

# Agenda Pages 1-7

## Proposition 98 K-12 Package

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

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## Proposition 98 K-12 Package

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

**Agenda Pages 8 and 9**  
**Staff Compromise**  
**Federal Program Improvement Package**

**ACTION: Approve Staff Compromise.** 1) Appropriate \$165 million ongoing and one-time Title I Set-Aside funds per the Title I Basic Grant formula. 2) Allocate \$403 million School Improvement Grant (SIG) funds pursuant to legislation. 3) Provide \$18 million for existing Corrective Action Program. 4) Provide \$10 million for the Statewide System of School Support and 5) Provide \$300,000 for corrective action program evaluation.

	2009-10 (in millions)		
	SIG	Title I Set- Aside	Total
<b>Funding</b>			
Ongoing	\$62	\$65	\$127
One-time (Carryover & ARRA)	359	110	469
Totals	421	175	596
<b>Expenditures</b>			
Title I Basic Grant Allocation		\$165	\$165
Pursuant to Legislation	\$403		\$403
Corrective Action Program	18	0	18
Statewide System of School Support	0	10	10
Evaluation	0	0.3	0.3
Totals	\$421	175	596
Carryover	\$0	0	\$0

**BUDGET CONFERENCE COMMITTEE  
EDUCATION VOTE ONLY ITEMS  
ROUND 2**

#	Item/Issue No.	Issue	Description	May Revise	Comments	Proposed Action
<b>TECHNICAL PROPOSITION 98 ADJUSTMENTS</b>						
<b>2008-09 Fiscal Year</b>						
1	6110-601-0001	161	May Revise Proposal. School District Apportionments. Growth and Local Property Tax offsets	10,995,000	\$10,995,000 for increases in average daily attendance, Public Employee's Retirement System offset costs and Unemployment Insurance reimbursements	Approve May Revision proposal, but conform to revenues adopted by Conference Committee.
2	6110-601-0001	164	May Revise Proposal. School District Apportionments. Growth and Local Property Tax offsets	241,204,000	\$241,204,000 due to a reduction in offsetting local revenue estimates	Approve May Revision proposal, but conform to revenues adopted by Conference Committee.
3	6110-608-0001	663, 664, 665, 667	May Revise Proposal. County Offices of Education Apportionments - Growth Adjustments and Local Property Tax Offset	21,680,000	Non-Budget Act-continuous appropriation.	Approve May Revision proposal, but conform to revenues adopted by Conference Committee.
4	6110-671-0001	672	May Revise Proposal. Charter School Block Grant- increase funding for EIA portion	8,267,000	\$8,267,000 to backfill the 15.4 percent cut that was inadvertently applied to the Economic Impact Aid component of the Charter School Categorical Block Grant.	Approve May Revision Proposal
<b>2009-10 Fiscal Year</b>						
5	6110-161-0001	566	May Revise Proposal. Special Education Adjustment for Property Tax adjustments	29,438,000	Increased by \$29,438,000 Proposition 98 General Fund to reflect property tax adjustments. See attached for conforming language.	Approve May Revision proposal, but conform to revenues adopted by Conference Committee.
6	6110-161-0890	567	May Revise Proposal. Local Assistance, federal Special Education IDEA part B funds	21,255,000	Increase in federal IDEA part B funds to reflect increase in grant award. See attached for provisional language.	Approve May Revision Proposal
7	6110-601-0001	161, 163, 172	May Revise Proposal. 2009-10 Growth Adjustments and Local Property Tax Offset Adjustments	1,087,817,000	Non-Budget act: continuous appropriation	Approve May Revision proposal, but conform to revenues adopted by Conference Committee.

**BUDGET CONFERENCE COMMITTEE  
EDUCATION VOTE ONLY ITEMS  
ROUND 2**

#	Item/Issue No.	Issue	Description	May Revise	Comments	Proposed Action
8	6110-608-0001	172, 669, 670, 671	May Revise Proposal. Local Assistance, County Offices of Education Apportionments - Growth Adjustments and Local Property Tax Offset	63,239,000	Makes various growth adjustments, non-Budget Act item	Approve May Revision proposal, but conform to revenues adopted by Conference Committee.
9	Various	169 and 580	May Revise Proposal. K-12 Growth for Various Proposition 98 Items, Local Assistance	16,926,000	The May Revision includes a decrease in total K-12 growth funding of \$16,926,000 to reflect revised average daily attendance growth estimates.	Approve May Revision Proposal
<b>OTHER ADJUSTMENTS</b>						
<b>2008-09 Fiscal Year</b>						
10	6110-123-0001 6110-606-0001 C.S.. 12.42	26 and 28	Local Assistance, High Priority Schools Program	-90,344,000	It is requested that the High Priority Schools Grant Program (HPSGP) be decreased to \$6.3 million, the amount of funds expended in 2008-09 on HPSGP school assistance and intervention teams. See attached for detail.	Approve May Revision proposal, but conform CS 12.42 to final Conference Committee actions.
11	Various		Staff Proposal. Categorical Cut/Flexibility Implementation Language	Language	Staff Language makes technical changes to the 2008-09 and 2009-10 Budget Act per actions taken in February 2008. See attached for language.	Approve Staff Language, but conform CS 12.42 to final Conference Committee actions.
<b>2009-10 Fiscal Year</b>						
12	6110-113-0001	23	May Revise Proposal. Student Assessments: Apportionment Payment Deferral	Language	The Administration requests provisional language to require CDE to identify any component of the assessment contracts that can be deferred or eliminated so the 2008-09 and 2009-10 reductions can be realized. See attached for language.	Approve Staff Compromise language.
13	6110-140-0001 6110-140-0349		DOF Technical Adjustment. California School Information Services	Language	Technical request from DOF post-May Revise. Remove provision 4 from 6110-140-0001 which authorizes \$545,000 on a three-year limited-term basis, through 2008-09 year. Reduce Item 6110-140-0349 by \$545,000.	Approve May Revision Proposal

**BUDGET CONFERENCE COMMITTEE  
EDUCATION VOTE ONLY ITEMS  
ROUND 2**

#	Item/Issue No.	Issue	Description	May Revise	Comments	Proposed Action
14	6110-201-0890	483	April Letter Request: Local Assistance, federal Child Nutrition Programs	267,585,000	Increase Federal Trust Fund due to anticipated growth in the Child Nutrition Program	Approve April Letter Proposal
15	6110-211-0001 C.S.. 12.42	675 and 676	May Revise Proposal. Charter School Categorical Block Grant: Separation of EIA from other categorical programs in the block grant	Language	Makes conforming changes to achieve the across-the-board reduction to the charter school categorical block grant without reducing the EIA portion of the grant	Approve May Revision proposal, but conform CS 12.42 to final Conference Committee actions.
16	6110-266-0001	679	May Revise Proposal. County Offices of Education - Williams Funding	1,000,000	Provides county offices of education with resources necessary for monitoring school compliance with the Williams and Valenzuela settlement agreements.	Deny May Revision Proposal
17	C.S.. 24.60		DOF Technical Adjustment. Reinstate C.S.. 24.60 related to Lottery Fund reporting	Language	Technical request from DOF post-May Revise. Reinstate C.S.. 24.60 which required each entity receiving lottery funds to annually report to the Governor and the Legislature on the amount and use of lottery funds received. This was deleted from the 2009 Budget Act due to the pending Prop 1C.	Approve reinstatement of CS 24.60 to conform to May Revise actions to restore lottery funds.
18	6110-488		LAO Proposal. Proposition 98 Savings. Reappropriate \$29 million in unobligated Proposition 98 fund balances in 2008-09 from the Division of Juvenile Justice.	-29,000,000	Natural savings to offset Proposition 98 revenue limit reductions in 2008-09.	Approve LAO recommendation.
19	6110-488		LAO Proposal. Proposition 98 Savings. Reappropriate \$18 million in unobligated Proposition 98 fund balances in 2009-10 from the Charter School Facility Block Grant Program.	-18,000,000	Natural savings to offset Proposition 98 revenue limit reductions in 2009-10.	Approve LAO recommendation.

**BUDGET CONFERENCE COMMITTEE  
EDUCATION VOTE ONLY ITEMS  
ROUND 2**

#	Item/Issue No.	Issue	Description	May Revise	Comments	Proposed Action
20	6110-126-0890	88	May Revise Proposal. Federal Reading First Carryover Funds. Local Assistance.	27,600,000	Staff Compromise appropriates \$27.6 million in one-time federal funds for Reading First programs in 2009-10, including \$23.7 million for LEA programs and \$2.8 million for Regional Technical Assistance Centers. See attached language.	Approve Staff Compromise Language.

**BUDGET CONFERENCE COMMITTEE  
EDUCATION VOTE ONLY ITEMS  
ROUND 2**

**Attachment A: Language**

Item/Issue No.	Language
<p><b>6110-123-0001 6110-606-0001 C.S. 12.42 (Issues 26 &amp; 28)</b></p>	<p>This request includes a technical increase of \$17,565,000 to Item 6110-606-0001, which would effectively remove a like amount from Control Section 12.42 of the Budget Act of 2008, and a decrease of \$107,909,000 Proposition 98 General Fund to Item 6110-123-0001. This decrease conforms to the policy decision to eliminate the HPSGP for 2009-10 from the Budget Act of 2009 because program funding provided in 2008-09 would not be allocated to LEAs until 2009-10. This net reduction is necessary to reduce the Proposition 98 guarantee in the current and budget year and to capture additional General Fund savings. See attached for conforming language.</p> <p>It is further requested that trailer bill language be adopted as follows:</p> <p>SEC. XX. Section 12.42, as added to the Budget Act of 2008, of Section 34, of Chapter 12 of the Statutes of 2009 of the Third Extraordinary Session is amended to read:</p> <p>Sec. 12.42. (a) The amounts appropriated in the items set forth in subdivision (b) are each hereby reduced by the percentage determined by dividing <del>943,773,000</del> <u>926,208,000</u> by the sum of the amounts appropriated in the items set forth in subdivision (b).</p> <p>(b) Subdivision (a) shall apply to Items 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-113-0001, 6110-119-0001, 6110-122-0001, <del>6110-123-0001</del>, 6110-124-0001, 6110-125-0001, 6110-137-0001, 6110-144-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-158-0001, 6110-166-0001, 6110-167-0001, 6110-181-0001, 6110-182-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-220-0001, 6110-224-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-</p>

	<p>268-0001, as amended by Chapter 269, Statutes of 2008 and 6360-101-0001 of Section 2.00 of the Budget Act of 2008.</p> <p>SEC. X. Notwithstanding any other law, one hundred seven million nine hundred nine thousand dollars (\$107,909,000) is reduced from the amount appropriated to the High Priority Schools Grant Program in Schedule (1) of Item 6110-123-0001 of Section 2.00 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008).</p>
<p><b>6110-113-0001 (Issue 23)</b></p>	<p>It is requested that provisional language be added to conform to this action as follows:</p> <p>X. The funds appropriated in Schedule (5) may be used to pay approved apportionment costs from current and prior fiscal year for the STAR program, the CELDT, and the CAHSEE.</p> <p>X. The State Department of Education (SDE) shall not expend funds from this item until the Department of Finance approves an SDE expenditure plan to ensure that the SDE maximizes contract savings and minimizes apportionment payment deferrals for the current and prior fiscal year. <b><u>Once the expenditure plan is approved by the Department of Finance, SDE shall provide the Legislative Analyst and the appropriate fiscal and policy committees of the Legislature with a copy of the approved plan.</u></b></p> <p><b><u>X. In implementing the reductions for the 2008-09 and 2009-10 fiscal years, the State Department of Education shall not eliminate any state assessments funded by this item.</u></b></p>
<p><b>6110-126-0890 (Issue 088)</b></p>	<p>“6110-126-0890—For local assistance, Department of Education, Program 20.60.290 Instructional Support, Title I, Part B of the federal Elementary and Secondary Education Act (Reading First program) payable from the Federal Trust Fund.....<del>47,974,000</del> <u>26,512,000</u></p> <p>Provisions: 1. The funds appropriated in this item are for Reading First programs pursuant to Article 1 (commencing with Section 51700) of Chapter 5 of Part 28 of Division 4 of Title 2 of the Education Code. <del>It is the intent of the Legislature that all participating school districts receive funding at the rates</del></p>

established in paragraph (3) of subdivision (c) of Section 51700 for six years. A participating school district shall not receive funding from this item for more than six years.

2. Of the funds appropriated in this item, ~~\$3,658,000~~ \$2,800,000 shall be available for Reading First's statewide and regional infrastructure, including its ~~six-eight~~ regional technical assistance centers. The State Department of Education, in consultation with the Technical Assistance Centers, shall submit an expenditure report by November 30, 2010 to the Department of Finance and the Legislative Analyst's Office. This report shall include, at a minimum, the sum and distribution of participating schools and teachers and expenditure information of each technical assistance center by category of personnel, training, training materials, travel, general expense, and indirect costs.

3. By May 1, 2010, the State Department of Education shall provide the Legislature with all of the following: (a) the number of school districts receiving grants, (b) the number of ~~K-3~~ teachers funded, (c) the number of ~~K-12~~ special education teachers served, and (d) the average per teacher grant amount.

4. By May 1, 2010, the State Department of Education shall provide the Legislature with the following: (a) the number and percentage of all ~~K-12~~ special education teachers in Reading First schools receiving Reading First professional development for each year, 2001-02 to 2008-09, inclusive, and (b) the number and percentage of all ~~K-12~~ special education classes in Reading First schools that have appropriate reading materials purchased using the state's instructional materials program as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code."

3. Of the funds appropriated in this item, \$23,712,000 is provided in one-time carryover funds. These funds shall be available to support Reading First appropriate activities including, but not limited to, teacher training, teacher assessments, student assessments, remedial programs, classroom materials, reading coaches, external resource specialists, and the implementation of research-based instructional strategies such as response to instruction and intervention. First priority for funding shall be given to support Reading First Special Education Teacher Professional Development Pilot Program (SETPD) applicants. Second priority shall be given to other currently participating local educational agencies to provide a maximum equivalent to 6 years of funding. All participants in Priority 1 and 2, as specified in this provision, shall receive a maximum of \$8,000

	<p>per teacher per equivalent year of funding.</p> <p><u>4. Funds that are not needed for the purposes specified in provisions 2 and 3 of this item shall be available to support Reading First appropriate activities including, but not limited to, the activities specified in provision 3 and shall be distributed to former and current Reading First and Priority 1 SETPD local educational agencies, prorated across all participating teachers.</u></p>
<p><b>6110-161-0001 (Issue 566)</b></p>	<p>It is further requested that Provisions 2, 3, and 4, of this item be amended to conform to this action as follows:</p> <p>“2. Of the funds appropriated in Schedule (1), up to <del>\$13,154,000</del> <u>13,151,000</u>, plus any cost-of-living adjustment, shall be available for the purchase, repair, and inventory maintenance of specialized books, materials, and equipment for pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.</p> <p>3. Of the funds appropriated in Schedule (1), up to <del>\$10,049,000</del> <u>10,047,000</u>, plus any cost-of-living adjustment, shall be available for the purposes of vocational training and job placement for special education pupils through Project Workability I pursuant to Article 3 (commencing with Section 56470) of Chapter 4.5 of Part 30 of Division 4 of Title 2 of the Education Code. As a condition of receiving these funds, each local educational agency shall certify that the amount of nonfederal resources, exclusive of funds received pursuant to this provision, devoted to the provision of vocational education for special education pupils shall be maintained at or above the level provided in the 1984-85 fiscal year. The Superintendent of Public Instruction may waive this requirement for local educational agencies that demonstrate that the requirement would impose a severe hardship.</p> <p>4. Of the funds appropriated in Schedule (1), up to <del>\$5,242,000</del> <u>5,241,000</u>, plus any cost-of-living adjustment (COLA), shall be available for regional occupational centers and programs that serve pupils having disabilities, up to <del>\$87,640,000</del> <u>87,623,000</u>, plus any COLA, shall be available for regionalized program specialist services, and up to <del>\$2,597,000</del> <u>2,596,000</u>, plus any COLA, shall be available for small special education local plan areas (SELPAs) pursuant to Section 56836.24 of the Education Code.”</p>
<p><b>6110-161-0890 Issue (Issue 567)</b></p>	<p>It is further requested that Provision 1 of this item be amended to conform to this action as follows:</p>

	<p>“1. If the funds for Part B of the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) (IDEA) that are actually received by the state exceed <del>\$1,198,276,000</del> <u>1,219,431,000</u>, at least 95 percent of the funds received in excess of that amount shall be allocated for local entitlements and to state agencies with approved local plans. Up to 5 percent of the amount received in excess of <del>\$1,198,276,000</del> <u>1,219,431,000</u> may be used for state administrative expenses upon approval of the Department of Finance. If the funds for Part B of the IDEA that are actually received by the state are less than <del>\$1,198,276,000</del> <u>1,219,431,000</u>, the reduction shall be taken in other state-level activities.”</p> <p>It is also requested that Provision 25 of Item 6110-161-0001 be amended to conform to this action as follows:</p> <p>“25. Of the funds appropriated in Schedule (1), the amount resulting from increases in federal funds reflected in the calculation performed in paragraph (1) of subdivision (c) of Section 56836.08 of the Education Code shall be allocated based on an equal amount per average daily attendance and added to each special education local plan area’s base funding, consistent with paragraphs (1) to (4), inclusive of subdivision (b) of Section 56836.158 of the Education Code. This amount may be up to <del>\$32,300,000</del> <u>\$53,458,000</u>, less adjustments for state operations and preschool. When the final amount is determined, the State Department of Education shall provide this information to the Department of Finance and the budget committees of each house of the Legislature.”</p>
<p><b>6110-211-0001</b>  <b>C.S. 12.42</b>  <b>(Issues 675 and 676)</b></p>	<p>The Charter School Categorical Block Grant provides charter schools with categorical funding in lieu of separate funding for specific categorical programs. The funding consists of two components: (1) a general-purpose amount per unit of average daily attendance, and (2) an amount in lieu of EIA per eligible educationally disadvantaged pupil. Control Section 12.42 of the Budget Act of 2009 reduced most categorical programs by about 19.8 percent. Although the EIA program was not included, the Charter School Categorical Block Grant appropriation was part of the Control Section 12.42 reduction, including the in lieu of EIA funding. This amendment ensures that charter schools receive comparable EIA funding to traditional schools funded through the EIA program.</p>

	<p>It is requested that Provision 2 of this item be amended to conform to this action as follows:</p> <p>“2. An additional \$5,947,000 in expenditures for Schedule (1) of this item has been deferred until the 2010-11 fiscal year.”</p> <p>It is also requested that Control Section 12.42 be amended to conform to this action as follows:</p> <p>“SEC. 12.42 (a) The amounts appropriated in the items set forth in subdivision (b) are each hereby reduced by the percentage determined by dividing <del>1,211,296,000</del> 1,208,666,000 by the sum of the amounts appropriated in the items set forth in subdivision (b). (b) Subdivision (a) shall apply to Items 6110-103-0001,6110-104-0001, 6110-105-0001, 6110-107-0001, 6110-108-0001,6110-113-0001, 6110-119-0001, 6110-122-0001, 6110-124-0001,6110-125-0001, 6110-137-0001, 6110-144-0001, 6110-150-0001,6110-151-0001, 6110-156-0001, 6110-158-0001, 6110-166-0001,6110-167-0001, 6110-181-0001, 6110-182-0001, 6110-188-0001,6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001,6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-220-0001, 6110-224-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001, and Schedule (1) of Item 6110-211-0001 of Section 2.00 of this act.”</p> <p><i>It is noted that this amendment to Control Section 12.42 also includes a conforming technical adjustment resulting from Issue 027 of Item 6110-113-0001 regarding the California High School Exit Exam Mandate.</i></p>
<p><b>Add C.S. 24.60</b></p>	<p>SEC. 24.60. Each state entity receiving lottery funds shall annually report to the Governor and the Legislature on or before May 15 the amount of lottery funds that the entity received and the purposes for which those funds were expended in the prior fiscal year, including administrative costs. The State Department of Education shall report on behalf of K-12 entities. If applicable, the entity shall also report the amount of lottery funds received on the basis of adult education average daily attendance (ADA) and the amount of lottery funds expended for adult education.</p>

Amend Sec. 15 of Chapter 12, Statutes of 2009

SEC. 15. Section 42605 is added to the Education Code, to read:

42605. (a) (1) Unless otherwise prohibited under federal law or otherwise specified in subdivision (e), for the 2008-09 fiscal year to the 2012-13 fiscal year, inclusive, school districts, charter schools, county offices of education or other appropriate educational agency may use funding received, pursuant to subdivision (b),

from any of these items listed in paragraph (2) that are contained in an annual Budget Act, for any educational purpose:

- (2) 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-122-0001, 6110-123-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001.

(b) (1) For the 2009-10 fiscal year to the 2012-13 fiscal year, inclusive, the Superintendent or other responsible state agency, as appropriate shall apportion from the amounts provided in the annual Budget Act for the items enumerated in paragraph (2) of subdivision (a), an amount to a school district, charter school, county office of education or other appropriate educational entity based on the same relative proportion that the local education agency received in the 2008-09 fiscal year for the programs funded through the items enumerated in paragraph (2) of subdivision (a).

(2) No part of this section, or Section 42 of Chapter 12, Statutes of 2009, shall be construed to allow a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 to redirect this funding for another purpose unless otherwise authorized in law or pursuant to an agreement between a charter school and its chartering authority. Notwithstanding paragraph (1) of subdivision (b), for the 2008-09 fiscal year to the 2012-13 fiscal year, inclusive, a school district that

receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 shall continue to distribute the funds to those charter schools

based on the relative proportion that the school district distributed in the 2007-08 fiscal year, and shall adjust those amounts to reflect changes in charter school attendance in the district. The amounts allocated shall be adjusted for any greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a).

(3) Notwithstanding paragraph (1) of subdivision (b), for the 2008-09 fiscal year to the 2012-13 fiscal year, inclusive, the Superintendent or other responsible state agency, as appropriate, shall apportion from the amounts appropriated by Item 6110-211-0001 of the annual Budget Act, an amount to a charter school in accordance with the per pupil methodology prescribed in Section 47634.1(c). Subdivision (d) of Section 47634.1 shall not be operative for the 2008-09 fiscal year to the 2012-13 fiscal year, inclusive.

(4) Notwithstanding paragraph (1) of subdivision (b), for the 2008-09 fiscal year to the 2012-13 fiscal year, inclusive, the Superintendent or other responsible state agency, as appropriate, shall apportion from the amounts provided in the annual Budget Act, an amount to a school district, charter school and county office of education based on the same relative proportion that the local education agency received in the 2007-08 fiscal year for the programs funded through the following items contained in the annual Budget

Act: 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-190-0001, schedule (3) of 6110-193-0001, 6110-198-0001, 6110-232-0001, and schedule (2) of 6110-240-0001.

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(c) (1) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a school district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the school district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution on the amount so reduced.

(2) As a condition of receipt of funds the governing board of the school district or board of the county office of education, as appropriate, at a regularly scheduled open public hearing shall take testimony from the public, discuss, and approve or disapprove the proposed use of funding and make explicit for budget items in subdivision (a)(2) the purposes for which the funds will be used.

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(3) Using the Standardized Account Code Structure (SACS) reporting process, a local educational agency shall report expenditures of funds made flexible pursuant to this section by using the appropriate function codes to indicate the activities for which these funds were expended. The State Department of Education shall collect and provide this information to the Department of Finance and the appropriate policy and budget committees of the Legislature annually by April 15 beginning in 2010 through 2014.

(d) For the 2008-09 fiscal year to the 2012-13 fiscal year, inclusive, local education agencies shall be deemed to be in compliance with the program and funding requirements contained in statutory, regulatory, and provisional language, associated with the items enumerated in subdivision (a).

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(e) Notwithstanding subdivision (d), the following requirements shall continue to apply:

(1) For Items 6110-105-0001 and 6110-156-0001, the amount authorized for flexibility shall exclude the funding provided for instruction of CalWORKs eligible students pursuant to schedules (2) and (3), and provisions 2 and 4.

(2) (A) Any instructional materials purchased by a local education agency shall be the materials adopted by the state board for kindergarten and grades 1 to 8, inclusive, and for grades 9 to 12, inclusive, the materials purchased shall be aligned with state standards as defined by Section 60605, and shall also meet the reporting and sufficiency requirements contained in Section 60119.

(B) For purposes of this section, "sufficiency" means that each pupil has sufficient textbooks and instructional materials in the four core areas as defined by Section 60119, and that all pupils within the local education agency who are enrolled in the same course shall have identical textbooks and instructional materials, as defined in Section 1240.3.

(3) For Item 6110-195-0001, the item shall exclude monies that are required to fund awards for teachers that have previously met the requirements necessary to obtain these awards, until the award is paid in full.

Deleted: (4) As a condition of exercising the authority conferred on local educational agencies to transfer funds to their general funds pursuant to subdivision (a), both of the following requirements shall be met:  
(A) The governing board of the school district, or the county board of education, as appropriate, at a regularly scheduled open public hearing, shall take testimony from the public, discuss, and approve each transfer and the proposed use of funding.  
(B) In the existing Standardized Account Code Structure (SACS) reporting process, a local educational agency shall report the amounts transferred pursuant to this section by using the appropriate program code for which these funds were expended. The State Department of Education shall collect and provide this information to the Department of Finance and the appropriate policy and budget committees of the Legislature by February 28, 2010.  
(5)

(4) For Item 6110-266-0001, a county office of education shall conduct at least one site visit to each of the required schoolsites pursuant to Section 1240.

Deleted:

(5) Notwithstanding Section 15(d), any district or county office of education that operates the child care

component of the Cal-SAFE program shall be required to comply with Education Code sections 54746(c)(5) and (6).

(f)(1) This section shall not be construed to invalidate any sections of state law pertaining to teacher credentialing requirements and any sections of state law pertaining to the functions requiring credentials.

## Proposed teacher induction changes

### SEC. XX Section 44259 of the Education Code is amended as follows:

44259. (a) Except as provided in subparagraphs (A) and (C) of paragraph (3) of subdivision (b), each program of professional preparation for multiple or single subject teaching credentials shall not include more than one year of, or the equivalent of one-fifth of a five-year program in, professional preparation.

(b) The minimum requirements for the preliminary multiple or single subject teaching credential are all of the following:

(1) A baccalaureate degree or higher degree from a regionally accredited institution of postsecondary education. Except as provided in subdivision (c) of Section 44227, the baccalaureate degree shall not be in professional education. The commission shall encourage accredited institutions to offer undergraduate minors in education and special education to students who intend to become teachers.

(2) Passage of the state basic skills examination that is developed and administered by the commission pursuant to Section 44252.5.

(3) Satisfactory completion of a program of professional preparation that has been accredited by the committee on accreditation on the basis of standards of program quality and effectiveness that have been adopted by the commission. In accordance with the commission's assessment and performance standards, each program shall include a teaching performance assessment as set forth in Section 44320.2 which is aligned with the California Standards for the Teaching Profession. The commission shall ensure that each candidate recommended for a credential or certificate has demonstrated satisfactory ability to assist pupils to meet or exceed state content and performance standards for pupils adopted pursuant to subdivision (a) of Section 60605. Programs that meet this requirement for professional preparation shall include any of the following:

(A) Integrated programs of subject matter preparation and professional preparation pursuant to subdivision (a) of Section 44259.1.

(B) Postbaccalaureate programs of professional preparation, pursuant to subdivision (b) of Section 44259.1.

(C) Internship programs of professional preparation, pursuant to Section 44321, Article 7.5 (commencing with Section 44325), Article 11 (commencing with Section 44380), and Article 3 (commencing with Section 44450) of Chapter 3.

(4) Study of alternative methods of developing English language skills, including the study of reading as described in subparagraphs (A) and (B), among all pupils, including those for whom English is a second language, in accordance with the commission's standards of program quality and effectiveness. The study of reading shall meet the following requirements:

(A) Commencing January 1, 1997, satisfactory completion of comprehensive reading instruction that is research-based and includes all of the following:

(i) The study of organized, systematic, explicit skills including phonemic awareness, direct, systematic, explicit phonics, and decoding skills.

(ii) A strong literature, language, and comprehension component with a balance of oral and written language.

- (iii) Ongoing diagnostic techniques that inform teaching and assessment.
- (iv) Early intervention techniques.
- (v) Guided practice in a clinical setting.

(B) For the purposes of this section, "direct, systematic, explicit phonics" means phonemic awareness, spelling patterns, the direct instruction of sound/symbol codes and practice in connected text and the relationship of direct, systematic, explicit phonics to the components set forth in clauses (i) to (v), inclusive.

A program for the multiple subjects credential also shall include the study of integrated methods of teaching language arts.

(5) Completion of a subject matter program that has been approved by the commission on the basis of standards of program quality and effectiveness pursuant to Article 6 (commencing with Section 44310) or passage of a subject matter examination pursuant to Article 5 (commencing with Section 44280). The commission shall ensure that subject matter standards and examinations are aligned with the state content and performance standards for pupils adopted pursuant to subdivision (a) of Section 60605.

(6) Demonstration of a knowledge of the principles and provisions of the Constitution of the United States pursuant to Section 44335.

(7) Commencing January 1, 2000, demonstration, in accordance with the commission's standards of program quality and effectiveness, of basic competency in the use of computers in the classroom as determined by one of the following:

(A) Successful completion of a commission-approved program or course.

(B) Successful passage of an assessment that is developed, approved, and administered by the commission.

(c) The minimum requirements for the professional clear multiple or single subject teaching credential shall include all of the following requirements:

(1) Possession of a valid preliminary teaching credential, as prescribed in subdivision (b), possession of a valid equivalent credential or certificate, or completion of equivalent requirements as determined by the commission.

(2) ~~Except as provided in paragraph (3),~~ completion of a program of beginning teacher induction, including one of the following:

(A) A program of beginning teacher support and assessment approved by the commission and the Superintendent pursuant to Section 44279.1, a provision of the Marian Bergeson Beginning Teacher Support and Assessment System.

(B) An alternative program of beginning teacher induction that is provided by one or more local educational agencies and has been approved by the commission and the Superintendent on the basis of initial review and periodic evaluations of the program in relation to appropriate standards of credential program quality and effectiveness that have been adopted by the commission, the Superintendent, and the state board pursuant to this subdivision. The standards for alternative programs shall encourage innovation and experimentation in the continuous preparation and induction of beginning teachers. Any alternative program of beginning teacher induction that has met state standards pursuant to this subdivision may apply for state funding pursuant to Sections 44279.1 and 44279.2.

(C) An alternative program of beginning teacher induction that is sponsored by a regionally accredited college or university, in cooperation with one or

more local school districts, that addresses the individual professional needs of beginning teachers and meets the commission's standards of induction. The commission shall ensure that preparation and induction programs that qualify candidates for professional credentials extend and refine each beginning teacher's professional skills in relation to the California Standards for the Teaching Profession and the standards of pupil performance adopted pursuant to Section 60605.

(3) (A) If a candidate satisfies the requirements of subdivision (b), including completion of an accredited internship program of professional preparation, and if that internship program fulfills induction standards and is approved as set forth in this subdivision, the commission shall determine that the candidate has fulfilled the requirements of paragraph (2).

(B) If an approved induction program is verified as unavailable to a beginning teacher, or if the beginning teacher is required under the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) to complete subject matter coursework to be qualified for a teaching assignment, the commission shall accept completion of an approved fifth-year program after completion of a baccalaureate degree at a regionally accredited institution as fulfilling the requirements of paragraph (2). The commission shall adopt regulations to implement this subparagraph.

(4) Experience that includes the application of knowledge and skills previously acquired in a preliminary credential program, in accordance with commission standards, that addresses the following:

(A) Health education, including study of nutrition, cardiopulmonary resuscitation, and the physiological and sociological effects of abuse of alcohol, narcotics, and drugs and the use of tobacco. Training in cardiopulmonary resuscitation shall also meet the standards established by the American Heart Association or the American Red Cross.

(B) Field experience in methods of delivering appropriate educational services to pupils with exceptional needs in regular education programs.

(C) Advanced computer-based technology, including the uses of technology in educational settings.

(d) The commission shall develop and implement standards of program quality and effectiveness that provide for the areas of application listed in subparagraphs (A) to (C), inclusive, of paragraph (4) of subdivision (c), starting in professional preparation and continuing through induction.

(e) A credential that was issued prior to January 1, 1993, shall remain in force as long as it is valid under the laws and regulations that were in effect on the date it was issued. The commission may not, by regulation, invalidate an otherwise valid credential, unless it issues to the holder of the credential, in substitution, a new credential authorized by another provision in this chapter that is no more restrictive than the credential for which it was substituted with respect to the kind of service authorized and the grades, classes, or types of schools in which it authorizes service.

(f) A credential program that is approved by the commission may not deny an individual access to that program solely on the grounds that the individual obtained a teaching credential through completion of an internship program when that internship program has been accredited by the commission.

(g) Notwithstanding this section, persons who were performing teaching services as of January 1, 1999, pursuant to the language of this section that

was in effect prior to that date, may continue to perform those services without complying with any requirements that may be added by the amendments adding this subdivision.

(h) Subparagraphs (A) and (B) of paragraph (4) of subdivision (b) do not apply to any person who, as of January 1, 1997, holds a multiple or single subject teaching credential, or to any person enrolled in a program of professional preparation for a multiple or single subject teaching credential as of January 1, 1997, who subsequently completes that program. It is the intent of the Legislature that the requirements of subparagraphs (A) and (B) of paragraph (4) of subdivision (b) be applied only to persons who enter a program of professional preparation on or after January 1, 1997.

## **Suspend Local Match Requirement for the Deferred Maintenance Program**

SEC. X. (a) Notwithstanding any other provision of law, for the 2008-09 through the 2012-13 fiscal years, school districts shall not be required to deposit in their deferred maintenance fund, established pursuant to Section 17582 of the Education Code, the amount specified in Section 17584(b).

(b) Notwithstanding any other provision of law, subdivision (a) of Section 17587 of the Education Code is inoperative for the 2008-09 through the 2012-13 fiscal years.

## **Instructional Materials Cleanup**

1240.3. (a) For the purposes of Section 1240, for the 2008-09 and 2009-10 fiscal years, sufficient textbooks or instructional materials include standards-aligned textbooks or instructional materials, or both, that were adopted prior to July 1, 2008, by the state board or local educational agency pursuant to statute, unless those local educational agencies purchased or arranged to purchase textbooks or instructional materials adopted by the state board after that date. It is the intent of the Legislature that each local educational agency provide each pupil with the same core state-adopted, standards-aligned textbook or instructional material, excluding supplemental materials when appropriate, as is provided to every other pupil enrolled in the same grade and same course offered by the local educational agency.

(b) Notwithstanding Section 1240 or any other law, for the 2008-09 and 2009-10 fiscal years, a county superintendent of schools, in making visits to schools as specified in Section 1240, shall determine the status of sufficient textbooks as defined in subdivision (a). It is the intent of the Legislature that local educational agencies not be required to purchase the Mathematics and English Language adoptions in the same year or in consecutive years.

(c) This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute that is enacted before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

**CSR Amendments (Source: CDE)**

**SEC 17 of SBx3 4**

52124.3. (a) For the 2008-09, 2009-10, 2010-11, and 2011-12 fiscal years only, the amounts deducted pursuant to subdivision (d) of Section 52124 shall be as follows:

(1) Five percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 20.5 but less than 21.5.

(2) Ten percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 21.5 but less than 22.5.

(3) Fifteen percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 22.5 but less than 23.0.

(4) Twenty percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 23.0 but less than 25.0.

(5) Thirty percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 25.0.

(b) For fiscal years 2008-09 through 2011-12, a A local educational agency is eligible to receive funding pursuant to this section chapter only if it was participating in the K-3 Class Size Reduction Program as of December 10, 2008. An eligible local educational agency may only receive funding for the grade level or levels for the same number of classes for which it had applied to receive 2008-09 Class Size Reduction Program funding as of December 10, 2008-January 31, 2009. A local educational agency meeting this criteria is eligible for reduced funding under this section only for the number of classes reported on the 2008-09 Operations Application, and is not eligible for funds under this chapter for classes in addition to that number.