

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****Part 1****Assembly Member Mervyn Dymally, Chair****TUESDAY, MAY 16, 2006
STATE CAPITOL, ROOM 444**

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ITEMS TO BE HEARD

6110 DEPARTMENT OF EDUCATION

ISSUE 1: MAY REVISE OVERVIEW – PROPOSED PROPOSITION 98 LEVEL FOR K-12 AND COMMUNITY COLLEGES

The issues for the subcommittee to consider are:

- Overall Proposition 98 increases proposed by the Governor's May Revise for K-12 and community colleges.
- An overview of the May Revise by the LAO.
- Overall themes proposed by the Governor's May Revise for K-12 and community colleges.

BACKGROUND:

Budget Increases. The Governor's May Revise proposes a total increase of \$2.9 billion in Proposition 98 funding for K-12 education and community colleges over the 2004-05 and 2006-07 fiscal years. There are two pieces to this total increase:

- An increase of \$2.1 billion in one-time funding, required to meet the increase in the minimum Proposition 98 guarantee for 2005-06. The Governor's May Revise proposes to spend some of this to pay down mandates, as well as on a variety of new one-time uses for K-12 and community colleges.
- An increase of approximately \$800 million in ongoing funding which counts toward the 2006-07 Proposition 98 minimum guarantee. This increase is mostly the result of the increase in 2005-06 funding (see bullet above), which in turn increases the minimum funding level in 2006-07. The Governor's proposed uses for this funding include: increasing funding for deficit reduction, increasing funding for equalization, increasing funding for some of his January 10 proposals, and a variety of new uses, including new programs.

Pay-off of amount owed from \$2 billion suspension deal. The Governor's May Revise also proposes to pay back approximately \$3 billion in one-time funds that the education community believes is owed to them as a result of a 2004 deal they struck with the Governor to suspend the requirement that the state provide funding for K-14 at the Proposition 98 minimum funding level. According to advocates, that agreement stipulated that the maximum savings that the state could enjoy from the Proposition 98 suspension was \$2 billion. Instead, the state realized greater savings, due to an unexpected increase in the minimum guarantee for that year, after the budget had already been passed. The \$3 billion pay-back proposed by the Governor would apply to the 2004-05 and 2005-06 Proposition 98 funding levels and would bring education funding for those years up to the level it would be had the state kept the amount suspended from the Proposition 98 minimum guarantee at \$2 billion in 2004-05. The administration's summary states that this payback will be scheduled out as individual payments over a number of years, beginning in 2007-08. The summary also states that the administration plans to pay for the early years of this payback through a refinancing of the Golden State Tobacco Securitization Corporation's 2003 A bonds.

COMMENTS:

The LAO will present their overview at today's hearing.

ISSUE 2: MAY REVISE GROWTH AND COLA ADJUSTMENTS FOR K-12 PROGRAMS

The issues for the subcommittee to consider are the Governor's May Revise proposals to adjust growth and COLA for K-12 programs.

BACKGROUND:

The Governor's May Revise makes adjustments to reflect an increase in the COLA rate and a decrease in the growth rate from the January 10 estimates, as follows:

- The May Revise includes an overall increase of more than \$320 million to pay for an increase in the COLA rate from the 5.18% rate estimated in January 10 to the final rate of 5.92%. The increase will pay for the increase in the COLA rate for revenue limit apportionments and categorical programs.
- The May Revise includes an overall decrease in funding to reflect a decrease in attendance of 0.26%, in contrast with his estimate in January 10 that attendance growth would be positive at 0.47%. His funding levels reflect a decrease of \$200 million to reflect the decrease in revenue limit apportionments as a result of the negative growth. The Governor also proposes to eliminate the January 10 growth adjustments for some categorical programs, but leaves the January 10 growth adjustment in place for most categorical programs.

The Governor's May Revise also includes the following technical adjustments to conform with the higher COLA rate and lower growth rate:

1) 6110-188-0001, Local Assistance, Increase State School Deferred Maintenance Program (Issue 162)

It is requested that this item be increased by \$1,366,000 to fully fund the state's share of the State School Deferred Maintenance Program.

2) Item 6110-198-0001, Adjust Growth and COLA for CalSAFE (Items 403 and 405)

It is requested that this item be increase by \$275,000 to reflect growth and COLA adjustments and that provision 4 be amended as follows:

4. Of the funds appropriated in this item, \$111,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 0.21 percent, and ~~\$2,751,000~~ \$3,137,000 is for the purpose of providing a cost-of-living adjustment at a rate of ~~5.18~~ 5.92 percent.

3) 6110-232-0001, Local Assistance, High School Class Size Reduction (Issue 405)

It is requested that this item be increased by \$815,000 to reflect a change in the COLA rate from 5.18 percent to 5.92 percent.

It is further requested that Provision 1 of this item be amended as follows:

"1. Schools participating in this program shall receive a per-pupil rate of ~~\$202~~ \$204 pursuant to Section 52086 of the Education Code, based on a cost-of-living adjustment at a rate of ~~5.18~~ 5.92 percent."

4) 6110-234-0001, Local Assistance, K-3 Class Size Reduction (Issue 405)

It is requested that this item be increased by \$12,321,000 to reflect a change in the COLA rate from 5.18 percent to 5.92 percent.

It is further requested that Provision 1 of this item be amended as follows:

"1. Schools participating in Option One shall receive a per-pupil rate of ~~\$1,017~~ \$1,024. Schools participating in Option Two shall receive a per-pupil rate of ~~\$509~~ \$512. These rates are based on a cost-of-living adjustment at a rate of ~~5.18~~ 5.92 percent."

ISSUE 3: MAY REVISE ADJUSTMENTS TO REFLECT NEWLY AVAILABLE FEDERAL FUNDS

The issues for the subcommittee to consider are three technical adjustments included in the May Revise to reflect the availability of federal funds that CDE applied for and only recently received.

BACKGROUND:

The Governor's May Revise reflects a number of adjustments to reflect three newly available federal grants that CDE applied for and received after the Governor introduced his January 10 proposal. The following are excerpts from the Governor's May Revise letter, detailing the three types of federal grants:

- 1) **Issue 642: Institute of Education Sciences Grant**—It is requested that this item (6110-001-0890) be increased by \$654,000 in federal fund authority resulting from a Statewide Longitudinal Data System Grant from the federal Institute of Education Sciences. The total grant award is \$2.4 million to be expended over a three-year period. For 2006-07, \$350,000 will support California School Information Services programming costs to enhance the usability of the electronic transfer of student transcripts, \$292,000 will support the California Community Colleges Chancellor's Office with Phase 2 of the CCCTRAN (a system to enable the electronic transfer of transcripts), and \$12,000 will support State Department of Education (SDE) participation in the Schools Interoperability Framework activities.

It is further requested that provisional language be added as follows:

X. Of the funds appropriated in this item, \$654,000 is for the Statewide Longitudinal Data System Grant, of which \$350,000 is available for an interagency agreement with the California School Information Services for programming costs to enhance the usability of the electronic transfer of student transcripts and \$292,000 is available for an interagency agreement with the California Community Colleges Chancellor's Office for Phase 2 development of the CCCTRAN.

- 2) **Issue 882: School Wellness Program Grant** —It is requested that this item (6110-001-0890) be increased by \$98,000 to reflect receipt of a federal grant for providing training and technical assistance to local educational agencies implementing local wellness policies.

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

X. Of the amount appropriated in this Item, \$98,000 is provided in one-time federal funds for providing training and technical assistance to local educational agencies implementing local wellness policies.

- 3) **Issues 918 and 919: Free and Reduced-Price Meal Direct Certification Grant**—It is requested that this item (6110-001-0890) be increased by \$273,000 to reflect receipt of a federal grant to directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

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

X. Of the amount appropriated in this Item, \$273,000 is provided in one-time federal funds to directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

It is also requested that the corresponding local assistance item (6110-201-0890) be increased by \$281,000 to reflect receipt of a federal grant that will support efforts to directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

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

X. Of the amount appropriated in Schedule 1 of this Item, \$281,000 is provided from one-time funds to support efforts to directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

COMMENTS:

CDE will be available at today's hearing to answer any questions about the above federal grants.

ISSUE 4: MAY REVISE TECHNICAL ADJUSTMENTS TO REFLECT FEDERAL CARRYOVER

The issues for the subcommittee to consider are two technical adjustments to reflect the availability of federal carryover (unused) funding.

BACKGROUND:

The Governor's May Revise includes two technical adjustments to reflect the availability of federal carryover, as detailed in the following excerpts from the May Revise letter:

- 1) **Issue 660: Education Technology**—It is requested that this item (6110-001-0890) be increased by \$278,000 from one-time federal funds carryover for technical support and evaluation services related to administration of the federal Education Technology program.

It is further requested that Provision 8 be amended as follows:

"8. Of the funds appropriated in this item, \$1,805,000 \$2,083,000 shall be used for administration of the Enhancing Education Through Technology Grant Program.

Of this amount:

(a) ~~\$408,000~~ \$686,000, of which \$278,000 is one-time carryover, is available only for contracted technical support and evaluation services."

- 2) **6110-193-0890, Local Assistance, Mathematics and Science Partnership Grants (Issue 517)**

It is requested that this item be increased by \$1.0 million in one-time carryover. Consistent with current policy, these funds will provide additional competitive grant awards to institutes of higher education and low-performing schools for partnerships to provide staff development and curriculum support for mathematics and science teachers.

It is further requested that provisional language be added as follows:

X. Of the funds appropriated in this item, \$1.0 million is appropriated from one-time carryover available from prior years.

COMMENTS:

Both of the above proposals propose to use the federal carryover for existing programs and uses, and not for new programs.

ISSUE 5: MAY REVISE PROPOSAL TO RE-APPROPRIATE LAST YEAR'S TRANSLATIONS FUNDS

The issue for the subcommittee to consider is a May Revise proposal to re-appropriate unused funds provided in last year's budget for CDE to translate parental documents into languages other than English.

BACKGROUND:

The Governor's May Revise proposes to re-appropriate \$400,000 in federal funds that were appropriated in last year's budget for CDE to translate parental documents into languages other than English. CDE indicates that by the end of this fiscal year it will only be able to process approximately \$50,000 of the \$450,000 provided in last year's budget for this purpose, and would like to extend the availability of the funding into the next fiscal year. The following excerpt is from the May Revise letter and describes the proposal.

Issue 847: Translation of Parental Notification Documents—It is requested that this item (6110-001-0890) be increased by \$400,000 to reflect the availability of Federal Title III one-time carryover funds from 2005-06. The carryover is a result of a delay in the implementation of the Clearinghouse for Multilingual Documents database. These funds will be used to translate parental notification documents and make them available to school districts through the clearinghouse.

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

X. Of the funds appropriated, \$400,000 is provided in one-time carryover funds to support Clearinghouse for Multilingual Documents activities.

COMMENTS:

Two years ago the subcommittee voted to approve funds for a web-based clearinghouse for multilingual education-related documents for parents who do not speak English. The funding was ultimately included in the 2004-05 budget. The intent of the clearinghouse is to increase the availability of locally- and CDE-translated education-related documents for parents. Last year, the subcommittee approved \$450,000 in one-time federal funds for CDE to translate prototype documents that it provides to districts to share with parents regarding state education programs. This funding was also ultimately included in last year's budget.

**ISSUE 6: MAY REVISE AND APRIL DOF LETTERS -- MISCELLANEOUS
TECHNICAL ADJUSTMENTS**

The issues for the subcommittee to consider are two technical adjustments to the January 10 proposed budget.

BACKGROUND:

- 1) The Governor's May Revise contains the following technical adjustment to correct an inadvertent error in the January 10 budget proposal:

6110-103-0890, Local Assistance, Robert C. Byrd Honors Scholarship Program (Issue 917)

It is requested that the program number for this item be changed from 41.20.030.003 to 40.20.030.003 to reflect the correct citation.

- 2) The Governor's April DOF letter contains a technical adjustment to reflect a reduction to a federal grant award, as follows:

6110-125-0890 and 6110-125-0001, Local Assistance, Refugee Children School Impact Grant Program (Issues 828 and 829)

It is requested that Schedule (2) of Item 6110-125-0890 be reduced by \$2,050,000 and that reimbursements for Item 6110-125-0001 be increased by \$1,310,000 to reflect a decrease in federal funds and a funding shift for the Refugee Children School Impact Program. Prior to 2005-06, funding for this program was provided directly to the SDE from the federal government. In the current and subsequent years, federal funding will be provided to the Department of Social Services, which, in turn, entered into an interagency agreement with the SDE to continue program administration. The Refugee Children School Impact Grant Program ensures that refugee children's educational needs are met and receive the same educational opportunities as other students.

6330 CALIFORNIA CAREER RESOURCE NETWORK

ISSUE 1: MAY REVISE -- INTER-AGENCY AGREEMENT BETWEEN CDE AND THE CALIFORNIA CAREER RESOURCE NETWORK

The issue for the subcommittee to consider is a May Revise proposal for an inter-agency agreement between CDE and the California Career Resource Network, for the latter to develop career exploration materials for distribution to middle and high school counselors.

BACKGROUND:

The Governor's May Revise includes a proposal for CDE to provide the California Career Resource Network with \$100,000 in federal funds to develop career exploration materials for distribution to middle and high school counselors. The following is the excerpt from the May Revise letter related to this proposal. The types of materials to be developed are detailed in the provisional language below.

Amendment to Budget Bill Item 6330-001-0001 and Reimbursements, Support, California Career Resource Network

It is requested that reimbursement authority for Item 6330-001-0001 be increased by \$100,000 to allow the California Career Resource Network to enter into a contract with the Department of Education for the purpose of developing career exploration materials, publishing relevant job market information, and disseminating these materials to middle and high school counselors.

It is also requested that Provision 1 be added to this item to reflect these changes as follows:

1. The funds appropriated in this item shall be used specifically to 1) develop relevant career exploration tools and materials, 2) publish timely information on existing job labor markets and career opportunities, and 3) disseminate these materials to middle and high school counselors throughout the state.

The Governor's May Revise also makes a corresponding technical adjustment to CDE's state operations budget, to reflect the transfer of the \$100,000 to the Network, as follows:

Issue 857: Provisional Language for Interagency Agreement with the California Career Resource Network—It is requested that provisional language be added to this item to specify that \$100,000 of the funds appropriated from the Federal Trust Fund will be available for an interagency agreement with the California Career Resource Network (CalCRN) for specified career resource development activities.

It is requested that provisional language be added as follows:

X. Of the amount appropriated in this item, \$100,000 is available for an interagency agreement with the California Career Resource Network to develop career resource materials and information pursuant to Provision 1 of Item 6330-001-0001.