

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Part II

Assemblymember Mervyn Dymally, Chair

**WEDNESDAY, MAY 18, 2005
STATE CAPITOL, ROOM 437**

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PROPOSED CONSENT ITEMS

ITEM 6120 CALIFORNIA STATE LIBRARY

ISSUE 1: APRIL 1ST DOF LETTER—TECHNICAL CORRECTIONS

In an April 1st letter, DOF proposes the following amendments to the January 10th budget:

Addition of Budget Bill Item 6120-495, Reversion

It is requested that Item 6120-495 be added to revert \$4.69 million in local assistance funding from the California Historical and Cultural Endowment back to the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund to account for the independent appropriation of these funds for State Operations in the Budget Act.

It is requested that Item 6120-495 be added to the Budget Bill to conform with this action, as follows:

6120-495 – Reversion, California State Library. As of June 30, 2005, the balance specified below, of the appropriation provided in the following citations shall revert to the balance in the fund from which the appropriations were made.

6029 – California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) \$4,685,000 from Item 6120-101-6029, Budget Act of 2003 (Ch. 157, Stats. 2003) as re-appropriated by Item 6120-490, Budget Act of 2004 (Ch. 208, Stats. 2004)

Amendment to Budget Bill Item 6120-011-0001 and 6120-011-6029, State Operations

It is requested that Item 6120-011-0001 be reduced by \$5,000 in the current and budget year to reflect the inadvertent assessment of attorney fees pursuant to Control Section 5.30. It is also requested that Item 6120-011-6029 be increased by \$5,000 in the current and budget year to reflect the appropriate assessment of CS 5.30 attorney fees.

ISSUE 2: MAY 13TH DOF LETTER—AMENDMENTS TO THE CA TELEPHONIC READING PROGRAM FOR THE BLIND AND LEASE-REVENUE BOND EXPENDITURES

In a May 13th letter, DOF proposes the following amendments to the January 10th budget:

Amendment to Budget Bill Items 6120-012-0001, 6120-151-0483, and Reimbursements, Support

It is requested that Item 6110-151-0483 be increased by \$111,000 to provide the cost of the toll-free number used for the telephonic reading fro the blind program in the vent federal funding from the national federation for the blind is not awarded. It is further requested that provisional

language be added to ensure that any federal funds received for this program are utilized prior to funds provided in the Deaf and Disabled Telecommunications Program Fund.

It is also requested that the following provisional language be added to Item 6120-151-0483:

- X. The funds appropriated in this item shall be used to operate the Telephonic Reading for the Blind Program. Any Federal Funds received for this purpose shall offset appropriations in this item. Any remaining in this item shall revert to the Deaf and Disabled Telecommunications Program Fund.

It is requested that Item 6120-012-0001 be increased by a net \$3,000 and reimbursements to that item be decreased by a net \$5,000. Funds were set aside in the fall for the purpose of making Lease Revenue Bond debt service adjustments via Control Section 4.30, thus this is a technical change only.

ITEM 6360 COMMISSION ON TEACHER CREDENTIALING (CTC)

**ISSUE 1: APRIL 1ST DOF LETTER—TECHNICAL CHANGE TO THE
ADMINISTRATION AND DISTRIBUTED ADMINISTRATION AMOUNTS**

In an April 1st letter, DOF proposes the following amendments to the January 10th budget:

Amendment to Budget Bill Item 6360-001-0407, Support

It is requested that Item 6360-001-0407 be amended as follows to reflect a technical change to the Administration and Distributed Administration amounts. This adjustment will correctly reflect the Administration and Distributed Administration costs associated with employee compensation and retirement adjustments included in the Governor's Budget. It is requested that Schedule 2 be increased by \$63,000 and Schedule 3 be reduced by \$63,000.

ITEM 6440 UNIVERSITY OF CALIFORNIA (UC)**ISSUE 1: APRIL 29TH DOF LETTER—RE-APPROPRIATION OF FUNDS FROM THE BUDGET ACT OF 2004-05 FOR VARIOUS CAPITAL OUTLAY PROJECTS**

In an April 29th letter, DOF proposes the following amendments to the January 10th budget:

Add Item 6440-491 to re-appropriate funds, for the following project phases from Item 6440-301-6041, *Budget Act of 2004*:

1. San Diego Campus, Music Building—Working Drawings. Re-appropriation is necessary because of delays attributed to project redesigns to keep the project within the approved budget.
2. Davis Campus, Robert Mondavi Institute for Wine and Food Science—Construction.
3. Davis Campus, Seismic Correction, Phase 4—Construction.
4. Merced Campus, Logistical Support/Service Facilities—Construction and Equipment. Re-appropriation for the three previously referenced Davis and Merced projects are necessary because of delays in completing the construction documents to bring the projects in line with the approved budget.

ISSUE 2: WELFARE POLICY RESEARCH PROJECT AMENDMENT TO BUDGET BILL LANGUAGE

The issue for the Subcommittee to consider is the proposed budget bill language for the Welfare Policy Research Project.

BACKGROUND

In August 1997, California's legislation to implement federally mandated changes to the welfare system was signed into law. AB 1542, Chapter 270, Statutes of 1997 directs the UC to undertake a variety of specific tasks to monitor and evaluate the California Work Opportunity and Responsibility for Kids (CalWORKs) program and other relevant welfare policies and programs.

Program's Budget. The legislature authorized annual appropriations of \$1 million per year beginning in 1997-98 to support these efforts. In the 2002-03 and 2003-04 budgets, this research program experienced a 10 percent reduction in each year consistent with the reduction to other research programs in the university. For the current year, the Project's \$810,000 annual budget was reduced by 5 percent as a result of an unallocated cut bringing their actual appropriation to \$770,000.

Responsibilities. Other than operating a research grants program, the Welfare Policy Research Project has helped established the California Census Research data Center facilities at UC Berkeley and UCLA and has helped developed an internet welfare research database,

which currently maintains. The Project also sponsors and organizes forums for policymakers on welfare related research issues and findings.

The proposed budget bill language change is as follows:

In AB 90, Section 6440-001-0001 -- For support of University of California, Provision number 13 currently reads:

13. Of the amount appropriated in Schedule (1), \$770,000 is for the Welfare Policy Research Project, per Article 9.7 (commencing with Section 11526) of Chapter 2 of Part 3 of the Welfare and Institutions Code.

The new language will read:

*13. Of the amount appropriated in Schedule (1), \$770,000 is **shall be** for the **UC Berkeley, Institute for Governmental Studies, to fund** the Welfare Policy Research Project, per Article 9.7 (commencing with Section 11526) of Chapter 2 of Part 3 of the Welfare and Institutions Code.*

ISSUE 3: MAY 13TH DOF LETTER—TECHNICAL ADJUSTMENT TO APPROPRIATE FUNDING FOR LEASE-REVENUE DEBT SERVICE PAYMENTS
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In a May 13th letter, DOF proposes the following amendment to the January 10th budget:

Amendment to Budget Bill Items 6440-003-0001

Technical Changes (Issues 101 and 102)—It is requested that Item 6440-003-0001 be increased by \$18,850,000 and Reimbursements be decreased by \$701,000. Funds for this purpose were set aside in the fall for the purpose of making Lease Revenue Bond debt service adjustments via Control Section 4.30, thus this is a technical change only. The adjustments to this Item also include an updated debt service schedule.

ITEM 6610 CALIFORNIA STATE UNIVERSITY (CSU)**ISSUE 1: APRIL 29TH DOF LETTER—AMENDMENTS TO VARIOUS CAPITAL OUTLAY PROJECTS**

In an April 29th letter, DOF proposes the following amendments to the January 10th budget:

It is requested that Item 6610-301-6041 be increased by \$93,797,000 from the Higher Education Capital Outlay Bond Fund of 2004 to reflect the following:

1. Increase funding (\$1,651,000) for the Hayward, Student Services Replacement Building—Preliminary Plans and Working Drawings. Originally, this project was authorized in 2004 for the seismic upgrade of Warren Hall, with a total estimated project cost of \$28.9 million from the Higher Education Capital Outlay Bond Fund of 2004. Updated project cost estimates reveal that because of sharply rising steel and other construction materials, the renovation cost is nearly equivalent to a new building. Further, the California State University Seismic Review Board has recently concluded that based on the condition of the building and its proximity to the Hayward seismic fault, the building should be abandoned in total or its profile reduced and replaced with an alternate building on campus. This request would authorize a replacement building on campus with total future project costs of \$35.4 million for construction and equipment.
2. Increase funding (\$55,222,000) for the Pomona, Library Addition and Renovation, Phase I—Working Drawings and Construction. Originally, this project was authorized in 2002, with a total estimated project cost of \$33.2 million from the Higher Education Capital Outlay Bond Fund of 2002. Recent project developments reveal a number of unforeseen changes, necessitating this cost adjustment: (1) increased costs for hazardous waste abatement due to asbestos sampling that revealed asbestos material in inaccessible areas and in greater quantities than previously estimated; (2) unforeseen seismic conditions in the ceiling and floors (unknown at the time the original project scope was developed) now require additional seismic work to the existing building and a deeper foundation for the addition; (3) unanticipated construction cost escalation has occurred since the time the project was funded; and (4) additional fire and life safety code improvements are now required by the State Fire Marshal. This request would re-scope and provide necessary funding to complete this project.
3. Increase funding (\$2,048,000) for the Long Beach, Peterson Hall 3 Replacement Building—Working Drawings.
4. Increase funding (\$34,876,000) for the Dominguez Hills, Education Resource Center Addition—Construction.

This reflects a funding shift for the two previously referenced projects, that the Legislature authorized last year, and as a technical adjustment needs to be moved to the correct budget item (see corresponding shift and decrease below in Item 6610-302-6041).

Add Item 6610-493 to re-appropriate funds for the construction phase of the Humboldt, Behavioral and Social Sciences Phase I from Item 6610-301-6028, Budget Act of 2002, as re-appropriated by Item 6610-491, *Budget Act of 2003*. Re-appropriation is necessary because of

delays in completing the construction documents as a result of ongoing efforts aimed at bringing the projects in line with the budget.

Add Item 6610-494 to extend the liquidation period of construction funds by one additional year (until June 30, 2006) for the following items:

1. Item 6610-302-0574, Budget Act of 1999 (Ch. 50, Stats. 1999), as re-appropriated by Item 6610-492, Budget Act of 2003 (Ch. 157, Stats. 2003) and Item 6610-494, Budget Act of 2004 (Ch. 208, Stats. 2004), for the San Francisco State University, Renovate Hensill Hall (Seismic) project.
2. Item 6610-301-0574, Budget Act of 2000 (Ch. 52, Stats. 2000), for the Los Angeles, Telecommunications Infrastructure project.

Amend Item 6610-302-6041 from the 2004 Higher Education Capital Outlay Bond to reflect the shifting of the following projects from the capital outlay “streamline” process to the conventional capital outlay process. (See corresponding shift and increase above in Item 6610-301-6041). The Legislature authorized this shift last year, and as a technical adjustment needs to be moved to the correct budget item.

<p>ISSUE 2: MAY 13TH DOF LETTER—ADDITION OF GENERAL OBLIGATION BONDS FOR CAPITAL RENEWAL NEEDS AND TECHNICAL ADJUSTMENT TO APPROPRIATE FUNDING FOR LEASE-REVENUE DEBT SERVICE PAYMENTS</p>
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In a May 13th letter, DOF proposes the following amendments to the January 10th budget:

Add General Obligation Bonds for Capital Renewal Needs (Issue 004)—It is requested that Item 6610-001-6041 be added in the amount of \$26,000,000 and Item 6610-001-0001 be amended for one-time capital renewal needs funded from the new General Obligation Bond.

Technical Changes (Issues 101 and 102)—It is requested that Item 6610-003-0001 be increased by \$131,000 and Reimbursements be decreased by \$128,000. Funds for this purpose were set aside in the fall for the purpose of making Lease Revenue Bond debt service adjustments via Control Section 4.30, thus this is a technical change only. The adjustments to this Item also reflect an updated debt service schedule.

ITEM 6870 CALIFORNIA COMMUNITY COLLEGES (CCC)**ISSUE 1: APRIL 1ST DOF LETTER—AMENDMENTS TO BUDGET BILL LANGUAGE:
PART-TIME FACULTY, DISABLED STUDENTS PROGRAMS AND
FOSTER CARE EDUCATION**

In an April 1st letter, DOF proposes the following amendments to the January 10th budget:

Amendments to Various Budget Bill Items, Local Assistance**Item 6870-101-0001, Local Assistance, Part-time Faculty Compensation Provisional Language (Issue 809)**

It is requested that provisional language governing the allocation of funding for the Part-time Faculty Compensation program be restored to the Budget Bill. This language was inadvertently omitted from the Budget Bill.

It is requested that Provision 17.5 of Item 6870-101-0001 be added as follows:

17.5 The funds in Schedule (12) of this item shall be allocated solely to increase compensation for part-time faculty from the amounts previously authorized. Funds shall be distributed to districts based on the total actual full-time equivalent students served in the previous fiscal year and include a small district factor as determined by the chancellor. These funds are to be used to assist districts in making part-time faculty salaries more comparable to full-time salaries for similar work, as determined through each district's local collective bargaining process. These funds shall not supplant the amount of resources each district used to compensate part-time faculty or be used to exceed parity of each part-time faculty employed by each district with regular full-time faculty at the same district, as certified by the chancellor. If a district achieves parity, its allocation may be used for any other educational purpose.

Item 6870-101-0001, Local Assistance, Disabled Students Programs and Services Provisional Language (Issue 816)

It is requested that provisional language for the Disabled Students Programs and Services program (DSPS) be amended to increase the funding referenced for the support of services provided by community colleges to state developmental centers. Specifically, this change would increase the dollars referenced for support of these services from \$1,000,000 to \$1,702,000, to reflect the actual costs of providing adult remedial education at three developmental centers in 2005-06, including Agnews Developmental Center which had been projected to close. The closure at Agnews has been postponed until after the 2005-06 fiscal year. This change results in no net increase to the DSPS program.

It is requested that Provision 13 of Item 6870-101-0001 be amended as follows:

"13. (a) The funds appropriated in Schedule (5) are for assisting districts in funding the excess direct instructional cost of providing special support services or instruction, or both, to disabled students enrolled at community colleges, and for state hospital programs, as mandated by federal law.

(b) Of the amount appropriated in Schedule (5), \$3,945,000 shall be used to address deficiencies identified by the federal Office of Civil Rights (OCR), as determined by the chancellor's office.

(c) Of the amount appropriated in Schedule (5) at least \$943,000 shall be used for support of the High Tech Centers for activities including, but not limited to, training of district employees, staff and students in the use of specialized computer equipment for the disabled. All High Tech Centers shall meet standards developed by the chancellor's office. Colleges that receive these augmentations shall not supplant existing resources provided to the centers.

(d) Notwithstanding any other provision of law, of the funds appropriated in Schedule (5) of this item, ~~\$1,000,000~~ \$1,702,000 shall be for state hospital adult education programs at the hospitals served by the Coast, Kern, and West Valley Community College Districts since the 1986-87 fiscal year. If adult education services at any of the three hospitals are not supported by the community colleges in the 2005-06 fiscal year, the associated funds shall, upon order of the Department of Finance, after 30 days' notice to the Chairperson of the Joint Legislative Budget Committee, be transferred to the State Department of Developmental Services (DDS). For any transfer of funds to DDS during the 2005-06 fiscal year, the Proposition 98 base funding levels for community colleges and DDS shall be adjusted accordingly."

Item 6870-101-0001, Local Assistance, Foster Care Education Provisional Language (Issue 818)

It is requested that provisional language for the Foster Care Education program be amended to reflect the request of the Chancellor's Office to: 1) delete unnecessary appropriation specifications, 2) clarify on the relative scope of education activities provided by local colleges and 3) specify reporting requirements as a condition for receipt of funding under this program.

It is requested that Provision 16 of Item 6870-101-0001 be amended as follows:

16. (a) ~~\$1,747,000 of the f~~ Funds provided in Schedule (7) shall be allocated to ~~ensure priority provide foster and relative/kinship care education and for training.~~ Districts shall ensure that education and training required by Sections 1529.1 and 1529.2 of the Health and Safety Code and Section 16003 of the Welfare and Institutions Code receive priority. Districts shall make services available to foster parents to satisfy the requirements of this section as a first priority. Districts may use any remaining funds funding for services to foster child relative caretakers and for additional parenting skills and training. ~~, thereafter.~~

(b) ~~\$3,000,000 of the f~~ Funds provided in Schedule (7) shall be used for ~~additional foster parent and relative/kinship care provider education~~ training services consistent with the following criteria:

(1) The chancellor shall use these funds exclusively for foster parent and relative/kinship care provider education and training, as specified by the chancellor in consultation with an advisory committee that includes foster parents, representatives of statewide foster parent organizations, parent and relative/kinship care providers the California State Foster Parents Association and representatives from the State California Department of Social Services.

(2) Acceptance of funds under this program shall constitute agreement by the district to comply with such reporting requirements, guidelines, and other conditions for receipt of funding as the chancellor may establish.

~~(2)~~ (3) Each college The plans for each foster parent training and relative/kinship care education programs shall include the provision of training to facilitate the development of foster family

homes, and small family homes, and relative/kinship homes to care for no more than six children who have special mental, emotional, developmental, or physical needs.

~~(3) (4) The State California Department of Social Services shall facilitate the participation of county welfare departments in the foster parent training and relative/kinship care education program. The California State Foster Parents Association, or the local chapters thereof, and the State Department of Social Services shall identify training participants and shall advise the chancellor on the form, content, and methodology of the training program. Funds shall be paid monthly to the foster parent training program until the maximum amount of funds authorized to be expended for that program is expended. No more than 10 percent or seventy-five thousand dollars (\$75,000) of these moneys, whichever is greater, shall be used for administrative purposes; of the 10 percent or seventy-five thousand dollars (\$75,000), no more than ten thousand dollars (\$10,000) shall be expended to reimburse the State Department of Social Services for its services pursuant to this paragraph.~~

ISSUE 2: APRIL 29TH DOF LETTER—AMENDMENTS TO VARIOUS CAPITAL OUTLAY PROJECTS

In an April 29th letter, DOF proposes the following amendments to the January 10th budget:

Increase Item 6870-301-6028 by \$3,398,000 Higher Education Capital Outlay Bond Fund of 2002 to reflect funding for the following:

1. Santa Barbara Community College District Santa Barbara City College, Physical Science Renovation—Construction. This project was originally appropriated in 2003 (Item 6870-301-6028, Budget Act of 2003) for preliminary plans and working drawings (\$159,000) and in 2004 (Item 6870-301-6028, Budget Act of 2004) for construction (\$1,721,000). The cost estimate prepared with the submission of preliminary plans, estimated the cost to reconstruct the ventilation and electrical infrastructure within the building to comply with existing safety requirements for the hazardous chemical storage area will increase by \$1,677,000 for a total of \$3,398,000. These storage areas are vital to the design and scope of the project and significant cost reductions cannot be made. The district does not have the means to fund the \$1,677,000 additional costs of the project, and delaying the construction phase to the next year could significantly increase costs due to the volatile construction market. See the accompanying reversion Item (6870-496) (3).

Add Item 6870-490 to re-appropriate funds for the following project phases in Item 6870-301-6028, *Budget Act of 2002*.

1. Chaffey Community College District, Chaffey College, Science Building—Construction. The initial bid effort resulted in bids substantially in excess of available financing. The district is redesigning the project to lower costs and will re-bid the project in 2005-06.

In addition, it is requested that Item 6870-490 be amended to re-appropriate funds for the following project phases in Item 6870-301-6028, *Budget Act of 2003*:

2. Chaffey Community College District, Chaffey College, Science Building—Equipment

3. Los Angeles Community College District, Los Angeles Trade Technical College, Child Development Center—Construction and Equipment

For the preceding two projects, the initial bid efforts resulted in bids in excess of available financing. The districts are redesigning the projects to lower costs and will re-bid the projects in 2005-06.

4. Los Angeles Community College District, East Los Angeles College, Fine and Performing Arts Center—Construction and Equipment
5. Los Angeles Community College District, Los Angeles Mission College, Child Development Center—Construction and Equipment

For the preceding two projects, project design, due diligence, and other planning delays have required districts to request a re-appropriation of funding. These delays may call for further approval by authorizing boards and agencies.

In addition, it is requested that Item 6870-490 be amended to re-appropriate funds for the following project phases in Item 6870-301-6028, *Budget Act of 2003*, as re-appropriated by Item 6870-490, *Budget Act of 2004*:

6. Compton Community College District, Compton Community College, Performing Arts and Recreational Complex—~~Construction~~ Working Drawings
7. Shasta-Tehema-Trinity Joint Community College District, Shasta College, Library Addition—Construction and Equipment

For the preceding two projects, the initial bid efforts resulted in bids substantially in excess of available financing. The districts are redesigning the projects to lower costs and will rebid the projects in 2005-06.

8. Rancho Santiago Community College District, Santiago Canyon College, Science Building—Working Drawings
9. San Francisco Community College District, Mission Center, Mission Center Building—Construction and Equipment
10. West Valley-Mission Community College District, West Valley College, Campus Technology Center—Working Drawings
11. West Valley-Mission Community College District, Mission College, Main Building 3rd Floor Reconstruction—Construction and Equipment

For the preceding four projects, project design, due diligence, and other planning delays have required districts to request a re-appropriation of funding. These delays may call for further approval by authorizing boards and agencies.

12. Santa Barbara Community College District, Santa Barbara City College, Physical Science Renovation—Working Drawings. The estimated project costs are approximately double the authorized state appropriation and the district cannot afford to fund the project cost increase. The Public Works Board cannot approve the preliminary

plans until a new larger construction appropriation is authorized to fund the project. See related Item (6870-301-6028).

In addition, it is requested that Item 6870-490 be amended to re-appropriate funds for the following project phases in Item 6870-301-6028, Budget Act of 2004:

13. Los Angeles Community College District, Los Angeles Pierce College, Infrastructure Correction—Construction
14. Mira Costa Community College District, Mira Costa College, Creative Arts Building Replacement—Construction
15. West Valley-Mission Community College District, West Valley College, Math and Science Building Replacement—Working Drawings

For the preceding three projects, project design, due diligence, and other planning delays have required districts to request a re-appropriation of funding. These delays may call for further approval by authorizing boards and agencies.

In addition, it is requested that Item 6870-490 be amended to re-appropriate funds for the following project phases in Item 6870-301-6041, Budget Act of 2004:

16. Chaffey Community College District, Chaffey College, Health/Physical Science Building Renovation—Working Drawings. The performance of this project is dependent on the design and completion of an adjacent project that will vacate the spaces to be reconstructed by this project. The initial bid effort for the adjacent project resulted in bids in excess of available financing and efforts are underway to value engineer, and bring costs within available financing.
17. Kern Community College District, Porterville College, Library Expansion—Construction and Equipment
18. Palo Verde Community College District, Palo Verde College, Physical Education Complex—Construction and Equipment
19. San Luis Obispo County Community College District, North County Center, Learning Resource Center—Construction and Equipment
20. West Kern Community College District, Taft College, Remodel for Efficiency—Construction and Equipment
21. Copper Mountain Community College District, Copper Mountain College, Multi-use Sports Complex—Construction and Equipment

For the preceding five projects, the request is to re-appropriate the construction and equipment phases of the project. The working drawings are being revised to keep the project within scope and budget as necessitated by escalating construction costs.

22. Los Angeles Community College District, Los Angeles City College, Learning Resource Center—Construction

23. Los Angeles Community College District, Los Angeles Harbor College, Applied Technology Building—Construction and Equipment
24. Los Angeles Community College District, Los Angeles Pierce College, Child Development Center—Construction and Equipment
25. Los Angeles Community College District, West Los Angeles College, Science Complex—Construction and Equipment
26. Los Rios Community College District, American River College, Fine Arts Modernization—Construction
27. Rancho Santiago Community College Campus, Santiago Canyon College, Science Building—Construction
28. San Francisco Community College District, Chinatown Center, Campus Building—Construction and Equipment
29. San Jose-Evergreen Community College District, San Jose City College, Applied Sciences Center—Construction and Equipment
30. Santa Barbara Community College District, Santa Barbara City College, High Technology Center—Working Drawings
31. Sonoma Community College District, Petaluma Center, Petaluma Center Phase II—Construction and Equipment
32. Ventura County Community College District, Moorpark College—Reconstruction of Library Building—Construction and Equipment
33. Victor Valley Community College District, Victor Valley College, Speech/Drama Studio Addition—Construction and Equipment
34. Yosemite Community College District, Modesto Junior College, Auditorium Renovation/Expansion—Construction and Equipment

For the preceding 13 projects, project design, due diligence, and other planning delays have required districts to request a re-appropriation of funding. These delays may call for further approval by authorizing boards and agencies.

Amend Item 6870-496 to revert the following funds from Item 6870-301-6028, Budget Act of 2003, as re-appropriated by Item 6870-490, Budget Act of 2004

1. Mira Costa Community College District, Mira Costa College, Horticulture Project—Construction and Equipment. State funds included in a separate project for campus-wide ADA improvements were exhausted before a ramped sidewalk was constructed to provide access to the Horticulture Complex. The district wants to change the scope of the Horticulture Project to include the ramped sidewalk. However, the existence of sandstone in the soil is requiring further soil tests, which are delaying the project. As a result, further planning is required before the project can proceed to construction. The district is therefore requesting the reversion of construction funding for this project and

approval of a new appropriation that includes the revised scope and budget in the 2005-06 Budget Bill (Item 6870-301-6041 [22]).

In addition, it is requested that Item 6870-496 be amended to revert funds from the following from Item 6870-301-6028, Budget Act of 2004.

2. Santa Barbara Community College District, Santa Barbara City College, Physical Science Renovation—Construction. The cost of the project exceeds the available appropriation. The district does not have the means to fund the additional costs and is seeking a replacement appropriation. See related Item 6870-301-6028.

In addition, it is requested that Item 6870-496 be amended to ~~revert~~ re-appropriate funds from the following from Item 6870-301-6041, Budget Act of 2004.

3. Compton Community College District, Compton College, Performing Arts and Recreation Complex—Construction and Equipment. The estimated costs for the construction and equipment phases of the project exceed the available appropriation. The district is seeking changes to the project scope and will seek a replacement appropriation for the construction and equipment phases of the project in the 2006-07 Budget.

COMMENTS

DOF has advised staff of a change on page 11 of the agenda (page 23 of the April 29th DOF letter) project number six, Compton Community College Performing Arts and Recreational Complex. The correct re-appropriation is for Working Drawings not Construction. Since this is already reflected in the change book, all that is needed is the subcommittee's approval of the re-appropriation for Working Drawings.

There is another requested change on page 14 of the agenda (page 26 of the April 29th DOF letter) project three, also involving the Compton Community College Performing Arts and Recreational Complex. DOF is now requesting a "re-appropriation" of the funds not a "reversion".

According to DOF, the total request is for \$12.3 million for both construction and equipment. These funds have been already appropriated in the *2004 Budget Act* and are within the community colleges allotment of the 2004 Higher Education General Obligation Bond funds. In February 2005, the Chancellor's Office estimated this project was more than 20 percent over budget. Therefore, they requested to revert the funding for construction and equipment, re-scoped the project and planned to request a new larger dollar amount for the 2006-07 budget. However, in March and April, the Compton Community College District was able to get consensus from the district's local Board of Trustees, local bond oversight committee and the community to fund the increased project costs from local bond funds.

Given the recent changes at the local level, instead of the requested reversion of the construction and equipment funds, DOF would like a re-appropriation of the funds.

ITEMS TO BE HEARD

ITEM 6360 COMMISSION ON TEACHER CREDENTIALING (CTC)

ISSUE 1: MAY 13TH DOF LETTER—AMENDMENTS TO VARIOUS BUDGET BILL ITEMS FOR SUPPORT

In a May 13th letter, DOF proposes the following changes to the January 10th budget:

Amendment to Various Budget Bill Items for Support

1. 6360-001-0001, General Fund Augmentation to Address the Commission on Teacher Credentialing's (CTC) Budget Shortfall (Issue 715)

It is requested that this item be added in the amount of \$2.7 million to the CTC. The CTC has a one-time structural imbalance between expenditures and revenues in both its Teacher Credentials and Test Development and Administration Account Fund. This augmentation will allow the CTC to continue to work on a more comprehensive solution to its budget imbalance.

2. 6360-001-0407, Federal Title II Reimbursement Carryover for the Cross Cultural Competency Study (Issue 672)

It is requested that this item be amended by adding Reimbursements of \$76,000 to provide carryover authority to complete the Cross Cultural Competency Study pursuant to Chapter 817, Statutes of 2003 (AB 53).

3. 6360-001-0407, Expenditure Reductions in the Teacher Credentials Fund (Issue 712)

It is requested that this item be decreased by \$580,000 and 1.0 CEA I position to reflect the CTC's proposed reductions to partially address its budget shortfall. These reductions do not require statutory change and largely include reductions in printing and other operations and equipment reductions. These reductions do not impact the CTC's ability to meet their statutory duties.

4. 6360-001-0408, Expenditure Reductions in the Test Development Administration Account, (Issue 710)

It is requested that this item be decreased by \$5,835,000. This includes a reduction of \$5.74 million from Operating Expenses and Equipment and the transfer of one Consultant position and \$74,000 from the Professional Services Administration Unit to the Professional Services Exams Unit. The CTC requests this adjustment due to the transition in fiscal year 2004-05 to "Revenue Only" contracts with their exam administrators. CTC will now collect only its portion of the revenue, whereas in the past, it collected both the CTC's and the contractor's portion of exam revenues. Further, this request also includes \$165,000 of other minor operations reductions the Commission adopted to partially address their budget shortfall. These reductions should not impact their ability to meet their statutory duties.

ITEM 6440 UNIVERSITY OF CALIFORNIA (UC)

ISSUE 1: MAY 13TH DOF LETTER---ADDITION OF FUNDS FOR THE MATH AND SCIENCE INITIATIVE

In a May 13th letter, DOF proposes the following changes to the January 10th budget:

Add Funding for the Math and Science Initiative (Issue 003)—It is requested that Item 6440-001-0001 be increased by \$750,000 to provide funding for six Math and Science Resource Centers to implement a Math and Science Initiative pursuant to the Higher Education Compact. The Initiative will improve the supply and quality of math and science teachers in California to enable the State and its industries to remain competitive in an economy that is increasingly reliant on science, technology, engineering and mathematics.

It is further requested that Provision 21 be added:

21. Of the amount provided in Schedule (1), \$750,000 is appropriated for math and science resource centers to improve the quality and supply of science and mathematics teachers.

ITEM 6610 CALIFORNIA STATE UNIVERSITY (CSU)**ISSUE 1: MAY 13TH DOF LETTER---ADDITION OF FUNDS FOR THE MATH AND SCIENCE INITIATIVE**

In a May 13th letter, DOF proposes the following changes to the January 10th budget:

Add Funding for the Math and Science Initiative (Issue 003)—It is requested that Item 6610-001-0001 be increased by \$250,000 to provide funding to enable California State University (CSU) to work with the University of California (UC) to coordinate development of curriculum and services for four-year blended credential programs for math and science majors at CSU campuses to complement UC's effort to improve the number and quality of math and science teachers.

It is further requested that Provision 8 be added:

8. Of the amount provided in Schedule (1), \$250,000 is appropriated to enable CSU to work with the University of California (UC) to coordinate development of curriculum and services for four-year blended credential programs for math and science majors at CSU campuses to complement UC's effort to improve the number and quality of math and science teachers.

ITEM 7980 CALIFORNIA STUDENT AID COMMISSION (CSAC)**ISSUE 1: MAY 13TH DOF LETTER—AMENDMENTS TO VARIOUS BUDGET BILL ITEMS**

In a May 13th letter, DOF proposes the following changes to the January 10th budget:

Amendment to Budget Bill Item 7980-001-0784, and Reimbursements, Support

- 1. Add Funds to Enhance the Grant Delivery System (Issue 002)**—It is requested that Item 7980-001-0784 be increased by \$1,569,000 and 2.5 two year limited-term positions to provide resources to enhance the Grant Delivery System, which will enable the California Student Aid Commission (Commission) to provide real-time Cal Grant award information and status to students and higher education institutions.

Staff is skeptical of any IT project for which the state requests funding. These projects have always ended up being more costly than originally projected and they take longer to implement than the timeline originally established.

In addition, members are expected to make a funding allocation decision without having the time for any thoughtful consideration of the request. This is the first time that committee staff has heard of this project.

- 2. Increase Staffing for the Customer Service Call Center (Issue 003)**—It is requested that Item 7980-001-0784 be increased by \$150,000 for a limited-term temporary help blanket for two years to provide customer service on inquiries about Cal Grant awards.

The Commission needs a temporary position to be filled to help out during "peak" times such as when students call the Commission with questions close to Cal Grant deadlines.

- 3. Increase Reimbursement Authority for the Chafee Foster Youth Program (Issue 010)**—It is requested that Item 7980-001-0784 be amended by increasing Reimbursements by \$200,000 for state operations of the Chafee Foster Youth Program. Funding for this request results from an interagency agreement between the Commission and the Department of Social Services (DSS), which received additional federal funds for this program.

Amendment to Budget Bill Item 7980-101-0001, Local Assistance

- 4. Increase Funding of Cal Grant Costs in 2005-06 (Issue 005)**—It is requested that Item 7980-101-0001 be increased by \$15,665,000 to reflect revised estimates by the Commission as to the amount of funding required for the Cal Grant Entitlement Program in 2005-06.

Increase the Student Loan Operating Fund (SLOF) Funding Shift for Cal Grant Costs in 2005-06 (Issue 007)—It is requested that Item 7980-101-0001 be decreased by \$16,000,000 and Reimbursements be increased by \$16.0 million to reflect an increase in the proposed shift in fund source from General Fund to the Commission's Student Loan Operating Fund surplus.

It is further requested that Provision 7 be amended:

"7. The amount listed in Schedule (2) of this item includes ~~\$35,000,000~~ \$51,000,000 in one-time funds received from the Student Loan Operating Fund, for expenditure within the Cal Grant Program.

~~No state General Fund moneys shall be used for The Cal Grant programs until such time as the \$35,000,000 in reimbursements received from The Student Loan Operating Fund have been fully expended.~~

The state's General Fund shall be reimbursed for Cal Grant expenditures as follows: a) \$35,000,000 no later than 30 days after the 2005-06 Cal Grant fall term advance payments have been issued; and b) \$16,000,000 as determined jointly with the Department of Finance to ensure the availability of cash within the Student Loan Operating Fund.

It is the intent of the Legislature that funding provided by the Student Loan Operating Fund for the Cal Grant programs be short-term in nature until such time as the state's fiscal situation improves to allow these programs to be funded wholly or in part by the state General Fund."

5. Defer National Guard Assumption Program of Loans for Education (APLE) Warrants to 2006-07 (Issue 006)—It is requested that Item 7980-101-0001 be decreased by \$200,000 to reflect a technical adjustment to defer funding until 2006-07 to allow for the development and adoption of necessary regulations, which would delay the funding need for one year.

It is further requested that Provision 1. (b) be amended:

~~"(b) \$200,000 is intended to fund no~~ No more than 100 grant awards in warrants shall be authorized for the National Guard Assumption Program of Loans for Education under Article 12.5 (commencing with Section 69750) of Chapter 2 of Part 42 of the Education Code. These funds shall remain available through 2006-07. It is the intent of the Legislature to provide no more than \$200,000 in 2006-07 for the additional warrants."

6. Increase APLE Warrants for Math and Science Teachers (Issue 008)—It is requested that provisional language be added to Item 7980-101-0001 to authorize the Commission to issue 350 additional APLE warrants to be awarded as determined by the public universities as part of the Math and Science Initiative to increase the supply of highly qualified public school math and science teachers. (See Addendum for proposed trailer bill language.)

It is further requested that Provision 9 be added:

9. The commission shall authorize no more than 350 loan assumption warrants for students who are enrolled in math and science teacher training programs as determined by

the public university systems, pursuant to legislation to be enacted during the 2005-06 Regular Session.

- 7. Restore Reduction for Cal Grant Awards at Private Universities (Issue 009)**—It is requested that Item 7980-101-0001 be increased by \$7,459,000 to reflect a restoration of the proposed reduction to the maximum Cal Grant awards for first-time students attending private universities and colleges. This action would restore the grant level to \$8,322.

It is further requested that Provision 4.(c) be amended:

"4. Notwithstanding any other provision of law, the maximum award for:
(c) New recipients attending private and independent institutions shall be ~~\$7,449~~ \$8,322."

- 8. Increase Reimbursement Authority for the Chafee Foster Youth Program (Issue 011)**—It is requested that Item 7980-101-0001 be amended by increasing Reimbursements by \$7,619,000 for local assistance of the Chafee Foster Youth Program. Funding for this request results from an interagency agreement between the Commission and the DSS, which received additional federal funds for this program.

CURRENT YEAR CHANGES

Local Assistance:

The following is informational, and does not affect the Budget Bill:

- 9. 7980-101-0001, Increase Funding for Cal Grant Costs in 2004-05 (Issue 005)**—This item is being increased by \$9,173,000 to reflect revised estimates by the Commission as to the amount of funding required for the Cal Grant Entitlement Program in 2004-05.

PRIOR YEAR CHANGES

Local Assistance:

It is also noted that \$14.0 million additional savings has been identified from prior year estimates.