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Proposition 98 K-12 Package

Page	Issue/Action	Comments
	Adopt Overall Proposition 98 Reductions of \$5.465 billion for K-14 Education, including \$4.529 billion in K-12 reductions. (See items below.)	Meets Governor's May 22 Proposition 98 reduction targets for K-12 Education, including <u>\$1.4 billion</u> reduction in 2008-09 and <u>\$3.1 billion</u> reductions in 2009-10.
1	Revenue Limit Reductions/Categorical Reductions for Basic Aid Districts. Adopt revenue limit reductions and commensurate categorical reductions for Basic Aid Districts of approximately <u>\$1.3 billion</u> in 2008-09 and <u>\$1.9 billion</u> in 2009-10.	Adjust final amounts for other Proposition 98 expenditures and savings approved by Conference Committee. Include revenue limit reductions for both schools and county offices of education. Establish deficit factors for revenue limit reductions. Include categorical reductions for Basic Aid Districts commensurate with revenue limit reductions for LEAs. Balancer.
2	Proposition 98 Deferrals. Adopt <u>\$1.7 billion</u> inter-year revenue limit deferral per the Governor. In addition, adopt Governor's intra-year deferral proposals.	Intra-year deferrals include Governor's 5-5-9 payment schedule proposal. Conform timing and amount of Governor's intra-year deferrals to final Conference Committee actions.
3	Home-to-School Transportation (HTST). Approve Governor's proposal to eliminate special funds for HTST and Student Transportation at the State Special Schools. Provide partial backfill for HTST and full backfill for State Special Schools with Proposition 98 funds.	Eliminate \$314 million in Public Transportation Account (PTA) and \$90 million in Mass Transit Funds for HTST. Backfill loss with about <u>\$282 million</u> in Proposition 98 funds for HTST, to bring total Proposition 98 funding to about \$496 million in 2009-10, commensurate with 20% reductions for other categorical programs in 2009-10 approved in February. Add about \$496 million for HTST to categorical flexibility program. Eliminate \$3.9 million in PTA funds for student transportation at State Special Schools. Backfill entire amount with Proposition 98 funds in 2009-10.
4	Various Flexibility Proposals	
A	Instructional Days. Allow school districts to reduce the number of instructional days to 175 days per year without losing longer-year incentive grants. (Modified version of Governor's proposal.)	Four year timeframe, beginning in 2009-10 through 2012-13.
B	Access to Additional Restricted Fund Balances. Authorize LEAs to access ending balances as of June 30, 2008, for several additional categorical programs, beyond those approved in February.	Additional access provided for the following program balances: Targeted Instructional Improvement Grants, Instructional Materials, California High School Exit Exam, Adult Education, ROC/P Facilities, and Deferred Maintenance. Clarify that ending balances for Child Nutrition and Child Development may not be accessed. Continue to protect Economic Impact Aid, Special Education, Home-to-School Transportation and QEIA. Continue existing timeframe of two years -- 2008-09 and 2009-10.
C	Suspend Routine Maintenance Reserves. Approve Governor's May Revise proposal to allow school districts that are compliant with the facilities requirements of the Williams settlement to suspend the current one percent reserve requirement.	Continues existing time frame of five years -- 2008-09 through 2012-13.
D	Sale of Surplus Property. Approve Governor's May Revise proposal to allow school districts to sell surplus property and use the proceeds for GF purposes.	Provides authority for approximately three years.

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E	Remove Graduation Requirements for California High School Exit Exam (CAHSEE). Eliminate statute that ties CAHSEE passage to graduation requirements. Continue to utilize CAHSEE to satisfy NCLB high school assessment requirements, but limit CAHSEE to one test administration.	New requirements would take effect in 2009-10.
F	Instructional Materials. Suspend requirements that LEAs purchase newly adopted instructional materials for an additional three years and prohibit the State Board from initiating new adoptions during this period.	The February budget acts allow LEAs to suspend purchase requirements for two years -- 2008-09 and 2009-10. This action would extend the suspension an additional three years - through 2012-13.
Federal Actions Conforming to Proposition 98 Package		
5	ARRA Stabilization Funds. Approve an estimated \$500 million in additional federal Stabilization Funds for K-12 Education per the American Recovery and Reinvestment Act (ARRA) in 2009-10.	Conform amount to final Conference Committee Actions for K-12 and Higher Education. Allocate funds to backfill revenue limit reductions for LEAs and commensurate categorical reductions for Basic Aid Districts.
6	ARRA Individuals with Disabilities Education Act (IDEA) Funds. Approve Governor's May Revise to add expenditure authority for \$634 million anticipated federal IDEA funds for LEAs in 2009-10.	
7	ARRA Title I Basic Grants. Approve Governor's May Revise proposal to add expenditure authority for \$540 million in anticipated Title I Basic Grants for LEAs in 2009-10.	
NA	Other Proposals	
A	Reduce LEA Reserve Requirements for Economic Uncertainty. Changes the minimum state requirement for reserves for economic uncertainty to one-third of the currently required level for 2009-10 provided that LEAs make annual progress in fully restoring these reserves by 2011-12.	
B	LEA Multi-Year Budgeting. Prohibits a County Office of Education from assigning a qualified or negative fiscal certification to a LEA based substantially on a projected loss of federal ARRA Stabilization Funds in the 2011-12 and 2012-13.	Requires the Superintendent of Public Instruction to convene the Standards and Criteria Committee to modify budget and financial review criteria to incorporate this change.
C	Proposition 98 Funding Guarantee: Maintenance Factor Obligations. Adds statutes that entitles school districts and community colleges to Proposition 98 maintenance factor in years when Test 1 is operative and lower than Test 2. These provisions would become effective July 1, 2011.	