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California State Senate

COMMITTEE
ON
BUDGET AND FISCAL REVIEW

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May 27, 2010
Room 4203

Upon Adjournment of Appropriations Committee

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3790 Department of Parks and Recreation

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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**3790-001-0001 Department of Parks and Recreation
3790-001-0392**

Funding State Parks.

140,000
GF

- The May Revise reverses the cuts agreed to last year, and in so doing would foreclose on further Parks service reductions and/or closures.
- If the Committee takes no action, Budget Bill Language (BBL) in the Governor's Budget would still allow the Governor (via Department of Finance) to transfer up to \$140 million GF to fully fund Parks.

The Governor's Budget assumed approval of a new oil lease in state-controlled waters at Tranquillon Ridge (T-Ridge), and proposed to use the increased oil revenues to: (1) backfill \$22 million in previous GF reductions to the Department of Parks and Recreation (Parks); and (2) supplant \$118 million GF annually. This proposed total (\$140 million) is consistent with Fiscal Year (FY) 08-09 Parks funding levels, and would avoid any major park closures.

In the May Revise, the Governor abandons the T-Ridge proposal and instead proposes to "fully fund" Parks with \$140 million GF.

Last year, the Governor and Legislature agreed to a half-year reduction of \$8 million in FY 09-10, and a full-year reduction of \$16 million in FY 10-11. The Governor subsequently vetoed another \$6 million in FY 09-10. Currently, 150 parks have reduced hours.

2660 Department of Transportation

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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2660-401 Department of Transportation

Defer Transportation Loan Repayment.

In the May Revision, the Governor proposes to defer repayment of transportation loans made in 2008-09. The loans would be repaid in 2011-12 instead of 2010-11. This reduces General Fund costs by \$247.4 million in 2010-11 (\$230.6 million principal and \$16.7 million interest).

-\$230,615 (-\$16,749 interest budgeted in item 9620)	Pursuant to the Article XIX of the California Constitution, these loans must be repaid within three fiscal years from the date on which the loan was made – in this case, the loans must be repaid no later than 2011-12.
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The 2008-09 loan included all the following special funds:

- State Highway Account (\$200 million)
- Bicycle Transportation Fund (\$6.0 million)
- Local Airport Loan Account (\$7.5 million)
- Motor Vehicle Fuel Account (\$8.0 million)
- Environmental Enhancement and Mitigation Fund (\$4.4 million)
- Historic Property Maintenance Fund (\$3.0 million)
- Pedestrian Safety Account (\$1.7 million)

2660 Department of Transportation

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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2660-011-0062 Department of Transportation

New Transportation Loan from net new “Fuel Swap” revenue.

In the May Revision, the Governor proposes to loan the net new 2010-11 highway revenue of \$650 million from the “Fuel Swap” legislation (AB X8 6, AB X8 9, SB 70 – all statutes of 2010) to the General Fund.

-\$650,000

This loan is protected by Article XIX of the Constitution and must be repaid within three fiscal years from the date on which the loan was made.

Since the Fuel Swap held this \$650 million in reserve, no projects have been programmed or designated for this revenue.

The Fuel Swap generated new gasoline excise tax revenue to pay eligible general-obligation bond debt service, and to fully backfill highways and local street and road programs for lost Proposition 42 revenue. Net new revenue is generated beyond those first two purposes, which the legislation holds in reserve in 2010-11 (the \$650 million) and allocates to highways and local roads (in 2011-12 and thereafter).

The proposal includes budget language requiring repayment by June 30, 2013, with interest.

2740 Department of Motor Vehicles

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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2740-012-0044 Department of Motor Vehicles

Motor Vehicle Account Loan to General Fund.
In the May Revision, the Governor proposes a \$250 million loan from the Motor Vehicle Account (MVA) to the General Fund.

The \$250 million loan amount is somewhat dependent on savings assumed in the employee compensation area from the Governor's "5/5/5" proposal (five percent pay reduction, five percent staffing reduction, and five percent increase in employee retirement contributions).

The proposal includes budget bill language directing early repayment if necessary to maintain the solvency of the fund.

-\$250,000

Pursuant to Article XIX of the California Constitution, this loan must be repaid within three fiscal years from the date on which the loan was made.

If the Committee adopts this loan, it should be with the understanding that the employee compensation proposals will be acted on separately. If employee compensation savings do not occur at these levels, or the MVA otherwise faces pressure, the loans may have to be reduced or repaid at an earlier date.

Note on separate MVA transfer: The Administration also proposes a \$72 million MVA transfer to the General Fund. This action was taken in Sub 2 on April 15. To the extent there are any technical differences, the Sub 2 action should conform to the May Revision.

9650 Health and Dental Benefits for Annuitants

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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9650-001-0001 Health and Dental Benefits for Annuitants

Early Retiree Reinsurance Program.

The Governor's May Revision reflects \$200 million GF savings due to the temporary Early Retiree Reinsurance Program (Program), established by federal health care reform. The Program is intended to assist employer-based health plans in providing partial reimbursement for specified high cost coverage for retirees and their families until state health exchanges and federal subsidies for health coverage are implemented.

An "early retiree" is defined as a plan participant who is age 55-64, enrolled in health benefits under the employer sponsored plan, not eligible for coverage under Medicare, and not an active employee of the plan sponsor.

The Program is scheduled to begin on June 1, 2010, and will end on January 1, 2014, or until the \$5 billion in federal funding allocated is exhausted.

\$200,000
federal
funds

-\$200,000
GF

Public employee health plans, such as those administered by CalPERS, are eligible for the Program. Under public retirement plans in California, many public employees enter retirement between ages 55 and 64.

For state retirees in CalPERS, the state, as the former employer, pays the vast majority of premium costs. The LAO finds that the majority of the savings under the Program, therefore, should be directed to the state, as well as other public employers, enrolled in CalPERS retiree health programs.

The LAO expects the Administration's savings estimate will be refined given that detailed regulatory guidance is just now emerging. The LAO also projects that the savings will be one-time in nature.

CS 3.90

Employee Compensation

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Control Section 3.90 Employee Compensation

Personal Leave Program.

The Governor's May Revision retains the "5-5-5" Employee Compensation Proposal from the Governor's January Budget and adds to it a new Personal Leave Program (PLP) which would reduce employee pay by another 4.62 percent.

The PLP consists of a mandatory eight hours per month leave for all state civil service employees from July 1, 2010, until June 30, 2011. Employees would be required to take PLP leave hours before other types of leave and could not cash out any unused PLP leave.

The Governor's May Revision also includes proposal trailer bill language to implement the PLP notwithstanding existing law.

-\$445,713
GF

-349,788
other funds

The Senate has adopted \$677.7 million in 2010-11 GF savings related to employee compensation, including \$579 million from the Executive Order workforce cap and \$98 million in workload savings related to Other Post Employment Benefits.

Collective bargaining (Dills Act; 1977) requires the administration to meet and confer in good faith with unions who must also meet and confer in good faith. While 20 of the state's 21 bargaining unit MOUs are currently expired, the law generally provides that provisions of prior MOUs continue in effect (at least until impasse is reached in negotiations).

The Senate rejected the portions of the 5-5-5 plan that reduce state employee pay by five percent and increase employee retirement contribution amounts by five percent, as well as the proposed health care savings trailer bill language, directing the Administration to collectively bargain these proposals.

The Franchise Tax Board and Board of Equalization report estimated revenue loss of \$200 million GF in 2010-11 due to the PLP.

6440 University of California

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6440-001-0001 University of California

Backfill of One-Time Reductions

The Governor proposes an increase of \$305 million to backfill for \$305 million in reductions to UC in 2009-10. Those reductions were backfilled in 2009-10 with \$255 million in one-time ARRA funds.

\$305,000
General
Fund

The proposed General Fund support level for UC is lower for 2010-11 than it was in 2007-08.

Student fee revenue for the UC system is projected to increase from 2009-10 to 2010-11 by about \$423 million.

UC General Fund:

- 2010-11: \$3,018.6 million (proposed)
- 2009-10: \$2,596.1 million
- 2008-09: \$2,418.3 million
- 2007-08: \$3,257.4 million

UC has a number of increased costs that have little to do with direct services to students. These include employee health care costs and electricity costs. These mandatory cost increases are \$218.3 million for 2010-11, if retirement costs are included.

UC Student Fee Revenue:

- 2010-11: \$1,794.0 million (estimated)
- 2009-10: \$1,370.7 million
- 2008-09: \$1,114.5 million
- 2007-08: \$1,064.6 million

UC created \$184 million in savings during 2009-10 through faculty and staff furloughs.

The General Fund increases proposed by the Governor for UC, along with the enacted student fee increases, would bring UC total core funds to \$4,839.4 million, or \$491.9 million above the UC 2007-08 funding level.

6440 University of California

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6440-001-0001 University of California

Enrollment Growth

The Governor proposes 2.5 percent enrollment growth funding for UC. This augmentation would allow UC to enroll approximately 5,121 Full Time Student Equivalent (FTES).

In the 2008-09 and 2009-10 Budget Acts the UC was not provided with an enrollment target. Thus the UC did not technically have “unfunded” enrollment during those years.

The Governor proposes to restore enrollment targets for 2010-11.

\$51,300 General Fund It is important to note that though these funds are labeled “enrollment growth”, they should be thought of as “enrollment preservation” as they will not lead to the enrollment of additional students, but rather will prevent a cut in the freshman enrollment numbers.

UC Enrollment:

- 2010-11: 209,977 (Proposed)
- 2009-10: 212,888 (Estimated)
- 2008-09: 210,558
- 2007-08: 203,906 (Funded only)

In 2010-11 the UC plans to reduce enrollment by 1,500 freshmen students; and increase enrollment for transfer students by 500 (if enrollment funds are appropriated).

6440 University of California

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6440-001-0001 University of California

UC Retirement Plan

The Governor proposes elimination of statute that states Legislative intent that no General Fund augmentation be used for contributions to the University of California Retirement Plan (UCRP).

\$95,700
General
Fund

Trailer Bill
Language

The UCRP has not been receiving state contributions for 19 years. This is because the fund condition of the UCRP was so strong, that both employee and employer contributions were halted.

The UC Regents voted to start up both employee and employer contributions to the UCRP as of May 1, 2010.

Employer contributions to the UCRP are four percent and employee contributions are two percent.

Employee contributions previously went to personal retirement accounts and the employees simultaneously accrued benefits in the UCRP. Now employee contributions have been redirected into the UCRP. Employees can still set aside funds into their personal retirement accounts, but those funds will be in addition to the employee contributions for the UCRP.

6610 California State University

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6610-001-0001 California State University

Backfill of One-Time Funds

The Governor proposes an increase of \$305 million to backfill for \$305 million in reductions to CSU in 2009-10. Those reductions were backfilled in 2009-10 with \$255 million in one-time ARRA funds.

CSU General Fund:

- 2010-11: \$2,723.4 million (proposed)
- 2009-10: \$2,350.1 million
- 2008-09: \$2,155.3 million
- 2007-08: \$2,970.6 million

CSU Student Fee Revenue:

- 2010-11: \$1,260.5 million (proposed)
- 2009-10: \$1,158.1 million
- 2008-09: \$1,092.1 million
- 2007-08: \$900.3 million

\$305,000 General Fund Student fee revenue for the CSU system is projected to increase from 2009-10 to 2010-11 by about \$102 million, which will not be sufficient to cover the shortfall if restoration funds are not provided. (This student fee revenue number takes into account a 1/3 set-aside for institutional aid.) The Board of Trustees has not yet approved a ten percent student fee increase assumed by the Governor.

CSU is currently furloughing faculty and staff to create \$270 million in savings. The furloughs were negotiated for one year only.

The General Fund increases proposed by the Governor for CSU, along with the proposed student fee increase, would bring CSU total core funds to \$4,027.5 million, or \$98.4 million above the CSU 2007-08 funding level.

6610 California State University

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6610-001-0001 California State University

Enrollment Growth

The Governor proposes 2.5 percent enrollment growth funding for CSU. This augmentation would allow CSU to enroll approximately 8,290 Full Time Student Equivalent (FTES).

Enrollment growth funds were last provided in 2007-08.

In the 2008-09 and 2009-10 Budget Acts, the CSU was not provided with an enrollment target. Thus the CSU did not technically have "unfunded" enrollment during those years.

The Governor proposes to restore enrollment targets for 2010-11.

\$60,600 General Fund It is important to note that though these funds are labeled "enrollment growth", they should be thought of as "enrollment preservation" as they will not lead to the enrollment of additional students, but rather will prevent a cut in the freshman enrollment numbers.

Enrollment Plans Under Different Funding Scenarios proposed by the Governor:

- Current Enrollment: 340,643 FTES (Estimate)
- CSU Planned Enrollment for 2010-11: 310,000 FTES (assumes no new General Fund)
- Enrollment with \$305 million restoration: 331,583 FTES
- Enrollment with the \$305 million and \$60.6 million in enrollment growth funds: 339,873 FTES

6870 California Community Colleges

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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6870-001-0001 California Community Colleges

Enrollment Growth

The Governor proposes 2.2 percent enrollment growth funding for CCC. This augmentation would allow CCC to enroll approximately 26,000 Full Time Student Equivalents (FTES).

CCC Enrollment in FTES:

- 2010-11: 1,188,129 (Proposed)
- 2009-10: 1,250,000 (Estimated)
- 2008-09: 1,260,497
- 2007-08: 1,182,627

\$126,000 from Prop 98 funds

The enrollment growth funds would pay for 26,000 existing students. (Funds should be thought of as “enrollment preservation”.)

Currently, the community college campuses are over-enrolled by 89,000 FTES (about 200,000 headcount).

The community colleges are an open enrollment institution, and unlike the UC and CSU cannot selectively admit students or restrict enrollment. Enrollment management at the community colleges occurs when there are more students wanting to enroll than there are course spaces available, and the students simply cannot get into the courses.

LAO Alternative: Raise student fees from \$26 per unit to \$40 per unit and use additional revenues to fund “overcap” enrollments.

6870 California Community Colleges

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6870-001-0001 California Community Colleges

Community College Mandates - \$32,322
 The Governor proposes to suspend all ten community college mandates. in Prop 98 Funds

The Governor proposes trailer bill language to require the Commission on State Mandates to reexamine the Law Enforcement Sexual Harassment Complaint Procedures and Training Mandate by December 31, 2010. Trailer Bill Language Budget Bill Schedules

The Governor's April Finance Letter requests to add schedules to the CCC budget item for the following mandates: Prevailing Wage Rate, Law Enforcement Sexual Harassment Training, Grand Jury Proceedings, CalGrants, Tuition Fee Waivers, and Student Records.

The LAO recommends: 1) Funding one mandate (Sex Offenders); 2) Eliminating four mandates; and 3) Keeping the policy and eliminating the mandate for four mandates.

6870 California Community Colleges

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6870-001-0001 California Community Colleges

Current Year Prepayment for the Quality Education Investment Act (QEIA) Program

The Governor proposes this prepayment of \$30 million in 2010-11 General Fund payments for the CCC QEIA Program in 2009-10 in order to ensure our state meets maintenance-of-effort (MOE) requirements pursuant to the federal American Recovery and Reinvestment Act (ARRA).

Current statute appropriates \$450 million in General Funds annually for the QEIA program for a specified period. The Governor proposes to prepay \$30 million of the 2010-11 payment in 2009-10 for community colleges.

These funds will allow the State to meet the federal ARRA Maintenance of Effort (MOE) requirement. The MOE requires the state higher education funding be at or above the 2005-06 funding level.

With this prepayment, the state funding level for higher education in 2009-10 is within \$4 million of MOE.

6870 California Community Colleges

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6870-001-0001 California Community Colleges

Negative COLA

The Governor's January Budget proposed a -0.38 percent COLA for community colleges.

The May Revise acknowledges a new COLA of -0.39 percent, but does not request any additional savings on top of the amount proposed in January.

- \$22,900 in Prop 98 Funds

The negative COLA would be divided:

- Apportionments: -\$22.1 million
- Categoricals: -\$786,000

7980 California Student Aid Commission

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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7980-101-0001 California Student Aid Commission

Competitive CalGrant Program

The Governor's Special Session proposal would have suspended all new Competitive CalGrant awards.

The Governor proposes to suspend any new Competitive CalGrant awards. Those students who already have a Competitive CalGrant award would continue to receive funding.

The proposed trailer bill language would make the Competitive CalGrant contingent upon appropriation in the Budget Act.

The Governor's May Revise withdraws the Competitive CalGrant proposal.

Trailer Bill
Language

-\$45,517
General
Fund

The Competitive CalGrant serves continuing and non-traditional students.

Approximately 22,500 students annually are offered a Competitive CalGrant.

The department awarded the Competitive CalGrants with a caveat that the awards are dependent upon funding in the State Budget.

LAO alternatives for CalGrants savings:

1. Limit new Competitive CalGrant awards to stipends only: savings of \$20 million, impacts 17,000 students
2. Increase CalGrant B minimum GPA from 2.0 to 2.5: savings of \$13 million, eliminates 13,500 students

4440 Department of Mental Health

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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4440 Department of Mental Health

**Special Education Mental Health Services
(AB 3632)**

The Governor's January budget proposed \$52 million in state General Funds for special education mental health services – referred to as AB 3632 services – in 2010-11.

The Governor's May Revise proposes to "suspend" the state AB 3632 mandate and to eliminate the \$52 million, leaving no categorical funding in the Department of Mental Health (DMH) for AB 3632 services in 2010-11. In addition, the Governor does not propose to fund an additional \$133 million in the Commission on State Mandates budget item, as a result of this suspension.

The Governor continues at least \$69.7 million in General Funds for the Department of Social Services to cover AB 3632 residential placement costs in 2010-11. The Governor also continues \$69 million in federal special education funds for county AB 3632 services in the Department of Education (CDE) budget in 2010-11.

-52,000 Federal special education law -- first enacted in 1976 -- requires states to provide special education and "related services" for pupils with disabilities to ensure the provision of a free and appropriate public education. AB 3632 – enacted in 1984 – shifted responsibility for mental health related services from the schools (CDE) to the counties (DMH), and created a reimbursable state mandate as a result.

In addition to categorical funds for AB 3632 services, counties mental health agencies utilize Medi-Cal funds for eligible students and have also received some reimbursements through the state mandate claiming process.

The Governor's proposal to suspend the AB 3632 mandate would make K-12 schools responsible for these services. The Governor does not recognize this shift in the K-12 budget.

6110 California Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110-196-0001 California Department of Education

Reduce Income Eligibility

The Governor proposes to reduce the statutory income eligibility limit from 75 percent of the state median family income (SMI) to 60 percent for all subsidized child care programs except for the State Preschool Program.

-\$54,373
General
Fund

Reducing income eligibility would make about 14,855 children currently receiving services ineligible.
60 percent of SMI is \$2,902/month for a family of three.
75 percent of SMI is \$3,628/month for a family of three.
(Using 2009-10 SMI of \$4,837/month)

6110

California Department of Education

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
<p>Regional Market Rate (RMR) Reduction. The Governor’s budget proposes to reduce, effective July 1, 2010, the level at which the state reimburses child care providers.</p> <p>The trailer bill would reduce the regional market rate ceiling from 85 percent to 75 percent of the 2005 RMR survey for voucher-based programs. As a result, licensed providers would be reimbursed at no more than the 75th percentile of the 2005 RMR, instead of the current ceiling of the 85th percentile.</p> <p>The trailer bill would also reduce the reimbursement rate for license-exempt providers from 90 percent of the ceilings for licensed providers to 70 percent.</p> <p>The \$77.1 million General Fund savings is comprised of: \$12 million from Alternative Payment programs, \$37 million from CalWORKs Stage 2, and \$28.1 million from CalWORKs Stage 3.</p> <p>Since the RMR reduction was not adopted during the Special Session, there has been an erosion of savings of \$36 million (\$13 million from Stage 1).</p>	<p>-\$41,110 from Stage 1</p> <p>-\$54,725 in Prop 98 General Fund from Stage 2 & 3, and AP</p> <p>Total: -\$95,835</p> <p>\$36,078 added back in due to erosion</p>	<p>California offers subsidized child care to parents participating in CalWORKs (Stage 1); families transitioning off of aid (Stages 2 and 3); and others with exceptional need. DSS administers Stage 1; CDE administers Stages 2 and 3.</p> <p>Context. The Governor insists that no children would lose child care services as a result of this proposal. However, child care providers can only shrink their income so much before the payments are not covering their costs. There are over 64,000 child care providers who provide care for Stage 2 and Stage 3 children.</p> <p>Impact. Specific rate reductions would vary by provider and region. As an example, maximum rates for a preschool-age child in Los Angeles County would drop from \$744 to \$660 (or 11 percent) monthly for a child care center and \$615 to \$445 for a license-exempt provider.</p> <p>Stakeholders have historically testified that rate reductions would make it very difficult for providers to stay in business or continue to accept clients receiving subsidies, and thus for parents to access child care.</p>

6110 California Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110-196-0001 California Department of Education

CalWORKS Stage 3 Reduction

-\$123,000

The revised Stage 3 targeted reduction would push out 12,583 children currently receiving services.

The Governor's Special Session proposal was to reduce CalWORKs Stage 3 caseload by 18,000 children, for a savings of \$123 million.

\$31,998

Total:

-\$91,002

The Governor's May Revise proposes to backfill that reduction by \$31.9 million, for a restoration of 5,417 children.

**from Prop
98 funds**

6110 California Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110-196-0001 California Department of Education

Proposed Plan to Recover Improper Payments from Child Care Programs

Trailer Bill Language

The Governor assumes no savings for the budget from this proposal.

The Governor proposes trailer bill language that would provide for contractual expectations for Alternative Payment (AP) providers to prevent and correct errors in child care payments, and to collect overpayments from families that benefit from the errors.

\$0 The families receiving child care would have to pay for the overpayments resulting from errors “regardless of whether the overpayments are due to provider or recipient error or whether the error is intentional or inadvertent in nature.”

The Department of Education would have to report by March 1, 2011, on the implementation of the overpayment recovery plan.

6110 California Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110-196-0001 California Department of Education

Migrant Child Care

The Migrant Child Care Program is currently underutilized, and there is an opportunity to recoup unspent funds and use them toward other child care programs. These funds can be taken without impacting services to children in 2010-11.

-\$3,500 Migrant child care and development programs serve the children of agricultural workers while their parents are at work. The centers are open for varying lengths of time during the year, depending largely on the harvest activities in the area.

In addition to these center-based programs, the Migrant Alternative Payment Network Program allows eligibility and funding for services that follow migrant families as they move from place-to-place to find work in the Central Valley. To be eligible for the program, a family must not have permanent, year-round housing.

6110 California Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110-198-0001 California Department of Education

After School Education and Safety

-\$250,000
(half-year)

The After School Education and Safety (ASES) Program is the result of the 2002 voter-approved initiative, Proposition 49. This proposition amended California Education Code (EC) 8482 to expand and rename the former Before and After School Learning and Safe Neighborhood Partnerships Program.

The LAO recommends the Legislature place a measure on the ballot to repeal Proposition 49 (which created the automatic ASES funding requirement), and, if it passes, to add the ASES program into the K-12 flex item. Relaxing restrictions on the ASES program would provide districts with discretion over about \$550 million in previously restricted categorical funds.

The ASES Program funds the establishment of local after school education and enrichment programs. These programs are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive alternatives for students in kindergarten through ninth grade (K-9). Approximately 400,000 students participate in ASES.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110 Department of Education

Current Year Proposition 98 – Program Savings to Achieve 2009-10 Reductions.

The Governor proposes to achieve \$516 million in Proposition 98 through K-12 program savings, primarily from the Class Size Reduction program and from revenue limit apportionments.

-340,000
(CSR Savings)

Class Size Reduction (CSR) Savings: The Governor's Budget proposes to reduce funding for the CSR program by \$340 million in 2009-10 to reflect anticipated savings for the program. Penalties for increasing class size were reduced beginning in 2008-09 in order to give school districts greater flexibility in meeting budget shortfalls. However, due to increasing class sizes, school districts are losing some funding from remaining penalties, which results in program savings for the state.

-176,000
(Revenue Limit & Other Adjustments)

Revenue Limit Adjustments: The Governor's Budget reflects a net reduction of \$228 million in 2009-10 resulting primarily from revenue limit savings for school districts and county offices of education, offset by small adjustments for a few other programs. Revenue limit savings result from a decrease in average daily attendance, as well as unemployment insurance and retirement costs. The savings from other programs reflect workload adjustments.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Current Year Proposition 98 Expenditures – Reappropriations of One-Time Funds for K-12 Programs.

The Governor proposes to reappropriate \$18.4 million in one-time Proposition 98 savings in 2009-10 to provide increased funding to the Charter School Facilities Grant Program in 2009-10.

18,400 The Governor proposes an increase of \$18.4 million to convert the Charter Schools Facilities Grant Program from reimbursement-based to a grant program, consistent with statute enacted as a part of the 2009 budget package. This program offsets 75 percent of the facility rental or lease costs of charter schools operating in low-income areas. Funding is restricted to charter schools that are unable to secure public or other facilities.

6110 Department of Education

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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**Current Year Proposition 98 Expenditures –
Categorical Funds for New Schools.**

The Governor’s January budget proposed to reappropriate \$20.0 million in one-time Proposition 98 savings in 2009-10 to provide increased categorical funding for new schools.

The Governor’s May Revise reduces this request by \$9.0 million, in order to provide a total of \$11.0 million in one-time categorical funding for new schools in 2008-09 and 2009-10.

The LAO has developed an alternative approach for handling growth within the five year categorical cut/flexibility program.

11,000 The Governor proposes a \$11 million increase to provide categorical funding to newly-established schools in 2008-09 and 2009-10. These funds are intended to allow new schools to receive categorical funds from more than 40 programs that were subject to categorical flexibility beginning in 2008-09. Under categorical flexibility statutes, statewide programs are adjusted annually for growth, but allocations are limited to existing schools.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Current Year Cash Advance for Small Districts. 15,689

The Governor's May Revise proposes to shift \$15.7 million in one-time funds to the Economic Impact Aid program in 2009-10. The Department of Education would be authorized to allocate up to \$15.7 million in current year funding advances to local education agencies that will be unable to make essential payments in June due to the deferral of apportionments.

The Administration proposes trailer bill language that is similar to the hardship language enacted as a part of intra-year deferrals added in recent years. For example, DOF would have final authority to approve cash advances. However, the new trailer bill requires a higher threshold for hardship, specifically districts would be required to demonstrate that they cannot meet payroll as opposed to just showing that they will have negative cash flow.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
<p>Current Year Prepayment for the Quality Education Investment Act (QEIA) Program.</p> <p>The Governor's January budget proposed to prepay \$250 million in 2010-11 General Fund payments for the K-12 QEIA Program in 2009-10. The Governor proposes this prepayment in order to ensure our state meets maintenance-of-effort (MOE) requirements pursuant to the federal American Recovery and Reinvestment Act (ARRA).</p> <p>The Governor's May Revise withdraws this prepayment proposal since federal ARRA MOE is no longer an issue in 2009-10. Per May Revise, \$250 million in General Fund QEIA payments are eliminated in 2009-10 and restored in 2010-11.</p>	<p>-250,000 (2009-10)</p> <p>250,000 (2010-11)</p>	<p>Current statute appropriates \$450 million in General Funds annually for the QEIA program for a specified period. The Governor proposes to prepay \$280 million of the 2010-11 payment in 2009-10. This amount includes \$250 million for K-12 education and \$30 million for community colleges.</p> <p>This funding would be provided on top of other funds appropriated for QEIA in 2009-10, pursuant to the 2009 budget package.</p> <p>Per the Administration, this prepayment is required to increase state education appropriations in 2009-10 in order to ensure compliance with federal maintenance-of-effort requirements for the ARRA State Fiscal Stabilization Fund program.</p>

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Revenue Limit Reductions – School Districts and County Offices of Education -1,500,000

The Governor's May Revise continues to reduce school district and county office of education revenue limits by approximately **\$1.5 billion**, but **withdraws** proposals to link these cuts to school district central administration cuts, school district authority to contract out for non-instructional services, and county offices of education consolidation.

This change is intended to give school districts and county offices greater authority in allocating these reductions based upon local needs.

The Governor's May Revise restores **\$16.8 million** of the \$45 million revenue limit reduction for county offices proposed in January. This adjustment makes county office revenue limit reductions proportionate to school district reductions.

The Governor proposes these revenue limit reductions as permanent reductions and therefore does not propose to establish deficit factors.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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County Court School Funding

The Governor proposes additional base revenue limit reductions of **\$4.9 million** for county court schools, as a part of **\$1.5 billion** in revenue limit cuts for school districts and county offices of education in 2010-11. In addition, The Governor proposes to apply a negative COLA of -0.39 percent for all revenue limit and categorical programs subject to statutory adjustments.

The population of juvenile offenders committed to DJJ and county court schools has been declining for both systems for more than ten years. While Chapter 175 (2007) prohibits courts from committing non-violent and non-serious offenders to DJJ, county court school ADA has not increased. Instead, ADA reductions seem to be associated with a decline in the juvenile population and juvenile arrest rates.

The loss of students has fueled most of the revenue losses for county court schools in the last two years. For example, more than half of the revenue limit loss to court schools in 2009-10 is attributable to a reduction in student ADA.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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K-12 Cost-of-Living Adjustment (COLA) -206,300

The Governor proposes to reduce school district and county offices of education revenue limit and categorical programs for a negative Cost-of-Living Adjustment for K-12 education. The Governor's May Revise estimates a negative COLA of -0.39 percent -- for a savings of **\$206.3 million** in 2010-11.

6110 Department of Education

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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Budget Year Savings – K-3 Class Size Reduction Savings.

The Governor proposes to capture **\$550 million** in savings from the K-3 Class Size Reduction (CSR) program in 2010-11. This equates to program savings of nearly 30 percent. This level of savings assumes an additional \$210 million in savings in 2010-11, on top of the \$340 million in CSR savings anticipated by the Governor in 2009-10.

The LAO recommends that the K-3 CSR program be added to the K-12 cut/flex program, which currently covers approximately 40 categorical programs. In so doing, the LAO recommends that districts receive funding equal to their 2007–08 allocation less 20 percent—which would equate to funding levels for other programs in the categorical cut/flex program. This would result in K-3 CSR savings of **\$382 million** in 2010-11. Districts would continue to receive funding regardless of class size increases.

-550,000

Per the LAO, their approach offers districts greater flexibility by allowing them to determine class sizes within the context of their overall fiscal situation and education priorities. While their approach means the state might forego additional CSR savings if districts were to increase class sizes even further in the future, the LAO questions the benefit of continuing the program under the existing program rules.

In the LAO’s view, many schools now receiving K-3 CSR funding are not really running a K-3 CSR program anymore. According to the LAO, schools that chose to increase K-3 class sizes above 20 students prior to January 2009 are essentially locked out of the program whereas other schools that waited until after January 2009 to increase class sizes continue to receive funds.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Budget Year Savings –One-Time Funds Shift. -321,700

The Governor's May Revise proposes to shift \$321.7 million in one-time funds to the Economic Impact Aid program in order to achieve Proposition 98 General Funds savings in 2010-11. These savings are utilized to mitigate K-12 programmatic reductions. While the source of funding changes, the shift continues full funding for the Economic Impact Aid program in 2010-11.

6110 Department of Education

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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**Budget Year Expenditures – One-Time
Reversion Funds for Emergency Repair Program**

The Governor proposes to appropriate **\$51.0 million** in one-time, Proposition 98 savings from various programs for the Emergency Repair Program (ERP) in 2010-11. This action is intended to provide funding to make up for a shortfall in actual funds compared to authorized funds provided for the program in 2008-09. These new funds will provide funding for the next \$51 million in approved projects on the ERP unfunded list.

The Governor’s proposal would provide \$51 million for approximately 125 school projects. Projects range in size from \$6.5 million to a low of \$485. Approximately 55 percent of projects are grant-based; the remaining 45 percent are reimbursement based. In spite of this diversity, \$40 million of the total approved by the Governor goes to 19 school projects in seven school districts that exceed \$500,000 each.

51,000 The \$51 million in funds proposed by the Governor for ERP would benefit schools and districts – and since most projects are grant-based – the work would presumably stimulate their local economies. However, most of the benefit would be concentrated in about seven school districts in the state.

6110 Department of Education

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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K-12 Categorical Program Flexibility

The LAO recommends moving two K-12 programs into the categorical flexibility program and making adjustments to two other sets of programs to help school districts deal with limited funding in 2010-11.

The LAO will present information from their recent report entitled *Update on School District Finance and Flexibility*, which includes findings from its survey of school districts to assess utilization of categorical program flexibility.

The current categorical cut/flexibility program – authorized by the 2009 budget packages – allows local education agencies to utilize funding from more than 40 categorical programs for any education purpose through 2012-13. Another ten categorical programs are excluded from the flexibility provisions, but subject to across-the-board cuts. In addition, eight programs are protected from both cuts and flexibility provisions.

Moving Additional Categorical Programs into Flexibility Program Has Merit. Per LAO, districts are utilizing class size reduction flexibility as a means of meeting budget shortfalls, without eliminating instructional programs. While the Home-to-School Transportation has benefited from transfers into its program in the past, school districts should not be restricted from making adjustments to this program in order to preserve their instructional programs. Additional flexibility for the K-3 Class Size Reduction and Home-to-School Transportation – consistent with flexibility provided for more than 40 other categorical programs – makes sense in another tight budget year for schools.

6110 Department of Education

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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State Operations Reductions – Categorical Flexibility.

-5,000
(GF)

The LAO recommends aligning CDE staff levels with categorical program flexibility provision, enacted as a part of the 2009 budget packages. Specifically, the LAO recommends reducing CDE General Funds by \$5.0 million and associated positions, including 20 authorized positions already de-funded, effective beginning in 2010-11.

As a result of this categorical flexibility, CDE is no longer monitoring these categorical programs (data gathering, compliance, etc.) and has also consolidated their fiscal apportionment functions.

CDE has not fully quantified categorical staff savings, but maintains that savings have been captured as a part of their state agency reductions in 2009-10.

The LAO believes it is reasonable for the state to capture state General Fund savings on top of other agency wide reductions imposed upon state agencies because these savings are associated with a reduction in workload.

6110 Department of Education

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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Redirect Categorical Funds for Fiscal Crisis & Management Assistance Team (FCMAT) in 2010-11.

FCMAT is a state categorical program, which provides technical review and assistance to local education agencies (LEAs) on the negative and qualified fiscal status lists as well as other LEAs in need of financial assistance. Recently FCMAT has been useful in helping LEAs – particularly small LEAs – in improving cash management in response to state payment deferrals.

FCMAT is subject to the same five-year budget reductions provided for more than 50 categorical programs beginning in 2008-09. As a result, FCMAT appropriations fell 15.4 percent below previous levels in 2008-09 and 19.8 percent in 2009-10. At the same time, FCMAT’s workload has grown significantly – by at least 40 percent – in the last year due to increases in the number of LEAs on the negative and qualified lists.

The Governor proposes **\$9.2 million** in Proposition 98 funding for FCMAT in 2010-11, which represent a loss of about \$2.25 million from levels prior to implementation of across-the-board categorical programs.

(10,000) FCMAT testifies reports annually to Subcommittee #1 on the fiscal status of LEAs. FCMAT reports a high success rate in preventing state emergency loans when they are able to work with LEAs on the negative and qualified lists. Due to increases in the number of LEAs on the negative and qualified lists, FCMAT has not been able to maintain its previous efforts, despite implementing a number of management efficiencies.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Redirect Student Assessment Contract Funds for Restoration of Fourth Grade Writing Test. (\$2,000)

The Governor's May Revise proposes reinstatement of the 4th grade writing assessment in 2010-11. The Governor proposes to restore funding within state assessment contract savings.

In August 2009, the DOF approved an expenditure plan for the state student assessment program in 2009-10 that included elimination of the 4th grade writing test and associated savings of \$2.0 million in Proposition 98 funds.

On November 30, 2009, the chairs of the Senate and Assembly Budget Committees submitted a letter to DOF expressing concerns regarding the elimination of the 4th grade writing assessment in conflict with budget provisional language. The letter also expressed concern about failure of the California Department of Education to provide a copy of the expenditure plan to the Legislature, as required by budget language.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Suspension of K-12 State Mandates. (200,000)

The Governor's January 2010 budget proposes to suspend most ongoing, state mandate payments and mandate requirements for K-14 education agencies in 2010-11. This action would result in estimated savings of about **\$200 million** in 2010-11. The Governor also proposes to add **\$14.5 million** in funding for three remaining education mandates he proposes to continue. These proposals were prompted by a 2008 court decision that found the Legislature's deferral of annual education mandate payments unconstitutional.

As a result of annual payment deferrals, the state will owe a total of **\$3.2 billion** in prior year K-14 mandate payments in 2009-10. With the continued deferral of an estimated **\$416 million** in annual payments, the state will owe a total of **\$3.6 billion** in K-14 mandate claims at the end of 2009-10.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Modification of Science Graduation Requirement 200,000

The Governor's believes that the science high school graduation mandate is not a reimbursable state mandate because funding is available to offset the costs of this requirement. For this reason, the Governor does not recognize the high school science graduation mandate, and thus does not eliminate or suspend it in 2010-11.

Instead, the Administration is seeking a court decision to reject the reimbursement rate methodology adopted by the Commission on State Mandates. This action is intended to reduce the costs for the most expensive K-12 state mandate, which is estimated to cost **\$200 million** per year. In addition, there are roughly **\$2.3 billion** in prior year claims costs for this mandate.

This is the costliest mandate per the LAO -- **\$200 million** per year – resulting from determination of a new high school graduation requirement pursuant to a 2004 court decision and subsequent Commission decision in 2008.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Behavior Intervention Plan Mandate. 65,000

The Governor's proposes to implement provisions of a settlement agreement with K-12 education agencies regarding a state mandate claim for Behavioral Intervention Plans (BIPs). Specifically, the Administration proposes (1) **\$65 million** in additional, ongoing funds for special education programs beginning in 2010-11; (2) **\$10 million** in one-time funds for administrative costs to county offices of education and special education local planning areas in 2010-11; and (3) **\$510 million** in one-time funds allocated on a per-pupil basis over a period of six years beginning in 2011-12.

The BIP mandate is the second costliest K-14 education mandate with annual costs estimated at **\$65 million** and prior-year costs estimated by the Administration at **\$1 billion**.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Special Education - Special Disability Adjustment

The 2009-10 budget does not authorize funding for the Special Disability Adjustment. Created through an AIR study in 1997, this formula is intended to compensate Special Education Local Planning Areas (SELPA's) for the incidence of high cost services.

The Special Disability Adjustment provides about \$70 million to 31 Special Education Local Planning Areas (SELPA's) statewide based upon an outdated formula. Another 90 SELPA's receive no funding under the formula. A new study formula was completed by AIR in 2004, which would have allocated funds very differently among SELPA's. Due to concerns about the changes, the new formula was never implemented.

While not authorized, CDE has allocated SDA funds in 2009-10 to the 31 (SELPA's) with a warning that funds could be recouped if not authorized.

70,000

There is no basis for continuing the existing formula and therefore no basis for continuing the very special financial benefits for 30 SELPA's statewide, to the exclusion of 90 remaining SELPA's.

Several SELPA's receive very significant funding through the SDA -- LAUSD receives \$24 million (32 percent) statewide; San Diego receives \$9 million (13 percent); Garden Grove receives \$6 million (8 percent). Many large urban SELPA's receive no funding under the formula -- San Francisco County, Long Beach Unified, Stockton City Unified.

The LAO has developed a list of alternative uses for the SDE funding.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Curriculum Commission Veto.

The Governor vetoed \$705,000 in General Funds (non-98) in the 2009-10 Budget Act for support of the Curriculum Development and Supplemental Materials Commission (Curriculum Commission).

This reduction eliminated all funding for the Curriculum Commission per diem and travel for CDE support to the Commission. The Governor's action was intended to capture state operations savings from categorical flexibility provided for the Instructional Materials program in the 2009 budget packages.

The Governor's veto suspended Commission activities well underway for two core curriculum frameworks – History/Social Science and Science.

144 The 2009 budget packages suspended the requirement that local education agencies purchase new instructional materials within 24 months of adoption. This suspension was enacted for five years – 2008-09 through 2012-13.

The Department of Education estimates that there are no additional costs associated with completion of the History/Science framework, but estimates additional costs of \$144,130 in 2010-11 and \$95,000 in 2011-12 to complete the Science framework.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Federal Funds for CALPADS.

The Governor proposes to increase one-time federal Title II and Title VI funds by **\$1.1 million** to the California Department of Education (CDE) for additional implementation costs associated with the California Longitudinal Pupil Achievement Data System (CALPADS). (Issue 285)

The Governor makes these funds contingent upon resolution of performance difficulties with CALPADS. Specifically, CDE must certify to the Department of Finance (DOF) that the CALPADS system stabilization has been achieved so that data is able to be received and transferred reliably as a result of the release of system stabilization software on April 26, 2010. In addition, CDE must provide a plan to DOF and the Legislature to make the system fully operational by the end of 2010.

The Governor also proposes various fund shifts to conform to this action. (Issues 004 & 005)

1,100 CALPADS is a comprehensive, longitudinal, student-level data system that will enable the state and local school districts to track the progress of students throughout their academic career.

IBM has been working under contract with the CDE since January 2008 to develop CALPADS. In the Fall of 2009, CALPADS went online, but by February 2010, due to unacceptable system performance issues that occurred during the rollout of CALPADS, the Superintendent of Public Instruction halted system operations and directed IBM and CDE staff to focus all resources over the next two months on stabilizing the system. In December 2009, SABOT Technologies, an independent contractor hired by CDE, conducted an independent assessment of the CALPADS system architecture and technical processes.

SABOT asked IBM to develop a plan to stabilize the system. IBM contract executives developed a high level plan to stabilize the system by March 29, 2010. On April 26, stabilization software was released to the field to increase the efficiency of the current system. This is a 60-day testing period and according to CDE by mid-June the stabilization period should be finished.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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Federal Funds for CALTIDES

3,900

Provides an increase of **\$3.9 million** in federal Title II and Institute of Sciences funds and 3.0 positions to CDE for development of the California Teacher Information Data System (CALTIDES). (Issue 150)

The 3.0 positions represent an extension of 3.0 limited-term positions that will expire on June 30, 2010.

The Governor proposes contingency language that makes expenditure of this augmentation contingent upon resolution of all the current performance issues with the CALPADS, and subject to the written approval of the Department of Finance and the Office of the Chief Information Officer.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6360 Commission on Teacher Credentialing

Teacher Credentialing Funds for CALTIDES 84

Provides an increase of **\$84,000** in Teacher Credentialing Funds and 1.0 position to the Commission on Teacher Credentialing for development of the California Teacher Information Data System (CALTIDES). (Issue 151)

The Governor proposes contingency language that makes expenditure of this augmentation contingent upon resolution of all the current performance issues with the CALPADS, and subject to the written approval of the Department of Finance and the Office of the Chief Information Officer.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110 Department of Education

California School Information Services (CSIS) 1,700

The Governor proposes to increase funding for CSIS by \$1.7 million bringing the total funding for the program to \$7.8 million in 2010-11.

The Governor's May Revise proposes several funding shifts for CSIS in 2010-11 to reflect changes in the availability of funding sources. Specifically, the Governor proposes to fund CSIS using \$2.5 million in Educational Telecommunication Funds and \$5.2 million in one-time Proposition 98 General Fund

CSIS provides technical assistance, training, and support to LEAs in implementation of CALPADS. Once CALPADS is complete, CIS will take over maintenance and operations of CALPADS.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110 Department of Education

Federal Enhancing Education Through Technology (EETT) Funds.

72,000
(ARRA)

The state is in the midst of making several important decisions involving education technology.

The Governor submitted a Budget Letter in October 2009 to authorize the expenditure of **\$72 million** in additional, one-time federal funds for the EETT grant program. These new funds were authorized under the American Recovery and Reinvestment Act (ARRA). The Governor also proposes \$10.6 million in ongoing EETT funds in 2010-11.

The ARRA EETT one-time augmentation could be used in concert with these other federal resources to further a coordinated set of state-local education technology objectives, thereby maximizing the combined effect of available education technology monies for statewide benefit.

The Joint Legislative Budget Committee (JLBC) raised several concerns with the Administration's EETT expenditure plan, and as a result the JLBC did not concur with the plan. In so doing, the JLBC requested that the Administration and Department of Education (CDE) develop a new plan.

CDE made program announcements to LEAs about grant allocations and use of EETT funds prior to submission of the Section 28.00 Budget Letter to the Legislature, i.e., without budget authority.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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6110 Department of Education

Federal School Improvement Funds. 551,700

The 2010-11 budget currently provides **\$551.7 million** in base federal funding for school improvement (school level and district level). Of this amount, about **\$485.1 million** remains undesignated.

The Administration does not currently have a proposal for utilizing these undesignated federal funds for program improvement. The California Department of Education (CDE) has developed a plan, which has been approved by the State Board of Education (SBE), and is awaiting approval by the federal government.

The LAO will provide background on federal SIF funds available in 2010-11 and present its own plan for utilizing these funds.

6110 Department of Education

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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**6110 Department of Education
Kindergarten Entrance Age (Information Only)**

The Legislative Analyst's Office (LAO) recommends that the Legislature change statute in 2010-11 to move the age of admission to kindergarten back from December 2 to September 1 starting in the 2011-12 school year. The LAO estimates associated savings of approximately \$500 million (Proposition 98) with this proposal.

State law does not require children to attend kindergarten. However, if enrolled in kindergarten, a child must meet certain age eligibility requirements. More specifically, a child must turn five years of age on or before **December 2** of the school year to attend kindergarten. State law also allows a waiver of this requirement so that children may be admitted to kindergarten earlier on a case-by-case basis at the discretion of the district.

Only four states – including California -- have kindergarten entrance dates on or after December 1 each year. Furthermore, 29 states have entrance dates on or before September 2.

Subcommittee #1 requested that the LAO provide additional detail at May Revise on the fiscal savings associated with its proposal.