

<b>0558</b>	<b>OFFICE OF THE SECRETARY FOR EDUCATION</b>
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- **Academic Volunteer and Mentor Service Program (AVMSP).** Restored \$683,000 across-the-board reduction, as proposed in the May Revise. This restoration leaves \$5.7 million for the program.
- **School-to-Career Program.** Rejected the elimination of the program, as proposed in the May Revise. Instead, restored \$1.7 million in program funding and moved the administration of the program from the Office of the Secretary for Education to the State Department of Education.

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- **Proposition 98 Funding.** Approved a total of approximately \$30 billion in Proposition 98 expenditures for the 2003-04 Fiscal Year. This assumes a continuation of the deferral of \$1.1 billion in programs, excluding special education, that are a part of the Second Principal Apportionment payment (P2), to help meet the minimum Proposition 98 funding requirements in the budget year.
- **Additional General Fund Savings.** Assumes the use of approximately \$42.7 million in Proposition 98 Reversion account funds to restore across-the-board reductions that were proposed in the January budget.
- **Restoration of Across-the-Board Reductions.** Restores \$835 million in targeted categorical reductions from the January budget, which ensures full funding for the following programs:

K-3 Class Size Reduction Program	\$1.65 billion
9 <sup>th</sup> Grade Class Size Reduction Program	\$110.1 million
Economic Impact Aid	\$498.6 million
Child Nutrition	\$73.3 million
Math and Reading Professional Development Program	\$31.7 million

**Rejection of the Governor's Categorical Block Grant.** Rejected the Governor's Block Grant Proposal, which is consistent with the Assembly Education Committee's action earlier this year. This means that each program that was proposed to be included in the block grant will retain its statutory authority and therefore, continue to have its own item number in the Budget Act.

**Growth and Cost-of-Living Adjustment (COLA).** Fully funds growth for revenue limit apportionments (i.e., school districts and county offices of education) and special education. However, the budget does not include funding for growth or COLA for categorical programs, as proposed in the May Revise. Likewise, the Subcommittee accepted the May Revise proposal to not provide a COLA for revenue limit apportionments. However, the Subcommittee did establish a “deficit factor” on revenue limit apportionments, which allows local education agencies to claim and restore COLA funds when economic conditions improve.

**Revenue Limit Reduction.** Accepted a 1.198 percent revenue limit reduction, or \$350 million, of revenue limit apportionments for school districts and county offices of education, as proposed in the May Revise. This reduction is considerably lower than the 2.15 percent proposed in January, which results in a net increase of \$262.4 million from the Governor’s January budget.

**Targeted Program Reductions.** Accepted a portion of the Governor’s proposed categorical program reductions, including the following:

- Equalization (\$250 million)
- Deferred maintenance (\$180 million)<sup>1</sup>
- Summer School (\$85 million)
- Deferral of mandates (\$85 million)
- Teaching as A Priority Block Grant – *suspends the program* - (\$89 million)
- Instructional Materials (\$101 million)<sup>2</sup>
- Elementary Intensive Reading – *suspends the program* - (\$31 million)
- Miller-Unruh Reading – *suspends the program* - (\$29 million)
- School Improvement (\$42 million)
- Supplemental Grants (\$80 million)

- **Restorations of Categorical Program Reductions.** The Subcommittee chose to restore the following amounts to categorical programs that were proposed to be reduced in the May Revise:

Regional Occupation Center / Programs	\$12 million
Adult Education	\$13.5 million
Local Arts Education Grant Program	\$6 million
School Library Materials	\$6 million
National Board Certification	\$800,000

<sup>1</sup> This total includes an additional \$51 million adopted by the Subcommittee (this is in addition to the Governor’s May Revise proposal), which leaves \$25 million for critical hardship.

<sup>2</sup> This total includes an additional \$25 million adopted by the Subcommittee (this is in addition to the Governor’s May Revise proposal).

- **Basic Aid School Districts.** Restored \$138.4 million in “excess” property tax funding to basic aid school districts. Approved an equivalent 1.198 percent reduction to basic aid school districts’ “revenue limits.” This reduction requires separate legislation to be enacted. Likewise, the Subcommittee approved a \$17.8 million reduction, which eliminates the \$120 per pupil payment to basic aid school districts.
- **Special Education.** Accepted the Governor’s May Revise proposal to fully fund growth for special education and provides \$69 million in federal special education funding for mental health services, as authorized under AB 3632 (W. Brown), Statutes of 1994. Likewise, the Subcommittee accepted the Administration’s May Revise proposal to pay off the \$214 million in special education funding that was enacted as part of the P2 deferral in the 2002-03 mid-year adjustments.
- **Public Employee Retirement System (PERS) and Equalization.** Accepted the Governor’s May Revise proposal to provide \$35 million in PERS offset funding. Also, the Subcommittee accepted the Administration’s proposal to delay \$250 million in equalization funding that was originally proposed as part of the January budget.
- **Healthy Start.** Augmented the Governor’s May Revise proposal by \$8 million, which brings the total for the program to \$10 million. This funding will provide 8 operational grants and new planning grants for the 2003-04 Fiscal Year.
- **High Priority Schools Grant Program (HPSGP) and Immediate Intervention / Underperforming Schools Program (II/USP).** Accepted the Governor’s May Revise proposal to fully restore a total of \$65.3 million for II/USP and HPSGP. This includes fully funding the 86 HPSGP schools at \$400 per pupil. Likewise, the Subcommittee chose to utilize the additional \$4.5 million in savings, as identified, to fund additional decile 1 schools, as ranked on the Academic Performance Index, for HPSGP.
- **State Assessments.** Accepted the Administration’s January budget proposals to fund the following: 1) Standardized Testing and Reporting (STAR) Program (\$64.4 million), 2) California English Language Development Test (\$18.5 million), 3) the California High School Exit Exam (\$21.2 million), and 4) eliminate the Assessments in Career Education, for a savings of \$871,000. Furthermore, the Subcommittee eliminated the Golden State Examinations and 2<sup>nd</sup> Grade Testing on the STAR program, for a total savings of \$15.7 million.

- **Federal Funds.** Approved the following increases in federal funding (See table below):

Program	(in millions)
<b>Title I – Basic Grants</b>	\$211
<b>Title II, Part B – Improving Teacher Quality</b>	20.5
<b>Reading First – competitive grants to improve reading in grades K-3<sup>a</sup></b>	13.6
<b>Title III – formula grants to help schools improve the achievement of English learners</b>	21.3
<b>Title VI – funding to help the state implement programs related to assessments<sup>b</sup></b>	17.2
<b>21<sup>st</sup> Century Community Learning Center Programs – federal after school program</b>	34.7
<b>TOTAL</b>	<b>\$318.3</b>

<sup>a</sup>Of this amount, \$10 million is set aside for eligible alternative/bilingual programs.

<sup>b</sup>Of this amount, \$3 million is set aside for the development of a primary language state aligned to state academic content standards.

- **Title I – School Sanctions/Intervention/Assistance.** Approved a total of \$48.85 million in federal funds for support and assistance to schools subject to state intervention due to lack of improvement, as defined by federal law. Of this amount, \$8.6 million is used to fund School Assistance and Intervention Teams at 96 schools, \$13.6 million is used to provide \$150 per pupil for intervention at 96 schools, and the remaining \$17.6 million is allocated subject to legislation in the 2003-04 legislative session.
- **Advanced Via Individual Determination (AVID) Program.** Restored \$5.1 million (non-Proposition 98) in program funding that was proposed to be reduced in the January budget.
- **Staff Development Buyout Day.** Approved the Governor's May Revise proposal to pay back the \$48 million deferral that was a part of the April/May package in order to meet the Proposition 98 minimum guarantee for the 2002-03 Fiscal Year.
- **Principal Training Program.** Approved the Administration's May Revise proposal to reduce \$22.5 million from this program. After this reduction, there is \$5 million remaining for the program, which enables the state to continue to receive Bill and Melinda Gates Foundation funding.
- **Charter Schools.** Restores \$4.3 million to the Charter Schools Facilities Grant program and \$4.2 million in across-the-board reductions to the Charter School Categorical Block Grant.
- **Child Care.** Restored child care programs from proposed realignment and maintained funding for CalWORKs Stage 3 child care. Adopted \$80 million in child care programmatic reductions.

**6120 CALIFORNIA STATE LIBRARY**

- Reduced the Public Library Foundation by \$15.8 million, leaving \$15.8 million for local library operations and materials in the budget year.
- Increased by \$12.2 million to rescind the prior proposal to shift funding from the Transaction Based Reimbursements to local fees.
- Increased by \$2 million to offset a lower, more achievable level of user fees (\$1 million) for supporting State Library services.
- Restored \$1 million for the California Civil Liberties Public Education program.
- Augmented by \$5.3 million in the budget year for the consolidation of literacy programs in hopes of streamlining administration and providing local flexibility for literacy services.
- Eliminates the Library of California.

**6360 COMMISSION ON TEACHER CREDENTIALING**

- Approved the Governor's proposal to \$3.2 million reduction to categorical programs.

**6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION**

- Restored \$1.5 million to the commission and rejected the Governor's consolidation proposal, maintaining an independent coordinating agency for policy related to statewide higher education.

**6440 UNIVERSITY OF CALIFORNIA****Includes the following augmentations:**

- \$117 million in general fund support to support projected enrollment growth increase of 8,000 full-time equivalent students, bringing enrollment system-wide to 197,628. This funding would also be used to support approximately 5,000 full-time equivalent students for who enrollment growth funding was not provided in the current year.

- \$24 million authorization in additional funding for lease-revenue bond debt service.
- \$16 million augmentation for increased health benefits costs.
- \$11 million augmentation for UC Merced start-up costs.
- \$1.5 million augmentation to backfill student fee revenue losses pursuant to the anticipated enactment of legislation in the 2003-04 Regular Session that would offer fee waivers for California National Guard members.

**Includes the following reductions:**

- \$294.5 million (includes \$80.5 million on top of Governor's proposed reductions) in unallocated base reductions.
- \$76 million in reductions to academic and institutional support, student services, and public service.
- \$29 million reduction for research programs.
- \$1.1 million reduction for the K-12 Internet Initiative.

**Includes the following restorations:**

- \$37.8 million for K-12 outreach programs designed to prepare educationally disadvantaged students to attend the University and ensure diversity.
- \$6.7 million for the Subject Matter Projects to maintain an infrastructure for nine programs across the state.

<b>6610 CALIFORNIA STATE UNIVERSITY</b>
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**Includes the following augmentations:**

- \$151 million in general fund support to support projected enrollment growth increase of 16,056 full-time equivalent students, bringing enrollment system-wide to 337,188. This funding would also be used to support approximately 8,000 full-time equivalent students for who enrollment growth funding was not provided in the current year.
- \$68 million augmentation for increased Public Employees Retirement System costs.
- \$1 million augmentation for increased health benefits costs.
- \$1 million authorization in additional funding for lease-revenue bond debt service.

- \$1.5 million augmentation to backfill student fee revenue losses pursuant to the anticipated enactment of legislation in the 2003-04 Regular Session that would offer fee waivers for California National Guard members.

**Includes the following reductions:**

- \$212.5 million (includes \$69.5 million on top of Governor's proposed reductions) in unallocated base reductions.
- \$59 million in reductions to academic and institutional support and public services.
- \$53 million reduction by increasing the student-faculty ratio from 18.9:1 to 19.9:1
- \$53 million reduction to student services.
- \$2 million reduction through the elimination of the Cal Teach program.

**Includes the following restorations:**

- \$2 million restoration of the Bilingual Teacher Recruitment Program.
- \$12.6 million restoration for K-12 outreach programs designed to prepare disadvantaged students for a higher education at the CSU.
- \$1.2 million to restore funding for the Executive, Legislative and Judicial Fellowship program (includes a 10% reduction from the current year).

## **COMMUNITY COLLEGES**

- Restored approximately \$202.3 million for base apportionment's and categorical program thereby mitigating reductions to the classroom and protecting programs specifically designed to provide educational assistance to the most needy and disadvantaged within the state's community college system.
- Lowered the proposed level of student fee increase from \$24 per unit to \$15 per unit maintaining access by providing for a moderate student fee increase, avoiding the loss of thousands of students under the Governor's original proposals.
- Deferred \$210 million in funding until July 2004 in order to avoid further reductions to the Community Colleges that would negatively impact access and classroom instruction at the state's community colleges.

- Reduced by \$25 million for concurrent enrollment courses and approved an audit to investigate alleged non-compliance in concurrent enrollment policies.
- Reduced the Partnership for Excellence by \$8 million, bringing funding for the program close to the funding level in the current year.
- Reduced scheduled maintenance and special repairs by \$16.8 million in order to avoid further reductions in other areas.
- Reduced instructional equipment and libraries by \$16.8 million in order to avoid further reductions in other areas.

<b>7980</b>	<b>CALIFORNIA STUDENT AID COMMISSION</b>
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**Includes the following augmentations:**

- Increased the Cal Grant Entitlement and Competitive program of \$5.4 million in the current year and \$13.8 million in the budget to reflect fee increases for resident students at the state's colleges and universities in the current year. The budget also reflects an additional increase in Cal Grant award amounts due to anticipated fee increases (unspecified amount) in the budget year.

**Includes the following reductions:**

- \$20 million reduction in the Cal Grant Entitlement program to reflect revised estimates in the number of Cal Grant Entitlement awards that will be issued in 2003-04.
- \$10 million reduction to reflect a 9 percent reduction in the value of new Cal Grant A and B awards provided to students who attend private colleges and universities.
- \$6 million reduction and the elimination of the Cal Grant T.

**Includes the following restorations:**

- The issuance of 200 new APLE awards.
- \$5 million restoration of the State Work-study program.
- \$4 million to maintain the level of vocational grants given under the Cal Grant C program.