

**6110 Department of Education**

Governor's Proposal	2010-11 (\$ in thousands)	Comments
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**6110 Department of Education**

**Current Year Proposition 98 – Program Savings to Achieve 2009-10 Reductions.**

The Governor proposes to achieve \$516 million in Proposition 98 through K-12 program savings, primarily from the Class Size Reduction program and from revenue limit apportionments.

-340,000  
(CSR Savings)

Class Size Reduction (CSR) Savings: The Governor's Budget proposes to reduce funding for the CSR program by \$340 million in 2009-10 to reflect anticipated savings for the program. Penalties for increasing class size were reduced beginning in 2008-09 in order to give school districts greater flexibility in meeting budget shortfalls. However, due to increasing class sizes, school districts are losing some funding from remaining penalties, which results in program savings for the state.

-176,000  
(Revenue Limit & Other Adjustments)

Revenue Limit Adjustments: The Governor's Budget reflects a net reduction of \$176 million in 2009-10 resulting primarily from revenue limit savings for school districts and county offices of education, offset by small adjustments for a few other programs. Revenue limit savings result from a decrease in average daily attendance, as well as unemployment insurance and retirement costs. The savings from other programs reflect workload adjustments.

**OUTCOME: Approved Governor's savings; final numbers may require adjustments. (Vote: 9-0)**

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**Current Year Proposition 98 Expenditures – Reappropriations of One-Time Funds for K-12 Programs.**

The Governor proposes to reappropriate \$18.4 million in one-time Proposition 98 savings in 2009-10 to provide increased funding to the Charter School Facilities Grant Program in 2009-10.

18,400 The Governor proposes an increase of \$18.4 million to convert the Charter Schools Facilities Grant Program from reimbursement-based to a grant program, consistent with statute enacted as a part of the 2009 budget package. This program offsets 75 percent of the facility rental or lease costs of charter schools operating in low-income areas. Funding is restricted to charter schools that are unable to secure public or other facilities.

**OUTCOME: Rejected the Governor's expenditure proposal. (Vote: 8-2)**

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<p><b>Current Year Proposition 98 Expenditures – Categorical Funds for New Schools.</b></p> <p>The Governor’s January budget proposed to reappropriate \$20.0 million in one-time Proposition 98 savings in 2009-10 to provide increased categorical funding for new schools.</p> <p>The Governor’s May Revise reduces this request by \$9.0 million, in order to provide a total of \$11.0 million in one-time categorical funding for new schools in 2008-09 and 2009-10.</p> <p>The LAO has developed an alternative approach for handling growth within the five year categorical cut/flexibility program.</p>	<p>11,000</p>	<p>The Governor proposes a \$11 million increase to provide categorical funding to newly-established schools in 2008-09 and 2009-10. These funds are intended to allow new schools to receive categorical funds from more than 40 programs that were subject to categorical flexibility beginning in 2008-09. Under categorical flexibility statutes, statewide programs are adjusted annually for growth, but allocations are limited to existing schools.</p> <p><b>OUTCOME: Adopted LAO alternative. LAO will work with DOF on final details and stay within Governor’s \$11 million dollar amount. (Vote: 10-0)</b></p>

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**Current Year Cash Advance for Small Districts.**

15,689

**OUTCOME: Approved \$10 million without trailer bill language, and move to Conference Committee. (Vote: 10-0)**

The Governor's May Revise proposes to shift \$15.7 million in one-time funds to the Economic Impact Aid program in 2009-10. The Department of Education would be authorized to allocate up to \$15.7 million in current year funding advances to local education agencies that will be unable to make essential payments in June due to the deferral of apportionments.

The Administration proposes trailer bill language that is similar to the hardship language enacted as a part of intra-year deferrals added in recent years. For example, DOF would have final authority to approve cash advances. However, the new trailer bill requires a higher threshold for hardship, specifically districts would be required to demonstrate that they cannot meet payroll as opposed to just showing that they will have negative cash flow.

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<p><b>Current Year Prepayment for the Quality Education Investment Act (QEIA) Program.</b></p> <p>The Governor's January budget proposed to prepay \$250 million in 2010-11 General Fund payments for the K-12 QEIA Program in 2009-10. The Governor proposes this prepayment in order to ensure our state meets maintenance-of-effort (MOE) requirements pursuant to the federal American Recovery and Reinvestment Act (ARRA).</p> <p>The Governor's May Revise withdraws this prepayment proposal since federal ARRA MOE is no longer an issue in 2009-10. Per May Revise, \$250 million in General Fund QEIA payments are eliminated in 2009-10 and restored in 2010-11.</p>	<p>-250,000 (2009-10)</p> <p>250,000 (2010-11)</p>	<p>Current statute appropriates \$450 million in General Funds annually for the QEIA program for a specified period. The Governor proposes to prepay \$280 million of the 2010-11 payment in 2009-10. This amount includes \$250 million for K-12 education and \$30 million for community colleges.</p> <p>This funding would be provided on top of other funds appropriated for QEIA in 2009-10, pursuant to the 2009 budget package.</p> <p>Per the Administration, this prepayment is required to increase state education appropriations in 2009-10 in order to ensure compliance with federal maintenance-of-effort requirements for the ARRA State Fiscal Stabilization Fund program.</p> <p><b>OUTCOME: Approved Governor's May Revise proposal. (Vote: 10-0)</b></p>

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**Revenue Limit Reductions – School Districts and County Offices of Education**

-1,500,000

**OUTCOMES:**

The Governor’s May Revise continues to reduce school district and county office of education revenue limits by approximately **\$1.5 billion**, but **withdraws** proposals to link these cuts to school district central administration cuts, school district authority to contract out for non-instructional services, and county offices of education consolidation.

This change is intended to give school districts and county offices greater authority in allocating these reductions based upon local needs.

The Governor’s May Revise restores **\$16.8 million** of the \$45 million revenue limit reduction for county offices proposed in January. This adjustment makes county office revenue limit reductions proportionate to school district reductions.

The Governor proposes these revenue limit reductions as permanent reductions and therefore does not propose to establish deficit factors.

- 1. Adopted Governor’s May Revise proposal to delink revenue limit reductions from Governor’s January policy proposals.**
- 2. Restored approximately \$800 million in revenue limit reductions in 2010-11 to school districts and county offices of education. (Balancer)**
- 3. Established deficit factors for remaining revenue limits reductions.**
- 4. Adopted Supplemental Report Language to have the LAO review both school district and county office of education consolidation within regions.**

**(Vote: 8-2)**

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### County Court School Funding

The Governor proposes additional base revenue limit reductions of **\$4.9 million** for county court schools, as a part of **\$1.5 billion** in revenue limit cuts for school districts and county offices of education in 2010-11. In addition, The Governor proposes to apply a negative COLA of -0.39 percent for all revenue limit and categorical programs subject to statutory adjustments.

The population of juvenile offenders committed to DJJ and county court schools has been declining for both systems for more than ten years. While Chapter 175 (2007) prohibits courts from committing non-violent and non-serious offenders to DJJ, county court school ADA has not increased. Instead, ADA reductions seem to be associated with a decline in the juvenile population and juvenile arrest rates.

The loss of students has fueled most of the revenue losses for county court schools in the last two years. For example, more than half of the revenue limit loss to court schools in 2009-10 is attributable to a reduction in student ADA.

### **OUTCOMES: Sent to Conference Committee.**

- 1. Approved \$4.9 million increase for county court schools per ADA.**
- 2. Consider Economic Impact Aid funding for Court Schools in Conference Committee.**
- 3. Consider accountability proposals for Conference Committee to improve CDE on-site monitoring and oversight of county court schools, at a minimum to assure students have access to 240 minutes of daily instruction.**
- 4. Required Fiscal Management and Crisis Team to conduct a fiscal assessment of the LACOE court schools.**
- 5. Develop Supplemental Report Language requiring the LAO to identify options as a part of the 2011-12 budget to (a) improve access to existing state and federal categorical funding – including Economic Impact Aid -- for county court schools; and (b) compare court school funding with funding rates for other alternative programs.**

**(Vote: 9-1)**

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**K-12 Cost-of-Living Adjustment (COLA)**

-206,300

The Governor proposes to reduce school district and county offices of education revenue limit and categorical programs for a negative Cost-of-Living Adjustment for K-12 education. The Governor's May Revise estimates a negative COLA of -0.39 percent -- for a savings of **\$206.3 million** in 2010-11.

**OUTCOME: Denied Governor's proposal to apply a negative COLA in 2010-11. Restore \$206.3 million. Establish negative COLA to revenue limit deficit factors. (Vote: 8-1)**



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**Budget Year Savings – K-3 Class Size Reduction Savings.**

The Governor proposes to capture **\$550 million** in savings from the K-3 Class Size Reduction (CSR) program in 2010-11. This equates to program savings of nearly 30 percent. This level of savings assumes an additional \$210 million in savings in 2010-11, on top of the \$340 million in CSR savings anticipated by the Governor in 2009-10.

The LAO recommends that the K-3 CSR program be added to the K-12 cut/flex program, which currently covers approximately 40 categorical programs. In so doing, the LAO recommends that districts receive funding equal to their 2007–08 allocation less 20 percent—which would equate to funding levels for other programs in the categorical cut/flex program. This would result in K-3 CSR savings of **\$382 million** in 2010-11. Districts would continue to receive funding regardless of class size increases.

-550,000

Per the LAO, their approach offers districts greater flexibility by allowing them to determine class sizes within the context of their overall fiscal situation and education priorities. While their approach means the state might forego additional CSR savings if districts were to increase class sizes even further in the future, the LAO questions the benefit of continuing the program under the existing program rules.

In the LAO’s view, many schools now receiving K-3 CSR funding are not really running a K-3 CSR program anymore. According to the LAO, schools that chose to increase K-3 class sizes above 20 students prior to January 2009 are essentially locked out of the program whereas other schools that waited until after January 2009 to increase class sizes continue to receive funds.

**OUTCOME: Adopt LAO proposal to shift K-3 Class Size Reduction into the categorical flexibility program through 2012-13. Legislature to revisit standalone program afterward. (Vote: 10-0)**

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**Budget Year Savings –One-Time Funds Shift.**

-321,700

**OUTCOME: Approved May Revise savings but apply to 2009-10. (Vote: 10-0)**

The Governor's May Revise proposes to shift \$321.7 million in one-time funds to the Economic Impact Aid program in order to achieve Proposition 98 General Funds savings in 2010-11. These savings are utilized to mitigate K-12 programmatic reductions. While the source of funding changes, the shift continues full funding for the Economic Impact Aid program in 2010-11.

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**Budget Year Expenditures – One-Time  
Reversion Funds for Emergency Repair Program**

The Governor proposes to appropriate **\$51.0 million** in one-time, Proposition 98 savings from various programs for the Emergency Repair Program (ERP) in 2010-11. This action is intended to provide funding to make up for a shortfall in actual funds compared to authorized funds provided for the program in 2008-09. These new funds will provide funding for the next \$51 million in approved projects on the ERP unfunded list.

The Governor’s proposal would provide \$51 million for approximately 125 school projects. Projects range in size from \$6.5 million to a low of \$485. Approximately 55 percent of projects are grant-based; the remaining 45 percent are reimbursement based. In spite of this diversity, \$40 million of the total approved by the Governor goes to 19 school projects in seven school districts that exceed \$500,000 each.

51,000 The \$51 million in funds proposed by the Governor for ERP would benefit schools and districts – and since most projects are grant-based – the work would presumably stimulate their local economies. However, most of the benefit would be concentrated in about seven school districts in the state.

**OUTCOME: Approved \$25 million for ERP.  
(Vote: 8-2)**

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### K-12 Categorical Program Flexibility

The LAO recommends moving two K-12 programs into the categorical flexibility program and making adjustments to two other sets of programs to help school districts deal with limited funding in 2010-11.

The LAO will present information from their recent report entitled *Update on School District Finance and Flexibility*, which includes findings from its survey of school districts to assess utilization of categorical program flexibility.

The current categorical cut/flexibility program – authorized by the 2009 budget packages – allows local education agencies to utilize funding from more than 40 categorical programs for any education purpose through 2012-13. Another ten categorical programs are excluded from the flexibility provisions, but subject to across-the-board cuts. In addition, eight programs are protected from both cuts and flexibility provisions.

**Moving Additional Categorical Programs into Flexibility Program Has Merit.** Per LAO, districts are utilizing class size reduction flexibility as a means of meeting budget shortfalls, without eliminating instructional programs. While the Home-to-School Transportation has benefited from transfers into its program in the past, school districts should not be restricted from making adjustments to this program in order to preserve their instructional programs. Additional flexibility for the K-3 Class Size Reduction and Home-to-School Transportation – consistent with flexibility provided for more than 40 other categorical programs – makes sense in another tight budget year for schools.

**OUTCOME: Approved LAO and Staff Recommendations (below) and send to Conference Committee. (Vote: 9-0)**

#### LAO Recommendations:

1. Move the K-3 Class Size Reduction and Home-to-School Transportation programs into the Categorical Flexibility Program.
2. Move the English Language Acquisition Program into the Economic Impact Aid program.
3. Consolidate funding for five career technical education programs and loosen restrictions on funds tied to outcomes.

#### Staff Recommendations:

4. Move CalSAFE child care component into Child Development Program.
5. Move CAHSEE Supplemental Services out of categorical flexibility programs given high stakes for students.

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**State Operations Reductions – Categorical Flexibility.**

-5,000  
(GF)

**OUTCOMES:**

- 1. Approved LAO recommendation to reduce CDE General Funds by \$5.0 million and 70 associated positions, including 20 authorized positions already de-funded.**
- 2. Approved April Letter proposal to add \$2.0 million in federal funds (no positions) to implement various education related accountability, reporting and technical support provisions of ARRA. (Issue 004)**
- 3. Approved January proposal to add \$96,000 in federal funds and 1.0 limited term position to provide research on School Accountability Growth Model per Chapter 273; Statues of 2009 (Solorio).**
- 4. Approved April Letter to add 3.0 positions within existing funds for Charter Schools Division for support of increased workload due to growth in statewide charter school petitions and charter school appeals. (Issue 722)**
- 5. Approved April Letter to eliminate limited-term position for Chief Business Officer pursuant to categorical flexibility. (Issue 145)**

**(Vote: 9-0)**

The LAO recommends aligning CDE staff levels with categorical program flexibility provision, enacted as a part of the 2009 budget packages. Specifically, the LAO recommends reducing CDE General Funds by \$5.0 million and associated positions, including 20 authorized positions already de-funded, effective beginning in 2010-11.

As a result of this categorical flexibility, CDE is no longer monitoring these categorical programs (data gathering, compliance, etc.) and has also consolidated their fiscal apportionment functions.

CDE has not fully quantified categorical staff savings, but maintains that savings have been captured as a part of their state agency reductions in 2009-10.

The LAO believes it is reasonable for the state to capture state General Fund savings on top of other agency wide reductions imposed upon state agencies because these savings are associated with a reduction in workload.

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**Redirect Categorical Funds for Fiscal Crisis & Management Assistance Team (FCMAT) in 2010-11.**

FCMAT is a state categorical program, which provides technical review and assistance to local education agencies (LEAs) on the negative and qualified fiscal status lists as well as other LEAs in need of financial assistance. Recently FCMAT has been useful in helping LEAs – particularly small LEAs – in improving cash management in response to state payment deferrals.

FCMAT is subject to the same five-year budget reductions provided for more than 50 categorical programs beginning in 2008-09. As a result, FCMAT appropriations fell 15.4 percent below previous levels in 2008-09 and 19.8 percent in 2009-10. At the same time, FCMAT's workload has grown significantly – by at least 40 percent – in the last year due to increases in the number of LEAs on the negative and qualified lists.

The Governor proposes **\$9.2 million** in Proposition 98 funding for FCMAT in 2010-11, which represent a loss of about \$2.25 million from levels prior to implementation of across-the-board categorical programs.

FCMAT testifies reports annually to Subcommittee #1 on the fiscal status of LEAs. FCMAT reports a high success rate in preventing state emergency loans when they are able to work with LEAs on the negative and qualified lists. Due to increases in the number of LEAs on the negative and qualified lists, FCMAT has not been able to maintain its previous efforts, despite implementing a number of management efficiencies.

**OUTCOMES:**

- 1. Removed FCMAT from the categorical reduction program.**
- 2. Redirected \$2.25 million in categorical funds to restore full funding for FCMAT.**

**(Vote: 8-0)**

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**Redirect Student Assessment Contract Funds for Restoration of Fourth Grade Writing Test.**

(\$2,000) **OUTCOMES:**

The Governor's May Revise proposes reinstatement of the 4<sup>th</sup> grade writing assessment in 2010-11. The Governor proposes to restore funding within state assessment contract savings.

In August 2009, the DOF approved an expenditure plan for the state student assessment program in 2009-10 that included elimination of the 4<sup>th</sup> grade writing test and associated savings of \$2.0 million in Proposition 98 funds.

On November 30, 2009, the chairs of the Senate and Assembly Budget Committees submitted a letter to DOF expressing concerns regarding the elimination of the 4<sup>th</sup> grade writing assessment in conflict with budget provisional language. The letter also expressed concern about failure of the California Department of Education to provide a copy of the expenditure plan to the Legislature, as required by budget language.

- 1. Approved Governor's May Revise proposal to restore Fourth Grade Writing Test in 2010-11 with assessment contractor savings.**
- 2. Approved LAO budget language to require the test contractor to submit a proposal to the Department of Finance, Legislative Analyst's Office, and the fiscal and policy committees of the Legislature that identifies any offsetting contract savings deemed necessary of reinstatements.**
- 3. Added additional budget language to ensure that any further adjustments to the Student Assessment program contract do not result in the elimination of any tests or test components.**

**(Vote: 9-0)**

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**Suspension of K-12 State Mandates.**

(200,000)

The Governor's January 2010 budget proposes to suspend most ongoing, state mandate payments and mandate requirements for K-14 education agencies in 2010-11. This action would result in estimated savings of about **\$200 million** in 2010-11. The Governor also proposes to add **\$14.5 million** in funding for three remaining education mandates he proposes to continue. These proposals were prompted by a 2008 court decision that found the Legislature's deferral of annual education mandate payments unconstitutional.

As a result of annual payment deferrals, the state will owe a total of **\$3.2 billion** in prior year K-14 mandate payments in 2009-10. With the continued deferral of an estimated **\$416 million** in annual payments, the state will owe a total of **\$3.6 billion** in K-14 mandate claims at the end of 2009-10.

**OUTCOMES:**

**Approved LAO recommendations to:**

- 1. Fund 12 mandates for an annual cost of approximately \$26 million.**
- 2. Eliminate 5 mandates also supported by education field for annual savings of \$2.3 million.**
- 3. Adopt mandate reconsideration language recommended by the Commission on State Mandates in budget trailer bill.**

**Approved staff recommendation to:**

- 4. Fund intra/inter-district mandates proposed by Governor. Suspend all other mandates through 2012-13 consistent with timetable for categorical flexibility programs.**
- 5. Request the LAO to establish a three agency working group with DOF and CDE to review suspended mandates and develop recommendations for modifying mandates to eliminate or minimize costs in 2011-12, so that continuation of mandates could be considered in 2011-12.**
- 6. Add additional mandate per May Revise Letter that was inadvertently left off the list of suspended mandates. (Issue 304)**

**(Vote: 8-0)**



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**Modification of Science Graduation Requirement 200,000**

The Governor’s believes that the science high school graduation mandate is not a reimbursable state mandate because funding is available to offset the costs of this requirement. For this reason, the Governor does not recognize the high school science graduation mandate, and thus does not eliminate or suspend it in 2010-11.

Instead, the Administration is seeking a court decision to reject the reimbursement rate methodology adopted by the Commission on State Mandates. This action is intended to reduce the costs for the most expensive K-12 state mandate, which is estimated to cost **\$200 million** per year. In addition, there are roughly **\$2.3 billion** in prior year claims costs for this mandate.

This is the costliest mandate per the LAO -- **\$200 million** per year – resulting from determination of a new high school graduation requirement pursuant to a 2004 court decision and subsequent Commission decision in 2008.

**OUTCOMES:**

**Endorsed Administration’s actions to pursue a legal challenge of the Science Graduation Mandate.**

**Approved LAO recommendation to:**

- 1. Suspend Science Graduation Mandate pending reconsideration.**
- 2. Adopt revisions to the Science Graduation Mandate in budget trailer bill beginning in 2010-11 to eliminate state mandated costs.**

**(Vote: 8-0)**

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**Behavior Intervention Plan Mandate.**

65,000

The Governor's proposes to implement provisions of a settlement agreement with K-12 education agencies regarding a state mandate claim for Behavioral Intervention Plans (BIPs). Specifically, the Administration proposes (1) **\$65 million** in additional, ongoing funds for special education programs beginning in 2010-11; (2) **\$10 million** in one-time funds for administrative costs to county offices of education and special education local planning areas in 2010-11; and (3) **\$510 million** in one-time funds allocated on a per-pupil basis over a period of six years beginning in 2011-12.

The BIP mandate is the second costliest K-14 education mandate with annual costs estimated at **\$65 million** and prior-year costs estimated by the Administration at **\$1 billion**.

**OUTCOMES: Approved LAO recommendation to:**

- 1. Eliminate \$65 million in new, ongoing funds for the BIP mandate.**
- 2. Adopt revisions to the Behavior Intervention Plan mandate that retain protections, but eliminate state mandated costs. Make changes in budget trailer bill language.**

**(Vote: 10-0)**

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**Special Education - Special Disability Adjustment**

The 2009-10 budget does not authorize funding for the Special Disability Adjustment. Created through an AIR study in 1997, this formula is intended to compensate Special Education Local Planning Areas (SELPA’s for the incidence of high cost services.

The Special Disability Adjustment provides about \$70 million to 31 Special Education Local Planning Areas (SELPA’s) statewide based upon an outdated formula. Another 90 SELPA’s receive no funding under the formula. A new study formula was completed by AIR in 2004, which would have allocated funds very differently among SELPA’s. Due to concerns about the changes, the new formula was never implemented.

While not authorized, CDE has allocated SDA funds in 2009-10 to the 31 (SELPA’s) with a warning that funds could be recouped if not authorized.

70,000

There is no basis for continuing the existing formula and therefore no basis for continuing the very special financial benefits for 30 SELPA’s statewide, to the exclusion of 90 remaining SELPA’s.

Several SELPA’s receive very significant funding through the SDA -- LAUSD receives \$24 million (32 percent) statewide; San Diego receives \$9 million (13 percent); Garden Grove receives \$6 million (8 percent). Many large urban SELPA’s receive no funding under the formula – San Francisco County, Long Beach Unified, Stockton City Unified.

The LAO has developed a list of alternative uses for the SDE funding.

**OUTCOMES:**

- 1. Continued funding allocation pursuant to the current SDA formula in 2009-10 and 2010-11, but applied funds as an offset to prior year BIP mandate claims.**
- 2. Added new SDA study with possible special education federal funds.**

**(Vote: 8-0)**

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**Curriculum Commission Veto.**

144

The Governor vetoed \$705,000 in General Funds (non-98) in the 2009-10 Budget Act for support of the Curriculum Development and Supplemental Materials Commission (Curriculum Commission).

This reduction eliminated all funding for the Curriculum Commission per diem and travel for CDE support to the Commission. The Governor’s action was intended to capture state operations savings from categorical flexibility provided for the Instructional Materials program in the 2009 budget packages.

The Governor’s veto suspended Commission activities well underway for two core curriculum frameworks – History/Social Science and Science.

The 2009 budget packages suspended the requirement that local education agencies purchase new instructional materials within 24 months of adoption. This suspension was enacted for five years – 2008-09 through 2012-13.

The Department of Education estimates that there are no additional costs associated with completion of the History/Science framework, but estimates additional costs of \$144,130 in 2010-11 and \$95,000 in 2011-12 to complete the Science framework.

**OUTCOME: Approved \$144,130 in General Funds in 2010-11 to allow the Curriculum Commission to complete adoption of the History/Social Science and Science frameworks. (Vote: 9-0)**

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**Federal Funds for CALPADS.**

The Governor proposes to increase one-time federal Title II and Title VI funds by **\$1.1 million** to the California Department of Education (CDE) for additional implementation costs associated with the California Longitudinal Pupil Achievement Data System (CALPADS). (Issue 285)

The Governor makes these funds contingent upon resolution of performance difficulties with CALPADS. Specifically, CDE must certify to the Department of Finance (DOF) that the CALPADS system stabilization has been achieved so that data is able to be received and transferred reliably as a result of the release of system stabilization software on April 26, 2010. In addition, CDE must provide a plan to DOF and the Legislature to make the system fully operational by the end of 2010.

The Governor also proposes various fund shifts to conform to this action. (Issues 004 & 005)

1,100 CALPADS is a comprehensive, longitudinal, student-level data system that will enable the state and local school districts to track the progress of students throughout their academic career.

IBM has been working under contract with the CDE since January 2008 to develop CALPADS. In the Fall of 2009, CALPADS went online, but by February 2010, due to unacceptable system performance issues that occurred during the rollout of CALPADS, the Superintendent of Public Instruction halted system operations and directed IBM and CDE staff to focus all resources over the next two months on stabilizing the system. In December 2009, SABOT Technologies, an independent contractor hired by CDE, conducted an independent assessment of the CALPADS system architecture and technical processes.

SABOT asked IBM to develop a plan to stabilize the system. IBM contract executives developed a high level plan to stabilize the system by March 29, 2010. On April 26, stabilization software was released to the field to increase the efficiency of the current system. This is a 60-day testing period and according to CDE by mid-June the stabilization period should be finished.

**OUTCOME: Approved May Revise CALPADS funding proposals, with amendments to BBL to remove references to the Institute of Education Sciences (IES) grant. Make sure CDE has authority to create a DPM III position. (Vote: 10-0)**

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**Federal Funds for CALTIDES**

3,900 **OUTCOME: Approved May Revise. (Vote: 10-0)**

Provides an increase of **\$3.9 million** in federal Title II and Institute of Sciences funds and 3.0 positions to CDE for development of the California Teacher Information Data System (CALTIDES). (Issue 150)

The 3.0 positions represent an extension of 3.0 limited-term positions that will expire on June 30, 2010.

The Governor proposes contingency language that makes expenditure of this augmentation contingent upon resolution of all the current performance issues with the CALPADS, and subject to the written approval of the Department of Finance and the Office of the Chief Information Officer.

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**6360 Commission on Teacher Credentialing**

**Teacher Credentialing Funds for CALTIDES**

84 **OUTCOME Approved May Revise. (Vote: 10-0)**

Provides an increase of **\$84,000** in Teacher Credentialing Funds and 1.0 position to the Commission on Teacher Credentialing for development of the California Teacher Information Data System (CALTIDES). (Issue 151)

The Governor proposes contingency language that makes expenditure of this augmentation contingent upon resolution of all the current performance issues with the CALPADS, and subject to the written approval of the Department of Finance and the Office of the Chief Information Officer.

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**California School Information Services (CSIS)**

1,700 **OUTCOME Approved May Revise (Issue 284)**  
**(Vote: 10-0)**

The Governor proposes to increase funding for CSIS by \$1.7 million bringing the total funding for the program to \$7.8 million in 2010-11.

The Governor's May Revise proposes several funding shifts for CSIS in 2010-11 to reflect changes in the availability of funding sources. Specifically, the Governor proposes to fund CSIS using \$2.5 million in Educational Telecommunication Funds and \$5.2 million in one-time Proposition 98 General Fund

CSIS provides technical assistance, training, and support to LEAs in implementation of CALPADS. Once CALPADS is complete, CIS will take over maintenance and operations of CALPADS.



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**Federal Enhancing Education Through Technology (EETT) Funds.**

72,000  
(ARRA)

The state is in the midst of making several important decisions involving education technology.

The Governor submitted a Budget Letter in October 2009 to authorize the expenditure of **\$72 million** in additional, one-time federal funds for the EETT grant program. These new funds were authorized under the American Recovery and Reinvestment Act (ARRA). The Governor also proposes \$10.6 million in ongoing EETT funds in 2010-11.

The ARRA EETT one-time augmentation could be used in concert with these other federal resources to further a coordinated set of state-local education technology objectives, thereby maximizing the combined effect of available education technology monies for statewide benefit.

The Joint Legislative Budget Committee (JLBC) raised several concerns with the Administration's EETT expenditure plan, and as a result the JLBC did not concur with the plan. In so doing, the JLBC requested that the Administration and Department of Education (CDE) develop a new plan.

**OUTCOMES:**

- 1. Approved \$34 million in ARRA EETT funds for formula grants via Section 28 Letter.**
- 2. Approved the \$37.6 million in ARRA EETT funds and \$10.15 million in 2010-11 EETT funds for competitive grants to K-12 school districts, without regard to funding regions in 2010-11, via the state budget.**
- 3. Approved LAO language specifying statewide purposes for the competitive grants in 2010-11.**
- 4. Approved \$450,000 in ongoing EETT funds for CDE administration in 2010-11.**

CDE made program announcements to LEAs about grant allocations and use of EETT funds prior to submission of the Section 28.00 Budget Letter to the Legislature, i.e., without budget authority.

**(Vote: 10-0)**

**6110 Department of Education**

Governor’s Proposal	2010-11 (\$ in thousands)	Comments
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**6110 Department of Education**

**Federal School Improvement Funds.**

The 2010-11 budget currently provides **\$551.7 million** in base federal funding for school improvement (school level and district level). Of this amount, about **\$485.1 million** remains undesignated.

The Administration does not currently have a proposal for utilizing these undesignated federal funds for program improvement. The California Department of Education (CDE) has developed a plan, which has been approved by the State Board of Education (SBE), and is awaiting approval by the federal government.

The LAO will provide background on federal SIF funds available in 2010-11 and present its own plan for utilizing these funds.

551,700 **OUTCOMES: Approved LAO plan with the following features/modifications:**

- 1. Provide \$160.5 million annually for schools in Tier 1 and Tier 2 of SIF over a three year period.**
- 2. Assume allocation of SIG funds for QEIA schools, offset by GF savings pursuant to AB X3 56 (Chapter 31; Statutes of 2009).**
- 3. Continue funding for existing AB 519 program, which provides funding to LEAs – on behalf of their schools -- in program improvement, with pro-ration language.**
- 4. Consolidate funding for QEIA districts participating in the new SIF program.**

**(Vote: 10-0)**

**6110 Department of Education**

<b>Governor's Proposal</b>	<b>2010-11</b> (\$ in thousands)	<b>Comments</b>
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**6110 Department of Education  
Kindergarten Entrance Age (Information Only)**

The Legislative Analyst's Office (LAO) recommends that the Legislature change statute in 2010-11 to move the age of admission to kindergarten back from December 2 to September 1 starting in the 2011-12 school year. The LAO estimates associated savings of approximately \$500 million (Proposition 98) with this proposal.

State law does not require children to attend kindergarten. However, if enrolled in kindergarten, a child must meet certain age eligibility requirements. More specifically, a child must turn five years of age on or before **December 2** of the school year to attend kindergarten. State law also allows a waiver of this requirement so that children may be admitted to kindergarten earlier on a case-by-case basis at the discretion of the district.

Only four states – including California -- have kindergarten entrance dates on or after December 1 each year. Furthermore, 29 states have entrance dates on or before September 2.

Subcommittee #1 requested that the LAO provide additional detail at May Revise on the fiscal savings associated with its proposal.

**No Action.**