

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE

Assemblymember S. Joseph Simitian, Chair

WEDNESDAY, APRIL 24, 2002
STATE CAPITOL, ROOM 126
4:00 P.M.

REGULAR BUSINESS

ITEM	DESCRIPTION	PAGE
	OUTSTANDING COMMITMENTS (HANDOUT)	

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
6440	UNIVERSITY OF CALIFORNIA	2
Issue 1	California Professional Development Institutes	2
6870	CALIFORNIA COMMUNITY COLLEGES	4
Issue 1	Partnership for Excellence Goals and Expenditures	4
Issue 2	Major Budget Adjustments	8
Issue 3	Governor's Proposed Reductions to CalWORKs Programs	12
Issue 4	Governor's Proposed Reductions to Matriculation Programs	14
Issue 5	Governor's Proposal to Consolidate Adult Education and Vocational Programs under the California Community Colleges	15

ITEMS TO BE HEARD

6440 UNIVERSITY OF CALIFORNIA

ISSUE 1: CALIFORNIA PROFESSIONAL DEVELOPMENT INSTITUTES

The issue for the Subcommittee to consider is UC's response to two specific information requests from the Subcommittee.

BACKGROUND:

At a previous hearing, the Subcommittee requested that UC respond to two sets of questions:

- 1) **Use of the \$500 supplemental payment for former PDI participants:** How many Professional Development Institute (PDI) programs (through the current year) did not meet the Math and Reading Professional Development program standards (and therefore merit the \$500 for districts to carry out supplemental training) and how many participants do they serve? How many PDI programs (through the current year) did meet the standards and therefore don't merit additional training? Do we know how many teachers were shorted the full stipend amount by their districts (and for whom part or all of the \$500 would go to teachers to provide them with the full amount of the stipend that they should have initially received)?
- 2) **Unearned stipend money and what happens to it:** How many PDI participants completed all of the requisite hours of training, and therefore earned the whole \$1000 stipend? How many did not and what happens to their stipend money? What happens to the stipend money that's never "earned" by teachers? Who has it? Do we know how many teachers collected the full stipend and how many only collected half of it?

The Subcommittee asked the first question in an effort to understand what the proposed uses are for the \$500 supplemental payment that the Math and Reading Professional Development Program provides to school districts above the \$2000 that the state pays per participant in the PDI's. The Subcommittee asked the second question in an effort to identify any unspent funding and capture it as General Fund savings. UC and the Department of Finance are expected to provide responses to both questions at today's hearing.

Background on Math and Reading Professional Development Program. The Governor's budget proposes a total of \$110 million for the second year of implementation for this program, approximately \$78.3 million more than the amount in the current year, as reflected in SB 1xxx (Peace). The Math and Reading Professional Development Program was created last year to train every teacher and instructional aide in California, over several years, in the math and reading state standards. The program provides school districts with \$2,500 per teacher trained and \$1000 per instructional aide trained. The program also provides a supplemental stipend of \$500 to teachers that have attended or plan to attend a UC professional development institute (UC PDI), to equalize funding between the two programs (the state provides \$2000 per teacher trained through the PDI's). A portion of the funding proposed for the budget year and in out years is intended to pay school districts \$500 for teachers that participated in PDI's in prior years. The \$500 amounts are intended to pay for supplemental training regarding the newly-approved instructional materials, which was not included in the PDI's in prior years, because the new instructional materials had not been approved. The \$500 is also intended to

pay for stipends for teachers who did not receive their full stipends for attending PDI's in prior years, due to local confusion about districts' discretion to not pass on the full amount of the stipend to teachers.

Background on University of California Professional Development Institutes. The Governor's budget proposes a total of approximately \$99 million in non-Proposition 98 General Fund for the UC Professional Development Institutes (PDI's), continuing a reduction adopted as part of the current-year budget revisions. Of this amount, \$48 million is proposed for teacher stipends for teachers that complete the total required 120 hours of training: 40 hours of intensive training and 80 hours of follow-up on-site training.

COMMENTS:

In a written response provided to Budget staff, UC makes the following points:

- In response to the first question, UC notes that none of the PDI participants from the 1999-2000 fiscal year received training on the use of the state-adopted instructional materials, since those materials had not yet been adopted by the State Board of Education. They note that some of the participants that attended PDI's in the 2000-01 and 2001-02 fiscal years may have received this training, but they were unable to estimate the number.
- In response to the second question, UC notes that teachers receive an initial portion of their stipend after attending the first intensive portion of their training, and then receive the remaining \$500 based on their attendance at the 80 hours of on-site follow-up training. UC indicates that it is unable to determine how many teachers have completed the follow-up training to earn the final \$500 of their stipend. (There is no limit in law as to how much time teachers have to complete the follow-up training.) UC encumbers all stipend money and then distributes it to school districts based on districts' verification that teachers have completed the follow-up on-site training. The funds are available for three fiscal years, and then revert to the General Fund. Therefore, unused stipend money from 1999-2000 PDI participants is expected to revert at the end of this fiscal year. UC states that it is expeditiously working on a system to determine the amount of unused stipend funding.

6870 CALIFORNIA COMMUNITY COLLEGES**ISSUE 1: PARTNERSHIP FOR EXCELLENCE GOALS AND EXPENDITURES**

The issue for the Subcommittee to consider is the annual report from the Chancellor's Office of the California Community Colleges on goals and expenditures associated with the Partnership for Excellence (PFE). This agenda item is also a follow-up to the agenda item ("The Partnership for Excellence Transfer Goals and Expenditures") tabled from the Subcommittee's joint informational hearing on Transfer.

BACKGROUND:

The annual budget act provides funding for the PFE established pursuant to Section 84754 of the Education Code. Since 1998, the Legislature has invested \$300 million for the PFE program, with major funding for the program coming from the State in 2000-01.

The PFE program is a mutual commitment by the State of California and the California Community Colleges system to significantly expand the contribution of the community colleges to the social and economic success of California. The PFE initially established transfer, degrees and certificates, workforce preparation, successful course completion, and improving basic skills as the community college system goals. The Community Colleges Board of Governors approved and added "transfer prepared" as the sixth goal of the PFE program.

Transfer Goals and Expenditures:

Since the first year of the program, specific legislation and budget bill language have focused on one of the main goals in the PFE – transfer to four-year institutions, specifically UC and CSU. This goal is to increase the number of students who transfer from community colleges to baccalaureate institutions from 69,574 to 92,500 by the year 2005. It is hoped that local community college investments in transfer centers, education tutors, and hiring of more counselors will allow students to be fully informed of their opportunities to move on to the four-year baccalaureate institutions.

The 2000 Budget Act included language to require the community colleges to increase the number of transfer prepared students by 6 percent to the UC and by five percent to the CSU. In addition, the 2000 Budget Act requires the community colleges to increase the number of student transfers from low-transfer community colleges by an average of 15 percent annually.

Revisions were made to the Budget Act in 2001 PFE Budget Bill Language, maintaining the goal language for UC and CSU, but revising the low-transfer language instructing the Chancellor's Office to identify community colleges with persistently low *numbers or rates* of transfer. The Chancellor's Office was further instructed to provide technical assistance, as necessary, to these community colleges so the number of transfers would increase by an average of 10 percent annually (instead of the previous 15% goal) by 2004-05. At the informational joint hearing, the Subcommittee heard a preliminary response from the Chancellor's Office to the budget bill language.

Other PFE Goals:

In addition to transfer and transfer prepared, the Community Colleges Chancellor's Office, through the consultation process, has included the following system-wide goals: increasing the number of degrees and certificates; improving successful course completions; workforce preparation; and improving students basic skills coursework at least one level above their initial pre-collegiate placement. The degrees and certificates goal will provide a total increase in the number awarded from 80,799 to 110,500. Successful course completions are targeted to improve from 68.3 percent to 70.8 percent for transferable courses, 77.2 percent to 80 percent for vocational courses, and 60.3 percent to 62.5 percent for basic skills courses. Workforce development has multiple goals including increasing successfully completed apprenticeship courses, the number of California businesses benefiting from training through contract education, and increasing the number of students receiving job training and job skills advancement. Finally, the goal of basic skills improvement by 2005 is to increase the number of students completing coursework at least one level above their prior basic skills enrollment from 108,556 to 150,754.

COMMENTS:

At the time of the writing of this agenda, the Chancellor's Office of the California Community Colleges had not provided the Legislature with its annual report on PFE goals and expenditures. The Chancellor's Office plans to submit this report to the Legislature by the time of the hearing and provide an oral report on PFE goals and expenditures. In this presentation, the Chancellor's Office should be prepared to specifically address the decrease in transfer-prepared students reported to the Subcommittee last year and any progress made in this area.

Joint Information Hearing Follow-up:

At last week's informational joint hearing on transfer, the Subcommittee joined with the Assembly Committee on Higher Education in expressing serious concern over the methodology used by the Chancellor's Office to identify persistently low-transfer community colleges (in response to the revised budget bill language). There was additional concern that rather than trying to solve the problem of persistently low-transfer community colleges and effectively dealing with the low number of underrepresented students successfully transferring to four-year institutions, the Chancellor's Office was redefining and rationalizing the problem. The Subcommittee expressed interest in seeing specific, attainable and measurable results from the Community Colleges and the other higher education segments. As a result, the Chair of the Subcommittee requested Budget staff and the LAO to work together to provide both budget and policy options for future consideration. The Chair also indicated that a follow-up hearing on transfer would occur later this year.

In response to the Subcommittee's concern over transfer, Assembly Budget Committee staff has requested from the Chancellor's Office a breakdown of transfer and transfer-related expenditures from local community colleges within the PFE and outside of PFE funds. Chancellor's Office staff was unable to provide the information in time for the informational joint hearing. As a result, staff recommends that the Subcommittee request that the Chancellor's Office provide this information by a time certain in order to continue the Subcommittee's examination of transfer.

Legislative Analyst's Recommendation. The LAO recommends that the Legislature reconsider the PFE program in light of its performance to date. The LAO asserts that the PFE program's central principle of accountability has only been weakly realized, improvement in the five specified areas has been mixed, and PFE funding is proposed to be diverted to backfill reductions in categorical programs. For these reasons, the Analyst suggests that the Legislature may wish to terminate the PFE experiment and move all or part of the funds in the Community Colleges base budget.

As an alternative to ending the PFE at the conclusion of the current year, the LAO suggests that the Legislature could allow the PFE to continue until nearer its sunset date of January 1, 2005. The program could be thoroughly evaluated and the Legislature could choose at that time whether or not the PFE should be allowed to continue. If the Legislature chooses to continue the PFE for now, the LAO believes it should make several changes to the program which would address some of the more problematic aspects of the current program, including:

- **Creating Meaningful Link between Funding and Performance.** In order to increase accountability and provide districts with a financial incentive to improve performance in the specified goal areas, the LAO believes there must be a meaningful link between funding and performance. Accordingly, the LAO asserts that the Legislature could adopt budget bill language allocating all or part of PFE funding to the CCC Chancellor's office for distribution to districts based on their PFE performance. The LAO believes that at least \$100 million of PFE funding would be a reasonable amount for this purpose.

- **Focusing on Actual Performance.** The LAO believes the five PFE goals (such as "increasing the rate of course completion") are generally appropriate, and provide a reasonable set of guidelines for assessing CCC performance. The LAO further believes it is appropriate to attempt to measure progress in each of those goal areas using quantitative measures. However, the LAO does not believe that the particular numerical targets adopted by CCC provide a meaningful guide to progress. The LAO asserts that considerable time and energy is spent establishing, measuring, defending, and modifying the numerical targets for PFE goals. Significant disagreements concerning these targets remain among various parties in the administration, the Legislature, and the CCC system.

Because the Legislature has never agreed to the numerical targets adopted by CCC, and because they have become a distraction from more basic performance issues, the LAO recommends that the Legislature focus on actual year-by-year performance by the CCC rather than on movement in relation to the 2005-06 targets.

The LAO plans to present a fuller report on their recommendations at the hearing. The Chancellor's Office of the Community Colleges should be prepared to directly respond to the Legislative Analyst's recommendations. As part of the follow-up to the informational joint hearing on transfer, the Chancellor's Office should also respond to concerns expressed by the

Subcommittee on transfer-prepared students and the performance of individual community colleges in transferring students to four-year institutions UC and CSU—including providing transfer expenditures.

ISSUE 2: MAJOR BUDGET ADJUSTMENTS

The Subcommittee will consider major budget adjustments proposed by the Governor for the California Community Colleges support budget.

BACKGROUND:

The California Community Colleges (CCC) provide a general education and vocational certificate programs at 108 Community Colleges through 72 local districts, which serve approximately 2.5 million students annually or approximately 1,062,142 full-time equivalent (FTE) students.

The Governor's proposed budget includes approximately \$6.3 billion for the California Community Colleges from all funds, reflecting an increase of \$104.2 million, or 1.7 percent over the \$6.2 billion provided in 2001-02. Proposition 98 funding constitutes about 75 percent of overall community college funding. The table below illustrates funding for the Community Colleges, which includes a General Fund decrease of \$80.1 million (\$78.4 of which is Proposition 98 funding), or 2.8 percent, below revised current year expenditures.

California Community Colleges				
Sources of Funds	2001-02	2002-03	CHANGE	Percent Change
State General Fund	\$2,978.7	\$2,918.8	-\$59.9	-2.0%
Lottery Fund	138.1	138.1	0.0	0.0
Local Property Taxes	1,855.3	2,001.9	146.6	7.9
Student Fees	162.4	167.3	4.9	3.0
Other State Funds	11.9	9.1	-2.8	-23.6
Federal Funds	216.2	219.4	3.2	1.5
Local Miscellaneous	825.6	837.8	12.2	1.5
Local Debt Service	5.4	5.5	0.1	1.5
Total	\$6,193.7	\$6,297.9	\$104.2	1.7

This table includes only a few selected public program funds.

Budget Increases. The Governor proposes approximately \$320.4 million (includes replacement of one-time Proposition 98 reversion account funds being moved into ongoing program costs) in augmentations to the Community Colleges support budget including the following adjustments:

- Enrollment Growth.** The budget proposes \$118.7 million, for a three (3 percent) percent growth in enrollment and selected categorical programs. This exceeds the statutory requirement of 1.94 percent growth by an additional \$40.8 million. The budgeted funds will allow the Community Colleges to accommodate an additional 31,864 full-time equivalent students, bringing the total FTE student level to approximately 1,094,006. However, this amount is less than the 3.5 percent growth requested by the Community Colleges Board of Governors.

- **Cost of Living Adjustments.** The budget proposes \$88.8 million for cost of living adjustments to fund a 2.15 percent statutory COLA for both general purpose funds and categorical programs such as the Basic Skills program, Disabled Students Programs and Services, EOPS and CARE. This amount is equal to the COLA granted to the K-12 system.
- **Instructional Equipment & Library Materials.** The budget proposes an additional \$34 million for a total of \$49 million in funding for instructional materials, \$22.9 million of which is in one-time funding from the Proposition 98 Reversion Account and \$26.1 million of which is in ongoing Proposition 98 funds. The funds would be used to replace worn out, obsolete, or inadequate equipment and instructional materials and would continue the match requirement at the current rate of one local dollar for every three state dollars provided.
- **Scheduled Maintenance & Special Repairs.** The budget proposes an additional \$32 million for a total of \$49 million for scheduled maintenance and special repairs, \$22.9 million of which is in one-time funding from the Proposition 98 Reversion Account and \$26.1 million of which is in ongoing Proposition 98 funds. These funds would be used to augment resources available for scheduled maintenance and special repairs, hazardous substances removal, and American with Disabilities Act compliance projects and would continue the match requirement at the current rate of one local dollar for every state dollar.

Program Reductions. The Governor also proposes a total of \$130.9 million in reductions for the California Community Colleges, including:

- **CalWORKs.** The Governor proposes a \$50 million reduction to CalWORKs program and an \$8 million reduction to the Temporary Aid for Needy Families (TANF) program. The Governor asserts that the state has sufficient funds to meet the federal maintenance-of-effort requirement for federal Temporary Aid for Needy Families funds. According to the Department of Finance, many of these services would now be provided to counties who would contract with community colleges to provide CalWORKs and TANF services. The Administration's proposal allows \$15 million to be available for CalWORKs childcare services and \$8 million in Federal funds would remain to support TANF program.
- **Matriculation Activities.** The Governor proposes a \$26.8 million reduction in matriculation services. These include student orientation, assessment, academic counseling, admissions, follow-up, coordination, training, research and evaluations. The Department of Finance asserts that many of these services can still be provided through the community college general apportionment and reduction should not lead to the elimination of existing services. They also assert that Partnership for Excellence Funds should be used as necessary to maintain essential services. If approved, this reduction would leave \$44.5 million for these activities. The matriculation program requires a 3:1 district match.
- **Fund for Student Success.** The Governor proposes a \$10 million reduction from the Fund for Student Success that was created to provide short-term grants for pilot programs designed to improve student learning. The Department of Finance asserts that the objective of the short-term grants duplicates the goals of the Partnership for Excellence program and does not contain the same level of accountability. The

California Community Colleges Chancellor's Office believes the goals of the Fund for Student Success program differ from the Partnership for Excellence program and should not be characterized in this fashion. If approved, this reduction would leave \$6.2 million for this program.

- **Telecommunications & Technology Infrastructure Program.** The Governor proposes a \$19.8 million reduction in the telecommunications and technology infrastructure program used for training and local improvements. If approved, this reduction would leave \$24.5 million for this program.
- **Economic Development.** The Governor proposes a \$9.9 million reduction for the Economic Development Program. Of this amount, \$1 million comes from funds appropriated to develop nursing curriculum and \$8.9 million to reduce funding for the Ed>Net centers, leaving \$36.8 million to support these programs.
- **Faculty & Staff Development.** The Governor proposes a \$5.2 million reduction to completely eliminate the Faculty & Staff Development Program ran out of the Chancellor's Office. The existing program augments training activities provided through the general apportionment and Partnership for Excellence funding. The Department of Finance asserts that there is no meaningful accountability for results in the program.
- **State Operations.** The Governor proposes a \$1.2 million reduction to eliminate 15.5 employee positions in the Community Colleges Chancellor's Office used to support the administration of various programs.

COMMENTS:

Budget staff makes the following general observations for the Subcommittee's consideration regarding the Governor's proposed budget for CCC:

- **The CCC's Share of Proposition 98.** The Governor's budget includes \$4.7 billion in Proposition 98 funding for the community colleges for 2001-02. This is about 75 percent of overall community college funding. As proposed by the Governor, CCC would receive 10.2 percent of total Proposition 98 funding, K-12 education would receive 89.6 percent, and the other state agencies would receive the remaining 0.2 percent. This split is unchanged from the revised current-year estimate.
- **Student Fees.** The Governor's proposed budget does not include an increase in student fees. Community College students will continue to pay \$11 per unit, the lowest in the nation. The budget also includes funds to offset the associated fees waived for all needy students. Under the Governor's proposal, this would be the ninth consecutive year without a fee increase.
- **Statutory COLA May Be Over-funded.** The Governor's budget includes \$84.4 million for a COLA for district apportionments. According to state statute, the COLA is calculated using a specified formula incorporating official data in a federal price index. That index will not be available until April 2002, at which time the precise amount of the COLA will be known. The Governor's budget assumes that this COLA will be 2.15 percent. The LAO projects that the statutory COLA will be about 1.8 percent. Funding

this smaller COLA would require about \$79.5 million, or approximately \$15 million less than proposed in the Governor's budget. If the LAO projection is correct, budgeted funds for the statutory COLA could be reduced by \$15 million.

- **Part-time Faculty.** The budget as proposed maintains \$57 million for Part-time faculty compensation and \$7.2 million for the Part-time Faculty Office Hours Program, shifting this funding from the Proposition 98 Reversion Account to the permanent base budget.

The Governor's proposal to reduce funding for CalWORKs programs and matriculations services is presented in further detail later in the agenda..

ISSUE 3: GOVERNOR'S PROPOSED REDUCTIONS TO CALWORKS PROGRAM

The issue for the Subcommittee is the Governor's \$50 million reduction to Community College CalWORKs programs.

BACKGROUND:

The California Work Opportunity and Responsibility to Kids (CalWORKs) program is financed by a combination of federal Temporary Assistance for Needy Families (TANF) block grants, the state General Fund, and county funds. To receive the annual TANF block grant, California must meet a \$2.7 billion maintenance-of-effort (MOE) spending requirement. Although this requirement is met primarily with state and county spending in the CalWORKs program, state spending in other departments, including CCC, is also used to satisfy the requirement.

Specifically, each year since 1997-98, CCC has received \$65 million from the General Fund, countable toward the MOE spending requirement, to provide services that help CalWORKs recipients move toward employment and self-sufficiency. The current-year budget requires that at least \$49.5 million of this amount be used for work study and job placement services, coordination with welfare organizations, curriculum development, and child care (which must receive at least \$15 million of this amount). Up to an additional \$10 million of this total appropriation may be used for providing services to former CalWORKs recipients.

The Governor's proposed budget for the CCC reduces CalWORKs funding to \$15 million, and requires that this amount be expended solely on childcare services for current and former CalWORKs recipients. To maintain MOE compliance, this reduction in MOE-countable expenditures is offset by increased state spending in CalWORKs aid payments to recipients.

COMMENTS:

Governor's Position. The Governor asserts that the state has sufficient funds to meet the federal maintenance-of-effort requirement for federal Temporary Aid for Needy Families funds. As a result, the Governor believes funding for the Community College CalWORKs program should be reduced accordingly. According to the Department of Finance, many of these services would now be provided by counties who would contract with community colleges to provide CalWORKs and TANF services. The Governor's proposal assumes counties and/or Community Colleges can absorb the costs associated with the loss of services at the Community Colleges. Counties have pointed out that they have been under-funded for their CalWORKs employment services and may not have the ability to contract with the Community Colleges if the proposed reductions are sustained. The Administration's proposal allows \$15 million to be available for CalWORKs childcare services and \$8 million in Federal funds would remain to support TANF program.

LAO Recommendation. The Legislative Analyst supports the Governor's proposed reduction in CalWORKs because they do not believe these reductions are focused in areas directly related to CCC's core mission of providing classroom instruction. Moreover, the Legislative Analyst believes there has been little accountability for most of the programs proposed for reduction. The Analyst also agree with the Department of Finance that many of

the activities conducted through the programs targeted by the Governor for reductions could be funded from other sources.

ISSUE 4: GOVERNOR'S PROPOSED REDUCTIONS TO MATRICULATION PROGRAMS

The Subcommittee will consider the Governor's proposed \$26.8 million reduction to matriculations programs.

BACKGROUND:

Community colleges provide matriculation services to help students succeed in their educational goals. Matriculation services include enrollment, orientation, skills evaluation, counseling, referral, and related activities.

The current-year budget provides \$76.3 million for matriculation services. The Governor's proposed budget for the CCC reduces this amount to \$49.5 million, which is similar to the amount provided in 1996-97. The proposal includes budget bill language specifying that 15.7 percent, or \$7.7 million, of this amount be allocated for matriculation services directed at students enrolled in noncredit classes and programs.

COMMENTS:

Governor's Position. The Department of Finance asserts that many of these services can still be provided through the Community College general apportionment and the proposed reduction should not lead to the elimination of existing services. They also assert that Partnership for Excellence Funds should be used as necessary to maintain essential services. If approved, this reduction would leave \$44.5 million for these activities. The matriculation program requires a 3:1 district match.

LAO Recommendation. The Legislative Analyst supports the Governor's proposed reduction in matriculation services because they do not believe these reductions are focused in areas directly related to CCC's core mission of providing classroom instruction. Moreover, the Legislative Analyst believes there has been little accountability for most of the CCC programs proposed for reduction. The Analyst also agree with the Department of Finance that many of the activities conducted through the programs targeted by the Governor for reductions could be funded from other sources, including districts' general apportionment funds, PFE funding, and private funding from regional businesses. The LAO further recommends that the Legislature consider combining funding for several existing categorical programs into two block grants—Student Services and Faculty Support.

ISSUE 5: GOVERNOR'S PROPOSAL TO CONSOLIDATE ADULT EDUCATION AND VOCATIONAL PROGRAMS UNDER THE CALIFORNIA COMMUNITY COLLEGES

The Subcommittee will consider the Governor's proposal to consolidate Adult Education and Vocational Programs under the California Community Colleges.

BACKGROUND:

The Governor's budget summary includes a proposal for reforming the state's workforce development system. The Governor's budget summary includes a proposal for reforming the state's workforce development system, which among other things consolidates vocational and adult education under CCC. According to the Governor's budget summary, community colleges currently receive approximately \$459 million (Proposition 98 General Fund) for vocational education and related job development services. Consolidation would involve moving approximately \$1.3 billion (\$1.1 billion Proposition 98 General Fund and \$138 million other funds) worth of additional adult and vocational programs from the State Department of Education (SDE) and the Secretary for Education to CCC.

The budget summary provides little detail about how this consolidation would be accomplished. It does not explain, for example, how the proposed transition would be phased in, how long it would take, whether aggregate funding for the program would be affected, and whether administrative savings or other efficiencies could be achieved. The 2002-03 Budget Bill, as introduced, does not reflect any consolidation of vocational and adult education programs under CCC.

COMMENTS:

As of April 12th, the Department of Finance reported that a more detailed report/proposal should be forthcoming, and may be available by the time of the hearing. At the time preparing this agenda, the Governor's Office had not yet released a proposal.

LAO and Budget staff recommend that given that there will be little time for an adequate review and consideration of a consolidation proposal in May, the Legislature should get an opportunity to fully examine the implications of a consolidation beforehand. CCC, SDE, and other affected agencies should provide a report on the implications of consolidating the programs, particularly if the proposal is still seen as a viable idea by the Governor.

In addition, Budget staff recommends that the Subcommittee have the Governor's Office provide an oral report to the Subcommittee on the Governor's proposal. The Governor's office should alert the Subcommittee to any possible budgetary actions that the Governor may propose in the May revision with respect to this proposal if they are known at this time.