

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

### Part II

Assembly Member Mervyn Dymally, Chair

MONDAY, MAY 22, 2006 2:00 PM  
STATE CAPITOL, ROOM 447

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### ITEMS TO BE HEARD

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## ITEMS TO BE HEARD

### ITEM 6110 DEPARTMENT OF EDUCATION

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#### ISSUE 1: CSIS/CALPADS – RE-OPEN

The issue for the subcommittee to reconsider is an earlier action regarding the Governor's May Revise proposal for CSIS and CALPADS.

#### BACKGROUND:

**May Revise proposal for "CSIS light".** The Governor's May Revise contains a number of augmentations to help facilitate and accelerate the implementation of CALPADS. Specifically, the Governor proposes that all districts not currently part of CSIS be given the opportunity to join a less intensive version of CSIS that would provide them with the main improvements in information technology system that are usually associated with CSIS. The Governor proposes a number of augmentations to implement this new version.

- 1) Additional Prop. 98 and other funding to implement "CSIS light" in non-CSIS districts.** The Governor's May Revise proposes additional funds for districts that are not currently participating in CSIS to join a less intensive version of CSIS, intended to prepare them for participation in CALPADS. The administration, the LAO and CDE all note that one of the benefits of CSIS for districts is the improvement it brings to districts' information technology and data systems, including hardware and software improvements. The proposed "CSIS light" program would provide the regular incentive funding of \$8.53 per pupil, but would only help districts improve their systems and do records transfer, and would not go so far as doing electronic reporting of state-requested reports, which are also the goals of CALPADS. The May Revise letter contains the following description of the proposal:

#### **6110-101-0349, Local Assistance, California School Information Services (CSIS) (Issue 649)**

It is requested that this item be increased by \$15,093,000. This increase will allow \$31.0 million [(\$20.0 million from the Educational Telecommunications Fund and \$11.0 million from 2005-06 Proposition 98 General Fund (see discussion of 2005-06 below)] to be allocated to school districts that voluntarily opt to join a less intensive version of CSIS designed to assist districts in establishing the hardware/software and data management process necessary for a smooth transition to CALPADS in 2008. The funding will be allocated using the existing statutory CSIS funding rate and will be appropriated for expenditure over a two-year period.

It is further requested that provision 3 be deleted.

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

*X. Of the funds appropriated in this item, \$20,000,000 is available for expenditure by June 30, 2008 to provide funds to districts that have not previously received funding through the California School Information Services (CSIS). Funds will be allocated pursuant to Education Code Section 49084 for activities consistent with an implementation plan developed by CSIS, to be jointly approved by the Department of Finance, the Office of the Secretary for Education, and the Legislative Analyst's Office.*

- 2) Additional state operations for CSIS to implement a "CSIS-light"** The Governor's May Revise provides additional funds to CSIS to implement this new version. The LAO believes this funding is insufficient to fully implement this proposal, and proposes to add \$500,000 to this amount. The following is the excerpt from the May Revise letter on this issue:

**6110-140-0001, Local Assistance, California School Information Services (CSIS) (Issue 560)**

It is requested that this item be increased by \$545,000 to reflect the first year of support for a three-year plan to transition all districts to the California Longitudinal Pupil Achievement Data System (CALPADS). These funds will support six positions and increased administration costs due to increased workload associated with working with districts that voluntarily opt to join a less intensive version of CSIS. This version will be designed to assist districts in establishing the hardware/software and data management processes necessary for a smooth transition to CALPADS in 2008. It is anticipated that all districts will be completed in the next three years.

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

*X. Of the funds appropriated in Schedule (2) of this item, \$545,000 is available on a three-year limited-term basis to support positions and administrative costs associated with the implementation plan developed pursuant to Provision 5 of Item 6110-101-0349.*

- 3) Additional equipment for CSIS to implement a "CSIS-light"** The May Revise includes one-time current year funds for CSIS to implement this new version.

**6110-650-0001, Local Assistance, California School Information Services (CSIS) (Issue 561)**

It is requested that this item be increased by \$533,000 to provide one-time funds for hardware and software costs in order to expand capacity associated with working with districts that voluntarily opt to join a less intensive version of CSIS. This version will be designed to assist districts in establishing the hardware/software and data management processes necessary for a smooth transition to CALPADS in 2008.

**4) Technical correction -- 6110-001-0001, State Operations, Statewide Student Identifier Maintenance Program (Issue 651)**

It is requested that this item be increased by \$53,000 for an additional 0.5 positions for support and administration of the Student Identifier Acquisition and Maintenance program. DOF indicates that this augmentation corrects an inadvertent error by which this funding was left out of the 2006-07 budget.

**COMMENTS:**

**Consensus on CSIS-light proposal.** There is general consensus between the LAO, the administration and CDE on the above pieces to implement this CSIS-light proposal. Prior to May Revise, the subcommittee heard the issue of CALPADS and requested that the administration come up with a plan for CALPADS implementation. As a result of this request by the subcommittee, representatives of the administration met with the LAO and CDE to develop this "CSIS light" proposal to facilitate CALPADS implementation.

However, the three parties do not have consensus on an additional proposal put forward by CDE and LAO to provide school districts with additional funds to help them collect the data necessary for CALPADS. CDE is recommending that districts be provided with an additional \$5 per pupil to collect this data, at a cost of \$30 million. LAO is recommending \$2.50 per pupil to collect this data, at a cost of \$15 million. The administration did not include any additional funding for this concept in the May Revise. The subcommittee took no action on this disputed proposal at the last hearing.

**LAO recommendation on the above proposals.** At an earlier hearing, the subcommittee adopted all of the above May Revise proposals to implement the administration's "CSIS-light" proposal to facilitate implementation of CALPADS. The LAO and staff recommend that the subcommittee shift \$500,000 from the local assistance portion of the "CSIS-light" May Revise proposal (in #1 above), and redirect it to CSIS' state operations (in #2 above) to provide it with more staff to implement the proposal. In addition, staff recommends minor changes to the May Revise budget bill language, as follows:

X. Of the funds appropriated in this item, \$20,000,000 is available for expenditure by June 30, 2008 to provide funds to districts that have not previously received funding through the California School Information Services (CSIS). Funds will be allocated pursuant to Education Code Section 49084 for

activities consistent with an implementation plan developed by CSIS, to be jointly approved by the Department of Education, the Department of Finance, and the Office of the Secretary for Education, and in consultation with the Legislative Analyst's Office.

The first change would include CDE in the list of departments required to approve the plan. The other change was requested by the LAO to ensure that

**ISSUE 2: MISCELLANEOUS FEDERAL ADJUSTMENTS**

The issues for the subcommittee to consider are several May Revise and April DOF letter proposals to spend federal one-time carryover funds.

**BACKGROUND:**

The Governor's May Revise and April DOF letters contain the following proposals for either additional federal funds or carryover funds:

1. **April DOF letter regarding adult education carryover/reduction in grant award.** The April DOF letter proposes the following changes:

It is requested that this item be increased by \$3,281,000. This includes a reduction of \$761,000 to conform federal expenditure authority with available grant funding and an increase of \$4,042,000 to reflect one-time carryover funding to support additional adult education activities, including investments in data and software systems to comply with new federal adult education reporting requirements.

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

1. *Of the funds appropriated in this item, \$4,042,000 is one-time carryover available for the support of additional adult education instructional activities, and may be used by local providers to upgrade data collection and other software systems to ensure compliance with federal adult education reporting requirements as specified in Public Law 109-077 [119 Stat. 2037].*

2. **May Revise issue regarding increased federal AP Fee Waiver funds.** The Governor's May Revise includes the following adjustment to reflect an increase in the availability of these federal funds to help offset the costs of taking Advanced Placement tests for economically disadvantaged students:

**6110-240-0890, Local Assistance, Advanced Placement Fee Waiver Program (Issue 912)**

It is requested that this item be increased by \$2,426,000 due to increased pupil participation and increased federal funding. The funding will be used to reimburse school districts that waived a portion of Advanced Placement test fees for eligible economically-disadvantaged students.

3. **May Revise issue regarding increased federal child nutrition funds.** The Governor's May Revise includes the following adjustment to reflect the increased availability of federal child nutrition funds, due to growth in the program:

**6110-201-0890, Local Assistance, Child Nutrition Program (Issues 911 and 919)**

It is requested that this item be increased by \$10.0 million due to anticipated growth of the Child Nutrition Program. The SDE estimates a 3 percent increase in the number of meals served in California schools between 2005-06 and 2006-07. LEAs will be reimbursed for meals served through this federal entitlement program.

4. **Reduction in federal 21<sup>st</sup> century after school funds.** The May Revision includes a reduction of \$654,000 to reflect a decrease in the federal 21<sup>st</sup> Century grant of \$6.3 million and an increase of available carryover funds of \$5.6 million. (Issue 328)

**ISSUE 3: MAY REVISE PROPOSAL TO USE FEDERAL VOC ED CARRYOVER FOR CAREER-TECH PROPOSAL**

The issue for the subcommittee to consider is a May Revise proposal to use federal vocational education carryover for a one-time use related to the Governor's career-technical education proposals.

**BACKGROUND:**

The Governor's May Revise contains the following proposal to spend \$11.4 million in one-time federal vocational education carryover. The funding must be spent on vocational education uses consistent with the requirements of federal law. The Governor proposes to spend it on a purpose related to his overall career technical education initiative.

**6110-166-0890, Local Assistance, Federal Vocational Education Funding (Issue 582)**

It is requested that this item be increased by \$11,428,000 to reflect the availability of one-time federal carryover funding. This one-time funding will support additional vocational education activities, including those that complement the Governor's Career Technical Education Initiative.

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

*X. Of the funds appropriated in this item, \$11,428,000 is a one-time carryover. These funds shall be used during the 2006-07 academic year to support additional vocational education instructional activities, with first priority given to supporting curriculum development and articulation of K-12 tech prep programs with local community college economic development and vocational education programs in an effort to incorporate greater 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.*

**COMMENTS:**

Is this proposal related to a bill in any way?



<b>ISSUE 4: GOVERNOR'S PROPOSAL TO REDIRECT FEDERAL CARRYOVER TO PROGRAM IMPROVEMENT SCHOOLS</b>
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The issue for the subcommittees to consider is the Governor's proposal to re-direct federal carryover from several existing programs to a new one-time program to help program improvement schools.

<b>BACKGROUND:</b>
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The Governor's May Revise continues the January 10 proposal to redirect federal carryover from four programs to a new program to assist program improvement schools. The May Revise adjusts the amounts of federal carryover redirected to the Governor's proposal to reflect an additional \$10 million in federal migrant education carryover available to redirect. The amounts included in his proposal are included in the table below.

**Federal carryover funds contained in Governor's Program Improvement Proposal**

<b>Federal Program</b>	<b>Amount of carryover</b>
Title I basic program	\$24.3 million
Title I set-aside for school improvement	\$22.3 million
Comprehensive School Reform Demonstration Grants	\$16.2 million
Migrant Education (with additional \$10 m.)	\$29.2 million
<b>Total</b>	<b>\$92 million</b>

The proposed budget bill proposes that the funds be available on a one-time basis to "increase the capacity of schools and districts identified as program improvement under the federal *No Child Left Behind Act* to assist their students in attaining academic proficiency." CDE would have to submit an expenditure plan and have it approved by the Department of Finance, before the funds could be expended. Also, the proposed budget contains language specifying that migrant education funds would have to be expended by locals in a manner consistent with federal requirements and existing plans for migrant education funds, which are agreed to by districts and regional migrant education centers.

**Subcommittee's action to date.** At an earlier hearing, the subcommittee voted to re-appropriate all available federal carryover funds from the Migrant Education and Comprehensive School Reform Demonstration Programs back into the original program. It left open whether the Migrant Education carryover funds should be spend on the CDE's alternative proposal for the carryover. It also did not act on the other sources of carryover: Title I and Title I set-aside.

**COMMENTS:**

**CDE proposal for carryover.** The CDE proposes that the \$29.2 million in Migrant Education carryover be available for a number of one-time uses targeted at migrant students in program improvement schools and "priority for service" migrant students in non-PI schools ("priority for service" are students whose education has been disrupted during the school year and who are most at risk of not meeting state standards). These one-time purposes include:

- Extended day and week programs that focus on English language arts and math (\$9.6 million)
- Extended day and week programs that focus on passage of the CAHSEE (\$3.84 million)
- Mentoring and other support services (\$1.92 million)
- Parental involvement and parent education (\$1.92 million)
- Professional development (\$960,000)
- Instructional technology (\$960,000)
- Comprehensive needs assessment activities (\$75,000)
- Program evaluation (\$500,000)
- Regional and statewide identification and recruitment training and related activities (\$225,000)
- Coordination to promote articulation and instructional continuity between sending and receiving school districts (\$250,000)
- Preschool and out-of-school youth services (\$2,030,000)
- Summer and intersession academic enrichment programs (\$6,250,000)
- Migrant Education Student Information System (\$670,000)

**ISSUE 5: NEW MAY REVISE PROPOSALS NOT YET HEARD (INFORMATION ONLY)**

The issues for the subcommittee to consider are several new medium-sized May Revise proposals that the subcommittee has not yet heard.

**BACKGROUND:**

Last week the subcommittee heard the Governor's major new May Revise proposals on an information-only basis. The following are other new May Revise proposals of more modest size:

- 1. Ongoing funds – National Board Certification.** The Governor's May Revise contains the following proposal with ongoing funds:

**6110-195-0001, Local Assistance, Teacher Incentives National Board Certification (Issue 515)**

It is requested that this item be increased by \$5.0 million to pay up to \$1,000 of the fee for teachers interested in seeking National Board Certification, with priority for teachers in High Priority Schools. National Board for Professional Teaching Standards certification is a voluntary program, which requires teachers to pass rigorous standards and assessments. Certification currently costs \$2,500, with federal funds covering half the fee. This funding will reduce fees to only \$250 for up to 5,000 teachers.

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

*X. Of the funds appropriated in this item, \$5,000,000 shall provide up to \$1,000 per teacher in fee support for teachers seeking National Board for Professional Teaching Standards certification. Priority shall be given to teachers in High Priority Schools. To the extent any federal funds available for the offset of fees for National Board for Professional Teaching Standards certification become unavailable or are insufficient to meet demand, the funds in this item may be used to provide up to \$2,250 per teacher.*

- 2. Ongoing funds—Child Oral Health Assessment.** The Governor's May Revise proposes to use \$4.4 million in ongoing funds to pay for a new requirement that students have a dental assessment before entering school, as follows:

**6110-268-0001, Child Oral Health Assessments Program (Issue 921)**

It is requested that item 6110-268-0001 be added for the costs to schools of enforcing new child oral health assessment requirements. Parents with children entering Kindergarten will be required to present proof that their child received an oral health assessment by a licensed dentist, or other licensed or registered dental health professional.

It is further requested that Budget Bill language be added, as follows:

6110-268-0001—*For local assistance, Department of Education (Proposition 98),*  
*Child Oral Health Assessments Program*  
 .....4,400,000

*Provisions:*

1. *Of the amount appropriated in this item, \$4,400,000 to be allocated to local educational agencies to offset the costs of enforcing child oral health assessment requirements and is contingent upon legislation being enacted during the 2005-06 Regular Session that requires parents to present proof that their child received an oral health assessment by a licensed dentist, or other licensed or registered dental health professional.*
3. **One-time funds -- Retiree Health Benefit Obligations.** The May Revise contains the following proposal to pay for districts' costs of developing plans to pay off liabilities related to retiree health benefits:

**6110-650-0001, Local Assistance, Retiree Health Benefit Obligations (Issue 150)**

It is requested that this item be increased by \$10.0 million to require districts that have outstanding long-term obligations to fund health benefits for retirees to produce a plan for meeting those obligations. It is also requested that county superintendents be reimbursed for reviewing these plans as part of the budget adoption process.

4. **One-time funds – Healthy Start.** The May Revise contains the following proposal to continue the Healthy Start program:

**6110-650-0001, Local Assistance, Healthy Start (Issue 326)**

It is requested that this item be increased by \$10.0 million for the Healthy Start Program to provide operational and collaborative planning grants to be awarded during 2006-07.

5. **One-time funds – School Breakfast Startup and Expansion.** The May Revise contains the following augmentation to expand the program:

**6110-650-0001, Local Assistance, School Breakfast Startup and Expansion Grants (Issue 915)**

It is requested that this item be increased by \$3.0 million in one-time funds due to an increase in the number of school breakfast startup and expansion grant applications from charter schools and California Fresh Start Pilot Program participants.

6. **One-time funds -- Mathematics Teacher Pilot Program.** The May Revise contains the following augmentation for a new program to increase the number of math teachers:

**6110-650-0001, Local Assistance, Mathematics Teacher Pilot Program  
(Issue 652)**

It is requested that this item be increased by \$1.8 million to provide one-time funding for competitive grants to three county offices of education for the establishment of the Mathematics Teacher Pilot Program. The pilot will last for two years. These funds will be used to: 1) build on, and engage in, efforts that reinforce objectives to increase the number of new secondary-level math teachers needed to eliminate the current and projected shortage of qualified secondary-level math teachers and increase the likelihood that they will remain in the teaching profession; 2) improve and raise the capacity of secondary level teachers who teach mathematics through focused professional development that ensures that professional development is aimed at improving their ability to convey rigorous content and motivate students toward careers in teaching mathematics; 3) ensure that the professional development for these teachers also addresses the needs of students who are struggling to meet proficiencies required to pass the mathematics portion of the California High School Exit Exam; and 4) monitor and report on the results of the pilots so they can serve as models for replication in other service areas throughout the state.

**COMMENTS:**

Last week, the subcommittee heard the Governor's major new May Revise proposals on an informational basis as well.

**ISSUE 6: RE-APPROPRIATIONS OF UNUSED FUNDS FROM LAST YEAR**

The issue for the subcommittee to consider are two May Revise proposal to re-appropriate unused funds for the same purpose as last year.

**BACKGROUND:**

The Governor's May Revise proposes the following technical changes to re-appropriate funds that were appropriated for specific purposes in last year but went unused:

1. **Contracting related to Proposition 63.** The Governor's May Revise proposes to re-appropriate \$289,000 in Prop. 63 funds that were provided to CDE in last year's budget for Prop. 63-related activities, but went unused. The Governor proposes to re-appropriate the funds for the same purpose, as follows:

It is requested that \$289,000 in funds appropriated in Item 6110-001-3085 of the Budget Act of 2005 be reappropriated. These funds were intended to allow the SDE to provide contracting services to LEAs pursuant to the Mental Health Services Act (Proposition 63). Due to timing issues, the funds will not be spent in fiscal year 2005-06 and are intended to be reappropriated for the same purposes in 2006-07.

It is requested that 6110-491 be added as follows:

*6110-491—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, in those appropriations, and shall be available for encumbrance or expenditure until June 30, 2007:*

*1. Item 6110-001-3085, Budget Act of 2005 (Ch. 38/39, Stats. 2005). Of the funds appropriated in this item, \$289,000 are made available for the 2006–07 fiscal year, for the purpose of fulfilling contracting services with local education agencies pursuant to the Mental Health Services Act (Proposition 63).*

2. **School Business Official Training.** The Governor's May Revise proposes to re-appropriate \$1.050 million that was provided in last year's budget for the training of school business officials, as follows:

It is requested that funding provided in schedule (4) of Item 6110-485 of the Budget Act of 2005 be reappropriated. These funds were intended to fund training of school business officials, pursuant to Chapter 357, Statutes of 2005 (SB 352). Given the time required to develop standards and regulations, it is unlikely that any funds will be expended in 2005-06. Extending the authority for expenditure of these funds through the 2006-07 will allow the SDE to provide

training for an estimated 350 school business officials beyond what will be provided pursuant to schedule (7) of Item 6110-485.

It is requested that provision 2 be added to a new item 6110-491, as follows:

*2. Schedule (4) of Item 6110-485, Budget Act of 2005 (Ch. 38/39, Stats. 2005). Funds appropriated in this item are made available for the 2006-07 fiscal year, subject to the provisions of the appropriation.*

<b>COMMENTS:</b>
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Staff notes that the Governor's budget contains an another \$1.05 million in Proposition 98 reversion account funds for the school business official training program. Last year's \$1.05 million was intended to train one third of all officials. The above May Revise proposal to re-appropriate last year's funds for this purpose would mean a total of \$2.1 million for this program, which is supposedly enough to train two-thirds of all officials. Can CDE train this great proportion of officials in the budget year, given that it was unable to distribute any of the money last year?

**ISSUE 7: TECHNICAL ADJUSTMENT TO CAL-SAFE PROGRAM**

The issue for the subcommittee to consider is a technical adjustment to the Cal-SAFE program.

**BACKGROUND:**

The Governor's May Revise proposes the following technical adjustment to the Cal-SAFE program, which provides services to pregnant and parenting teens and their children:

**Item 6110-198-0001, Adjust California School Age Families Education Program (CalSAFE) Schedules (Issue 324)**

It is requested that the schedules within this item be adjusted to address a \$1.0 million surplus in the All Services for Non-converting Pregnant Minors Programs schedule and a \$1.0 million shortfall in the CalSAFE Academic and Supportive Services schedule. Total funding for this program will not be affected as funds will be transferred from the All Services for Non-converting Pregnant Minors Programs schedule to the CalSAFE Academic and Supportive Services schedule.



**ISSUE 8: CONTROL SECTION 24.30 -- SCHOOL FACILITIES AID PROGRAM**

The issues for the subcommittee to consider are the Governor's May Revise proposed changes to control section 24.30, which the subcommittee deleted at an earlier hearing.

**BACKGROUND:**

**May Revise proposed changes to the control section.** The Governor's May Revise proposes changes to control section 24.30, which the subcommittee deleted at an earlier hearing. The control section used to allow the transfer of fee revenue from the State Relocatable Classroom Program into the General Fund, until the State Allocation Board determined that it had ultimate authority over these funds. The May Revise proposal is as follows:

It is requested that Control Section 24.30 be revised to indicate both excess rental and sales income from the State School Building Aid Fund be transferred to the General Fund for the purpose of retiring General Obligation bond debt. The inclusion of sales revenue corrects an inadvertent omission in the Governor's Budget and the specification to retire General Obligation bond debt reflects a policy change that would also have the effect of contributing positively to the state's General Fund balance (Issue 001).

Revisions to Section 24.30 are proposed as follows:

SEC. 24.30. (a) Notwithstanding any other provision of law, the Controller, upon order of the Director of Finance, shall transfer rental and sales income received in the 2006-07 fiscal year 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 for the purpose of retiring General Obligation bond debt. The Director of Finance may allocate this amount through executive order as necessary to achieve this purpose.

(b) In addition, notwithstanding any other provision of law, the Controller, upon order of the Director of Finance, shall transfer the unencumbered funds deposited pursuant to Section 16235 of the Education Code, from the State School Building Aid Fund to the General Fund not later than June 30, 2007 for the purpose of retiring General Obligation bond debt. The Director of Finance may allocate this amount through executive order as necessary to achieve this purpose.

**May Revise informational item.** The Governor's May Revise letter contains the following information regarding operational costs for the School Facilities Aid program budget, as well as revised estimates of the amount of revenue that would be transferred to the General Fund, if the control section were to remain in tact:

Both the revenues from the lease or sale of State Relocatable Classroom Program (SRCP) buildings and the costs associated with administering the program by the Office of Public School Construction (OPSC) affect the estimated amount of transfer to the General Fund pursuant to Control Section 24.30. The OPSC has recently revised their estimates of revenue and operational costs of current and budget years that result in estimated changes in the amount of transfer for both years. The following information reflects both changes in operational expenditures represented in the School Facilities Aid program budget, as well as revised revenue and transfer estimates for both the SRCP and Migrant Housing Program and are provided for your information.

### **Budget Year – Item 6350-601-0739 (Issue 006)**

The attached worksheet for the School Facilities Aid program budget reflects the estimated reduction in OPSC's operational costs of almost \$1.6 million for administering the SRCP from a total cost of \$9.4 million in January to a revised cost of \$7.9 million as recently determined by the OPSC, consistent with the informational item presented at the April 26, 2006 State Allocation Board meeting. The OPSC has also revised their revenue estimate for lease and sale of SRCP portables expected in the budget year from \$25.2 million in January to \$23.7 million. Expected revenue from the proposed transfer of excess funds in the Migrant Housing Program remains the same as the January estimate of \$3.4 million. Thus, the projected amount of funds excess to the operational needs of the OPSC that would be transferred to the General Fund for retirement of debt changes from \$17.6 million in January, to \$17.7 million for the May Revision.

### **Current year**

While there are no revisions to OPSC's current year operational costs for May, OPSC has provided updated information that revises the SRCP revenue estimate from \$28.4 million assumed in January to \$24.0 million, consistent with the informational item presented at the April 26, 2006 State Allocation Board meeting. The revised revenue estimates therefore result in a reduction in the estimated amount of transfer to the General Fund from \$24.1 million to \$19.7 million in the current year.

<b>COMMENTS:</b>
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**Trailer bill needed to transfer income from the migrant housing program.** The Governor's January 10 budget proposed to amend control section 24.30 to allow for transfer of unencumbered funds from the Migrant Housing Program to the General Fund. According to the administration, the Migrant Housing Program has been inactive for several years, because the needs of districts serving migrant students have been addressed by other state school facility programs. Staff believes that trailer bill

language is needed to allow the transfer of the unencumbered funds from the Migrant Housing Program to the state facilities program.