

*Senate Budget and Fiscal Review—Mark Leno, Chair***SUBCOMMITTEE NO. 1****Agenda**

Senator Marty Block, Chair  
 Senator Carol Liu  
 Senator Mark Wyland



Tuesday, May 20, 2014  
 1:30 p.m.  
 Room 3191

Consultants: Joe Stephenshaw, Samantha Lui, Jody Martin, Mark Ibele

**May Revision Overview Hearing  
 Proposition 98 and K-14 Education Issues**

**Part A**

**Items Proposed for Discussion**

<b><u>Item</u></b>	<b><u>Department</u></b>	<b><u>Page</u></b>
<b>6110</b>	<b>California Department of Education</b>	
Issue 1	Child Care Overview.....	2
Issue 2	May Revision Program Changes.....	4
<b>6110</b>	<b>California Department of Education</b>	
<b>6870</b>	<b>California Community Colleges</b>	
Issue 1	Proposition 98 Overview.....	8
Issue 2	May Revision Program Changes.....	12

**Public Comment**

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## Items Proposed for Discussion

### 6110 CALIFORNIA DEPARTMENT OF EDUCATION - CHILD CARE

<b>Issue 1: CHILD CARE OVERVIEW</b>
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**Panelists:** Legislative Analyst's Office

**Governor's May Revision.** The May Revision provides a total of \$1.8 billion for all child care and development programs (a decrease of \$15 million [2 percent] due to increases in federal funding by \$14 million and decreases in state General Fund by \$29 million). The May Revision also adjusts funding for all three stages of CalWORKs child care to reflect revised caseload estimates and a higher average cost of care.<sup>1</sup> Specifically, the May Revision provides a total of \$936 million across the three stages, reflecting a net decrease of less than \$1 million. Compared to the January budget proposal, the May Revision:

- Decreases funding for Stage 1 by \$13.5 million,
- Decreases funding for Stage 2 by \$15.6 million, and
- Increases funding for Stage 3 by \$29.6 million.

Additionally, the May Revision updates federal fund estimates and removes \$16 million state General Fund, which was originally provided in 2013-14 to backfill an anticipated federal sequestration. The anticipated federal cuts did not occur, and the additional General Fund was no longer needed to backfill the federal sequestration cuts.

The Administration proposes slight increases in growth funding, specifically by \$0.8 million to provide a total of \$5.9 million in statutory growth adjustments across General Child Care, Alternative Payment, State Preschool, Migrant and Handicapped programs. These increases reflect updated estimates for the change in the state's population of children ages birth to five (increasing from 0.42 percent in January to 0.49 percent in May).

To compare key child care and development budget differences between the Administration's January proposal and May Revision, please see chart below from the Legislative Analyst's Office.

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<sup>1</sup> Adjustments reflect net of both caseload changes—which decrease for both Stage 1 and Stage 2, but increase for Stage 3—and higher assumptions regarding the cost of providing care.

**Child Care and Preschool Budget**

(Dollars in Millions)

	2012-13 Actual	2013-14 Revised		2014-15		Change from January	
				January	May	Amount	Percent
<b>Expenditures</b>							
CalWORKs Child Care							
Stage 1	\$289	\$337		\$385	\$371	-\$14	-4%
Stage 2 a	\$419	\$367	b	\$364	\$349	-\$16	-4%
Stage 3	\$162	\$202	b	\$186	\$216	\$30	16%
<b>Subtotals</b>	<b>\$870</b>	<b>\$906</b>		<b>\$935</b>	<b>\$936</b>	<b>\$0</b>	<b>0%</b>
Non-CalWORKs Child Care							
General Child Care	\$465	\$453	b	\$479	\$468	-\$11	-2%
Alternative Payment	\$174	\$173	b	\$179	\$175	-\$4	-2%
Other child care	\$28	\$27	b	\$28	\$28	-\$1	-2%
<b>Subtotals</b>	<b>\$666</b>	<b>\$653</b>		<b>\$687</b>	<b>\$671</b>	<b>-\$15</b>	<b>-2%</b>
Support Programs	\$76	\$74		\$73	\$73	\$0	0%
<b>Totals</b>	<b>\$1,612</b>	<b>\$1,634</b>		<b>\$1,695</b>	<b>\$1,680</b>	<b>-\$15</b>	<b>-1%</b>

**Funding**

State Non-Proposition 98 General Fund	\$779	\$780		\$784	\$755	-\$29	-4%
Other state funds	\$14	\$0		\$0	\$0	\$0	0%
Federal CCDF	\$549	\$541		\$556	\$570	\$14	3%
Federal TANF	\$372	\$313		\$355	\$355	\$0	0%
<b>State Preschool (Proposition 98)</b>	<b>\$481</b>	<b>\$507</b>		<b>\$509</b>	<b>\$509</b>	<b>\$0</b>	<b>0%</b>

a Does not include \$9.2 million provided to Community Colleges for Stage 2 child care.

b Totals reflect midyear funding shifts to augment Stage 2 by \$9.4 million and Stage 3 by \$19.1 million to address shortfalls.

CCDF=Child Care and Development Fund and TANF=Temporary Assistance for Needy Families

The number of slots is slightly lower from the January proposal, due to revised caseload estimates in CalWORKs programs and other statutory growth adjustments for other programs. On the following page, please see the chart, which summarizes the number of child and state preschool slots.

**Summary of Child Care and Preschool Subsidized Slots<sup>a</sup>**

	2012-13	2013-14 Revised	2014-15		Change from January	
			January	May	Amount	Percent
CalWORKs Stage 1	34,849	37,774	42,719	41,787	-932	-2%
CalWORKs Stage 2b	63,379	54,080	55,943	51,956	-3,987	-7%
CalWORKs Stage 3	25,448	31,674	30,830	34,563	3,733	12%
<b>Subtotal</b>	123,676	123,528	129,492	128,306	-1,186	-1%
General Child Care	46,036	44,854	47,429	46,360	-1,068	-2%
Alternative Payment	24,854	25,626	26,515	25,962	-553	-2%
Migrant	2,491	2,477	2,567	2,509	-59	-2%
Handicapped	143	144	145	145	0	0%
<b>Subtotal</b>	73,524	73,101	76,656	74,976	-1,680	-2%
<b>Total Child Care</b>	<b>197,200</b>	<b>196,629</b>	<b>206,148</b>	<b>203,282</b>	<b>-2,866</b>	<b>-1%</b>
<b>State Preschool</b>	<b>129,511</b>	<b>136,182</b>	<b>137,093</b>	<b>137,189</b>	<b>96</b>	<b>0%</b>

a Reflects average monthly slots.

b Does not include 1,781 Stage 2 Community College Child Care slots.

**Source:** Legislative Analyst's Office.

<b>Issue 2: MAY REVISION PROGRAM CHANGES</b>
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**Panelists:** Department of Finance  
Legislative Analyst's Office  
Department of Education

The Governor's May Revision proposal pertaining to child care, early education, and development are detailed below.

### Child Care

- Revised Cost Estimates (Issue 853). The Administration requests \$14.6 million to reflect revised cost estimates for CalWORKs Stage 2 (-\$15.6 million) and Stage 3 child care (\$30.2 million) to reflect a higher projected cost per case in Stages 2 and 3 than in the Governor's January budget, as well as decreased caseload of 4,000 in Stage 2 and increased caseload of 3,700 in Stage 3.
- Growth Adjustment. (Issue 856). The Administration proposes to adjust the non-Proposition 98 child care programs for growth, specifically, to increase local assistance by \$481,000 to reflect a revised growth adjustment of 0.49 percent. The Governor's January demographic information indicated a 0.42 percent increase in the 0-4 year old population.

The Administration proposes to amend Provision 5 of the item, as follows:

“5. The amounts provided in Schedules (1.5)(a), (1.5)(c), (1.5)(d), and (1.5)(j) of this item to reflect an adjustment to the base funding of ~~0.42~~ 0.49 percent for an increase in the population of 0-4 year olds.”

- Adjustments in federal Child Care Funds (Issues 8585, 859, 860, and 861). The Administration proposes an increase of \$24.4 million to reflect the following adjustments in the federal Child Care Funds:
  - An increase of \$7.1 million in one-time federal funds available from prior years.
  - An increase of \$17.3 million in ongoing federal funds, which will offset a like-amount in non-Proposition 98 General Fund in the CalWORKs Stage 3 child care program.

The Governor’s January budget identified \$20.7 million in one-time carryover funds for the budget year, and this adjustment will increase total available carryover funds to \$27.8 million.

Additionally, the Administration requests to amend Provision 4 of Item 6110-194-0890 as follows:

“4. Of the funds appropriated in this item, ~~\$20,723,000~~ \$27,825,000 is available on a one-time basis for CalWORKs Stage 3 child care from federal Child Care and Development Block Grant funds appropriated prior to the 2014-15 federal fiscal year.”

- Excess Funding Authority for Child Care Programs (Issue 862). The Administration requests a decrease of \$15.9 million excess authority, which was associated with a backfill for an anticipated sequester of federal child care funds that did not materialize.

### **State Preschool Program**

- Revised Growth Adjustment (Issue 857). The Administration seeks to adjust State Preschool funding by \$356,000, reflecting a revised growth adjustment of a 0.49 percent increase in the 0-4 year old population. As discussed above, the demographic information at the time of the Governor’s budget indicated a 0.42 percent increase.

As such, the Administration proposes the following amended language to Provision 3:

“3. The amount provided in Schedule (1) reflects an adjustment to the base funding of ~~0.42~~ 0.49 percent for an increase in the population of 0-4 year-olds.”

**Race to the Top--Early Learning Challenge (RTT--ELC) Grant**

- Local Assistance Funding (Issue 854). The Administration proposes an increase of \$1.8 million in local assistance to reflect changes in indirect cost rates, due to changes in contract costs, and grant carryover, available from the 2013-14 RTT--ELC. The additional authority does not increase the total amount of the grant but instead, shifts the funds between grant years.
- State Operations Funding (Issue 855). The Administration proposes to increase state operations by \$3.2 million and amend the corresponding budget bill language to reflect this change and changes in indirect cost rates and grant carryover, available from 2013-14 from the RTT-ELC grant.

The May Revision proposal requests to amend Provision 19 as follows:

“19. Of the funds appropriated in this item, ~~\$2,240,000~~ \$5,447,000 shall be available to support local quality improvement activities under the Race to the Top--Early Learning Challenge (RTT-ELC) grant, consistent with the plan approved by the Department of Finance.”

**State Median Income**

The May Revision proposes trailer bill language that continues to set the state median income (SMI), for purposes of qualifying for specified child care programs, at the level used in 2007-08. January budget funding was based on the 2007-08 SMI. The proposed trailer bill language is below:

Section 8263.1 of the Education Code is amended to read:

8263.1. (a) For purposes of this chapter, “income eligible” means that a family’s adjusted monthly income is at or below 70 percent of the state median income, adjusted for family size, and adjusted annually.

(b) Notwithstanding any other law, for the 2011–12 fiscal year, the income eligibility limits that were in effect for the 2007–08 fiscal year shall be reduced to 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size, effective July 1, 2011.

(c) Notwithstanding any other law, for the 2012–13 fiscal year, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(d) Notwithstanding any other law, for the 2013–14 fiscal year, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(e) Notwithstanding any other law, for the 2014–15 fiscal year, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(ef) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included as income for purposes of determining eligibility for child care under this chapter.

**6110 CALIFORNIA DEPARTMENT OF EDUCATION  
6870 CALIFORNIA COMMUNITY COLLEGES****Issue 1: PROPOSITION 98 OVERVIEW**

**Panelists:** Department of Finance  
Legislative Analyst's Office  
Department of Education  
Community College Chancellor's Office

**GOVERNOR'S MAY REVISION PROPOSALS****Proposition 98 Overall Funding—K-12 and Community Colleges**

California's Proposition 98 guarantees minimum funding levels for K-12 schools and community colleges. The guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline.

As a result of changes in General Fund revenues over the three-year period of 2012-13 to 2014-15, Proposition 98 funding obligations will increase by a total of \$242 million over the Governor's budget. Specifically, Proposition 98 funding in 2012-13 decreases by \$547 million primarily due to a decrease in revenues. In 2013-14, Proposition 98 funding increases by approximately \$1.5 billion due to higher revenues and enrollment growth. Proposition 98 funding in 2014-15 decreases by approximately \$700 million primarily due to slower year-over-year General Fund revenue growth and a decrease in local property tax revenues. As a result of these changes, the revised Proposition 98 Guarantee levels at the May Revision for the 2012-13 through 2014-15 fiscal years are \$57.8 billion, \$58.3 billion, and \$60.9 billion respectively.

The Proposition 98 minimum guarantee is determined by comparing the results of three "tests" or formulas that are based on specific economic and fiscal data. The factors considered in these tests include growth in personal income of state residents, growth in General Fund revenues, changes in student enrollment, and a calculated share of the General Fund. Very generally, Test 1 is based on a percentage of General Fund, Test 2 on growth in personal income, and Test 3 on General Fund growth. As in January, the May Revision assumes that 2012-13 is a Test 1 year and that the current year is a Test 3 year. In addition, the current assumption is that 2014-15 will be a Test 1 year--in the budget year it is expected that the calculated share of the General Fund will result in greater revenues under Proposition 98 than either of the growth calculations under Test 2 or Test 3.



In years following suspension of the Proposition 98 minimum guarantee or when the General Fund grows more slowly than the economy, a maintenance factor is created. The payment of this maintenance factor is designed to bring school funding back to the level where it would be based on economic growth. When growth in state General Fund revenues is stronger, the state is required to make maintenance factor payments. The Proposition 98 amounts include maintenance factor paid of \$5.2 billion in 2012-13, accrued of \$458 million in 2013-14, and paid of \$2.6 billion in 2014-15. Maintenance factor outstanding would be \$4.0 billion at the end of the budget year.

Proposition 98 funding from General Fund and local property taxes by segment is shown in the table below:

<b>Proposition 98 Funding</b>									
(Dollars in Millions)									
	2012-13			2013-14			2014-15		
	January	May Revision	Change	January	May Revision	Change	January	May Revision	Change
<b>Preschool</b>	481	481	0	507	507	0	509	509	0
<b>K-12 Education</b>									
General Fund	37,740	37,271	-469	36,361	37,958	1,597	40,079	39,537	-542
Local property tax revenue	13,895	13,848	-47	13,633	13,405	-229	14,171	14,089	-82
<b>Subtotals</b>	<b>51,634</b>	<b>51,119</b>	<b>-515</b>	<b>49,995</b>	<b>51,363</b>	<b>1,368</b>	<b>54,250</b>	<b>53,626</b>	<b>-624</b>
<b>California Community Colleges</b>									
General Fund	3,908	3,853	-56	4,001	4,187	186	4,396	4,338	-59
Local property tax revenue	2,241	2,264	23	2,232	2,167	-65	2,326	2,309	-18
<b>Subtotals</b>	<b>6,149</b>	<b>6,117</b>	<b>-32</b>	<b>6,233</b>	<b>6,355</b>	<b>121</b>	<b>6,723</b>	<b>6,646</b>	<b>-76</b>
<b>Other Agencies</b>	78	78	0	78	78	0	77	77	0
<b>Totals</b>	<b>58,342</b>	<b>57,795</b>	<b>-547</b>	<b>56,813</b>	<b>58,302</b>	<b>1,489</b>	<b>61,559</b>	<b>60,859</b>	<b>-700</b>
General Fund	42,207	41,682	-524	40,948	42,731	1,783	45,062	44,462	-600
Local property tax revenue	16,135	16,112	-23	15,866	15,572	-294	16,497	16,397	-100

Source: Legislative Analyst's Office

The May Revision focuses on maintaining the core priorities outlined in the Governor's budget for K-12 schools-paying down the "Wall of Debt" and investing significantly in the new Local Control Funding Formula (LCFF). The May Revision prioritizes available funding to repay all of the inter-year budgetary deferrals through a mix of ongoing 2014-15 funds and one-time funds attributable to 2012-13 and 2013-14. The deferral pay-down plan for the May Revision includes some inter-year shifts, but the overall fiscal effect over the three years remains unchanged from January, as shown below:

<b>Changes to Governor's Deferral Paydown Plan</b>			
<i>(In Millions)</i>			
	<b>January</b>	<b>May</b>	<b>Difference</b>
<b>2012-13</b>			
K-12	1,813	1,295	-518
CCC	194	139	-55
Subtotal	2,007	1,433	-574
<b>2013-14</b>			
K-12	1,520	2,781	1,260
CCC	163	296	134
Subtotal	1,683	3,077	1,394
<b>2014-15</b>			
K-12	2,238	1,496	-742
CCC	236	158	-78
Subtotal	2,474	1,653	-820
<b>Total Paydown</b>	<b>6,164</b>	<b>6,164</b>	<b>0</b>

Source: Legislative Analyst's Office

The payment of all deferrals will provide local educational agencies with additional cash, potentially reducing borrowing costs for schools, but it does not constitute additional resources for improving programs. The May Revision also continues the Administration's commitment to the LCFF, by maintaining the \$4.5 billion second-year-implementation investment in the formula, enough to eliminate more than 28 percent of the remaining funding gap, representing a significant acceleration from the original implementation schedule. Funding is provided for various workload adjustments under the new formula.

The administration has also proposed a comprehensive funding plan for the California State Teachers Retire System (CalSTRS) which is based on shared responsibility among the school districts, teachers and the state. This issue will be discussed more fully in Subcommittee 5. The Administration's proposal for a new reserve policy, encompassing a Proposition 98 reserve, was modified based on legislative concerns and approved pursuant to ACA2X1 (John Pérez) to be placed before the voters in November 2014.

Changes within Proposition 98, as proposed in the May Revision, are shown in the table below. Specific additional proposals are outlined in Issue 2, below.

<b>Proposition 98 Spending Changes in 2014-15 May Revision</b>	
<i>(In Millions)</i>	
<b>K-12 Education</b>	
Reduce deferral paydown	-742
Increase LCFF for higher attendance	121
Increase categoricals for higher attendance	17
Increase funding for FCMAT	1
Other K-12 adjustments	-20
<b>Subtotal</b>	<b>(623)</b>
<b>California Community Colleges</b>	
Rescind instructional equipment proposal	-88
Reduce deferral paydown	-78
Increase deferred maintenance funding	61
Provide one-time CTE funding	50
Reduce enrollment growth funding	-15
Other CCC adjustments	-12
Fund internet equipment and connectivity	6
<b>Subtotal</b>	<b>(76)</b>
<b>Total May Revision Changes</b>	<b>-700</b>

Source: Legislative Analyst's Office

**Issue 2: MAY REVISION PROGRAM CHANGES**

**Panelists:** Department of Finance  
Legislative Analyst's Office  
Department of Education  
Community College Chancellor's Office

**GOVERNOR MAY REVISION PROPOSALS****Program Changes — K-12****Common Core**

The Administration continues its focus on the implementation of the Common Core academic standards in California. \$1.25 billion in one-time funds last year was provided to assist schools with investments in the areas of professional development, instructional materials, and technology enhancements. Because adequate technological capability is important to supporting basic access for all schools and students to the computer-based assessment environment envisioned under Common Core, the May Revision proposes an investment of \$26.7 million for the K-12 High Speed Network to perform a comprehensive network connectivity assessment and allocate grant funding to those school districts with the greatest need in this area. Providing this funding will allow maximum participation in computer adaptive tests during 2014-15.

**Independent Study**

The Administration proposes changes in the Governor's January budget proposal in the May Revision regarding independent study. The Governor's budget proposed to streamline and expand the instructional opportunities available through independent study by authorizing local educational agencies to offer course-based independent study options for students in grades 9-12 and site-based blended learning programs for grades K-12. The May Revision proposes a series of changes to the Administration's January proposal, including: (1) eliminating the requirement that certificated teachers and students meet weekly to assess if a student is making satisfactory academic progress in a school site-based blended learning independent study program. Teachers and students in these programs already interact frequently enough to monitor student progress; (2) providing schools with the ability to offer site-based blended learning, utilizing a universal learning agreement for all students enrolled in the same course or courses; (3) promoting equitable funding for students enrolled in course-based independent study programs by basing it on average daily attendance, and not enrollment, and applying the statewide excused absence rate to average daily attendance (ADA) claimed by local educational agencies.

**Local Control Funding Formula**

During the initial transition to the LCFF in 2013-14, local educational agencies participating in Provisions 2 and 3 of the National School Lunch Program encountered administrative challenges collecting income eligibility forms to determine if a student qualified for a free or reduced-price meal. To address those challenges, the May Revision proposes the following changes to the calculation of unduplicated pupils under the LCFF: (1) authorize schools participating in Provision 2 or 3 of the National School Lunch Program to establish base-year student eligibility for free or reduced-price meals no less than once every four years; provided that the school annually updates its free and reduced-price meal eligible student counts for newly enrolled or disenrolled students during the intervening years; (2) require the Superintendent of Public Instruction to revise a local educational agency's three-year rolling average unduplicated student enrollment percentage using 2014-15 student data in place of 2013-14 data, if doing so would increase the local educational agency's rolling average.

**Proposition 39**

The California Clean Energy Jobs Act was approved by voters in 2012 and increases state corporate tax revenues. For 2013-14 through 2017-18, the measure requires half of the increased revenues, up to \$550 million per year, to be used to support energy efficiency projects. The May Revision decreases the amount of energy efficiency funds available to K-12 schools in 2014-15 by \$9 million to \$307 million to reflect reduced revenue estimates.

**Other Changes and Proposals**

In addition to the changes noted and discussed above, the May Revision provides for the following:

- Categorical Program Growth — An increase of \$15.3 million Proposition 98 General Fund for selected categorical programs based on updated estimates of projected ADA growth.
- Cost-of-Living Adjustments — A decrease of \$258,000 Proposition 98 General Fund to selected categorical programs based on a revised cost-of-living factor of 0.85 percent for 2014-15.
- K-12 Mandates Block Grant — An increase of \$1.6 million Proposition 98 General Fund to align mandate block funding with revised ADA estimates. This additional funding is required to maintain statutory block grant funding rates assuming 100 percent program participation.
- K-12 Mandates Claims Process — An increase of \$5,000 Proposition 98 General Fund to reflect the addition of five mandates to the mandate claiming process. Specifically, \$1,000 is provided for each of the following new mandates: Parental Involvement Programs; *Williams* Case Implementation I, II, and III; and

Developer Fees. An additional \$1,000 is provided for both the existing Student Records and Graduation Requirements mandates, which were inadvertently omitted from the claims process budget bill item last year

- Special Education — An increase of \$4.5 million to provide federal Individuals with Disabilities Education Act (IDEA) funds to support the provision of accessible instructional materials to local educational agencies. This request would shift federal IDEA funds from local assistance entitlements to state-level activities. This proposal replaces the Governor's January fee-based proposal, which the Subcommittee rejected.
- Fiscal Crisis and Management Assistance Team (FCMAT) — An increase of \$500,000 to support the operations of FCMAT, which helps local educational agencies fulfill their financial and management responsibilities. The funding would provide FCMAT with resources to support the LCFF workload.
- Charter Schools and Workforce Investment — Statutory language that would suspend the ability of local education agencies to establish new federal Workforce Investment Act affiliated charter schools until a more comprehensive adult education plan can be developed. Currently, these schools can claim LCFF-based funding for adult average daily attendance, unlike other schools.

### **Program Changes — Community Colleges**

The May Revision provides for the following changes for community colleges:

- Enrollment Growth — Includes funding for enrollment growth of 2.75 percent, instead of 3 percent growth, which was proposed in January. The revised plan would provide \$140.4 million Proposition 98 General Fund for enrollment growth.
- Cost-of-Living Adjustment (COLA) — Reduces the proposed COLA from .86 percent, as proposed in the Governor's budget, to .85 percent. Under the May Revision proposal, \$47.3 million Proposition 98 General Fund would be available for a COLA.
- Career Technical Education (CTE) — Provides \$50 million Proposition 98 General Fund to augment the Economic and Workforce Development categorical program. The program supports regional planning for CTE programs tied to regional workforce needs, and also supports equipment costs and professional development for CTE faculty. This is one-time funding. The proposal would require the Chancellor's Office to distribute the funding to already-formed regional consortia.
- Enhanced Non-Credit Rate Increase — Proposes trailer bill language that would increase the funding rate in 2015-16 for career development and college

preparation noncredit courses to equal the rate of credit courses. These courses, often referred to as enhanced noncredit courses, offer noncredit classes that are tied to specific credit programs.

- **Deferred Maintenance and Instructional Equipment** — Rescinds the Governor's budget proposal to provide \$87.5 million Proposition 98 General Fund for the replacement of instructional equipment, and instead increases funding to allow community colleges to address deferred maintenance by \$60.5 million Proposition 98 General Fund. Total funding for deferred maintenance is now proposed for \$148 million. In addition, the May Revision proposes to eliminate a 1-to-1 match for districts who receive this funding.
- **Technology Infrastructure** — Provides \$6 million Proposition 98 General Fund to upgrade bandwidth and replace technology equipment at each community college to support technology initiatives begun in 2013-14 such as electronic transcripts, electronic education planning, and the online education initiative.
- **Deferral Eliminations** — Continues to pay down all outstanding deferrals, but changes the year in which payments are counted, as follows:

<b>Year</b>	<b>Jan Proposal</b>	<b>May Revise</b>	<b>Difference</b>
2012-13	\$194 Million	\$139 Million	-\$55 Million
2013-14	\$163 Million	\$296 Million	\$134 Million
2014-15	\$236 Million	\$158 Million	-\$78 Million