

SUBCOMMITTEE NO. 1

Agenda

Senator Marty Block, Chair
Senator Benjamin Allen
Senator John M. W. Moorlach



Tuesday, May 17, 2016
1:30 p.m.
State Capitol - Room 3191
Consultant: Anita Lee
AGENDA PART B

VOTE ONLY

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**ISSUE 1: CALIFORNIA STATE LIBRARY
VOTE ONLY**

Item	Subject	Description	Staff Recommendation	Language
1	Increased Facilities Rent and Augmentation for Library Services 6120-011-0001 (May Revision)	It is requested that Item 6120-011-0001 be increased by \$56,000 to provide additional funds for estimated increases in rent and facilities costs at the State Library's 900 N Street building in Sacramento. The State Library has limited ability to absorb increases in these costs and also maintain existing program levels. Therefore, this request adjusts the appropriation based on changes in those costs in fiscal year 2016-17.	Approve as proposed	BBL

**ISSUE 2: UNIVERSITY OF CALIFORNIA
VOTE ONLY**

Item	Subject	Description	Staff Recommendation	Language
2	UC Revenue Adjustment 6440-001-0234 (May Revision)	The May Revision includes a decrease of \$474,000 from the Cigarette and Tobacco Products Surtax Fund Research Account. The purpose of this funding is for tobacco-related disease research.	Approve as proposed	BBL
3	Amend Provision Related to Sustainability Plan 6440-001-0001 (May Revision)	The Administration proposes that the Budget Bill provisions related to the Regents' adoption of a sustainability plan reflect that action. Therefore, it is requested that paragraph (1) of subdivision (a) of Provision 3 of Item 6440-001-0001 be amended to to assume the availability of resources consistent with the framework for long-term funding endorsed by the Regents in May 2015.	Approve as proposed	BBL

**ISSUE 3: CALIFORNIA STUDENT AID COMMISSION
VOTE ONLY**

Item	Subject	Description	Staff Recommendation	Language
4	Increase Reimbursements for Partnership with College Futures Foundation 6980-001-0001 (May Revision)	The May Revision includes a \$500,000 increase on one-time basis to allow CSAC to receive funds for a potential partnership with the College Futures Foundation. The scope of the arrangement is being finalized. To the extent an agreement is not reached, no additional funds would be expended.	Approve as proposed	BBL
5	Revise Cal Grant Program Estimates 6980-101-0001 (May Revision)	The May Revision proposes a decrease of \$101,582,000 to reflect revised cost estimates for the Cal Grant program primarily due to update participation information. Additionally, the May Revision assumes a \$51 million decrease to reflect revised estimates of grant recipients and average award amounts in 2015-16.	Approve as proposed	BBL
6	Adjust Offset of General Fund for Cal Grant Program with Temporary Assistance for Needy Families (TANF) Reimbursements 6980-101-0001 (May Revision)	The May Revision proposes a decrease of \$282,965,000 to reflect an increase in the amount of TANF reimbursements budgeted to support costs of the Cal Grant program. These reimbursements directly offset General Fund costs.	Approve as proposed	BBL

7	Adjust estimates for various Loan Assumption Programs for Education 6980-101-0001 (May Revise)	<p>The May Revision proposes an increase of \$2,000 to reflect revised cost estimates for the Graduate Assumption Program of Loans for Education.</p> <p>The May Revise proposes a decrease of \$91,000 to reflect revised cost estimates for the State Nursing Assumption Program of Loans for Education. The May Revise assumes incremental expenditure of \$67,000 to reflect revised cost estimates for 2015-16.</p>	Approve as proposed	BBL
8	Supplement to Cal Grant B Access Award 6980-101-3263 (May Revise)	<p>The May Revision proposes an increase of \$3,184,000 for a total of \$5,102,000 to reflect available resources in the College Access Tax Credit Fund. This request would allow the Commission to make a supplemental award of \$22 to each student who receives a Cal Grant B access award.</p>	Approve as proposed	BBL
9	Revise Funding for Law Enforcement Personnel Dependents Grant Program Estimates 6980-001-0001 (May Revise)	<p>The May Revision assumes incremental savings of \$3,000 in Item 6980-001-0001 to reflect revised cost estimates for the Law Enforcement Personnel Dependents Grant Program.</p>	Approve as proposed	BBL

10	Middle Class Scholarship Program Estimates 6980-101-0001 (May Revise)	<p>The May Revision assumes incremental savings of \$33,539,000 in Item 6980-101-0001 to reflect anticipated savings in the Middle Class Scholarship Program. Existing law appropriates \$82 million for the program in 2015-16. The Commission estimates costs of \$48,461,000 that year.</p> <p>The Legislative Analyst's Office recommends assuming \$42 million savings for 2016-17. This assumes participation grows in line with UC and CSU enrollment and accounts for the scheduled ramping up of award amounts. The LAO also recommends budget bill language allowing DOF to increase funding up to the statutory limit if actual expenditures are higher than budgeted. This would ensure award amounts are not reduced due to insufficient funds.</p>	Approve as proposed. Adopt placeholder TBL and BBL to assume \$42 million in savings, and allow DOF to increase funding up to the statutory limit if actual expenditures are higher than budgeted.	BBL
11	Grant Delivery System Procurement Project Planning 6980-001- 0001 (May Revision)	<p>The May Revision proposes an an increase of \$396,000 on a one-time basis for planning for the procurement of a new grant delivery system. Limited-term spending would be used to hire a project manager, IT project oversight, and an independent verification and validation positions. The Project Approval Lifecycle, as implemented by the Department of Technology, is a four-stage process departments follow when planning information technology projects. CSAC has submitted documents necessary to finish the first stage, which requires a business analysis. CSAC is expected to perform activities required in the second and third stages, which include alternatives analysis and solution development, in fiscal year 2016-17.</p>	Approve as proposed.	BBL
12	Fund Support for Existing Grant Delivery System 6980-001- 0001 (May Revision)	<p>The May Revision requests \$1,971,000 for upgrades to the existing Grant Delivery System. Of this amount, \$526,000 is provided on an ongoing basis and \$1,445,000 is provided on a one-time basis. A recent security audit of the Grant Delivery System identified a number of risks. The proposed resources would be used for staff, consulting, equipment and associated costs to mitigate many of the items described in the audit. CSAC is also expected to reallocate resources to address any remaining issues.</p>	Approve as proposed.	BBL

**ISSUE 1: CALIFORNIA STATE LIBRARY
DISCUSSION and VOTE**

Item	Subject	Description	Staff Recommendation	Language	Comments
1	California Library Services Act (CSLA) program 6120-211-0001	<p>The Governor proposes a \$4.8 million increase for CLSA regional cooperatives. Of this amount, \$3 million is one-time and \$1.8 million is ongoing. According to the Administration, the board would determine in the future how to distribute the one-time funding, and it would distribute the ongoing funding based on the number of people residing within each of the cooperative's boundaries. The Administration indicates it intends for the regional cooperatives to use the funding to engage in "new business practices" and adopt new technologies to share resources.</p> <p>The Governor also proposes trailer bill language to modify the CLSA by removing references to the transaction-based reimbursement, which previously covered a small portion of the costs for local libraries extending lending services beyond their jurisdiction. Since 2011, the state has not provided funding for the transaction-based reimbursement. Trailer bill language also clarifies that cooperatives may use CLSA funding for exchanging print and digital materials.</p>	Approve and revise TBL to require the board to submit a report to the Director of Finance and the Legislature, by September 1, 2017, about the use of the \$3 million one-time funds. The report shall include a summary of the grants awarded, the progress of grantees towards establishing regional or statewide E-resource platforms, information about the utilization of shared E-resources resulting from the grants, and a description of other funding benefitting the projects.	BBL and TBL	<p>The State Librarian in late April submitted a letter to the Legislature with four potential uses for the funding. These are (1) development of a regional or statewide E-resource platform, (2) issuance of regional or statewide digital library cards, (3) expansion of digital content at local libraries, and (4) development of partnerships between libraries and other public and private agencies.</p> <p>The LAO recommends directing the State Library to submit plan for consideration in 2017-18 budget and reject the proposal without prejudice.</p>

2	<p>Augmentation for Library Services (May Revise) 6120-011-0001</p>	<p>The May Revision proposes the Library Services Act be increased by \$505,000 to provide additional funds for costs of publications, database subscriptions, and other resources. This request provides funds for items identified in the State Library’s review of its users’ needs.</p> <p>The 2015-16 budget provided \$521,000 General Fund on a one-time basis for digital scanning equipment, to help the library make critical improvements to better preserve historical materials. In addition to the State Library, the California Historical Society (CHS) headquartered in San Francisco, also conducts preservation activities. CHS is the state’s official historical society, and has a collection of 50,000 volumes of books and pamphlets, 4,000 manuscripts, 750,000 photographs, posters, maps and periodicals, and artifacts of California history. CHS also has a Los Angeles office at LA Plaza de Cultura y Artes, which holds interactive exhibits and programs regarding Mexican-American culture. In 2015, the State Library worked with CHS to enhance online access to the CHS collection, including the creation of a digital asset management system, associated archival cloud-based storage infrastructure, and a public facing web-searchable database.</p>	<p>Approve May Revision proposal and provide \$1 million one-time General Fund to the State Library to support the CHS to increase access to exhibitions and public programs in its San Francisco and Los Angeles offices.</p>	BBL	<p>The Governor's proposal will provide \$343,000 for microfilm, \$141,000 for databases and other e-resources, and \$21,000 for periodicals and specialized academic and scientific journals.</p> <p>The LAO recommends rejecting the Governor's May Revise proposal without prejudice until more information justifying the associated costs is available.</p>
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**ISSUE 2: UNIVERSITY OF CALIFORNIA
DISCUSSION and VOTE**

Item	Subject	Description	Staff Recommendation	Language	Comments
3	<p>UC Funding 6440-001-0001</p>	<p>The Governor's budget proposes \$125.4 million General Fund increase for the UC to support the Administration's plan in higher education that started in 2013-14. This funding comes with budget bill language requiring the UC to file a three-year sustainability plan by November 30, 2016, but there is no other budget language directing UC on how to spend this additional funding.</p> <p>Staff recommends to increase this item by \$51 million General Fund to increase enrollment by 4,000 resident students, with each campus to significantly increase the number of resident students enrolled at high schools with 75 percent or more unduplicated students, and provide targeted retention and student support services, with \$6 million General Fund to enroll 600 more graduate students. If the university does not meet the enrollment goal specified in provision by at least 400 students, the Director of Finance shall revert to the General Fund by May 15, 2018 the amount of funding equivalent to the marginal cost in provision multiplied by the difference in actual resident undergraduate enrollment and the enrollment goal.</p>	<p>Adopt modified BBL to increase the item by \$51 million to do all of the following (1) enroll 4,000 more undergraduate resident students, and to establish a program for each campus to significantly increase the number of resident students enrolled from high schools with 75 percent or more unduplicated students, and provide targeted student support services; (2) allocate \$6 million to enroll 600 more graduate students; (3) require UC provide a report by May 1, 2018 on whether it has met the 2017-18 enrollment goal; (4) If the university does not meet the enrollment goal, funding for the difference between the enrollment goal and actual enrollment will be reverted back to the General Fund.</p>	BBL	

4	A-G Success Initiative	<p>The Administration proposes trailer bill language to appropriate \$4 million General Fund on a one-time basis for an A-G Success Initiative. The initiative will provide funds for the development of high-quality online classes and curriculum that would be approved by the UC for purposes of satisfying the A-G subject requirements, including advanced placement classes and curriculum. Trailer bill specifies that funds shall be used to develop at least 45 A-G online courses. While the proposal does not specify a particular program, the Administration indicates this funding will be provided to UC Scout.</p> <p>UC Scout currently provides 26 online A-G and advanced placement courses for high school students. California high schools and students can use UC Scout for free to supplement face-to-face instruction. Alternatively, students directly or schools on their behalf can pay a course fee ranging from \$169 to \$299 per semester for UC Scout to provide credit-bearing instruction solely online.</p>	Adopt placeholder TBL for \$4 million for the development of A-G courses at K-12 districts within an existing UC outreach program.	TBL	LAO notes that the proposal lacks information on how much unmet demand exists for additional online A-G courses, and which specific course have the greatest unmet demand. LAO recommends to reject with prejudice.
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5	Firearm Violence Research Center	Provisions within federal appropriations prohibit the Centers for Disease Control and Prevention from using funds to advocate or promote gun control. Staff recommends providing \$5 million one-time General Fund over five years to establish a Firearm Violence Research Center at the University of California. This center seeks to fill a void in research by providing the scientific evidence on which firearm violence prevention policies and programs can be based. Its research shall include, but not be limited to, the effectiveness of existing laws and policies intended to reduce firearm violence, including the criminal misuse of firearms, and efforts to promote the responsible ownership and use of firearms.	Adopt placeholder trailerbill language for \$5 million one-time General Fund to establish the center.	TBL	
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**ISSUE 3: CALIFORNIA STATE UNIVERSITY
DISCUSSION and VOTE**

Item	Subject	Description	Staff Recommendation	Language	Comments
6	Unallocated Base Augmentation 6610-001-0001	<p>The Governor’s proposed budget includes a \$148.3 million General Fund increase for CSU to support the Administration’s fourth installment of their four-year investment plan in higher education. The budget proposes: (1) a \$125.4 million unallocated augmentation identical to UC’s base increase, (2) an additional unallocated \$15 million associated with savings from changes to the Middle Class Scholarship program made in 2015-16, and (3) \$7.9 million for lease-revenue bond debt service. The Governor does not propose enrollment targets or enrollment growth funding and assumes no increase in tuition.</p> <p>Staff suggests that of this schedule, \$27.35 million is for CSU to increase enrollment by 3,565 full-time equivalent students (FTES) at the CSU by the end of the 2016-17, when compared to 2015-16. The CSU shall provide a preliminary report to the Legislature by March 15, 2017, and a final report by May 1, 2017, on whether it has met the 2016-17 enrollment goal. If CSU does not meet its total state-supported enrollment goal by at least a margin of error of 357 FTES by May 15, 2107, the DOF will revert the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.</p>	Approve modified BBL to (1) increase enrollment by 3,565 full-time equivalent students, (2) require CSU to provide a preliminary report to the Legislature by March 15, 2017, and a final report by May 1, 2017, on whether it has met the 2016-17 enrollment goal, and (3) should the CSU not meet this goal, funds will revert to the General Fund.	BBL	

7	One-Time Funding for New Plans to Improve Graduation Rates 6610-001-0001	The Administration proposes trailer bill language to appropriate \$25 million from the General Fund to the CSU on a one-time basis. Release of these funds would be contingent upon certification by DOF that the plans approved by the trustees to increase four-year graduation rates and two-year transfer graduation rates are consistent with the approach described in the Governor's Revised Budget Summary. Given this proposal, the administration proposes to delete the required sustainability plan from the budget bill.	Approve \$35 million General Fund and modify TBL to (1) include a plan and time frame to increase four-year and two-year graduation rates for first generation college students, and underrepresented minorities students; (2) clarify that a comparable institution is of similar size and has similar student demographics as CSU, and (3) require CSU to adopt policy recommendations for the CSU and the Legislature to address systemwide and individual campus time-frame goals of 2-year and 4 year graduation rates, to be modified as necessary. Reject proposal to remove the sustainability plan.	TBL and BBL	<p>CSU's overall four-year graduation rate for first time freshman is 19 percent, where as the four-year graduation rate for low-income freshman students is 12 percent. Additionally, the overall two-year graduation rate for transfer students is 30 percent, compared to 29 percent of low-income transfer students.</p> <p>The LAO recommends rejecting the proposal as this focuses on one performance metric, and notes that it is unclear if CSU would spend the funding in ways that improve its graduation rates.</p>
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8	CSU Student Success Network 6610-003-0001	The May Revise proposes that Item 6610-003-0001 be added in the amount of \$1.1 million to support the CSU Student Success Network. This new network would be led by faculty, staff, and administrators across campuses and administered by the Education Insights Center at CSU Sacramento. The network would support campus leaders who are committed to exploring new ways to improve outcomes for students and scaling effective practices more broadly by convening them to identify common challenges, conducting research on interventions, and disseminating information across the system.	Approve as proposed.	BBL	<p>The network involves 13 campuses conducting foundational research in the CSU, holding convenings, and disseminating key findings to help drive reforms in the CSU.</p> <p>The LAO notes that CSU already has available \$38 million ongoing to improve student outcomes, the Legislature could earmark funding for this proposal from within CSU's existing base appropriation.</p>
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**ISSUE 4: CALIFORNIA STUDENT AID COMMISSION
DISCUSSION and VOTE**

	Subject	Description	Staff Recommendation	Language	Comments
9	California Student Opportunity and Access Program (Cal-SOAP) 6980-101-0001	<p>The California Student Opportunity and Access Program (Cal-SOAP) provides services to improve postsecondary opportunities for socioeconomically-challenged elementary and secondary school students. Services include providing information about postsecondary education and financial aid, tutoring, and academic preparation.</p> <p>Funding for Cal-SOAP programs is provided on a matching basis between state funds matched by local consortia partners on at least a 1:1 ratio. Matching contributions are provided in the form of cash, work study, or in-kind services, with in-kind services representing the majority of the match. Currently, there are 14 Cal-SOAP consortia, who receive between \$276,000 to \$580,000, based on consortium size. There is no consortia currently in the Inland Empire. CSAC notes that various entities have expressed interest in developing a consortia in the region.</p>	Adopt modified BBL to provide \$340,000 to create a Cal-SOAP consortia in the Inland Empire, of which \$90,000 is one-time for a planning grant.	BBL	
10	Adjust estimates for Assumption Programs for Education	The May Revision also proposes a decrease of \$2,262,000 to reflect revised cost estimates for the Assumption Program of Loans for Education. For 2015-16, the May Revision assumes incremental savings of \$2.1 million to reflect revised cost estimates for the program.	Approve as proposed.	BBL	