

## MAJOR GENERAL FUND ACTIONS OF SUBCOMMITTEE No. 2 ON EDUCATION FINANCE

(IN MILLIONS)

		GOVERNOR'S REVISED 1999-2000 BUDGET	ASSEMBLY SUBCOMMITTEE ACTION	DIFFERENCE
6110	DEPARTMENT OF EDUCATION	24,316.2	24,289.3	-26.9
6120	CALIFORNIA STATE LIBRARY	77.2	109.5	32.3
6360	COMMISSION ON TEACHER CREDENTIALING AND LICENSING	38.2	46.3	8.1
6420	CALIFORNIA POSTSECONDARY EDUCATION COMMISSION	3.0	3.5	0.5
6440	UNIVERSITY OF CALIFORNIA	2,652.5	2,657.0	4.5
6600	HASTINGS COLLEGE OF LAW	14.4	14.4	--
6610	CALIFORNIA STATE UNIVERSITY	2,207.3	2,259.3	52.0
6870	CALIFORNIA COMMUNITY COLLEGES	2,281.0	2,321.5	40.5
7980	STUDENT AID COMMISSION	386.4	386.6	0.2

## 6110 DEPARTMENT OF EDUCATION

### **Total Proposition 98:**

The total Proposition 98 spending level for the budget year includes spending for K-12, community college and certain education activities carried out by other agencies and reflects a level that is approximately \$120 million above the minimum funding level required by law.

- As approved by Subcommittee No. 2, the budget contains a total K-12 Proposition 98 funding level of approximately \$37.9 billion (\$26.5 billion in General Fund and \$11.4 billion in local property tax revenues) for the 1999-2000 year. This total K-12 Proposition 98 spending level is \$2.3 billion, or six percent, above the level in the current year. Per-pupil spending level is \$5,990 per student, a level that is \$281 per student, or five percent, more than the per-pupil spending level in the current year.
- ADA: The budget bill assumes that average daily attendance (ADA) is approximately 60,000 higher in the current year and 65,500 higher in the budget year than originally assumed in the Governor's January 10 budget. The cost of this additional ADA is approximately \$230 million in General Fund in the current year and \$288 million in the budget year. This budget also funds growth for categorical programs for this additional ADA in both the current and budget years, at a total cost of \$54.8 million.

### **General Fund**

The budget proposes to spend the above Proposition 98 funds, as follows:

- \$328 million for deficit reduction, which is \$128 million more than that provided by the Governor's budget.
- \$143.7 million for the Deferred Maintenance Program, which is \$28.7 million above the current year level. This level would fully fund the state's match requirements for deferred maintenance projects.
- \$10 million augmentation for dropout prevention programs and coordination and data collection by districts for all of their alternative programs. This augmentation would expand existing dropout prevention progress to 120 more schools.
- \$7 million for the Advancement via Individual Determination program, which amounts to a \$5 million increase over last year's level.
- \$1.2 million in new funds to pay for 20 new partnership academies.
- \$3 million in new funds to expand the Visual and Performing Arts Grant Program.
- The budget also saves a total of \$33.2 million from the Governor's proposed January budget in test administration costs, because the English language

development and matrix sampled tests will not be available for administration in 1999-2000.

- \$1 million in new capital outlay projects for state special schools, and \$2 million in other augmentations.

### **New Initiatives**

- \$67 million for programs to retain teachers in low-performing and low-income schools, pursuant to legislation.
- \$20 million for a new Parental Involvement Grant Program, pursuant to the passage of legislation.
- \$71 million for districts to pay for conflict resolution counselors and other related certificated and classified staff.
- \$10 million in new funds for new high school after school programs to help students pass the new high school exit exam.
- \$35 million in new funds to expand the existing after school programs in middle and elementary schools, as proposed by the Governor.
- \$14 million for school safety infrastructure grants for high schools, as proposed by the Governor.
- \$15 million to pay for the costs of reviewing school safety plans, as proposed by the Governor.
- \$5 million for a Secondary School Reading Improvement Program
- \$8 million for equalization of county office funding levels.
- The budget establishes a line item to pay for the net costs of the new charter school funding model, but does not specify a net cost, pending updated information from the Department of Finance.

### **Special Education**

- \$1.4 million in federal funds, and \$843,000 and four two-year positions to support a new Special Education Focused Monitoring Pilot Program to improve districts' compliance with state and federal laws regarding special education students.
- \$8.36 million to adjust the new funding formula for special education to include high-incidence disabilities adjustments as part of the cost-of-living adjustment (COLA) calculation.

**Child Care:**

- An increase of \$23 million for half-year costs of preschool expansion to serve 17,000 more children.
- \$39 million in additional funds for Stage 3 child care for the working poor.
- \$1.5 million for ten regional resource centers to develop child care capacity in underserved areas and \$120,000 in state operations money to the State Department of Education(SDE) to support the project, with budget bill language to include underserved rural areas.
- A total increase of \$44.9 million to the child care revolving loan fund.
- Budget bill language to create an advisory committee to oversee SDE's development of a new child care data collection system.
- A \$100 million set-aside to allow SDE to develop a capacity-building project to develop child care centers in neighborhoods with high concentrations of CalWORKs populations.
- A total of \$16 million in new federal funds which states are required to spend on "quality activities" that improve the quality and availability of subsidized child care. Set aside the following from this new money: a) \$2.7 million for a licensing program, b) at least \$10 million to fund efforts to increase the retention of child care workers, including enhanced compensation, and c) \$3 million for grants to child care providers to establish family support programs.
- Maintenance of the existing Stage III set-aside structure to ensure that families moving off of CalWORKs have childcare.
- Budget bill language declaring the intent of the Legislature that SDE move ahead with public hearings across the state on the new family fee schedule, whose implementation would be subject to legislation.

**Libraries**

- A total funding level of \$184 million for libraries in schools, including an augmentation of \$25 million for classroom libraries in grades kindergarten through 4.
- Full funding of the Public Library Foundation program, at \$70 million, which provides funding for public libraries at approximately \$2 per capita, and is a 44 percent increase over the Governor's budget for this program.

**Teacher Supply and Quality**

- \$10 million in new money for the state's paraprofessional program, as proposed by the Governor.
- \$22 million to reduce the local match needed to fund the Beginning Teacher Support and Assessment program (BTSA) in half, to \$1000 per participant.
- \$7.3 million to increase the state expenditure cap for teacher internship programs to \$2,500.
- \$3.7 million to increase the number of pre-intern slots by 1,800.
- \$500,000 for an evaluation of BTSA.

**English Learners**

- \$50 million for supplemental services to English learners and \$10 million for professional development for teachers that teach English learners, as proposed by the Governor.
- \$250,000 and three new positions for SDE to administer these new programs.
- \$500,000 to fund data collection and evaluation of the services that English learners receive.

**State Operations, Evaluations**

- \$159,000 and two positions to SDE to support the development of the California School Information System, which will serve as a means for schools to more easily transfer students' school records.
- \$7 million to SDE to partially restore a \$8 million cut suffered in last year's budget.
- \$100,000 for an evaluation of the American Indian Early Childhood Education Program, as required by law.
- \$500,000 in Goals 2000 funding to pay for the cost of evaluations that are required by law.
- \$500,000 in Goals 2000 funding for the second year of a statewide class size reduction evaluation.
- \$150,000 for a statewide information system for the federal Title I Migrant Education Program.

## GENERAL FUND ONE-TIME PROPOSITION 98 FUNDS

- \$144 million in one-time funds that districts may use for 1) instructional materials aligned to the state standards, including materials designed for English learners, 2) Staff Development Buy-Out, 3) other types of staff development that districts determine necessary.
- \$3 million to subsidize all low-income children that wish to participate in outdoor education programs, which are usually offered across the state as part of the curriculum in the 5<sup>th</sup> or 6<sup>th</sup> grade.
- \$4 million for education technology support in rural areas.
- \$2 million for a new teacher cadet program to promote teaching careers among high school students.

## FEDERAL FUNDS

- \$129 million in new federal funds from the new federal Class Size Reduction program, which all districts receive and can spend on staff development or high school class size reduction if they have already reduced class sizes in the early grades.
- \$28.5 million in Goals 2000 funding for math staff development programs, as proposed by the Governor.
- \$5 million in Goals 2000 funding for student academic partnerships, as proposed by the Governor.
- \$450,000 in Goals 2000 funding to align the Golden State Exam to the state standards, with budget bill language requiring that this funding be used to ensure that the tests are statistically valid and reliable.

### Budget Bill Language:

In addition, to the areas mentioned above, the Subcommittee adopted the following budget bill language, now contained in the bill:

- Adult education – a requirement that SDE report to the Subcommittee in the Spring of next year regarding its implementation of Title II of the Workforce Investment Act.

- Title I – Establishes the intent of the Legislature that SDE align the accountability system required by Title I with the new accountability system approved earlier this year as part of the Governor's education reform package.

### **Trailer Bill Language:**

The Subcommittee also adopted trailer bill language to do the following:

- Establish the deficit factor for the fiscal year only.
- Allow applicants to the High Risk Youth grant program to receive 15 percent of their total grant award up front for start-up costs.
- Adjust dates for the development of the matrix-sampled test.
- Provide some alignment and flexibility of existing summer school and remedial programs.
- Change the formula for calculating K-12 COLA's, such that it includes comparable indicators.
- Adjust the special education COLA formula to include the low-incidence disability adjustment.
- The Subcommittee also considered, but ultimately rejected, trailer bill language to limit rules for districts to claim independent study, allow for adjustment of apportionments due to audit exceptions, and create a resolution process for audit exceptions.

## **6440 UNIVERSITY OF CALIFORNIA**

The budget provides \$2.65 billion in general fund support for the University of California (UC). This amount is \$137 million or 5.46 percent over last year's budget. Highlights of the Assembly Budget for the University of California include:

### **Expanding Access**

- \$23 million to further reduce UC student fees for undergraduates by five percent. Coupled with the five percent reduction in 1998-99, AB 1318 (Ducheny), Chapter 853, Statutes of 1997 fees will be ten percent or \$370 lower than fee levels from 1997-98. With this action, students and their families will pay \$3,429 per year in fees.
- \$3.5 million to reduce UC student fees for graduates by five percent or \$190 per year, pursuant to SB 1896 (Peace/Ducheny), Chapter 734, Statutes of 1998.

- \$50.2 million to fully fund enrollment growth of 3.7 percent, thus accommodating 5,500 new students.
- \$10.3 million to continue with the development of the 10<sup>th</sup> UC Campus in Merced.
- \$2 million to expand student academic outreach efforts for professional schools – focusing on medical and law schools.

### **Improving Quality**

- \$2 million to expand the Cooperative (Agriculture) Extension program.
- \$5 million to expand the Industry/University Cooperative Research program.
- \$100.8 million to increase employee compensation and benefits.
- \$6.2 million for instructional equipment and technology.
- \$10 million for deferred and ongoing maintenance.
- \$1 million to expand AIDS research at UC.
- \$750,000 for the California Subject Matters Project to create summer “Teaching Academies”

### **Capital Outlay**

- \$215.3 million, in Proposition 1A funds, for UC capital outlay expenditures. This amount includes funding for 21 projects at eight campuses, placing priority on seismic safety, fire/life safety, and vital infrastructure projects.

## **6610 CALIFORNIA STATE UNIVERSITY**

The budget provides \$2.25 billion in General Fund support for the California State University (CSU). This amount is \$116 million or 5.43 percent over last year’s budget. Highlights of the Assembly Budget for the California State University include:

### **Expanding Access**

- \$20 million to further reduce CSU student fees for undergraduates by five percent. Coupled with the five percent reduction in 1998-99, AB 1318 (Ducheny), Chapter 853, Statutes of 1997 fees will be ten percent or \$156 lower than fee levels from 1997-98. With this action, students and their families will pay \$1,428 per year in fees.

- \$4.2 million to reduce CSU student fees for graduates by five percent or \$78 per year, pursuant to SB 1896 (Peace/Ducheny), Chapter 734, Statutes of 1998.
- \$52.5 million to fully fund enrollment growth of three percent, thus accommodating 8,381 new students.
- \$2.2 million for summer session teacher preparation programs – helping address the teacher shortage in California.
- \$9 million to expand student academic outreach efforts at CSU. Of this amount, \$1 million is for the Pre-collegiate Academic Development Program (PAD), \$1 million is for the California Academic Partnership Program (CAPP), \$2 million for the Educational Opportunity Program (EOP), \$2.5 million for the Faculty-to-Faculty Alliance Program, and \$2.5 million for the K-12 Student Learning Assistance Program.
- \$2.8 million to continue with the development of the CSU Monterey Bay campus.
- \$835,000 to continue with the development of the CSU Channel Islands Campus.
- \$380,000 for a permanent facility for the Coachella Valley off-campus center.

### **Improving Quality**

- \$92.9 million to increase the employee compensation pool. These funds will allow CSU to honor the new contract with the California Faculty Association which promises a six percent annual increase in compensation – thus making efforts to close the faculty salary lag. The budget also provides \$890,000 for salary equity adjustments for skilled laborers to correct salary lags.
- \$10 million for high cost programs. This will allow CSU to improve and enhance instructional programs for high cost programs such as engineering, agriculture, architecture and nursing.
- \$7 million for technology initiatives at CSU – helping wire more libraries, residential halls and classrooms.
- \$4 million to augment the base budget for deferred maintenance.
- \$5 million to expand the California Agricultural Technology Institute (CATI), which conducts applied agriculture research and is matched one-to-one with private funds.
- \$2 million to expand the California State University Program for Education Research in Biotechnology (CSUPERB), which is matched one-to-one with industry funds.

### **CAPITAL OUTLAY**

- \$253.4 million, in Proposition 1A funds, for CSU capital outlay expenditures. This amount includes funding for CSU to address 25 projects at 16 campuses, placing priority on seismic safety, fire/life safety, and vital infrastructure projects.

## **6870 COMMUNITY COLLEGES**

The budget provides \$2.31 billion for the Community Colleges. This amount is \$176 million or 8.2 percent over last year's budget. Highlights of the Assembly Budget for Community Colleges include:

### **Expanding Access**

- \$116.6 million to fund a 3.5 percent growth in enrollments and categorical programs.
- \$50.1 million to fund the Cost-of-Living Adjustment (COLA) at 1.41 percent for general apportionment and categorical programs.
- \$12.9 million to further reduce community college student fees from \$12 per unit to \$11 per unit. Coupled with the \$1 per unit reduction in 1998-99, AB 1318 (Ducheny), fees will be \$2 per unit lower than fee levels from 1997-98.
- \$10 million to fund expansion of outreach programs including the Puente Program, (\$3.3 million); the (MESA) Math, Engineering, Science Achievement Program (\$1.4 million); and the (EOPS) Extended Opportunity Programs and Services (\$5 million).

### **Improving Quality**

- \$32 million to expand the Partnership for Excellence Program (PFE). With the increase, the PFE program will have \$132 million in their base budget going out to the 107 Community Colleges on a per full time equivalent student (FTES) basis.
- \$10 million in funding for more full-time faculty as required by AB 1725 (Vasconcellos), Chapter 973, Statutes of 1988.
- \$2 million for part-time faculty parity. These funds will be used to increase compensation, benefits and student contact for part time faculty members.
- \$5.2 million in new funding for Disabled Student Programs and Services – inching closer the amount needed to meet state and federal nondiscrimination law mandates.

### **Other Initiatives**

- \$1.8 million for the Middle College High School Program. This action will allow the program to expand to 12 new sites which target at-risk high school students.

- \$10 million for the Teacher and Reading Development Partnership initiative, which will encourage more students to seek teaching careers while participating in teaching internships at K-12 schools.
- \$2.5 million to enhance student transfer activities between four-year segments and community colleges. Of these funds, \$550,000 is for Faculty Articulation Workshops and \$1.9 million is for Clarification of General Education Requirements and the Certification process.

### **Capital Outlay**

- \$172.4 million for capital projects from Proposition 1A funds. This funding level would allow the colleges to address 101 projects at 69 campuses. Projects include program expansion, correction of fire/life safety deficiencies, and installation of equipment to complete previously funded projects.

## **7980 CALIFORNIA STUDENT AID COMMISSION**

The budget increases General Fund support for the Student Aid Commission by \$43 million or 12.6 percent over last year's budget – for a total budget of \$386 million. The budget also provides baseline savings of \$21.4 million, redirecting those funds the various student aid programs. Highlights of the Assembly budget for the Student Aid Commission include:

### **Making College Affordable**

- \$15 million to expand the Cal Grant A and Cal Grant B programs – providing new financial aid awards to 5,016 additional students. In addition, the budget provides \$30 million to expand the number of awards pursuant to past budget acts.
- \$1 million to expand the Cal Grant C program, which provides financial aid for students in vocational programs.
- \$2.4 million to increase the maximum Cal Grant award for students attending private colleges and universities.
- \$1 million to expand the State Work-Study program to increase the number of "Teaching Intern" positions.
- \$250,000 to begin allowing Cal Grant recipients to use financial aid grants during summer session.

### **Investing in Teacher Training**

- \$5 million to expand the Cal Grant T Program, which provides financial aid awards for students in teacher preparation programs.
- Authorization to grant 1,100 new loan forgiveness awards Assumption Program of Loans for Education (APLE) for teachers who serve four years in subject shortage or low-income areas. The Budget also specifies that 100 of these awards shall be targeted to teachers working in rural schools.

### **Expanding Access**

- \$1 million to conduct a college information dissemination campaign for middle school students through the College Making it Happen Program.
- \$1 million to expand the Cal-SOAP student academic outreach program.