

SENATE FLOOR AMENDMENTS COMMITTEE ANALYSIS

Bill No: ABX1 4
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Set: 1
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SUBJECT OF BILL: Legislative intent to implement revisions to the 2008 Budget Act.

Subject of Amendments: This bill implements funding reductions to the 2008 Budget for K-14 programs and makes related statutory changes.

Amendments are: Technical / Substantive / Re-write Bill / New Bill

Were these amendments discussed in committee? No

Likely opposition to amendments? Unknown.

Purpose of Amendments: This bill implements funding reductions to the 2008 Budget for K-12 programs, including child care, and community colleges and makes related statutory changes.

ANALYSIS: This bill makes the following changes to the 2008 Budget:

Revenue Limit Deficit Factors. Increases the 2008-09 county office of education revenue limit deficit factor from 4.396% to 5.050% and increases the 2008-09 school district revenue limit deficit factor from 4.713% to 5.357% to reflect the withdrawal of the 0.68% COLA provided in the 2008 budget. (Sections 2 & 10)

Instructional Materials. Suspends the statutory requirement that local educational agencies (LEAs) buy newly-adopted instructional materials in 2008-09 and 2009-10 to conform to funding reductions. For 2008-09 and 2009-10 only, suspends the requirement that local educational agencies purchase newly-adopted textbooks for students to use. (Sections 1 & 15)

Routine Maintenance Reserves. For 2008-09 only, reduces the amount that school districts are required to set aside in "routine restricted maintenance accounts" from 3% to 1% of their General Fund budgets. (Section 3)

Deferred Maintenance. Eliminates the requirement in 2008-09 that school districts that fail to set at least a half percent of their “current-year revenue limit average daily attendance” funding for maintenance of facilities must submit a related report to the Legislature. This requirement would become operative again in 2009-10. (Sections 4-5)

Funding for Emergency Repair Program. Eliminates the \$100 million appropriation made in the 2008-09 budget act for the Emergency Repair Program and redirects all \$100 million to Regional Occupational Centers and Programs to achieve budget savings. Suspends any transfer of funds from the Proposition 98 Reversion Account into the School Facilities Emergency Repair Account for 2008-09 and 2009-10. Prohibits school districts from using School Facilities Emergency Repair Account funds to supplant state funds provided for deferred maintenance and from depositing these funds into district deferred maintenance accounts. (Sections 6, 7, 22)

Proposition 98 Settle-Up Payments. Specifies that \$1.1 billion in 2008-09 funding appropriated above the Proposition 98 minimum guarantee shall be scored in satisfaction of Proposition 98 “settle-up” obligations, replacing annual payments of \$150 million that would otherwise be made in 2009-10 and future years. (Sections 8 & 17)

Pupil Retention Block Grant. Restricts apportionment of 2008-09 pupil retention block grant funds to districts operating continuation high schools to conform to funding reductions. (Section 9)

Charter School Categorical Block Grant. Reduces the 2008-09 per-student allocation made from the charter school categorical block grant from \$500 to \$400 to match categorical program reductions for K-12 schools. (Section 11)

Suspend Oral Health Assessment Mandate. Suspends the oral health assessment record-keeping mandate in 2008-09 and 2009-10 to conform to funding reductions for this program. (Section 12)

Program Improvement Schools. Suspends the requirement that schools identified for federal Program Improvement must participate in the Math and Reading Professional Development (MRPD) Program or the Administrator Training Program in 2008-09 and 2009-10. These changes conform to funding reductions for the MRPD program. (Section 13)

High Priority Schools. Suspends the requirement that schools participating in the High Priority Schools Grant Program must participate in the MRPD Program or the Administrator Training Program in 2008-09 and 2009-10.

These changes conform to funding reductions for the High Priority Schools program. (Section 14)

K-14 Categorical Program Savings. Captures approximately \$99 million in unspent past-year funds and expected current year savings for K-14 programs. These funds are reappropriated to ROC/Ps in 2008-09, reducing that program by the same amount in order to achieve budget savings. (Sections 18 & 23)

Child Care. Reduces 2008-09 Proposition 98 appropriations for child care by nearly \$95 million. This includes \$76 million in anticipated program savings and \$19 million in federal fund offsets. (Sections 19 & 20)

Teacher Credentialing Block Grant. Reduces 2008-09 Proposition 98 support for the Teacher Credentialing Block Grant by \$36 million and specifies that individuals' participation in the program is limited to two years. (Section 21)

Community College Savings and Reductions:

--Captures approximately \$3.6 million in unspent current and prior year savings. (Section 23)

--Cuts approximately \$153 million in Community College programmatic spending in 2008-09 including: eliminating funding for the 0.68 percent COLA, physical plant and instructional support, and reimbursable state mandates. Reduces funding for enrollment growth, Career Technical Education and most categorical programs. Maintains 2008-09 Budget Act funding levels for Basic Skills, Services to Disabled Students, Services to CalWORKs Students, EOPs, Matriculation, and Financial Aid Administration. (Sections 16, 25, 26)

--Authorizes the Community Colleges to use unspent prior-year Puente Project funds to fully offset a reduction for this program and achieve budget savings. (Sections 27 & 29)

Teacher Preparation Programs. Makes various changes to conform to reductions for the Alternative Certification Program and the Paraprofessional Teacher Training Program administered by the Commission on Teacher Credentialing. (Section 24)

Control Section 12.40. Deletes home-to-school transportation from the list of categorical programs that LEA may shift to other categorical programs. (Section 28)

Various K-12 Categorical Program Reductions. Reduces 2008-09 Proposition 98 appropriations for various categorical programs by approximately \$1.8 billion in order to achieve budget savings. (Section 29)

Ending Fund Balances for Restricted K-12 Programs. Authorizes local educational agencies (LEAs) to use ending fund balances as of June 30, 2008, in most restricted, categorical program accounts, to backfill approximately \$1.8 billion in categorical program reductions made in this bill. Districts would not be able to access ending balances for Economic Impact Aid, Targeted Instructional Improvement Grants, Instructional Materials, Special Education, Quality Education Investment Act, CAHSEE Supplemental Instruction, and Home-to-School Transportation. Requires LEAs who elect to use this authority to submit a related report to the Superintendent of Public Instruction, and requires the SPI to compile those reports and submit the information to the Legislature by October 31, 2009. (Section 30)

SPI Implementation of K-12 Program Reductions. Gives the Superintendent of Public Instruction (SPI) the authority to reduce principal apportionments to school districts and community colleges to implement program reductions enacted by this bill if: (1) the State Controller has already disbursed funds for programs reduced; and (2) the SPI has determined there is no other way to recover these disbursed funds. (Section 31)

This measure will only become operative if either AB 2 or SB 2 and either AB 9 or SB 9 of the First Extraordinary Session are enacted and become operative on or before January 1, 2009.

By: Kim Connor and Amy Supinger
Senate Budget & Fiscal Review Committee
Date: December 16, 2008

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