursuant to subdivision (d), in the first fiscal year following the fiscal year in which the sum of the apportionments computed pursuant to subdivisions (e) and (f) is equal to, or greater than, the amount computed pursuant to subdivision (d) of this section, the Superintendent shall apportion to the county superintendent of schools the amount computed in subdivision (d) in that fiscal year and each fiscal year thereafter instead of the amounts computed pursuant to subdivisions (e) and (f).

(2) For a county superintendent of schools for whom, in the 2013–14 fiscal year, the amount computed pursuant to subdivision (c) is greater than the amount computed pursuant to subdivision (d), in the first fiscal year in which the amount computed pursuant to subdivision (c) would be less than the amount computed pursuant to subdivision (d), the Superintendent shall apportion to the county superintendent of schools the amount computed in subdivision (d) in that fiscal year and each fiscal year thereafter instead of the amounts computed pursuant to subdivisions (e) and (f).

(3) In each fiscal year, the Superintendent shall determine the percentage of county superintendents of schools that are apportioned funding that is less than the amount computed pursuant to subdivision (d), as of the second principal apportionment of the fiscal year. If the

percentage is less than 10 percent, the Superintendent shall apportion to those county superintendents of schools funding equal to the amount computed in subdivision (d) in that fiscal year and for each fiscal year thereafter instead of the amounts calculated pursuant to subdivisions (e) and (f).

(4) Commencing with the first fiscal year after the apportionments in paragraph (3) are made, the adjustments in paragraph (4) of subdivision (a) of Section 2574 and subparagraph (B) of paragraph (1) of subdivision (c) of Section 2574 shall be made only if an appropriation for those purposes is included in the annual Budget Act.

(5) If the calculation pursuant to subdivision (d) is negative and the Superintendent apportions to a county superintendent of schools the amount computed pursuant to subdivision (d) pursuant to paragraph (1), (2), or (3) of this subdivision, an amount of property tax of the county superintendent of schools equal to the negative amount shall be deemed restricted and not available for expenditure during that fiscal year. In the following fiscal year the restricted amount shall be considered restricted local property tax revenue for purposes of subdivision (a) of Section 2578.

(h) Commencing with the 2013–14 fiscal year, the Superintendent shall apportion to a county superintendent of schools an amount of state aid, including any amount apportioned pursuant to subdivisions (f) and (g), that is no less than the amount calculated in subparagraph (A) of paragraph (2) of subdivision (a).

(i) (1) For the 2013–14 and 2014–15 fiscal years only, a county superintendent of schools who, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2) of subdivision (a), received funds on behalf of, or provided funds to, a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, shall not redirect that funding for another purpose unless otherwise authorized by law or pursuant to an agreement between the regional occupational center or program joint powers agency and the contracting county superintendent of schools.

(2) For the 2013–14 and 2014–15 fiscal years only, if a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, received, in the 2012–13 fiscal year, an apportionment of funds directly from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the regional occupational center or program joint powers agency.

(j) For the 2013–14 and 2014–15 fiscal years only, a county superintendent of schools who, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2) of subdivision (a), received funds on behalf of, or provided funds to, a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation shall not redirect that funding for another purpose unless otherwise authorized by law or pursuant to an agreement between the home-to-school transportation joint powers agency and the contracting county superintendent of schools.

(k) (1) In addition to subdivision (j), of the funds a county superintendent of schools receives for home-to-school transportation programs, the county superintendent of schools shall expend, pursuant to former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, former Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, and the Small School District Transportation program, as set forth in former Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2, as those articles read on January 1, 2013, no less for those programs than the amount of funds the county superintendent of schools expended for home-to-school transportation in the 2012–13 fiscal year.

(2) For the 2013–14 and 2014–15 fiscal years only, if a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation received, in the 2012–13 fiscal year, an apportionment of funds directly from the Superintendent from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the home-to-school transportation joint powers agency.

(3) For the 2013–14 and 2014–15 fiscal years only, of the funds a county superintendent of schools receives for purposes of regional occupational centers or programs, or adult education, the county superintendent of schools shall expend no less for each of those programs than the amount of funds the county superintendent of schools expended for purposes of regional occupational centers or programs, or adult education, respectively, in the 2012–13 fiscal year. For purposes of this paragraph, a county superintendent of schools may include expenditures made by a school district within the county for purposes of regional occupational centers or programs so long as the total amount of expenditures made by the school districts and the county superintendent of schools equals or exceeds the total amount required to be expended for purposes of regional occupational centers or programs pursuant to this paragraph and paragraph (7) of subdivision (a) of Section 42238.03.

(l) The funds apportioned pursuant to this section and Section 2574 shall be available to implement the activities required pursuant to Article 4.5 (commencing with Section 52060) of Chapter 6.1 of Part 28 of Division 4 of Title 2.

Alternative Payment Program Contract

Section 8220.1 of the Education Code is amended to read:

(New for May Revision)

8220.1. (a) It is the intent of the Legislature that:

(1) Working families be supported with maximum access to child care and development programs that focus on stabilizing families and helping children realize greater education outcomes.

(2) Working families have access to the supportive services needed to ensure the healthy physical, cognitive, social, and emotional growth and development of children.

(3) The Superintendent, in providing funding to child care and development agencies, promote a contracting term for services that will allow parents the opportunity to choose the type of care most suited to their needs.

(4) Working families achieve and maintain their personal, social, economic, and emotional stability through an opportunity to attain financial stability through employment and parental development while maximizing the growth and development of their children, and through enhancing their parenting skills through participation in child care and development programs.

(b) The department shall contract with local contracting agencies for alternative payment programs so that services will be provided throughout the state. The department shall expand existing alternative payment programs and fund new alternative payment programs to the extent that funds are provided by the Legislature.

(c) Funding for the new programs pursuant to this section shall be allocated to programs that meet all of the following requirements:

(1) Applicants shall conform to the requirements of this article.

(2) Applicants shall demonstrate that an alternative payment child development program is an appropriate method of delivering child care services within the county or service area at the level requested in the application by doing either of the following:

(A) Demonstrating the availability of sufficient licensed or exempt child care providers.

(B) Providing a plan for the development of sufficient licensed child care providers working in cooperation with the local resource and referral agency.

- (3) Applicants shall demonstrate the administrative viability of the alternative payment agency and its capacity to meet performance requirements.
- (4) Existing alternative payment child development programs receiving funds for expansion into a new service area shall be funded at a documented rate appropriate to that community and may contract separately as appropriate.
- (d) (1) Except as provided in paragraph (3), an alternative payment program shall have no less than 36 12 months and no more than 24 months to expend funds allocated to that program in any fiscal year.
- (2) The Superintendent shall develop a process that provides alternative payment programs no less than 36 12 months and no more than 24 months to expend funds allocated to that program in any fiscal year.
- (3) Paragraphs (1) and (2) do not apply to contracts relating to the administration of child care services described in Sections 8353 and 8354.

Inclusive Early Education Expansion Program

Section 8492 of the Education Code is repealed.

~~8492. (a) The Legislature finds and declares all of the following:~~

- ~~(1) Inclusive early care and education programs can improve a child's developmental progress and educational outcomes, especially for children with exceptional needs.~~
- ~~(2) Interventions provided to children with exceptional needs, including children who are at risk of requiring services for pupils with exceptional needs, can be more effective when a child is younger.~~
- ~~(3) Access to inclusive early care and education programs benefits communities and families, especially when programs are coordinated with public elementary and secondary education systems to create a developmental and educational continuum of support.~~
- ~~(b) The Inclusive Early Education Expansion Program is hereby established for the purpose of increasing access to inclusive early care and education programs.~~
- ~~(c) The department shall use funds appropriated in Schedule 12 of Item 6100-194-0001 of Section 2.00 of the Budget Act of 2018 pursuant to this section. Funds shall be available for encumbrance until June 30, 2023.~~
- ~~(d) The department's Special Education Division and Early Education and Support Division shall work collaboratively to administer the program, including developing criteria for the selection of grantees.~~
- ~~(e) At a minimum, an applicant shall include all of the following information in its application:~~
 - ~~(1) A proposal to increase access to subsidized inclusive early care and education programs for children up to five years of age in low-income and high-need communities. "High-need" shall be defined pursuant to the county child care needs assessment specified in Section 8499.5. The proposal shall quantify the number of additional subsidized children proposed to be served.~~
 - ~~(2) A plan to fiscally sustain subsidized spaces or programs created by grant funds beyond the grant period. Subsidies may be funded with private, local, state, or federal funds, but shall be able to demonstrate a reasonable expectation of sustainability.~~
 - ~~(3) The identification of resources for a 33-percent local match of funding. This match may include in-kind contributions.~~
 - ~~(4) The inclusion of a set-aside of resources to invest in professional development in effective inclusive practices and fiscal sustainability.~~
- ~~(f) Grants shall be awarded on a competitive basis. Priority shall be given to applicants with a demonstrated need for expanded access to inclusive early care and education, as well as applicants that represent a consortium of local partners.~~

~~(g) Grants may be used for one-time infrastructure costs only, including, but not limited to, adaptive facility renovations, adaptive equipment, and professional development. Funds shall not be used for ongoing expenditures.~~

~~(h) Expenditures must comply with Subchapter IV (commencing with Section 601) of Chapter 7 of Title 42 of the United States Code.~~

~~(i) A grant recipient shall commit to provide program data, as specified by the department, as a condition of the receipt of grant funding.~~

Section 8492.1 of the Education Code is amended to read:

8492.1. (a) The Legislature finds and declares all of the following:

(1) Early childhood inclusion embodies the values, policies, and practices that support the right of every infant and young child and his or her family, regardless of ability, to participate in a broad range of activities and contexts as full members of families, communities, and society. The desired results of inclusive experiences for children with and without disabilities and their families include a sense of belonging and membership, positive social relationships and friendships, and development and learning to reach their full potential. The defining features of inclusion that can be used to identify high quality early childhood programs and services are access, participation, and supports.

(2) In accordance with IDEA, all young children with exceptional needs should have access to inclusive high-quality early care and education programs, where they are able to learn alongside children who do not have exceptional needs, and are provided with individualized and appropriate supports to enable them to meet high expectations.

~~(1) (3)~~ Inclusive early care and education programs can improve a child's developmental progress and educational outcomes, especially for children with exceptional needs.

~~(2) (4)~~ Interventions provided to children with exceptional needs, including children who are at risk of requiring services for pupils with exceptional needs, can be more effective when a child is younger.

~~(3) (5)~~ Access to inclusive early care and education programs benefits communities and families, especially when programs are coordinated with public elementary and secondary education systems to create a developmental and educational continuum of support.

~~(a)(b)~~ The Inclusive Early Education Expansion Program **for Local Educational Agencies** is hereby established for the purpose of increasing access to inclusive early care and education programs.

~~(b)(c)~~ The sum of one hundred ~~twenty-five sixty-seven~~ million **two hundred forty-two thousand**-dollars ~~(\$125,000,000) (\$167,242,000)~~ is hereby appropriated from the General Fund to the Superintendent for allocation to local educational agencies for the Inclusive Early Education Expansion Program for Local Educational Agencies and pursuant to this section. Funds shall be available for encumbrance until June 30, 2023.

~~(c)(d)~~ The department's Special Education Division and the Early Education and Support Division shall work collaboratively to administer the program, including developing criteria for the selection of grantees.

~~(d)(e)~~ At a minimum, an applicant shall be a local educational agency and shall include all of the following information in its grant application:

(1) A proposal to increase access to subsidized inclusive early care and education programs for children up to five years of age, **including those defined as children with exceptional needs in Section 8208(i)**, in low-income and high-need communities. "High-need" shall be defined pursuant to the county child care needs assessment specified in section 8499.5. The proposal must quantify the number of additional subsidized children proposed to be served, **including children with exceptional needs.**

(2) A plan to fiscally sustain subsidized spaces or programs created by grant funds beyond the grant period. Subsidies may be funded with private, local, state, or federal funds, but shall be able to demonstrate a reasonable expectation of sustainability.

(3) The identification of **local** resources ~~for a to contribute~~ 33-percent ~~local match of funding of the total award amount. The total award amount shall include state and local funds.~~ **This match Local funds** may include in-kind contributions.

(4) The identification of resources necessary to support lead agency professional development **in to allow staff to develop the knowledge and skills required to implement** effective inclusive practices and fiscal sustainability.

(5) A description of the special education expertise that will be used to ensure the funds are used in a high quality, inclusive manner.

(e) Nothing in this section shall prohibit a local educational agency from applying on behalf of a consortium of providers within the local educational agency's program area, including **public and non-public** agencies that will provide inclusive early care and education programs on behalf of the applicant.

(f) Grants shall be awarded on a competitive basis. Priority shall be given to:

(1) Applicants with a demonstrated need for expanded access to inclusive early care and education.

(2) Applicants in low-income communities, and applicants that represent a consortium of local partners, including local special education partners and those with expertise in inclusive early learning and care environments.

(3) Applicants who demonstrate the ability to serve a broad range of disabilities.

(4) Applicants who do or plan to serve children with disabilities in proportion to their rate of identification similar to the educational organizations in their region.

(g) Grants may be used for one-time infrastructure costs only, including, but not limited to, adaptive **and universal design** facility renovations, adaptive equipment, and professional development. Funds may not be used for ongoing expenditures.

(h) All grant recipients must commit to provide program data **and participate in overall program evaluation to ensure expanded access to inclusive environments**, as specified by the department, as a condition of the receipt of grant funding.

(i) The Department may reserve up to one percent of the program funds to support an evaluation to address: (1) improved access, participation, and supports to inclusive early learning and care programs; and (2) program and child outcomes.

(i) (j) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the amount appropriated in subdivision ~~(b)~~ **(c)** shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the ~~2018-19~~ **2017-18** fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the ~~2018-19~~ **2017-18** fiscal year.

Update Reference for All Continuously Appropriated Programs

Section 14002 of the Education Code is amended to read:

(New for May Revision)

14002. (a) Notwithstanding any other law, upon certification of the Superintendent, the Controller shall transfer from the General Fund to Section A of the State School Fund during each fiscal year the amount of moneys required to meet the amounts apportioned pursuant to ~~programs referenced in subdivision (b) subdivisions (e) and (g) of Section 2575, and Sections 2577, 42238.02, as implemented by Section 42238.03, and 42238.04 for each fiscal year.~~ If all school districts and charter schools are funded pursuant to the provisions of Section 42238.02 and all county superintendents of schools are funded at or above the calculation made pursuant to subdivision (d) of Section 2575, appropriations for local control funding formula cost-of-living adjustments pursuant to Section 2574 and paragraph (2) of subdivision (d) of Section 42238.02 shall be subject to an appropriation in the annual Budget Act.

(b) Programs included in this section are as follows:

- (A) Chapter 12.5 (commencing with Section 2574)
- (B) Section 41544
- (C) Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of Division 3 of Title 2;
- (D) Sections 48300 through 48316
- (E) Sections 48350 through 48351

Update Programs Identified as Paid Through Principal Apportionment

Section 14041 of the Education Code is amended to read: (New for May Revision)

14041. (a) The Controller shall draw warrants on the State Treasury in favor of the county treasurer of each county in each month of each year in the amounts and manner prescribed in this section so as to provide in each warrant a portion of the total amount certified by the Superintendent as apportioned under the provisions of for programs identified in paragraph (1) during the fiscal year from the State School Fund to the school districts and charter schools under the jurisdiction of the county superintendent of schools of the county, to the county school service fund, and to the county school tuition fund of the county.

(1) Programs to be included in the apportionment include:

- (A) Chapter 12.5 (commencing with Section 2574)
- (B) Sections 41330 to 41343, inclusive, and
- (C) Section 41544
- (D) Chapter 4 (commencing with Section 41600) and
- (E) Chapter 5 (commencing with Section 41760.2) and
- (F) Section 41841.5

(G) Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of Division 3 of Title 2; during the fiscal year from the State School Fund to the school districts under the jurisdiction of the county superintendent of schools of the county, to the county school service fund, and to the county school tuition fund of the county.

(H) Sections 48300 through 48316

(I) Sections 48350 through 48351

(J) Section 56428 and Chapter 7.2 (commencing with Section 56836)

~~(1) Warrants for amounts allowed to county school service funds under subdivisions (a) and (b) of Section 14054 shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in each remaining month of the fiscal year of the amounts certified by the Superintendent as a part of the advance apportionment.~~

~~(2) Warrants for amounts apportioned to school districts, and county school service funds for classes maintained by county superintendents of schools and to the county school tuition funds shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in September, October, November, December, and January, of the amounts certified by the Superintendent as a part of the advance apportionment.~~

~~(3) Warrants in the months of February to May, inclusive, shall be for amounts equal to one-fifth of the difference between the amounts certified by the Superintendent for school districts, and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the first principal apportionment and the amounts required by paragraph (2).~~

~~(4) Warrants for the month of June shall be for amounts equal to the difference between the amounts certified by the Superintendent for school districts, and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the second principal apportionment and the amounts required by paragraphs (2) and (3).~~

~~(5) Warrants in the months of July and August shall include 5 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent. Warrants in the months of September to November, inclusive, shall include 9 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent.~~

~~Warrants in December shall include 9 percent of the amounts certified by the Superintendent as the special purpose apportionment, as adjusted, if necessary, to correct excesses or deficiencies in the estimates made for purposes of the warrants in the months of September to November, inclusive. An additional 9 percent of the amounts of the special purpose apportionment shall be included in the warrants for the months from January to June, inclusive.~~

~~(6) (5) Warrants in June shall include the total amounts certified by the Superintendent as the final apportionment.~~

~~(7) (6) Notwithstanding paragraph (2) to the contrary, for school districts that reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and that received 39 percent or more, but less than 75 percent, of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July, August, September, and October; zero percent in November and December; and 6 percent in January of the amounts certified by the Superintendent as a part of the advance apportionment. Warrants for amounts apportioned to the school districts for the months of February to May, inclusive, shall be in accordance with paragraph (3), and for the month of June, shall be in accordance with paragraph (4).~~

~~(8) (7) Notwithstanding paragraph (2) or (7) to the contrary, for school districts which reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and which received 75 percent or more of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July; 30 percent in August and September; 15 percent in October; zero percent in November and December; 6 percent in January; and zero percent in February, March, April, and May, of the amounts certified by the Superintendent as a part of the advance apportionment. Warrants for the month of June shall be in accordance with paragraph (4).~~

~~(9) (8) (A) Notwithstanding any other law, for the 2012–13 fiscal year only, for purposes of warrants drawn on the State Treasury pursuant to this section, the amount certified by the Superintendent as the advance apportionment and first principal apportionment shall include the following reduction:~~

~~(i) The Superintendent shall multiply six billion nine hundred twenty-one million five hundred twenty-two thousand dollars (\$6,921,522,000) by the ratio of the revenue limit or charter school general purposes funding for each county office of education, school district, or charter school, to the statewide total of revenue limit and charter school general purpose funding.~~

~~(ii) For each county office of education, school district, or charter school, the Superintendent shall subtract the amount calculated in clause (i) from the apportionments calculated pursuant to Sections 2558, 42238, and 47633.~~

~~(B) Notwithstanding any other law, for the 2012–13 fiscal year, the Superintendent shall delay the second principal apportionment calculated pursuant to Section 41335 from July 2, 2013, to July 15, 2013, to account for all revenues remitted to school districts and county offices of education pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution. The Superintendent shall ensure that the second principal apportionment calculated pursuant to Section 41335 accounts for the difference between the amount distributed pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution and the offsets listed in subparagraph (A). Nothing in this section shall delay the payment of warrants to school districts and county offices of education 10 days before the close of the state's fiscal year pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.~~

~~(10) Notwithstanding paragraph (1), (3), or (7), for the 2012–13 fiscal year only, the Superintendent shall reduce the June warrants for any amounts received pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code. This reduction shall constitute the entire amount distributed pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code and offset pursuant to subparagraph (B) of paragraph (6) of subdivision (h) of Section 42238, paragraph (6) of subdivision (c) of Section 2558, and Section 56836.08.~~

(b) The drawing of the warrants required to be drawn during any one of the months mentioned may be postponed by the Controller for not to exceed 30 days, but the total amounts due the several counties during any fiscal year shall be paid within the fiscal year. The warrants shall be paid by the Treasurer from the State School Fund and are not subject to Section 925.6 of the Government Code.

~~(c) This section shall become inoperative on December 15, 2012, and, as of January 1, 2013, is repealed, only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes.~~

Posting of Supplemental and Concentration Grant Funding Online

Section 41339.2 of the Education Code is added to read:

41339.2. **Commencing with the first fiscal year after subdivision (g) of Section 42238.03 applies, The the** Superintendent, within three business days of the first, **second, and annual and second principal** apportionments **and the annual apportionment** for each fiscal year, shall publish on the department's Internet Web site the amount of a **county office of education's**, school district's, **or** charter school's, ~~or county office of education's funding derived~~ **supplemental and concentration grants calculated** pursuant to **subdivision (c) of Section 2574 or Section 42238.02 or 2574 that is attributable to the supplemental and concentration grants described in** subdivisions (e) and (f) of Section 42238.02 ~~or subdivision (c) Section 2574.~~

Designated Party to Education Audit Appeals

Section 41344.1 of the Education Code is amended to read: (New for May Revision)

41344.1. (a) The Education Audit Appeals Panel is hereby established as a separate state agency. Its membership shall consist of the Superintendent, the Director of the Department of Finance, and the Chief Executive Officer of the Fiscal Crisis and Management Assistance Team established pursuant to Section 42127.8 or their designees. The panel shall have the authority to expend funds, hire staff, make contracts, sue and be sued, and issue regulations in furtherance of its duties.

(b) The panel shall hear appeals filed pursuant to subdivision (d) of Section 41344. The Controller ~~and the Department of Finance~~ shall be a party to all appeals. The department ~~and the Department of Finance~~ may, at ~~their~~ its election, timely intervene as a party in any appeal. The panel shall consider audit appeals pursuant to the administrative adjudication provisions of the Administrative Procedure Act (Chapter 4.5 (commencing with Section 11400) and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), except that it may adopt regulations specifying special pleadings that shall govern audit appeals. The panel may approve settlements and make findings of fact and interpretations of law.

(c) Compliance with all legal requirements is a condition to the state's obligation to make apportionments. A condition may be deemed satisfied if the panel finds there has been compliance or substantial compliance with all legal requirements. "Substantial compliance" means nearly complete satisfaction of all material requirements of a funding program that provide an educational benefit substantially consistent with the program's purpose. A minor or inadvertent noncompliance may be grounds for a finding of substantial compliance provided that the local educational agency can demonstrate it acted in good faith to comply with the conditions established in law or regulation necessary for apportionment of funding. The panel

may further define "substantial compliance" by issuing regulations or through adjudicative opinions, or both. If the panel finds there has been substantial compliance, the panel may waive or reduce the reimbursement or penalty amount and may also order other remedial measures sufficient to induce full compliance in the future. Other remedial measures may include restoration of a reduction or penalty amount if full compliance is not rendered in the future, ordering special audits, and requiring special training.

(d) In addition to the normal appeal process specified above, there is hereby created a voluntary, informal, summary appeals process for noncompliant audit exceptions that clearly constitute substantial compliance as that term is defined in subdivision (c). Requests for summary review shall be made to the executive officer of the panel who may seek comment from the Department of Finance or Superintendent. Summary review shall be sought within 30 days of the date on which a local educational agency receives a final audit report resulting from an audit or review.

(1) If the executive officer concludes the conditions for finding substantial compliance are not clearly met or involve substantial questions of fact, the executive officer may deny the request for summary review and the appellant may pursue its claim through the normal appeal process.

(2) For appeals in which the total audit exceptions for full repayment or penalty constitute less than 150 units of average daily attendance or seven hundred fifty thousand dollars (\$750,000), whichever is less, the executive officer may waive or reduce the reimbursement or penalty upon a finding of substantial compliance and that other remedial measures are sufficient to induce full compliance in the future.

(3) For appeals in which the total audit exceptions for full repayment or penalty meet or exceed 150 units of average daily attendance or seven hundred fifty thousand dollars (\$750,000), whichever is greater, the executive officer may waive or reduce the reimbursement or penalty upon a finding of substantial compliance and order other remedial measures that are sufficient to induce full compliance in the future, if he or she has the written approval of the Department of Finance and the Superintendent. The executive officer shall provide the details of the proposed settlement and the rationale in writing to the Department of Finance and Superintendent and allow at least 30 days for their review.

(4) The right to appeal pursuant to subdivision (d) of Section 41344 is independent of this subdivision and an appellant may pursue his or her appeal under subdivision (b) regardless of the result under this subdivision. A local educational agency that has unresolved audit appeals pursuant to subdivision (d) of Section 41344 pending on January 1, 2003, may file a request for summary review under this subdivision for a period of 60 days after January 1, 2003.

Align Basic Aid Class Size Penalty Provisions with Full LCFF Implementation

Section 41376.1 of the Education Code is amended to read: (New for May Revision)

41376.1. (a) Commencing with the 2013–14 fiscal year, until the Superintendent determines that a school district is funded pursuant to Section 42238.02 ~~in the prior fiscal year~~, and notwithstanding the requirement to decrease average daily attendance pursuant to paragraphs (4), (5), and (6) of subdivision (a) of Section 41376 and subdivision (e) of Section 41378, the Superintendent shall compute a reduction to the school district local control funding formula entitlement pursuant to Section 42238.02, as implemented by Section 42238.03, for the specified school year by the sum of the following:

(1) (A) Multiply the sum of the products obtained in subdivision (e) of Section 41378 and paragraph (4) of subdivision (a) of Section 41376 by the grade span adjusted base grant specified in subparagraph (A) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(B) Multiply the product obtained in subparagraph (A) by the sum of the entitlements computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and

paragraph (3) of subdivision (b) of Section 42238.03 for all school districts, divided by the sum of the local control funding formula entitlements computed pursuant to Section 42238.02 for all school districts.

(2) (A) Multiply the product obtained pursuant to paragraph (5) of subdivision (a) of Section 41376 by the average daily attendance for grades 4 to 6, inclusive, reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section 41601 for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (B) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(C) Multiply the product obtained in subparagraph (B) by the sum of the entitlements computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03 for all school districts, divided by the sum of the local control funding formula entitlements computed pursuant to Section 42238.02 for all school districts.

(3) (A) Multiply the product obtained pursuant to paragraph (5) of subdivision (a) of Section 41376 by the average daily attendance for grades 7 and 8 reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section 41601 for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (C) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(C) Multiply the product obtained in subparagraph (B) by the sum of the entitlements computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03 for all school districts, divided by the sum of the local control funding formula entitlements computed pursuant to Section 42238.02 for all school districts.

(b) Commencing with the 2013–14 fiscal year, if the Superintendent determines that a school district is funded pursuant to Section 42238.02 in the prior fiscal year, and notwithstanding the requirement to decrease average daily attendance pursuant to paragraphs (4), (5), and (6) of subdivision (a) of Section 41376 and subdivision (e) of Section 41378, the Superintendent shall compute a reduction to the school district local control funding formula entitlement pursuant to Section 42238.02 for the specified school year by the sum of the following:

(1) Multiply the sum of the products obtained in subdivision (e) of Section 41378 and paragraph (4) of subdivision (a) of Section 41376 by the grade span adjusted base grant specified in subparagraph (A) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(2) (A) Multiply the product obtained pursuant to paragraph (5) of subdivision (a) of Section 41376 by the average daily attendance for grades 4 to 6, inclusive, reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section 41601 for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (B) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(3) (A) Multiply the product obtained pursuant to paragraph (5) of subdivision (a) of Section 41376 by the average daily attendance for grades 7 and 8 reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance

for grades 4 to 8, inclusive, reported by the school district pursuant to Section 41601 for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (C) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

Align Court Ordered Voluntary Pupil Transfer Provisions for Basic Aid Districts with LCFF Post Implementation

Section 41544 of the Education Code is amended to read:

(New for May Revision)

41544. (a) For a basic aid school district that was entitled to reimbursement pursuant to former Section 42247.4, as that section read on January 1, 2001, and that received an apportionment pursuant to subdivision (h) of former Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that school district as part of the court-ordered voluntary pupil transfer program, the Superintendent, from the 2001–02 fiscal year to the 2012–13 fiscal year, inclusive, shall calculate an apportionment of state funds for that basic aid school district that provides 70 percent of the school district revenue limit calculated pursuant to former Section 42238, as that section read on January 1, 2013, that would have been apportioned to the school district from which the pupils were transferred for the average daily attendance of any pupils credited under that court order who did not attend the basic aid school district before the 1995–96 fiscal year.

(b) (1) For a basic aid school district that was entitled to reimbursement pursuant to former Section 42247.4, as that section read on January 1, 2001, and that received an apportionment pursuant to subdivision (h) of former Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that school district as part of the court-ordered voluntary pupil transfer program, the Superintendent, commencing with the 2013–14 fiscal year, shall calculate an apportionment of state funds for that basic aid school district that provides 70 percent of the school district local control funding formula base grant calculated pursuant to subdivision (d) of Section 42238.02, as implemented by Section 42238.03, that would have been apportioned to the school district from which the pupils were transferred for the average daily attendance of any pupils credited under that court order who did not attend the basic aid school district before the 1995–96 fiscal year.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district from which the pupil or pupils were transferred is funded pursuant to Section 42238.02 ~~in the prior fiscal year~~, the Superintendent shall apportion, for average daily attendance credited pursuant to paragraph (1), the lesser of the amount calculated pursuant to paragraph (1) or 70 percent of the sum of the entitlements for the school district from which the pupil or pupils were transferred for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, divided by the average daily attendance of that school district for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for that fiscal year computed pursuant to Section 42238.02.

(3) If the entitlements for the school district from which the pupil or pupils were transferred computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 for a fiscal year, paragraph (2) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to paragraph (1).

(c) For purposes of subdivision (b), "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which this section is applied, an apportionment of state funds pursuant to subdivision (o) of Section 42238.02.

Fiscal Transparency

Education Code Section 42122 is amended to read:

42122. (a) Effective July 1, 1988, each budget shall show a complete plan and itemized statement of all proposed expenditures of the school district and of all estimated revenues for the ensuing fiscal year, together with a comparison of revenues and expenditures for the existing fiscal year. The budget shall also include the appropriations limit and the total annual appropriations subject to limitation as determined pursuant to Division 9 (commencing with Section 7900) of Title 1 of the Government Code. The county superintendent of schools shall from his or her own records supply to the school district any information that the school district may need to make the comparisons required by this section.

~~(b) (1) Effective July 1, 2019, each budget shall include a summary document that **links budget expenditures to corresponding goals, actions, and services in the school district's local control and accountability plan for the ensuing fiscal year. This shall include the school district's estimate of the funds to be apportioned for increased or improved services for unduplicated pupils pursuant to Section 42238.07.**~~

~~(2) **The state board shall develop a template for the summary document on or before January 30, 2019. The adoption of this template by the state board shall be subject to open meeting requirements pursuant to subdivision (e) of Section 52064, shall be known as the local control funding formula budget overview for parents. The governing board of a school district shall ensure that the local control funding formula budget overview for parents is considered as part of the adoption of the local control and accountability plan or annual update pursuant to subdivision (b) of Section 52062.**~~

~~(2) **The local control funding formula budget overview for parents shall include all of the following information:**~~

~~(A) **The school district's total projected general fund revenue for the ensuing fiscal year and the subtotals for each of the following categories:**~~

~~(i) **Funds apportioned under the local control funding formula pursuant to Section 422308.02;**~~

~~(ii) **Of the funds in clause (i), the funds apportioned for increased or improved services for unduplicated pupils pursuant to Section 42238.07;**~~

~~(iii) **All other state funds;**~~

~~(iv) **All local funds; and**~~

~~(v) **All federal funds.**~~

~~(B) **The school district's total projected general fund expenditures for the ensuing fiscal year.**~~

~~(C) **The total budgeted expenditures for the ensuing fiscal year on the planned actions and services to meet the goals included in the school district's local control and accountability plan adopted pursuant to Section 52060.**~~

~~(D) **The total budgeted expenditures for the ensuing fiscal year on the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07.**~~

~~(E) **The total budgeted expenditures for the existing fiscal year on the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07.**~~

(F) The estimated actual expenditures for the existing fiscal year on the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07.

(G) A brief description of the activities or programs supported by any expenditures in subparagraph (B) that are not included in subparagraph (C).

(H) To the extent there is any difference between the expenditures in subparagraph (C) and the revenue in clause (ii) of subparagraph (A), a brief description of how the actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 improve services for unduplicated pupils pursuant to Section 42238.07.

(I) A brief description of how any difference between the expenditures in subparagraph (E) that are not included in subparagraph (F) impacted the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07 and the overall increased or improved services for unduplicated pupils pursuant to Section 42238.07.

(3) The template for the local control funding formula budget overview for parents developed pursuant to paragraph (4) shall, to the greatest extent practicable, use language that is understandable and accessible to parents and guardians. The information specified in paragraph (2) shall be displayed, to the greatest extent practicable, using visuals and graphics.

(4) The Superintendent, subject to approval by the executive director of the State Board of Education, shall develop a template for the local control funding formula budget overview for parents on or before January 30, 2019. In developing the template, the Superintendent shall not require school districts to provide any information in addition to the information required pursuant to paragraph (2).

Extend Sunset Date to Conform to Proposition 55

Section 42238 of the Education Code is amended to read:

(New for May Revision)

42238. (a) For the 1984–85 fiscal year and each fiscal year thereafter, the county superintendent of schools shall determine a revenue limit for each school district in the county pursuant to this section.

(b) The base revenue limit for a fiscal year shall be determined by adding to the base revenue limit for the prior fiscal year the following amounts:

(1) The inflation adjustment specified in Section 42238.1.

(2) For the 1995–96 fiscal year, the equalization adjustment specified in Section 42238.4.

(3) For the 1996–97 fiscal year, the equalization adjustments specified in Sections 42238.41, 42238.42, and 42238.43.

(4) For the 1985–86 fiscal year, the amount per unit of average daily attendance received in the 1984–85 fiscal year pursuant to Section 42238.7.

(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the amount per unit of average daily attendance received in the prior fiscal year pursuant to Section 42238.8.

(6) For the 2004–05 fiscal year, the equalization adjustment specified in Section 42238.44.

(7) For the 2006–07 fiscal year, the equalization adjustment specified in Section 42238.48.

(8) For the 2011–12 fiscal year, the equalization adjustment specified in Section 42238.49.

(c) (1) (A) For the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the adjustment specified in Section 42238.485.

(B) For the 2011–12 fiscal year and each fiscal year thereafter, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the amount computed pursuant to this paragraph for the prior fiscal year.

(2) Commencing with the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by dividing each school district's fiscal year average daily attendance computed pursuant to Section 42238.5 by the total adjustments in funding for each district made for the 2007–08 fiscal year pursuant to Section 42238.22 as it read on January 1, 2009.

(d) The sum of the base revenue limit computed pursuant to subdivision (b) and the add-on computed pursuant to subdivision (c) shall be multiplied by the district average daily attendance computed pursuant to Section 42238.5.

(e) For districts electing to compute units of average daily attendance pursuant to paragraph (2) of subdivision (a) of Section 42238.5, the amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed in subdivision (c) or (d), as appropriate.

(f) For the 1984–85 fiscal year only, the county superintendent shall reduce the total revenue limit computed in this section by the amount of the decreased employer contributions to the Public Employees' Retirement System resulting from enactment of Chapter 330 of the Statutes of 1982, offset by any increase in those contributions, as of the 1983–84 fiscal year, resulting from subsequent changes in employer contribution rates.

(g) The reduction required by subdivision (f) shall be calculated as follows:

(1) Determine the amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately before the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(2) Subtract from the amount determined in paragraph (1) the greater of subparagraph (A) or (B):

(A) The amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately after the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(B) The actual amount of employer contributions made to the Public Employees' Retirement System in the 1983–84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for either of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by a single educational agency, from a revenue source determined on the basis of equity to be properly excludable from the provisions of this subdivision by the Superintendent with the approval of the Director of Finance.

(4) For accounting purposes, the reduction made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent.

(h) The Superintendent shall apportion to each school district the amount determined in this section less the sum of:

(1) The school district's property tax revenue received pursuant to Chapter 3.5 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of Division 2 of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2 of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

- (6) (A) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), except for any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, facility reconstruction, facility remodeling, maintenance, or deferred maintenance, and except for any amount received pursuant to Section 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5 of, or Section 33607.7 of, the Health and Safety Code that is allocated exclusively for educational facilities.
- (B) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.
- (C) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.
- (7) For a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, the amount of statewide average general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges, as computed by the department pursuant to Section 47633, multiplied by the average daily attendance, in corresponding grade level ranges, of any pupils who attend charter schools funded pursuant to Chapter 6 (commencing with Section 47630) of Part 26.8 of Division 4 for which the school district is the sponsoring local educational agency, as defined in Section 47632, and who reside in and would otherwise have been eligible to attend a noncharter school of the school district.
- (i) A transfer of pupils of grades 7 and 8 between an elementary school district and a high school district shall not result in the receiving school district receiving a revenue limit apportionment for those pupils that exceeds 105 percent of the statewide average revenue limit for the type and size of the receiving school district.
- (j) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.
- (k) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

Clarify LCFF Funding when Current Year Average Daily Attendance Equals Past Year Average Daily Attendance

Section 42238.05 of the Education Code is amended to read: (New for May Revision)

42238.05. (a) For purposes of Sections 42238.02, 42238.025, and 42238.03, the fiscal year average daily attendance for a school district shall be computed pursuant to paragraphs (1) to (3), inclusive, as applicable.

(1) The second principal apportionment regular average daily attendance for ~~either the current or prior fiscal year, or the prior fiscal year if the prior year average daily attendance, whichever~~ is greater, excluding units of average daily attendance resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).

(2) The units of average daily attendance resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).

(3) Prior fiscal year average daily attendance shall be adjusted for any loss or gain of average daily attendance due to a reorganization or transfer of territory.

(b) For purposes of this article, regular average daily attendance shall be the base grant average daily attendance.

(c) For purposes of this section, the Superintendent shall distribute total ungraded enrollment and average daily attendance among kindergarten and each of grades 1 to 12, inclusive, in proportion to the amounts of graded enrollment and average daily attendance, respectively, in each of these grades.

(d) Subdivisions (a) to (c), inclusive, shall only apply to average daily attendance generated by school districts and shall not apply to average daily attendance generated by charter schools.

(e) A pupil shall not be counted more than once for purposes of calculating average daily attendance pursuant to this section.

(f) For purposes of Sections 42238.02, 42238.025, and 42238.03, average daily attendance for a charter school shall be the total current year average daily attendance in the corresponding grade level ranges for the charter school.

(Amended by Stats. 2014, Ch. 33, Sec. 23. Effective June 20, 2014.)

Extend Sunset Date to Conform to Proposition 55

Section 42238.1 of the Education Code is Amended to read: (New for May Revision)

42238.1. (a) For the 1986–87 fiscal year and each fiscal year up to and including the 1998–99 fiscal year, the Superintendent of Public Instruction shall compute an inflation adjustment equal to the product of paragraphs (1) and (2):

(1) Compute the sum of the following:

(A) The statewide average base revenue limit per unit of average daily attendance for the prior fiscal year for districts of similar type.

(B) The amount, if any, per unit of average daily attendance received by the district pursuant to Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

(2) The percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 1 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 1 of the second preceding fiscal year, as reported by the Department of Finance.

(b) For the 1999–2000 fiscal year and each fiscal year thereafter, the Superintendent of Public Instruction shall compute an inflation adjustment equal to the product of paragraphs (1) and (2):

(1) Compute the sum of the following:

(A) The statewide average base revenue limit per unit of average daily attendance for the prior fiscal year for districts of similar type.

(B) The amount, if any, per unit of average daily attendance received by the district pursuant to Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

(2) The percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as report by the Department of Finance.

(c) This section shall become operative July 1, 1986.

(d) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(e) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

Extend Sunset Date to Conform to Proposition 55

Section 42238.2 of the Education Code is amended to read:

(New for May Revision)

42238.2. (a) (1) Notwithstanding Section 42238.5 or any other provision of law, a school district that meets any of the following conditions shall be entitled to an adjustment to its units of average daily attendance pursuant to this section:

(A) The school district experiences a decline in the number of units of average daily attendance in excess of 8 percent of its total average daily attendance as a result of the closure of a facility operated by a branch of the United States Armed Forces in the school district's boundaries.

(B) The school district experiences a decline in the number of units of average daily attendance that is less than 8 percent but at least 5 percent of its total average daily attendance as a result of the closure of a facility operated by a branch of the United States Armed Forces in that school district's boundaries, upon a finding by both the Superintendent of Public Instruction and the Director of Finance that both of the following conditions exist:

(i) The school district demonstrates that at the end of a three-year period the school district will experience a 10-percent reduction in the amount of funding that the school district would otherwise have received from state apportionments, funding received pursuant to the California State Lottery Act of 1984 (Chapter 12.5 (commencing with Section 8880) of Division 1 of Title 2 of the Government Code), and funding received pursuant to Title VIII of Public Law 103-382, as a result of the loss of pupils related to the closure of a facility operated by a branch of the United States Armed Forces.

(ii) The fiscal crisis and management assistance team established pursuant to Section 42127.8 has reviewed the school district's finances and has found that the school district has taken significant steps to reduce expenditure.

(C) The school district experiences a decline in the number of units of average daily attendance in excess of 5 percent of its total average daily attendance and the Director of Finance determines that the school district is likely, within eight years of that decline, to maintain a number of units of average daily attendance that is equivalent to the number of units of average daily attendance maintained by the school district prior to the decline. Notwithstanding subdivision (b), loan repayments shall commence no later than the fourth year after the base year or at a later time, as determined by the Director of Finance.

(2) For purposes of this section, the year preceding a decline shall be the base year.

(b) In the second year after the base year, the district average daily attendance pursuant to Section 42238.5 may, if the district chooses, be increased by 75 percent of the difference between the base year units of average daily attendance and the units of average daily attendance in the first year of decline. In the third year after the base year, the district average daily attendance pursuant to Section 42238.5 may, if the district chooses, be increased by 50 percent of the difference between the base year units of average daily attendance and the units of average daily attendance in the first year of decline. The amount of money represented by these increases shall be considered a loan to the school district. Loan repayments shall commence no later than the fourth year after the base year.

(c) (1) The Superintendent of Public Instruction, in consultation with a school district subject to this section, shall determine a schedule for repayment of the total amount loaned pursuant to this section which may not exceed 10 years. Payments shall include interest charged at a rate based on the most current investment rate of the Pooled Money Investment Account in the General Fund as of the date of the disbursement of funds to the school district.

(2) Upon written notification by the Superintendent of Public Instruction that the school district has not made one or more of the payments required by the schedule established pursuant to paragraph (1), the Controller shall withhold from Section A of the State School Fund the defaulted payment which shall not exceed the amount of any apportionment entitlement of the district to moneys in Section A of the State School Fund. In that regard, the Controller shall withhold the amount of any payment made under this subdivision, including reimbursement of

the Controller's administrative costs as determined under a schedule approved by the California Debt Advisory Commission, from subsequent apportionments to the school district from Section A of the State School Fund.

(3) Any apportionments made by the Controller pursuant to paragraph (2) shall be deemed to be an allocation to the school district for purposes of subdivision (b) of Section 8 of Article XVI of the California Constitution, and for purposes of Chapter 2 (commencing with Section 41200) of Part 24.

(d) In no event shall the adjustment provided by this section cause the apportionment to a school district to exceed the amount that would otherwise be calculated for apportionment to the district pursuant to Sections 42238 and 42238.1.

(e) This section does not apply to a school district that experiences a decline in enrollment as a result of a school district reorganization pursuant to Chapter 3 (commencing with Section 35500) of Part 21 or any other law.

(f) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(g) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

Extend Sunset Date to Conform to Proposition 55

Section 42238.5 of the Education Code is amended to read:

(New for May Revision)

42238.5. (a) For purposes of Section 42238, the fiscal year average daily attendance shall be computed pursuant to paragraph (1) or (2).

(1) The second principal apportionment regular average daily attendance for either the current or prior fiscal year, whichever is greater. However, prior fiscal year average daily attendance shall be adjusted for any loss or gain of average daily attendance due to a reorganization or transfer of territory, or, commencing in the 1993–94 fiscal year, and each fiscal year thereafter, for any change in average daily attendance for pupils who are concurrently enrolled in adult programs and classes pursuant to Section 52616.17.

(2) Any school district that elects to receive funding pursuant to Article 4 (commencing with Section 42280) shall compute its units of average daily attendance for purposes of Section 42238 by subtracting the amount determined in subparagraph (B) from the amount determined in subparagraph (A).

(A) The units of average daily attendance computed pursuant to paragraph (1).

(B) The units of average daily attendance resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).

(b) For purposes of this article, regular average daily attendance shall be the base revenue limit average daily attendance, excluding summer school average daily attendance.

(c) For purposes of this section, for the 1998–99 fiscal year only, the prior year average daily attendance shall be the 1997–98 regular average daily attendance, excluding absences excused pursuant to subdivision (b) of Section 46010, as that subdivision read on July 1, 1996.

(d) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(e) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

Align Out-of-State Average Daily Attendance Reporting with LCFF

Section 46380 of the Education Code is amended to read: (New for May Revision)

46380. The average daily attendance for the fiscal year of pupils residing in a county of this state and attending a school in an adjoining state under Article 1 (commencing with Section 2000) of Chapter 7 of Part 2 of Division 1 of Title 1 shall be reported using the methodology for reporting second principal apportionment attendance as provided in Section 41601~~computed by dividing the total number of days of attendance of the pupils in the school by the number of days the school was maintained during that fiscal year, but by not less than 175.~~

Extend Sunset Date to Conform to Proposition 55

Section 47633 of the Education Code is amended to read: (New for May Revision)

47633. The Superintendent shall annually compute a general-purpose entitlement, funded from a combination of state aid and local funds, for each charter school as follows:

(a) The Superintendent shall annually compute the statewide average amount of general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and, grades 9 to 12, inclusive. For purposes of making these computations, both of the following conditions shall apply:

(1) Revenue limit funding attributable to pupils in kindergarten and grades 1 to 5, inclusive, shall equal the statewide average revenue limit funding per unit of average daily attendance received by elementary school districts; revenue limit funding attributable to pupils in grades 6, 7, and 8, shall equal the statewide average revenue limit funding per unit of average daily attendance received by unified school districts; and revenue limit funding attributable to pupils in grades 9 to 12, inclusive, shall equal the statewide average revenue limit funding per unit of average daily attendance received by high school districts.

(2) Revenue limit funding received by school districts shall exclude the value of any benefit attributable to the presence of necessary small schools or necessary small high schools within the school district.

(b) The Superintendent shall multiply each of the four amounts computed in subdivision (a) by the charter school's average daily attendance in the corresponding grade level ranges. The resulting figure shall be the amount of the charter school's general-purpose entitlement, which shall be funded through a combination of state aid and local funds. From funds appropriated for this purpose pursuant to Section 14002, the superintendent shall apportion to each charter school this amount, less local funds allocated to the charter school pursuant to Section 47635 and any amount received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(c) General-purpose entitlement funding may be used for any public school purpose determined by the governing body of the charter school.

(d) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(e) This section shall become inoperative on July 1, ~~2021~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

In-Lieu Transfers for Basic Aid Districts Post LCFF Implementation

Section 47635 of the Education code is amended to read: (New for May Revision)

47635. (a) A sponsoring local educational agency shall annually transfer to each of its charter schools funding in lieu of property taxes equal to the lesser of the following two amounts:

(1) The average amount of property taxes per unit of average daily attendance, including average daily attendance attributable to charter schools, received by the local educational agency, multiplied by the charter school's average daily attendance.

(2) The local control funding formula grant funding computed pursuant to subdivision (d) of Section 42238.02, per unit of average daily attendance, multiplied by the charter school's average daily attendance in each of the four corresponding grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12, inclusive.

(3) Notwithstanding paragraph (2), until the Superintendent determines that a charter school is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion funding per unit of average daily attendance pursuant to this article. The base grant for purposes of paragraph (2) shall be the lesser of the amount calculated pursuant to paragraph (2) or the sum of the entitlements for the charter school in the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(4) If the sum of the funding transferred pursuant to this subdivision and the funding calculated pursuant to subdivision (e) of Section 42238.03 exceeds the sum of the amounts calculated pursuant to subdivisions (a) and (b) of Section 42238.03, the excess funding shall be used to offset funding calculated pursuant to subdivision (e) of Section 42238.03.

(b) The sponsoring local educational agency shall transfer funding in lieu of property taxes to the charter school in monthly installments, by no later than the 15th of each month.

(1) For the months of August to February, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes received by the sponsoring local educational agency during the preceding fiscal year, as reported to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to the charter school the charter school's estimated annual entitlement to funding in lieu of property taxes as follows:

(A) Six percent in August.

(B) Twelve percent in September.

(C) Eight percent each month in October, November, December, January, and February.

(2) For the months of March to June, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the fiscal year, as reported to the Superintendent for purposes of the first principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to one-sixth of the difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraph (1). An additional one-sixth of this difference shall be included in the amount transferred in the month of March.

(3) For the month of July, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the prior fiscal year, as reported to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to the remaining difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraphs (1) and (2).

(4) Final adjustments to the amount of funding in lieu of property taxes allocated to a charter school shall be made in June, in conjunction with the third recertification of annual apportionments to schools.

(5) Subdivision (a) and paragraphs (1) to (4), inclusive, do not apply for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a

charter school in a nonbasic aid school district. With regard to these pupils, the sponsoring basic aid school district shall transfer to the charter school an amount of funds equivalent to the local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03, earned through average daily attendance by the charter school for each pupil's attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing and attending in the basic aid school district. The transfer of funds shall be made in not fewer than two installments at the request of the charter school, the first occurring not later than February 1 and the second not later than June 1 of each school year. Payments shall reflect the average daily attendance certified for the time periods of the first and second principal apportionments, respectively. The Superintendent may not apportion any funds for the attendance of pupils described in this subdivision unless the amount transferred by the basic aid school district is less than the local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03, earned by the charter school, in which event the Superintendent shall apportion the difference to the charter school from state funds.

Align Charter Supplement Calculation for Basic Aid Districts with LCFF Full Implementation

Section 47663 of the Education Code is amended to read:

(New for May Revision)

47663. (a) (1) For a pupil of a charter school sponsored by a basic aid school district who resides in, and is otherwise eligible to attend, a school district other than a basic aid school district, the Superintendent shall apportion to the sponsoring school district an amount equal to 70 percent of the local control funding formula base grant computed pursuant to subdivision (d) of Section 42238.02, per unit of average daily attendance that would have been apportioned to the school district that the pupil resides in, and would otherwise have been eligible to attend.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district the pupil resides in, and would otherwise have been eligible to attend, is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, the lesser of the amount calculated pursuant to paragraph (1) or 70 percent of the sum of the entitlements for the school district that the pupil resides in, and would otherwise have been eligible to attend, for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, divided by the average daily attendance for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(3) If the entitlements for the school district the pupil resides in, and would otherwise have been eligible to attend, as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24 of Division 3 for a fiscal year, paragraph (2) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to paragraph (1).

(b) A school district that loses basic aid status as a result of transferring property taxes to a charter school or schools pursuant to Section 47635 for pupils who reside in, and are otherwise eligible to attend, a school district other than the school district that sponsors the charter school, shall be eligible to receive a pro rata share of funding provided by subdivision (a), with the proration factor calculated as the ratio of the following:

(1) The amount of property taxes that the school district receives in excess of its total base grant per unit of average daily attendance calculated pursuant to Section 42238.02, as implemented by Section 42238.03, before any transfers made pursuant to Section 47635, except for transfers

in lieu of property taxes made for pupils who reside in, and would otherwise be eligible to attend, a school of the school district.

(2) The total amount in lieu of property taxes transferred pursuant to Section 47635 to the charter school or schools that it sponsors, except for transfers in lieu of property taxes made for pupils who reside in, and would otherwise be eligible to attend, a school of the school district.

(c) In no event shall the amount provided pursuant to this section exceed the amount in lieu of property taxes transferred on behalf of charter school pupils who do not reside in the school district, less the proportionate amount of base grant state aid provided pursuant to Section 42238.02, as implemented by Section 42238.03, that is attributable to the charter school pupils who do not reside in the school district.

(d) The Superintendent shall not apportion funds for the attendance of a pupil in a charter school of a nonbasic aid school district who resides in, and is otherwise eligible to attend school in, a basic aid school district unless the pupil is subject to the exceptions set forth in paragraph (5) of subdivision (b), and subdivision (c), of Section 47635.

(e) For purposes of this section, "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which the subdivision is applied, an apportionment of state funds as described in subdivision (o) of Section 42238.02.

Align Basic Aid District of Choice Calculation with LCFF Full Implementation

Section 48310 of the Education Code is amended to read:

(New for May Revision)

Section 48310. (a) The average daily attendance for pupils admitted by a school district of choice pursuant to this article shall be credited to that school district pursuant to Section 46607. The attendance report for the school district of choice may include an identification of the school district of residence.

(b) Notwithstanding any other law, state aid for categorical education programs for pupils admitted under this article shall be apportioned to the school district of choice.

(c) (1) For a school district of choice that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this section shall be 25 percent of the school district local control funding formula base grant computed pursuant to subdivision (d) of Section 42238.02, as implemented by Section 42238.03, that would have been apportioned to the school district of residence.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district of residence is funded pursuant to Section 42238.02 ~~in the prior fiscal year~~, the Superintendent shall apportion, for average daily attendance pursuant to this article, the lesser of the amount calculated pursuant to paragraph (1) or 25 percent of the sum of the entitlements for the school district of residence for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, divided by the average daily attendance pursuant to this article for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(3) If the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24 of Division 3 for a fiscal year, paragraph (2) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to paragraph (1).

(4) For purposes of this subdivision, the term "basic aid school district" means a school district that does not receive from the state, for a fiscal year in which this subdivision is applied, an apportionment of state funds as described in subdivision (o) of Section 42238.02.

(d) The average daily attendance of pupils admitted by a school district of choice pursuant to this article shall be credited to that school district for purposes of any determination under Article 2 (commencing with Section 17010) of Chapter 12 of Part 10 of Division 1 of Title 1 that uses an average daily attendance calculation.

Align Open Enrollment Provisions for Basic Aid Districts with LCFF Full Implementation

Section 48359.5 of the Education Code is amended to read: (New for May Revision)

48359.5. (a) For a school district of enrollment that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this article shall be 70 percent of the school district local control funding formula base grant that would have been apportioned to the school district of residence pursuant to subdivision (d) of Section 42238.02. Apportionment of these funds shall begin in the second consecutive year of enrollment, and continue annually until the pupil graduates from, or is no longer enrolled in, the school district of enrollment.

(b) Notwithstanding subdivision (a), until the Superintendent determines that the school district of residence is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, the lesser of the amount calculated pursuant to subdivision (a) or 70 percent of the sum of the entitlements for the school district of residence for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, divided by the average daily attendance pursuant to this article for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(c) If the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24 of Division 3 for a fiscal year, subdivision (b) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to subdivision (a).

(d) For purposes of this section, "basic aid school district" means a school district that does not receive an apportionment of state funds as described in subdivision (o) of Section 42238.02 for a fiscal year in which this section may apply.

Repeal Sunset Date of K-3 Willful Defiance Suspension Exemption

Section 48900 of the Education Code is amended to read: (New for May Revision)

48900. A pupil shall not be suspended from school or recommended for expulsion, unless the superintendent of the school district or the principal of the school in which the pupil is enrolled determines that the pupil has committed an act as defined pursuant to any of subdivisions (a) to (r), inclusive:

(a) (1) Caused, attempted to cause, or threatened to cause physical injury to another person.

(2) Willfully used force or violence upon the person of another, except in self-defense.

(b) Possessed, sold, or otherwise furnished a firearm, knife, explosive, or other dangerous object, unless, in the case of possession of an object of this type, the pupil had obtained written permission to possess the item from a certificated school employee, which is concurred in by the principal or the designee of the principal.

(c) Unlawfully possessed, used, sold, or otherwise furnished, or been under the influence of, a controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, an alcoholic beverage, or an intoxicant of any kind.

- (d) Unlawfully offered, arranged, or negotiated to sell a controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, an alcoholic beverage, or an intoxicant of any kind, and either sold, delivered, or otherwise furnished to a person another liquid, substance, or material and represented the liquid, substance, or material as a controlled substance, alcoholic beverage, or intoxicant.
- (e) Committed or attempted to commit robbery or extortion.
- (f) Caused or attempted to cause damage to school property or private property.
- (g) Stole or attempted to steal school property or private property.
- (h) Possessed or used tobacco, or products containing tobacco or nicotine products, including, but not limited to, cigarettes, cigars, miniature cigars, clove cigarettes, smokeless tobacco, snuff, chew packets, and betel. However, this section does not prohibit the use or possession by a pupil of his or her own prescription products.
- (i) Committed an obscene act or engaged in habitual profanity or vulgarity.
- (j) Unlawfully possessed or unlawfully offered, arranged, or negotiated to sell drug paraphernalia, as defined in Section 11014.5 of the Health and Safety Code.
- (k) (1) Disrupted school activities or otherwise willfully defied the valid authority of supervisors, teachers, administrators, school officials, or other school personnel engaged in the performance of their duties.
(2) Except as provided in Section 48910, a pupil enrolled in kindergarten or any of grades 1 to 3, inclusive, shall not be suspended for any of the acts enumerated in this subdivision, and this subdivision shall not constitute grounds for a pupil enrolled in kindergarten or any of grades 1 to 12, inclusive, to be recommended for expulsion. ~~This paragraph shall become inoperative on July 1, 2018, unless a later enacted statute that becomes operative before July 1, 2018, deletes or extends that date.~~
- (l) Knowingly received stolen school property or private property.
- (m) Possessed an imitation firearm. As used in this section, "imitation firearm" means a replica of a firearm that is so substantially similar in physical properties to an existing firearm as to lead a reasonable person to conclude that the replica is a firearm.
- (n) Committed or attempted to commit a sexual assault as defined in Section 261, 266c, 286, 288, 288a, or 289 of the Penal Code or committed a sexual battery as defined in Section 243.4 of the Penal Code.
- (o) Harassed, threatened, or intimidated a pupil who is a complaining witness or a witness in a school disciplinary proceeding for purposes of either preventing that pupil from being a witness or retaliating against that pupil for being a witness, or both.
- (p) Unlawfully offered, arranged to sell, negotiated to sell, or sold the prescription drug Soma.
- (q) Engaged in, or attempted to engage in, hazing. For purposes of this subdivision, "hazing" means a method of initiation or preinitiation into a pupil organization or body, whether or not the organization or body is officially recognized by an educational institution, that is likely to cause serious bodily injury or personal degradation or disgrace resulting in physical or mental harm to a former, current, or prospective pupil. For purposes of this subdivision, "hazing" does not include athletic events or school-sanctioned events.
- (r) Engaged in an act of bullying. For purposes of this subdivision, the following terms have the following meanings:
 - (1) "Bullying" means any severe or pervasive physical or verbal act or conduct, including communications made in writing or by means of an electronic act, and including one or more acts committed by a pupil or group of pupils as defined in Section 48900.2, 48900.3, or 48900.4, directed toward one or more pupils that has or can be reasonably predicted to have the effect of one or more of the following:
 - (A) Placing a reasonable pupil or pupils in fear of harm to that pupil's or those pupils' person or property.
 - (B) Causing a reasonable pupil to experience a substantially detrimental effect on his or her physical or mental health.

(C) Causing a reasonable pupil to experience substantial interference with his or her academic performance.

(D) Causing a reasonable pupil to experience substantial interference with his or her ability to participate in or benefit from the services, activities, or privileges provided by a school.

(2) (A) "Electronic act" means the creation or transmission originated on or off the schoolsite, by means of an electronic device, including, but not limited to, a telephone, wireless telephone, or other wireless communication device, computer, or pager, of a communication, including, but not limited to, any of the following:

(i) A message, text, sound, video, or image.

(ii) A post on a social network Internet Web site, including, but not limited to:

(I) Posting to or creating a burn page. "Burn page" means an Internet Web site created for the purpose of having one or more of the effects listed in paragraph (1).

(II) Creating a credible impersonation of another actual pupil for the purpose of having one or more of the effects listed in paragraph (1). "Credible impersonation" means to knowingly and without consent impersonate a pupil for the purpose of bullying the pupil and such that another pupil would reasonably believe, or has reasonably believed, that the pupil was or is the pupil who was impersonated.

(III) Creating a false profile for the purpose of having one or more of the effects listed in paragraph (1). "False profile" means a profile of a fictitious pupil or a profile using the likeness or attributes of an actual pupil other than the pupil who created the false profile.

(iii) An act of cyber sexual bullying.

(I) For purposes of this clause, "cyber sexual bullying" means the dissemination of, or the solicitation or incitement to disseminate, a photograph or other visual recording by a pupil to another pupil or to school personnel by means of an electronic act that has or can be reasonably predicted to have one or more of the effects described in subparagraphs (A) to (D), inclusive, of paragraph (1). A photograph or other visual recording, as described above, shall include the depiction of a nude, semi-nude, or sexually explicit photograph or other visual recording of a minor where the minor is identifiable from the photograph, visual recording, or other electronic act.

(II) For purposes of this clause, "cyber sexual bullying" does not include a depiction, portrayal, or image that has any serious literary, artistic, educational, political, or scientific value or that involves athletic events or school-sanctioned activities.

(B) Notwithstanding paragraph (1) and subparagraph (A), an electronic act shall not constitute pervasive conduct solely on the basis that it has been transmitted on the Internet or is currently posted on the Internet.

(3) "Reasonable pupil" means a pupil, including, but not limited to, an exceptional needs pupil, who exercises average care, skill, and judgment in conduct for a person of his or her age, or for a person of his or her age with his or her exceptional needs.

(s) A pupil shall not be suspended or expelled for any of the acts enumerated in this section unless the act is related to a school activity or school attendance occurring within a school under the jurisdiction of the superintendent of the school district or principal or occurring within any other school district. A pupil may be suspended or expelled for acts that are enumerated in this section and related to a school activity or school attendance that occur at any time, including, but not limited to, any of the following:

(1) While on school grounds.

(2) While going to or coming from school.

(3) During the lunch period whether on or off the campus.

(4) During, or while going to or coming from, a school-sponsored activity.

(t) A pupil who aids or abets, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person may be subject to suspension, but not expulsion, pursuant to this section, except that a pupil who has been adjudged by a juvenile court to have committed, as an aider and abettor, a crime of physical violence in which the

victim suffered great bodily injury or serious bodily injury shall be subject to discipline pursuant to subdivision (a).

(u) As used in this section, "school property" includes, but is not limited to, electronic files and databases.

(v) For a pupil subject to discipline under this section, a superintendent of the school district or principal may use his or her discretion to provide alternatives to suspension or expulsion that are age appropriate and designed to address and correct the pupil's specific misbehavior as specified in Section 48900.5.

(w) It is the intent of the Legislature that alternatives to suspension or expulsion be imposed against a pupil who is truant, tardy, or otherwise absent from school activities.

Special Education Annual Assurances Support Plan Alignment with the Local Control and Accountability Plan

Section 52062 of the Education Code is amended to read:

52062. (a) Before the governing board of a school district considers the adoption of a local control and accountability plan or an annual update to the local control and accountability plan, all of the following shall occur:

(1) The superintendent of the school district shall present the local control and accountability plan or annual update to the local control and accountability plan to the parent advisory committee established pursuant to Section 52063 for review and comment. The superintendent of the school district shall respond, in writing, to comments received from the parent advisory committee.

(2) The superintendent of the school district shall present the local control and accountability plan or annual update to the local control and accountability plan to the English learner parent advisory committee established pursuant to Section 52063, if applicable, for review and comment. The superintendent of the school district shall respond, in writing, to comments received from the English learner parent advisory committee.

(3) The superintendent of the school district shall notify members of the public of the opportunity to submit written comments regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan, using the most efficient method of notification possible. This paragraph shall not require a school district to produce printed notices or to send notices by mail. The superintendent of the school district shall ensure that all written notifications related to the local control and accountability plan or annual update to the local control and accountability plan are provided consistent with Section 48985.

(4) The superintendent of the school district shall review school plans submitted pursuant to Section 64001 for schools within the school district and ensure that the specific actions included in the local control and accountability plan or annual update to the local control and accountability plan are consistent with strategies included in the school plans submitted pursuant to Section 64001.

(5) The superintendent of the school district shall consult with its special education local plan area administrator(s) to determine that the specific actions for individuals with exceptional needs are included in the local control and accountability plan or annual update to the local control and accountability plan, and are consistent with strategies included in the local plan annual assurances support plan for the education of individuals with exceptional needs.

(b) (1) A governing board of a school district shall hold at least one public hearing to solicit the recommendations and comments of members of the public regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan. The agenda for the public hearing shall be posted at least 72 hours before the public hearing and shall include the location where the local control and accountability plan or annual update to the local control and accountability plan will

be available for public inspection. The public hearing shall be held at the same meeting as the public hearing required by paragraph (1) of subdivision (a) of Section 42127.

(2) A governing board of a school district shall adopt a local control and accountability plan or annual update to the local control and accountability plan in a public meeting. This meeting shall be held after, but not on the same day as, the public hearing held pursuant to paragraph (1). This meeting shall be the same meeting as that during which the governing board of the school district adopts a budget pursuant to paragraph (2) of subdivision (a) of Section 42127.

(c) A governing board of a school district may adopt revisions to a local control and accountability plan during the period the local control and accountability plan is in effect. A governing board of a school district may only adopt a revision to a local control and accountability plan if it follows the process to adopt a local control and accountability plan pursuant to this section and the revisions are adopted in a public meeting.

Section 52068 of the Education Code is amended to read:

52068. (a) Before the county board of education considers the adoption of a local control and accountability plan or an annual update to the local control and accountability plan, all of the following shall occur:

(1) The county superintendent of schools shall present the local control and accountability plan or annual update to the local control and accountability plan to a parent advisory committee established pursuant to Section 52069 for review and comment. The county superintendent of schools shall respond, in writing, to comments received from the parent advisory committee.

(2) The county superintendent of schools shall present the local control and accountability plan or annual update to the local control and accountability plan to the English learner parent advisory committee established pursuant to Section 52069, if applicable, for review and comment. The county superintendent of schools shall respond, in writing, to comments received from the English learner parent advisory committee.

(3) The county superintendent of schools shall notify members of the public of the opportunity to submit written comments regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan, using the most efficient method of notification possible. This paragraph shall not require a county superintendent of schools to produce printed notices or to send notices by mail. The county superintendent of schools shall ensure that all written notifications related to the local control and accountability plan or annual update to the local control and accountability plan are provided consistent with Section 48985.

(4) The county superintendent of schools shall review school plans submitted pursuant to Section 64001 for schools operated by the county superintendent of schools and ensure that the specific actions included in the local control and accountability plan or annual update to the local control and accountability plan are consistent with strategies included in the school plans submitted pursuant to Section 64001.

(5) The county superintendent of schools shall consult with its special education local plan area administrator(s) to determine that the specific actions for individuals with exceptional needs are included in the local control and accountability plan or annual update to the local control and accountability plan, and are consistent with strategies included in the local plan annual assurances support plan for the education of individuals with exceptional needs.

(b) (1) The county board of education shall hold at least one public hearing to solicit the recommendations and comments of members of the public regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan. The agenda for the public hearing shall be posted at least 72 hours before the public hearing and shall include the location where the local control and accountability plan or annual update to the local control and accountability plan, and any comments received pursuant to paragraphs (1) to (3), inclusive, of subdivision (a), will be

available for public inspection. The public hearing shall be held at the same meeting as the public hearing required by Section 1620.

(2) The county board of education shall adopt a local control and accountability plan or annual update to the local control and accountability plan in a public meeting. This meeting shall be held after, but not on the same day as, the public hearing held pursuant to paragraph (1). This meeting shall be the same meeting as that during which the county board of education adopts a budget pursuant to Section 1622.

(c) A county superintendent of schools may develop and present to a county board of education for adoption revisions to a local control and accountability plan during the period the local control and accountability plan is in effect. The county board of education may only adopt a revision to a local control and accountability plan if it follows the process to adopt a local control and accountability plan pursuant to this section and the revisions are adopted in a public meeting.

Special Education Local Plan Areas and the Statewide System of Support

Section 52080.1 of the Education Code is repealed:

~~**52080.1 (a) The California Collaborative for Educational Excellence and the department shall establish a process, administered by the department, to select, subject to approval by the executive director of the state board in consultation with the Department of Finance, special education local plan areas to serve as lead agencies to work with county offices of education to improve pupil outcomes as part of the statewide system of support pursuant to this chapter.**~~

~~**(b) The process to select lead agencies shall ensure that no fewer than six and no more than 10 lead agencies are selected in a manner to ensure statewide representation. Lead agencies shall be selected for a term not to exceed five years.**~~

~~**(c) Commencing with the 2018-19 fiscal year, the sum of ten million dollars (\$10,000,000) is hereby appropriated annually from the General Fund to the Superintendent for support of the lead agencies selected pursuant to this section.**~~

Special Education Local Plan Area Fiscal Accountability and Transparency

Section 56122 of the Education Code is amended to read:

56122. The superintendent ~~(a) The Superintendent~~ shall establish guidelines for the development of local plans, including a standard format for local plans, and provide assistance in the development of local plans. The purposes of ~~such the~~ guidelines and assistance shall be to help districts and county offices benefit from the experience of other local agencies that implement programs under this part, including, but not limited to, reducing paperwork, increasing parental involvement, improving transparency, and providing effective staff development activities. To the extent possible, all forms, reports, and evaluations shall be designed to satisfy simultaneously state and federal requirements.

~~(b) On or before March 31~~ July 1, 2019, the department shall develop templates **that will be used for use** by districts and county superintendents of schools to meet the requirements of Sections 56195.1 and 56205.

~~(c) Commencing July 1, 2020, each local plan shall include an annual assurances support plan a summary document that links the annual budget plan to the services and activities in the local plan for the ensuing fiscal year. The purpose of the annual assurances support plan is to demonstrate how the special education local plan area and its participating members are coordinating for purposes of assuring effective outcomes for students with disabilities.~~ The department shall develop a template for the annual

assurances support plan summary document by March 31, 2019. The summary document annual assurances support plan shall include all of the following elements:

(1) A description of the ways in which specific actions included in the annual service plan are consistent with the goals and actions for individuals with exceptional needs identified in the local control and accountability plan or annual update to the local control and accountability plan for all participating agencies in the special education local plan area.

(21) A description of how the special education local plan area supports participating agencies in achieving the goals, actions and services identified in their local control and accountability plans.

(32) A description of how the special education local plan area connects its participating members in need of technical assistance to the statewide system of support.

(3) A brief description of the services, technical assistance and support a special education local plan area provides in meeting the requirements under paragraphs (1-21) of subdivision (a) of Section 56205.

Section 56140 of the Education Code is amended to read:

56140. County offices shall do all of the following:

(a) Initiate and submit to the ~~superintendent~~ Superintendent a countywide plan for special education ~~which that~~ demonstrates the coordination of all local plans submitted pursuant to Section 56205 and ~~which that~~ ensures that all individuals with exceptional needs residing within the county, including those enrolled in alternative education programs, including, but not limited to, alternative schools, charter schools, opportunity schools and classes, community day schools operated by ~~school~~ districts, community schools operated by county offices of education, and juvenile court schools, will have access to appropriate special education programs and related services. However, a county office shall not be required to submit a countywide plan when all the districts within the county elect to submit a single local plan.

(b) Within 45 days, approve or disapprove any proposed local plan submitted by a district or group of districts within the county or counties. If approved, the county office shall submit the plan with comments and recommendations to the Superintendent. If disapproved, the county office shall return the plan with comments and recommendations to the district. This district may immediately appeal to the Superintendent to overrule the county office's disapproval. The Superintendent shall make a decision on an appeal within 30 days of receipt of the appeal. A local plan may not be implemented without approval of the plan by the county office or a decision by the superintendent to overrule the disapproval of the county office. Approval shall be based on ~~the capacity of the district or districts to ensure that special education programs and services are provided to all individuals with exceptional needs.~~ the capacity of the district or districts to ensure that special education programs and services are provided to all individuals with exceptional needs, and both all of the following:

~~(1) If approved, the county office shall submit the plan with comments and recommendations to the superintendent.~~

~~(2) If disapproved, the county office shall return the plan with comments and recommendations to the district. This district may immediately appeal to the superintendent to overrule the county office's disapproval. The superintendent shall make a decision on an appeal within 30 days of receipt of the appeal.~~

~~(3) A local plan may not be implemented without approval of the plan by the county office or a decision by the superintendent to overrule the disapproval of the county office.~~

(1) Whether the local plan adheres to the guidelines established pursuant to Section 56122 for the development of local plans.

(2) Whether the local plan contains all of the required components as detailed in Section 56205.

(3) Whether the specific actions included within the local plan are consistent with the goals, actions, and services for individuals with exceptional needs identified in the local

control and accountability plan or annual update to the local control and accountability plan for all participating local educational agencies in the special education local plan area.

(c) Participate in the state onsite review of the district's implementation of an approved local plan.

(d) Join with districts in the county ~~which~~ that elect to submit a plan or plans pursuant to subdivision (c) of Section 56195.1. Any plan may include more than one county, and districts located in more than one county. Nothing in this subdivision shall be construed to limit the authority of a county office to enter into other agreements with these districts and other districts to provide services relating to the education of individuals with exceptional needs.

(e) For each special education local plan area located within the jurisdiction of the county office of education that has submitted a revised local plan pursuant to Section 56836.03, the county office shall comply with Section 48850, as it relates to individuals with exceptional needs, by making available to agencies that place children in licensed children's institutions a copy of the annual service plan adopted pursuant to paragraph (2) of subdivision (b) of Section 56205.

Section 56195.9 of the Education Code is amended to read:

56195.9. (a) The plan for special education shall be developed and updated cooperatively by a committee of representatives of special and regular teachers and administrators selected by the groups they represent and with participation by parent members of the community advisory committee, or parents selected by the community advisory committee, to ensure adequate and effective participation and communication.

(b) Commencing July 1, 2020, special education local plan areas shall review their local plan at least once every three years and update as needed to ensure information contained within the plan remains relevant and accurate. ~~a local plan shall be effective for a period of three years, and shall be updated every three years thereafter.~~ This requirement shall not be construed to change the annual budget plan and annual service plan requirements that are contained in Section 56205.

Section 56205 of the Education Code is amended to read:

56205. (a) Each special education local plan area submitting a local plan to the Superintendent under this part shall ensure, in conformity with Sections 1412(a) and 1413(a)(1) of Title 20 of the United States Code, and in accordance with Section 300.201 of Title 34 of the Code of Federal Regulations, that it has in effect policies, procedures, and programs that are consistent with state laws, regulations, and policies governing the following:

- (1) Free appropriate public education.
- (2) Full educational opportunity.
- (3) Child find and referral.
- (4) Individualized education programs, including development, implementation, review, and revision.
- (5) Least restrictive environment.
- (6) Procedural safeguards.
- (7) Annual and triennial assessments.
- (8) Confidentiality.
- (9) Transition from Subchapter III (commencing with Section 1431) of Title 20 of the United States Code to the preschool program.
- (10) Children in private schools.
- (11) Compliance assurances, including general compliance with the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.), Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), federal regulations relating thereto, and this part.

- (12) (A) A description of the governance and administration of the local plan, including identification of the governing body of a multidistrict local plan or the individual responsible for administration in a single district plan, and of the elected officials to whom the governing body or individual is responsible.
- (B) A description of the regionalized operations and services listed in Section 56836.23 and the direct instructional support provided by program specialists in accordance with Section 56368 to be provided through the local plan.
- (C) Verification that a community advisory committee has been established pursuant to Section 56190.
- (D) Multidistrict local plans, submitted pursuant to subdivision (b) or (c) of Section 56195.1, shall do the following:
- (i) Specify the responsibilities of each participating county office and district governing board in the policymaking process, the responsibilities of the superintendents of each participating district and county in the implementation of the local plan, and the responsibilities of district and county administrators of special education in coordinating the administration of the local plan.
 - (ii) Identify the respective roles of the administrative unit and the administrator of the special education local plan area and the individual local educational agencies within the special education local plan area in relation to the following:
 - (I) The hiring, supervision, evaluation, and discipline of the administrator of the special education local plan area and staff employed by the administrative unit in support of the local plan.
 - (II) The allocation from the state of federal and state funds to the special education local plan area administrative unit or to local educational agencies within the special education local plan area.
 - (III) The operation of special education programs.
 - (IV) Monitoring the appropriate use of federal, state, and local funds allocated for special education programs.
 - (V) The preparation of program and fiscal reports required of the special education local plan area by the state.
 - (iii) Include copies of joint powers agreements or contractual agreements, as appropriate, for districts and counties that elect to enter into those agreements pursuant to subdivision (b) or (c) of Section 56195.1.
- (E) The description of the governance and administration of the local plan, and the policymaking process, shall be consistent with subdivision (f) of Section 56001, subdivision (a) of Section 56195.3, and Section 56195.9, and shall reflect a schedule of regular consultations regarding policy and budget development with representatives of special education and regular education teachers and administrators selected by the groups they represent and parent members of the community advisory committee established pursuant to Article 7 (commencing with Section 56190) of Chapter 2.
- (13) Personnel qualifications to ensure that personnel, including special education teachers and personnel and paraprofessionals providing related services, necessary to implement this part are appropriately and adequately prepared and trained in accordance with Sections 56058 and 56070 and Sections 1412(a)(14) and 1413(a)(3) of Title 20 of the United States Code.
- (14) Performance goals and indicators.
- (15) Participation in state and districtwide assessments, including assessments described under Section 1111 of the federal Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec. 6301 et seq.) and alternate assessments in accordance with Section 1412(a)(16) of Title 20 of the United States Code, and reports relating to assessments.
- (16) Supplementation of state, local, and other federal funds, including nonsupplantation of funds.
- (17) Maintenance of financial effort.
- (18) Opportunities for public participation ~~prior to~~ before adoption of policies and procedures.
- (19) Suspension and expulsion rates.

(20) Access to instructional materials by blind individuals with exceptional needs and others with print disabilities in accordance with Section 1412(a)(23) of Title 20 of the United States Code.

(21) Overidentification and disproportionate representation by race and ethnicity of children as individuals with exceptional needs, including children with disabilities with a particular impairment described in Section 1401 of Title 20 of the United States Code and in accordance with Section 1412(a)(24) of Title 20 of the United States Code.

(22) Prohibition of mandatory medication use pursuant to Section 56040.5 and in accordance with Section 1412(a)(25) of Title 20 of the United States Code.

(b) Each local plan submitted to the Superintendent under this part shall also contain all the following:

(1) An annual budget plan that shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each school in the local plan area at least 15 days ~~prior to~~ before the hearing. The annual budget plan may be revised during any fiscal year according to the policymaking process established pursuant to subparagraphs (D) and (E) of paragraph (12) of subdivision (a) and consistent with subdivision (f) of Section 56001 and Section 56195.9. The annual budget plan shall identify expected expenditures for all items required by this part which shall include, but not be limited to, the following:

(A) A description of the special education local plan area's allocation plan Funds received in accordance with Chapter 7.2 (commencing with Section 56836), including funds apportioned to the administrative unit of the special education local plan area.

(B) All revenues by revenue source received by the special education local plan area specifically for the purpose of special education, including any property taxes allocated to the special education local plan area as designated in Section 2572 ~~Administrative costs of the local plan.~~

(C) A breakdown of the distribution of funds to each local educational agency within the special education local plan area ~~Special education services to pupils with severe disabilities and low incidence disabilities.~~

(D) A description of projected total special education expenditures by local educational agency, including supplemental ~~Supplemental~~ aids and services to meet the individual needs of pupils placed in regular education classrooms and environments and special education services to pupils with low incidence disabilities.

(E) A description of projected total expenditures by special education local plan area and local educational agency by standardized account code structure object ~~code~~ Regionalized operations and services, and direct instructional support by program specialists in accordance with Article 6 (commencing with Section 56836.23) of Chapter 7.2.

(F) A description of projected funding to be received specifically for regionalized operations and a breakdown of projected special education local plan area operating expenditures by standardized account code structure code ~~The use of property taxes allocated to the special education local plan area pursuant to Section 2572.~~

(2) An annual service plan shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each ~~district~~ local educational agency in the special education local plan area at least 15 days ~~prior to~~ before the hearing. The annual service plan may be revised during any fiscal year according to the policymaking process established pursuant to subparagraphs (D) and (E) of paragraph (12) of subdivision (a) and consistent with subdivision (f) of Section 56001 and with Section 56195.9. The annual service plan shall include a description of services to be provided by each ~~district and county office~~ local educational agency, including the nature of the services and the physical location at which the services will be provided, including alternative schools, ~~charter schools~~, opportunity schools and classes, community day schools operated by districts, community schools operated by county offices, and juvenile court schools, regardless of whether the ~~district or county office~~ local educational agency is participating in the local plan. This description shall demonstrate that all individuals with exceptional needs shall have access to

services and instruction appropriate to meet their needs as specified in their individualized education programs.

(3) An annual assurances support plan shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each local educational agency in the special education local plan area at least 15 days prior to before the hearing. The annual assurances support plan may be revised during any fiscal year according to the policymaking process established pursuant to subparagraphs (D) and (E) of paragraph (12) of subdivision (a) and consistent with subdivision (f) of Section 56001 and with Section 56195.9. The annual assurances support plan shall meet the requirements of subdivision (c) of Section 56122.

(34) A description of programs for early childhood special education from birth through five years of age.

(45) A description of the method by which members of the public, including parents or guardians of individuals with exceptional needs who are receiving services under the local plan, may address questions or concerns to the governing body or individual identified in subparagraph (A) of paragraph (12) of subdivision (a).

(56) A description of a dispute resolution process, including mediation and final and binding arbitration to resolve disputes over the distribution of funding, the responsibility for service provision, and the other governance activities specified within the local plan.

(67) Verification that the local plan has been reviewed by the community advisory committee and that the committee had at least 30 days to conduct this review ~~prior to~~ before submission of the local plan to the Superintendent.

(78) A description of the process being utilized to meet the requirements of Section 56303.

(8) A description of the elements required to be highlighted in the summary document pursuant to Section 56122.

(c) A description of the process being utilized to oversee and evaluate placements in nonpublic, nonsectarian schools and the method of ensuring that all requirements of each pupil's individualized education program are being met. The description shall include a method for evaluating whether the pupil is making appropriate educational progress.

(d) The local plan, budget plan, ~~and~~ annual service plan, **and the annual assurances support plan** shall adhere to the guidelines established pursuant to Section 56122, and shall be written in language that is understandable to the general public.

Section 56205.5 of the Education Code is added to read:

56205.5 (a) The superintendent of a ~~district local educational agency~~ shall post on the Internet Web site of the ~~district local educational agency~~ any local plan, annual budget plan, ~~and~~ annual service plan, ~~and annual assurances support plan upon approval of approved by~~ the governing board of the ~~school districts~~ special education local plan area, and any updates or revisions to the plans ~~upon approval of approved by~~ the governing board of the ~~school districts~~ special education local plan area.

(b) A county superintendent of schools shall do both of the following:

(1) Post on the Internet Web site of the county office any local plan, annual budget plan, ~~and~~ annual service plan, ~~and annual assurances support plan upon approval of approved by~~ the county ~~office~~ board of education, and any updates or revisions to the plans ~~upon approval of approved by~~ the county ~~office~~ board of education.

(2) Post on the Internet Web site of the county office all local plans submitted by ~~districts~~ special education local plan areas in the county, or links to those plans.

(c) A complete copy of the local plan, including policies and procedures and the annual budget, ~~and~~ annual service plan, ~~and annual assurances support plan~~, shall be held on file in the special education local plan area office and at each participating local education agency, and shall be accessible to any interested party.

Special Education Local Plan Area Funding

Section 56836.08 of the Education Code is amended to read: (New for May Revision)

56836.08. (a) For the 1998–99 fiscal year, the Superintendent shall make the following computations to determine the amount of funding for each special education local plan area:

(1) Add the amount of funding per unit of average daily attendance computed for the special education local plan area pursuant to paragraph (1) of subdivision (a) of Section 56836.10 to the inflation adjustment computed pursuant to subdivision (d) for the 1998–99 fiscal year.

(2) Multiply the amount computed in paragraph (1) by the units of average daily attendance reported for the special education local plan area for the 1997–98 fiscal year, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010, as that subdivision read on July 1, 1996.

(3) Add the actual amount of the equalization adjustment, if any, computed for the 1998–99 fiscal year pursuant to Section 56836.14 to the amount computed in paragraph (2).

(4) Add or subtract, as appropriate, the adjustment for growth computed pursuant to Section 56836.15 from the amount computed in paragraph (3).

(b) For the 1999–2000 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the amount of funding for each special education local plan area for the fiscal year in which the computation is made:

(1) Add the amount of funding per unit of average daily attendance computed for the special education local plan area for the prior fiscal year pursuant to Section 56836.10 to the inflation adjustment computed pursuant to subdivision (d) through the 2012–13 fiscal year, and for the 2013–14 fiscal year and each fiscal year thereafter, the inflation adjustment computed pursuant to subdivision ~~(g)~~ (f), for the fiscal year in which the computation is made.

(2) Multiply the amount computed in paragraph (1) by the units of average daily attendance reported for the special education local plan area for the prior fiscal year.

(3) Add or subtract, as appropriate, the adjustment for growth or decline in enrollment, if any, computed for the special education local plan area for the fiscal year in which the computation is made pursuant to Section 56836.15 from the amount computed in paragraph (2).

(c) For the 1998–99 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall make the following computations to determine the amount of General Fund moneys that the special education local plan area may claim:

(1) Add the total of the amount of property taxes for the special education local plan area pursuant to Section 2572 for the fiscal year in which the computation is made to the amount of federal funds allocated for the purposes of paragraph (1) of subdivision (a) of Section 56836.09 for the fiscal year in which the computation is made.

(2) Add the amount of funding computed for the special education local plan area pursuant to subdivision (a) for the 1998–99 fiscal year, and commencing with the 1999–2000 fiscal year to the 2012–13 fiscal year, inclusive, the amount computed for the fiscal year in which the computations were made pursuant to subdivision (b) to the amount of funding computed for the special education local plan area pursuant to Article 3 (commencing with Section 56836.16).

(3) Subtract the sum computed in paragraph (1) from the sum computed in paragraph (2).

(d) For the 1998–99 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall make the following computations to determine the inflation adjustment for the fiscal year in which the computation is made:

(1) For the 1998–99 fiscal year, multiply the sum of the statewide target amount per unit of average daily attendance for special education local plan areas for the 1997–98 fiscal year computed pursuant to paragraph (3) of subdivision (a) of Section 56836.11 by the inflation adjustment computed pursuant to Section 42238.1 for the 1998–99 fiscal year.

(2) For the 1999–2000 fiscal year to the 2012–13 fiscal year, inclusive, multiply the sum of the statewide target amount per unit of average daily attendance for special education local plan areas for the prior fiscal year computed pursuant to Section 56836.11 for the prior fiscal year by

the inflation adjustment computed pursuant to Section 42238.1 for the fiscal year in which the computation is made.

(3) For purposes of computing the inflation adjustment for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area for the 1998–99 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall multiply the amount of funding per unit of average daily attendance computed for that special education local plan area for the prior fiscal year pursuant to Section 56836.10 by the inflation adjustment computed pursuant to Section 42238.1 for the fiscal year in which the computation is being made.

(e) Notwithstanding any other law, for the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the amount of General Fund moneys that the special education local plan area may claim:

(1) Determine the total amount of property taxes for the special education local plan area pursuant to Section 2572 for the fiscal year in which the computation is made.

(2) Calculate the amount of funding computed for the special education local plan area pursuant to subdivision (b) for the fiscal year in which the computation is made.

(3) Subtract the amount computed in paragraph (1) from the amount computed in paragraph (2).

(f) For the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the inflation adjustment for the fiscal year in which the computation is made:

(1) Multiply the statewide target amount per unit of average daily attendance for special education local plan areas for the prior fiscal year computed pursuant to Section 56836.11 by the inflation factor computed pursuant to Section 42238.1, as that section read on January 1, 2013, or any successor section of law enacted by the Legislature that specifies the inflation factor contained in Section 42238.1, as that section read on January 1, 2013, for application to the 2013–14 fiscal year and each fiscal year thereafter.

(2) For purposes of computing the inflation adjustment for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, the Superintendent shall multiply the amount of funding per unit of average daily attendance computed for that special education local plan area for the prior fiscal year pursuant to Section 56836.10 by the inflation factor computed pursuant to Section 42238.1, as that section read on January 1, 2013, or any successor section of law enacted by the Legislature that specifies the inflation factor contained in Section 42238.1, as that section read on January 1, 2013, for application to the 2013–14 fiscal year and each fiscal year thereafter.

Special Education Local Plan Area Program Specialist/Regionalized Services Rate

Section 56836.11 of the Education Code is amended to read:

56836.11. (a) For the purpose of computing the equalization adjustment for special education local plan areas for the 1998–99 fiscal year, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance for special education local plan areas:

(1) Total the amount of funding computed for each special education local plan area exclusive of the amount of funding computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, pursuant to Section 56836.09 for the 1997–98 fiscal year.

(2) Total the number of units of average daily attendance reported for each special education local plan area for the 1997–98 fiscal year, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010 as that section read on July 1, 1996, and exclusive of the units of average daily attendance computed for the special education local plan

area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area.

(3) Divide the sum computed in paragraph (1) by the sum computed in paragraph (2) to determine the statewide target amount for the 1997–98 fiscal year.

(4) Add the amount computed in paragraph (3) to the inflation adjustment computed pursuant to subdivision (d) of Section 56836.08 for the 1998–99 fiscal year to determine the statewide target amount for the 1998–99 fiscal year.

(b) Commencing with the 1999–2000 fiscal year to the 2004–05 fiscal year, inclusive, to determine the statewide target amount per unit of average daily attendance for special education local plan areas, the Superintendent shall multiply the statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(c) For the 2005–06 fiscal year, the Superintendent shall make the following computation to determine the statewide target amount per unit of average daily attendance to determine the inflation adjustment pursuant to paragraph (2) of subdivision (d) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, as follows:

(1) The 2004–05 fiscal year statewide target amount per unit of average daily attendance less the sum of the 2004–05 fiscal year total amount of federal funds apportioned pursuant to Schedule (1) in Item 6110-161-0890 of Section 2.00 of the Budget Act of 2004 for purposes of special education for individuals with exceptional needs enrolled in kindergarten and grades 1 to 12, inclusive, divided by the total average daily attendance computed for the 2004–05 fiscal year.

(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(3) Add the amounts computed in paragraphs (1) and (2).

(d) Commencing with the 2006–07 fiscal year and continuing through the 2012–13 fiscal year, inclusive, the Superintendent shall make the following computation to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to paragraph (2) of subdivision (d) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15:

(1) The statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section.

(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(3) Add the amounts computed in paragraphs (1) and (2).

(e) For the 2013–14 fiscal year, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance to determine the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, as follows:

(1) Total the amount of funding computed for each special education local plan area pursuant to the amount computed in subdivision (b) of Section 56836.08, including the amount of funds appropriated pursuant to Provision 22 of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2013, and excluding the amount of funding computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, for the 2013–14 fiscal year.

(2) Total the number of units of average daily attendance reported for each special education local plan area for the 2012–13 fiscal year, exclusive of the units of average daily attendance computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area.

(3) Divide the sum computed in paragraph (1) by the sum computed in paragraph (2).

(f) Commencing with the 2014–15 fiscal year and continuing ~~each fiscal year thereafter through 2017-18 fiscal year~~, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15:

(1) The statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section.

(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to Section 42238.1, as that section read on January 1, 2013, or any successor section of law enacted by the Legislature that specifies the inflation factor contained in Section 42238.1, as that section read on January 1, 2013, for application to the 2014–15 fiscal year and each fiscal year thereafter.

(3) Add the amounts computed in paragraphs (1) and (2).

(g) For the 2018–19 fiscal year, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance to determine the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, as follows:

(1) The statewide target amount per unit of average daily attendance computed for the prior year pursuant to this section.

(2) Subtract the amount computed pursuant to paragraph (2) of subdivision (a) of Section 56836.24 from the amount computed in paragraph (1).

(3) Multiply the amount computed in paragraph (2) by the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the 2018-19 fiscal year.

(4) Add the amounts computed in paragraphs (1) and (3).

(h) Commencing with the 2019–20 fiscal year and continuing each fiscal year thereafter, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15:

(1) The statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section.

(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the current fiscal year.

(3) Add the amounts computed in paragraphs (1) and (2).

Section 56836.24 of the Education Code is amended to read:

56836.24. Commencing with the 2018–19 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the amount of funding for the purposes specified in Section 56836.23 ~~to for apportionment~~ to each special education local plan area for the fiscal year in which the computation is made:

(a) Multiply the total amount of state General Fund money allocated to the special education local plan areas in the 1997–98 fiscal year, for the purposes of Article 9 (commencing with Section 56780) of Chapter 7, as that article read on December 31, 1998, by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the 1998–99 fiscal year.

(b) Divide the amount calculated in subdivision (a) by the units of average daily attendance, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010, as that section read on July 1, 1997, reported for the special education local plan area for the 1997–98 fiscal year.

~~(c) Multiply the amount determined in subdivision (b) by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the current fiscal year.~~
~~(d) Multiply the amount determined in subdivision (a) by the number of units of average daily attendance reported for the special education local plan area for the current fiscal year, except that a special education local plan area designated as a necessary small special education local plan area in accordance with Section 56212 and reporting fewer than 15,000 units of average daily attendance for the current fiscal year shall be deemed to have 15,000 units of average daily attendance.~~

(a) For the 2018-19 fiscal year the superintendent shall make the following computations:

(1) Compute the statewide average for program specialists and regionalized services, exclusive of the amount computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, for the 2012-13 fiscal year.

(2) Multiply the computed amount in paragraph (1) by one plus the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the 2013-14 through 2017-18 fiscal years.

(3) Multiply the amount computed in paragraph (2) by one plus the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the 2018-19 fiscal year.

(4) Multiply the amount computed in paragraph (3) by the number of units of average daily attendance upon which funding is based pursuant to subdivision (d) of Section 56836.10 for the special education local area.

(b) For the 2019-20 fiscal year and each year thereafter, the superintendent shall make the following computations:

(1) Multiply the prior fiscal year statewide average amount by one plus the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the current fiscal year.

(2) Multiply the amount computed in paragraph (1) by the number of units of average daily attendance upon which funding is based pursuant to subdivision (d) of Section 56836.10 for the special education local area.

(c) For the purposes of this section, the special education local plan area that only includes charter schools shall be apportioned by the Superintendent for each unit of average daily attendance reported pursuant to subdivision (a) of Section 56836.06.

Section 56836.30 of the Education Code is repealed:

~~56836.30. If special education local plan areas reorganize, including any mergers or divisions, the department shall adjust rates for payments to and from the resulting special education local plan areas so that overall funding neither increases nor decreases from what it would have been before the reorganization. The effect of this section may be modified for any specific reorganization by enactment of legislation.~~

Supplemental Funding for Necessary Small Special Education Local Plan Areas

Section 56836.31 of the Education Code is amended to read:

56836.31. To accomplish the activities set forth in Section 56836.23, supplemental funds shall be apportioned to special education local plan areas that are designated as necessary small special education local plan areas in accordance with Section 56212 and that report fewer than 15,000 units of average daily attendance.

(a) For 2013–14 fiscal year and each fiscal year thereafter continuing through 2017-18 fiscal year, the Superintendent shall allocate this supplemental amount based on the following computations:

(1) Calculate the difference between the number of units of average daily attendance reported for the necessary small special education local plan area for the current fiscal year and 15,000 units of average daily attendance.

(2) Multiply the amount calculated in paragraph (1) by the rate calculated in subdivision (b).

(b) For the 2013–14 fiscal year, the supplemental rate per unit of average daily attendance shall be fifteen dollars (\$15). For the 2014–15 fiscal year and each fiscal year thereafter, the supplemental rate per unit of average daily attendance shall be fifteen dollars (\$15) multiplied by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the current fiscal year.

(c) For 2018–19 fiscal year and each fiscal year thereafter, the Superintendent shall allocate this supplemental amount based on the following computations:

(1) Calculate the difference between the number of units of average daily attendance determined pursuant to Section 56836.24 for the necessary small special education local area and 15,000 units of average daily attendance.

(2) For the 2018-19 fiscal year, the supplemental rate per unit of average daily attendance shall be the rate computed pursuant to paragraph (3) of subdivision (a) of Section 56836.24. For the 2019-20 fiscal year and each fiscal year thereafter, the supplemental rate per unit of average daily attendance shall be the rate computed pursuant to paragraph (1) of subdivision (b) of Section 56836.24.

(3) Multiply the amount calculated in paragraph (1) by the rate calculated in paragraph (2).

Out-of-Home Care Funding Amounts

Section 56836.165 of the Education Code is amended to read:

56836.165. (a) For the 2004–05 fiscal year and each fiscal year thereafter, the Superintendent shall calculate for each special education local plan area an amount based on (1) the number of children and youth residing in foster family homes, small family homes, and foster family agencies, (2) the licensed capacity of group homes licensed by the State Department of Social Services, and (3) the number of children and youth ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in skilled nursing facilities or intermediate care facilities licensed by the State Department of Health Services and the number of children and youth, ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services.

(b) The department shall assign each facility described in paragraphs (1), (2), and (3) of subdivision (a) a severity rating. The severity ratings shall be on a scale from 1 to 14. Foster family homes and small family homes shall be assigned a severity rating of 1. Foster family agencies shall be assigned a severity rating of 2. Facilities described in paragraph (2) of subdivision (a) shall be assigned the same severity rating as its State Department of Social Services rate classification level. For facilities described in paragraph (3) of subdivision (a), skilled nursing facilities shall be assigned a severity rating of 14, intermediate care facilities shall be assigned a severity rating of 11, and community care facilities shall be assigned a severity rating of 8.

(c) (1) The department shall establish a “bed allowance” for each severity level. For the 2004–05 fiscal year, the bed allowance shall be calculated as described in paragraph (2). For the 2005–06 fiscal year and each fiscal year thereafter, the department shall increase the bed allowance by the inflation adjustment computed pursuant to Section 42238.1. The department shall not establish a bed allowance for any facility defined in paragraphs (2) and (3) of subdivision (a) if it is not licensed by the State Department of Social Services or the State Department of Health Services.

(2) (A) The bed allowance for severity level 1 shall be five hundred two dollars (\$502).

- (B) The bed allowance for severity level 2 shall be six hundred ten dollars (\$610).
 - (C) The bed allowance for severity level 3 shall be one thousand four hundred thirty-four dollars (\$1,434).
 - (D) The bed allowance for severity level 4 shall be one thousand six hundred forty-nine dollars (\$1,649).
 - (E) The bed allowance for severity level 5 shall be one thousand eight hundred sixty-five dollars (\$1,865).
 - (F) The bed allowance for severity level 6 shall be two thousand eighty dollars (\$2,080).
 - (G) The bed allowance for severity level 7 shall be two thousand two hundred ninety-five dollars (\$2,295).
 - (H) The bed allowance for severity level 8 shall be two thousand five hundred ten dollars (\$2,510).
 - (I) The bed allowance for severity level 9 shall be five thousand four hundred fifty-one dollars (\$5,451).
 - (J) The bed allowance for severity level 10 shall be five thousand eight hundred eighty-one dollars (\$5,881).
 - (K) The bed allowance for severity level 11 shall be nine thousand four hundred sixty-seven dollars (\$9,467).
 - (L) The bed allowance for severity level 12 shall be thirteen thousand four hundred eighty-three dollars (\$13,483).
 - (M) The bed allowance for severity level 13 shall be fourteen thousand three hundred forty-three dollars (\$14,343).
 - (N) The bed allowance for severity level 14 shall be twenty thousand eighty-one dollars (\$20,081).
- (d) (1) For each fiscal year, the department shall calculate an out-of-home care funding amount for each special education local plan area as the sum of amounts computed pursuant to paragraphs (2), (3), and (4). The State Department of Social Services and the State Department of Developmental Services shall provide the State Department of Education with the residential counts identified in paragraphs (2), (3), and (4).
- (2) The number of children and youth residing on April 1 in foster family homes, small family homes, and foster family agencies located in each special education local plan area times the appropriate bed allowance.
- (3) The capacity on April 1 of each group home licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.
- (4) The number on April 1 of children and youth (A) ages 3 through 21 referred by the State Department of Developmental Services who are residing in skilled nursing facilities and intermediate care facilities licensed by the State Department of Health Services located in each special education local plan area times the appropriate bed allowance, and (B) ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.
- (5) Notwithstanding subdivision (b) and paragraphs (2) and (3), for purposes of the ~~2017–18~~ **2017–18 and 2018–19** fiscal years out-of-home care funding amount for group homes, foster family homes, small family homes, and foster family agencies, the Superintendent shall use the data received from the State Department of Social Services that was used for the funding for the 2016–17 fiscal year.
- (e) In determining the amount of the first principal apportionment for a fiscal year pursuant to Section 41332, the Superintendent shall continue to apportion funds from Section A of the State School Fund to each special education local plan area equal to the amount apportioned at the advance apportionment pursuant to Section 41330 for that fiscal year.
- (f) Notwithstanding subdivision (b) and paragraph (3) of subdivision (d), for purposes of the 2016–17 fiscal year funding for group homes, the Superintendent shall use the rate classification levels as they exist on December 31, 2016, and the capacity of each group home

licensed by the State Department of Social Services located in each special education local plan area on December 31, 2016.

Align County Office of Education Appropriations Limit calculation With LCFF

Section 7907 of the Government Code is amended to read:

7907. For county superintendents of schools:

(a) ~~“Proceeds of taxes”~~ For the 1978–79 fiscal year to the 2012–13 fiscal year, inclusive, “proceeds of taxes” shall be deemed to include subventions received from the state only if those subventions are received for one or more of the following programs:

~~(A)(1)~~ Educational services provided directly to pupils, including, but not limited to, the services described in subdivision (c) of Section 1981 of, Sections 1904, 2550.2, 2551.3, 8152, 48633, 52570, and 58804 of, and Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of, the Education Code.

~~(B)(2)~~ Support services provided to school districts, including, but not limited to, the services described in subdivision (b) of Section 2550 of, and Sections 1510, 2509, 2551, 2554, and 2555 of, the Education Code.

~~(C)(3)~~ Direct services provided to school districts, as described in subdivision (a) of Section 2550 of the Education Code.

(2) For fiscal years 2013-14 and each year thereafter, “proceeds of taxes” shall be deemed to include subventions received from the state only if those subventions are received for one or more of the following programs:

(A) Alternative education grant as described in Section 2574.

(B) Operations grant as described in Section 2574.

(C) Add-on amount as described in paragraph (e) of Section 2574 and any amounts added either pursuant to calculations in Sections 2575 or added to the calculations in Section 2575.

(b) For programs identified in paragraph (1)~~(A)~~ of subdivision (a), an amount shall be calculated equal to the appropriations made for those programs from the proceeds of taxes for the 1978–79 fiscal year, adjusted for the 1979–80 and 1980–81 fiscal years by the lesser of the change in cost of living or change in California per capita personal income applicable to each year and by the percentage change in average daily attendance in those programs for the 1979–80 and 1980–81 fiscal years.

(c) For all other programs operated by the county superintendent of schools, including, but not limited to, the programs identified in paragraphs ~~(1)(B)(2)~~ and ~~(1)(C)(3)~~ of subdivision (a), an amount shall be calculated equal to the appropriations made for those programs from the proceeds of taxes for the 1978–79 fiscal year, adjusted for the 1979–80 and 1980–81 fiscal years by the lesser of the change in cost of living or change in California per capita personal income for each year and by the percentage change in population, as defined by subdivision (d) of Section 7901, for all the districts in the county for the 1979–80 and 1980–81 fiscal years. The “percentage change in population” for the program identified in paragraph ~~(1)(C)(3)~~ of subdivision (a) shall be, for purposes of this subdivision, the percentage change in direct services average daily attendance as calculated pursuant to subdivision (a) of Section 2550 of the Education Code.

(d) The sum of the amounts calculated in subdivisions (b) and (c) shall be the appropriations limit for the county superintendent for the 1980–81 fiscal year.

(e) **(1)** For the 1981–82 fiscal year and each year thereafter, the appropriations limit for the prior year shall be adjusted by the appropriate average daily attendance and the lesser of the change in cost of living or California per capita personal income.

(2) For 2017-18, the appropriations limit shall be determined as follows:

(A) The 2016-17 appropriations limit shall be divided into alternative education and other services components. The alternative education component shall be equal to the 2016-17

alternative education grant amount as described in paragraph (a)(2)(A). The other services amount shall be the remainder of the 2016-17 appropriations limit. (B) The components of the 2016-17 appropriations limit shall be adjusted by the appropriate average daily attendance and the lesser of the change in cost of living or California per capita personal income.

(f) For the 1981–82 fiscal year through the 1987–88 fiscal year, state apportionments to county superintendents in excess of the amounts in subdivision (d) or (e) shall not be considered proceeds of taxes for a county superintendent of schools.

(g) For the 1988–89 fiscal year and each fiscal year thereafter, the state apportionments to county superintendents that shall be considered “proceeds of taxes” for a county superintendent of schools shall be equal to the lesser of the following:

(1) The total amount of state apportionments received for that fiscal year, excluding amounts paid for reimbursement of state mandates in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or of Section 17561 or for reimbursement of court or federal mandates imposed on or after November 6, 1979.

(2) The appropriations limit for the county superintendent for that fiscal year, less the sum of all of the following:

(A) Interest earned on the proceeds of taxes during the current fiscal year.

(B) The 50 percent of miscellaneous funds received during the current fiscal year that are from the proceeds of taxes.

(C) Locally voted taxes received during the current year, such as parcel taxes or square foot taxes, other than for voter-approved bonded debt.

(D) Any other local proceeds of taxes received during the current year, such as excess bond revenues transferred to a district’s general fund pursuant to Section 15234 of the Education Code.

(E) Local proceeds of taxes received during the current fiscal year which offset state aid.

(3) Amounts paid for court or federal mandates shall be excluded from the appropriations limit.

Discretionary Funding

Section 17581.97 of Government Code is amended to read:

17581.97. (a) (1) For the 2018-19 fiscal year, the sum of one billion ~~four six~~ hundred ~~sixty-seven fifty-one million one-three~~ hundred ~~ninety-four fifty-seven~~ thousand dollars ~~(\$1,467,194,000) (\$1,651,357,000)~~ is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to school districts and county superintendents of schools in the manner, and for the purposes, set forth in this section.

(2) For purposes of this section, a school district includes a county office of education and a charter school.

(b) The Superintendent of Public Instruction shall allocate the funds, appropriated pursuant to paragraph (1) of subdivision (a) to school districts on the basis of an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2017-18 fiscal year.

(c) (1) If a school district is required to repay claims disallowed under the federal School-Based Medi-Cal Administrative Activities or Local Educational Agency Medi-Cal Billing Option programs for state fiscal years 2009-10 through 2015-16, the Controller shall, upon notification from the Department of Finance, withhold the specified amounts owed by the applicable school district from the allocations made to those school districts pursuant subdivision (b) of this section.

(2) The Controller shall transfer the amounts withheld in paragraph (1) of subdivision (c) to the General Fund as reimbursement of the payments made by the state in 2017-18 and 2018-19 to the federal Centers for Medicare and Medicaid Services on behalf of those school districts.

(d) Allocations made pursuant subdivision (b) of this section less any amount withheld pursuant to subdivision (c) shall first satisfy any outstanding claims pursuant to Section 6 of Article XIII B of the California Constitution for reimbursement of state-mandated local program costs for any fiscal year. Notwithstanding Section 12419.5 and any amounts that are paid in satisfaction of outstanding claims for reimbursement of state-mandated local program costs, the Controller may audit any claim as allowed by law, and may recover any amount owed by school districts or community college districts pursuant to an audit only by reducing amounts owed by the state to school districts or community college districts for any other mandate claims. Under no circumstances shall a school district or community college district be required to remit funding back to the state to pay for disallowed costs identified by a Controller audit of claimed reimbursable state-mandated local program costs. The Controller shall not recover any amount owed by a school district or community college district pursuant to an audit of claimed reimbursable state-mandated local program costs by reducing any amount owed a school district or community college district for any purpose other than amounts owed for any other mandate claims. The Controller shall apply amounts received by each school district or community college district against any balances of unpaid claims for reimbursement of state-mandated local program costs and interest in chronological order beginning with the earliest claim. The Controller shall report to each school district and community college district the amounts of any claims and interest that are offset from funds provided pursuant to this section, and shall report a summary of the amounts offset for each mandate for each fiscal year to the Department of Finance and the fiscal committees of the Legislature.

(e) (1) The governing board of a school district may expend the one-time funds pursuant to this section for any purpose, as determined by the governing board of the school district.

(2) It is the intent of the Legislature that school districts shall prioritize the use of these one-time funds for professional development, induction for beginning teachers with a focus on relevant mentoring, instructional materials, technology infrastructure, employee benefits, and any other investments necessary to support implementation of the common core standards in English language arts and mathematics, the implementation of English language development standards, and the implementation of the Next Generation Science standards.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~forty-two one hundred sixty-nine million seven hundred sixty-eight three hundred fifty-eight thousand dollars (\$42,768,000)~~ **\$169,358,000** of the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2016-17 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016-17 fiscal year.

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~five hundred three six hundred sixty-nine million seven hundred eighty fifty-six thousand dollars (\$503,780,000)~~ **\$669,756,000** of the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2017-18 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2017-18 fiscal year.

(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~nine hundred twenty eight hundred twelve million six two hundred forty-five three thousand dollars (\$920,645,000)~~ **\$812,243,000** of the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2018-19 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 2018-19 fiscal year.

Teacher Residency Program

Amend uncodified language as follows:

(a) For the 2018–19 fiscal year, the sum of fifty million dollars (\$50,000,000) is hereby appropriated from the General Fund to the Commission on Teacher Credentialing to establish the Teacher Residency Grant Program to provide one-time competitive grants to local educational agencies to develop new, or expand existing, teacher residency programs that recruit and support the preparation of special education teachers. This funding shall be available for encumbrance until June 30, 2023.

(b) The commission shall make one-time grants to local educational agencies or consortia of local educational agencies to establish new or expand existing teacher residency programs. Grant recipients shall work with one or more commission-accredited teacher preparation programs and may work with other community partners or nonprofit organizations to develop and implement programs of preparation and mentoring for resident teachers who will be supported through program funds and subsequently employed by the sponsoring local educational agency.

(c) Grants allocated pursuant to subdivision (b) shall be up to twenty thousand dollars (\$20,000) per teacher candidate in the residency program of the jurisdiction of the local educational agency or consortium, matched by that local educational agency or consortium on a dollar-for-dollar basis. Grant program funding shall be used for, but is not limited to, any of the following: teacher preparation costs, stipends for mentor teachers, stipends for teacher candidates, and mentoring and beginning teacher induction costs following initial preparation.

(d) A grant recipient shall not use more than 5 percent of a grant award for program administration costs.

(e) A grant recipient shall provide a 100-percent match of grant funding in the form of one or both of the following:

(1) One dollar (\$1) for every one dollar (\$1) of grant funding received that is to be used in a manner consistent with allowable grant activities pursuant to subdivision (c).

(2) An in-kind match of mentor teacher personnel costs or other personnel costs related to the Teacher Residency Grant Program.

(f) For purposes of this section, the following terms have the following meanings:

(1) "Teacher residency program" is a local educational agency-based program that partners with one or more teacher preparation programs accredited by the commission and in which a prospective teacher teaches at least one-half time alongside a teacher of record, who is designated as the experienced mentor teacher, for at least one full school year while engaging in initial preparation coursework.

(2) An "experienced mentor teacher" for purposes of the Teacher Residency Grant Program is an educator who meets all of the following requirements:

(A) Has at least three years of teaching experience and a clear education specialist credential authorizing instruction of special education pupils.

(B) Has a record of successful teaching as demonstrated, at a minimum, by satisfactory annual performance evaluations for the preceding three years.

(C) Receives specific training for the mentor teacher role, and engages in ongoing professional learning and networking with other mentors.

(D) Receives compensation, appropriate release time, or both, to serve as a mentor in the initial preparation or beginning teacher induction component of the teacher residency program.

(3) "Commission" means the Commission on Teacher Credentialing.

(g) Grant recipients shall do all of the following:

(1) Ensure that candidates are prepared to earn a preliminary teaching credential in special education upon completion of the program.

(2) Ensure that candidates are provided instruction in all of the following:

(A) Teaching the content area or areas in which the teacher will become certified to teach.

(B) Planning, curriculum development, and assessment.

(C) Learning and child development.

(D) Management of the classroom environment.

(E) Use of culturally responsive practices, supports for language development, and supports for serving pupils with disabilities.

(F) Professional responsibilities, including interaction with families and colleagues.

(3) Provide each candidate mentoring and beginning teacher induction support following the completion of the initial credential program necessary to obtain a clear credential and ongoing professional development and networking opportunities during his or her first years of teaching.

(4) Prepare candidates to teach in the same local educational agency in which they will work and learn the instructional initiatives and curriculum of the local educational agency.

(5) Group teacher candidates in cohorts to facilitate professional collaboration among residents, and place candidates in teaching schools or professional development programs that are organized to support a high-quality teacher learning experience in a supportive work environment.

(h) A grant applicant may consist of one or more, or any combination, of the following:

(1) School districts.

(2) County offices of education.

(3) Charter schools.

(4) Regional occupational centers or programs operated by a joint powers authority.

(i) To receive a grant, an applicant shall submit an application to the commission at a time, in a manner, and containing information prescribed by the commission.

(j) When selecting grant recipients, the commission shall do both of the following:

(1) Require applicants to demonstrate a need for special education teachers and to propose to establish a new, or expand an existing, teacher residency program that recruits, prepares, and supports teachers to teach special education in a school within the jurisdiction of the sponsoring local educational agency or consortium.

(2) Give priority consideration to grant applicants with one or more schools that exhibit one or more of the following characteristics:

(A) A school where 50 percent or more of the enrolled pupils are eligible for free and reduced-price meals.

(B) A school where at least 5 percent of the teachers are misassigned, as determined by the commission, or working on a short-term staffing permit, a short-term intern permit, or a waiver.

(C) A school that is located in either a rural location or a densely populated region.

(D) A school with a cumulative voluntary teacher attrition rate that exceeded 20 percent over the three preceding school years.

(k) A candidate in a teacher residency program sponsored by a grant provided pursuant to subdivision (b) shall agree in writing to be placed as a teacher of record in a **special education classroom** in a school within the local educational agency or consortium of local educational agencies that sponsored the candidate for a period of at least four school years beginning with the school year that begins after the candidate successfully completes the initial year of preparation and obtains a preliminary teaching credential. A candidate who fails to earn a preliminary credential or complete the period of the placement shall reimburse the sponsoring local educational agency or consortium the amount of grant funding invested in the candidate's residency training. The amount to be reimbursed shall be adjusted proportionately to reflect the service provided if the candidate taught at least one year, but less than four years, at the sponsoring local educational agency or consortium.

(l) If a candidate is unable to complete a school year of teaching, that school year may still be counted toward the required four complete and consecutive school years if any of the following occur:

(1) The candidate has completed at least one-half of the school year.

(2) The employer deems the candidate to have fulfilled his or her contractual requirements for the school year for the purposes of salary increases, probationary or permanent status, and retirement.

(3) The candidate was not able to teach due to the financial circumstances of the local educational agency, including a decision to not reelect the employee for the next succeeding school year.

(4) The candidate has a condition covered under the federal Family and Medical Leave Act of 1993 (29 U.S.C. Sec. 2061 et seq.) or similar state law.

(5) The candidate was called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces of the United States.

(m) For purposes of administering the grant program pursuant to subdivision (b), the commission shall do all of the following:

(1) Determine the number of grants to be awarded and the total amount awarded to each grant applicant.

(2) Require grant recipients to submit program and expenditure reports, as specified by the commission, as a condition of receiving grant funds.

(3) Annually review each grant recipient's program and expenditure reports to determine if any candidate has failed to meet his or her commitment pursuant to subdivision (k).

(n) If the commission determines or is informed that a sponsored candidate failed to earn a preliminary credential or to meet his or her commitment to teach pursuant to subdivision (k), the commission shall confirm with the grant recipient the applicable ~~cost~~ grant amount to be recovered from the candidate and the grant recipient. The amount to be recovered shall be adjusted proportionately to reflect the service provided if the candidate taught at least one year, but less than four years, at the sponsoring local educational agency.

~~(o) The commission shall notify the State Department of Education to reduce the grant recipient's next principal apportionment by the amount of grant funding that the grant recipient may recover from the candidate. If the grant recipient is a consortium of local educational agencies or a ROCP, the State Department of Education shall reduce each agency's principal apportionment by a proportional amount based on each agency's average daily attendance as of the second principal apportionment for the preceding fiscal year.~~

(o) Upon confirming the amount to be recovered from the grant recipient pursuant to subdivision (n), the commission shall notify the grant recipient of the amount to be repaid within 60 days. The grant recipient shall have 60 days from the date of the notification to make the required repayment to the commission. If the grant recipient fails to make the required payment within 60 days, the commission shall notify the State Controller and the grant recipient of the failure to repay the amount owed. The State Controller shall deduct an amount equal to the amount owed to the commission from the grant recipient's next principal apportionment or apportionments of state funds, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution. If the grant recipient is a regional occupational center or program or a program operated by a joint powers authority that does not receive principal apportionment or apportionments of state funds, or a consortia of local educational agencies, the commission shall notify the State Controller of the local educational agency where the candidate taught and the State Controller shall deduct the amount owed from the applicable local educational agency's next principal apportionment or apportionments of state funds, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution.

(p) The amounts recovered by the commission and the State Controller shall be deposited into the Proposition 98 Reversion Account.

~~(p)~~ (q) Grant recipients may recover from a sponsored candidate who fails to earn a preliminary credential or to complete the period of placement the amount of grant funding invested in the candidate's residency training. The amount to be recovered shall be adjusted

proportionately to reflect the service provided if the candidate taught at least one year, but less than four years, at the sponsoring local educational agency or at a school within a consortium of local educational agencies.

(g) (r) Grant recipients shall not charge a teacher resident a fee to participate in the Teacher Residency Grant Program.

(f) (s) (1) The commission may allocate up to one million five hundred thousand dollars (\$1,500,000) of the amount appropriated pursuant to subdivision (a) to capacity grants that shall be awarded on a competitive basis to local educational agencies or consortia partnering with institutions of higher education to expand or create teacher residency programs that lead to more credentialed special education teachers.

(2) (A) The commission shall determine the number of capacity grants to be awarded and the amount of the applicable grants.

(B) Individual capacity grants shall not exceed seventy-five thousand dollars (\$75,000) per grant recipient.

(s) (t) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2017–18 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2017–18 fiscal year.

Fire-Related State Testing Exemption

Add uncodified language as follows:

(New for May Revision)

Upon receipt of a waiver from the U.S. Department of Education for the 2017-18 school year, the Piner-Olivet Union School District, Santa Rosa Elementary School District, and Santa Rosa High School District shall not be required to administer the 2017-18 California Assessment of Student Performance and Progress System assessments pursuant to Section 60640.

Community Engagement Initiative

Add uncodified language as follows:

(New for May Revision)

(a) The Legislature declares the following:

(1) Without capacity in California's public school system to conduct meaningful stakeholder engagement, especially as it relates to the local control and accountability plan development process, students, families, and communities may not be able to hold school districts accountable for decisions that affect student outcomes.

(2) The Statewide System of Support established pursuant to Section 52069.5 of the Education Code should include expertise and resources to help school districts improve in their ability to engage stakeholders meaningfully.

(b) The Community Engagement Initiative is hereby established for the purpose of:

(1) Building capacity in communities and school districts to have difficult conversations with each other and build trust, with a focus on improving outcomes for students;

(2) Identifying effective models of community engagement and metrics to evaluate those models;

(3) Developing effective peer-to-peer partnerships between school districts and county offices of education, utilizing the existing professional learning networks structure administered by the California Collaborative for Educational Excellence, to deepen community engagement using lessons learned from the work identified in paragraph (1) and the models identified in paragraph (2); and

(4) Scaling up the work identified in paragraphs (1), (2), and (3) to improve community engagement statewide and incorporate practices that prove effective towards school district and county office of education continuous improvement efforts.

(c) By November 1, 2018, the department and the California Collaborative for Educational Excellence, with approval from the executive director of the state board, shall select an expert lead, consistent with Section 52073.1 of the Education Code, to co-administer the Community Engagement Initiative with the California Collaborative for Educational Excellence. The lead agency selected for this work shall demonstrate a willingness and capacity to do all of the following:

(1) Develop and disseminate expertise in community engagement;

(2) Work collaboratively with the California Collaborative for Educational Excellence and a diverse group of education stakeholders;

(3) Communicate regularly with the department, the California Collaborative for Educational Excellence, and the lead agencies specified in Section 52073 of the Education Code through the formal process established pursuant to subparagraph (B) of paragraph (1) of Section 52073 of the Education Code;

(4) Document the outcomes of the activities authorized by this section through the duration of the Community Engagement Initiative and, in partnership with the California Collaborative for Educational Excellence and the Community Engagement Initiative participants, develop resources based on the experiences and conclusions of the Community Engagement Initiative participants from their specific contexts that are broadly applicable and actionable statewide; and,

(5) Play a leadership role in disseminating the information specified in paragraph (4) throughout the Statewide System of Support established pursuant to Section 52059.5 of the Education Code and serving as a resource to local educational agencies and community stakeholders in applying that information to their local context.

(d) By February 1, 2019, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall solicit teams to participate in the Community Engagement Initiative. These teams shall each represent a different region of the state and shall include community members, school site staff, school district staff, and county office of education staff affiliated with a common single school district. These teams must be willing to:

(1) Participate in and co-facilitate a professional learning network for no less than three years;

(2) Engage in an open dialogue on issues related to improving local student outcomes; and,

(3) Partner with other communities and school districts on improving community engagement.

(e) The California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall select four (4) to six (6) teams from the applicants solicited pursuant to subdivision (d), and by June 1, 2019, shall convene the first meeting of a professional learning network with those teams.

(f) The goals of the professional learning network established pursuant to subdivision (e) shall be all of the following:

(1) Deepen the community engagement of the school districts and communities participating in the professional learning network;

(2) Define common characteristics and best practices of communities where engagement between communities, students, schools, and school districts is strong;

(3) Identify and test metrics for measuring increases in community engagement;

(4) Develop a protocol for facilitating future professional learning networks to help other communities and school districts improve and deepen their interactions;

(5) Develop criteria for selecting other teams that would benefit from and be successful in improving community engagement; and,

(6) Create capacity within each team to co-facilitate a future community engagement professional learning network.

(g) For the 2020-21 and 2021-22 fiscal years, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall convene five (5)

community engagement professional learning networks. Each of these professional learning networks shall be similar in composition as those described in subdivision (d). These teams must be willing to:

- (1) Participate in the professional learning network for no less than two years;
 - (2) Engage in open dialogue on issues related to improving local student outcomes; and,
 - (3) Partner with other communities and school districts on improving community engagement.
- (h) Each of the professional learning networks created pursuant to subdivision (g) shall include as a co-facilitator member(s) of a team that participated in the initial community engagement professional learning network established pursuant to subdivision (e).

(i) Each of the professional learning networks established pursuant to subdivision (g) shall:

- (1) Deepen the community engagement of the school districts and communities participating in each professional learning network, including by engaging in the protocol developed pursuant to paragraph (4) of subdivision (f); and,

(2) Use the metrics developed pursuant to paragraph (3) of subdivision (f) to measure changes in community engagement in each of the participating communities and school districts.

(j) By January 1, 2021, and using funds provided for this purpose in the annual Budget Act, the California Collaborative for Educational Excellence shall develop and conduct a statewide training on community engagement based on the findings of the professional learning networks created pursuant to subdivisions (e) and (g). The California Collaborative for Educational Excellence shall periodically update this training, as needed, based on the findings of future community engagement professional learning networks, and is encouraged to feature this training in the future years using funds provided for purpose in the annual Budget Act.

(k) For the 2022-23 and 2023-24 fiscal years, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall convene additional community engagement professional learning networks with the remaining funds available for that purpose. Each of these professional learning networks shall be similar in composition as those described in subdivision (d). These teams must be willing to:

- (1) Participate in the professional learning network for no less than two years;
- (2) Engage in open dialogue on issues related to improving local student outcomes; and,
- (3) Partner with other communities and school districts on improving community engagement.

(l) To the extent possible, each of the professional learning networks created pursuant to subdivision (k) shall include as a co-facilitator members of a team that had previously participated in a community engagement professional learning network established pursuant to this section.

(m) Each of the professional learning networks established pursuant to subdivision (k) shall:

- (1) Deepen the community engagement of the school districts and communities participating in each professional learning network, including by engaging in the protocol developed pursuant to paragraph (4) of subdivision (f), updated as appropriate by the lead agency selected pursuant to subdivision (c) based on feedback from the professional learning networks authorized by subdivision (g); and,

(2) Use the metrics developed pursuant to paragraph (3) of subdivision (f), updated as appropriate by the lead agency selected pursuant to subdivision (c) based on feedback from the professional learning networks authorized by subdivision (g), to measure changes in community engagement in each of the participating communities and school districts.

(n) By June 30, 2024, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall submit a report to the Executive Director of the State Board of Education, the Superintendent of Public Instruction, the Executive Director of the California Collaborative of Educational Excellence, the superintendent of each of the lead agencies identified pursuant to Section 52073, and the chairs of each of education committees in the Legislature that includes all of the following:

- (1) A description of best practices for improving community engagement identified by the professional learning networks established under the Community Engagement Initiative, and any changes in the understanding of best practices throughout the duration of the program;

(2) Using the metrics identified pursuant to paragraph (3) of subdivision (f) and additional metrics developed by subsequent professional learning networks an analysis of the impact of the work done by each team through the professional learning networks on their home communities and school districts; and,

(3) Feedback to improve the community engagement professional learning network protocol and metrics, and additional activities or resources that would assist in continued development of capacity within local educational agencies and local communities for conducting meaningful stakeholder engagement.

(o) The sum of thirteen million two hundred and seventy-four thousand (\$13,274,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to the California Collaborative for Educational Excellence for the Community Engagement Initiative and pursuant to this section. The administrative agent of the California Collaborative of Educational Excellence, pursuant to policy and program direction from the governing board of the California Collaborative for Educational Excellence, shall develop the budget for the Community Engagement Initiative, subject to Department of Finance approval. Of the amount appropriated in this subdivision, six hundred and sixty thousand dollars (\$660,000) shall be allocated to the administrative agent of the California Collaborative for Educational Excellence for costs associated with administering this program. All funds appropriated pursuant to this subdivision shall be available for encumbrance until June 30, 2024.

(p) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (o) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2016-17 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016-17 fiscal year.

ELPAC and Alternative ELPAC Computer-Based Assessments

Add uncodified language as follows:

(New for May Revision)

(a) For the 2016–17 fiscal year, the sum of twenty-seven million three hundred and seventy thousand dollars (\$27,370,000) is appropriated from the General Fund to the Department of Education for the development of a computer-based English Language Proficiency Assessment for California and a computer-based alternative English Language Proficiency Assessment for California for students with disabilities, to be available for the 2018–19, 2019–20, 2020–21, and 2021–22 fiscal years. The assessments developed pursuant to this section shall be developed as part of the California Assessment of Student Performance and Progress system.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2016–17 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2016–17 fiscal year.

Standardized Account Code Structure System Replacement Project

Add uncodified language as follows:

(New for May Revision)

(a) For the 2018-19 fiscal year, the sum of seven hundred and sixteen thousand dollars (\$716,000) is hereby appropriated from the Educational Telecommunication Fund to the Superintendent of Public Instruction for the purposes set forth in subdivision (b).

(b) The Superintendent shall allocate the funds appropriated pursuant to subdivision (a) to a county office of education, as determined by the Department of Education, for the Standardized Account Code Structure system replacement project.

Improving School Climate

(New for May Revision)

Add uncodified language as follows:

(a) The sum of fifteen million dollars (\$15,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for transfer by the Controller to Section A of the State School Fund. The Superintendent of Public Instruction shall allocate these funds to the Orange County Department of Education in the manner, and for the purposes, set forth in this section.

(b) The Orange County Department of Education jointly with Butte County Office of Education, shall contract with a California institution of higher learning selected in consultation with the executive director of the State Board of Education, to expand the state's Multi-Tiered System of Support framework to foster positive school climate in both academic and behavioral areas, including but not limited to, positive behavior interventions and support, restorative justice, bullying prevention, social and emotional learning, trauma-informed practice, and cultural competency. The institution of higher learning shall be selected no later than August 1, 2018.

(c) The designated county offices of education and the selected institution of higher learning shall develop new evidence-based resources and activities, as well as develop and identify existing evidence-based resources, professional development activities, and other efforts currently available at the state, federal, and local levels, designed to help local educational agencies and charter schools across the state to create a positive school climate. The designated county offices of education shall encumber or expend the funds allocated pursuant to subdivision (a) by June 30, 2023.

(d) (1) Beginning in the 2018-19 fiscal year, the designated county offices of education and the selected institution of higher learning shall implement a pilot program to assist local educational agencies in creating a positive school climate. On or before December 1, 2018, the designated county offices of education and the selected institution of higher learning shall submit a plan for implementing the pilot program to the relevant policy and fiscal committees of the Legislature, the Director of Finance, and the Legislative Analyst's Office. At a minimum, the plan shall describe all of the following:

(A) The goals of the pilot program, including, but not limited to, fostering positive school climate, student-teacher relationships, student engagement, and discipline.

(B) The major implementation activities of the pilot program and the means for assessing whether the goals are met.

(C) An implementation timeline and a program budget, with anticipated expenditures and funding sources.

(D) The approach for aligning the major implementation activities of the pilot program with the Statewide System of Support authorized pursuant to Section 52059.5 of the Education Code, including the strategy for ensuring communication with county offices of education providing technical assistance pursuant to subdivision (c) of Section 52071 of the Education Code to any participating school district.

(2) The designated county offices of education and the selected institution of higher learning, with approval from the executive director of the state board, shall identify school districts for participation in the pilot that are in need of specialized training to improve school climate. In selecting districts, priority shall be given to those districts with a demonstrated need to improve school climate, as measured through the state and local indicators included on the California School Dashboard. Participation by a local educational agency in the pilot program is voluntary. Participants of the pilot will work with the designated county offices of education and the selected institution of higher learning to do all of the following:

(1) Explore evidence-based restorative models within California and across the country related to restorative educational approaches, developing the social and emotional literacy of educators and instructional strategies around student engagement to support deeper learning.

(2) Identify resources and curriculum that will enhance educators' cultural understanding of students and families, including issues of race, language, culture, and the role of implicit bias.

(3) Identify and promote common skills and competencies around relationship building and social and emotional learning for all education stakeholders.

(4) Develop and execute a local strategy for supporting classroom, department, and school training within their district on the implementation of restorative practices and strategies. Plans shall be revised as needed, as part of the continuous improvement process.

(e) In developing and identifying resources and activities pursuant to subdivision (c), the work of the designated county offices of education and the selected institution of higher learning shall be informed by the pilot created pursuant to subdivision (d). The designated county offices of education and the selected institution of higher learning shall employ strategies to maximize the availability, efficacy, and usage of resources and activities identified or developed and to build the capacity of all agencies charged with providing assistance within the Statewide System of Support authorized pursuant to Section 52059.5 of the Education Code, which may include the following:

(1) Collect and disseminate evidence-based best practices.

(2) Develop train-the-trainer models and online training modules.

(3) Offer regional conferences and workshops.

(4) Provide technical assistance to local educational agencies and charter schools.

(5) Develop a network of educators who can provide coaching and training to other local educational agencies and charter schools.

(6) Provide stipends for school personnel to attend training sessions.

(7) Develop evaluation tools to measure the effectiveness of evidence-based strategies.

(8) Provide competitive startup grants to help local educational agencies and charter schools implement the practices described in subdivision (c).

(9) Provide demonstration grants to local educational agencies and charter schools for the purpose of identifying, evaluating, learning about, or testing the feasibility of effective approaches, for the purposes of informing the other activities and resources developed pursuant to this subdivision.

(f) A local educational agency or charter school that receives a grant from the designated county offices of education, as described in paragraphs (8) and (9) of subdivision (e), shall, as a condition of receiving the grant, provide to the designated county offices of education any available outcome data resulting from the new practices implemented. Such outcome data may include, but is not limited to, changes in rates of suspension or expulsion, discipline referrals, referrals to special education, pupil attendance, incidents of bullying or harassment, graduation rates, dropout rates, and measures of pupil academic achievement.

(g) By September 30 of each fiscal year until the designated county offices of education have fully expended the funds allocated pursuant to subdivision (a), the designated county offices of education shall submit an annual report to the Superintendent of Public Instruction summarizing how the designated county offices of education used the funds in the prior fiscal year. The Superintendent of Public Instruction shall provide copies of these reports to the appropriate fiscal and policy committees of the Legislature, the Department of Finance, the State Board of Education, and the Legislative Analyst's Office. Each annual report shall include all of the following:

(1) A summary of the activities conducted and resources developed.

(2) The number of local educational agencies and charter schools, educators, and pupils served by the activities and resources.

(3) A description of effective evidence-based strategies identified for implementing the practices described in subdivision (c).

(4) A summary of any data that is available on outcomes resulting from the activities conducted, including any data reported by local educational agencies or charter schools pursuant to subdivision (f).

(5) Recommendations for improving state-level activities or policies.

(h) The Orange County Department of Education and the Butte County Office of Education may use up to seven hundred and fifty thousand dollars (\$750,000) in total to administer the grants and provide support to the grantees pursuant to Department of Finance approval of an expenditure plan and no sooner than 30 days after the notification in writing is provided to the Joint Legislative Budget Committee.

Special Education Redevelopment Agency Revenue Tax Backfill

Amend uncodified language as follows:

(a) On or before June 30, 2019, an amount to be determined by the Director of Finance shall be appropriated from the General Fund to the Superintendent of Public Instruction in augmentation of Schedule (1) of Item 6100-161-0001 of Section 2.00 of the Budget Act of ~~2017~~ 2018.

(b) The funds appropriated in subdivision (a) shall only be available to the extent that revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act of 2018, as determined by the Director of Finance.

(c) On or before June 30, 2019, the Director of Finance shall determine if the revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code exceed the estimated amount reflected in the Budget Act of 2018 and shall reduce Schedule (1) of Item 6100-161-0001 of Section 2.00 of the Budget Act of 2018 by the amount of that excess.

(d) In making the determinations pursuant to subdivisions (b) and (c), the Director of Finance shall consider any other local property tax revenues collected in excess or in deficit of the estimated amounts reflected in the Budget Act of 2018.

(e) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a) or to make the reduction pursuant to subdivision (c), and the amount needed to address the property tax shortfall determined pursuant to subdivision (b) or the amount of the reduction made pursuant to subdivision (c). The Controller shall make the funds available pursuant to subdivision (a) not sooner than five days after this notification and the State Department of Education shall work with the Controller to allocate these funds to local educational agencies as soon as practicable.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2018–19 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 2018–19 fiscal year.

Proposed Trailer Bill

The May Revision proposes the following trailer bill language changes. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Statewide System of Support

Education Code Section 2575.2 is amended to read:

2575.2. (a) Commencing with the 2018–19 fiscal year, the Superintendent shall add to the amount to be apportioned pursuant to Section 2575, the sum of two hundred thousand dollars (\$200,000) and the following:

(1) For the 2018–19 fiscal year, the fiscal year allowance calculated pursuant to subdivision (b) using the 2018 local control funding formula assistance status report plus the allowance calculated pursuant to subdivision (b) using the 2017 local control funding formula assistance status report, divided by two.

(2) For the 2019–20 fiscal year and each fiscal year thereafter, the allowance calculated pursuant to subdivision (b) for the current year local control funding formula assistance status report plus the allowance calculated pursuant to subdivision (b) for the prior two years' local control funding formula assistance status reports, divided by three.

(b) The allowance for each fiscal year shall be equal to the sum of the following: one hundred thousand dollars (\$100,000) multiplied by the number of small school districts; two hundred thousand dollars (\$200,000) multiplied by the number of medium school districts; and three hundred thousand dollars (\$300,000) multiplied by the number of large school districts for which the county superintendent of schools has jurisdiction pursuant to Sections 1240 and 1253 that are also determined to be in need of differentiated assistance pursuant to subparagraph (1) of subdivision (c) of Section 52071.

(c) For purposes of this section, a small school district is any school district with average daily attendance of 2,499 or less, a medium school district is any school district with an average daily attendance of at least 2,500 but not more than 9,999, and a large school district is any school district with an average daily attendance of 10,000 or more.

(d) Average daily attendance for purposes of this section shall be the annual period average daily attendance as reported by the school district for the prior fiscal year.

(e) For purposes of this section, a school district in need of differentiated assistance is a school district identified pursuant to subparagraph (1) of subdivision (c) of Section 52071.

(f) This section shall not apply to a county superintendent of schools in a county where the county board of education serves as the governing board of any school district under its jurisdiction, **except if the school district is identified for differentiated assistance pursuant to subdivision (c) of Section 52071, in which case the amount calculated pursuant to subdivision (b) shall be allocated to the lead agency identified pursuant to Section 52073 of the region in which the county office of education is located. Funds allocated pursuant to this subdivision shall be used by either the lead agency to whom the funds were allocated or another county office of education identified by the county office of education that generated the funds to provide the technical assistance described in subdivision (c) of Section 52071 to the county office of education that generated the funds.**

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations described in subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202.

Education Code Section 52052 is amended to read:

52052. (a) (1) The single multiple measures public school accountability system authorized by Article 4.5 (commencing with Section 52060) shall measure the overall performance of numerically significant pupil subgroups in schools, including charter schools, school districts, and county offices of education.

(2) For purposes of this section, numerically significant pupil subgroups include all of the following:

- (A) Ethnic subgroups.
- (B) Socioeconomically disadvantaged pupils.
- (C) English learners.
- (D) Pupils with disabilities.
- (E) Foster youth.
- (F) Homeless youth.

(3) (A) For purposes of this section, a numerically significant pupil subgroup is one that consists of at least 30 pupils.

(B) Notwithstanding subparagraph (A), for a subgroup of pupils who are foster youth or homeless youth, a numerically significant pupil subgroup is one that consists of at least 15 pupils.

(b) To complement the multiple measures system, the Superintendent, with the approval of the state board, may develop and implement a program of school quality review that features locally convened panels to visit schools, observe teachers, interview pupils, and examine pupil work.

(c) The Superintendent shall annually provide to local educational agencies and the public a transparent and understandable explanation of the individual components of the multiple measures system.

(d) ~~(1) The Superintendent, with the approval of the state board, shall develop an alternative accountability system for~~ **For purposes of the K-12 Accountability and State System of Support established pursuant to Article 4.5, or any successor system, alternative schools include** schools under the jurisdiction of a county board of education or a county superintendent of schools, community day schools, nonpublic, nonsectarian schools pursuant to Section 56366, and alternative schools serving high-risk pupils, including continuation high schools and opportunity schools.

(2) For purposes of this subdivision, "dropout recovery high school" means a school offering instruction in any of grades 9 to 12, inclusive, in which 50 percent or more of its pupils are either designated as dropouts pursuant to the exit and withdrawal codes developed by the department or left a school and were not otherwise enrolled in a school for a period of at least 180 days and the school provides instruction in partnership with any of the following:

- (A) The federal Workforce Innovation and Opportunity Act (Public Law 113-128);**
- (B) Federally affiliated Youthbuild programs (29 U.S.C. 3226 et seq.);**
- (C) Federal job corps training or instruction provided pursuant to a memorandum of understanding with the federal provider; or**
- (D) The California Conservation Corps or local conservation corps certified by the California Conservation Corps pursuant to Section 14406 or 14507.5 of the Public Resources Code.**

(e) For purposes of this section, "homeless youth" has the same meaning as in Section 11434a(2) of Title 42 of the United States Code.

(f) For any program identified in law that utilized a calculation pursuant to the former Academic Performance Index established pursuant to this section, as this section read on January 1, 2018, the 2013 growth calculation shall be applied for those purposes. For purposes of Section 47607, alternative measures that show increases in pupil academic achievement for all groups of pupils schoolwide and among significant pupil subgroups may also be used.

Article 4.2 of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

(New for May Revision)

Article 4.5 of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code is amended to read: (New for May Revision)

ARTICLE 4.5. Local Control and Accountability Plans and the Statewide System of Support
[~~52060~~52059.5 - 52077]

Section 52059.5 of the Education Code is added to read: (New for May Revision)

- 52059.5. (a) A single system for providing support to local educational agencies and schools pursuant to this article and for federal programs pursuant to the federal Elementary and Secondary Education Act (20 U.S.C. Sec. 6301 et seq.) is hereby established.
- (b) The purpose of this statewide system of support is to build the capacity of local educational agencies to do all of the following:
- (1) Support the continuous improvement of pupil performance within the state priorities as described in Sections 52060 and 52066.
 - (2) Address the gaps in achievement between pupil subgroups as described in Section 52052.
 - (3) Improve outreach and collaboration with stakeholders to ensure that goals, actions, and services as described in school district and county office of education local control and accountability plans reflect the needs of pupils and the community, especially for historically underrepresented or low-achieving populations.

Section 52064.5 of the Education Code is amended to read:

52064.5. (a) On or before October 1, 2016, the state board shall adopt evaluation rubrics for all of the following purposes:

- (1) To assist a school district, county office of education, or charter school in evaluating its strengths, weaknesses, and areas that require improvement.
- (2) To assist a county superintendent of schools in identifying school districts and charter schools in need of technical assistance pursuant to Section 52071 or 47607.3, as applicable, and the specific priorities upon which the technical assistance should be focused.
- (3) To assist the Superintendent in identifying school districts for which intervention pursuant to Section 52072 is warranted.

(b) The evaluation rubrics shall reflect a holistic, multidimensional assessment of school district and individual schoolsite performance and shall include all of the state priorities described in subdivision (d) of Section 52060.

(c) As part of the evaluation rubrics, the state board shall adopt state and local indicators to measure school district and individual schoolsite performance in regard to each of the state priorities described in subdivision (d) of Section 52060.

(d) The state board may adopt alternate methods for calculating the state and local indicators described in subdivision (c) for alternative schools, as defined in Section 52052(d), if appropriate to more fairly evaluate the performance of such schools or of a specific category of such schools. Such alternate methods may include an individual pupil growth model.

~~(e)~~**(e)** As part of the evaluation rubrics, the state board shall adopt standards for school district and individual schoolsite performance and expectations for improvement in regard to each of the state priorities described in subdivision (d) of Section 52060. The standards shall be based on the state and local indicators specified in subdivision (c).

~~(e)~~**(f)** The department, in collaboration with, and subject to the approval of, the executive director of the state board, shall develop and maintain the California School Dashboard, a Web-based system for publicly reporting performance data on the state and local indicators included in the evaluation rubrics.

(f)**(g)** As part of the evaluation rubrics, the state board shall adopt performance criteria for local educational agency assistance and intervention pursuant to Sections 47607.3, 52071, 52071.5, 52072, and 52072.5. The criteria shall be based on performance by pupil subgroups either

across two or more of the state and local indicators specified in subdivision (c) or across two or more of the state priorities described in subdivision (d) of Section 52060 and subdivision (d) of Section 52066.

Section 52066 of the Education Code is amended to read:

52066. (a) On or before July 1, 2014, each county superintendent of schools shall develop, and present to the county board of education for adoption, a local control and accountability plan using a template adopted by the state board.

(b) A local control and accountability plan adopted by a county board of education shall be effective for a period of three years, and shall be updated on or before July 1 of each year.

(c) A local control and accountability plan adopted by a county board of education shall include, for each school or program operated by the county superintendent of schools, both of the following:

(1) A description of the annual goals, for all pupils and each subgroup of pupils identified pursuant to Section 52052, to be achieved for each of the state priorities identified in subdivision (d), as applicable to the pupils served, and for any additional local priorities identified by the county board of education.

(2) A description of the specific actions the county superintendent of schools will take during each year of the local control and accountability plan to achieve the goals identified in paragraph (1), including the enumeration of any specific actions necessary for that year to correct any deficiencies in regard to the state priorities listed in paragraph (1) of subdivision (d). The specific actions shall not supersede the provisions of existing local collective bargaining agreements within the jurisdiction of the county superintendent of schools.

(d) All of the following are state priorities:

(1) The degree to which the teachers in the schools or programs operated by the county superintendent of schools are appropriately assigned in accordance with Section 44258.9 and fully credentialed in the subject areas, and, for the pupils they are teaching, every pupil in the schools or programs operated by the county superintendent of schools has sufficient access to the standards-aligned instructional materials as determined pursuant to Section 60119, and school facilities are maintained in good repair as specified in subdivision (d) of Section 17002.

(2) Implementation of the academic content and performance standards adopted by the state board, including how the programs and services will enable English learners to access the common core academic content standards adopted pursuant to Section 60605.8 and the English language development standards adopted pursuant to Section 60811.3 for purposes of gaining academic content knowledge and English language proficiency.

(3) Parental involvement, including efforts the county superintendent of schools makes to seek parent input in making decisions for each individual schoolsite and program operated by a county superintendent of schools, and including how the county superintendent of schools will promote parental participation in programs for unduplicated pupils and individuals with exceptional needs.

(4) Pupil achievement, as measured by all of the following, as applicable:

(A) Statewide assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33 or any subsequent assessment, as certified by the state board.

(B) The Academic Performance Index, as described in Section 52052.

(C) The percentage of pupils who have successfully completed courses that satisfy the requirements for entrance to the University of California and the California State University, or career technical education sequences or programs of study that align with state board-approved career technical education standards and frameworks, including, but not limited to, those described in subdivision (a) of Section 52302, subdivision (a) of Section 52372.5, or paragraph (2) of subdivision (e) of Section 54692.

(D) The percentage of English learner pupils who make progress toward English proficiency as measured by the California English Language Development Test or any subsequent assessment of English proficiency, as certified by the state board.

- (E) The English learner reclassification rate.
- (F) The percentage of pupils who have passed an advanced placement examination with a score of 3 or higher.
- (G) The percentage of pupils who participate in, and demonstrate college preparedness pursuant to, the Early Assessment Program, as described in Chapter 6 (commencing with Section 99300) of Part 65 of Division 14 of Title 3, or any subsequent assessment of college preparedness.
- (5) Pupil engagement, as measured by all of the following, as applicable:
 - (A) School attendance rates.
 - (B) Chronic absenteeism rates.
 - (C) Middle school dropout rates, ~~as described in paragraph (3) of subdivision (a) of Section 52052.1.~~
 - (D) High school dropout rates.
 - (E) High school graduation rates.
- (6) School climate, as measured by all of the following, as applicable:
 - (A) Pupil suspension rates.
 - (B) Pupil expulsion rates.
 - (C) Other local measures, including surveys of pupils, parents, and teachers on the sense of safety and school connectedness.
- (7) The extent to which pupils have access to, and are enrolled in, a broad course of study that includes all of the subject areas described in Section 51210 and subdivisions (a) to (i), inclusive, of Section 51220, as applicable, including the programs and services developed and provided to unduplicated pupils and individuals with exceptional needs, and the program and services that are provided to benefit these pupils as a result of the funding received pursuant to Section 42238.02, as implemented by Section 42238.03.
- (8) Pupil outcomes, if available, in the subject areas described in Section 51210 and subdivisions (a) to (i), inclusive, of Section 51220, as applicable.
- (9) How the county superintendent of schools will coordinate instruction of expelled pupils pursuant to Section 48926.
- (10) How the county superintendent of schools will coordinate services for foster children, including, but not limited to, all of the following:
 - (A) Working with the county child welfare agency to minimize changes in school placement.
 - (B) Providing education-related information to the county child welfare agency to assist the county child welfare agency in the delivery of services to foster children, including, but not limited to, educational status and progress information that is required to be included in court reports.
 - (C) Responding to requests from the juvenile court for information and working with the juvenile court to ensure the delivery and coordination of necessary educational services.
 - (D) Establishing a mechanism for the efficient expeditious transfer of health and education records and the health and education passport.
 - (e) For purposes of the descriptions required by subdivision (c), a county board of education may consider qualitative information, including, but not limited to, findings that result from school quality reviews conducted pursuant to ~~subparagraph (J) of paragraph (4) of subdivision (a) (b)~~ of Section 52052 or any other reviews.
 - (f) To the extent practicable, data reported in a local control and accountability plan shall be reported in a manner consistent with how information is reported on a school accountability report card.
 - (g) The county superintendent of schools shall consult with teachers, principals, administrators, other school personnel, local bargaining units of the county office of education, parents, and pupils in developing a local control and accountability plan.
 - (h) A county board of education may identify local priorities, goals in regard to the local priorities, and the method for measuring the county office of education's progress toward achieving those goals.

(i) (1) Beginning with the 2018–19 fiscal year and in each fiscal year thereafter, a county superintendent of schools shall prepare a summary of how the county superintendent of schools plans to support school districts and schools within the county in implementing the provisions of this article and present the summary to the county board of education at the same public meeting required under paragraph (2) of subdivision (b) of Section 52068. The summary shall include, but is not necessarily limited to, all of the following:

(A) A description of how the county superintendent of schools will support the continuous improvement of all school districts within the county, **including steps that the county superintendent of schools plans to take to collaborate with the California Collaborative for Educational Excellence, the department, the lead agencies specified in Sections 52073 and 52073.1, and other county superintendents of schools to support school districts and schools within the county in implementing the provisions of this article.**

(B) A description of how the county superintendent of schools will assist each school district identified for technical assistance pursuant to subdivision (c) of Section 52071 in improving pupil outcomes, **including, at a minimum, a clear identification of the activities being performed by the county office of education and the source of funding for those activities.** This description ~~may~~**shall** include the actions the school district will take independent of the county superintendent of schools to improve pupil outcomes, **pursuant to paragraph (3) subdivision (c) of 52071.**

~~(A)(C)~~ One or more goals for each of the following:

(i) Completing the review of local control and accountability plans submitted by school districts pursuant to Section 52070.

(ii) Providing technical assistance to school districts pursuant to ~~subdivisions (a) and (b) of~~ Section 52071.

(iii) Providing any other support to school districts and schools within the county in implementing the provisions of this article.

~~(B)(D)~~ One or more metrics to assess progress toward each goal identified in subparagraph ~~(A)(C)~~.

~~(C)(E)~~ Specific actions and related expenditures to achieve each goal identified in subparagraph ~~(A)(C)~~, to the extent this information is not provided pursuant to subparagraph ~~(B)~~. The specific actions shall not supersede the provisions of existing local collective bargaining agreements within the jurisdiction of the county superintendent of schools.

~~(2) The summary required by paragraph (1) shall identify steps that the county superintendent of schools plans to take to collaborate with the California Collaborative for Educational Excellence, the department, and other county superintendents of schools to support school districts and schools within the county in implementing the provisions of this article.~~

(2) Beginning ~~in 2019~~**with the 2019-20 fiscal year and in each fiscal year thereafter**, the county superintendent of schools shall submit the summary described in this subdivision with its local control and accountability plan pursuant to subdivision (a) of Section 52070.5.

(3) This subdivision shall not apply to a county superintendent of schools with jurisdiction over a single school district.

(4) On or before November 1 of each year, the department shall compile the information provided by county superintendents of schools pursuant to subparagraphs (A) and (B) of paragraph (1) into a single document and shall make this report available to the public on the department's Internet Web site.

Section 52071 of the Education Code is amended to read:

(a) If the governing board of a school district requests technical assistance, the county superintendent of schools shall provide technical assistance **consistent with paragraphs (1) or (2) of subdivision (c). If a school district has not been identified for technical assistance pursuant to subdivision (c) or for state intervention pursuant to subdivisions (b) and (c) of Section 52072, and if the service requested creates an unreasonable or**

~~untenable cost burden for the county superintendent of schools, the~~ **The county superintendent of schools may assess the school district a fee not to exceed the cost of the service. To the extent practicable, the county superintendent of schools shall provide technical assistance requested by a school district in its service region at low or no cost.** This section shall not preclude a school district from soliciting technical assistance from entities other than its county superintendent of schools at its own cost.

(b) If a county superintendent of schools does not approve a local control and accountability plan or annual update to the local control and accountability plan approved by a governing board of a school district, the county superintendent of schools shall provide technical assistance **focused on revising the local control and accountability plan or annual update such that it can be approved.**

~~(1)(c)~~ **(c) For any school district for which one or more pupil subgroups identified pursuant to Section 52052 meets the criteria established pursuant to subdivision (f) of Section 52064.5, the county superintendent of schools shall provide technical assistance focused on building the school district's capacity to develop and implement actions and services responsive to pupil and community needs, including.**

~~(2)~~ **A lead agency identified pursuant to Section 52073 may provide the technical assistance required by this subdivision on behalf of a county superintendent of schools at the request of the county superintendent of schools.**

~~(d)~~ **For purposes of this section, technical assistance includes, but is not limited to, any of the following:**

(1) ~~Identification of the school district's~~ **Assisting the school district to identify its strengths and weaknesses in regard to the state priorities described in subdivision (d) of Section 52060, communicated in writing to the school district. This identification shall include a working collaboratively with the school district to review performance data on the state and local indicators included in the California School Dashboard authorized by subdivision (e) of Section 52064.5 and other relevant local data and to identify of effective, evidence-based programs or practices that address apply to the school district's goals any areas of weakness.**

(2) ~~Assignment of~~ **Working collaboratively with the school district to secure assistance from an academic, programmatic, or fiscal expert or team of academic experts to assist the school district in identifying and implementing effective programs and practices that are designed to improve performance in any areas of weakness identified by the school district ~~the outcomes for all pupil subgroups identified pursuant to Section 52052.~~ The county superintendent of schools may ~~also~~ solicit another service provider, which may include a school district, within the county or another a county office of education, or a charter school, to act as a partner to the school district in need of technical assistance.**

(3) ~~Receipt~~ **Obtaining from the school district ~~of~~ timely documentation demonstrating that it has completed the activities described in paragraphs (1) and (2) ~~of subdivision (a),~~ or substantially similar activities, or has selected another service provider to work with the school district to complete the activities described in paragraphs (1) and (2), or substantially similar activities, and ongoing communication with the school district to assess the school district's progress in improving pupil outcomes.**

(4) **Requesting** that the California Collaborative for Educational Excellence provide advice and assistance to the school district, pursuant to subdivision (g) of Section 52074.

(d) A lead agency identified pursuant to Section 52073 may provide the technical assistance required by subdivision (c) on behalf of a county superintendent of schools at the request of a county superintendent of schools.

(e) Upon request of a county superintendent of schools or a school district, a lead agency identified pursuant to Section 52073 may provide assistance including, but not limited to, the identification of strengths and weaknesses, the identification of effective, evidence-based programs or practices that address any areas of weakness, or securing assistance from an academic, programmatic, or fiscal expert or team of experts. A lead

agency identified pursuant to Section 52073 may request that another lead agency or the California Collaborative for Educational Excellence provide such assistance.

~~(e)(f)~~ A school district shall accept the technical assistance provided by the county superintendent of schools pursuant to subdivisions (b) and (c).

Section 52071.5 of the Education Code is amended to read:

52071.5. (a) If the Superintendent does not approve a local control and accountability plan or annual update to the local control and accountability plan approved by a county board of education, or if the county board of education requests technical assistance, the Superintendent shall provide technical assistance **focused on revising the local control and accountability plan or annual update such that it can be approved., including, but not limited to, any of the following:**

~~(1) Identification of the county board of education's strengths and weaknesses in regard to the state priorities described in subdivision (d) of Section 52066, communicated in writing to the county board of education. This identification shall include a review of effective, evidence-based programs that apply to the board's goals.~~

~~(2) Assignment of an academic expert or team of academic experts, or request the California Collaborative for Educational Excellence established pursuant to Section 52074, to assist the county board of education in identifying and implementing effective programs that are designed to improve the outcomes for all pupil subgroups identified pursuant to Section 52052. The Superintendent may also solicit another county office of education to act as a partner to the county office of education in need of technical assistance.~~

~~(b) Using an evaluation rubric adopted by the state board pursuant to Section 52064.5, t~~**The Superintendent shall provide the technical assistance described in subdivision (a) to any county office of education that fails to improve pupil achievement in regard to more than one state priority described in subdivision (d) of Section 52066. For any county office of education for which one or more pupil subgroups identified pursuant to Section 52052 meets the criteria established pursuant to subdivision (f) of Section 52064.5., the Superintendent shall provide technical assistance focused on building the county office of education's capacity to develop and implement actions and services responsive to student and community needs, including, among other things, any of the following:**

(1) Assisting the county office of education to identify its strengths and weaknesses in regard to the state priorities described in subdivision (d) of Section 52062. This shall include working collaboratively with the county office of education to review performance data on the state and local indicators included in the California School Dashboard authorized by subdivision (e) of Section 52064.5 and other relevant local data and to identify effective, evidence-based programs or practices that address any areas of weakness.

(2) Working collaboratively with the county office of education to secure assistance from an academic expert or team of academic experts to identify and implement effective programs that are designed to improve performance in any areas of weakness identified by the county office of education. The Superintendent may solicit another service provider, which may include a school district, a county office of education, or a charter school, to act as a partner to the county office of education in need of technical assistance.

(3) Obtaining from the county office of education timely documentation demonstrating that it has completed the activities described in paragraphs (1) and (2), or substantially similar activities, and ongoing communication with the county office of education to assess the county office of education's progress in improving pupil outcomes.

(4) Requesting that the California Collaborative for Educational Excellence provide advice and assistance to the county office of education, pursuant to subdivision (g) of Section 52074.

(c) Technical assistance provided pursuant to this section at the request of a county board of education shall be paid for by the county board of education receiving assistance.

Section 52073 of the Education Code is amended to read:

52073. (a) (1) ~~The~~ By September 1, 2018, the California Collaborative for Educational Excellence and the department shall establish a process, administered by the department, to select, subject to approval by the executive director of the state board and the Director of Finance, county offices of education to serve as lead agencies to conduct the activities required pursuant to this section.

(2) (A) The department, the California Collaborative for Educational Excellence, and the lead agencies work collaboratively to advance the purpose of the statewide system of support specified in subdivision (b) Section 52059.5.

(B) The department and the California Collaborative for Educational Excellence shall establish a formal process to ensure that the department, the California Collaborative for Educational Excellence, and the lead agencies communicate with each other regularly.

(C) The department and the California Collaborative for Educational Excellence shall establish a process for the department, the California Collaborative for Educational Excellence, and the lead agencies to engage with stakeholders to inform each agency's work within the statewide system of support established by Section 52059.5.

~~(2)~~**(3)** The process to select lead agencies shall ensure that no fewer than six and no more than 10 lead agencies are selected in a manner to ensure statewide coverage. Lead agencies shall be selected for a term not to exceed five years.

~~(3)~~**(4)** The process to select lead agencies shall, at a minimum, specify that a county office of education applying to be a lead agency demonstrate all of the following:

(A) Appropriate expertise with the state priorities identified in subdivision (d) of Section 52060 and subdivision (d) of Section 52066 and with federal programs, which may include a plan to partner or subcontract, as appropriate, with county offices of education or other entities for that expertise.

(B) Ability to build the capacity of county offices of education within a defined geographic area to provide effective assistance and support to school districts under the state priorities identified in subdivision (d) of Section 52060 and federal programs.

(C) Capacity and willingness to provide necessary assistance and support to other county offices of education.

(D) Ability to coordinate and calibrate assistance and support provided to local educational agencies within a defined geographic area and with other lead agencies, the California Collaborative for Educational Excellence, and the department.

(E) Willingness to establish goals and be held accountable for improved performance across multiple measures within a defined geographic area.

~~(4)~~**(5)** A county office of education may partner as a consortium with other local educational agencies, institutions of higher education, or nonprofit educational services providers to submit a proposal to serve as a lead agency.

(b) (1) A lead agency shall have all of the following responsibilities:

(A) Assist in building the capacity of county offices of education within the lead agency's defined geographic area to provide effective assistance and support to school districts under the state priorities identified in subdivision (d) of Section 52060 and federal programs.

(B) Coordinate and calibrate assistance and support provided to local educational agencies within its defined geographic area and with other lead agencies, the California Collaborative for Educational Excellence, and the department.

(C) Provide assistance and support if another county office of education within the lead agency's defined geographic area is unable to provide appropriate assistance and support to one or more school districts in that county office of education's boundaries.

(D) Identify existing resources, professional development activities, and other efforts currently available within their designated geographic area to assist ~~county offices of education and~~

school districts **and county offices of education** to improve outcomes under the state priorities identified in subdivision (d) of Section 52060 and subdivision (d) of Section 52066, and upon request, share information about these existing resources.

(E) Upon request by the department and the California Collaborative for Educational Excellence, develop new resources and activities, designed to build capacity within school districts and county offices of education across the state under the state priorities identified in subdivision (d) of Section 52060 and subdivision (d) of Section 52066 or other areas of identified need.

(F) Other duties as specified by the department and the California Collaborative for Educational Excellence as part of the process to select lead agencies.

(2) A lead agency may enter into subcontracts with one or more local educational agencies, institutions of higher education, or nonprofit educational services providers to assist in fulfilling the responsibilities described in this subdivision.

(c) The California Collaborative for Educational Excellence, in consultation with the department, shall assist the lead agencies in fulfilling the responsibilities described in subdivision (b).

(d) (1) At the conclusion of the term for each selected lead agency, the department and the California Collaborative for Educational Excellence may renew the selection of the existing lead agency or reopen the selection of a lead agency in a manner consistent with subdivision (a).

(2) Before renewing the selection of an existing lead agency, the department and the California Collaborative for Educational Excellence shall evaluate the lead agency's success in doing both of the following:

(A) Meeting the goals established pursuant to subparagraph (E) of paragraph ~~(3)~~(4) of subdivision (a); and

(B) Fulfilling the responsibilities described in subdivision (b), **including, but not limited to, progress in building the capacity of county offices of education within the lead agency's defined geographic area as demonstrated by trends within the lead agency's defined geographic area in the number of school districts receiving technical assistance pursuant to subdivision (c) of Section 52071 and the number of school districts that stopped receiving technical assistance pursuant to subdivision (c) of Section 52071 due to improved performance on the state and local indicators developed for the California School Dashboard pursuant to Section 52064.5.**

(e) Commencing with the 2018-19 fiscal year, the sum of four million dollars (\$4,000,000) shall be appropriated annually to the department from the General Fund to be awarded to county offices of education serving as lead agencies pursuant to this section.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the amount appropriated in subdivision (e) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, 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.

Section 52073.2 of the Education Code is added to read:

(New for May Revision)

52073.2. (a) The California Collaborative for Educational Excellence and the department shall establish a process, administered by the department, to select, subject to approval by the executive director of the state board in consultation with the Department of Finance, special education local plan areas or consortium of special education local plan areas to serve as special education resource leads to work with lead agencies selected pursuant to Sections 52073 and 52073.1, and other county offices of education to improve pupil outcomes as part of the statewide system of support pursuant to this chapter.

(b) The process to select special education resource leads shall ensure that no more than 10 resource leads are selected to provide specific expertise on special education issues within the system of support. At least three resource leads shall be selected in a manner to ensure statewide representation and focus directly on building special education local plan area capacity to support local educational agencies in achieving the goals, actions, and services

identified in their Local Control and Accountability Plans. Special education resource leads shall be selected for a term not to exceed five years.

(c) Commencing with the 2018-19 fiscal year, the sum of ten million dollars (\$10,000,000) is included in the annual Budget Act, Schedule (1) of the Item 6100-161-0001, for support of the special education resource leads selected pursuant to this section.

Section 52074 of the Education Code is amended to read:

52074. (a) The California Collaborative for Educational Excellence is hereby established.

(b) The purpose of the California Collaborative for Educational Excellence is to advise and assist school districts, county superintendents of schools, and charter schools in achieving the goals set forth in a local control and accountability plan adopted pursuant to this article. The California Collaborative for Educational Excellence shall achieve this purpose by facilitating continuous improvement for local educational agencies within California's system of public school support.

~~(c) The governing board of the California Collaborative for Educational Excellence shall, with the approval of the Department of Finance, contract with a local educational agency, or consortium of local educational agencies, to serve as the fiscal agent for the California Collaborative for Educational Excellence. The Superintendent shall apportion funds appropriated for the California Collaborative for Educational Excellence to the fiscal agent.~~

~~(d)~~(c) The California Collaborative for Educational Excellence shall be governed by a board consisting of the following five members:

- (1) The Superintendent or his or her designee.
- (2) The president of the state board or his or her designee.
- (3) A county superintendent of schools appointed by the Senate Committee on Rules.
- (4) A teacher appointed by the Speaker of the Assembly.
- (5) A superintendent of a school district appointed by the Governor.

(d) The governing board of the California Collaborative for Educational Excellence shall select and direct the administrative agent provided for in subdivision (e) to hire the executive director of the California Collaborative for Educational Excellence, and provide policy and program direction.

(e) The **department, in consultation with the Executive Director of the State Board of Education and with the approval of the** Department of Finance, shall contract with a local educational agency, or consortium of local educational agencies, to serve as the administrative agent for the California Collaborative for Educational Excellence. The administrative agent shall operate all aspects of the California Collaborative for Educational Excellence in accordance with the terms of its contract or contracts with the State of California, applicable statutes, and the policy and program direction of the governing board of the California Collaborative for Educational Excellence. The Superintendent shall apportion funds appropriated for the California Collaborative for Educational Excellence to the administrative agent.

~~(e)~~(f) At the **Pursuant to the policy and program** direction of the governing board of the California Collaborative for Educational Excellence, the ~~fiscal~~ administrative agent shall contract with individuals, local educational agencies, or organizations with the expertise, experience, and a record of success to carry out the purposes of this article. The areas of expertise, experience, and record of success shall include, but are not limited to, all of the following:

- (1) State priorities as described in subdivision (d) of Section 52060, including the state and local indicators developed for the California School Dashboard pursuant to Section 52064.5.
- (2) Improving the quality of teaching.
- (3) Improving the quality of school district and schoolsite leadership.
- (4) Successfully addressing the needs of special pupil populations, including, but not limited to, English learners, pupils eligible to receive a free or reduced-price meal, pupils in foster care, and individuals with exceptional needs.

~~(f)(g)~~ The California Collaborative for Educational Excellence may, ~~after consulting with the Superintendent,~~ accept a request or referral to advise and assist a school district, county superintendent of schools, or charter school in any of the following circumstances:

~~(1) If the governing board of a school district, county board of education, or governing body of a charter school requests the advice and assistance of the California Collaborative for Educational Excellence.~~

~~(2)(1) If the county superintendent of schools of the county in which the school district or charter school is located determines, following the provision of technical assistance pursuant to Section 52071 or 47607.3 as applicable, and the lead agency of that county identified pursuant to Section 52073 agrees, that the advice and assistance of the California Collaborative for Educational Excellence is necessary to help the school district or charter school accomplish the goals described in the local control and accountability plan adopted pursuant to this article.~~

~~(3)(2) If the Superintendent determines that the advice and assistance of the California Collaborative for Educational Excellence is necessary to help the school district, county superintendent of schools, or charter school accomplish the goals set forth in the local control and accountability plan adopted pursuant to this article.~~

~~(3) Outside of the processes described in paragraphs (1) and (2), if the governing board of a school district, county superintendent of schools, or governing body of a charter school a school district, county office of education, or charter school that requests the advice and assistance of the California Collaborative for Educational Excellence shall reimburse the California Collaborative for Educational Excellence for the cost of those services, the California Collaborative for Educational Excellence may request reimbursement for this purpose, pursuant to authority provided in the annual Budget Act.~~

~~(h) To the extent authority is provided in the annual Budget Act, a school district at risk of qualifying for state intervention pursuant to subdivision (b) of Section 52072 shall have priority for direct technical assistance from the California Collaborative for Educational Excellence.~~

~~(i) In addition to the functions described in subdivision (g), the California Collaborative for Educational Excellence shall do both of the following:~~

~~(1) Facilitate professional development activities that increase the capacity of local educational agencies to improve pupil outcomes in alignment with state priorities pursuant to Section 52060 and to improve performance on the state and local indicators developed for the California School Dashboard pursuant to Section 52064.5. The California Collaborative for Educational Excellence shall provide professional development in partnership with state professional associations, nonprofit organizations, and public agencies. The governing board of the California Collaborative for Educational Excellence shall determine the extent of the training that is necessary to comply with this paragraph.~~

~~(2) Produce a professional development training calendar, to be posted on the California Collaborative for Educational Excellence's Internet Web site, that publicizes all of the professional development activities offered pursuant to paragraph (1) at the local, regional, and state levels.~~

~~(g)(j) The individuals with whom the fiscal administrative agent enters into employment contracts at the direction of the governing board of the California Collaborative for Educational Excellence pursuant to subdivision (e) to carry out the purposes of this article shall be deemed employees of the fiscal administrative agent and eligible for participation in either the State Teachers' Retirement System or the Public Employees' Retirement System, as appropriate to the nature of the work to be performed by the employees.~~

(k) Receipt of any revenues not appropriated by the Legislature to the California Collaborative for Educational Excellence shall be subject to board approval. The board shall ensure that all activities, regardless of fund source, are aligned with the purpose of the California Collaborative for Educational Excellence as defined in subdivision (b).

~~53203. (a) The regional consortia authorized under Section 52059, in collaboration with the department, from funds provided for this purpose pursuant to subdivision (c) of Section 53101, shall provide, at a minimum, technical assistance and support to local educational agencies with one or more persistently lowest-achieving schools to assist with the implementation of the duties specified for any of the four interventions for persistently lowest-achieving schools pursuant to Section 53202.~~

~~(b) Funds for the regional consortia shall be distributed based on the number of persistently lowest-achieving schools identified pursuant to this section and the pupil enrollment of these schools.~~

~~(c) It is the intent of the Legislature that the regional consortia coordinate the duties described in subdivision (a) with the duties performed pursuant to Section 52059 as it relates to schools and districts identified in program improvement pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).~~

~~(d) The areas of technical assistance and support pursuant to this section may include, but are not limited to, any of the following:~~

~~(1) Identifying strategies that are designed to recruit, place, and retain staff with the skills necessary to meet the needs of the pupils at the school, including financial incentives, increased opportunities for promotion and career growth, and more flexible work conditions.~~

~~(2) Identifying strategies that provide increased instructional time.~~

~~(3) Implementing any of the professional development activities authorized in the state's plan or application submitted for the federal Race to the Top program.~~

~~(4) Developing a new governance structure that may include the establishment of a new turnaround office, located within the local educational agency or the department, that a school implementing the turnaround model will report to.~~

~~(5) Developing social-emotional and community-oriented services, including strategies for parental involvement and services that can be located at the schoolsite.~~

~~(6) Identifying, reviewing, and recommending quality charter school operators, charter management organizations, or education management organizations that can operate a persistently lowest-achieving school.~~

~~(7) Identifying higher-achieving schools in the school district, including charter schools, to relocate pupils attending a school that is scheduled for closure.~~

~~(8) Developing, in consultation with teachers and principals, a rigorous, transparent, and equitable evaluation system for teachers and principals that includes the use of pupil-growth data and other factors such as multiple observation-based assessments that all schools implementing the turnaround or transformation model may use.~~

~~(9) Identifying strategies to identify and reward school leaders, teachers, and other staff who, in implementing the transformation model, have increased pupil achievement and high school graduation rates and have identified and removed those, who, after ample opportunities, have been provided for them to improve their professional practice, have not done so.~~

~~(10) Identifying and approving mentor schools pursuant to subdivision (c) of Section 53202. The regional consortia shall first seek eligible mentor schools located within the district of each of the schools implementing the turnaround or transformation model.~~

~~(11) Consistent with the collective bargaining agreement, assisting a local educational agency in doing any of the following:~~

~~(A) Meeting federal guidelines under Appendix C of the Notice of Final Priorities, Requirements, Definitions, Selection Criteria for the federal Race to the Top program published in Volume 74 of Number 221 of the Federal Register on November 18, 2009, which encourages the state to ensure that persistently lowest-achieving schools are not required to accept a teacher without mutual consent of the teacher and principal, regardless of the teacher's seniority.~~

~~(B) Implementing schoolsite-based teacher hiring decisions.~~

~~(C) Giving persistently lowest-achieving schools first priority in selecting from the qualified district applicant pool, among those teachers who have specifically applied to work at the school.~~



May 11, 2018

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Items 6120-011-0001 and 6120-215-0001, and Addition of Item 6120-160-0001, Support and Local Assistance, California State Library

Information Technology Enterprise Security (Issue 016)—It is requested that Item 6120-011-0001 be increased by \$215,000 for improved information technology at the California State Library. Of this amount, \$80,000 is ongoing to support costs of new cloud security subscriptions and \$135,000 is one-time to support costs of implementation of the new system. This augmentation would enable the Library to address information technology security vulnerabilities identified in a recent technology security analysis, conducted by the California Military Department.

Ongoing Funds for Increased Facilities Rent (Issue 018)—It is requested that Item 6120-011-0001 be increased by \$340,000 to account for higher facilities rents charged by the Department of General Services. Of this amount, \$100,000 is for rent increases at the Stanley Mosk Library and Courts Building, \$62,000 is for rent increases at the 900 N Street Library Building, and \$178,000 is for increased central plant service charges.

Collection Protection Activities (Issue 019)—It is requested that Item 6120-011-0001 be increased by \$663,000 for one-time General Fund to purchase a vault that will help protect the library's collection, repair books that were damaged by water leaks that occurred during this year's rainstorms, and to purchase damage response supplies. These funds will help ensure that the State Library's collection remains available to future generations of Californians.

Digital Preservation Activities (Issue 022)—It is requested that Item 6120-011-0001 be increased by \$195,000 to digitally preserve the state's website history. Of this amount \$120,000 would support digitally preserving state government websites once per quarter and \$75,000 would support digital preservation storage subscriptions.

California Newspaper Project (Issue 025)—It is requested that Item 6120-160-0001 be added in the amount of \$430,000 for the California Newspaper Project. The Project supports the preservation of historic newspapers from each county in California.

Corporation for Education Network Initiatives in California (CENIC) Costs Technical Adjustment (Issue 024)—It is requested that Item 6120-215-0001 be increased by \$350,000 and Item 6120-011-0001 be decreased by \$350,000 to properly reflect the CENIC contract increase. In the Governor's Budget proposal, funding for this proposal was inadvertently placed into Item 6120-011-0001. This proposal would correct this error.

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, Assistant Program Budget Manager, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
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. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez Fletcher, Chair, Assembly Appropriations Committee
Attention: Mr. Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Greg Lucas, State Librarian, California State Library
Ms. Elizabeth Vierra, Bureau Chief, Administrative Services Bureau, California State Library
Ms. Judy Dunstan, Budget Analyst, California State Library



May 11, 2018

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

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

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

Redirection for Enrollment Growth (Issue 406)—It is requested that Item 6440-001-0001 be increased by \$8,551,000 and Item 6440-005-0001 be decreased by \$8,551,000 to reflect a redirection of funds from the UC Office of the President to support resident undergraduate student enrollment growth consistent with the Legislature's expectation in the 2017 Budget Act.

Redirection to Cal Grant Program (Issue 404)—It is requested that provisional language be added to Item 6440-001-0001 to authorize the Director of Finance to reduce this item to support related Cal Grant Program costs derived from potential tuition increases applicable to the 2018-19 academic year. The UC Board of Regents considered a 2.5 percent tuition increase. If it had been approved by the Regents, UC would have received approximately \$22.3 million and \$574,000 in state funds through corresponding Cal Grant program entitlement award adjustments and Middle Class Scholarship award adjustments, respectively. This amendment would authorize the Director of Finance to offset this item by the amount of estimated Cal Grant program and Middle Class Scholarship program costs caused by a systemwide tuition increase in 2018-19.

Suggested Budget Bill language is proposed as follows to conform to this action:

- 2.1. Notwithstanding any other law, the Director of Finance may reduce funds appropriated in this item by an amount equal to the estimated Cal Grant and Middle Class Scholarship program cost increases caused by a 2018-19 academic year increase in systemwide tuition. No reduction may be authorized pursuant to this provision sooner than 30 days after the Director of Finance provides notice of the intended reduction to the Chairperson of the Joint Legislative Budget Committee.

Support for Mental Health Graduate Medical Education (Issue 410)—It is requested that Item 6440-001-0001 be increased by \$55 million, on a one-time basis, to support a cohort of psychiatric residents serving Health Professional Shortage Areas or Medically Underserved Areas in rural portions of the state. Of these funds, \$40 million will support residents at UC medical centers and \$15 million will be issued through a grant program to accredited residency programs throughout the state.

It is further requested that Provision 2.2 be added to Item 6440-001-0001 as follows to conform to this action:

- 2.2. (a) (1) Of the funds appropriated in this item, \$55,000,000 is provided on a one-time basis for the purpose of supporting mental health graduate medical education programs serving Health Professional Shortage Areas or Medically Underserved Areas in rural portions of the state that have a demonstrated workforce need.
- (2) Of the amount specified in paragraph (1), \$40,000,000 shall be used for direct graduate medical education costs at University of California medical centers to support psychiatric residents serving Health Professional Shortage Areas or Medically Underserved Areas in rural portions of the state that have a demonstrated workforce need.
- (3) Of the amount specified in paragraph (1), \$15,000,000 shall be used by the University of California to support a grant program to increase the number of psychiatry residents serving Health Professional Shortage Areas or Medically Underserved Areas in rural portions of the state that have a demonstrated workforce need. All residency programs accredited by federally recognized accrediting organizations serving Health Professional Shortage Areas or Medically Underserved Areas in rural portions of the state that have a demonstrated workforce need and are located in California shall be eligible to apply to receive funding to support resident education in California.
- (b) Funds allocated to campuses and grantees pursuant to paragraphs (2) and (3) shall support the costs of a psychiatry residency slot through the entire duration of the residency.
- (c) Notwithstanding subdivision (a) of Section 1.80, the funds appropriated in this subdivision shall be available for encumbrance or expenditure until June 30, 2023. It is the intent of the legislature that the funds allocated pursuant to paragraphs (2) and (3) be distributed to campuses and grantees as soon as practicable, but not later than June 30, 2019, and campuses and grantees shall open these new residency slots as soon as practicable.
- (d) No more than \$5,500,000 pursuant to paragraphs (2) of subdivision (a) in this provision may be used by the University of California for administrative costs.

Support for Anti-Bias Training (Issue 407)—It is requested that Item 6440-001-0001 be increased by \$1.2 million on a one-time basis, to contract for a two-year pilot program to provide anti-bias training at campuses of the UC and the California State University. These funds are intended to create a more inclusive campus environment and prevent hate.

It is further requested that Provision 2.3 be added to Item 6440-001-0001 as follows to conform to this action:

- 2.3. (a) Of the funds appropriated in this item, \$1,200,000 is provided on a one-time basis to contract for a two-year pilot program to provide anti-bias training for administrators, faculty, staff, and student leaders at campuses of the University of California and the California State University.
- (b) No more than \$200,000 appropriated to the University of California for this training program may be used for administrative costs.

Support for Institute on Global Cooperation and Conflict (Issue 408)—It is requested that Item 6440-001-0001 be increased by \$1,000,000 to support the operations of the Institute on Global Conflict and Cooperation.

It is further requested that Provision 2.4 be added to Item 6440-001-0001 as follows to conform to this action:

- 2.4. Of the funds appropriated in this item \$1,000,000 shall be used for the Institute on Global Conflict and Cooperation.

Amendment to Reappropriate Equal Employment Opportunity Funds (Issue 401)—It is requested that Item 6440-491 be added to reappropriate funds provided for Item 6440-001-0001 in the 2016 and 2017 Budget Acts for equal employment opportunity programs.

Suggested Budget Bill language is proposed as follows to conform to this action:

6440-491—Reappropriation, University of California. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2021:

0001—General Fund

- (1) Item 6440-001-0001, Provision 4.2, Subsection (d), Budget Act of 2016 (Ch. 23, Stats. 2016 as amended by Ch. 318, Stats. 2016)
- (2) Item 6440-001-0001, Provision 2.5, Subsection (b), Budget Act of 2017 (Chs. 14, 22, and 54, Stats. 2017)

Amend the University of California (UC) Path Line Item (Issue 405)—It is requested that Provision 3 of Item 6440-005-0001 be amended to support the implementation of the UC Path project.

Specific amendments are proposed in the following language:

“3. The funds appropriated in this item may be encumbered only if the President of the University of California certifies, in writing, to the Director of Finance that there will be no campus assessment for support of that office for the 2018-19 fiscal year except to supplement funds appropriated in subsection (b) of Provision 2. This supplemental assessment shall not exceed \$15,300,000. If additional funds are required, the UC may request this supplemental assessment be increased contingent upon approval by the Director of Finance and the Joint Legislative Budget Committee.”

Tobacco-Related Disease Research (Issues 702 and 703)—It is requested that Items 6440-001-3306 and 6440-001-3310 be eliminated. Expenditures previously associated with these items will instead be reflected in continuously appropriated items, consistent with Proposition 56 and the provisions of the Revenue and Taxation Code section 30130.53, Subdivision (c).

Proposition 56, passed by the voters in November 2016, increased the excise tax rate on cigarettes and tobacco products, effective April 1, 2017. The excise tax increased by \$2 from 87 cents to \$2.87 per pack of 20 cigarettes on distributors selling cigarettes in California. Monies from the collection of the tax are deposited in the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund and related administratively established funds to implement the purposes of the act.

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, Assistant Program Budget Manager, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
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. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez Fletcher, Chair, Assembly Appropriations Committee
Attention: Mr. Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Nathan Brostrom, Executive Vice President and Chief Financial Officer, University of California
Office of the President
Mr. Kieran Flaherty, Deputy to the Chief Financial Officer, University of California Office of the
President
Mr. David Alcocer, Interim Associate Vice President, Budget Analysis and Planning, University of
California Office of the President



May 11, 2018

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 6600-001-0001, Support, Hastings College of the Law

Support for University of California (UC) Path Implementation (Issue 001)—It is requested that Item 6600-001-0001 be increased by \$1,457,000 to provide resources associated with implementing the UC Path project.

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, Assistant Program Budget Manager, at (916) 445-0328.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: On following page

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Christopher Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. David Seward, Chief Financial Officer, Hastings College of the Law



May 11, 2018

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Items 6610-001-0001 and 6610-002-0001, Support, and Trailer Bill Language, California State University

Redirection to Cal Grant Program (Issue 304)—It is requested that provisional language be added to Item 6610-001-0001 to authorize the Director of Finance to reduce this item to support related Cal Grant Program costs derived from potential tuition increases applicable to the 2018-19 academic year. The California State University (CSU) Board of Trustees considered a 4 percent tuition increase. If it had been approved by the Trustees, CSU would have received approximately \$23 million and \$3 million in state funds through corresponding Cal Grant program entitlement award adjustments and Middle Class Scholarship award adjustments, respectively. This amendment would authorize the Director of Finance to offset this item by the amount of estimated Cal Grant program and Middle Class Scholarship program costs caused by a systemwide tuition increase in 2018-19.

Suggested Budget Bill language is proposed as follows to conform to this action:

- 2.1. Notwithstanding any other law, the Director of Finance may reduce funds appropriated in this item by an amount equal to the estimated Cal Grant and Middle Class Scholarship program cost increases caused by a 2018-19 academic year increase in systemwide tuition. No reduction may be authorized pursuant to this provision sooner than 30 days after the Director of Finance provides notice of the intended reduction to the chairpersons of the Joint Legislative Budget Committee.

Revised Cost-of-Living Adjustment (COLA) for Fellows Programs (Issue 302)—It is requested that Item 6610-002-0001 be increased by \$5,000 for the Center for California Studies to reflect a COLA of 2.71%. Of this amount, \$1,000 is for the Senate Fellows Program, \$1,000 is for the Assembly Fellows Program, \$2,000 is for the Executive Fellows Program, and \$1,000 is for the Judicial Fellows Program.

It is further requested that Provision 1 of this item be amended as follows:

"1. The funds appropriated in this item are for the following:

(a) Assembly Fellows Program	927,000
	<u>928,000</u>
(b) Senate Fellows Program	927,000
	<u>928,000</u>
(c) Executive Fellows Program	857,000
	<u>859,000</u>
(d) Judicial Fellows Program.....	581,000
	<u>582,000</u>
(e) Sacramento Semester Program	76,000
(f) LegiSchool Project.....	130,000
(g) Faculty Research Fellows Program	96,000
(h) General Center Operations.....	641,000
(i) California Education Policy Fellowship Program	100,000"

Elimination of Preliminary Financial Aid Report—It is requested that trailer bill language be added to eliminate the preliminary CSU and University of California (UC) financial aid report. The CSU would still be required, and the UC requested, to complete the final financial aid report. Eliminating the preliminary report would reduce the CSU and UC workload associated with developing two similar reports. It is requested that Government Code section 66021.1 be amended as reflected in Attachment 1.

Ten-Year Vesting for Health and Dental Benefits—It is requested that trailer bill language be added to align the vesting period for certain CSU employees' health and dental benefits with recently approved collective bargaining agreements with the employees. It is requested that Government Code sections 22874.7 and 22958.4 be added as reflected in Attachment 2.

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, Assistant Program Budget Manager, at (916) 445-0328.

MICHAEL COHEN
 Director
 By:

/s/ Amy M. Costa

AMY M. COSTA
 Chief Deputy Director

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Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Steve Relyea, Executive Vice Chancellor, California State University Office of the Chancellor
Mr. Ryan Storm, Assistant Vice Chancellor, California State University Office of the Chancellor
Ms. Kara Perkins, Executive Budget Director, California State University Office of the Chancellor

“Section 66021.1.

(a) For purposes of this section “student” includes undergraduate, graduate, and professional degree students.

(b) The California State University shall, and the University of California is requested to, report annually to the Legislature on their respective institutional financial aid programs. The California State University shall, and the University of California is requested, to provide preliminary reports on or before January 10 of each year, and the final reports on or before March 31 of each year.

(c) The preliminary reports shall include all of the following:

(1) A description of the goals, terms, and policies of each of the university’s institutional aid programs, including eligibility criteria, allocation of financial aid awards, fee waivers, and other relevant information.

(2) A description and explanation of any changes the university has made to any of these policies since the prior year, and any changes the university intends to make for the next academic year.

(3) The total amount the university expended on institutional aid for students, disaggregated by student level, for the two prior academic years, the current year, and a projection for the next year, and the average and 90th percentile undergraduate institutional aid award amount provided per recipient for the prior two academic years and the current academic year.

(4) The average and 90th percentile parental income level, expected family contribution, and the financial need of undergraduate need-based student institutional gift aid recipients for the prior two academic years.

(5) For the prior year, the current year, and the budget year, an analysis identifying the estimated number of undergraduates with financial need; their aggregate cost of attendance and aggregate expected federal parent contribution; the aggregate amount of financial aid, including federal gift aid, state gift aid, institutional need-based aid, institutional merit-based aid, other institutional gift aid, and private gift aid, received by these students; the aggregate remaining amount to be met by work, borrowing, or other means; and an explanation of the estimated change in aggregate student need in the budget year resulting from changes in the cost of attendance, and other factors, including any fee increases proposed by the university in its fall budget proposal. The explanation shall include an estimate of the extent to which cost increases will be offset by federal, state, and institutional financial aid programs.

(6) The typical financial aid package for a typical dependent undergraduate student with a parent income of twenty thousand dollars (\$20,000), forty thousand dollars (\$40,000), sixty thousand dollars (\$60,000), eighty thousand dollars (\$80,000), and one hundred thousand dollars (\$100,000).

~~(d) The final report shall include all of the following for the prior academic year:~~

~~(1) (7) An aggregate summary of financial aid awarded to students, including scholarships, grants, waivers, loans, and work-study awards from federal, state, institutional, and private sources.~~

~~(2) (8) Indicators of the effectiveness of the university’s aid programs in achieving the university’s stated goals related to financial aid.~~

~~(e) (d) To the extent the university provides the information requested in subdivision (c) or (d) in reports to its governing board or in other university publications, those reports or publications may be submitted to the Legislature to satisfy this request.”~~

Section 22874.7.

(a) Notwithstanding Section 22870, the following employees of the California State University shall not receive any portion of the employer contribution payable for annuitants unless the person has 10 years of credited state service at the time of retirement:

(1) An employee who is first employed by the California State University and becomes a member of the system on or after July 1, 2018, and is represented by California State University Bargaining Units 1, 2, 4, 5, 6, 7, 9 and 10.

(b) This section shall apply only to employees of the California State University who retire for service.

(c) This section shall become operative only if it is specifically provided for in a memorandum of understanding reached pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1.

Section 22958.4.

(a) Notwithstanding Sections 22953 and 22957, the following employees of the California State University shall not receive any portion of the employer contribution payable for annuitants unless the person has 10 years of credited state service at the time of retirement:

(1) An employee who is first employed by the California State University and becomes a member of the system on or after July 1, 2018, and is represented by California State University Bargaining Units 1, 2, 4, 5, 6, 7, 9 and 10.

(b) This section shall apply only to employees of the California State University who retire for service.

(c) This section shall become operative only if it is specifically provided for in a memorandum of understanding reached pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1.



May 11, 2018

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

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

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

Budget Year

Item 6870-101-0001, Technical Base Apportionment Adjustments (Issue 406)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$848,000 to reflect various technical base apportionment adjustments.

Item 6870-101-0001, Increase Stability Restoration Estimate (Issue 405)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$46,918,000 to reflect estimated full-time equivalent student stability restoration earned back by community college districts that declined in enrollment during the previous three fiscal years.

Item 6870-101-0001, Adjust Apportionments to Reflect Unused Prior Year Enrollment Growth Funding (Issue 400)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$14,918,000 to reflect revised estimates of unused prior year enrollment growth funding.

Item 6870-101-0001, Increase Apportionments Cost-of-Living Adjustment (COLA) (Issue 419)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$11,857,000 to reflect a 2.71-percent COLA.

Item 6870-101-0001, Enrollment Growth Adjustment (Issue 418)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$300,000 to reflect a revised estimate of the cost to maintain a 1.00-percent enrollment growth target in fiscal year 2018-19.

It is further requested that paragraphs (1) and (2) of subdivision (a) of Provision 2 of this item be amended as follows to conform to this action and the prior action:

“2. (a) The funds appropriated in Schedule (1) shall be allocated using a revised funding formula pursuant to pending legislation. The budget formula shall be adjusted to reflect the following:

(1) Of the funds appropriated in Schedule (1), ~~\$59,957,000~~ \$59,657,000 shall be used to increase statewide growth of full-time equivalent students (FTES) by 1.00 percent.

(2) Of the funds appropriated in Schedule (1), ~~\$161,244,000~~ \$173,101,000 shall be used to reflect a cost-of-living adjustment of ~~2.54~~ 2.71 percent.”

Item 6870-101-0001, Net Offsetting Education Protection Account (EPA) Revenue (Issues 408 and 414)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$5,564,000 to reflect an increase in estimated net offsetting EPA revenue. It is also requested that corresponding adjustments be made to related non-Budget Act items.

Item 6870-101-0001, Net Offsetting Property Tax Revenue (Issues 407 and 412)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$52,998,000 to reflect a decrease in estimated net offsetting property 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 Revenue (Issues 404 and 413)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$12,797,000 to reflect an associated increase in estimated offsetting student fee revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Offsetting Oil and Mineral Revenue (Issues 427 and 428)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$249,000 to reflect a decrease in estimated offsetting oil and mineral revenue. It is also requested that a conforming adjustment be made to a related informational non-Budget Act item.

Item 6870-101-0001, Apprenticeship Program Growth and COLA (Issue 466)—It is requested that Schedules (2) and (3) of Item 6870-101-0001 be increased by \$4,890,000 and decreased by \$41,000, respectively, to: (1) reflect growth in the estimated number of reimbursable related and supplemental instruction (RSI) hours, (2) reflect funding for RSI hours associated with apprenticeship programs that received a California Apprenticeship Initiative grant in 2015-16, and (3) align the projected RSI reimbursement rate with a revised estimate of the noncredit apportionment funding rate and COLA of 2.71 percent.

It is further requested that subdivision (b) of Provision 3 and subdivision (b) of Provision 4 of this item be amended as follows to conform to this action:

“3. (b) Pursuant to Section 79149.3 of the Education Code, the reimbursement rate shall be ~~\$6.496.26~~ per hour.”

“4. (b) Pursuant to Section 8152 of the Education Code, the reimbursement rate shall be ~~\$6.496.26~~ per hour.”

Item 6870-101-0001, Apprenticeship Program Adjustment for Prior Fiscal Years (Issue 558)—It is requested that Schedules (2) and (3) of Item 6870-101-0001 be increased by \$4,629,000 and \$1,237,000, respectively, on a one-time basis to reflect revised estimates of the number of related and supplemental instruction hours provided by apprenticeship program sponsors in 2016-17 and 2017-18.

It is further requested that subdivision (d) of Provision 3 and subdivision (c) of Provision 4 of this item be amended as follows to conform to this action:

“3. (d) Notwithstanding ~~subdivision (h)~~ subdivision (i) of Education Code Section 79149.3, of the funds appropriated in Schedule (2), ~~\$5,246,000~~ \$9,875,000 is provided on a one-time basis to

reimburse community colleges for unfunded related and supplemental instruction hours from fiscal years 2013-14 through 2017-18, in the following order:"

"4. (c) Notwithstanding subdivision (h) of Education Code Section 8152, of the funds appropriated in Schedule (3), ~~\$25,343,000~~ \$26,580,000 is provided on a one-time basis to reimburse local educational agencies for unfunded related and supplemental instruction hours from fiscal years 2013-14 through 2017-18, in the following order:"

Item 6870-101-0001, Integrate Student Success Support Programs (Issue 502)—It is requested that Schedule (4) of Item 6870-101-0001 be eliminated, Schedule (9) of Item 6870-101-0001 be decreased by \$425,183,000, and that Schedule (25) be added to Item 6870-101-0001 in the amount of \$475,220,000 to integrate the Student Success and Support Program and the Student Success for Basic Skills Students Program.

It is further requested that Schedule 25 be added as follows to conform to this action:

(25) 5675040-California College Support Program475,220,000

It is further requested that Provision 23 be added as follows to conform to this action:

23. (a) The funds appropriated in Schedule (25) shall be apportioned to community college districts pursuant to pending legislation.

It is also requested that Provision 5 of this item, subdivision (a) of Provision 10 of this item, and subparagraphs (A), (B), (D), (E), and (F) of paragraph (2) of subdivision (b) of Provision 10 of this item be eliminated to conform to these actions.

Item 6870-101-0001, Increase Student Financial Aid Administration and Board Financial Assistance Program Funding (Issues 409 and 410)—It is requested that Schedule (5) of Item 6870-101-0001 be increased by \$864,000 to reflect an increase of \$430,000 for the Student Financial Aid Administration Program and an increase of \$434,000 for the Board Financial Assistance Program. These adjustments reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived.

It is further requested that paragraphs (1) and (2) of subdivision (a) of Provision 6 of this item be amended as follows to conform to these actions:

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

(1) Not less than ~~\$15,922,000~~ \$16,352,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of California College Promise Grants pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.

(2) Not less than ~~\$16,097,000~~ \$16,531,000 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 California College Promise Grants pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code."

Item 6870-101-0001, Financial Aid Technology and Processing Improvements (Issue 501)—It is requested that Schedule (5) of Item 6870-101-0001 be increased by

\$5 million to support financial aid technology improvements that will better enable community colleges to provide guidance and assistance to students seeking financial aid.

It is further requested that paragraph (8) of Provision 6 be added as follows to conform to this action:

(8) Not more than \$5,000,000 shall be for ongoing maintenance, subscription, and training costs for financial aid technology advancements and innovations that streamline the financial aid verification process and enable colleges to more efficiently process state and federal financial aid grants. It is intent of the Legislature that system improvements supported by this funding have the effect of reducing the manual processing of financial aid applications, thereby enabling financial aid program staff to provide additional technical assistance and guidance to students seeking financial aid. The Chancellor's Office shall determine the methodology for allocating these funds to community college districts.

Item 6870-101-0001, NextUp Program Augmentation (Issues 504)—It is requested that Schedule (9) of Item 6870-101-0001 be increased by \$5 million to expand the NextUp Program, which supports current and former foster youth at the community colleges.

It is further requested that subparagraph (C) of paragraph (2) of subdivision (b) of Provision 10 be amended as follows to conform to these actions:

“10. (b) (2) (C) Consistent with the intent of Chapter 771 of the Statutes of 2014 and Chapter 772 of the Statutes of 2017, and within the funds allocated to community college districts pursuant to this paragraph, the chancellor shall enter into agreements with ~~up to 10~~ 20 community college districts to provide additional services in support of postsecondary education for foster youth. Up to ~~\$15,000,000~~ \$20,000,000 of the funds allocated to community college districts pursuant to this paragraph shall be prioritized for services pursuant to Chapter 771 of the Statutes of 2014 and Chapter 772 of the Statutes of 2017. Further, the chancellor shall ensure that the list of eligible expenditures developed pursuant to subdivision (d) of Section 78221 of the Education Code includes expenditures that are consistent with the intent of Chapter 771 of the Statutes of 2014 and Chapter 772 of the Statutes of 2017.”

Item 6870-101-0001, Extended Opportunity Programs and Services Program COLA (Issue 420)—It is requested that Schedule (18) of Item 6870-101-0001 be increased by \$251,000 to reflect a 2.71-percent COLA for the Extended Opportunity Programs and Services Program.

It is further requested that subdivision (a) of Provision 15 of this item be amended as follows to conform to this action:

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

(1) ~~\$144,990,000~~ \$112,209,000 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) ~~\$46,261,000~~ \$16,293,000 shall be used for funding, at all colleges, the Cooperative Agencies Resources for Education program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. The

chancellor shall allocate these funds to local programs on the basis of need for student services.”

Item 6870-101-0001, Disabled Student Programs and Services Program COLA (Issue 421)—It is requested that Schedule (6) of Item 6870-101-0001 be increased by \$235,000 to reflect a 2.71-percent COLA for the Disabled Student Programs and Services Program.

Item 6870-101-0001, Student Services for CalWORKs Recipients Program COLA (Issue 422)—It is requested that Schedule (7) of Item 6870-101-0001 be increased by \$88,000 to reflect a 2.71-percent COLA for the Student Services for CalWORKs Recipients Program.

Item 6870-101-0001, Campus Childcare Tax Bailout Program COLA (Issue 423)—It is requested that Schedule (20) of Item 6870-101-0001 be increased by \$7,000 to reflect a 2.71-percent COLA for the Campus Childcare Tax Bailout Program.

Issue 6870-101-0001, Course Identification Numbering System Augmentation (Issue 506)—It is requested that Schedule (10) of Item 6870-101-0001 be increased by \$685,000 on a one-time basis to support the Academic Senate of the California Community Colleges' course identification numbering system efforts.

It is further requested that Provision 24 be added as follows to conform to this action:

24. Of the amount appropriated in Schedule (10), \$685,000 is available on a one-time basis to support the Academic Senate of the California Community Colleges course identification numbering system efforts and shall be subject to the requirements of subparagraph (B) of paragraph (5) of subdivision (b) of Education Code Section 70901.

Item 6870-101-0001, Certified Nurse Assistant Training (Issue 570)—It is requested that paragraph (2) of subdivision (b) of Provision 13 be amended as follows, to provide the Chancellor's Office with the flexibility to determine the methodology for allocating one-time funding proposed in the Governor's Budget to support training opportunities for certified nurse assistants to Strong Workforce Program regional consortiums:

“13.(b)(2) \$2,000,000 shall be available on a one-time basis to increase the number of certified ~~nursing-nurse~~ assistant programs or increase the number of certified ~~nursing-nurse~~ assistants completing a certified ~~nursing-nurse~~ assistant program. Notwithstanding Part 54.5 (commencing with Section 88823) of Division 7 of Title 3 of the Education Code, the Chancellor's Office shall determine a methodology for allocating ~~an allocation plan to distribute~~ these one-time funds to Strong Workforce Program regional consortiums, ~~based upon each region's: (A) number of projected job openings in this field of employment, (B) number of certified nursing assistant programs already being offered, and (C) the number of students enrolled in a certified nursing assistant program during the 2017-18 fiscal year.~~”

Item 6870-101-0001, Shift Proposed Funding for Innovation Awards from the Budget Year to Current Year (Issue 503)—It is requested that Schedule (23) of Item 6870-101-0001 be decreased by \$20 million to shift one-time funding proposed in the Governor's Budget for the Higher Education Innovation Awards program from 2018-19 to 2017-18.

It is further requested that Provision 19 of this item be eliminated to conform to this action.

Item 6870-101-0001, Reduce Deferred Maintenance (Issue 507)—It is requested that Schedule (24) of Item 6870-101-0001 be decreased by \$64,494,000 for the repair and maintenance of facilities and the replacement of instructional equipment and library materials, and that provisional language be revised to reflect the 2018-19 project cost threshold for scheduled maintenance and repair projects.

It is further requested that paragraph (3) of Provision 22 of this item be amended as follows to conform to this action:

“3. Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to ~~\$656,000~~ \$709,000.”

Item 6870-101-3273, Equal Employment Opportunity Program (Issue 424)—It is requested that Item 6870-101-3273 be increased by \$824,000 to promote equal employment opportunities in hiring and promotion at community college districts.

Item 6870-108-0001, Increase the Student Success Completion Grant Funding (Issue 500)—It is requested that Item 6870-108-0001 be increased by \$7,789,000 to reflect a revised estimate of eligible Cal Grant B and Cal Grant C students in 2018-19.

Item 6870-201-0001, Adult Education Block Grant Program COLA (Issue 559)—It is requested that Schedule (1) of Item 6870-201-0001 be increased by \$1,015,000 to reflect a 2.71-percent COLA for the Adult Education Block Grant Program.

It is further requested that Provision 3 of this item be amended as follows to conform to this action:

“3. Of the funds appropriated in this item, ~~\$20,546,000~~ \$21,561,000 is provided as a cost-of-living adjustment.”

Item 6870-203-0001, K-12 Strong Workforce Program (Issue 560)—It is requested that Schedule (1) of Item 6870-203-0001 be increased by \$2 million to support each Strong Workforce Program consortium’s costs to administer the K-12 Strong Workforce Program, and that provisional language be amended to clarify that corresponding technical assistance funding support Workforce Pathway Coordinators and K-14 Technical Assistance Providers.

It is further requested that Provision 2 of this item be amended and Provision 3 of this item be added as follows to conform to this action:

“2. Of the funds appropriated in this item, \$12,000,000 shall be provided for K-12 ~~Deputy Sector Navigators~~ Workforce Pathway Coordinators and K-14 Technical Assistance Providers for the Strong Workforce Program, pursuant to pending legislation. The Chancellor’s Office shall consult with the State Department of Education in implementing this program component.”

3. Of the funds appropriated in this item, \$2,000,000 shall be provided to support consortia administrative costs associated with the K-12 Strong Workforce Program.

Item 6870-296-0001, Increase Mandate Block Grant (Issues 411 and 425)—It is requested that Item 6870-296-0001 be increased by \$178,000 to reflect an increase of \$110,000 to align

block grant funding with the revised estimate of applicable full-time equivalent students and an increase of \$68,000 for a 2.71-percent COLA for the Mandate Block Grant program.

It is further requested that Provision 1 of this item be amended as follows to conform to this action:

“1. The funds appropriated in this item are for transfer by the Controller to Section B of the State School Fund. Pursuant to Section 17581.7 of the Government Code, the funds appropriated in this item shall be distributed to community college districts that elect to participate in the block grant on the basis of funded full-time equivalent students (FTES) calculated as of the second principal apportionment for the 2017–18 fiscal year multiplied by ~~\$29.15~~ \$29.21 per FTES.”

Items 6870-488, Local Assistance, Reappropriation (Issues 429, 432, and 507)—It is requested that Item 6870-488 be amended (see Attachment 1), and non-Budget Act Item 6870-602-0001 be increased by \$68,609,000 in one-time Proposition 98 General Fund savings to provide \$67,871,000 for one-time repair and maintenance of facilities and the replacement of instructional equipment and library materials, and to provide \$738,000 to support the Puente Project.

Current and Prior Year

Item 6870-101-0001, 2017-18 Apportionment Adjustments to Reflect Unused Prior Year Enrollment Growth Funding—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to increase Schedule (1) of Item 6870-101-0001, Budget Act of 2017 of by \$14,918,000 to reflect revised estimates of unused prior year enrollment growth funding (see Attachment 2).

Item 6870-101-0001, 2017-18 Apportionment Adjustments to Reflect Revised Local Revenue Estimate—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to increase Schedule (1) of Item 6870-101-0001, Budget Act of 2017 by \$28,645,000 to reflect revised local revenue estimates. It is also requested that corresponding adjustments be made to related non-Budget Act items (see Attachment 2).

Item 6870-101-0001, 2017-18 Apportionment Adjustments to Reflect Revised Estimate of Offsetting Student Fees—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to decrease Schedule (1) of Item 6870-101-0001, Budget Act of 2017 by \$13,064,000 to reflect revised estimates of offsetting student fees. It is also requested that corresponding adjustments be made to related non-Budget Act items (see Attachment 2).

Item 6870-101-0001, 2017-18 Base Apportionments Adjustments—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to increase Schedule (1) of Item 6870-101-0001, Budget Act of 2017 by \$34,946,000 to reflect revised base apportionment funding estimates (see Attachment 2).

Item 6870-101-0001, 2017-18 Net Offsetting Education Protection Account Revenue—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to decrease Schedule (1) of Item 6870-101-0001, Budget Act of 2017 by \$3,028,000 to reflect associated increases in net offsetting EPA revenue. It is also requested that corresponding adjustments be made to related non-Budget Act items (see Attachment 2).

Item 6870-101-0001, 2017-18 Fire-Related Property Tax Loss Backfill—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to increase Schedule (1) of Item 6870-101-0001, Budget Act of 2017 by \$1,918,000 to backfill fire-related property tax losses (see Attachment 2).

Item 6870-101-0001, 2017-18 Deferred Maintenance—It is requested that trailer bill language transmitted with the Governor’s Budget be amended to decrease Schedule (24) of Item 6870-101-0001, Budget Act of 2017 by \$135,070,000 for the repair and maintenance of facilities and the replacement of instructional equipment and library materials (see Attachment 2).

Financial Aid Technology and Processing Improvements—It is requested that trailer bill language be adopted to appropriate \$13.5 million in fiscal year 2017-18 Proposition 98 General Fund to support financial aid technology improvements that will better enable community colleges to provide guidance and assistance to students seeking financial aid (see Attachment 3).

Shift Funding for Innovation Awards from Budget Year to Current Year—It is requested that trailer bill language be adopted to appropriate \$20 million in 2017-18 Proposition 98 General Fund to shift one-time funding for the Higher Education Innovation Awards program from 2018-19 to 2017-18 (see Attachment 4).

Provide Discretionary Resources to Districts—It is requested that trailer bill language be adopted to appropriate \$104 million in 2017-18 Proposition 98 General Fund to provide one-time discretionary resources to districts whose year-over-year increase in general purpose apportionment funding per full-time equivalent student would be less than 2.71-percent (see Attachment 5).

Provide Funding for Open Educational Resources—It is requested that trailer bill language be adopted to appropriate \$6 million in 2017-18 Proposition 98 General Fund to support the development of open educational resources (see Attachment 6).

2016-17 and 2017-18 Informational Offsetting Revenue Update—It is requested that non-Budget Act items be adjusted to reflect 2016-17 and 2017-18 informational offsetting property tax and student fee revenue.

Trailer Bill Language

Student-Focused Funding Formula Trailer Bill Language—It is requested that the student-focused funding formula trailer bill language transmitted with the Governor’s Budget be revised to: (1) adjust the weighting of the formula’s allocations, (2) reflect updated data metrics used for the supplemental and student success incentive allocations, (3) apply a three-year rolling average to the methodology for computing the number of full-time equivalent students, and (4) provide a two-year absolute hold harmless provision for community college districts. Full-time equivalent students enrolled in non-credit courses, including Career Development and College Preparation non-credit courses, or who are incarcerated or special admits, would be funded based upon the existing rate structure. This trailer bill language will be available on the Finance website.

Online Community College Trailer Bill Language—It is requested that the online community college trailer bill language transmitted with the Governor’s Budget be revised to clarify

collective bargaining, add protections for students if the college is not granted accreditation, add provisions related to curriculum protections, to clarify the college's governance structure, and provide additional clarifications. This trailer bill language will be available on the Finance website.

Integrate Student Support Programs Trailer Bill Language—The Administration proposes new trailer bill language to integrate the Student Success and Support Program and the Student Success for Basic Skills Program into a consolidated block grant program. This trailer bill language will be available on the Finance website.

Amend the Student Success Completion Grant Trailer Bill Language—It is requested that the Student Success Completion Grant trailer bill language transmitted with the Governor's Budget be revised to: (1) remove the provisions applicable to annualized grants, (2) authorize community colleges to make additional awards for summer enrollment if funding is available, and (3) remove the requirements for students to complete an education plan (see Attachment 7).

College and Career Access Pathways Trailer Bill Language—It is requested that the College and Career Access Pathways trailer bill language transmitted with the Governor's Budget be revised to clarify that a charter school participating in a College and Career Access Pathways dual enrollment agreement—like a school district and community college district—not be funded for the same instructional time (see Attachment 8).

Apprenticeship Program Apportionment Reimbursement Trailer Bill Language—It is requested that the apprenticeship program apportionment reimbursement trailer bill language transmitted with the Governor's Budget be revised to: (1) clarify that the apportionment reimbursement option will be based on the actual number of instructional hours provided to apprentices, rather than on a full-time-equivalent-student basis, and (2) require the Chancellor's Office to collect and report additional information related the apportionment reimbursement option (see Attachment 9).

Adult Education Block Grant Program Indirect Cost Rate Trailer Bill Language—It is requested that the Adult Education Block Grant program trailer bill language transmitted with the Governor's Budget be revised to make technical clarifications (see Attachment 10).

K-12 Strong Workforce Program Trailer Bill Language—It is requested that the trailer bill language included in the Governor's Budget pertaining to the Administration's K-12 Strong Workforce Program proposal be revised. A summary of the revised trailer bill language is included in the Department of Education May Revision Finance Letter.

Rescind 2016-17 Apportionments Trailer Bill Language—It is requested that the trailer bill language transmitted with the Governor's Budget to adjust 2016-17 apportionments to reflect an educational protection account offset technical adjustment be rescinded.

Informational

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

Finance estimates that property taxes totaling \$3,088,035,000 net of excess taxes will be available to offset district apportionments in 2018-19. This estimate excludes \$867,000 in estimated timber tax revenues.

Education Code section 84758 also requires Finance to notify the Legislature of the difference between the Chancellor's Office 2017-18 local property tax estimate, excluding timber taxes, and Finance's 2017-18 property tax estimates as of May 2017, excluding timber taxes.

The Chancellor's Office reported 2017-18 local property taxes of \$2,816,206,000, net of excess taxes and excluding timber taxes of \$867,000, as of the first principal apportionment payment. Finance's 2017-18 property tax estimate as of May 2017, was \$2,910,265,000 net of excess taxes and excluding timber taxes of \$752,000. Therefore, the Chancellor's Office's current property tax estimate based on first principal apportionment payments for 2016-17 is \$94,060,000 below Finance's May 2016 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 Maritza Urquiza, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

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. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez Fletcher, Chair, Assembly Appropriations Committee
Attention: Mr. Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Daisy Gonzales, Deputy Chancellor, California Community Colleges Chancellor's Office
Mr. Christian Osmeña, Vice Chancellor, California Community Colleges Chancellor's Office
Ms. Laura Metune, Vice Chancellor, California Community Colleges Chancellor's Office

Proposed Amendments to Budget Bill Item 6870-488

“6870-488—Reappropriation, Board of Governors of the California Community Colleges. Notwithstanding any other provision of law, the balances of the following items are available for reappropriation for the purposes specified in Provisions 1 and 2:

0001—General Fund

(1) ~~\$144,778,000~~ \$95,603,000 of whatever greater or lesser amount of the unexpended balance of the amounts appropriated for Apportionments in Schedule (1) of Item 6870-101-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(2) \$1,379,000 of whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Student Success and Support Program in Schedule (9) of Item 6870-101-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(3) \$493,000 of whatever greater or lesser amount of the unexpended balance of the amounts appropriated for Economic Development in Schedule (16) of Item 6870-101-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(4) \$1,333,000 of whatever greater or lesser amount of the unexpended balance of the amounts appropriated for the Fund for Student Success program in Schedule (19) of Item 6870-101-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(5) \$68,000 of whatever greater or lesser amount of the unexpended balance of the amounts appropriated for the community college lease-purchase payments in Item 6870-103-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(6) \$1,000 of whatever greater or lesser amount of the unexpended balance of the amounts appropriated for the K–12 Partnership Program in Item 6870-113-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(7) \$10,000 of whatever greater or lesser amount of the unexpended balance of the amount appropriated for reimbursement of state mandates in Item 6870-295-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

(8) \$345,000 of whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Community College Mandated Programs Block Grant in Item 6870-296-0001 of the Budget Act of 2016 (Chs. 23 and 318, Stats. 2016).

Provisions:

1. The Controller shall revert the appropriations identified in Schedules (1), (3), (4), (5), (6), (7), and (8) that are not reappropriated pursuant to Provisions (3) and (4) to the Proposition 98 Reversion Account.

2. The sum of \$1,379,000 identified in Schedule (2) is hereby reappropriated to the Board of Governors to the California Community Colleges for transfer by the Controller to Section B of the State School Fund for expenditure for the same purposes as funds appropriated in Schedule (9) of Item 6870-101-0001 in this Budget Act.

3. The sum of \$738,000 identified in Schedule (4) is hereby reappropriated to the Board of Governors to the California Community Colleges for transfer by the Controller to Section B of the State School Fund for expenditure for the same purposes as funds allocated pursuant to subdivision (a) of provision (16) of Item 6870-101-0001 in this Budget Act.

4. The sum of \$67,871,000 identified in Schedule (1) is hereby reappropriated to the Board of Governors to the California Community Colleges for transfer by the Controller to Section B of the State School Fund for expenditure for the same purposes as funds appropriated in Schedule (24) of Item 6870-101-0001 in this Budget Act.”

Amendments to RN 18 07876 (Changes are in Bold)

Sec. 1

Item 6870-101-0001 of Section 2.00 of the Budget Act of 2017, as amended by Chapter 254 of the Statutes of 2017, is amended to read:

6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98)	4,143,737,000
.....	<u>4,139,055,000</u>
	<u>4,068,320,000</u>

Schedule:

		2,631,924,000
(1)	5670015-Appportionments	<u>2,443,471,000</u> <u>2,507,806,000</u>
(2)	5670019-Apprenticeship	32,745,000
(3)	5670023-Apprenticeship Training and Instruction	22,127,000
(4)	5675015-Student Success for Basic Skills Students	50,037,000
(5)	5675019-Student Financial Aid Administration	72,775,000
(6)	5675027-Disabled Students	117,188,000
(7)	5675031-Student Services for CalWORKs Recipients	44,260,000
(8)	5675035-Foster Care Education Program	5,254,000
(9)	5675039-Student Success and Support Program	557,363,000
(10)	5675061-Academic Senate for the Community Colleges	768,000
(11)	5675069-Equal Employment Opportunity	2,767,000

(12)	5675073-Part-Time Faculty Health Insurance	490,000
(13)	5675077-Part-Time Faculty Compensation	24,907,000
(14)	5675081-Part-Time Faculty Office Hours	12,172,000
(15)	5675099-Telecommunications and Technology Infrastructure	33,890,000
(16)	5675119-Economic Development	270,929,000
(17)	5675123-Transfer Education and Articulation	698,000
(18)	5675023-Extended Opportunity Programs and Services	125,111,000
(19)	5675115-Fund for Student Success	8,658,000
(20)	5675150-Campus Childcare Tax Bailout	3,437,000
(21)	5675156-Nursing Program Support	13,378,000
(22)	5670035-Expand the Delivery of Courses through Technology	23,000,000
(23)	5675174-Higher Education Innovation Awards	20,000,000
(24)	5675133-Physical Plant and Instructional Support	69,859,000 <u>253,630,000</u> <u>118,560,000</u>

Provisions:

1. The funds appropriated in this item are for transfer by the Controller during the 2017–18 fiscal year to Section B of the State School Fund.
2. (a) The funds appropriated in Schedule (1) shall be allocated using the budget formula

established pursuant to Section 84750.5 of the Education Code. The budget formula shall be adjusted to reflect the following:

Of the funds appropriated in Schedule (1), \$57,794,000 shall be used to increase statewide growth of full-time equivalent students (FTES) by 1.00 percent.

(1)

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

(2)

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

(3)

Funds allocated to a community college district from funds included in Schedule (1) shall directly offset any mandated costs claimed for the Minimum Conditions for State Aid (02-TC-25 and 02-TC-31) program or any costs of complying with Section 84754.5 of the Education Code.

(b)

(c) Of the funds appropriated in Schedule (1):

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

(1)

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.

(2)

Of the funds appropriated in Schedule (1), \$183,615,000 shall be used to adjust the budget formula pursuant to Section 84750.5 of the Education Code to recognize increases in

(d)

operating expenses.

The funds appropriated in Schedule (2) shall be available pursuant to Article 3 (commencing with Section 79140) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code.

3. (a)

Pursuant to Section 79149.3 of the Education Code, the reimbursement rate shall be \$5.90 per hour.

(b)

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

(c)

The funds appropriated in Schedule (3) shall be available pursuant to Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code.

4. (a)

Pursuant to Section 8152 of the Education Code, the reimbursement rate shall be \$5.90 per hour.

(b)

5. Of the funds appropriated in Schedule (4):

Up to \$2,502,000 shall be used for faculty and staff development to improve curriculum, instruction, student services, and program practices in basic skills and English as Second Language programs pursuant to Section 88815 of the Education Code.

(a)

Remaining funding shall be allocated by the chancellor to community college districts to improve outcomes of students who enter college needing to complete at least one course in English as a Second Language or basic skills pursuant to Section 88815 of the Education Code.

(b)

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

Not less than \$16,049,000 is available to provide \$0.91 per unit reimbursement to
(1) 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 \$16,226,000 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.

- (A) \$5,300,000 shall be allocated to a community college district to conduct a statewide media campaign to promote the following message: (i) the California Community Colleges are affordable, (ii) financial aid is available to cover fees and help with books and other costs, and (iii) 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.
- (3)

Of the amount identified in subparagraph (A), \$2,500,000 shall be allocated to expand: (i) outreach for students from non-English speaking households and bilingual households, (ii) marketing and outreach aimed at baccalaureate degree pilot programs, and (iii) marketing and outreach aimed at increasing current and future student awareness of the Board of Governors Fee Waiver. Bilingual efforts shall target areas of the state that meet at least one of the following conditions: (i) have concentrations of non-English speaking and bilingual households,

- (B)

or (ii) have underserved populations and/or a history of declining community college attendance.

Not more than \$35,200,000 shall be for direct contact with potential and current financial aid applicants. Each California Community College campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting FTES weighted by a measure of low-income populations demonstrated by BOG fee waiver

(4) program participation within a district.

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

(5) whichever is greater.

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

(6)

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 2017–18 fiscal year shall be determined in this

(7) act.

The funds appropriated in Schedule (6) shall be used to assist districts in funding the excess direct instructional cost of providing special support services or instruction, or both, to disabled students enrolled at community colleges and for state hospital programs, as

7. (a) mandated by federal law.

(b) Of the amount appropriated in Schedule (6):

At least \$3,945,000 shall be used to address deficiencies identified by the United States Department of Education

(1) Office for Civil Rights.

At least \$943,000 shall be used to support the High Tech Centers for activities including, but not limited to, training of district employees, staff, and students in the use of specialized

(2) computer equipment for the disabled.

At least \$9,600,000 shall be allocated to community college districts for sign language interpreter services, real-time captioning equipment, or other communication accommodations for hearing-impaired students. A community college district is required to spend \$1 from local or other resources for every \$4

(3) received pursuant to this paragraph.

\$1,000,000 shall be allocated for state hospital adult education programs at the hospitals served by the Coast and Kern

(4) Community College Districts.

The funds appropriated in Schedule (7) shall be allocated pursuant to Article 5 (commencing with Section 79200) of Chapter 9 of Part 48 of

8. (a) Division 7 of Title 3 of the Education Code.

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

\$9,188,000 is for child care, except that a community college district may request that the chancellor approve the use of

(1) funds for other purposes.

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

(2) placement services.

(c) A community college district is required to spend \$1 from local or other resources for

every \$1 received pursuant to this provision, except for any funds received pursuant to paragraph (1) of subdivision (b).

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 79420) 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

9. (a) Code receive priority.

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

10. (a) 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.

(A) \$160,000,000 shall be allocated to community college districts to implement student equity plans pursuant to Article 1.5 (commencing with Section 78220) 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.

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.

- (B) The chancellor shall ensure that

the allocation methodology reflects the inclusion of foster youth within the proportion or number of high-needs students.

Consistent with the intent of Chapter 771 of the Statutes of 2014 and within the funds allocated to community college districts pursuant to this paragraph, the chancellor shall enter into agreements with up to 10 community college districts to provide additional services in support of postsecondary education for foster youth. Up to \$15,000,000 of the funds allocated to community college districts pursuant to this paragraph shall be prioritized for services pursuant to Chapter 771 of the Statutes of 2014. Further, the chancellor shall ensure that the list of eligible expenditures developed pursuant to subdivision (d) of Section 78221 of the Education Code includes expenditures that are consistent with the intent of Chapter 771 of the Statutes of 2014.

(C)

Nothing in this provision prevents existing student-equity related categorical programs or campus-based programs from accessing student equity plan funds.

(D)

Increased services for high-needs students may include the development of open educational resources and zero-textbook-cost degrees that reduce costs for students. Community college districts utilizing resources for this purpose are encouraged to first develop open educational resources and zero-textbook-cost degrees for courses that are transferable to the California State University and the University of California and for approved

(E)

associates degrees for transfer. Open educational resources and zero-textbook-cost degrees developed by a community college district pursuant to this provision shall make the applicable course materials and curriculum available to all community college districts through the online clearinghouse of information identified in Provision 10 (b)(4)(B) of this item.

Community college districts shall ensure that veterans and programs for veterans are appropriately reflected in their student equity plan goals and in the coordination of services for the targeted student populations.

(F)

\$5,000,000 of the funds allocated pursuant to this paragraph shall be for support of Veteran Resource Centers.

(i) By January 1, 2018, the Chancellor of the California Community Colleges shall develop a set of minimum standards that are associated with high-functioning veterans resource centers. These standards should consider the different needs, size, and capacity of community colleges across the state. Further, these standards should balance the desire to have a highly effective and supportive veterans resource center with the goal of expanding veterans resource centers across the state.

(ii) To the extent funding is provided in the annual Budget Act, the chancellor shall only allocate funding to community colleges that commit to either meeting and/or making progress towards meeting the minimum standards developed

(G)

in subparagraph (i).

(3) (A) \$7,500,000 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.

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.

(B)

(A) \$20,000,000 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. Each fiscal year, the chancellor shall submit a report on the use of funds appropriated pursuant to paragraphs (3) and (4) of this provision in the prior year to the Department of Finance and the Joint Legislative Budget Committee no later than December 31 of each year. This report shall include information regarding California Community Colleges' participation in the activities funded

(4)

pursuant to paragraphs (3) and (4) of this provision, and the California Community Colleges' progress toward their goals for each of the institutional effectiveness indicators.

Funding available pursuant to this paragraph may be utilized by the chancellor to coordinate with community college districts to develop and disseminate effective practices through the establishment of an online clearinghouse of information. The development of effective practices shall include, but not be limited to, statewide priorities such as the development of educational programs or courses for the incarcerated adults in prisons and jails, and the formerly incarcerated, educational programs or courses for California Conservation Corps members, and other effective practices. The online clearinghouse of information shall also reflect effective practices, guidance, policies, curriculum, courses, and programs developed by local community colleges in support of the Strong Workforce Program established pursuant to Part 54.5 (commencing with Section 88820) of Division 7 of Title

(B) 3 of the Education Code.

It is the intent of the Legislature to encourage the chancellor to facilitate the development of local community college courses for the California Conservation Corps and the incarcerated adults in prisons and jails, and the formerly incarcerated. The 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

(C) and effective practices pursuant to

this subparagraph and
subparagraph (B).

(A) \$63,618,000 shall be used on a one-time basis to support the Guided Pathways Grant Program pursuant to Part 54.8 (commencing with Section 88920) of Division 7 of Title 3 of the Education Code. Of the amounts appropriated in this subparagraph and in Section 41207.43 of the Education Code, up to 10 percent may be used to augment subparagraph (A) of paragraph (4) of this subdivision to provide specialized training to support guided pathways.

(5)

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

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).

(6)

Of the amount included in Schedule (9), up to \$7,000,000 shall be available for distribution to California Community Colleges to provide emergency student aid to students with identified need who are exempt from paying nonresident tuition under Section 68130.5 of the Education Code and who apply for financial aid using the application established by the Student Aid Commission pursuant to subdivision (b) of Section 69508.5 of the Education Code, known as the Dream Act Application. The Office of the Chancellor of the California Community Colleges shall distribute funds to community colleges that request funding for this purpose. The funds shall be distributed based on the number of students enrolled at the community college who are exempt from paying nonresident tuition under Section 68130.5 of the Education Code. Community colleges that receive funding pursuant to this paragraph shall report to the chancellor's office regarding the number of students served and the amount of financial

(c)

aid provided. Any funds not needed for this purpose shall instead be available for purposes of subparagraph (A) of paragraph (2) of subdivision (b) of this provision. The chancellor's office shall develop administrative guidance to clarify the requirements of this subdivision.

The funds in Schedule (13) shall be allocated to increase compensation for part-time faculty. Funds shall be allocated to districts based on the total actual number of FTES in the previous fiscal year, with an adjustment to the allocations provided to small districts. These funds shall be used to assist districts in making part-time faculty salaries more comparable to full-time salaries for similar work, as determined through collective bargaining in each community college district. If a community college district achieves parity between compensation for full-time faculty and part-time faculty, funds received pursuant to this provision may be used for any other educational purpose.

11.

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

\$27,890,000 shall be allocated by the chancellor on a competitive basis, for the

(a) following purposes:

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

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

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

Ongoing support for the California Virtual Campus Distance Education Program.
(4)

Ongoing support for programs designed to use technology in assisting accreditation and the alignment of curricula across K-20 segments in California.
(5)

Support for technology pilots and ongoing
(6)

technology programs and applications that serve to maximize the utility and economy of scale of the technology investments of the community college system toward improving learning outcomes.

- Ongoing support of the California Partnership for Achieving Student Success (Cal-PASS) program.
- (7)

- \$6,000,000 shall be used to develop an Integrated Library System. These funds shall be available for encumbrance until June 30, 2019.
- (b)

- The remaining funds shall be available for allocations to districts to maintain technology capabilities.
- (c)

13. Of the funds appropriated in Schedule (16):

- \$22,929,000 is available for the following purposes:
- (a)

- Up to 10 percent may be allocated for state-level technical assistance, including statewide network leadership, organizational development, coordination, and information and support services.
- (1)

- All remaining funds shall be allocated for programs that target investments in priority and emergent sectors, including statewide and/or regional centers, hubs, collaborative communities, advisory bodies, and short-term grants. Short-term grants may include industry-driven regional education and training, Responsive Incumbent Worker Training, and Job Development Incentive Training. Funds allocated pursuant to this provision may be used to provide substantially similar services in support of the Strong Workforce Program.
- (2)

- Funds applied to performance-based training shall be matched by a minimum of \$1 contributed by private businesses
- (3)

or industry for each \$1 of state funds.
The chancellor shall consider the level of involvement and financial commitments of business and industry in making awards for performance-based training.

- \$248,000,000 shall be available to support the Strong Workforce Program pursuant to Part 54.5 (commencing with Section 88820) of Division 7 of Title 3 of the Education Code.
- (b)

- The funds appropriated in Schedule (17) shall be used to support transfer and articulation projects and common course numbering projects.
14. (a)

- Funding provided to community college districts shall directly offset any costs claimed by community college districts to be mandates pursuant to Chapter 737 of the Statutes of 2004.
- (b)

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

- \$109,248,000 shall be used pursuant to Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. Funds provided in this item for Extended Opportunity Programs and Services shall be available to students on all campuses within the California Community Colleges system.
- (1)

- \$15,863,000 shall be used for funding, at all colleges, the Cooperative Agencies Resources for Education program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. The chancellor shall allocate these funds to local programs on the basis of need for student services.
- (3)

- 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.
- (b)

16. The funds appropriated in Schedule (19) shall be used for the following purposes:

\$1,921,000 shall be used for the Puente Project to support up to 75 colleges. These funds are available if matched by \$200,000 of private funds and if the participating community colleges and University of California campuses maintain their 1995–96 fiscal year support level for the Puente Project. All funding shall be allocated directly to participating districts in accordance with their participation agreement.

(a)

Up to \$2,459,000 is for the Mathematics, Engineering, Science Achievement (MESA) program. A community college district is required to spend \$1 from local or other resources for every \$1 received pursuant to this subdivision.

(b)

No less than \$1,778,000 is for the Middle College High School Program. With the exception of special part-time students at the community colleges pursuant to Sections 48802 and 76001 of the Education Code, student workload based on participation in the Middle College High School Program shall not be eligible for community college state apportionment.

(c)

No less than \$2,500,000 is for the Umoja program.

(d)

- The funds appropriated in Schedule (20) shall be allocated by the chancellor to community college districts that levied child care permissive override taxes in the 1977–78 fiscal year pursuant to Sections 8329 and 8330 of the Education Code in an amount proportional to the property tax revenues, tax relief subventions, and state aid required to be made available by the district to its child care and development program for the 1979–80 fiscal year pursuant to Section 30 of Chapter 1035 of the Statutes of 1979, increased or decreased by any cost-of-living adjustment granted in subsequent fiscal years. These funds shall be used only for the purpose of community college child care and development programs.
- 17.

18. Of the funds appropriated in Schedule (21):

- (a) \$8,475,000 shall be used to provide support for nursing programs.

- (b) \$4,903,000 shall be used for diagnostic and support services, preentry coursework, alternative program delivery model development, and other services to reduce the incidence of student attrition in nursing programs.

19. Of the funds appropriated in Schedule (22):

- (a) \$20,000,000 shall be allocated to the chancellor to increase the number of courses available through the use of technology and to provide alternative methods for students to earn college credit. These funds may be used to pay for a consistent learning management system to help implement this program. The chancellor shall ensure, to the extent possible, that the following conditions are satisfied:

- (1) These courses can be articulated across all community college districts.

- (2) These courses are made available to students systemwide, regardless of the campus at which a student is enrolled.

- (3) Students who complete these courses are granted degree-applicable credit across community colleges.

- (4) These funds shall be used for those courses that have the highest demand, fill quickly, and are prerequisites for many different degrees.

- (b) By September 1 of each fiscal year, up to \$3,000,000 shall be disbursed by the Office of the Chancellor of the California Community Colleges to one or more community college districts to provide digital course content to inmates under the jurisdiction of the Department of Corrections and Rehabilitation who are enrolled in one or more California Community College courses. The provision of this digital course content is expected to enable community college districts to provide instruction to incarcerated adults.

To the extent possible, community college districts providing digital course content pursuant to this paragraph are encouraged to first use open educational resources.

(1)

Notwithstanding any other law, a contract between the Office of the Chancellor of the California Community Colleges and a community college district for purposes of this subdivision is not subject to any competitive bidding requirements of Section 10340 of the Public Contract

(2) Code.

The Office of the Chancellor of the California Community Colleges shall annually report by December 1 of each year through 2021, on the racial/ethnic and gender composition of faculty, and efforts to assist campuses in providing equal employment opportunity in faculty recruitment and hiring practices as well as systemwide training, monitoring, and compliance activities.

20.

Funds appropriated in Schedule (23) are provided on a one-time basis pursuant to Section 66010.98 of the Education Code.

21.

(a) Any funds appropriated in Schedule (24) are available for the following purposes:

22.

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

(1)

under the annual audit of that district.

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

- 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
- (3) \$656,000.

- Water conservation projects to reduce water consumption in cooperation with the Governor's Executive Order B-37-16.
- (4) Projects may include any of the following:

- (A) Replacement of water intensive landscaping with drought tolerant landscaping, synthetic turf, provided that the turf is used only in nonathletic areas, and other nonplant materials.
- (B) Drip or low-flow irrigation systems.
- (C) Building improvements to reduce water usage.
- (D) Installation of meters for wells to allow for monitoring of water usage.

- Any funds appropriated in Schedule (24) are available for replacement of instructional equipment and library materials. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported FTES and may establish a minimum allocation per district. A district's compliance with its resolution shall be reviewed under the annual audit of that district.
- (b)

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

Financial Aid Technology and Processing Improvements

Uncodified. (a) For the 2017-18 fiscal year, the sum of thirteen million five-hundred thousand dollars (\$13,500,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges to support technology advancements and innovations in financial aid processing and management systems at the community colleges to streamline financial aid verification, including the Student Success Completion Grant pursuant to Section 88931 of the Education Code, and enable colleges to more efficiently process state and federal financial aid grants. It is intent of the Legislature that system improvements supported by this funding have the effect of reducing the manual processing of financial aid applications, thereby enabling financial aid program staff to provide additional technical assistance and guidance to students seeking financial aid. The chancellor's office shall determine the methodology for allocating these funds to community college districts.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2017–18 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2017–18 fiscal year.

Amendments to RN 18 07872 (Changes are in Bold)

SECTION 1. Section 66010.99 of the Education Code is repealed.

~~66010.99.~~

~~(a) The funds appropriated to the Board of Governors of the California Community Colleges in Schedule 23 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2017 are for allocation by the board of governors to make awards to community colleges pursuant to this article.~~

~~(b) The board of governors shall award moneys pursuant to this article for innovations that improve student success, and that are sustainable and capable of being scaled across the state, with a particular focus on all of the following:~~

~~(1) Programs and frameworks that support students from groups that are underrepresented in higher education, such as low-income students, students from underrepresented schools and neighborhoods, first-generation students, students who are current or former foster youth, and students with disabilities.~~

~~(2) Targeted services and programs for students who are current or former members of the Armed Forces of the United States. For the purposes of this section, "Armed Forces of the United States" means the Air Force, Army, Coast Guard, Marine Corps, Navy, and the reserve components of each of those forces, the National Guard of any state, the California State Military Reserve, and the California Naval Militia.~~

~~(3) Programs and frameworks that support adults who have been displaced from the workforce, and adults who are underemployed, so as to obtain the necessary training for gainful employment.~~

~~(4) Programs that support incarcerated adults in prisons and jails, including formerly incarcerated adults.~~

~~(5) Programs that incorporate technology to improve instruction and support services with a plan to ensure student success in these types of programs.~~

~~(c) The board of governors shall make an award pursuant to this article only to a community college, but the award may be for innovations that encourage or require partnership between the community college and other entities.~~

~~(d) (1) By January 1, 2020, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the activities supported by the moneys awarded.~~

~~(2) By January 1, 2022, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the outcomes for the student populations identified by the community colleges in their applications for an award, including, but not limited to, the number of degrees and certificates awarded and the time it took students to complete their program.~~

~~(3) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.~~

SECTION 2. Section 66010.99 is added to the Education Code, to read:

66010.99. ~~(a) The funds appropriated to the Board of Governors of the California Community Colleges in Schedule 23 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2018 are for allocation by the board of governors to make awards to community colleges pursuant to this subparagraph.~~

~~(b)~~ (a) The board of governors shall award moneys pursuant to this subparagraph for innovations that reduce and eliminate regional achievement gaps and achievement gaps for students from traditionally underrepresented groups consistent with the goals in the Vision for Success adopted by the board of governors, including gaps in all of the following:

- (1) The number of students who acquire associate degrees, certificates, or specified skill sets that prepare them for in-demand jobs.
- (2) The number of students transferring annually to the University of California and the California State University.
- (3) The number of excess units accumulated by students earning associate's degrees.
- (4) The percent of career technical students who are employed in their field of study.

~~(c)~~ (b) Students from underrepresented groups include, but are not limited to, underrepresented students, low-income students, students who are current or former foster youth, students with disabilities, formerly incarcerated students, undocumented students, students meeting the requirements of Assembly Bill 540 of the 2001-02 Regular Session of the Legislature, and students who are veterans.

~~(d)~~ (c) Regional achievement gaps include gaps in the measures described in subdivision **~~(b)~~ (a)** among colleges located in regions with the lowest educational attainment of adults.

~~(e)~~ (d) Innovations shall also be sustainable and capable of being scaled across the state.

~~(f)~~ (e) The board of governors shall make an award pursuant to this article only to a community college, but the award may be for innovations that encourage or require partnership between the community college and other entities.

~~(g)~~ (f) (1) By January 1, 2020, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the activities supported by the moneys awarded pursuant to this section as it read on January 1, 2018.

(2) By January 1, 2022, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the outcomes for the student populations identified by the community colleges in their applications for an award received pursuant to this section as it read on January 1, 2018, including, but not limited to, the number of degrees and certificates awarded and the time it took students to complete their program.

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

~~(h)~~ (g) (1) By January 1, 2021, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the activities supported by the funds awarded pursuant to this section.

(2) By January 1, 2023, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the outcomes for the student populations identified by the community colleges in their applications for an award and the specific measures used to quantify a reduction or elimination of achievement gaps.

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

SECTION 3.

Uncodified. (a) For the 2017-18 fiscal year, the sum of twenty million dollars (\$20,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges to support the Higher Education Innovation Awards pursuant to Section 66010.99 of the Education Code.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2017-18 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2017-18 fiscal year.

Discretionary Resources for Specified Districts

Uncodified. (a) For the 2017-18 fiscal year, the sum of one-hundred and four million dollars (\$104,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges to provide one-time discretionary resources to community college districts whose increase in 2017-18 general purpose apportionment funding per full-time equivalent student computed pursuant to Education Code section 84750.5 compared to the community college districts' 2018-19 general purpose apportionment funding per full-time equivalent student computed pursuant to a revised funding formula adopted pursuant to pending legislation would be less than 2.71 percent.

(b) The Chancellor's Office shall allocate these funds to eligible districts on a per full-time equivalent student basis in an amount equal to the difference between the district's 2017-18 general purpose apportionment funding per full-time equivalent student computed pursuant to Education Code section 84750.5 compared to the community college districts' 2018-19 general purpose apportionment funding per full-time equivalent student computed pursuant to a revised funding formula adopted pursuant to pending legislation.

(c) If the funds appropriated pursuant to subdivision (a) are insufficient to meet the computed need pursuant to subdivision (b), the Chancellor's Office shall reduce each district's allocation on a pro rata basis.

(d) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2017-18 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2017-18 fiscal year.

Support for Open Educational Resources

Uncodified. (a) For the 2017-18 fiscal year, the sum of six million dollars (\$6,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges for allocation to a community college district or districts to support the development and expansion of open educational resources for the California Community Colleges. Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2023.

(b) In constructing this program, the Chancellor's Office of the California Community Colleges shall consult with the Academic Senate of the California Community Colleges.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2017–18 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2017–18 fiscal year.

Amendments to RN 18 08201 (Changes are in Bold)

SECTION 1. Section 88910 of the Education Code is repealed.

~~88910. For purposes of this part, the following terms have the following meanings:~~

~~(a) "Academic year" means the total of two consecutive semesters or three quarters, commencing with the opening of the fall term. Each semester or quarter is approximately the same length.~~

~~(b) "Associate degree for transfer" means an associate degree established according to the criteria established in Section 66746.~~

~~(c) "Award year" means one academic year plus one summer term, or the equivalent, of attendance at a qualifying institution.~~

~~(d) "Cost of attendance" means the student's tuition and fees, books and supplies, room, board, transportation expenses, including, but not limited to, purchasing regional transit passes, and other student expenses used to calculate a student's financial need for federal student financial aid programs under Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.).~~

~~(e) "Financial need" means a student's financial need calculated pursuant to the federal financial need methodology, as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.).~~

SEC. 2. Section 88912 of the Education Code is repealed.

~~88912. (a) Commencing with the 2017-18 academic year, each participating community college shall provide a grant award to a student pursuant to subdivision (b). The purpose of the grant award is to provide the student with additional financial aid to help offset his or her total cost of community college attendance.~~

~~(b) A student attending a community college may receive a grant award pursuant to this section if the student meets all of the following requirements:~~

~~(1) The student has received an award under the Full-Time Success Grant program established pursuant to Schedule (1) of Item 6870-102-0001 of the Budget Act of 2016 for each term in which he or she receives an award under this section.~~

~~(2) The student is enrolled in a program of study and has completed an education plan identifying courses, sequence of courses, key progress milestones, and other requirements the student must complete to earn an associate degree, career technical education certificate, or other community college certificates, or meet university transfer requirements.~~

~~(3) The student is not incarcerated.~~

~~(4) The student is not in default on any student loan and has not failed to repay a federal or state student grant when required to do so.~~

~~(5) (A) The student maintains a grade point average of at least 2.0 and complies with any one of the following:~~

~~(i) Enrolls in 15 or more credit units per semester, or the equivalent number of units per quarter, to be considered on track to obtain an associate degree for transfer or an associate degree, or to otherwise transfer to a four-year university, within two academic years, or within three academic years if a student is required to take basic skills courses by the community college.~~

~~(ii) Enrolls in a sufficient number of units per semester, quarter, or summer term, as determined by the community college, to be considered on track to receive a certificate for a career technical education program or other community college certificates within the published length of time, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.~~

~~(iii) Enrolls in intersession or summer coursework after enrolling in 12 or more credits per the primary semester, or the applicable number of units per quarter, as applicable, to be considered on track to receive an associate degree for transfer or an associate degree, or to otherwise transfer to a four-year university, within two academic years, or within three academic years if a student is required to take basic skills courses by the community college.~~

~~(iv) Enrolls in a sufficient number of units per semester, quarterly equivalent, or summer term, as determined by the community college, to be considered on track to receive a baccalaureate degree authorized pursuant to Article 3 (commencing with Section 78040) of Chapter 1 of Part 48 of Division 7 within the published length of time, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.~~

~~(B) For the purposes of subparagraph (A), credits earned while participating in a dual enrollment program shall count towards the requisite number of units required.~~

~~(6) The student earns a sufficient number of credits per award year to be considered on track to complete one of the following:~~

~~(A) An associate degree for transfer or an associate degree, or to otherwise transfer to a four-year university, within two academic years, or within three academic years if a student is required to take basic skills courses by the community college.~~

~~(B) A career technical education certificate within the published time for the career technical education program, or complete any other community college certificate within the published length of time for the certificate program, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.~~

~~(C) A baccalaureate degree authorized pursuant to Article 3 (commencing with Section 78040) of Chapter 1 of Part 48 of Division 7, within the published length of time for the degree, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.~~

~~(7) The student is a California resident or is exempt from paying nonresident tuition under Section 68130.5 or 76140.~~

~~(c) (1) To the extent practicable, a grant award shall be awarded at the same time as a recipient's overall financial aid package.~~

~~(2) The grant award shall be two thousand dollars (\$2,000) annually, with a maximum one-thousand-dollar (\$1,000) award per semester, or quarterly equivalent, shall be considered a supplemental grant, and shall not supplant any other grant, fee waiver, or scholarship aid received by the student, including, but not necessarily limited to, federal grants, Cal Grant awards, institutional grants, merit-based scholarships, athletic scholarships, and full-time student success grants.~~

~~(3) The grant award shall be based upon the financial need of the applicant, and shall not exceed the calculated financial need for any individual applicant. The minimum level of financial need of applicants shall be determined by the commission pursuant to Section 69432.9.~~

~~(4) The grant award identified in paragraph (2) shall be proportionally reduced if the amount of funding appropriated in the annual Budget Act for this purpose is insufficient to fully fund the total number of students awarded a grant.~~

~~(d) Each participating community college shall administer the grant award pursuant to the requirements of this section.~~

~~(e) This section shall not be operative in a fiscal year unless funding has been provided for this section for that fiscal year in the annual Budget Act or another statute.~~

SEC. 3. Section 88912.5 of the Education Code is amended to read:

88912.5. (a) On or before April 1, 2019, the chancellor shall report to the Legislature all of the following for the 2017–18 award year:

(1) The number of grant award recipients who met the requirements of paragraph (5) of subdivision (b) of Section 88912.

(2) The number of grant award recipients who met the requirements of paragraph (6) of subdivision (b) of Section 88912, disaggregated by recipients who are pursuing an associate degree for transfer, an associate degree, or a career technical education certificate or other community college certificate, and further disaggregated by the type of certificate.

(3) The number of grant award recipients who enrolled in and successfully completed a transfer-level mathematics or English course, or an equivalent course to earn a career technical education certificate, that is required for their academic program during their first year of enrollment.

(4) The number of grant award recipients who enrolled in and successfully completed at least nine units in their major during their first year of enrollment.

(5) The average grade point average of grant award recipients.

(b) Student information reported pursuant to subdivision (a) shall be disaggregated by race, ethnicity, gender, and socioeconomic status.

(c) (1) The requirement for submitting a report imposed under subdivision (a) is inoperative on April 1, 2023, pursuant to Section 10231.5 of the Government Code.

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

(d) This section shall apply only to awards provided to students during the 2017–18 academic year pursuant to the former Section 88912, as that section read on June 1, 2018.

(e) This section shall become inoperative on June 1, 2023, and, as of January 1, 2024, is repealed.

SEC. 4. Section 88913 of the Education Code is repealed.

~~88913. The board of governors may adopt regulations to administer the Community College Completion Grant Program.~~

SEC. 5. Part 54.82 (commencing with Section 88930) is added to Division 7 of Title 3 of the Education Code, to read:

PART 54.82. COMMUNITY COLLEGES STUDENT SUCCESS COMPLETION GRANT

88930. For purposes of this part, “academic year” means the total of two consecutive semesters or three quarters, commencing with the opening of the fall term. Each semester or quarter is approximately the same length.

88931. (a) Commencing with the 2018–19 academic year, each participating community college shall provide a grant award to a student pursuant to subdivision (b). The purpose of the grant award is to provide the student with additional financial aid to help offset his or her total cost of community college attendance.

(b) A student attending a community college may receive a grant award pursuant to this section if the student meets all of the following requirements:

(1) The student receives a Cal Grant B or C award pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of Division 5.

~~(2) The student is enrolled in a program of study and has completed an education plan identifying courses, sequence of courses, key progress milestones, and other requirements the student must complete to earn an associate degree, career technical education certificate, other community college certificate, or meet transfer requirements. The student is making satisfactory academic progress at the college, under criteria required by applicable federal standards published in Title 34 of the Code of Federal Regulations.~~

(3) The student is a California resident or is exempt from paying nonresident tuition under Section 68130.5 or 76140.

(c) The students who meet the applicant criteria pursuant to subdivision (b) shall be eligible for the following grant amounts:

(1) Five hundred dollars (\$500) per semester, or quarterly equivalent, for eligible students who enroll in 12 units per semester, or the quarterly equivalent number of units, ~~or one thousand dollars (\$1,000) annually for eligible students who take 24 units, with a maximum of five hundred dollars (\$500) award per semester, or quarterly equivalent.~~

(2) Six hundred twenty-five dollars (\$625) per semester, or quarterly equivalent, for eligible students who enroll in 13 units per semester, or the quarterly equivalent number of units, ~~or one thousand two hundred fifty dollars (\$1,250) annually for eligible students who take 26 units, with a maximum of six hundred twenty-five dollars (\$625) award per semester, or quarterly equivalent.~~

(3) Nine hundred fifty dollars (\$950) per semester, or quarterly equivalent, for eligible students who enroll in 14 units per semester, or the quarterly equivalent number of units, ~~or one thousand nine hundred dollars (\$1,900) annually for eligible students who take 28 units, with a maximum nine hundred fifty dollars (\$950) award per semester, or quarterly equivalent.~~

(4) Two thousand dollars (\$2,000) per semester, or quarterly equivalent, for eligible students who enroll in 15 units per semester, or the quarterly equivalent number of units, ~~or four thousand dollars (\$4,000) annually for eligible students who take 30 units, with a maximum of one thousand dollars (\$1,000) award per semester, or quarterly equivalent.~~

(5) If funding is available after making awards to students in the primary terms, community colleges may grant additional awards to students who take sufficient units during the summer term to bring their total number of academic units to 24 units or more for the academic year. The Chancellor's Office shall work with colleges to determine the summer grant amounts based on available funds. It is the intent that the available grants would be prorated to allocate a larger amount to students who take sufficient units for a total of 30 units or more for the academic year.

(d) (1) To the extent practicable, a grant award shall be awarded at the same time as a recipient's overall financial aid package.

~~(2) A student shall not receive both an annual grant and a semester grant at the same time.~~

~~(3)~~(2) The grant award shall be considered a supplemental grant, and shall not supplant any other grant, fee waiver, or scholarship aid received by the student, including, but not necessarily limited to, federal grants, Cal Grant awards, institutional grants, merit-based scholarships, and athletic scholarships.

~~(4)~~(3) The grant award shall be based upon the financial need of the applicant, and shall not exceed the calculated financial need for any individual applicant. The minimum level of financial need of applicants shall be determined by the commission pursuant to Section 69432.9.

~~(5)~~(4) The grant award identified in subdivision (c) shall be proportionally reduced if the amount of funding appropriated in the annual Budget Act for this purpose is insufficient to fully fund the total number of students awarded a grant.

(e) (1) Each participating community college shall administer the grant award pursuant to the requirements of this section.

(2) Each participating community college shall ensure that each student receiving an annual grant maintains the eligibility requirements of subdivision (c) for each term that the student is enrolled and that the student is on track with the sequence of courses and milestones identified in the student's education plan. It is the intent of the Legislature that a student is enrolled in a program of study and has completed an education plan identifying courses, sequence of courses, key progress milestones, and other requirements the student must complete to earn an associate degree, career technical education certificate, other community college certificate, or meet transfer requirements.

(3) Each participating community college shall encourage students to enroll in a sufficient number of units per semester, quarter, or summer term to be considered on track to obtain a certificate, associate degree for transfer, or associate degree or transfer to a four-year university within two academic years or within three academic years if a student is required to take basic skill courses by the community college.

(f) This section shall not be operative in a fiscal year unless funding has been provided for this section for that fiscal year in the annual Budget Act or another statute.

88932. (a) On or before April 1, 2020, the chancellor shall report to the Legislature all of the following for the 2018–19 award year:

(1) The number of grant award recipients who met the requirements of Section 88931, disaggregated by recipients who are pursuing an associate degree for transfer, an associate degree, or a career technical education certificate, or other community college certificate, and further disaggregated by the type of certificate.

(2) The number of grant award recipients who met the requirements of Section 88931 and received a grant disaggregated by the number of units the recipients were enrolled in each term during the academic year.

(3) The number of grant award recipients who met the requirements of Section 88931 considered on track to complete their educational program within two academic years, within three academic years if a student is required to take basic skill courses by the community college, within the published length of time, or within the published length of time plus one year if a student is required to take basic skill courses by the community college.

(4) The average grade point average of grant award recipients.

(b) Student information reported pursuant to subdivision (a) shall be disaggregated by race, ethnicity, gender, and socioeconomic status.

(c) (1) The requirement for submitting a report imposed under subdivision (a) is inoperative on April 1, 2024, pursuant to Section 10231.5 of the Government Code.

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

88933. The board of governors may adopt regulations to administer this part.

Amendments to RN 18 07887 (Changes are in Bold)

Section 1.

Section 76004 of the Education Code is amended to read:

76004. (a) The governing board of a community college district may enter into a College and Career Access Pathways (CCAP) partnership with the governing board of a school district for the purpose of offering or expanding dual enrollment opportunities for ~~students~~ pupils who may not already be college bound or who are underrepresented in higher education, with the goal of developing seamless pathways from high school to community college for career technical education or preparation for transfer, improving high school graduation rates, or helping high school pupils achieve college and career readiness.

(b) A participating community college district may enter into a CCAP partnership with a school district partner that is governed by a CCAP partnership agreement approved by the governing boards of both districts. As a condition of, and before adopting, a CCAP partnership agreement, the governing board of each district, at an open public meeting of that board, shall present the dual enrollment partnership agreement as an informational item. The governing board of each district, at a subsequent open public meeting of that board, shall take comments from the public and approve or disapprove the proposed agreement.

(c) (1) The CCAP partnership agreement shall outline the terms of the CCAP partnership and shall include, but not necessarily be limited to, the total number of high school students to be served and the total number of full-time equivalent-~~students~~ pupils projected to be claimed by the community college district for those students; the scope, nature, time, location, and listing of community college courses to be offered; and criteria to assess the ability of pupils to benefit from those courses. The CCAP partnership agreement shall also establish protocols for information sharing, in compliance with all applicable state and federal privacy laws, joint facilities use, and parental consent for high school pupils to enroll in community college courses.

(2) The CCAP partnership agreement shall identify a point of contact for the participating community college district and school district or charter school partner.

(3) A copy of the CCAP partnership agreement shall be filed with the office of the Chancellor of the California Community Colleges and with the department before the start of the CCAP partnership. The chancellor may void any CCAP partnership agreement it determines has not complied with the intent of the requirements of this section.

(d) A community college district participating in a CCAP partnership shall not provide physical education course opportunities to high school pupils pursuant to this section or any other course opportunities that do not assist in the attainment of at least one of the goals listed in subdivision (a).

(e) A community college district shall not enter into a CCAP partnership with a school district or charter school within the service area of another community college district, except where an agreement exists, or is established, between those community college districts authorizing that CCAP partnership.

(f) A high school pupil enrolled in a course offered through a CCAP partnership shall not be assessed any fee that is prohibited by Section 49011.

(g) A community college district participating in a CCAP partnership may assign priority for enrollment and course registration to a pupil seeking to enroll in a community college course that is required for the pupil's CCAP partnership program that is equivalent to the priority assigned to a pupil attending a middle college high school as described in Section 11300 and consistent with middle college high school provisions in Section 76001.

(h) The CCAP partnership agreement shall certify that any community college instructor teaching a course on a high school campus has not been convicted of any sex offense as defined in Section 87010, or any controlled substance offense as defined in Section 87011.

(i) The CCAP partnership agreement shall certify that any community college instructor teaching a course at the partnering high school campus has not displaced or resulted in the termination of an existing high school teacher teaching the same course on that high school campus.

(j) The CCAP partnership agreement shall certify that a qualified high school teacher teaching a course offered for college credit at a high school campus has not displaced or resulted in the termination of an existing community college faculty member teaching the same course at the partnering community college campus.

(k) The CCAP partnership agreement shall include a certification by the participating community college district of all of the following:

(1) A community college course offered for college credit at the partnering high school campus does not reduce access to the same course offered at the partnering community college campus.

(2) A community college course that is oversubscribed or has a waiting list shall not be offered in the CCAP ~~partnership~~ partnership, unless the oversubscription or waiting list occurs because the community college lacks the physical space to offer additional sections of the impacted courses. A community college that lacks the physical space to offer additional sections of the impacted courses is expected, but not required, to make an effort to address the campus' space limitation.

(3) Participation in a CCAP partnership is consistent with the core mission of the community colleges pursuant to Section 66010.4, and that pupils participating in a CCAP partnership will not lead to enrollment displacement of otherwise eligible adults in the community college.

(l) The CCAP partnership agreement shall certify that both the school district and community college district partners comply with local collective bargaining agreements and all state and federal reporting requirements regarding the qualifications of the teacher or faculty member teaching a CCAP partnership course offered for high school credit.

(m) The CCAP partnership agreement shall specify both of the following:

(1) Which participating district will be the employer of record for purposes of assignment monitoring and reporting to the county office of education.

(2) Which participating district will assume reporting responsibilities pursuant to applicable federal teacher quality mandates.

(n) The CCAP partnership agreement shall certify that any remedial course taught by community college faculty at a partnering high school campus shall be offered only to high school ~~students~~ pupils who do not meet their grade level standard in math, English, or both on an interim assessment in grade 10 or 11, as determined by the partnering school district, and shall involve a collaborative effort between high school and community college faculty to deliver an innovative remediation course as an intervention in the ~~student's~~ pupil's junior or senior year to ensure the ~~student~~ pupil is prepared for college-level work upon graduation.

(o) (1) A community college district may limit enrollment in a community college course solely to eligible high school ~~students~~ pupils if the course is offered at a high school ~~campus~~ campus, either in person or using an online platform, during the regular school day and the community college course is offered pursuant to a CCAP partnership agreement.

(2) For purposes of allowances and apportionments from Section B of the State School Fund, a community college district conducting a closed course on a high school campus pursuant to paragraph (1) of subdivision (p) shall be credited with those units of full-time equivalent students attributable to the attendance of eligible high school pupils.

(p) A community college district may allow a special part-time student participating in a CCAP partnership agreement established pursuant to this article to enroll in up to a maximum of 15 units per term if all of the following circumstances are satisfied:

(1) The units constitute no more than four community college courses per term.

(2) The units are part of an academic program that is part of a CCAP partnership agreement established pursuant to this article.

(3) The units are part of an academic program that is designed to award students both a high school diploma and an associate degree or a certificate or credential.

(q) The governing board of a community college district participating in a CCAP partnership agreement established pursuant to this article shall exempt special part-time students described in subdivision (p) from the fee requirements in Sections 76060.5, 76223, 76300, 76350, and 79121.

(r) A district or charter school shall not receive a state allowance or apportionment for an instructional activity for which the partnering district or charter school has been, or shall be, paid an allowance or apportionment.

(s) The attendance of a high school pupil at a community college as a special part-time or full-time student pursuant to this section is authorized attendance for which the community college shall be credited or reimbursed pursuant to Section 48802 or 76002, provided that no school district or charter school has received reimbursement for the same instructional activity **and for a charter school, the instructional minutes associated with the attendance of a high school pupil at a community college pursuant to a CCAP are not counted in the minimum number of instructional minutes required to be offered pursuant to Section 47612.5.**

(t) (1) For each CCAP partnership agreement entered into pursuant to this section, the affected community college district and school district or charter school shall report annually to the office of the Chancellor of the California Community Colleges all of the following information:

(A) The total number of high school pupils by schoolsite enrolled in each CCAP partnership, aggregated by gender and ethnicity, and reported in compliance with all applicable state and federal privacy laws.

(B) The total number of community college courses by course category and type and by schoolsite enrolled in by CCAP partnership participants.

(C) The total number and percentage of successful course completions, by course category and type and by schoolsite, of CCAP partnership participants.

(D) The total number of full-time equivalent students generated by CCAP partnership community college district participants.

(E) The total number of full-time equivalent students served online generated by CCAP partnership community college district participants.

(2) On or before January 1, 2021, the chancellor shall prepare a summary report that includes an evaluation of the CCAP partnerships, an assessment of trends in the growth of special admits systemwide and by campus, and, based upon the data collected pursuant to this section, recommendations for program improvements, including, but not necessarily limited to, both of the following:

(A) Any recommended changes to the statewide cap on special admit full-time equivalent students to ensure that adults are not being displaced.

(B) Any recommendation concerning the need for additional student assistance or academic resources to ensure the overall success of the CCAP partnerships.

(3) The chancellor shall ensure that the number of full-time equivalent students generated by CCAP partnerships is reported pursuant to the reporting requirements in Section 76002.

(u) The annual report required by subdivision (t) shall also be transmitted to all of the following:

(1) The Legislature, in compliance with Section 9795 of the Government Code.

(2) The Director of Finance.

(3) The Superintendent.

(v) A community college district that violates this article, including, but not necessarily limited to, any restriction imposed by the board of governors pursuant to this article, shall be subject to the same penalty as may be imposed pursuant to subdivision (d) of Section 78032.

(w) The statewide number of full-time equivalent students claimed as special admits shall not exceed 10 percent of the total number of full-time equivalent students claimed statewide.

(x) Nothing in this section is intended to affect a dual enrollment partnership agreement existing on the effective date of this section under which an early college high school, a middle college high school, or California Career Pathways Trust existing on the effective date of this section is operated. An early college high school, middle college high school, or California Career Pathways Trust partnership agreement existing on the effective date of this section shall not operate as a CCAP partnership unless it complies with ~~the provisions of~~ this section.

(y) The governing body of ~~an independent public~~ a charter school may enter into a CCAP partnership agreement with the governing board of a community college district pursuant to this section. That CCAP partnership agreement shall comply with all applicable requirements of this section.

~~(y)~~ (z) This section shall remain in effect only until January 1, 2022, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2022, deletes or extends that date.”

Amendments to RN 18 07884 (Changes are in Bold)

SECTION 1. Section 8152 of the Education Code is amended to read:

8152. (a) The reimbursement rate for related and supplemental instruction reimbursed pursuant to this article shall be established in the annual Budget Act and the rate shall be commonly applied to all providers of instruction specified in subdivision (d).

(b) For purposes of this section, each hour of teaching time may include up to 10 minutes of passing time and breaks.

(c) This section also applies to isolated apprentices, as defined in Section 3074 of the Labor Code, for which alternative methods of instruction are provided.

(d) The Chancellor of the California Community Colleges shall make the reimbursements specified in this section for teaching time provided by **K-12** local educational agencies.

(e) The hours for related and supplemental instruction derived from funds appropriated pursuant to subdivision (b) of Section 8150 shall be allocated by the Chancellor of the California Community Colleges directly to participating **K-12** local educational agencies that contract with apprenticeship programs pursuant to subdivision (f).

(f) Reimbursements may be made under this section for related and supplemental instruction provided to indentured apprentices only if the instruction is provided by a program approved by the Division of Apprenticeship Standards of the Department of Industrial Relations in accordance with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

(g) The initial allocation of hours made pursuant to subdivision (e) for related and supplemental instruction at the beginning of a fiscal year, when multiplied by the hourly reimbursement rate, shall equal 100 percent of the total appropriation for apprenticeships. The Chancellor of the California Community Colleges shall notify participating **K-12** local educational agencies of the initial allocation within 30 days of the enactment of the annual Budget Act.

(h) If funds remain from the appropriation pursuant to subdivision (b) of Section 8150, the Chancellor of the California Community Colleges shall reimburse **K-12** local educational agencies for unfunded related and supplemental instruction hours from any of the three previous fiscal years, in the following order:

(1) Reported related and supplemental instruction hours, as described in subdivision (b) of Section 8154, that were paid at a rate less than the hourly rate specified in the Budget Act.

(2) Reported related and supplemental instruction hours that were not reimbursed.

(i) The Chancellor of the California Community Colleges shall report to the California Apprenticeship Council within 30 days of each apportionment period the following information for each participating **K-12** local educational agency:

(1) The number of related and supplemental instruction hours allocated to the **K-12** local educational agency.

(2) The number of related and supplemental instruction hours reported by the **K-12** local educational agency.

(3) At the final or recalculation apportionment, the hourly rate paid for related and supplemental instruction hours reported above the **K-12** local educational agency's initial allocation of hours for related and supplemental instruction.

SEC. 2. Section 76350 of the Education Code is amended to read:

76350. Except as provided in Section 3074.7 of the Labor Code, no charges or fees shall be required to be paid by a resident or nonresident apprentice, or by his or her parent or guardian, for admission or attendance in any course of activity or community college course that is offered pursuant to Section 3074 of the Labor Code in accordance with the instructional hours requirements and course requirements specified in subdivision (d) of Section 3078 of the Labor Code.

SEC. 3. Section 79149.1 of the Education Code is amended to read:

79149.1. ~~(a) Attendance of apprentices enrolled in any class maintained by a community college, offered for community college credit by a community college in collaboration with an apprenticeship program sponsor, pursuant to Section 3074 of the Labor Code, may shall be reimbursed as part of the budget formula developed pursuant to **paragraph (2) of subdivision (d) of Section 84750.5** or its successor section if such attendance is not reported pursuant to **subdivision (b) Section 79149.3**, only if reported separately to the Chancellor of the California Community Colleges. Attendance reported pursuant to this section shall be used only for purposes of calculating allowances pursuant to Section 79149.3. Attendance for an apprenticeship class reimbursed as part of the budget formula developed pursuant to **paragraph (2) of subdivision (d) of Section 84750.5** or its successor section shall be reported separately to the Chancellor of the California Community Colleges.~~

(b) Attendance of apprentices reimbursed pursuant to subdivision (a) shall be reimbursed based on the number of hours of instruction provided to indentured apprentices. The attendance hours generated by credit apprenticeship courses shall be funded at the marginal credit rate determined pursuant to paragraph (2) of subdivision (d) of Section 84750.5 or its successor section.

(c) For purposes of this section, each hour of teaching time may include up to 10 minutes of passing time and breaks.

(d) The attendance hours funded pursuant to subdivision (b) shall be allocated by the Chancellor of the California Community Colleges directly to participating community college districts that have a college or colleges that contract with apprenticeship programs pursuant to subdivision (e).

(e) Reimbursements may be made under this section for instruction provided to indentured apprentices only if the instruction is provided by a program approved by the Division of Apprenticeship Standards of the Department of Industrial Relations in accordance with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

~~(b) Attendance of apprentices enrolled in any class maintained by a community college, pursuant to Section 3074 of the Labor Code, shall be reimbursed pursuant to Section 79149.3 only if reported separately to the Chancellor of the California Community Colleges. Colleges and not reported pursuant to subdivision (a). Attendance reported pursuant to this section subdivision shall be used only for purposes of calculating allowances pursuant to Section 79149.3.~~

~~(c) (f) A community college that funds a class for the training of apprentices offeredtaught by an apprenticeship instructor-provider other than the-a community college faculty member shall not claim reimbursement as part of the budget formula developed pursuant to paragraph (2) of subdivision (d) of Section 84750.5 or its successor section in accordance with subdivision (a) and instead shall claim reimbursement pursuant to Section 79149.3 in accordance with subdivision (b).~~

~~(d) (g) A community college may limit enrollment in a community college course or course section reimbursed pursuant to this section solely to apprentices if that course or course section is required for those students as a part of a registered apprenticeship program with the Division of Apprenticeship Standards of the Department of Industrial Relations.~~

~~(h) For each community college receiving reimbursement for apprenticeship hours pursuant to this section, the affected community college district shall report to the Chancellor of the California Community Colleges all of the following information, for each apportionment period:~~

~~(1) The total number of full-time equivalent students generated by apprentices enrolled in community college apprenticeship courses that are reimbursed pursuant to this section.~~

~~(2) The total number of hours reimbursed for apprenticeship instruction pursuant to subdivision (b) of this section.~~

~~(3) The total amount of apportionment received for apprenticeship instruction reimbursed pursuant to this section.~~

~~(i) The Chancellor of the California Community Colleges shall report to the California Apprenticeship Council within 30 days of each apportionment period the following information, for each community college receiving reimbursement for apprenticeship instruction pursuant to this section:~~

~~(1) The number of apprenticeship instructional hours reported by and reimbursed to the community college as part of the budget formula developed pursuant to paragraph (2) of subdivision (d) of Section 84750.5 or its successor section.~~

~~(2) At the final or recalculation apportionment, the hourly rate equivalent of per full-time equivalent student funding paid for instructional hours reimbursed to the community college as part of the budget formula developed pursuant to paragraph (2) of subdivision (d) of Section 84750.5 or its successor section.~~

~~(j) The Board of Governors of the California Community Colleges shall include instructions necessary to enforce this article in the audit report required by Section 84040. The instructions shall include, but not necessarily be limited to, procedures for~~

verifying if the hours for apprenticeship instruction reported to each community college district by each community college receiving reimbursements for apprenticeship hours, pursuant to this section, are eligible for reimbursement pursuant to this section.

SEC. 4. Section 79149.3 of the Education Code is amended to read:

79149.3. (a) The reimbursement rate for related and supplemental instruction reimbursed pursuant to this article shall be established in the annual Budget Act and the rate shall be commonly applied to all providers of instruction specified in subdivision ~~(d)~~ (e).

(b) Attendance of apprentices enrolled in any class maintained by a community college, pursuant to Section 3074 of the Labor Code, shall be reimbursed pursuant to this section only if reported separately to the Chancellor of the California Community Colleges and not reported pursuant to Section 79149.1. Attendance reported pursuant to this section shall be used only for purposes of calculating allowances pursuant to Section 79149.3.

~~(b)~~ (c) For purposes of this section, each hour of teaching time may include up to 10 minutes of passing time and breaks.

~~(e)~~ (d) This section also applies to isolated apprentices, as defined in Section 3074 of the Labor Code, for which alternative methods of instruction are provided.

~~(d)~~ (e) The Chancellor of the California Community Colleges shall make the reimbursements specified in this section for teaching time provided by community colleges.

(e) (f) The hours for related and supplemental instruction derived from funds appropriated pursuant to subdivision (b) of Section 79149 shall be allocated by the Chancellor of the California Community Colleges directly to participating community colleges that contract with apprenticeship programs pursuant to subdivision ~~(fg)~~.

(f) (g) Reimbursements may be made under this section for related and supplemental instruction provided to indentured apprentices only if the instruction is provided by a program approved by the Division of Apprenticeship Standards of the Department of Industrial Relations in accordance with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

(g) (h) The initial allocation of hours for related and supplemental instruction pursuant to subdivision ~~(ef)~~ at the beginning of any fiscal year when multiplied by the hourly rate established in the Budget Act for that year shall equal 100 percent of total appropriation for apprenticeships. The Chancellor of the California Community Colleges shall notify participating community colleges of the initial allocation within 30 days of the enactment of the annual Budget Act.

(h) (i) If funds remain from the appropriation pursuant to subdivision (b) of Section 79149, the Chancellor of the California Community Colleges shall reimburse community colleges for unfunded related and supplemental instruction hours from any of the three previous fiscal years, in the following order:

(1) Reported related and supplemental instruction hours as described in subdivision (b) of Section 79149.5 that were paid at a rate less than the hourly rate specified in the Budget Act.

(2) Reported related and supplemental instruction hours that were not reimbursed.

~~(i)~~ **(j)** The Chancellor of the California Community Colleges shall report to the California Apprenticeship Council within 30 days of each apportionment period the following information for each participating community college:

(1) The number of related and supplemental instruction hours allocated to the community college.

(2) The number of related and supplemental instruction hours reported by the community college.

(3) At the final or recalculation apportionment, the hourly rate paid for related and supplemental instruction hours reported above the community college's initial allocation of hours for related and supplemental instruction.

~~(j)~~ **(k)** The Board of Governors of the California Community Colleges shall include instructions necessary to enforce this article in the audit report required by Section 84040. The instructions shall include, but not necessarily be limited to, procedures for verifying if the hours for related and supplemental instruction reported to each community college district by a participating apprenticeship program sponsor, pursuant to this section, are eligible for reimbursement pursuant to this section.

Amendments to RN 18 07889 (Changes are in Bold)

SECTION 1. Section 84913 of the Education Code is amended to read:

84913. (a) Funds apportioned for the program shall be used only for support of the following:

- (1) Programs in elementary and secondary basic skills, including programs leading to a high school diploma or high school equivalency certificate.
- (2) Programs for immigrants eligible for educational services in citizenship, English as a second language, and workforce preparation.
- (3) Programs for adults, including, but not limited to, older adults, that are primarily related to entry or reentry into the workforce.
- (4) Programs for adults, including, but not limited to, older adults, that are primarily designed to develop knowledge and skills to assist elementary and secondary school children to succeed academically in school.
- (5) Programs for adults with disabilities.
- (6) Programs in career technical education that are short term in nature and have high employment potential.
- (7) Programs offering preapprenticeship training activities conducted in coordination with one or more apprenticeship programs approved by the Division of Apprenticeship Standards for the occupation and geographic area.

(8) (A) Indirect costs of the program's consortium members.

(B) For purposes of this paragraph, "indirect costs" means, for consortium members that are school districts and county offices of education, the lesser of the member's prior year indirect cost rate, as approved by the ~~department,~~ **State Department of Education**, for ~~members of a local educational agency~~ or no more than five percent of the total funding received from the program. **For community college consortium members, "indirect costs" means the lesser of the member's prior year's negotiated indirect cost rate or no more than five percent of the total funding received from the program.**

(b) A consortium may use no more than 5 five percent of funds allocated in a given fiscal year for the sum of the following:

- (1) The costs of administration of these programs.
- (2) The costs of the consortium.



May 11, 2018

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

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

**Amendment to Budget Bill Item 6980-101-0001, Reimbursements, and Trailer Bill
Language, Local Assistance, California Student Aid Commission**

Cal Grant Program (Issues 400, 401, and 406)—It is requested that Item 6980-101-0001 be increased by \$58,345,000 and reimbursements be decreased by \$29,071,000 to reflect the impacts related to the Cal Grant program as follows:

- An increase of \$29,274,000 in fiscal year 2018-19 to reflect: (1) that the Commission estimates an increase in the number of new recipients in 2017-18, which increases the estimates of renewal students in 2018-19, and (2) the revised estimate of new recipients in 2017-18 is used as the new base for estimates of new recipients in 2018-19, with growth applied.
- An increase of \$29,071,000 General Fund in 2018-19 to reflect expenditures that can be funded with Temporary Assistance for Needy Families (TANF) resources. A corresponding decrease of \$29,071,000 in reimbursement authority from available TANF resources.

Compared to the Governor's Budget, there are reduced costs for the program of \$4,129,000 in 2016-17 to correct prior estimates and increased costs of \$76,273,000 in 2017-18 to account for the estimated increase in new recipients.

It is further requested that the following provision be added to Item 6980-101-0001 as follows to conform to this action:

4. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund for cashflow purposes, in an amount not to exceed \$125,000,000, provided that:

- (a) The loan is to meet cash needs resulting from a delay in the receipt of reimbursements from federal Temporary Assistance for Needy Families (TANF) funds.
- (b) The California Student Aid Commission has received confirmation from the Department of Social Services that there are no available TANF resources that could be advanced to them.
- (c) The loan is for a short term need and shall be repaid within 90 days of the loan's origination date.
- (d) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.

Middle Class Scholarship Program (Issue 402)—It is requested that Item 6980-101-0001 be decreased by \$745,000 for revised cost estimates related to the Middle Class Scholarship Program. The May Revision also recognizes savings of \$178,000 in 2017-18 and \$2,756,000 in 2016-17 due to revised estimates.

State Nursing Assumption Program of Loans for Education (SNAPLE) (Issue 403)—It is requested that Item 6980-101-0001 be decreased by \$67,000 to reflect revised cost estimates for SNAPLE. There are reduced costs for SNAPLE of \$92,000 in 2016-17.

Assumption Program of Loans for Education (APLE) (Issue 404)—It is requested that Item 6890-101-0001 be decreased by \$2,115,000 to reflect revised costs estimates for APLE. There are reduced costs for APLE of \$843,000 in 2017-18, and \$687,000 in 2016-17.

Child Development Teacher and Supervisor Grant Program—There are reduced costs and reimbursements for the program of \$41,000 in 2017-18.

John R. Justice Loan Assumption Program (Issue 407)—It is requested that Item 6980-101-0001 be amended by decreasing reimbursements by \$11,000 to reflect a change in the agreement between the Student Aid Commission and the Office of Emergency Services. There is a corresponding adjustment in 2017-18.

Private Nonprofit Cal Grant Award—It is requested that trailer bill language transmitted with the Governor's Budget be amended to reflect the following changes, as reflected on Attachment 1:

- For the 2019-20 award year, the state's expectation of the number of Associate Degrees for Transfer accepted by private nonprofit institutions in 2018-19 is adjusted to 2,000 and an expectation that the Association for Independent California Colleges and Universities report by April 2019 on the first cohort of accepted students to the Department of Finance is added.
- For the 2021-22 award year, the state's expectation of the number of Associate Degrees for Transfer accepted by the private nonprofit institutions in 2020-21 is adjusted to be 3,500 and serves as the new baseline requirement, adjusted by growth in transfers to the sector as a whole, for each year thereafter.

Middle Class Scholarship Program—It is requested that trailer bill language transmitted with the Governor's Budget be amended to reflect the following changes, as reflected on Attachment 2:

- For 2016-17, to align with program estimates, the statutory amount is \$71,244,000.
- For 2017-18, to align with program estimates, the statutory amount is \$99,797,000.
- For 2018-19, to align with program estimates, the statutory amount is \$101,380,000.

The effect of my requested action are reflected on the attachments.

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

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
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. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez Fletcher, Chair, Assembly Appropriations Committee
Attention: Mr. Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Anthony Portantino, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Lupita Cortez Alcalá, Executive Director, California Student Aid Commission
Mr. David O'Brien, Director of Government Affairs, California Student Aid Commission
Ms. Kelley Maddox, Deputy Director, Administrative Division, California Student Aid Commission
Ms. Gloria Schroeter, Budget Manager, Administration Division, California Student Aid Commission

Proposed Trailer Bill Changes for May Revision (RN 18 08280):

SECTION 1. Section 66796.6 is added to the Education Code, to read:

66749.6. (a)(1) A private nonprofit postsecondary educational institution that chooses to accept an associate degree for transfer does not guarantee admission to a particular campus of program.

(2) A private nonprofit postsecondary educational institution that chooses to accept an associate degree for transfer, shall guarantee admission with junior status to a community college student who meets all of the requirements of Section 66746, with admission to a program or major and concentration, as applicable, that meets either of the following:

(A) Is similar to the student's community college transfer model curriculum-aligned associate degree for transfer, as determined by the private nonprofit postsecondary educational institution to which the student is admitted.

(B) May be completed with not more than 68 additional semester units for majors at institutions requiring 128 semester units or not more than 102 quarter units at institutions requiring 192 quarter units for a degree. A private nonprofit postsecondary institution admitting a community college student with an associate degree for transfer may require the student to take additional courses at the institution as long as the student is not required to take any more than the additional semester units or quarter units specified in this subparagraph. High-unit majors and additional campus-specific courses or requirements that an institution requires for graduation by all undergraduate students, and that would not otherwise be considered an educational requirement at a public institution, shall be exempt from this subparagraph.

(b) Community college transfer units shall not be applicable to upper division requirements at a private nonprofit postsecondary educational institution, unless agreed upon by the local academic senates of the private postsecondary educational institutions and the California Community Colleges, and the transferred units do not exceed the 68 semester units or 102 quarter units, pursuant to subparagraph (B) of paragraph (2) of subdivision (a).

(c) A private nonprofit postsecondary educational institution shall not require students transferring pursuant to this article to repeat courses that are similar to those taken at the community college that counted toward the associate degree for transfer.

(d) Discussions concerning the associate degree for transfer, including the development of new majors, shall include participation by the association representing the largest number of private nonprofit postsecondary educational institutions.

SECTION 2. Section 66749.7 is added to the Education Code, to read:

66749.7. The Chancellor's Office of the California Community Colleges and those private nonprofit postsecondary educational institutions that choose to commit to accept a student with an associate degree for transfer, in consultation with students, faculty, student service administrators, the State Department of Education, the California Education Round Table, and other key stakeholders, shall develop a student-centered communication and marketing strategy in order to increase the visibility of the associate degree for transfer pathway for all students in California that may include, but is not necessarily limited to, all of the following:

(a) Outreach to high schools relative to the associate degree for transfer pathway that build upon existing high school outreach programs and activities performed by the California State University and the University of California.

(b) Pathway information that may be prominently displayed in all community college counseling offices and transfer centers.

(c) Pathway information that may be provided to all first-year community college students developing an education plan to aid them in making informed educational choices.

(d) Targeted outreach on the pathway that may be provided to first-year community college students through campus orientations and student support service programs offered by the campus that may include, but are not necessarily limited to, Federal TRIO Programs, First-Generation Experience, MESA, and Puente.

(e) Information on the pathway that may be prominently displayed in community college course catalogs.

(f) Information on the pathway that may be prominently displayed on the Internet Web sites or each community college and private nonprofit postsecondary educational institution that choose to commit to accept a student with an associate degree for transfer, and on the California Colleges Internet Web site, californiacolleges.edu.

SECTION 3. Section 69432.7 is of the Education Code is amended to read:

69432. (a) (l) Cal Grant Program awards shall be known as "Cal Grant A Entitlement Awards," "Cal Grant B Entitlement Awards," "California Community College Transfer Entitlement Awards," "Competitive Cal Grant A and B Awards," "Cal Grant C Awards," and "Cal Grant T Awards."

(2) For purposes of this section, "associate degree for transfer commitment" means a commitment by a private nonprofit educational institution that chooses to accept the California Community College associate degree for transfer pursuant to Section 66749.6.

(b) Maximum award amounts for students at independent institutions and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act.

(c) (1) Notwithstanding subdivision (b), and subdivision (c) of Section 66021.2, commencing with the 2013-14 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit and nonprofit postsecondary educational institutions shall be as follows: postsecondary educational institutions shall be four thousand dollars (\$4,000).

~~(A) Four thousand dollars (\$4,000) for new recipients attending private for-profit postsecondary educational institutions.~~

(2) Notwithstanding paragraph (1) of this subdivision, subdivision (b) of this section, and subdivision (c) of Section 66021.2, commencing with the 2018-19 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit postsecondary educational institutions accredited by the Western Association of Schools and Colleges shall be eight thousand fifty-six dollars (\$8,056) for new recipients.

(d) Notwithstanding subdivision (b) of this section, and subdivision (c) of Section 66021.2, the maximum tuition award amounts for Cal Grant A and B awards for students attending private nonprofit postsecondary educational institutions shall be as follows:

~~(B)~~

(1) For the 2015- 16, 2016-17, and ~~2017-18~~ 2017-18, and 2018-19 award years, nine thousand eighty-four dollars (\$9,084) for new recipients attending private nonprofit postsecondary educational For the 2018-19 award year, and each award year thereafter, eight thousand fifty-six dollars (\$8,056) for new recipients attending private nonprofit secondary educational institutions - recipients.

(2) For the 2019-20 award year:

(A) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments in the 2018-19 academic year meets or exceeds a target of ~~2,500~~ 2,000, nine thousand eighty-four dollars (\$9,084) for new recipients. **The first cohort, Fall 2018, will be reported showing progress towards the annual goal by April 2019. The Association representing the largest number of independent colleges and universities will provide by**

April 2019, a list of campuses who have adopted or are in process of adopting the Associate Degree for Transfer pathway.

(B) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments in the 2018-19 academic year is fewer than ~~2,500~~ 2,000, eight thousand fifty-six dollars (\$8,056) for new recipients.

(3) For the 2020-21 award year: ~~and each year thereafter:~~

(A) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments in the prior award year meets or exceeds ~~a the~~ target ~~specified in subdivision (h)~~ of 3,000, nine thousand eighty-four dollars (\$9,084) for new recipients.

(B) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments in the prior award year is less than ~~the target specified in subdivision (i)~~ fewer than 3,000, eight thousand fifty-six dollars (\$8,056) for new recipients.

(4) For the 2021-22 award year:

(A) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments in the prior award year meets or exceeds a target of 3,500, nine thousand eighty-four dollars (\$9,084) for new recipients.

(B) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments in the prior award year is fewer than 3,500, eight thousand fifty-six dollars (\$8,056) for new recipients.

(5) For the 2022-23 year and each year thereafter:

(A) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments in the prior award year meets or exceeds the target specified in subdivision (h), nine thousand eighty-four dollars (\$9,084) for new recipients.

(B) If the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given an associate degree for transfer commitments in the prior award year is less than the target specified in subdivision (h), eight thousand fifty-six dollars (\$8,056) for new recipients.

(2)

(e) The renewal award amount for a student whose initial award is subject to a maximum award amount specified in this subdivision ~~section~~ shall be calculated pursuant to paragraph (2) of subdivision (a) of Section 69433.

(3) Notwithstanding subparagraph (A) of paragraph (1) new recipients attending private for-profit postsecondary educational institutions that are accredited by the Western Association of Schools and Colleges of Colleges as of July 1, 2012, shall have the same maximum tuition award amount as are set forth in subparagraph (B) of paragraph (1).

(d)

(f) It is the intent of the Legislature ~~that:~~ that a private nonprofit postsecondary educational institution makes a good faith effort to make the process for transferring from the California Community Colleges easier for resident students and a decision determining the maximum award amounts made pursuant to this section for students attending a private nonprofit postsecondary educational institution will be made with consideration of the effort of the institution to make that process easier.

(1) The postsecondary educational institutions within the scope of this section make a good faith effort to do all of the following:

(A) Increase the numbers of low income resident students enrolled

~~(B) Make the process for transferring from the California Community Colleges easier" for resident students.~~

~~(C) Expand high quality online education for resident students~~

~~(2) Any decisions about the maximum award amounts for students attending the institutions described in this section shall be made with consideration of the effort of the institutions in the areas described in paragraph (1).~~

~~(e) Each postsecondary educational institution within the scope of this section~~

~~(g) The association representing the largest number of private nonprofit postsecondary educational institutions shall submit a report related to the areas described in paragraph (1) of subdivision (d) relative to the implementation of this section to the Department of Finance and the Legislature, in conformity with Section 9795 of the Government Code, on or before March 15 of each year.~~

(h) For the ~~2021-22~~ 2022-23 award year and each award year thereafter, the target number of new unduplicated recipients accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments shall be equal to the number of new transfer students attending private nonprofit postsecondary educational institutions who were given associate degree for transfer commitments in the prior award year adjusted by the percentage change in the total number of new transfer students from the year two years prior compared to the prior year.

SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Proposed Trailer Bill Changes for May Revision (RN 18 07881)

SECTION 1. Section 70023 of the Education Code is amended to read:

70023. (a) For each academic year, the commission shall determine an amount sufficient, when combined with other federal, state, or institutionally administered student grants or fee waivers received by eligible students from other sources, to provide scholarships to eligible students in the amounts described in paragraphs (2) and (3) of subdivision (a) of Section 70022. The University of California, the California State University, and the Office of the Chancellor of the California Community Colleges shall provide the commission with any financial aid data that are necessary for the determination of these amounts.

(b) The commission shall annually determine if the amounts appropriated under this section in each fiscal year are sufficient to cover the costs of the scholarships as projected to be awarded pursuant to the program. If those amounts are not sufficient for this purpose, the scholarships shall be reduced proportionately by an equal percentage for all recipients of scholarships under this article.

(c) The commission may adopt regulations necessary to carry out the purposes of this article under subdivision (b) as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of the Administrative Procedure Act, including Section 11349.6 of the Government Code, the adoption of those regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1 of the Government Code. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, any regulation adopted pursuant to this section shall not remain in effect more than 180 days unless the commission complies with all provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, as required by subdivision (e) of Section 11346.1 of the Government Code.

(d) The unencumbered balance, as of June 30 of each fiscal year, of the amount appropriated from the Middle Class Scholarship Fund pursuant to paragraph (1) of subdivision (e) shall revert to the General Fund.

(e) (1) Upon order of the Director of Finance, the following amounts shall be transferred from the General Fund to the Middle Class Scholarship Fund, and are hereby appropriated to the commission for allocation pursuant to this article:

(A) For the 2014–15 fiscal year, one hundred seven million dollars (\$107,000,000).

(B) For the 2015–16 fiscal year, eighty-two million dollars (\$82,000,000).

(C) For the 2016–17 fiscal year, **seventy-one million two hundred forty-four thousand dollars (\$71,244,000)** ~~seventy-four million dollars (\$74,000,000)~~.

(D) For the 2017–18 fiscal year, **ninety-nine million seven hundred ninety-seven thousand dollars (\$99,797,000)** ~~ninety-six million nine hundred seventy-five thousand dollars (\$96,000,000)~~ ~~(\$99,975,000)~~.

(E) For the 2018–19 fiscal year and for each fiscal year thereafter, **one hundred one million three hundred eighty thousand dollars (\$101,380,000)** ~~one hundred seventeen million two hundred one thousand dollars (\$17,201,000)~~ ~~one hundred twenty-five thousand dollars (\$117,000,000)~~ ~~(\$102,125,000)~~.

(F) For the 2019-20 fiscal year and for each fiscal year thereafter, **one hundred seventeen million dollars (\$117,000,000)**.

(2) An annual appropriation to the commission is hereby established in the amounts and for the fiscal years described in paragraph (1) to carry out the purposes of this section and Section 70022.

(3) It is the intent of the Legislature that any savings realized from changes made to the allocations under this subdivision by a bill providing for appropriations related to the Budget Bill for the 2015–16 fiscal year shall be used to support higher education.

(4) The funds transferred and appropriated pursuant to paragraph (1) shall only be available for encumbrance in the fiscal year in which they are transferred, and the General Fund shall have no liability or any obligation beyond the transfers explicitly authorized in paragraph (1) unless a subsequent transfer or allocation is required pursuant to statute.

(5) In any fiscal year, additional appropriations may be enacted pursuant to statute to carry out the purposes of this article.

(6) (A) Beginning with the Governor's Budget proposal for the 2014–15 fiscal year, and in the Governor's Budget for each fiscal year thereafter, the Department of Finance shall include a fund condition statement for the Middle Class Scholarship Fund for the fiscal year of the proposed budget and the two immediately preceding fiscal years prepared in accordance with existing law.

(B) Upon order of the Director of Finance and commencing with the 2013–14 fiscal year, if the May Revision projects a budget deficit for the next fiscal year, the amount specified in paragraph (1) for the fiscal year for which the budget deficit is projected may be reduced by up to 33 percent.

(f) Subject to an appropriation in the annual Budget Act for its purposes, the commission may begin implementation of, and establish outreach services relating to, this article.