

ACTIONS

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE**

Assemblymember Susan Bonilla, Chair

TUESDAY, MAY 21, 2013

9AM - STATE CAPITOL ROOM 444

Vote Only						
ITEM	DESCRIPTION					
6110	DEPARTMENT OF EDUCATION					
ISSUE 1	DOF APRIL AND MAY LETTERS – VARIOUS STATE OPERATIONS AND LOCAL ASSISTANCE ADJUSTMENTS					
<p>ACTION: Approve all vote only items (except #22 – item pulled)</p>						
		MEMBERS	AYE	NO	ABSENT	NOT VOTING
		Bonilla (Chair)	X			
		Chávez	X			
		Muratsuchi	X			
		Nestande	X			
		Ting	X			
		Total	5			

ITEMS TO BE HEARD					
ITEM	DESCRIPTION				
6110	DEPARTMENT OF EDUCATION				
ISSUE 1	CDE STATE OPERATIONS				
	<p>ACTION: Approve all of the January and May Revision state operations proposals, as modified per the staff recommendations in the agenda. Approve requests related to parent notification translations and military children as outlined in the agenda. (See highlighted agenda items)</p>				
	MEMBERS	AYE	NO	ABSENT	NOT VOTING
	Bonilla (Chair)	X			
	Chávez		X		
	Muratsuchi	X			
	Nestande		X		
	Ting	X			
	Total	3	2		

<p>ISSUE 2</p>	<p>OPEN ISSUES: CHARTER SCHOOLS: TRANSFER ADMINISTRATION OF THE CHARTER SCHOOL FACILITY GRANT PROGRAM AND THE CHARTER SCHOOL REVOLVING LOAN FUND</p> <hr/> <p>ACTION: Approve Governor's proposal to transfer 2 positions and \$175,000 from CDE to CSFA. Approve May Revise proposal to provide \$105,000 in one-time General Fund to CSFA and adopt conforming BBL and TBL.</p> <hr/> <table border="1" data-bbox="337 493 1205 1081"> <thead> <tr> <th>MEMBERS</th> <th>AYE</th> <th>NO</th> <th>ABSENT</th> <th>NOT VOTING</th> </tr> </thead> <tbody> <tr> <td>Bonilla (Chair)</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chávez</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Muratsuchi</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Nestande</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ting</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>5</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	MEMBERS	AYE	NO	ABSENT	NOT VOTING	Bonilla (Chair)	X				Chávez	X				Muratsuchi	X				Nestande	X				Ting	X				Total	5				
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<p>ISSUE 3</p>	<p>OPEN ISSUES: CHARTER SCHOOLS: EXPANSION OF THE CHARTER SCHOOL FACILITY GRANT PROGRAM TO CHARTER SCHOOLS WITH NON-CLASSROOM BASED INSTRUCTION</p> <hr/> <p>Action: Reject the Governor's proposal</p> <hr/> <table border="1" data-bbox="337 1333 1205 1900"> <thead> <tr> <th>MEMBERS</th> <th>AYE</th> <th>NO</th> <th>ABSENT</th> <th>NOT VOTING</th> </tr> </thead> <tbody> <tr> <td>Bonilla (Chair)</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chávez</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Muratsuchi</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Nestande</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Ting</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>3</td> <td>2</td> <td></td> <td></td> </tr> </tbody> </table>	MEMBERS	AYE	NO	ABSENT	NOT VOTING	Bonilla (Chair)	X				Chávez		X			Muratsuchi	X				Nestande		X			Ting	X				Total	3	2			
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<p>ISSUE 4</p>	<p>OPEN ISSUES: CHARTER SCHOOLS: MODIFY FUNDING DETERMINATION FOR CHARTER SCHOOL NON-CLASSROOM BASED INSTRUCTION</p> <hr/> <p>ACTION: Reject for purposes of sending the issue to Conference Committee</p> <hr/> <table border="1" data-bbox="332 388 1201 955"> <thead> <tr> <th>MEMBERS</th> <th>AYE</th> <th>NO</th> <th>ABSENT</th> <th>NOT VOTING</th> </tr> </thead> <tbody> <tr> <td>Bonilla (Chair)</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chávez</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Muratsuchi</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Nestande</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Ting</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>3</td> <td>2</td> <td></td> <td></td> </tr> </tbody> </table>	MEMBERS	AYE	NO	ABSENT	NOT VOTING	Bonilla (Chair)	X				Chávez		X			Muratsuchi	X				Nestande		X			Ting	X				Total	3	2			
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<p>ISSUE 5</p>	<p>OPEN ISSUES: CHARTER SCHOOLS: SALE OF SURPLUS PROPERTY</p> <hr/> <p>ACTION:</p> <p>1) <u>Sale of Proceeds</u>: Reject Governor's Proposal</p> <p>2) <u>Use of Proceeds</u>: Modify Governor's proposal to continue to allow districts to use proceeds from the sale of surplus property for one-time operating expenses without forfeiting eligibility for new construction or modernization for <u>an additional 5 years</u>, rather than permanently.</p> <hr/> <table border="1" data-bbox="332 1333 1201 1900"> <thead> <tr> <th>MEMBERS</th> <th>AYE</th> <th>NO</th> <th>ABSENT</th> <th>NOT VOTING</th> </tr> </thead> <tbody> <tr> <td>Bonilla (Chair)</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chávez</td> <td></td> <td>x</td> <td></td> <td></td> </tr> <tr> <td>Muratsuchi</td> <td>x</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Nestande</td> <td></td> <td>x</td> <td></td> <td></td> </tr> <tr> <td>Ting</td> <td>x</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>3</td> <td>2</td> <td></td> <td></td> </tr> </tbody> </table>	MEMBERS	AYE	NO	ABSENT	NOT VOTING	Bonilla (Chair)	X				Chávez		x			Muratsuchi	x				Nestande		x			Ting	x				Total	3	2			
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ISSUE 6	OPEN ISSUES: CHARTER SCHOOLS: COUNTY-WIDE BENEFIT CHARTERS AND STATE BOARD OVERSIGHT OF CHARTERS																																						
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Vote Only CALENDAR

6110 DEPARTMENT OF EDUCATION

ISSUE 1: DOF APRIL AND MAY LETTERS – VARIOUS STATE OPERATIONS AND LOCAL ASSISTANCE ADJUSTMENTS

The Governor proposes the following adjustments to K-12 state operations (support) and local assistance budget items for the Department of Education in 2013-14. As proposed by the Governor’s May Revise and Department of Finance (DOF) April Letter, these adjustments – as listed below – are considered technical adjustments, mostly to update federal budget appropriation levels so they match the latest estimates and utilize funds consistent with current programs and policies.

	Federal Funds Adjustments
1	<p>Items 6110-001-0001 and 6110-001-0890, Support, Add Carryover Funds for the Public Charter Schools Grant Program (PCSGP) (Issue 437)—It is requested that Item 6110-001-0890 be increased by \$825,000 and that Item 6110-001-0001 be amended to reflect the availability of one-time carryover funds for the PCSGP. The PCSGP provides competitive grant awards of up to \$575,000 to newly approved charter schools for planning and initial implementation. As part of the 2010 federal grant application, the State Department of Education (SDE) agreed to contract for an independent evaluation to measure the effectiveness of the PCSGP and to increase charter school technical assistance. These activities were previously funded by the Budget Acts of 2011 and 2012. However, due to concerns stemming from a reduction in the federal grant award and a change in the SDE contracting process, the SDE was unable to enter into contracts and fulfill its commitments. This request will allow the SDE to fulfill its stated activities from the 2010 federal grant application.</p> <p>It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$825,000 is available on a one-time basis for the State Department of Education to contract for the independent evaluation of the Public Charter Schools Grant Program and for the development of charter school technical assistance contracts.</p>
2	<p>Item 6110-161-0890, Local Assistance, Amend Provisional Language for Special Education Compliance Monitoring (Issue 773)—It is requested that Provision 4 of this item be amended as follows to reflect current federal terminology. With the reauthorization of the federal Individuals with Disabilities Education Act and the development of the State Performance Plan and Annual Performance Report indicators, reference to “key performance indicators” is obsolete.</p> <p>“4. Of the funds appropriated in this item, \$1,420,000 is available for local assistance grants to monitor local educational agency compliance with state and federal laws and regulations governing special education. This funding level is to be used to continue the facilitated reviews and, to the extent consistent with key performance indicators <u>State Performance Plan/Annual Performance Report indicators</u> developed by the State Department of Education, these activities shall focus on local educational agencies identified by the United States Department of Education’s Office of Special Education Programs.”</p>

3	<p>Item 6110-001-0001, Support, Shift State Operations Funding between Schedules (Issue 436)—It is requested that Schedule (2) of Item 6110-001-0001 be decreased by \$959,000 and that Schedule (3) of Item 6110-001-0001 be increased by \$959,000 to accurately reflect program funding. This technical adjustment would address a discrepancy that largely resulted from removing current year one-time funding from the incorrect schedule/program when preparing the Governor’s Budget. This adjustment would have no effect on the total amount budgeted in the item.</p>
4	<p>Items 6110-001-0001 and 6110-001-0890, Support, State Department of Education (SDE), Federal Funds for Supplemental Instructional Materials for Mathematics (Issue 218)—It is requested that Item 6110-001-0890 be increased by \$144,000 federal Title I funds and that Item 6110-001-0001 be amended to reflect the availability of one-time carryover for the SDE to complete a review of supplemental instructional materials for mathematics.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$144,000 is provided in one-time federal Title I carryover funds for the State Department of Education to complete its review of supplemental instructional materials for mathematics.</p>
5	<p>Item 6110-112-0890, Local Assistance, Public Charter Schools Grant Program (PCSGP) (Issue 442)—It is requested that this item be increased by \$1,314,000 Federal Trust Fund to align to the available federal grant award for the PCSGP. The PCSGP awards planning and implementation grants up to \$575,000 to new charter schools as well as grants to disseminate charter school best practices.</p>
6	<p>Item 6110-119-0890, Local Assistance, Federal Title I Neglected and Delinquent Program (Issue 204)—It is requested that this item be decreased by \$168,000 federal Title I, Part D, Neglected and Delinquent Program funds to align to the available federal grant award. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.</p>
7	<p>Item 6110-125-0890, Local Assistance, Migrant Education Program and English Language Acquisition Program (Issues 205 and 206)—It is requested that Schedule (1) of this item be increased by \$1,924,000 federal Title I Migrant Education Program funds to reflect \$2,196,000 in one-time carryover funds and a decrease of \$272,000 to align to the federal grant award. Local educational agencies (LEAs) use these funds for educational support services to meet the needs of highly-mobile children.</p> <p>It is also requested that Schedule (2) of this item be increased by \$3,833,000 federal Title III English Language Acquisition funds to reflect available one-time carryover funds. LEAs use these funds for services to help students attain English proficiency and meet grade level academic standards. Of this amount, it is requested that \$1.2 million be provided to LEAs who missed the application deadline for Title III subgrants but provided supplemental services to English learners and immigrant students in 2012-13.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (1), \$2,196,000 is provided in one-time federal Title I carryover funds to support the existing program.</p> <p>X. Of the funds appropriated in Schedule (2), \$3,833,000 is provided in one-time federal Title III carryover funds to support the existing program. Of this amount, \$1,200,000 may be used for grants to local school districts for activities conducted in 2012-13.</p>

8	<p>Item 6110-134-0890, Local Assistance, Federal Title I Funds for School Improvement Grant Program (Issue 207)—It is requested that Schedule (3) of this item be increased by \$614,000 federal Title I funds to reflect an increase in the federal grant award. SDE awards school improvement grants to LEAs with the persistently lowest-achieving Title I schools to implement evidence-based strategies for improving student achievement.</p>
9	<p>Item 6110-134-0890, Local Assistance, Federal Title I Basic Elementary and Secondary Education Act Program (Issue 208)—It is requested that Schedule (4) of this item be increased by \$23,022,000 federal Title I funds for the Title I Basic Elementary and Secondary Education Act to reflect \$3,298,000 in one-time carryover funds and an increase of \$19,724,000 to align to the federal grant award. LEAs use these funds to support services that assist low-achieving students enrolled in the highest poverty schools.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (4), \$3,298,000 is provided in one-time federal Title I Basic Program carryover funds to support the existing program.</p>
10	<p>Item 6110-134-0890, Local Assistance, Federal Title I Set Aside Funds for LEA Corrective Action Program (Issue 243)—It is requested that Schedule (2) of this item be decreased by \$33,529,000 federal Title I Set Aside funds to align to estimated program costs. It is also requested that Schedule (4) of this item be increased by \$33,529,000 to provide additional funding to LEAs who may be facing reductions due to federal sequestration. The program provides funding for technical assistance to LEAs entering federal Corrective Action. Eighty-six LEAs are expected to be eligible for the program in the budget year, at a cost of approximately \$31 million. The funding requested for the Corrective Action program is based on the Board's past practices.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (4), \$33,529,000 is provided in one-time Title I Set Aside funds for allocation to all Title I local educational agencies and schools using the state's standard distribution methodology for the federal Title I, Part A Basic Program.</p>
11	<p>Item 6110-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program (Issue 209)—It is requested that Schedule (1) of this item be increased by \$376,000 federal Title I McKinney-Vento Homeless Children Education funds to reflect \$396,000 in one-time carryover funds and a decrease of \$20,000 to align to the federal grant award. LEAs use these funds to provide services to homeless children.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in Schedule (1), \$396,000 is provided in one-time federal Title I funds to support the existing program.</p>
12	<p>Item 6110-156-0890, Local Assistance, Adult Education Program (Issue 270)—It is requested that this item be increased by \$8,644,000 federal Title II funds for the Adult Education Program to reflect \$9.5 million in one-time carryover funds and a decrease of \$856,000 to align to the federal grant award. This program provides resources to support the Adult Basic Education, English as a Second Language, and Adult Secondary Education programs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$9,500,000 is provided in one-time carryover funds to support the existing program.</p>

13	<p>Item 6110-166-0890, Local Assistance, Vocational Education Program (Issue 271)—It is requested that this item be increased by \$6,595,000 federal Title I funds for the Vocational Education Program to reflect \$6,443,000 in one-time carryover funds and an increase of \$152,000 to align to the federal grant award. This program develops the academic, vocational, and technical skill of students in high school, community colleges, and regional occupational centers and programs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$6,443,000 is provided in one-time carryover funds to support the existing program.</p>
14	<p>Item 6110-183-0890, Local Assistance, Safe and Drug Free Schools Program (Issue 686)—It is requested that this item be increased by \$17,000 Federal Trust Fund to reflect \$444,000 in one-time carryover funds and a \$427,000 decrease to align to the federal grant award. The Safe and Supportive Schools program supports statewide measurement of school climate and helps participating high schools improve conditions such as school safety, bullying, and substance abuse.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>2. Of the funds appropriated in this item, \$444,000 is provided in one-time carryover funds to support the existing program.</p>
15	<p>Item 6110-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 272)—It is requested that this item be increased by \$2.5 million federal Title II funds to reflect one-time carryover funds. The Mathematics and Science Partnership Program provides competitive grants to partnerships of low-performing schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. Of the funds appropriated in this item, \$2,500,000 is provided in one-time carryover funds to support the existing program.</p>
16	<p>Item 6110-201-0890, Local Assistance, Federal Child Nutrition Program (Issue 688)—It is requested that Schedule (1) of this item be increased by \$372,700,000 Federal Trust Fund due to the anticipated increase in meals served through the Child Nutrition Program. Sponsors of this federal entitlement program include public and private nonprofit schools; local, municipal, county, or tribal governments; residential camps; and private nonprofit organizations.</p>
17	<p>Item 6110-240-0890, Local Assistance, Advanced Placement (AP) Fee Waiver Program (Issue 687)—It is requested that this item be increased by \$1,554,000 Federal Trust Fund to align to the federal grant award. The AP Fee Waiver program reimburses school districts for specified costs of AP, International Baccalaureate, and Cambridge test fees paid on behalf of eligible students. These programs allow students to pursue college-level course work while still in secondary school.</p>

	General Fund and Other Adjustments
18	<p>Items 6110-140-0001, 6110-140-0349, 6110-488, and 6110-602-0001, Local Assistance, Reappropriation for the California Student Information Services (CSIS), Educational Telecommunications Fund (ETF) and Proposition 98 (Issues 684 and 685)—It is requested that Item 6110-140-0349 be decreased by \$48,000 ETF and that Schedule (2) of Item 6110-140-0001 be amended to align the appropriation to available funds for CSIS operations. This decrease in funding is a result of lower than expected apportionment-significant audit findings.</p> <p>It is also requested that Provision 3 of Item 6110-488 be amended, as specified on Attachment I, and non-Budget Act Item 6110-602-0001 be increased to reappropriate \$48,000 in one-time Proposition 98 General Fund savings for CSIS operations to offset the reduction in ETF in Item 6110-140-0001. This amount would be in addition to the one-time funding of \$5,499,000 included in the Governor’s Budget, for a total of \$5,547,000.</p> <p>It is further requested that provisional language in Item 6110-140-0001 be amended as follows to conform to this action:</p> <p>“2. The funds appropriated in Schedule (2) and \$5,499,000 \$5,547,000 reappropriated in Provision 3 of Item 6110-488 for a total of \$5,808,000 shall be for allocation to the Fiscal Crisis and Management Assistance Team for California School Information Services (CSIS), pursuant to the memorandum of understanding with the California Department of Education in support of the California Longitudinal Pupil Achievement Data System (CALPADS).”</p>
19	<p>Item 6110-150-0001, Local Assistance, Proposition 98 American Indian Early Childhood Education Program (Issue 240)—It is requested that this item be decreased 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 for programs that increase academic achievement and self-esteem for American Indian students in pre-kindergarten through grade four.</p> <p>It is further requested that provisional language be amended as follows to conform to this action:</p> <p>“1. Of the funds appropriated in this item, \$9,000 <u>\$8,000</u> is to reflect a cost-of-living adjustment.”</p>
20	<p>Item 6110-151-0001, Local Assistance, Proposition 98 American Indian Education Centers (Issue 241)—It is requested that this item be decreased by \$3,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to grants for the American Indian Education Centers.</p> <p>It is further requested that provisional language be amended as follows to conform to this action:</p> <p>“1. Of the funds appropriated in this item, \$65,000 <u>\$62,000</u> is to reflect a cost-of-living adjustment.”</p>
21	<p>Item 6110-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issue 681)—It is requested that this item be increased by \$1,163,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program at public school districts and Proposition 98-eligible child care centers and homes. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2013-14.</p> <p>It is further requested that provisional language be amended as follows to conform to this action:</p> <p>“6. The funds appropriated in this item reflect a growth adjustment of -\$2,494,000 <u>-\$1,331,000</u> due to a decrease in the projected number of meals served.”</p>

22	<p>This Item Was Pulled</p> <p>Item 6110-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issue 682)—It is requested that provisional language be amended to reflect the reimbursement rates for meals served through the state child nutrition program at public school districts and Proposition 98-eligible child care centers and homes. The rate received by schools is currently specified in statute, which must be amended when a cost-of-living adjustment is provided. Trailer bill language proposed in the Governor’s Budget would require that rates be referenced in Budget Bill language instead, where they will be updated to conform to the rates used to arrive at the appropriation for estimated meals to be served.</p> <p>It is requested that provisional language be amended as follows to conform to this action:</p> <p>“2. Funds designated for child nutrition programs in this item shall be allocated in accordance with Section 49536 of the Education Code; however, the <u>using the following rates: \$0.2229 per meal for meals served in schools and \$0.1660 per meal for meals served in child care centers and homes. The allocation shall be based not on all meals served, but on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code.</u>”</p>
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STAFF COMMENTS

No concerns have been raised with any of the proposed actions in this issue. DOF will inform the Subcommittee of any technical adjustments that may need to be made prior to adoption.

Control Section 8.56. The May Revision proposes to include a new control section 8.56 in the budget bill that would allow DOF to reduce federal appropriations and associated positions related to federal government sequestration or other related federal reductions. This control section applies to all areas of the budget but most of the impact would be in the areas of education and health. Many of the items in this vote only section would be subject to this control section.

According to DOF, while the federal sequester has started for the federal 2013 fiscal year, many details are still unknown. Given the uncertainty of the exact program reductions and the interaction between federal fiscal years and the state fiscal years, DOF is proposing to use Control Section 8.56 to provide flexibility to decrease spending authority and associated positions resulting from the sequester and any other related federal actions once the details are determined. This section would be used in lieu of control sections 8.50 and 28.00 which pertain to unanticipated federal fund adjustments.

It is not clear why this additional control section is necessary given that the Legislature has the ability to make adjustments to the budget through the Legislative session which is not scheduled to adjourn until September 13th. Staff recommends the Legislature hold off on approving this language and revisit the issue prior to adjournment of session.

Items to Be Heard

6110 DEPARTMENT OF EDUCATION

ISSUE 1: CDE STATE OPERATIONS

The issue for the Subcommittee to consider is the Governor's proposed adjustments for California Department of Education headquarters. These proposed adjustments primarily involve staffing increases in 2013-14 to implement several statutes enacted in 2012. Additionally, there are a number of state operations requests that the CDE submitted to the DOF that were not approved which the Subcommittee may wish to consider.

BACKGROUND

Funding and authorized positions for the California Department of Education are summarized by the table below.

California Department of Education Authorized Positions and State Operations Funding			
	2011-12	2012-13	Proposed 2013-14
Authorized Positions			
Headquarters	1,486.80	1,469.30	1,470.30
State Special Schools	1,008.40	948.10	948.10
Total	2,495.20	2,417.40	2,418.40
Funding			
CDE Headquarters			
General Fund	39,853,000	40,569,000	41,536,000
Federal Fund	150,187,000	160,893,000	158,031,000
Other (Restricted)	31,632,000	31,565,000	31,652,000
Total	221,672,000	233,027,000	231,219,000
Percent General Fund	18%	17%	18%
Percent Federal	68%	69%	68%
CDE State Special Schools			
Proposition 98 GF	47,497,000	47,249,000	49,430,000
Non-Proposition 98 GF	41,345,000	40,046,000	42,950,000
Federal Fund	0	0	0
Other	10,395,000	12,217,000	10,475,000
Total	99,237,000	99,512,000	102,855,000
CDE Headquarters & State Special Schools			
General Fund	128,695,000	127,864,000	133,916,000
Federal Fund	150,187,000	160,893,000	158,031,000
Other	42,027,000	43,782,000	42,127,000
Total	320,909,000	332,539,000	334,074,000

Except for 2013-14, data are current-year estimates (middle column) from the Governor's Budget. This chart does not reflect additional May Revision proposals.

Most CDE staff are employed at the department's headquarters in Sacramento to administer state education programs and provide program support to local educational agencies. Remaining staff are employed at the State Special Schools (including State Diagnostic Centers) that provide direct instruction and support services to attending students.

Recent Budget Reductions for Department State Operations. The Department of Education has experienced a variety of reductions to state operations – staffing and operating expenses -- since 2008-09. Most of these reductions are ongoing. In addition, the department is currently experiencing employee furloughs, although these furloughs are not currently proposed to continue for state agencies in 2013-14. In total, CDE has experienced over \$20 million in ongoing cuts and over \$9 million in one-time reductions, specifically:

- **State Operations Reductions Beginning in 2009-10.** An Executive Order was issued by Governor Schwarzenegger to all state agencies effective in 2009-10 implementing a reduction equivalent to a three day per month furlough. Agencies headed by Constitutional Officers – such as CDE -- were exempt from the Executive Order, but received an equivalent reduction to their State Operations funding beginning in 2009-10. This veto resulted in a permanent reduction of \$17.4 million (across all fund sources), which the CDE mitigated through workload reductions associated with Categorical Flexibility. While other departments were restored when the three-day-per-month furloughs were lifted, the CDE was not restored.
- **Additional Staff Reductions Associated with Categorical Flexibility Beginning in 2010-11.** SBX3 4 (Chapter 12; Third Extraordinary Session, Statutes 2009) granted LEAs the authority to use funding received for approximately 40 categorical programs for any educational purpose for a five year period beginning in 2008-09 and ending in 2012-13. (Subsequent legislation extended this flexibility through 2014-15.) This “categorical flexibility” freed LEAs from certain programmatic and fiscal restrictions and thus, to some degree the CDE's role in monitoring and providing technical assistance for programs falling under categorical flexibility was eliminated. In 2010-11, as a result of categorical flexibility, state operations funding for the CDE was reduced by \$2.6 million (General Fund) and 22 positions.

Over the two year period, the CDE experienced a reduction of 62 positions and \$20 million (all funds) in funding.

- **Operational Efficiency Reductions Beginning in 2011-12.** The Department of Education received an “operation efficiency” reduction of \$3.369 million (General Fund) pursuant to Control Section 3.91 of the 2011-12 budget act. Operation efficiency reductions were applied to all state agency budgets and constitute ongoing cuts. The Department was required to submit an operation efficiency reduction plan to the Department of Finance to implement the reduction. The Department's plan included a \$1.5 million (4.3 percent) reduction for the State Special Schools in 2011-12.
- **Staff Furloughs in 2012-13 and Selected Prior Years.** CDE received a department-wide reduction of \$9.18 million (all funds) as a result of one day per month Personal Leave Program (PLP) for all employees (including \$3.39 million for the State Special

Schools) in 2012-13. The Governor does not propose to continue the PLP program for state agencies in 2013-14. CDE received a similar PLP reduction that began in November 2010 and extended through October 2011 and was equivalent to a \$11.023 million reduction (all funds).

Per the Department, the impact of state imposed PLP on CDE's State Operations has resulted in delayed response time to the field and stakeholder groups as well as delays in the department's internal administrative processes. As also noted in an LAO report regarding the impact of furloughs for state agencies, the CDE reports that the department has seen an increase in leave balances resulting from employees taking one day off per month that could otherwise be charged to accrued leave balances.

Governor's Budget. The Governor's January 10 budget and May Revision proposes the following adjustments for the Department of Education:

General Fund (Non-Proposition 98) Adjustments:

- 1) **Energy Efficiency Program Authorized by Proposition 39 (January Budget).** Requests **\$109,000** in General Fund (Non-98) and **1.0 position** to implement an Energy Efficiency Program for the K-12 schools. The Energy Efficiency Program is authorized by Proposition 39 – as approved by statewide voters in November 2012. The Governor's May Revision proposes to provide \$413 million for K-12 schools and \$51 million for community colleges beginning in 2013-14. ***Staff Comments:*** *This funding and position will conform to action taken on Proposition 39.*
- 2) **Revision of Academic Performance Index (January Budget).** Requests **\$217,000** in state General Fund and **2.0 positions** to redesign the state's Academic Performance Index (API). This redesign will include a broader measure of school outcomes and success by including additional indicators in the API in addition to assessment results pursuant to SB 1458/Steinberg (Chapter 577, Statutes of 2012) in 2013-14. The bill will require the development of new student performance measures -- such as college going rates and career outcomes -- as well as new sources of data.
- 3) **Pupil Fee Complaint Process (January Budget).** Requests **\$109,000** in State General Fund and **1.0 position** to implement the requirements of AB 1575/Lara (Chapter 776, Statutes of 2012) beginning in 2013-14. This measure authorizes a complaint of noncompliance with the prohibition against pupil fees to be filed with the principal of a school under the existing Uniform Complaint Procedures process and authorizes a complainant who is not satisfied with the decision of the school to appeal the decision to the CDE. The bill further requires CDE, commencing in 2014-15 and every three years thereafter, to develop and distribute guidance regarding pupil fees and make it available on its Internet Web site.
- 4) **Instructional Quality Commission (May Revise - Issue 242).** Requests an increase of **\$233,000** in one-time General fund to support the activities of the Instructional Quality Commission (IQC) in 2013-14. According to the May Revision, in August 2010, the State Board of Education (SBE) adopted content standards in mathematics and English language arts based on the Common Core State Standards developed by national organizations. Since then the CDE and SBE have been authorized by statute to conduct

specific activities related to the new standards. The IQC advises the SBE on standards, curriculum frameworks, and instructional materials. In 2013-14, the IQC is required to complete reviews of curriculum frameworks for English language arts and mathematics.

The CDE originally requested \$290,000 in ongoing General Funds to support these activities. According to the Department of Finance (DOF), although one-time funding is being proposed for the activities required of the IQC in 2013-14, DOF will work with the CDE and SBE when developing the 2014-15 Governor's Budget to evaluate the funding needs of the IQC in 2014-15 and future years.

Staff Comments: Staff notes that statute provides specific timelines for development of Common Core Curriculum Frameworks for Mathematics and English Language Arts. As such, staff recommends the Subcommittee adopt the following amendments to the DOF proposed provisional language for item 6110-001-0001:

X. Of the funds appropriated in this item, \$233,000 is available in one-time funds ~~to support activities of the Instructional Quality Commission for the 2013-14 fiscal year~~ **for the Instructional Quality Commission to support activities necessary to meet the deadlines required pursuant to Section 60207 of the Education Code for development of Common Core Curriculum Frameworks for Mathematics and English Language Arts.**

Other Fund Adjustments:

- 1) **Fee Reimbursements for Adoption of Instructional Materials for Mathematics (January Budget).** Requests ~~\$350,000~~ **\$530,815** in fee reimbursement authority to cover the costs of a new statewide mathematics instructional materials adoption beginning in 2012-13 and continuing through 2013-14 pursuant to AB 1246/Brownley (Chapter 668, Statutes of 2012). The 2008-09 budget suspended all statewide instructional materials adoptions due to the state budget shortfall. In 2009-10, \$705,000 in state General Fund support for the state Instructional Materials Commission was eliminated through a budget veto. AB 1246 authorizes a new statewide mathematics adoption and authorizes the state to assess a one-time fee payment from participating publishers and manufacturers to offset the costs of this adoption process.

STAFF COMMENTS

Staff has identified two additional CDE state operations requests not approved by DOF that the Subcommittee may wish to consider.

- 1) **Parent Notification Translations.** The CDE requested **\$225,000** in ongoing federal Title III state operations for parent notification templates. According to CDE, state and federal laws place responsibilities upon schools and other educational agencies regarding written communication with parents, including the translation of parental notices, forms, and reports. Local use of state-translated templates helps schools to reduce costs and duplication of effort, and encourages better dissemination of information to parents throughout the state.

Currently, the translations effort is based on the CDE receiving carryover authority. This request would provide the CDE with a permanent funding stream, making the parameters

for the project and ongoing work clear, regular, and dependable. Expenditures for these activities have ranged in prior years from \$382,000 to \$130,000. CDE anticipates additional workload related to implementation of Common Core.

- 2) **Interstate Commission on Educational Opportunity for Military Children (Interstate Commission).** The CDE requests **\$71,000** in ongoing General Fund for state operations for the annual assessment required by the Interstate Commission. The Commission's purpose is to administer the Interstate Compact which provides for the uniform treatment of military children transferring between school districts and states.

AB 343, (Saldana), Chapter 237, Statutes of 2009 made California an official signatory to the Compact and obligated California to abide by the provisions of the Compact. AB 2202 (Block), Chapter 402, Statutes of 2012 authorized the Superintendent of Public Instruction (SPI) to convene a task force to review and make recommendations about the Compact and report to the Legislature.

According to CDE, full participation in the Commission has been severely restricted due to the inability to obtain funding to pay for the state's annual assessment. CDE, as a result, was delinquent in paying the assessment in 2010 and 2011 and sued. The suit was ultimately dismissed. Ongoing funding for this purpose would avoid the potential for additional litigation.