

AGENDA

Assembly Budget Subcommittee 2 on Education Finance

Assemblymember Julia Brownley, Chair

Thursday, May 29, 2008
State Capitol, Room 444
Upon Call of the Chair

Issue	Item Number	Description
Title I	6110-134-0890	<u>Information only</u> : The Governor's budget provides \$47 million Title I Set-Aside (carryover) for program improvement. These funds are appropriated in SB 606 (Perata), pending action on the Assembly Floor. The Subcommittee does not need to take action to appropriate these funds.
Title I	6110-134-0890	Provides \$65,206,000 in ongoing Title I Set-Aside funds. The Subcommittee previously approved \$10 million of these funds for statewide system of school support (S4s). The administration proposes the remaining funds (\$55,206,000) be appropriated for Program Improvement LEAs (\$17,000,000) and Corrective Action LEAs (\$38,206,000). Subsumed in this amount is the shifting of funds from the II/USP program and the administration's proposal to eliminate the program (April letter issue 571). LAO proposal: appropriate the remaining \$55,206,000 pursuant to legislation. Conforming language would be needed to eliminate II/USP.
Title I	6110-134-0890 April letter issue (564)	Provides \$78,082,000 to Establish the Federal Title I School Improvement Grant. The SIG program will provide funds to LEAs with schools in program improvement or corrective action that demonstrate the greatest set of academic challenges and the greatest commitment to raising student achievement. The department submitted an application and received approval from the U.S. Department of Education for the expenditure of these funds. The State Board of Education approved the School Improvement Grant program criteria at the May 2008 board meeting. CDE is supportive of the Administration's proposal. LAO Proposal: Appropriate funds pursuant to Legislation.

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Title I	6110-001-0890 April letter issue (567)	<p>Provides \$378,000 federal Title I School Improvement Grant (SIG) funds for 4.0 positions to support the new SIG program. CDE is supportive of these positions.</p> <p>LAO Proposal: Approve positions but align with final purposes of SIG which we would make pursuant to legislation.</p>
Title II - Local assistance - Improving Teacher Quality Grants	6110-195-0890 April letter issues (086, 088, and 089)	<p>It is requested that this item be decreased by \$4,059,000 federal Title II Improving Teacher Quality funds, which includes a decrease of \$23,000 to align the appropriation with available federal funds and an increase of \$4,082,000 to reflect the availability of one-time carryover funds. This program provides apportionments to LEAs for activities focused on preparing, training, and recruiting highly-qualified 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 Schedule (1), \$3,582,000 is provided in one-time carryover for Improving Teacher Quality Local Grants.</p> <p>X. Of the funds appropriated in Schedule (3), \$500,000 is provided in one-time carryover for California Subject Matter Projects.</p>

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Title II	6110-195-0890 (carryover)	CDE has identified \$5.1 million in available Title II carryover funds. (If the Subcommittee rejects the Administration's proposal to increase Subject Matter projects by \$500,000, the total amount of carryover is \$5.6 million.) Options for this carryover: Fund PMATs [\$3 million]; Backfill Administrator Training [\$4.455 million]; Backfill Subject matter projects [\$5 million].
Title II	6110-001-0001 & 6110-001-0890 - Backfill CDE GF positions w/ FFs & 6360-101-0001 to fund Teacher Misassignment Monitoring	CDE receives \$2.8 million annually for state operations related to professional development. Only \$2.3 million is spent annually (leaving 500,000 annually). LAO recommends using these funds to fund the Teacher Misassignment Monitoring (\$308,000) and funding 2 positions in CDE professional development unit (\$200,000) freeing up \$500,000 in GF dollars.

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Title III	Reappropriation of \$500,000 for Best Practices Study	The committee took action to appropriate an additional \$500,000 for the English Learners Best Practices Pilot Program study. \$500,000 was approved for this study last year. CDE is postponing the study until final action is taken on the additional \$500,000. To ensure that CDE does not lose the original \$500,000; the Subcommittee needs to reappropriate these funds.
		<p><i>Provisional language for Best Practices Study reappropriation:</i></p> <p><i>6110-49x--Reappropriation, Department of Education. Notwithstanding any other provision of law, the following specified balances are reappropriated from the following citations, for the purposes specified:</i></p> <p><i>(1) \$500,000, or the unexpended amount thereof, is reappropriated and shall be available for encumbrance, from Provision 48 of Item 6110-001 0890 of the Budget Act of 2007 (Chs. and 172, Stats. 2007).</i></p>

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Title V - Innovative Programs	6110-123-0890 (Issues 568 and 570)	<p>April Letter request: It is requested that this item be decreased by \$4,870,000 federal Title V funds, which includes a decrease of \$10,870,000 to align the appropriation with available federal funds and an increase of \$6.0 million to reflect the availability of one-time carryover funds. Innovative Programs grant funds are provided to districts to develop and implement innovative educational programs intended to improve school, student, and teacher performance. Beginning in federal fiscal year 2008, the federal government eliminated funding for the Innovative Programs.</p> <p>It is further requested that provisional language be added as follows to conform to this action:</p> <p>X. The funds appropriated in this item are one-time carryover funds to support the existing program.</p> <p><u>Staff notes:</u> These are remaining carryover funds (\$6 million) from a program that has been eliminated by the federal government. CDE notes that these funds go to local education agencies by formula. Even so, it has been noted that this money is also a candidate for coordination with Title I activities.</p>
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<p>Vocational Education</p>	<p>6110-166-0890 (Issue 166) (April letter w/DOF adjustments)</p>	<p>DOF requests an increase to the base federal funding authority for this item by \$8,413,000 to align the appropriation with the latest available estimates of Carl D. Perkins Vocational and Technical Education funding.</p> <p>Add the following provisional language to conform to this adjustment:</p> <p>X. The funds appropriated in this item include a one-time carryover of \$9,349,000 that is available during the 2008-09 academic year for the support of additional vocational education institutional activities. The first funding priority shall be to support curriculum development and articulation of K-12 technical preparation programs with local community college economic development and vocational education programs to increase the participation of K-12 students in sequenced, industry-driven coursework that leads to meaningful employment in today's high-tech, high-demand, and emerging technology areas of industry employment.</p>
<p>State Operations, State Special Schools Home-To-School Transportation</p>	<p>6110-008-0001 (Issues 422 and 423) and 6110-008-0046 (Issue 424) (May Revise letter)</p>	<p>It is requested that \$4,068,000 in total Home-to-School Transportation program costs be shifted from the General Fund to the Public Transportation Account to support these mass transit services.</p> <p>This amount reflects proposed increases totaling \$1,238,000 to support increased busing contract costs for the State Special Schools, including a \$314,000 increase to restore the Budget-Balancing-Reduction and \$924,000 to support an anticipated increase in transportation contract costs due to fuel and insurance prices. Provisional language would conform to the increased support, and stipulate that expenditures are subject to Department of Finance approval.</p> <p>CDE notes that they would like specific direction from the Department of Finance as to when and how CDE will be expected to report these expenditures.</p>

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State Relocatable Classrooms	Control Sec. 24.30 (Issue 50)(May Revise letter)	<p>It is requested that Control Section 24.30 be added as follows to transfer sale and lease proceeds from the State Relocatable Classroom Program to the General Fund for the purpose of achieving General Fund Savings. The Office of Public School Construction has recently estimated that \$13,993,000 in excess revenues from the program is currently available.</p> <p><i>SEC. 24.30. Notwithstanding any other provision of law, the Controller, upon order of the Director of Finance, shall transfer sale and lease revenues received pursuant to Section 17089 and Section 17089.2 of the Education Code, in an amount determined by the Department of Finance, from the State School Building Aid Fund to the General Fund.</i></p>
Special Education	6110-161-0001 (Issue 421 and 425)(May Revise)	<p>It is requested that this item be increased by a total of \$234,408,000 Proposition 98 General Fund to reflect: (1) an increase of \$189,237,000 to restore the previously proposed Budget-Balancing-Reduction (excluding cost of living allowance (COLA), which is not funded for this or other categorical programs); (2) a decrease of \$3,147,000 to adjust the base for property tax adjustments (receipts were up by \$6,135,000 in 2007-08 and down by \$2,988,000 for 2008-09); and (3) an increase of \$48,318,000 to adjust the base for increased attendance in 2007-08. Funding for budget year growth is addressed with other growth adjustments in Issue 740. The proposed augmentation will help local education agencies provide high quality instruction for these students with special needs and comply with the federal maintenance-of-effort requirement.</p> <p>LAO believes that DOF had overbudgeted this item by \$40 million. CDE believes that the item is overbudgeted by \$20 million. The Subcommittee should discuss this issue for clarification. This action will be taken as part of the total Proposition 98 package.</p>

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<p>COE Williams Audits</p>	<p>6110-266-0001 (Issue 737) (May Revise)</p>	<p>It is requested that provisional language be added to this item specifying that county offices of education (COEs) may use up to \$1.5 million General Fund for monitoring school compliance with the Valenzuela settlement agreement. Specifically, the Valenzuela settlement (codified in Chapter 526, Statutes of 2007 (AB 347), provides intensive instruction services for two additional years after completion of grade 12 for students who have failed to pass the California High School Exit Exam, required LEAs to notify students of their eligibility for these services, and required COEs to monitor LEA notification efforts. Further, that legislation authorized COEs to use \$1.5 million of Williams Audits funding to perform notification monitoring in 2007-08 and specified that funding in future years was dependent on Budget Act appropriations. The proposed provisional language would continue the funding arrangement initiated by the statute.</p>
		<p><i>It is requested that provisional language be amended as follows:</i></p> <p><i>“1. Funds appropriated in this item are for allocation to county offices of education for the purposes of site visits pursuant to Sections 1240 and 52056 of the Education Code and for verification of the completion of Emergency Repair Program projects. Up to \$1,500,000 may be used to provide funding to county offices of education for the oversight activities required pursuant to subparagraph (E) of paragraph (2) of subdivision (c) of Education Code Section 1240.”</i></p>

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Administration proposed change to the Mega Item (C.S. 12.40)	Control Section 12.40, Local Assistance, Mega-Item Flexibility (Issue 403)(April letter)	<p>This control section in the budget, also known as the "mega-item", currently allows districts to transfer funding between certain categorical programs. Specifically, districts can transfer up to 10% out of an eligible program to be spent on other programs in the mega-item but no more than 15% can be transferred into a program.</p> <p>The administration requests that language in this item be amended to allow LEAs to transfer up to 50 percent out of, and 55 percent into, prescribed categorical programs.</p>
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