

Assembly Bill No. 88

CHAPTER 269

An act to amend and supplement the Budget Act of 2008 by amending Items 0250-001-0159, 0650-001-0001, 0690-001-0001, 0690-001-0890, 0690-002-0001, 0690-101-0890, 0690-102-0001, 0820-001-0001, 0840-001-0001, 0855-111-0367, 0890-001-0001, 0950-001-0001, 1760-001-0666, 1880-001-0001, 1955-001-9730, 2640-101-0046, 2660-001-0042, 2660-104-6059, 2660-304-6059, 2660-492, 3540-001-0001 3790-490, 3900-001-0044, 4260-101-0001, 4260-101-0890, 4260-111-0001, 4260-111-0890, 4300-101-0001, 4440-101-0001, 5180-101-0001, 5180-101-0890, 5180-111-0001, 5180-141-0001, 5180-141-0890, 5180-151-0001, 5180-151-0890, 5225-001-0001, 5225-002-0001, 5225-101-0001, 5225-301-0001, 5225-301-0660, 6110-001-0001, 6110-001-0890, 6110-101-0349, 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001, 6110-119-0001, 6110-122-0001, 6110-123-0890, 6110-124-0001, 6110-125-0001, 6110-126-0890, 6110-128-0001, 6110-130-0001, 6110-134-0890, 6110-136-0890, 6110-140-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001, 6110-167-0001, 6110-181-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-196-0001, 6110-198-0001, 6110-201-0890, 6110-202-0001, 6110-203-0001, 6110-204-0001, 6110-209-0001, 6110-211-0001, 6110-224-0001, 6110-228-0001, 6110-232-0001, 6110-234-0001, 6110-240-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-488, 6120-011-6029, 6440-001-0001, 6440-302-6041, 6440-304-6048, 6870-101-0001, 7980-001-0001, 7980-001-0890, 7980-101-0001, 7980-101-0890, 8380-001-0001, 8660-001-0042, 8660-001-0046, 8660-001-0412, 8660-001-0461, 8660-001-0462, 8860-001-0001, 8880-001-9737, 8940-001-0001, and 9210-101-0001 of, by adding Items 0820-012-0378, 0820-495, 3790-494, 6440-301-0660, 6610-301-0660, 6610-491, 8660-011-0470, 8660-011-0471, 8660-011-0483, 9210-105-0001, and 9350-104-6065 to, and by repealing Items 0690-001-1014, 3540-001-1014, and 6110-135-0890 of, Section 2.00 of, and by amending Sections 4.07, 12.32, 24.85, and 35.50 of, and by adding Section 35.20 to, that act, relating to the State Budget, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 23, 2008. Filed with
Secretary of State September 23, 2008.]

I object to the following appropriations contained in Assembly Bill 88.
Item 0690-001-0001—For support of Office of Emergency Services.

I am sustaining Provision 4, which suspends the Government Code Section 8581.5 requirement for the biennial report on emergency preparedness for catastrophic disasters, which was scheduled to be published in 2008-09. However, I am directing the Office of Emergency Services to prepare this report to the extent possible using existing resources.

Item 0690-102-0001—For local assistance, Office of Emergency Services. I revise this item by deleting Provisions 3 and 5.

Provision 3 requires the Office of Emergency Services to allocate \$800,000 to the Central Coast Rural Crime Prevention Program. Funding for this program was reduced by 10 percent, but this language was not amended to reflect the reduced amount. This technical veto is necessary to ensure that all grant recipients receive the same level of reduction. Therefore, I am directing the Office of Emergency Services to allocate the grant funding in a manner consistent with this budget language adjusted for the 10 percent reduction.

Provision 5 would require the Office of Emergency Services to use a competitive grant process for allocating funds to California Multijurisdictional Methamphetamine Enforcement Teams, and would create limitations on the minimum and maximum amounts of grants awarded under this program. This language is unnecessarily restrictive; therefore, I am vetoing this provision.

Item 2640-101-0046—For local assistance, State Transit Assistance. I reduce this item from \$406,434,000 to \$306,434,000.

I am reducing this item by \$100,000,000 for the State Transit Assistance program so that sufficient funding will be available in the Public Transportation Account to provide full reimbursement of the General Fund for its Home-to-School Transportation costs. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

With the \$5 billion in transit and intercity rail funding provided in Proposition 1B, this will allow a substantial increase in the capacity, safety, and reliability of public transportation throughout the state. The amount I am retaining in this item also continues program funding at a sustainable level.

Item 2660-001-0042—For support of Department of Transportation.

I am sustaining the Legislature's funding for capital outlay support. In the May Revision, I proposed a reduction in positions and dollars for engineering, design, environmental studies, and other work. For the declining amount of ongoing work, I proposed to use an increased share of contractual services, consistent with the provisions of Proposition 35, approved by the voters in 2000.

The Legislature, however, funded 90 percent state staff and 10 percent contract staff. Because it will take a year or more to hire and train state staff as existing staff leave, I am concerned that this action will delay projects by a year or more and end up costing more than using contractual services. Moreover, because the funding from Proposition 1B is one-time and will be exhausted over the next four years, the hiring of new permanent state staff could lead to the need for future layoffs. An appropriate balance between state staff and contract staff will enable the state to improve its highways, roads, bridges, and railroad crossings

immediately. Therefore, I am directing the Director of the Department of Transportation to take all steps necessary to deliver these projects as quickly as possible, including an increased use of contractual services beyond the level reflected in the budget action, but within the funding level the Legislature has provided.

Item 3540-001-0001—For support of Department of Forestry and Fire Protection. I reduce this item from \$560,045,000 to \$557,896,000 by reducing:

- (3) 12-Resource Management from \$62,597,000 to \$60,448,000;
- (4) 20.01-Administration from \$67,198,000 to \$66,911,000; and
- (5) 20.02-Distributed Administration from -\$66,536,000 to -\$66,249,000.

I am reducing this item by \$2,149,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance --- I am taking the difficult but necessary action reflected in this veto to further control state spending.

However, I am sustaining \$1,093,000 and 10.0 positions in the Resource Management program to fund vegetation management efforts because fuel reduction projects are a cost-effective way to reduce the number and size of catastrophic wildfires.

Item 3900-001-0044—For support of State Air Resources Board. I revise this item by reducing:

- (2) 25-Stationary Source from \$57,232,000 to \$55,232,000.
- (6) Amount payable from the General Fund (Item 3900-001-0001) from -\$2,189,000 to -\$189,000

I am revising this item to conform to the action I have taken in Item 3900-001-0001.

Item 4260-101-0001—For local assistance, Department of Health Care Services. I revise this item by reducing:

- (1) 20.10.010-Eligibility (County Administration) from \$2,697,119,000 to \$2,689,743,000,
 - (8) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from -\$21,448,993,000 to -\$21,441,617,000;
- and by deleting Provision 14.

I am revising this item to conform to the action I have taken in Item 4260-101-0890.

I am also deleting Provision 14 from this item, which directs the Department of Health Care Services to provide the Legislature with specific options for improving the Medi-Cal fee-for-service program. While I share the Legislature's interest in improving the coordination of care for Medi-Cal beneficiaries and believe that such efforts will better serve clients and reduce costs, I am deleting the provision as it would limit my discretion in developing a budget proposal.

Item 4260-101-0890—For local assistance, Department of Health Services. I reduce this item from \$21,448,993,000 to \$21,441,617,000.

I am reducing this item by \$7,376,000 to conform to my action in Items 4170-101-0001, 4200-001-0001, 4265-111-0001, 4440-001-0001, and 5180-001-0001.

Item 4300-101-0001—For local assistance, Developmental Services. I reduce this item from \$2,384,027,000 to \$2,382,799,000 by reducing:

- (2) 10.10.020-Purchase of Services from \$3,372,900,000 to \$3,370,854,000, and

(4) Reimbursements from -\$1,308,405,000 to -\$1,307,587,000.

I am reducing this item by \$2,046,000 (\$1,228,000 General Fund and -\$818,000 Reimbursements). This technical veto is consistent with the pass through of the January 1, 2009 federal Supplemental Security Income cost of living adjustment.

Item 4440-101-0001—For local assistance, Department of Mental Health. I reduce this item from \$480,163,000 to \$480,111,000 by reducing:

(5) 10.97—Community Services—Healthy Families from \$24,805,000 to \$24,653,000, and

(6) Reimbursements from -\$1,208,165,000 to -\$1,208,065,000.

I am reducing this item by \$152,000 (\$52,000 General Fund and \$100,000 Reimbursements) for the Healthy Families program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-101-0001—For local assistance, Department of Social Services. I reduce this item from \$2,808,386,000 to \$2,738,386,000 by reducing:

(1) 16.30-CalWORKs from \$5,290,712,000 to \$5,220,712,000.

I am reducing this item by \$70,000,000 for the CalWORKs program. This funding would have been available to counties as part of their single allocation, which can be used for county administration, employment services, and child care. Even with this reduction in funding, the single allocation provided to counties still increases from 2007-08 to 2008-09. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$480,516,000 to \$478,478,000 by reducing:

(1) 16.75-County Administration and Automation Projects from \$1,194,774,000 to \$1,192,736,000.

I am reducing this item by \$2,038,000 for the Work Incentive Nutritional Supplement program. By eliminating this funding, I am delaying implementation of this program for one year. This will allow the Department of Social Services to study this program and ensure it is consistent with federal rules. Further, while this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently --

and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-151-0001—For local assistance, Department of Social Services. I reduce this item from \$757,135,000 to \$750,727,000 by reducing:

- (1) 25.30-Children and Adult Services and Licensing from \$2,151,082,000 to \$2,139,650,000;
- (2) 25.35-Special Programs from \$22,682,000 to \$22,101,000;
- (3) Reimbursements from -\$143,894,000 to -\$138,589,000; and
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,263,716,000 to -\$1,263,416,000.

I am reducing this item by \$11,432,000 (\$6,127,000 General Fund) for the Adult Protective Services program, and by \$581,000 (\$281,000 General Fund) for the Deaf Access program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-151-0890—For local assistance, Department of Social Services. I reduce this item from \$1,263,716,000 to \$1,263,416,000.

I am reducing this item to conform to the action I have taken in 5180-151-0001 related to the Deaf Access program.

Item 5225-001-0001—For support of the California Department of Corrections and Rehabilitation. I reduce this item from \$7,173,074,000 to \$7,145,074,000 by reducing:

- (8) 25-Adult Corrections and Rehabilitation Operations from \$4,974,568,000 to \$4,946,568,000.

I am directing the Secretary of the California Department of Corrections and Rehabilitation to implement a Parole Decision-Making Instrument (PDMI) that provides guidelines on how to respond to technical parole violations based on the risk-to-reoffend level of the offender and the seriousness of the violation. I believe that the use of the PDMI by parole agents will facilitate the reintegration into society of low-risk parolees by providing community-based sanctions and programs. By providing alternatives to incarceration for parolees who commit minor technical parole violations, the Department will be able to reduce prison overcrowding. Consistent with this direction, I am reducing \$22,000,000 from this item to reflect lower adult inmate population levels.

I am also reducing this item by an additional \$6,000,000 to reflect a delay in the activation of Female Rehabilitative Community Correctional Center beds that resulted from the state's late budget.

Item 6110-001-0001—For support of Department of Education. I revise this item by reducing:

- (2) 20-Instruction Support from \$174,201,000 to \$173,909,000;
- (3) 30-Special Programs from \$54,659,000 to \$54,351,000; and
- (9) Amount payable from Federal Trust Fund (Item 6110-001-0890) from -\$171,015,000 to -\$170,415,000.

I am revising this item to conform to the action I have taken in Item 6110-001-0890.

Item 6110-001-0890—For support of Department of Education. I reduce this item from \$171,015,000 to \$170,415,000.

I am deleting the legislative augmentation of \$600,000 federal Title I funds to enhance an evaluation of the Migrant Education program. The Budget Act of 2007 provided \$800,000 for completing a comprehensive needs assessment, developing the state educational agencies service delivery plan, and contracting for an evaluation to meet federal requirements. The appropriation provided in 2007 should be sufficient for producing a useful program evaluation.

I am deleting Provision 30 to conform to this action.

I am deleting provisional language that would appropriate \$1,200,000 of Title III funds proposed for unspecified English learner state level activities (state operations) in 2009-10 as it is premature to appropriate funds for 2009-10, for projects that have not been developed or justified.

I am deleting provision 34 to conform to this action.

Item 6110-130-0001—For support of the Department of Education, Instructional Support. I reduce this item from \$9,035,000 to \$8,131,000.

I am reducing this item by \$904,000 for the Advancement Via Individual Determination program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am revising Provision 1 to conform to this action as follows:

“1. Of the funds appropriated, ~~\$1,300,000~~\$1,170,000 is available for administration of the Advancement Via Individual Determination (AVID) centers.”

Item 6110-196-0001—For local assistance, Department of Education. I revise this item by deleting Provisions 4(e) and 9(b).

I am deleting Provision 4(e), which would specify principles for the State Department of Education (SDE) to follow when developing the 2008-09 expenditure plan for state and local activities to improve child care. The language is unnecessary and does not specify any clear priorities for development of the expenditure plan.

I am deleting Provision 9(b), which would restrict the start point on the family fee schedule to 40 percent of the State Median Income as adjusted for family size. This Provision is inconsistent with the prior agreement reached between the Administration and the Legislature that families currently paying fees continue to do so as income eligibility is adjusted. Additionally, this language would result in lower fee revenues, increased costs in child care programs, and reduced capacity to serve children.

I am sustaining Provision 2(b), which would provide details for the expenditures of the appropriation and specify the rate limits for alternative payment and other voucher-based programs based on the 85th percentile of the 2007 Regional Market Rate Survey with an effective date of March 1, 2009. While I must sustain this provision because a statute would otherwise control the appropriation and drive the rates, I am concerned that this language will drive considerably higher costs per case in the future, similar to the rate increases experienced in 2007-08.

I am also sustaining Provision 14, which specifies intent to fully fund the third stage (Stage 3) of child care for former CalWORKS families. This intent statement duplicates statutory intent language and, while it reflects a goal to provide sufficient funds, I want to be clear that inclusion of this language in the budget bill is not a commitment to fund any deficiency that might occur.

Item 6110-202-0001—For local assistance, Department of Education. I reduce this item from \$11,742,000 to \$10,880,000 by reducing:

- (1) 30.20.010-Child Nutrition Programs from \$11,742,000 to \$10,880,000.

I am reducing this item by \$862,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently --and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6110-488—Reappropriation, Proposition 98, Department of Education. I revise this item from \$163,051,000 to \$146,651,000, and by deleting:

I am deleting the \$16,400,000 augmentation to Stage 2 child care to align expenditures with updated caseload estimates. With this reduction, a total of \$516,611,000 still remains in the budget to support the CalWORKs Stage 2 program which should be sufficient for the estimated caseload under the authorized eligibility, copayment, and subsidy policies.

I am revising Provision 3 to conform to this action.

“3. The sum of ~~\$163,051,000~~ \$146,651,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the purpose of funding CalWORKs Stage 2 child care. The amount reappropriated pursuant to this provision is for use in the 2008-09 fiscal year.”

I am deleting the one-time legislative augmentation of \$295,000 for assessments of the Oakland Unified, Vallejo City Unified, and West Fresno Elementary School Districts. Current law specifies that these emergency loan districts are responsible for the costs of these reports. Therefore, I am eliminating this augmentation.

I am deleting Provision 2 to conform to this action.

Item 6440-001-0001—For support of University of California. I reduce this item from \$3,000,920,000 to \$2,995,520,000 by decreasing:

- (1) Support from \$3,123,516,000 to \$3,118,116,000,
and by revising Provisions 14 and 24 and by deleting Provision 16.

I am reducing this item by \$5,400,000 to eliminate funding that supports research on labor and employment and labor education. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising Provision 24 of this item to conform as follows:

“24. Of the funds appropriated in Schedule (1), ~~\$5,400,000~~\$0 is to support research on labor and employment and labor education throughout the University of California system. ~~Of these funds, 60 percent shall be for labor research and 40 percent shall be for labor education.~~”

Further, while I am sustaining the Legislature’s action to earmark funding for student academic preparation and education programs (SAPEP), I am vetoing the language requiring the university to report on its use of funds for SAPEP activities. This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Nevertheless, in recognition of the Legislature’s desire to obtain this information. I am instructing the President of the University of California to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the university’s ability to perform its essential functions.

I am revising Provision 14 to conform as follows:

“14. Of the funds appropriated in Schedule (1), \$19,300,000 is for student academic preparation and education programs (SAPEP) and is to be matched with \$12,000,000 from existing university resources, for a total of \$31,300,000 for these programs. The University of California shall provide a plan to the Department of Finance and the fiscal committees of each house of the Legislature for expenditure of both state and university funds for SAPEP by September 1 of each year. ~~It is the intent of the Legislature that the university report on the use of state and university funds provided for these programs, including detailed information on the outcomes and effectiveness of academic preparation programs consistent with the accountability framework developed by the university in April 2005. The report shall be submitted to the fiscal committees of each house of the Legislature no later than April 1, 2009.~~”

Finally, I am deleting the legislative redirection of \$15,000,000 from funds budgeted for administrator compensation to support salary increases and a step pay system for low-wage service employees. Given the 10 percent reduction to the university’s institutional support budget that was adopted by the Legislature, the University should be provided the flexibility to allocate its resources to preserve core administrative functions. Further, employee salaries should be negotiated in collective bargaining agreements between the University and its service employees.

I am deleting Provision 16 to conform to this action.

Item 7980-001-0001—For support of California Student Aid Commission. I reduce this item from \$14,206,000 to \$13,527,000 by decreasing:

- (1.5) 50-California Loan Program from \$1,000,000 to \$500,000;
 - (3.5) 97.20.001 Unallocated Reduction from -789,000 to -1,468,000;
 - (4.5) Amount payable from the Student Loan Operating Fund (7980-001-0784) from -\$1,000,000 to -\$500,000;
- and by revising Provision 4.

I am reducing this item by \$679,000. However, I am sustaining the remaining \$111,000 legislative augmentation for the purpose of funding additional ongoing telephone system and Department of Technology Services costs that were identified after the January budget proposal. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state’s structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending

when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising Provision 4 of this item to conform to the action I have taken in Item 7980-001-0784 as follows:

“4. (a) This item reflects ~~\$1,000,000~~\$500,000 payable from the Student Loan Operating Fund for the purpose of funding, on a limited-term basis, 6.0 positions in the Federal Policy and Programs Division. Those positions shall be continued until a sale or other authorized transaction is completed pursuant to Chapter 182 of the Statutes of 2007, which is anticipated to occur in-the 2009-10 fiscal year.

(b) Additionally, this item reflects an increase of \$1,010,000 available on a one-time basis for necessary moving costs, furnishings, and equipment associated with relocation of the Student Aid Commission. Not later than August 1, 2008, the commission shall detail and submit for approval to the Department of Finance, and for informational purposes to the Chairperson of the Joint Legislative Budget Committee, all one-time costs estimated to be necessary for relocation of the commission. Any funds remaining shall be available for any expenses that may be necessary or convenient to further the intent of the sale or other authorized transaction of EdFund pursuant to Chapter 182 of the Statutes of 2007 upon the written approval of the Department of Finance.”

Item 7980-101-0001—For support of California Student Aid Commission. I revise this item by revising Provision 1.

I am deleting the legislative augmentation to Provision 1(d), which increased the number of Assumption Program of Loans for Education (APLE) awards by 800. The remaining amount of authorized awards in the budget is 7,200. I proposed fewer APLE awards to curb the growth in required APLE payments in the context of budget balancing reductions and because the Student Aid Commission has historically not utilized all the awards. This reduction is necessary to limit future ongoing expenditures in line with ongoing resources as we work towards resolving the structural budget imbalance.

I am revising Provision 1 as follows:

“1. Funds appropriated in Schedule (1) are for purposes of all of the following:

(a) Awards in the Cal Grant Program under Chapter 1.7 (commencing with Section 69430) and Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(b) Grants under the Law Enforcement Personnel Dependents Scholarship Program pursuant to Section 4709 of the Labor Code.

(c) California Student Opportunity and Access Program contract agreements under Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(d) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. The Student Aid Commission shall issue ~~8,000~~7,200 new warrants.

(e) The purchase of loan assumptions under the Graduate Assumption Program of Loans for Education pursuant to Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(f) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) Employees of State Facilities Program pursuant to Article

2 (commencing with Section 70120) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.

(g) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.

(h) The Student Aid Commission shall report by April 1, 2009, on the State Nursing Assumption Program of Loans for Education, pursuant to the reporting requirements of Section 70108 of the Education Code.

(i) Of the amount appropriated in Schedule (1), \$297,000 is provided for loan assumption payments to participants in the National Guard Assumption Program of Loans for Education pursuant to Article 12.5 (commencing with Section 69750) of Chapter 2 of Part 42 of the Education Code.

(j) Notwithstanding subdivision (c) of Section 69613.8 of the Education Code, any Assumption Program of Loans for Education participant who meets the requirements of subdivision (a) or (b) of Section 69613.8 of the Education Code may receive the additional loan assumption benefits authorized by those subdivisions.”

Item 8380-001-0001—For support of Department of Personnel Administration.

I am revising this item in order to correct a technical error in the Budget Bill:

- (1) 10-Classification and Compensation from \$6,442,000 to \$6,414,000;
- (2) 20-Labor Relations from \$3,480,000 to \$3,464,000;
- (3) 25-Legal from \$7,947,000 to \$7,919,000;
- (5) 40.02-Distributed Administration from -\$4,457,000 to -\$4,370,000; and
- (6) 54-Benefits Administration from \$32,972,000 to \$32,957,000.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 88.

Schwarzenegger, Arnold

LEGISLATIVE COUNSEL’S DIGEST

AB 88, Committee on Budget. Budget Act of 2008.

AB 1781, as proposed by Conference Report No. 1 on July 17, 2008, would make appropriations for the support of state government for the 2008–09 fiscal year.

This bill would amend and supplement the Budget Act of 2008 by revising items of appropriation for the Office of Planning and Research; the Office of Emergency Services; the Department of Justice; the Controller; the Secretary of State; the Treasurer; the Department of General Services; the State Personnel Board; the Department of Technology Services; the Department of Forestry and Fire Protection; the Department of Parks and Recreation; the State Air Resources Board; the State Department of Developmental Services; the State Department of Health Care Services; the State Department of Mental Health; the State Department of Social Services; the Department of Corrections and Rehabilitation; the Student Aid Commission; the State Department of Education; the California State Library; the University of California; the California State University; the California Community Colleges; the Department of Personnel Administration; the Public Utilities Commission; the Department of Finance;

the Military Department; the Financial Information System for California; and local government financing.

The bill also would make technical, nonsubstantive changes to various items.

This bill would become operative only if AB 1781, as proposed by Conference Report No. 1 on July 17, 2008, is enacted on or before January 1, 2009.

This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Item 0250-001-0159 of Section 2.00 of the Budget Act of 2008 is amended to read:

0250-001-0159—For support of Judicial Branch, payable from the Trial Court Improvement Fund.....	9,266,000
Provisions:	

1. Notwithstanding any other provision of law, upon approval by the Administrative Director of the Courts, the Controller shall increase this item up to \$18,673,000 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts.
2. Notwithstanding any other provision of law, upon approval by the Administrative Director of the Courts, and notification to the Department of Finance, the chairpersons of the committees in each house of the Legislature that consider appropriations and the State Budget, and the Chairperson of the Joint Legislative Budget Committee, the Controller shall additionally increase this item by an amount, or amounts, totaling no more than \$2,801,000 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.

SEC. 2. Item 0650-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0650-001-0001—For support of Office of Planning and Research.....	3,983,000
Schedule:	
(1) 11-State Planning and Policy Development.....	5,486,000
(2) 21-California Volunteers.....	6,967,000
(3) Reimbursements.....	-3,518,000
(4) Amount payable from the Federal Trust Fund (Item 0650-001-0890).....	-2,942,000
(5) Amount payable from the Central Service Cost Recovery Fund (Item 0650-001-9740).....	-2,010,000

SEC. 3. Item 0690-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0690-001-0001—For support of Office of Emergency Services.....	36,988,000
Schedule:	
(1) 15-Mutual Aid Response.....	21,230,000
(2) 35-Plans and Preparedness.....	31,059,000
(3) 45-Disaster Assistance.....	29,477,000
(4) 55.01-Administration and Executive.....	7,972,000
(5) 55.02-Distributed Administration and Executive.....	-7,972,000
(6) Reimbursements.....	-4,176,000
(7) Amount payable from the Unified Program Account (Item 0690-001-0028)....	-816,000
(8) Amount payable from the Nuclear Planning Assessment Special Account (Item 0690-001-0029).....	-1,175,000
(9) Amount payable from the Federal Trust Fund (Item 0690-001-0890).....	-38,508,000
(10) Amount payable from the Antiterrorism Fund (Item 0690-015-3034).....	-103,000

Provisions:

1. Funds appropriated in this item may be reduced by the Director of Finance, after giving notice to the Chairperson of the Joint Legislative Budget Committee, by the amount of federal funds made available for the purposes of this item in excess of the federal funds scheduled in Item 0690-001-0890.

- 2. The Office of Emergency Services shall charge tuition for all training offered through the California Specialized Training Institute.
- 3. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 0690-101-0890.
- 4. Notwithstanding Section 8581.5 of the Government Code, the California Emergency Council shall not be required to publish a biennial report on the state of emergency preparedness for catastrophic disasters, as specified, during the 2008–09 fiscal year.

SEC. 4. Item 0690-001-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

0690-001-0890—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Federal Trust Fund..... 38,508,000

Provisions:

- 1. Any funds that may become available, in addition to the funds appropriated in this item, for disaster response and recovery may be allocated by the Department of Finance subject to the conditions of Section 28.00, except that, notwithstanding subdivision (d) of that section, the allocations may be made 30 days or less after notification of the Legislature.
- 2. Notwithstanding any other provision of law, the funds appropriated in this item may be expended without regard to the fiscal year in which the application for reimbursement was submitted to the Federal Emergency Management Agency.

SEC. 5. Item 0690-001-1014 of Section 2.00 of the Budget Act of 2008 is repealed.

SEC. 6. Item 0690-002-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0690-002-0001—For support of Office of Emergency Services..... 10,882,000

Schedule:

- (1) 50-Criminal Justice Projects..... 15,174,000
- (2) 51-State Terrorism Threat Assessment Center..... 6,369,000
- (3) Reimbursements..... -20,000
- (4) Amount payable from the Local Public Prosecutors and Public Defenders Training Fund (Item 0690-002-0241).... -80,000

- (5) Amount payable from the Victim-Witness Assistance Fund (Item 0690-002-0425)..... -1,282,000
- (6) Amount payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund (Item 0690-002-0597)..... -621,000
- (7) Amount payable from the Federal Trust Fund (Item 0690-002-0890)..... -8,658,000

Provisions:

- 1. The funds appropriated in Schedule (2) shall be used to continue and expand funding for the State Terrorism Threat Assessment Center, which shall provide investigative assistance to local and federal law enforcement agencies, provide intelligence gathering and data analysis, and create and maintain a statewide informational database to analyze and distribute information related to terrorist activities. The Office of Emergency Services shall allocate funds to the Department of Justice for these purposes upon the request of the Department of Justice.
- 2. It is the intent of the Legislature that the General Fund shall be reimbursed from future allocations of federal security-related funds that may be used for the purposes described in this item.

SEC. 7. Item 0690-101-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

0690-101-0890—For local assistance, Office of Emergency Services, payable from the Federal Trust Fund..... 552,826,000

Schedule:

- (1) 35-Plans and Preparedness..... 18,100,000
- (2) 45-Disaster Assistance..... 534,726,000

Provisions:

- 1. Any federal funds that may become available in addition to the funds appropriated in this item for Program 45-Disaster Assistance are exempt from Section 28.00.

SEC. 8. Item 0690-102-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0690-102-0001—For local assistance, Office of Emergency Services..... 48,794,000

Schedule:

- (1) 50.20-Victim Services..... 3,916,000
- (2) 50.30-Public Safety..... 44,878,000

Provisions:

1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.
2. To maximize the use of program funds and demonstrate the commitment of the grantees to program objectives, the Office of Emergency Services shall require all grantees of funds from the Gang Violence Suppression-Curfew Enforcement Strategy Program to provide local matching funds of at least 10 percent for the first and each subsequent year of operation. This match requirement applies to each agency that is to receive grant funds. An agency may meet its match requirements with an in-kind match, if approved by the Office of Emergency Services.
3. Of the amount appropriated in Schedule (2), \$800,000 shall be provided for grants to counties, consistent with the Central Coast Rural Crime Prevention Program as established in Chapter 18 of the Statutes of 2003. The funds shall be distributed only to counties for planning, or for implementation of the program in those counties that have completed the planning process, consistent with Chapter 18 of the Statutes of 2003. In no case shall a grant exceed \$300,000.
4. The Department of Finance shall include a special display table in the Governor's Budget under the Office of Emergency Services that displays, by fund source, component level detail for Program 50, Criminal Justice Projects. In addition, the Office of Emergency Services, in consultation with the Department of Finance, shall provide a report to the Joint Legislative Budget Committee by January 10 of each year that provides a list of grantees, total funds awarded to each grantee, and performance statistics to document program outputs and outcomes in order to assess the state's return on investment for each component of Program 50 for each of the three years displayed in the Governor's Budget.
5. Of the funding appropriated in Schedule (2), \$19,500,000 is for local assistance to support the California Multijurisdictional Methamphetamine Enforcement Teams (Cal-MMET) Programs. The Office of

Emergency Services (OES) shall establish and administer a competitive grant program on a three-year cycle for eligible California counties that have established, participate in, or that propose to establish methamphetamine task forces for the purpose of implementing a comprehensive strategy to reduce the incidences of methamphetamine trafficking and manufacturing and, in particular, to target large-scale methamphetamine trafficking and manufacturing operations. Up to 3 percent of the funds appropriated for this program may be transferred to Item 0690-002-0001 for expenditure as necessary for OES to administer the competitive grant program. Funding for the methamphetamine task force shall not supplant available federal funding. The distribution of funds by OES shall be based on a competitive process whereby those counties receiving funds demonstrate the greatest need and the most reasonable solutions for addressing the local methamphetamine problem. No grant shall be greater than \$2,500,000, and no grant shall be less than \$200,000.

SEC. 9. Item 0820-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0820-001-0001—For support of Department of Justice.....	364,325,000
Schedule:	
(1) 11.01-Directorate—Administration.....	94,900,000
(2) 11.02-Distributed Directorate—Administration.....	-94,900,000
(3) 30-Civil Law.....	147,017,000
(4) 40-Criminal Law.....	123,711,000
(5) 45-Public Rights.....	92,352,000
(6) 50-Law Enforcement.....	250,266,000
(7) 60-California Justice Information Services.....	165,960,000
(7.5) Unallocated Reduction.....	346,000
(8) Reimbursements.....	-39,204,000
(9) Amount payable from the Attorney General Antitrust Account (Item 0820-001-0012).....	-1,329,000
(10) Amount payable from the Fingerprint Fees Account (Item 0820-001-0017).....	-69,123,000
(11) Amount payable from the Firearm Safety Account (Item 0820-001-0032).....	-331,000

(12) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 0820-001-0044).....	-24,840,000
(13) Amount payable from the Department of Justice Sexual Habitual Offender Fund (Item 0820-001-0142).....	-2,317,000
(14) Amount payable from the Travel Seller Fund (Item 0820-001-0158).....	-1,344,000
(15) Amount payable from the Restitution Fund (Item 0820-001-0214).....	-339,000
(16) Amount payable from the Sexual Predator Public Information Account (Item 0820-001-0256).....	-199,000
(17) Amount payable from the Indian Gaming Special Distribution Fund (Item 0820-001-0367).....	-15,225,000
(18) Amount payable from the False Claims Act Fund (Item 0820-001-0378).....	-10,533,000
(19) Amount payable from the Dealers' Record of Sale Special Account (Item 0820-001-0460).....	-11,640,000
(20) Amount payable from the Department of Justice Child Abuse Fund (Item 0820-001-0566).....	-359,000
(21) Amount payable from the Gambling Control Fund (Item 0820-001-0567)....	-8,093,000
(22) Amount payable from the Gambling Control Fines and Penalties Account (Item 0820-001-0569).....	-46,000
(23) Amount payable from the Federal Trust Fund (Item 0820-001-0890).....	-42,242,000
(24) Amount payable from the Federal Asset Forfeiture Account, Special Deposit Fund (Item 0820-001-0942).....	-1,508,000
(25) Amount payable from the State Asset Forfeiture Account, Special Deposit Fund (Item 0820-011-0942).....	-578,000
(26) Amount payable from the Firearms Safety and Enforcement Special Fund (Item 0820-001-1008).....	-3,164,000
(27) Amount payable from the Missing Persons DNA Data Base Fund (Item 0820-001-3016).....	-4,638,000
(28) Amount payable from the Public Rights Law Enforcement Special Fund (Item 0820-001-3053).....	-5,997,000

(29) Amount payable from the Ratepayer Relief Fund (Item 0820-001-3061).....	-7,198,000
(30) Amount payable from the DNA Identification Fund (Item 0820-001-3086).....	-31,161,000
(31) Amount payable from the Unfair Competition Law Fund (Item 0820-001-3087).....	-3,565,000
(32) Amount payable from the Registry of Charitable Trusts Fund (Item 0820-001-3088).....	-2,898,000
(33) Amount payable from the Legal Services Revolving Fund (Item 0820-001-9731).....	-124,000,000
(34) Amount payable from the Central Service Cost Recovery Fund (Item 0820-001-9740).....	-3,456,000

Provisions:

1. The Attorney General shall submit to the Legislature, the Department of Finance, and the Governor the quarterly and annual reports that he or she submits to the federal government on the activities of the Medical Fraud Unit.
2. Notwithstanding any other provision of law, the Department of Justice may purchase or lease vehicles of any type or class that, in the judgment of the Attorney General or his or her designee, are necessary to the performance of the investigatory and enforcement responsibilities of the Department of Justice, from the funds appropriated for that purpose in this item.
3. Of the amount included in Schedule (3), \$2,912,000 is available for costs related to the Lloyd’s of London (Stringfellow) litigation. Any funds not expended for this specific purpose as of June 30, 2009, shall revert immediately to the General Fund.
4. Of the funds appropriated in this item, \$16,763,000 is available solely for the Correctional Law Section that handles only workload related to Department of Corrections and Rehabilitation cases.
5. Notwithstanding any other provision of law, of the funds appropriated in Schedule (6), \$1,258,000 is payable from the Dealers’ Record of Sale Special Account and may be used to update the Automated Firearms Systems (AFS) database as part of the ongoing project to redesign the Criminal Justice Information System (CJIS). These funds may not be expended until the office of the State Chief Information Officer ap-

proves a special project report for the CJIS project following the completion of CJIS procurement. The Department of Justice shall notify the Joint Legislative Budget Committee that a special project report has been approved within 30 days of the report’s approval by the office of the State Chief Information Officer, and shall include with the notification a copy of the approved special project report.

- 6. The Department of Justice may use funds appropriated in Schedule (6) to fund the Gang Suppression Enforcement Teams Program and the California Methamphetamine Strategy Program.

SEC. 10. Item 0820-012-0378 is added to Section 2.00 of the Budget Act of 2008, to read:

0820-012-0378—For transfer by the Controller, upon order of the Director of Finance, from the False Claims Act Fund, to the General Fund..... (11,137,000)

SEC. 11. Item 0820-495 is added to Section 2.00 of the Budget Act of 2008, to read:

0820-495—Reversion, Department of Justice. As of June 30, 2008, the balance specified below, of the appropriation provided in the following citation shall revert to the balance in the fund from which the appropriation was made:

- 0001—General Fund
 - (1) Item 0820-001-0001, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).... 17,000,000

SEC. 12. Item 0840-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0840-001-0001—For support of the Controller..... 57,876,000
 Schedule:
 (1) 100000-Personal Services..... 107,366,000
 (2) 300000-Operating Expenses and Equipment..... 70,358,000
 (3) Amount payable from various special and nongovernmental cost funds (Section 25.25)..... -13,500,000
 (4) Reimbursements..... -44,837,000
 (5) Amount payable from the Motor Vehicle Fuel Account, Transportation Tax Fund (Item 0840-001-0061)..... -4,095,000

(6) Amount payable from the Highway Users Tax Account, Transportation Tax Fund (Item 0840-001-0062).....	-1,162,000
(7) Amount payable from the Local Revenue Fund (Item 0840-001-0330).....	-591,000
(8) Amount payable from the Federal Trust Fund (Item 0840-001-0890).....	-1,410,000
(9) Amount payable from the Public Employees' Health Care Fund (Item 0840-001-0822).....	-199,000
(10) Amount payable from the State Penalty Fund (Item 0840-001-0903).....	-1,317,000
(11) Amount payable from the Unclaimed Property Fund (Item 0840-001-0970).....	-26,103,000
(12) Amount payable from various other unallocated nongovernmental cost funds (Retail Sales Tax Fund) (Item 0840-001-0988).....	-242,000
(13) Amount payable from the 2006 State School Facilities Fund (Item 0840-001-6057).....	-968,000
(13.5) Amount payable from the Central Service Cost Recovery Fund (Item 0840-001-9740).....	-23,971,000
(14) Amount payable from other unallocated special funds (Item 0840-011-0494).....	-73,000
(15) Amount payable from unallocated bond funds (Item 0840-011-0797).....	-478,000
(16) Amount payable from various other unallocated nongovernmental cost funds (Item 0840-011-0988).....	-68,000
(17) Amount payable from the Public Transportation Account, State Transportation Fund (Section 25.50).....	-18,000
(18) Amount payable from the Highway Users Tax Account, Transportation Tax Fund (Section 25.50).....	-286,000
(19) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Section 25.50).....	-16,000
(20) Amount payable from the DMV Local Agency Collection Fund (Section 25.50).....	-2,000
(21) Amount payable from the Trial Court Trust Fund (Section 25.50).....	-164,000

(22) Amount payable from the Timber Tax Fund (Section 25.50).....	-1,000
(23) Amount payable from the Public Safety Account, Local Public Safety Fund (Section 25.50).....	-253,000
(24) Amount payable from the Local Revenue Fund (Section 25.50).....	-94,000

Provisions:

1. The funding provided in Item 0840-001-0970 shall be in lieu of the appropriation in Section 1564 of the Code of Civil Procedure for all costs, expenses, or obligations connected with the administration of the Unclaimed Property Law, with the exception of payment of owners' or holders' claims pursuant to Section 1540, 1542, 1560, or 1561 of the Code of Civil Procedure, or of payment of the costs of compensating contractors for locating and recovering unclaimed property due the state.
2. Of the claims received for reimbursement of court-ordered or voluntary desegregation programs pursuant to Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code, the Controller shall pay only those claims that have been subjected to audit by school districts in accordance with the Controller's procedures manual for conducting audits of education desegregation claims. Furthermore, the Controller shall pay only those past-year actual claims for desegregation program costs that are accompanied by all reports issued by the auditing entity, unless the auditing entity was the Controller.
3. The Controller may, with the concurrence of the Director of Finance and the Chairperson of the Joint Legislative Budget Committee, bill affected state departments for activities required by Section 20050 of the State Administrative Manual, relating to the administration of federal pass-through funds.
 No billing may be sent to affected departments sooner than 30 days after the Chairperson of the Joint Legislative Budget Committee has been notified by the Director of Finance that he or she concurs with the amounts specified in the billings.
4. (a) Notwithstanding subdivision (b) of Section 1531 of the Code of Civil Procedure, the Controller may publish notice in any manner that the Controller determines reasonable, provided that (1) none of the moneys used for this purpose is redi-

- rected from funding for the Controller's audit activities, (2) no photograph is used in the publication of notice, and (3) no elected official's name is used in the publication of notice.
- (b) No funds appropriated in this act may be expended by the Controller to provide general information to the public, other than holders (as defined in subdivision (e) of Section 1501 of the Code of Civil Procedure) of unclaimed property, concerning the unclaimed property program or possible existence of unclaimed property held by the Controller's office, except for informational announcements to the news media, through the exchange of information on electronic bulletin boards, or no more than \$50,000 per year to inform the public about this program in activities already organized by the Controller for other purposes. This restriction does not apply to sending individual notices to property owners (as required by the Code of Civil Procedure).
 5. Of the moneys appropriated to the Controller in this act, the Controller shall not expend more than \$500,000 to conduct posteligibility fraud audits of the Supplemental Security Income/State Supplementary Payment Program.
 6. The Commission on State Mandates shall provide, in applicable parameters and guidelines, as follows:
 - (a) If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency or school district.
 - (b) The maximum amount of reimbursement provided in subdivision (a) may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without incurring the additional costs claimed by the local agency or school district.
 7. The funds appropriated to the Controller in this item may not be expended for any performance review or

- performance audit except pursuant to specific statutory authority. It is the intent of the Legislature that audits conducted by the Controller, or under the direction of the Controller, shall be fiscal audits that focus on claims and disbursements, as provided for in Section 12410 of the Government Code. Any report, audit, analysis, or evaluation issued by the Controller for the 2008–09 fiscal year shall cite the specific statutory or constitutional provision authorizing the preparation and release of the report, audit, analysis, or evaluation.
8. The Controller shall deliver his or her monthly report on General Fund cash receipts and disbursements within 10 days after the close of each month to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, the Department of Finance, the Treasurer’s office, and the Legislative Analyst’s Office.
 9. For purposes of the review and payment of any claim for reimbursement by local government submitted pursuant to Section 54954.4 of the Government Code, the Controller shall use the procedures that were in effect at the time the claim was submitted.
 10. Pursuant to subdivision (c) of Section 1564 of the Code of Civil Procedure, the Controller shall transfer all moneys in the Abandoned Property Account in excess of \$50,000 to the General Fund no less frequently than at the end of each month. This transfer shall include unclaimed Proposition 103 insurance rebate moneys pursuant to Section 1861.01 of the Insurance Code and Section 1523 of the Code of Civil Procedure.
 11. The Controller shall provide to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the fiscal committees of each house of the Legislature a report that provides the following details by mandate: the level of claims requested; the amount reduced by the initial desk audit; the amount paid; the amount recouped; and the results of a final audit and subsequent funding adjustments. The report is due on June 30, 2009, and will cover the fourth quarter of the 2007–08 fiscal year and the first three quarters of the 2008–09 fiscal year.
 12. To the extent authorized by existing law, the Controller shall recoup the amount of any unallowable mandate claim costs resulting from desk or field audits of such claims.
 13. The Controller’s estimate of the state’s liability for postemployment benefits prepared to comply with

Governmental Accounting Standards Board (GASB) Statement 45 shall include, in addition to all other items required under the accounting statement: (a) an identification and explanation of any significant differences in actuarial assumptions or methodology from any relevant similar types of assumptions or methodology used by the Public Employees' Retirement System to estimate state pension obligations; and (b) alternative calculations of the state's liability for other postemployment benefits using different long-term rates of investment return consistent with a hypothetical assumption that the state will begin to deposit 100 percent or a lesser percent, respectively, of its annual required contribution under GASB Statement 45 to a retiree health and dental benefits trust fund beginning in the 2007–08 fiscal year. This provision shall not obligate the state to change the practice of funding health and dental benefits for annuitants currently required under state law.

14. The funds appropriated to the Controller in this item may not be expended on additional actuarial valuations, beyond the annual actuarial valuation, for other postemployment benefits, prior to obtaining concurrence in writing from the Department of Finance. The additional actuarial valuations shall only be performed to the extent resources exist, or if funds are provided by the requesting agency.
15. Notwithstanding any other provision of law, the Director of Finance may authorize increases or decreases in expenditures for this item to reflect the final lease costs for the Cannery Business Park location and lease costs associated with the federal injunction on the Unclaimed Property Program of the Controller. The Director of Finance may authorize expenditure adjustments per this provision not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.
16. The Controller shall provide the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature a report on the Human Resources Management System specifying the dollars expended on the

- program in the previous fiscal year and over the life of the program and any known savings that have occurred in the prior fiscal year, to be submitted annually but no later than August 30 of each year. The report should compare the known savings with the most recent estimate of projected savings and explain the methodology by which the savings were calculated.
17. The Controller shall deliver yearend financial data as specified by the Department of Finance, for the fiscal year just ended, in hard copy and electronic format, by October 15 of each year and periodically as requested by the Department of Finance. This information is necessary for the Department of Finance to determine the proper beginning balance of the current fiscal year for budgetary purposes. To ensure timely completion of the yearend financial data, the Controller should enforce provisions in Section 12461.2 of the Government Code and emphasize in its regulation the deadline the yearend financial statements are due from the operating departments to the Controller.
 18. Notwithstanding any other provision of law, the Controller may not expend funds for system integration vendor costs related to the Human Resources Management System (HRMS), also known as the 21st Century Project, after July 31, 2008, beyond the Design Phase Payment Deliverables for the 21st Century Project as set forth in Amendment 1 to Agreement No. 22191025, until the office of the State Chief Information Officer certifies the Controller has entered into a contract or contract amendment with a system integration vendor that is consistent with the most recently approved Special Project Report for HRMS.
 19. Funding for system integration vendor costs shall not exceed the estimates in the most recently approved Special Project Report for Human Resources Management System (HRMS), also known as the 21st Century Project, unless in the course of contract negotiations the state and the vendor mutually agree that additional functionality is necessary for the successful implementation of the HRMS and these changes are approved by the office of the State Chief Information Officer. However, a contract or contract amendment shall not be executed until 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations.

- 20. Notwithstanding the provisions of Item 9840, the Department of Finance may adjust the amounts authorized under Item 0840-001-0001 and Section 25.25, consistent with the funding schedule included in the most recently approved Special Project Report for the Human Resources Management System, also known as the 21st Century Project. No adjustments shall be made pursuant to this provision prior to a 30-day notification in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations.

SEC. 13. Item 0855-111-0367 of Section 2.00 of the Budget Act of 2008 is amended to read:

0855-111-0367—For transfer by the Controller, upon order of the Director of Finance, from the Indian Gaming Special Distribution Fund, to the Indian Gaming Revenue Sharing Trust Fund..... (50,000,000)
 Provisions:

- 1. The amount of any transfer ordered by the Director of Finance pursuant to this item shall be the minimum amount necessary to allow the Indian Gaming Revenue Sharing Trust Fund to distribute the quarterly payments described in Section 12012.90 of the Government Code and meet its other expenditure requirements. Any remaining portion of the amount authorized to be transferred pursuant to this item shall remain in the Indian Gaming Special Distribution Fund.
- 2. The Legislature finds and declares that the amount authorized in this item is expected to be sufficient to allow the Indian Gaming Revenue Sharing Trust Fund to distribute the quarterly payments described in Section 12012.90 of the Government Code during the 2008–09 fiscal year. Accordingly, the California Gambling Control Commission, acting for this purpose as the state gaming agency under various tribal-state compacts, shall not direct any funds to the Indian Gaming Revenue Sharing Trust Fund pursuant to Section 4.3.1(l) of the amended tribal-state compacts with the Morongo Band of Mission Indians, the Pechanga Band of Luiseño Indians, the San Manuel Band of Mission Indians, and the Sycuan Band of the Kumeyaay Nation and similar sections of any compacts or amended compacts ratified by the Legislature in the 2008–09 fiscal year.

- 3. The Chairperson of the California Gambling Control Commission shall immediately submit a report to the Director of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Legislative Analyst if he or she determines that the Indian Gaming Revenue Sharing Trust Fund will not have sufficient funds to distribute the quarterly payments described in Section 12012.90 of the Government Code during the 2008–09 fiscal year after consideration of the funds authorized for transfer by this item. No earlier than 15 days after submission of that report, the California Gambling Control Commission may direct funds to the Indian Gaming Revenue Sharing Trust Fund, notwithstanding the requirements of Provision 2.

SEC. 13.5. Item 0890-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0890-001-0001—For support of Secretary of State.....	36,380,000
Schedule:	
(1) 10-Filings and Registrations.....	49,025,000
(2) 20-Elections.....	66,483,000
(3) 30-Archives.....	10,499,000
(4) 50.01-Administration and Technology.....	23,590,000
(5) 50.02-Distributed Administration and Technology.....	-23,590,000
(6) Reimbursements.....	-7,339,000
(7) Amount payable from the Secretary of State’s Business Fees Fund (Item 0890-001-0228).....	-38,936,000
(8) Amount payable from the Federal Trust Fund (Item 0890-001-0890).....	-41,674,000
(9) Amount payable from the Victims of Corporate Fraud Compensation Fund (Item 0890-001-3042).....	-1,678,000
Provisions:	
1. The Secretary of State may not expend any special handling fees authorized by Chapter 999 of the Statutes of 1999 which are collected in excess of the cost of administering those special handling fees unless specifically authorized by the Legislature.	
2. Of the amounts appropriated in this item, \$41,674,000 shall be used for operational costs associated with implementation of the Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.).	

- 3. Of the amount appropriated in this item, \$5,000,000 shall be used for costs associated with the November 4, 2008, statewide general election.

SEC. 14. Item 0950-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

0950-001-0001—For support of the Treasurer.....	4,667,000
Schedule:	
(1) 100000-Personal Services.....	21,467,000
(2) 300000-Operating Expenses and Equipment.....	6,381,000
(2.5) Unallocated Reduction.....	-506,000
(3) Reimbursements.....	-20,586,000
(5) Amount payable from the Central Service Cost Recovery Fund (Item 0950-001-9740).....	-2,089,000

Provisions:

- 1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (3) to the Treasurer’s office, provided that:
 - (a) The loan is to meet cash needs resulting from a delay in receipt of reimbursements.
 - (b) The loan is short term, and shall be repaid within two months.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance shall not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.
 - (e) At the end of the two-month term of the loan, the Treasurer’s office shall notify the Chairperson of the Joint Legislative Budget Committee whether the Treasurer’s office has repaid the loan pursuant to subdivision (b).

SEC. 15. Item 1760-001-0666 of Section 2.00 of the Budget Act of 2008 is amended to read:

1760-001-0666—For support of Department of General Services, payable from the Service Revolving Fund.....	501,882,000
Schedule:	
(1) Program support.....	1,085,822,000
(2) Distributed services.....	-11,145,000
(3) Reimbursements—Lease revenue.....	-43,000
(4) Reimbursements—FI\$Cal.....	-2,380,000
(5) Amount payable from the General Fund (Item 1760-001-0001).....	-9,833,000
(6) Amount payable from the General Fund (Item 1760-002-0001).....	-346,000
(7) Amount payable from the Property Ac- quisition Law Money Account (Item 1760-001-0002).....	-3,247,000
(8) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-001-0003).....	-2,404,000
(9) Amount payable from the State Emer- gency Telephone Number Account (Item 1760-001-0022).....	-2,471,000
(10) Amount payable from the State Motor Vehicle Insurance Account (Item 1760- 001-0026).....	-6,066,000
(11) Amount payable from the Seismic Gas Valve Certification Fee Account (Item 1760-001-0450).....	-75,000
(12) Amount payable from the Energy Re- sources Programs Account (Item 1760- 001-0465).....	-1,659,000
(13) Amount payable from the Architecture Revolving Fund (Item 1760-001- 0602).....	-43,632,000
(14) Amount payable from the State School Building Aid Fund (Item 1760-001- 0739).....	-297,000
(15) Amount payable from the State School Deferred Maintenance Fund (Item 1760-001-0961).....	-159,000
(16) Amount payable from the 2006 State School Facilities Fund (Item 1760- 001-6057).....	-14,253,000
(17) Amount payable from the Motor Vehi- cle Parking Facilities Moneys Account (Item 1760-002-0003).....	-1,102,000
(18) Amount payable from the Service Revolving Fund (Item 1760-002- 0666).....	-156,455,000

- (19) Amount payable from the Service Revolving Fund (Item 1760-003-0666)..... -14,498,000
- (20) Amount payable from the Service Revolving Fund (Item 1760-004-0666)..... -313,875,000

Provisions:

1. Notwithstanding any other provision of law, revenues from the sale of legislative bills and publications received by the Legislative Bill Room shall be deposited in the Service Revolving Fund.
2. Notwithstanding any other provision of law, if the Director of General Services determines in writing that there is insufficient cash in a special fund under his or her authority to make one or more payments currently due and payable, he or she may order the transfer of moneys to that special fund in the amount necessary to make payment or payments, as a loan from the Service Revolving Fund. That loan shall be subject to all of the following conditions:
 - (a) No loan shall be made that would interfere with carrying out the object for which the Service Revolving Fund was created.
 - (b) The loan shall be repaid as soon as there are sufficient moneys in the recipient fund to repay the amount loaned, but no later than 18 months after the date of the loan. The amount loaned shall not exceed the amount that the fund or program is authorized at the time of the loan to expend during the 2008–09 fiscal year from the recipient fund except as otherwise provided in Provisions 4, 5, and 6.
 - (c) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.
3. The Director of General Services may augment this item or any of Items 1760-001-0002, 1760-001-0003, 1760-001-0026, and 1760-001-0602, by up to an aggregate of 10 percent in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in this item or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent

basis shall be submitted for review as part of the normal budget development process. If the Director of General Services augments this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602, the DGS shall notify the Department of Finance within 30 days after that augmentation is made as to the amount, justification, and the program augmented. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services or the purchase of goods without the prior written consent of the Department of Finance. The Director of General Services shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Department of General Services had knowledge of in time to include in the May Revision.

4. If this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 is augmented pursuant to Provision 3 by the maximum allowed under that provision, the Director of Finance may further augment the item or items in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in these items, or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. The Director of Finance shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Departments of Finance or General Services had knowledge of in time to include in the May Revision.
5. The Director of General Services may augment this item and Items 1760-001-0003 and 1760-001-0026 to increase authorized expenditures by the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Office of Energy Management, and the Office of Public Safety Radio Services. The augmentation shall be for the specific purpose of enabling the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Energy Services Program, and the Office of Public Safety

Radio Services to provide competitive services to their customers (including local government entities or the federal government) and may be made only if the office has sufficient operating reserves available to fund the augmentation. If the Director of General Services proposes to augment either of the items in this provision, the director shall notify the Department of Finance, the chairpersons of the fiscal committees of each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee 30 days prior to making the augmentation, including the amount, justification, and the office augmented. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process.

6. Any augmentation made pursuant to Provisions 3 and 4 shall be reported in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date the augmentation is approved. This notification shall be provided in a format consistent with normal budget change requests, including identification of the amount of, and justification for, the augmentation, and the program that has been augmented. Copies of the notification shall be provided to the Department of Finance.
7. Notwithstanding any other provision of law, the Director of General Services or his or her designee, in lieu of the Director of Finance, is authorized to approve Budget Revision, Standard Form 26, subject to a copy being provided to the Department of Finance.
8. Notwithstanding any other provision of law, due to the inability to issue energy efficiency revenue bonds pursuant to Chapter 2.7 (commencing with Section 15814.10) of Part 10b of Division 3 of Title 2 of the Government Code, in order to repay the General Fund for the cost of completing energy efficiency projects on specified buildings, the Department of General Services shall, within 10 fiscal years, recover an amount sufficient to repay the costs associated with completed energy efficiency projects plus 5-percent interest, through utility rates charged to tenants. On August 1 of each fiscal year beginning with the 2005–06 fiscal year, the Department of General Services shall transfer that amount to the General Fund. Once the General Fund has been fully repaid, the De-

partment of General Services shall adjust utility rates for all tenants to accurately reflect the current rates.

- 9. The Director of Finance is authorized to increase this item for purposes of funding tenant improvement projects to facilitate the backfill of vacant space within stand-alone Department of General Services (DGS) bond-funded office buildings. This provision shall only be used to augment expenditure authority for DGS stand-alone individual rate office buildings where a \$0.03 tenant improvement surcharge has been approved by the Department of Finance and is included in the monthly rental rate. Department of Finance approval is contingent upon justification for the proposed tenant improvement projects to be provided by the DGS including an analysis of cost impacts and how the tenant improvements will improve the state's utilization of the facility. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services without the prior written consent of the Department of Finance. Any augmentation made pursuant to this provision may be authorized not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.
- 10. Notwithstanding subdivision (c) of Section 34 of Chapter 127 of the Statutes of 2000, the Department of General Services is authorized to pay Hearn Construction Company of Vacaville, California, up to \$498,000 for claims arising from the renovation of the Lincoln Theater in Yountville, California.

SEC. 16. Item 1880-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

1880-001-0001—For support of State Personnel Board.....	1,936,000
Schedule:	
(1) 10-Merit System Administration.....	20,365,000
(2) 40-Local Government Services.....	2,937,000
(3) 50.01-Administration Services.....	4,042,298
(4) 50.02-Distributed Administration Services.....	-1,959,298
(5) Reimbursements.....	-20,064,000
(6) Amount payable from the Central Service Cost Recovery Fund (Item 1880-001-9740).....	-3,385,000

Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item to the State Personnel Board, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.
 - (b) The loan is for a short term and shall be repaid by September 30, 2009.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee, or his or her designee, may determine.

SEC. 17. Item 1955-001-9730 of Section 2.00 of the Budget Act of 2008 is amended to read:

1955-001-9730—For support of Department of Technology Services, payable from the Department of Technology Services Revolving Fund..... 278,223,000

Schedule:

- (1) 10-Administration of Technology Services..... 278,582,000
- (2) Reimbursements..... -359,000

Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Department of Technology Services in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

- 2. Expenditure authority provided in this item to support data center infrastructure projects may not be utilized for items outside the approved project scope. In addition, the Department of Technology Services shall report to the office of the State Chief Information Officer actual expenditures associated with the projects when purchase agreements have been executed. Changes in project scope must receive approval using the established administrative and legislative reporting requirements.
- 3. The Department of General Services, with the consent of the Department of Technology Services, may enter into a lease, lease-purchase agreement, or lease with an option to purchase for a build-to-suit facility to develop a data center in the central valley, subject to Department of Finance approval of the terms and conditions of the agreement. At least 30 days prior to entering into any agreement, the Department of General Services shall notify the chairpersons of the committees in each house of the Legislature that consider appropriations and the Joint Legislative Budget Committee of the terms and conditions of the agreement. This notification shall include an analysis of the associated rate impact to customer department invoices. If the Joint Legislative Budget Committee does not express any opposition, the Department of General Services may proceed with the agreement after 30 days from when the Department of General Services gave notice to the chairpersons.

SEC. 18. Item 2640-101-0046 of Section 2.00 of the Budget Act of 2008 is amended to read:

2640-101-0046—For local assistance, State Transit Assistance, for allocation by the Controller pursuant to Section 99312 of the Public Utilities Code, payable from the Public Transportation Account, State Transportation Fund..... 406,434,000
Provisions:

- 1. Notwithstanding Sections 99313 and 99314 of the Public Utilities Code, not more than \$60,397 of the amount appropriated in this item shall be used to reimburse the Controller for expenditures of administration of State Transit Assistance funds.

SEC. 19. Item 2660-001-0042 of Section 2.00 of the Budget Act of 2008 is amended to read:

2660-001-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund..... 2,545,975,000

Schedule:

(1) 10-Aeronautics.....	3,636,000
(2) 20.10-Highway Transportation— Capital Outlay Support.....	1,657,615,000
(3) 20.30-Highway Transportation— Local Assistance.....	43,964,000
(4) 20.40-Highway Transportation— Pro- gram Development.....	76,077,000
(5) 20.65-Highway Transportation— Le- gal.....	79,744,000
(6) 20.70-Highway Transportation— Op- erations.....	200,891,000
(7) 20.80-Highway Transportation— Maintenance.....	1,194,216,000
(8) 30-Mass Transportation.....	130,033,000
(9) 40-Transportation Planning.....	110,543,000
(10) 50.00-Administration.....	421,974,000
(11) 60.10-Equipment Service Program Costs.....	215,429,000
(11.5) 60.20-Distributed Equipment Ser- vice Program Costs.....	-215,429,000
(12) Reimbursements.....	-341,778,000
(13) Amount payable from the Aeronautics Account, State Transportation Fund (Item 2660-001-0041).....	-3,596,000
(14) Amount payable from the Bicycle Transportation Account, State Trans- portation Fund (Item 2660-001- 0045).....	-10,000
(15) Amount payable from the Public Transportation Account, State Transportation Fund (Item 2660-001- 0046).....	-149,775,000
(16) Amount payable from the Historic Property Maintenance Fund (Item 2660- 001-0365).....	-1,590,000
(16.5) Amount payable from the Seismic Retrofit Bond Fund of 1996 (Section 8879.3 of the Government Code)....	-5,331,000
(17) Amount payable from the Federal Trust Fund (Item 2660-001-0890)....	-524,280,000

(18) Amount payable from the Transportation Financing Subaccount, State Highway Account, State Transportation Fund (Item 2660-001-6801).....	-784,000
(18.5) Amount payable from the Transportation Investment Fund (Item 2660-002-3008).....	-236,007,000
(19) Amount payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6072).....	-4,487,000
(21) Amount payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6055).....	-23,190,000
(22) Amount payable from the Trade Corridors Improvement Fund (Item 2660-004-6056).....	-3,511,000
(23) Amount payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6058).....	-55,726,000
(24) Amount payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6059)....	-1,303,000
(24.5) Amount payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6060).....	-496,000
(26) Amount payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6062).....	-91,000
(27) Amount payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6063).....	-621,000

(28) Amount payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6064)..... -20,142,000

Provisions:

1. Notwithstanding any other provision of law, funds appropriated in this item from the State Highway Account may be reduced and replaced by an equivalent amount of federal funds determined by the Department of Transportation to be available and necessary to comply with Section 8.50 and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.
2. Notwithstanding any other provision of law, funding appropriated in this item may be transferred to Item 2660-005-0042 to pay for any necessary insurance, debt service, and other financing-related expenditures for Department of Transportation-owned office buildings. Any transfer will require the prior approval of the Department of Finance.
3. The funds appropriated in Schedule (2) for external consultant and professional services related to project delivery (also known as 232 contracts) that are unencumbered or encumbered but unexpended related to work that will not be performed during the fiscal year shall revert to the fund from which they were appropriated.
4. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior fiscal year State Highway Account appropriation balances at a level determined by the Department of Transportation as required to process claims utilizing federal advance construction through the plan of financial adjustment process pursuant to Sections 11251 and 16365 of the Government Code.
5. Notwithstanding any other provision of law, funds appropriated in Item 2660-001-0042, 50.00-Administration from the State Highway Account, may be reduced and replaced by an equivalent amount of reim-

bursments determined by the Department of Transportation to be available and necessary to comply with Section 28.50 and the most effective management of state transportation resources. The reimbursements may also be reduced and replaced by an equivalent amount of funds from the State Highway Account. Not more than 30 days after replacing the State Highway Account funds with reimbursements and vice versa, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.

6. Not more than \$1,400,000 appropriated in this item is available for support of the Department of Transportation's Owner Controlled Insurance Program to administer insurance coverage for contractors on projects with combined total costs not to exceed \$750,000,000.
7. Of the funds appropriated in this item, \$214,000,000 is for major maintenance contracts for the preservation of highway pavement, and shall not be used to supplant any other funding that would have been used for major pavement maintenance.
8. Of the funds appropriated in Schedule (5), \$48,556,000 is for the payment of tort lawsuit claims and awards. Any funds for that purpose that are unencumbered as of April 1, 2009, may be transferred to Item 2660-302-0042. Any transfer shall require the prior approval of the Department of Finance.
9. Of the funds appropriated in this item, transfers shall be available to Items 2660-004-6055, 2660-004-6056, 2660-004-6058, 2660-004-6059, 2660-004-6060, 2660-004-6062, 2660-004-6063, 2660-004-6064, and 2660-004-6072. The Department of Finance shall authorize the transfer not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee.
10. Of the funds appropriated in Schedule (7), \$5,000,000 shall be used to implement a parolee employment program to pick up and remove litter along state highways. The Department of Transportation will evaluate the effectiveness of the parolee program and present its findings to the Joint Legislative Budget Committee by July 1, 2010. The report shall also include a summary and evaluation of the overall litter

program, including information and enforcement activities, which the Department of Transportation shall compile in coordination with the Department of the California Highway Patrol.

- 11. Of the funds appropriated in Schedule (7), \$2,301,000 shall be used to purchase three Balsi Beam systems and three barrier guard systems to increase worker safety.
- 12. Of the funds appropriated in Schedule (7), \$809,000 shall be used for traffic control operations for the opening of the first segment of the managed lanes project on I-15 in San Diego County.

SEC. 20. Item 2660-104-6059 of Section 2.00 of the Budget Act of 2008 is amended to read:

2660-104-6059—For local assistance, Department of Transportation, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 1,000

Schedule:

(1) 30-Mass Transportation..... 1,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2014.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6059. These transfers require the prior approval of the Department of Finance.
- 3. (a) Funds made available in this item for capital improvements to the state’s intercity rail program, including the purchase of new rolling stock, are necessary to implement a specific provision of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, as that act was approved by the voters of the State of California.
- (b) From the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, paragraph (2) of subdivision (f) of Section 8879.23 of the Government Code makes funds available, upon appropriation by the Legislature, for intercity rail improvements “including the

procurement of additional intercity railcars and locomotives.”

- (c) It is the intent of the Legislature that funds appropriated for this purpose be spent prudently and expeditiously to enhance the state’s intercity rail service.
- (d) It is further the intent of the Legislature that during the 2008–09 fiscal year, and not later than June 30, 2009, the Department of Transportation shall release a Request for Proposal for the procurement of rolling stock equipment as provided for in paragraph (2) of subdivision (f) of Section 8879.23 of the Government Code.
- (e) No later than January 1, 2009, the department shall provide a report to the Joint Legislative Budget Committee, describing the activities the department has undertaken to allocate the funds made available to it in this item.

SEC. 21. Item 2660-304-6059 of Section 2.00 of the Budget Act of 2008 is amended to read:

2660-304-6059—For capital outlay, Department of Transportation, payable from the Public Transportation, Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 70,999,000

Schedule:

(1) 30-Mass Transportation..... 70,999,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2014.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6059 upon the prior approval of the Department of Finance.
- 4. (a) Funds made available in this item for capital improvements to the state’s intercity rail program, including the purchase of new rolling stock, are necessary to implement a specific provision of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, as that act was approved by the voters of California.
- (b) From the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006,

paragraph (2) of subdivision (f) of Section 8879.23 of the Government Code makes funds available, upon appropriation by the Legislature, for intercity rail improvements “including the procurement of additional intercity railcars and locomotives.”

- (c) It is the intent of the Legislature that funds appropriated for this purpose be spent prudently and expeditiously to enhance the state’s intercity rail service.
- (d) It is further the intent of the Legislature that during the 2008–09 fiscal year, and not later than June 30, 2009, the Department of Transportation shall release a Request for Proposal for the procurement of rolling stock equipment as provided for in paragraph (2) of subdivision (f) of Section 8879.23 of the Government Code.
- (e) No later than January 1, 2009, the department shall provide a report to the Joint Legislative Budget Committee, describing the activities the department has undertaken to allocate the funds made available to it in this item.

SEC. 22. Item 2660-492 of Section 2.00 of the Budget Act of 2008 is amended to read:

2660-492—Reappropriation, Department of Transportation.

The amounts specified in the following citations are reappropriated for the purposes provided for in the appropriations and are available for encumbrance or expenditure until June 30, 2009:

0042—State Highway Account, State Transportation Fund

- (1) Item 2660-001-0042, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 2660-492, Budget Act of 2002 (Ch. 379, Stats. 2002), Budget Act of 2003 (Ch. 157, Stats. 2003), Budget Act of 2004 (Ch. 208, Stats. 2004), Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), 20.10-Highway Transportation—Capital Outlay Support, up to \$7,057,000 shall be available for the Project Resourcing and Schedule Management System.
- (2) Item 2660-001-0042, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), 20.10-Highway Transportation—Capital Outlay Support, up to \$4,515,000 shall

be available for the Project Resourcing and Schedule Management System.

- (3) Item 2660-304-6059, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), up to \$186,999,000 shall be available.
- (4) Item 2660-104-6059, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), up to \$1,000 shall be available.

Provisions:

- 1. Notwithstanding any other provision of law, funds appropriated in Schedule (1) or (2) may be increased by up to \$5,000,000 upon approval of the Director of Finance.
- 2. The funds available in Schedules (3) and (4) may be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013. Provision 3 of Item 2660-304-6059, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), and Provision 3 of Item 2660-104-6059, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), shall not apply to the reappropriated funds.
- 3. Notwithstanding any other provision of law, funds appropriated in Schedule (3) may be transferred to Item 2660-104-6059 upon approval of the Department of Finance.
- 4. Notwithstanding any other provision of law, funds appropriated in Schedule (4) may be transferred to Item 2660-304-6059 upon approval of the Department of Finance.
- 5. (a) Funds made available in this item for capital improvements to the state's intercity rail program, including the purchase of new rolling stock, are necessary to implement a specific provision of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, as that act was approved by the voters of the State of California.
(b) From the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, paragraph (2) of subdivision (f) of Section 8879.23 of the Government Code makes funds available, upon appropriation by the Legislature, for intercity rail improvements "including the procurement of additional intercity railcars and locomotives."
(c) It is the intent of the Legislature that funds appropriated for this purpose be spent prudently and

expeditiously to enhance the state’s intercity rail service.

- (d) It is further the intent of the Legislature that during the 2008–09 fiscal year, and not later than June 30, 2009, the Department of Transportation shall release a Request for Proposal for the procurement of rolling stock equipment as provided for in paragraph (2) of subdivision (f) of Section 8879.23 of the Government Code.
- (e) No later than January 1, 2009, the department shall provide a report to the Joint Legislative Budget Committee, describing the activities the department has undertaken to allocate the funds made available to it in this item.

SEC. 23. Item 3540-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

3540-001-0001—For support of Department of Forestry and Fire Protection.....	560,045,000
Schedule:	
(1) 10-Office of the State Fire Marshal.....	20,442,000
(2) 11-Fire Protection.....	880,623,000
(3) 12-Resource Management.....	62,597,000
(3.5) Board of Forestry.....	449,000
(4) 20.01-Administration.....	67,198,000
(5) 20.02-Distributed Administration.....	-66,536,000
(6) Reimbursements.....	-259,797,000
(7) Less funding provided by capital outlay.....	-14,209,000
(8) Amount payable from the General Fund (Item 3540-006-0001).....	-69,090,000
(9) Amount payable from the State Emergency Telephone Number Account (Item 3540-001-0022).....	-2,393,000
(10) Amount payable from the Unified Program Account (Item 3540-001-0028)....	-353,000
(11) Amount payable from the State Fire Marshal Licensing and Certification Fund (Item 3540-001-0102).....	-2,715,000
(12) Amount payable from the California Environmental License Plate Fund (Item 3540-001-0140).....	-504,000
(13) Amount payable from the California Fire and Arson Training Fund (Item 3540-001-0198).....	-2,449,000

(14) Amount payable from the Hazardous Liquid Pipeline Safety Fund (Item 3540-001-0209).....	-3,059,000
(16) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3540-001-0235).....	-419,000
(17) Amount payable from the Professional Forester Registration Fund (Item 3540-001-0300).....	-220,000
(18) Amount payable from the Federal Trust Fund (Item 3540-001-0890).....	-31,410,000
(19) Amount payable from the Forest Resources Improvement Fund (Item 3540-001-0928).....	-7,504,000
(20) Amount payable from the Timber Tax Fund (Item 3540-001-0965).....	-34,000
(22) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3540-001-6029).....	-8,750,000
(23) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3540-001-6031).....	-368,000
(24) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3540-001-6051).....	-1,454,000

Provisions:

1. Notwithstanding any other provision of law, the Department of Finance may authorize the temporary or permanent redirection of funds from this item for purposes of emergency fire suppression and detection costs and related emergency refutation costs.
2. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item, to the Department of Forestry and Fire Protection, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.

- (b) The loan is for a short term and shall be repaid by September 30 of the fiscal year following that in which the loan was authorized.
- (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
- (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee, or his or her designee, may determine.

SEC. 24. Item 3540-001-1014 of Section 2.00 of the Budget Act of 2008 is repealed.

SEC. 25. Item 3790-490 of Section 2.00 of the Budget Act of 2008 is amended to read:

3790-490—Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citations is extended to June 30, 2009:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (1) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80.25-Recreational Grants, (5) Murray-Hayden Grants
 - (c) City of Richmond: Richmond Natatorium, to enable seismic retrofit of the Natatorium
 - (p) City of Los Angeles, Juntos Park: outdoor development at a recently acquired parcel to serve as a new park
 - (x) City of Anaheim: Maxwell Park Expansion Project from 15 to 21 acres
 - (ix) Santa Monica Mountains Conservancy: Arroyo Seco/Confluence Park
 - (vx) YMCA of San Diego County: Border View Expansion
 - (ey) Concerned Citizens of South Central Los Angeles: Acquisition and construction of Antes Columbus Youth Center, soccer field and pocket park, as amended by SB 1681, Section 12 of Chapter 672 of the Statutes of 2000

- (2) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80.25-Recreational Grants, (6c) Soccer and baseball fields
 - (r) City of Los Angeles, Boyle Heights Sports Center for development of sports fields for both soccer and baseball as amended by SB 1681, Section 12 of Chapter 672, Statutes of 2000
- (3) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80.25-Recreational Grants, (1) Competitive grants (nonproject specific)
 - (c) Nonmotorized Trail Grants. This appropriation is limited to a \$200,000 grant to the San Dieguito River Park Joint Powers Authority.
- (4) Item 3790-103-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), Grants (per capita), County of San Diego for the \$1,855,000 grant for the Otay Valley Regional Park

SEC. 26. Item 3790-494 is added to Section 2.00 of the Budget Act of 2008, to read:

3790-494—Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2009:

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

- (1) Subdivision (b) of Section 2 of Chapter 1126 of Statutes of 2002, for the \$333,333 grant to the City of San Jose for the development of Japantown.

SEC. 27. Item 3900-001-0044 of Section 2.00 of the Budget Act of 2008 is amended to read:

3900-001-0044—For support of State Air Resources Board, payable from the Motor Vehicle Account, State Transportation Fund..... 111,261,000

Schedule:

(1) 15-Mobile Source.....	558,652,000
(2) 25-Stationary Source.....	57,232,000
(3) 30.01-Program Direction and Support....	14,941,000
(4) 30.02-Distributed Program Direction and Support.....	-14,941,000
(5) Reimbursements.....	-5,460,000
(6) Amount payable from the General Fund (Item 3900-001-0001).....	-2,189,000

- (7) Amount payable from the Air Pollution Control Fund (Item 3900-001-0115)..... -164,758,000
- (8) Amount payable from the Vehicle Inspection and Repair Fund (Item 3900-001-0421)..... -14,271,000
- (9) Amount payable from the Air Toxics Inventory and Assessment Account (Item 3900-001-0434)..... -936,000
- (10) Amount payable from the Federal Trust Fund (Item 3900-001-0890)..... -14,924,000
- (11) Amount payable from the Non-Toxic Dry Cleaning Incentive Trust Fund (Item 3900-001-3070)..... -1,514,000
- (12) Amount payable from the Air Quality Improvement Fund (Item 3900-001-3119)..... -50,440,000
- (13) Amount payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 3900-001-6054)..... -250,131,000

Provisions:

- 1. Of the funds appropriated pursuant to this item, \$6,000,000 shall be expended pursuant to Section 7(a)(1), (c), (d)(1), (e), and (g) of Chapter 91 of the Statutes of 2005. Notwithstanding subdivision (a) of Section 1.80 of this act, these funds are available for expenditure until June 30, 2011.
- 2. The State Air Resources Board shall provide to the Legislature an update of the report identified in subsection (f) of Section 7 of Chapter 91 of the Statutes of 2005 by February 1, 2009.

SEC. 28. Item 4260-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

- 4260-101-0001—For local assistance, Department of Health Care Services, Medical Assistance Program, payable from the Health Care Deposit Fund (0912) after transfer from the General Fund..... 14,042,203,000
- Schedule:
- (1) 20.10.010-Eligibility (County Administration)..... 2,697,119,000
 - (2) 20.10.020-Fiscal Intermediary Management..... 268,647,000

(3) 20.10.030-Benefits (Medical Care and Services).....	32,765,590,000
(4) Reimbursements.....	-203,216,000
(5) Amount payable from Childhood Lead Poisoning Prevention Fund (Item 4260-101-0080).....	-160,000
(6) Amount payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-101-0232).....	-18,000,000
(7) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-101-0236).....	-18,784,000
(8) Amount payable from the Federal Trust Fund (Item 4260-101-0890).....	-21,448,993,000

Provisions:

1. The aggregate principal amount of disproportionate share hospital general obligation debt that may be issued in the 2008–09 fiscal year pursuant to subparagraph (A) of paragraph (2) of subdivision (f) of Section 14085.5 of the Welfare and Institutions Code shall be \$0.
2. Notwithstanding any other provision of law, both the federal and nonfederal shares of any moneys recovered for previously paid health care services, provided pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, are hereby appropriated and shall be expended as soon as practicable for medical care and services as defined in the Welfare and Institutions Code.
3. Notwithstanding any other provision of law, accounts receivable for recoveries as described in Provision 2 shall have no effect upon the positive balance of the General Fund or the Health Care Deposit Fund. Notwithstanding any other provision of law, moneys recovered as described in this item that are required to be transferred from the Health Care Deposit Fund to the General Fund shall be credited by the Controller to the General Fund without regard to the appropriation from which it was drawn.
4. Without regard to fiscal year, the General Fund shall make one or more loans available not to exceed a cumulative total of \$45,000,000 to be transferred as needed to the Health Care Deposit Fund to meet cash

needs. The loans are subject to the repayment provisions of Section 16351 of the Government Code. Any additional loan requirement in excess of \$45,000,000 shall be processed in the manner prescribed by Section 16351 of the Government Code.

5. Notwithstanding any other provision of law, the State Department of Health Care Services may give public notice relative to proposing or amending any rule or regulation that could result in increased costs in the Medi-Cal program only after approval by the Department of Finance. Additionally, any rule or regulation adopted by the State Department of Health Care Services and any communication that increases costs in the Medi-Cal program shall be effective only after the date upon which it is approved by the Department of Finance.
6. Of the funds appropriated in this item, up to \$50,000 may be allocated for attorney's fees awarded pursuant to state or federal law without prior notification to the Legislature. Individual settlements authorized under this language shall not exceed \$5,000. The semiannual estimates of Medi-Cal expenditures due to the Legislature in January and May shall reflect attorney's fees paid 15 or more days prior to the transmittal of the estimate. The semiannual estimates of Medi-Cal expenditures provided to the Legislature in January and May may constitute the notification required by this provision.
7. Change orders to the medical or the dental fiscal intermediary contract for amounts exceeding a total cost of \$250,000 shall be approved by the Department of Finance not sooner than 30 days after written notification of the change order is provided to the chairpersons of the fiscal and policy committees in each house of the Legislature and to the Chairperson of the Joint Legislative Budget Committee or not sooner than such lesser time as the chairperson of the joint committee, or his or her designee, may designate. The semiannual estimates of Medi-Cal expenditures provided to the Legislature in January and May may constitute the notification required by this provision.
8. Recoveries of advances made to counties in prior years pursuant to Section 14153 of the Welfare and Institutions Code are reappropriated to the Health Care Deposit Fund for reimbursement of those counties where allowable costs exceeded the amounts advanced. Recoveries in excess of the amounts required to fully re-

imburse allowable costs shall be transferred to the General Fund. When a projected deficiency exists in the Medical Assistance Program, these funds, subject to notification to the Chairperson of the Joint Legislative Budget Committee, are appropriated and shall be expended as soon as practicable for the state's share of payments for medical care and services, county administration, and fiscal intermediary services.

9. The Department of Finance may transfer funds representing all or any portion of any estimated savings that are a result of improvements in the Medi-Cal claims processing procedures from the Medi-Cal services budget or the support budget of the State Department of Health Care Services (Item 4260-001-0001) to the fiscal intermediary budget item for purposes of making improvements to the Medi-Cal claims system.
10. Notwithstanding any other provision of law, the Department of Finance may authorize the transfer of expenditure authority between Schedules (1), (2), (3), and (4) of this item and between this item and Items 4260-102-0001, 4260-111-0001, 4260-113-0001, and 4260-117-0001 in order to effectively administer the programs funded in these items. The Department of Finance shall notify the Legislature within 10 days of authorizing such a transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code. The 10-day notification to the Legislature shall include the reasons for the transfer, the fiscal assumptions used in calculating the transfer amount, and any potential fiscal effects on the program from which funds are being transferred or for which funds are being reduced.
11. Notwithstanding any other provision of law and Section 26.00, the Department of Finance may authorize the transfer of expenditure authority from Schedule (3) to Schedule (1) for the purposes of implementing changes required by the federal Deficit Reduction Act of 2005, which shall include, but not be limited to, providing assistance to individuals in meeting these verification rules and for county eligibility activities. It is the intent of the Legislature that these transfers be provided on a timely basis in order to ensure the health and safety of Californians. The Department of Finance shall notify the Legislature within 15 days of authorizing that transfer unless prior notification of the transfer has been included in the Medi-Cal esti-

mates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.

12. If a federal grant that provides 75 percent federal financial participation to allow individuals in nursing homes to voluntarily move into a community setting and still receive the same amount of funding for services is awarded to the State Department of Health Care Services during the 2008–09 fiscal year, then, notwithstanding any other provision of law, the department may count expenditures from the appropriation made to this item as state matching funds for that grant.
13. Of the funds appropriated in this item, up to \$9,150,000 may be utilized to resolve the deferral issue by the federal Centers for Medicare and Medicaid Services (Deferral No. CA/2006/3/E/15/MAP) related to the Fresno County Intergovernmental Transfer transaction.
14. The State Department of Health Care Services (DHCS) shall, by January 10, 2009, provide the Legislature with options to enhance the health care delivery system under the Medi-Cal Program for adults with disabilities or complex chronic conditions who are eligible for full-scope Medi-Cal benefits without a share-of-cost and who choose not to enroll in the Medi-Cal Managed Care Program or who do not have this option available for enrollment in their community.

The options shall provide enrollees with the ability to select a medical home that provides primary and preventive care as well as comprehensive and coordinated care management, and ensures that care is provided in a timely and accessible manner in the least restrictive and most appropriate setting.

Any options provided to the Legislature by the DHCS shall, at a minimum, include the following specific components:

- (a) Description of the health care delivery system
- (b) Method for determining eligibility and protocols for enrollment for services
- (c) Description of health care networks, or any medical home or interdisciplinary care team to be used for preventive and primary care services and case management
- (d) Description of access to out-of-network services, where applicable
- (e) Protocols for referral practices, including specialty care services, tertiary care services, durable medical equipment and pharmaceuticals

- (f) Protocols for communication access, including provision of content through methods that are understandable and usable by this population
- (g) Description of benefit management oversight and monitoring processes
- (h) Referral processes to other publicly funded programs, including those administered by the State Departments of Mental Health, Social Services, Developmental Services, Public Health, and Health Care Services
- (i) Role of advisory groups, including stakeholders who historically represent this population, professional organizations, community-based organizations, foundation consultants or applicable others, in actively designing any components to potential options
- (j) Training for providers on disability competency and clinical components
- (k) Descriptions of any Medi-Cal eligible beneficiary outreach, health care educational information, or related methods for engagement in health care awareness and participation
- (l) Criteria and assumptions used to calculate any short-term and longer-term health care measurements and outcomes, as well as fiscal estimates, pertaining to any options.

SEC. 28.5. Item 4260-101-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

4260-101-0890—For local assistance, Department of Health Care Services, for payment to Item 4260-101-0001, payable from the Federal Trust Fund..... 21,448,993,000
 Provisions:
 1. Any of the provisions in Item 4260-101-0001 that are relevant to this item also apply to this item.

SEC. 29. Item 4260-111-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

4260-111-0001—For local assistance, Department of Health Care Services..... 202,957,000
 Schedule:
 (1) 20.25-Children’s Medical Services..... 352,614,000
 (2) 20.35-Primary and Rural Health..... 50,389,000
 (3) Reimbursements..... -55,353,000

- (4) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-111-0080)..... -24,000
- (5) Amount payable from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0233)..... -774,000
- (6) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0236)..... -13,081,000
- (7) Amount payable from the Federal Trust Fund (Item 4260-111-0890)..... -130,814,000

Provisions:

1. Program 20.25-Children’s Medical Services: Counties may retain 50 percent of total enrollment and assessment fees that are collected by the counties for the California Children’s Services Program. Fifty percent of the enrollment and assessment fee for each county shall be offset from the state’s match for that county.
2. Notwithstanding any other provision of law, the Department of Finance may authorize transfer of expenditure authority between this item and Items 4260-101-0001, 4260-102-0001, 4260-113-0001, and 4260-117-0001 in order to effectively administer the programs funded in these items. The Department of Finance shall notify the Legislature within 10 days of authorizing such transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code. The 10-day notification to the Legislature shall include the reasons for the transfer, the fiscal assumptions used in calculating the transfer amount, and any potential fiscal effects on the program from which funds are being transferred or reduced.

SEC. 30. Item 4260-111-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

4260-111-0890—For local assistance, Department of Health Care Services, for payment to Item 4260-111-0001, payable from the Federal Trust Fund 130,814,000

Provisions:

1. Of the funds appropriated in this item, \$408,000 shall be available for administration, research, and training projects. Notwithstanding Section 28.00, the State Department of Health Care Services shall report under

that section any new project over \$200,000 or any increase in excess of \$400,000 for an identified project.

SEC. 31. Item 4300-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

4300-101-0001—For local assistance, Department of Developmental Services, for Regional Centers..... 2,384,027,000

Schedule:

(1) 10.10.010-Operations.....	527,816,000
(2) 10.10.020-Purchase of Services.....	3,372,900,000
(3) 10.10.060-Early Intervention Programs.....	20,095,000
(4) Reimbursements.....	-1,308,405,000
(5) Amount payable from the Public Transportation Account, State Transportation Fund (Item 4300-101-0046).....	-138,275,000
(6) Amount payable from Developmental Disabilities Program Development Fund (Item 4300-101-0172).....	-1,147,000
(7) Amount payable from Federal Trust Fund (Item 4300-101-0890).....	-88,957,000

Provisions:

1. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0001. Within 10 working days after approval of a transfer as authorized by this provision, the Department of Finance shall notify the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee of the transfer, including the amount transferred, how the amount transferred was determined, and how the amount transferred will be utilized.
2. A loan shall be made available from the General Fund to the State Department of Developmental Services not to exceed a cumulative total of \$160,000,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund, and are subject to the repayment provisions of Section 16351 of the Government Code.
3. Upon order of the Director of Finance, the Controller shall transfer funds as are necessary between this item and Item 5160-001-0001 to provide for the transportation costs to and from work activity programs of clients

who are receiving vocational rehabilitation services through the Vocational Rehabilitation/Work Activity Program (VR/WAP) Transition Program.

4. \$1,826,000 of the funds appropriated in this item may be used to augment service provider rates for the work needed to obtain information to secure federal participation under the Home and Community-Based Services Waiver program. Eligible providers are those service providers who are qualified providers under Title XIX of the Social Security Act, are not currently providing the required information, and are serving individuals enrolled under the Home and Community-Based Services Waiver program.
5. Notwithstanding Section 26.00, the Department of Finance may authorize transfer of expenditure authority between Schedules (1) and (2) in order to more accurately reflect expenditures in the Early Intervention federal grant program (Part C of the Individuals with Disabilities Education Act).
6. It is the intent of the Legislature for the State Department of Health Care Services and the State Department of Developmental Services to collaboratively work with stakeholders, including providers and diverse constituency groups as deemed appropriate, regarding the bundling of rates for the reimbursement of intermediate care facilities for the developmentally disabled, including habilitative and nursing facilities. It is the intent of the Legislature that any changes made by the state shall be seamless to the providers of services affected by the changes, as well as to the consumers and their families that are provided services through the Regional Center system. The integrity of the individual program plan process described in the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) shall be maintained throughout this process and shall not be affected by any changes made to implement the bundled rates.
7. Of the funds appropriated in Schedule (2), the amount identified by the State Department of Developmental Services for self-directed services shall be available for encumbrance until June 30, 2010, and for liquidation until June 30, 2011.
8. Upon the order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-103-0001 in order

to effectively administer the Self-Directed Services Risk Pool Fund.

- 9. It is the intent of the Legislature for the California Children and Families Commission to utilize at least \$5,000,000 in funds from any of its accounts for information, services, and supports provided under the Early Start Program as administered by the State Department of Developmental Services. This language is not intended to affect any contingencies or emergencies of which the Department of Finance may choose to notify the Legislature in the 2008–09 fiscal year.

SEC. 31.5. Item 4440-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

4440-101-0001—For local assistance, Department of Mental Health..... 480,163,000

Schedule:

- (1) 10.25-Community Services—Other Treatment..... 639,172,000
- (2) 10.30-Community Services—EPSDT..... 984,001,000
- (3) 10.47-Community Services—Children’s Mental Health Services..... 350,000
- (4) 10.85-Community Services—AIDS..... 0
- (5) 10.97-Community Services—Healthy Families Program..... 24,805,000
- (5.5) 10.98-Community Services—Continued Implementation of the MHSA..... 40,000,000
- (6) Reimbursements..... -1,208,165,000

Provisions:

- 1. Augmentations to reimbursements in this item from the Office of Emergency Services for Disaster Relief are exempt from Section 28.00. The State Department of Mental Health shall provide written notification to the Joint Legislative Budget Committee describing the nature and planned expenditure of these augmentations when the amount received exceeds \$200,000.
- 2. It is the intent of the Legislature that local expenditures for mental health services for Medi-Cal eligible individuals serve as the match to draw down maximum federal financial participation to continue the Short-Doyle/Medi-Cal program.
- 3. Of the amount appropriated in this item, \$750,000 shall be used to provide a supplemental payment to Community Treatment Facilities for the 2008–09 fiscal year.

- 4. Of the amount appropriated in this item, a portion is for costs and claims incurred by the San Mateo Pharmacy and Laboratory Services Program in the 2004–05 and 2005–06 fiscal years.
- 5. It is the intent of the Legislature for counties to consider ways to provide services similar to those established pursuant to the Mentally Ill Offender Crime Reduction Grant Program using Mental Health Services Act Funds, as referenced in Section 5813.5 of the Welfare and Institutions Code and as appropriate under this act.

SEC. 32. Item 5180-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5180-101-0001—For local assistance, Department of Social Services..... 2,808,386,000

Schedule:

(1) 16.30-CalWORKs.....	5,290,712,000
(2) 16.65-Other Assistance Payments....	1,360,039,000
(3) Reimbursements.....	-3,990,000
(4) Amount payable from the Emergency Food Assistance Program Fund (Item 5180-101-0122).....	-449,000
(5) Amount payable from the Employment Training Fund (Item 5180-101-0514).....	-35,000,000
(6) Amount payable from the Federal Trust Fund (Item 5180-101-0890).....	-3,791,897,000
(7) Amount payable from the Child Support Collections Recovery Fund (Item 5180-101-8004).....	-11,029,000

Provisions:

- 1. (a) No funds appropriated in this item shall be encumbered unless every rule or regulation adopted and every all-county letter issued by the State Department of Social Services that adds to the costs of any program is approved by the Department of Finance as to the availability of funds before it becomes effective. In making the determination as to availability of funds to meet the expenditures of a rule, regulation, or all-county letter that would increase the costs of a program, the Department of Finance shall consider the amount of the proposed increase on an annualized basis, the effect the change would have on the expenditure limita-

tions for the program set forth in this act, the extent to which the rule, regulation, or all-county letter constitutes a deviation from the premises under which the expenditure limitations were prepared, and any additional factors relating to the fiscal integrity of the program or the state's fiscal situation.

- (b) Notwithstanding Sections 28.00 and 28.50, the availability of funds contained in this item for rules, regulations, or all-county letters that add to program costs funded from the General Fund in excess of \$500,000 on an annual basis, including those that are the result of a federal regulation but excluding those that are (1) specifically required as a result of the enactment of a federal or state law or (2) included in the appropriation made by this act, shall not be approved by the Department of Finance sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.
- 2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$500,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program or programs when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
- 3. The Department of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.
- 4. (a) The Department of Finance is authorized to approve expenditures in those amounts made necessary by changes in either caseload or payments, or any rule or regulation adopted and any all-county letter issued as a result of the enactment of a federal or state law, the adoption of a federal regulation, or the following of a court decision,

during the 2008–09 fiscal year that are within or in excess of amounts appropriated in this act for that year.

- (b) If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made in this item shall be increased by the amount of the excess unless and until otherwise provided by law.
5. Nonfederal funds appropriated in this item which have been budgeted to meet the state’s Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
6. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from this item and 5180-101-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
7. Pursuant to the Electronic Benefit Transfer (EBT) Act (Chapter 3 (commencing with Section 10065) of Part 1 of Division 9 of the Welfare and Institutions Code) and in accordance with the EBT System regulations (Manual of Policies and Procedures Section 16-401.15), in the event a county fails to reimburse the EBT contractor for settlement of EBT transactions made against the county’s cash assistance programs, the state is required to pay the contractor. The State Department of Social Services may use funds from this item to reimburse the EBT contractor for settlement on behalf of the county. The county shall be required to reimburse the department for county’s settlement via direct payment or administrative offset.
8. The Department of Finance is authorized to approve expenditures for the California Food Assistance Program in those amounts made necessary by changes in the Food Stamp Program Standard Utility Allowance, including those that result from midyear Standard

Utility Allowance adjustments requested by the state. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.

- 9. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.
- 10. The Department of Finance shall increase this item up to \$20,613,000 to the extent that unspent county performance and fraud recovery incentive funds available as of June 30, 2008, are less than \$20,613,000. The increase shall be made not sooner than 30 days after written notification of the increase is given to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee may determine.
- 11. Notwithstanding any other provision of law, upon request of the Department of Social Services, the Department of Finance may increase the expenditure authority in this item for the purpose of funding a supplemental payment to foster parents and families receiving adoption assistance payments for children served by both regional centers and child welfare agencies pursuant to Section 11464 of the Welfare and Institutions Code, as amended by Chapter 177 of the Statutes of 2007.

SEC. 33. Item 5180-101-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

5180-101-0890—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Federal Trust Fund.....	3,791,897,000
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Provisions:

1. Provisions 1, 4, 6, 7, 9, 10, and 11 of Item 5180-101-0001 also apply to this item.
2. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0890 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.
3. For the purpose of broadening access to federal Child and Adult Care Food Program benefits for low-income children in proprietary child care centers, the State Department of Social Services may transfer up to \$10,000,000 of the funds appropriated in this item for Program 16.30—CalWORKs, from the Temporary Assistance for Needy Families (TANF) block grant to the Social Services Block Grant (Title XX) pursuant to authorization in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The Title XX funds shall be pooled with TANF funds appropriated in this item for CalWORKs Child Care. This transfer shall occur only if the Director of Finance approves the pooling of Title XX funds with Child Care and Development Fund or TANF funds, or both.
4. Upon request of the State Department of Social Services, the Director of Finance may increase or decrease the expenditure authority in this item to offset any increases or decreases in collections deposited in the Child Support Collections Recovery Fund and appropriated in Item 5180-101-8004. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

SEC. 34. Item 5180-111-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5180-111-0001—For local assistance, Department of Social

Services.....	5,562,733,000
Schedule:	
(1) 16.70-SSI/SSP.....	3,751,938,000
(2) 25.15-IHSS.....	5,330,297,000
(3) 25.20-Recipient Supplementary Pay- ment.....	44,176,000
(4) Reimbursements.....	-3,563,678,000

Provisions:

1. Provisions 1 and 4 of Item 5180-101-0001 also apply to this item.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$240,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements (from the Health Care Deposit Fund or counties) have not been received by this state prior to the usual time for transmitting payments for the federal or reimbursable share of costs for this state. That loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available, or in the case of reimbursements, subject to Section 16351 of the Government Code. County reimbursements also shall be subject to Section 16314 of the Government Code, which specifies the rate of interest. The department may offset a county's share of cost of the In-Home Supportive Services (IHSS) program against local assistance payments made to the county if the county fails to reimburse its share of cost of the IHSS program to the state.
3. The State Department of Social Services shall provide technical assistance to counties to ensure that they maximize the receipt of federal funds for the In-Home Supportive Services (IHSS) program, without compromising the quality of the services provided to IHSS recipients.
4. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund increased costs due to workload associated with the retroactive reimbursement of Medi-Cal services for the In-Home Supportive Services program to comply with the Conlan v. Shewry court decision. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision and the number of positions to be established by the State Department of Social Services. The transfer shall be authorized at the time the report is made. The State Department of Social Services shall review the workload associated with the Conlan v. Shewry decision during the 2008–09 fiscal year and may administratively establish positions as the workload requires.

- 5. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the cost of the administrative hearing process associated with changes in aid or service payments in the In-Home Supportive Services program. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

SEC. 35. Item 5180-141-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5180-141-0001—For local assistance, Department of Social Services..... 480,516,000
 Schedule:
 (1) 16.75-County Administration and Automation Projects..... 1,194,774,000
 (2) Reimbursements..... -59,427,000
 (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890)..... -654,831,000
 Provisions:
 1. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$127,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
 2. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-141-0001 and 5180-141-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
 3. Provision 1 of Item 5180-101-0001 also applies to this item.
 4. Pursuant to public assistance caseload estimates reflected in the annual Governor’s Budget, the Department of Finance may approve expenditures in those amounts

made necessary by changes in caseload that are in excess of amounts appropriated in this act. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.

- 5. Nonfederal funds appropriated in this item which have been budgeted to meet the state’s Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
- 6. Section 11.00 shall apply to contracts entered into for the development and implementation of the Consortium IV, Interim Statewide Automated Welfare System, Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting, and Welfare Client Data Systems consortia of the Statewide Automated Welfare System.
- 7. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

SEC. 36. Item 5180-141-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

5180-141-0890—For local assistance, Department of Social Services, for payment to Item 5180-141-0001, payable from the Federal Trust Fund..... 654,831,000

Provisions:

- 1. Provisions 2, 3, 4, 6, and 7 of Item 5180-141-0001 also apply to this item.

SEC. 37. Item 5180-151-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5180-151-0001—For local assistance, Department of Social Services..... 757,135,000

Schedule:

- (1) 25.30-Children and Adult Services and Licensing..... 2,151,082,000
- (2) 25.35-Special Programs..... 22,682,000
- (3) Reimbursements..... -143,894,000
- (4) Amount payable from the Child Health and Safety Fund (Item 5180-151-0279)..... -1,264,000
- (5) Amount payable from the State Children’s Trust Fund (Item 5180-151-0803)..... -3,755,000
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890)..... -1,263,716,000
- (7) Amount payable from the Child Welfare Services Program Improvement Fund (Item 5180-151-8023)..... -4,000,000

Provisions:

- 1. Provision 1 of Item 5180-101-0001 also applies to this item.
- 2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$50,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. That loan from the General Fund shall be repaid when the federal share of costs for the program becomes available.
- 3. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the facilities evaluation function of Community Care Licensing in the event the counties fail to perform that function.
- 4. Nonfederal funds appropriated in this item which have been budgeted to meet the state’s Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.

5. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the adoptions function in the event that a county notifies the State Department of Social Services that it intends to cease performing that function.
6. (a) Of the amount appropriated in this item, \$57,836,000 shall be provided to counties to fund additional child welfare services activities and shall be allocated based on child welfare services caseload and county unit costs. However, no county shall receive less than \$100,000. These funds shall be expressly targeted for emergency response, family reunification, family maintenance, and permanent placement services and shall be used to supplement, and shall not be used to supplant, child welfare services funds. A county is not required to provide a match of the funds received pursuant to this provision if the county appropriates the required full match for the county's child welfare services program exclusive of the funds received pursuant to this provision. These funds are available only to counties that have certified that they are fully utilizing the Child Welfare Services/Case Management System (CWS/CMS) or have entered into an agreed-upon plan with the State Department of Social Services outlining the steps that will be taken to achieve full utilization. The department shall reallocate any funds that counties choose not to accept under this provision, to other counties based on the allocation formula specified in this provision.
 - (b) The department, in collaboration with the County Welfare Directors Association and representatives from labor groups representing social workers, shall develop the definition of full utilization of the CWS/CMS, the method for measuring full utilization, the process for the state and counties to work together to move counties toward full utilization, and measurements of progress toward full utilization.
7. The State Department of Social Services shall consult with the counties, children's advocates, and current and former foster youth in the development and implementation of permanency and youth services initiatives.

8. Upon request by the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

SEC. 38. Item 5180-151-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

5180-151-0890—For local assistance, Department of Social Services, for payment to Item 5180-151-0001, payable from the Federal Trust Fund..... 1,263,716,000
 Provisions:
 1. Provisions 1, 3, 5, 6, and 8 of Item 5180-151-0001 also apply to this item.

SEC. 39. Item 5225-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5225-001-0001—For support of Department of Corrections and Rehabilitation..... 7,173,074,000
 Schedule:
 (1) 10-Corrections and Rehabilitation Administration..... 461,796,000
 (3) 15-Corrections Standards Authority..... 11,794,000
 (4) 20-Juvenile Operations..... 263,488,000
 (5) 21-Juvenile Education, Vocations, and Offender Programs..... 5,529,000
 (6) 22-Juvenile Paroles..... 34,098,000
 (7) 23-Juvenile Health Care..... 112,786,000
 (8) 25-Adult Corrections and Rehabilitation Operations..... 4,974,568,000
 (9) 30-Parole Operations—Adult..... 841,685,000
 (10) 35-Board of Parole Hearings..... 105,982,000
 (11) 40-Community Partnerships..... 15,030,000
 (12) 45-Education, Vocations, and Offender Programs—Adult..... 548,331,000
 (13) Reimbursements..... -126,998,000
 (14) Amount payable from the Corrections Training Fund (Item 5225-001-0170).... -2,608,000
 (15) Amount payable from the Federal Trust Fund (Item 5225-001-0890)..... -7,332,000

(16) Amount payable from the Inmate Welfare Fund (Item 5225-001-0917)..... -65,075,000

Provisions:

1. Any funds recovered as a result of audits of locally operated return-to-custody centers shall revert to the General Fund.
2. When contracting with counties for vacant jail beds for any inmate under the jurisdiction of the Secretary of the Department of Corrections and Rehabilitation, the department shall not reimburse counties more than the average amount it costs the state to provide the same services in comparable state institutions. This restriction shall not apply to any existing contract, but shall apply to the extension or renewal of that contract. In addition, the total operational cost of incarcerating state inmates in leased county jail beds (which includes state costs, but is exclusive of one-time and capital outlay costs) shall not exceed the department’s average cost for operating comparable institutions.
3. Notwithstanding any other provision of law, but subject to providing 30 days’ prior notification to the Joint Legislative Budget Committee, funds appropriated in Schedule (8) or (9), or both, may be transferred to Item 5225-101-0001, Schedule (7), upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jail.
4. Not later than 60 days following enactment of this act, and subsequently on February 10 and upon release of the May Revision, the Secretary of the Department of Corrections and Rehabilitation shall submit to the Director of Finance the Post Assignment Schedule for each adult institution, reconciled to budgeted authority and consistent with approved programs, along with allotments consistent with the reconciled Post Assignment Schedule for each adult institution.
5. Not later than February 17, 2009, the Secretary of the Department of Corrections and Rehabilitation shall submit to the chairpersons and vice chairpersons of the committees in both houses of the Legislature that consider the State Budget and to the Legislative Analyst’s Office an operating budget for each of the correctional facilities under the control of the department. Specifically, the report shall include: (a) year-end expenditures by program for each institution in the 2007–08 fiscal year, (b) allotments and projected ex-

penditures by program for each institution in the 2008–09 fiscal year, (c) the number of authorized and vacant positions, estimated overtime budget, estimated benefits budget, and operating expense and equipment budget for each institution, and (d) a list of all capital outlay projects occurring or projected to occur during the 2008–09 fiscal year.

6. Funds appropriated to accommodate projected adult institutional and parolee population levels in excess of those that actually materialize, if any, shall revert to the General Fund.
7. Of the amount appropriated in this item, \$87,341,000 is available for the Consolidated Information Technology Infrastructure Project. Upon determination of the project costs that can be financed using GS \$mart, any balance in excess of the amounts needed for 2008–09 payments shall revert to the General Fund upon order of the Director of Finance. Up to \$45,856,000 may be reverted.
8. The Director of Finance may augment this item by up to \$15,000,000 upon approval of a Feasibility Study Report or a Special Project Report by the office of the State Chief Information Officer that identifies a gap and a need for an information technology solution between the development of the Strategic Offender Management System, the Disability and Effective Communication System, and the requirements of the *Armstrong v. Schwarzenegger* court orders. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.
9. Notwithstanding any other provision of law, upon order of the Director of Finance, funds appropriated in Schedules (8) and (12) may be transferred between each other for the sole purpose of reconciling expenditures in the Division of Adult Institutions with expenditures in the Division of Adult Education, Vocation, and Offender Programs in order to comply with the April 3, 2007, court order, in the case of *Valdivia v. Schwarzenegger*. Transfers between Schedules (8) and (12) shall occur no sooner than 30 days after notification to the Joint Legislative Budget Committee of actual utilization of In-Custody Treatment Program beds by parole region and how this utilization necessitates the transfer of funds.

10. The Department of Corrections and Rehabilitation (DCR) shall continue its efforts in consultation with legislative staff and the Department of Finance to create a more accurate and transparent population budget request for caseload-related funding. In particular, DCR shall identify appropriate funding formulas to use to estimate staffing levels and funding associated with changes in the projected inmate population. These formulas shall be presented to the Legislature no later than January 10, 2009, so as to be considered during budget deliberations. If approved, these formulas shall be incorporated into DCR's budget request the following year.
11. Of the amount appropriated in Schedule (1), \$3,270,000 is for contract costs to provide employees of the Department of Corrections and Rehabilitation with tuberculosis testing and Hepatitis B vaccinations. Any funds not expended for this purpose by June 30, 2009, shall revert to the General Fund. The Department of Corrections and Rehabilitation shall report actual contract expenditures to the Department of Finance.
12. The process to award local jail bond funding, authorized pursuant to Chapter 7 of the Statutes of 2007, shall be finalized by the Corrections Standard Authority prior to the activation of the Northern California Reentry Facility.
13. The Department of Corrections and Rehabilitation shall establish and implement a system for ensuring consistent reporting of the utilization of funding provided in this item for aftercare rehabilitation services. This information shall be reported to the Legislature in the Governor's 2009–10 January budget proposal.
14. (a) The funds appropriated in this item are restricted for use by the Department of Corrections and Rehabilitation for the specific programmatic and operational purposes specified in the Supplemental Report of the Budget Act of 2008. The department shall provide two reports identifying its progress toward expending these funds during the 2008–09 fiscal year to the fiscal committees of both houses of the Legislature beginning on October 1, 2008. The first report shall be due February 1, 2009, and shall separately detail the activities of the first two quarters of the 2008–09 fiscal year. The second report shall be due May 1, 2009, and shall display the activities for the third quarter of the 2008–09 fiscal year. The funds identified in

the Supplemental Report of the Budget Act of 2008 shall be utilized for the purposes specified, and any unspent funds shall revert to the General Fund.

- (b) In situations where fluctuations in population result in lower expenditure levels as identified in the department’s population budget change proposals, these savings shall be captured in the population funding estimates and may be used to offset other population-related expenditure increases.
- (c) After providing a 30-day notification period to the Joint Legislative Budget Committee, the department may expend funds identified in the Supplemental Report of the Budget Act of 2008 on other identified needs.

SEC. 40. Item 5225-002-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5225-002-0001—For support of Department of Corrections and Rehabilitation..... 2,341,135,000

Schedule:

- (1) 10-Corrections and Rehabilitation Administration..... 8,314,000
- (2) 25-Adult Corrections and Rehabilitation operations..... 285,922,000
- (3) 50.10-Medical Services—Adult..... 1,343,233,000
- (4) 50.20-Dental Services—Adult..... 117,552,000
- (5) 50.30-Mental Health Services—Adult..... 311,658,000
- (6) 50.40-Ancillary Health Care Services—Adult..... 215,839,000
- (7) 50.50-Dental and Mental Health Services Administration—Adult..... 60,818,000
- (8) Reimbursements..... -2,201,000

Provisions:

- 1. On February 14, 2006, the United States District Court in the case of Plata v. Schwarzenegger (No. C01-1351 THE) suspended the exercise by the Secretary of the Department of Corrections and Rehabilitation of all powers related to the administration, control, management, operation, and financing of the California prison medical health care system. The court ordered that all such powers vested in the Secretary of the Department of Corrections and Rehabilitation were to be performed by a Receiver appointed by the court commencing

April 17, 2006, until further order of the court. The Director of the Division of Correctional Health Care Services of the Department of Corrections and Rehabilitation is to administer this item to the extent directed by the Receiver.

2. Notwithstanding any other provision of law, the Department of Corrections and Rehabilitation is not required to competitively bid for health services contracts in cases where contracting experience or history indicates that only one qualified bid will be received.
3. Notwithstanding Section 13324 of the Government Code or Section 32.00 of this act, no state employee shall be held personally liable for any expenditure or the creation of any indebtedness in excess of the amounts appropriated therefor as a result of complying with the directions of the Receiver or orders of the United States District Court in *Plata v. Schwarzenegger*.
4. The amounts appropriated in Schedules (3) and (6) are available for expenditure by the Receiver appointed by the *Plata v. Schwarzenegger* court to carry out its mission to deliver constitutionally adequate medical care to inmates.
5. The amounts appropriated in Schedules (4), (5), and (7) are available for expenditure by the Department of Corrections and Rehabilitation to provide mental health and dental services only.
6. Of the funds appropriated for the Receiver in Schedules (2), (3), and (6), \$253,807,000 is available for expenditure only for the purposes identified below and any unexpended funds shall revert to the General Fund:
 - (a) Health Care Access Units: \$110,020,000
 - (b) Health Care Guarding and Transportation: \$89,328,000
 - (c) Central Fill Pharmacy: \$8,621,000
 - (d) Pharmaceuticals and Medical Supplies: \$45,838,000
7. (a) The funds appropriated in this item are restricted for use by the Department of Corrections and rehabilitation for the specific programmatic and operational purposes specified in the Supplemental Report of the Budget Act of 2008. The department shall provide two reports identifying its progress toward expending these funds during the 2008–09 fiscal year to the fiscal committees of both houses of the Legislature beginning on October 1, 2008. The first report shall be due February

1, 2009, and shall separately detail the activities of the first two quarters of the 2008–09 fiscal year. The second report shall be due May 1, 2009, and shall display the activities for the third quarter of the 2008–09 fiscal year. The funds identified in the Supplemental Report of the Budget Act of 2008 shall be utilized for the purposes specified, and any unspent funds shall revert to the General Fund.

- (b) In situations where fluctuations in population result in lower expenditure levels as identified in the department’s population budget change proposals, these savings shall be captured in the population funding estimates and may be used to offset other population-related expenditure increases.
- (c) After providing a 30-day notification period to the Joint Legislative Budget Committee, the department may expend funds identified in the Supplemental Report of the Budget Act of 2008 on other identified needs.

8. The Department of Corrections and Rehabilitation is required to submit a Budget Change Proposal to request funding to support positions authorized in the Mental Health Staffing Workload Study.

SEC. 41. Item 5225-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5225-101-0001—For local assistance, Department of Corrections and Rehabilitation..... 246,671,000

Schedule:

(1) 15-Corrections Standards Authority....	182,107,000
(2) 20-Juvenile Operations.....	78,000
(3) 22-Juvenile Paroles.....	1,403,000
(4) 25.15.010-Adult Corrections and Rehabilitation Operations—Transportation of Inmates.....	278,000
(5) 25.15.020-Adult Corrections and Rehabilitation Operations—Return of Fugitives.....	2,593,000
(6) 25.30-Adult Corrections and Rehabilitation Operations—County Charges.....	16,480,000
(7) 30-Parole Operations—Adult.....	43,732,000

Provisions:

1. The amount appropriated in Schedules (4), (5), (6), and (7) is provided for the following purposes:

- (a) To pay the transportation costs of prisoners to and between state prisons, including the return of parole violators to prison and for the conveying of persons under provisions of Division 3 (commencing with Section 3000) of the Welfare and Institutions Code and the Western Interstate Corrections Compact (Section 11190 of the Penal Code), in accordance with Section 26749 of the Government Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which those transportation costs are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
- (b) To pay the expenses of returning fugitives from justice from outside the state, in accordance with Sections 1389, 1549, and 1557 of the Penal Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which expenses are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller, and any restitution received by the state for those expenses shall be credited to the appropriation of the year in which the Controller's receipt is issued. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
- (c) To pay county charges, payable under Sections 4700.1, 4750 to 4755, inclusive, and 6005 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which a service is performed by the coroner, a hearing is held on the return of a writ of habeas corpus, the district attorney declines to prosecute a case referred by the Department of Corrections and Rehabilitation, a judgment is rendered for a court hearing or trial, an appeal ruling is rendered for the trial judgment, or an activity is performed as permitted by these sections. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant

is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.

- (d) To reimburse counties for the cost of detaining state parolees pursuant to Section 4016.5 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred. Claims filed by local jurisdictions may not include booking fees, may not recover detention costs in excess of \$77.17 per day, and shall be limited to the detention costs for those days on which parolees are held subject only to a Department of Corrections and Rehabilitation request pursuant to subdivision (b) of Section 4016.5 of the Penal Code. Expenditures shall be charged to either the fiscal year in which the claim is received by the Department of Corrections and Rehabilitation or the fiscal year in which the warrant is issued.
2. Notwithstanding any other provision of law, upon 30-day prior notification to the Chairperson of the Joint Legislative Budget Committee, funds appropriated in Schedule (7) of this item may be transferred to Schedule (8) or (9), or both, of Item 5225-001-0001, upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jails or for the auditing or monitoring of local assistance costs.
3. The amounts appropriated in Schedules (2) and (3) are provided for the following purposes:
 - (a) To pay the transportation costs of persons committed to the Department of Corrections and Rehabilitation to or between its facilities, including the return of parole violators, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.
 - (b) To reimburse counties, pursuant to Section 1776 of the Welfare and Institutions Code, for the cost of the detention of the Department of Corrections and Rehabilitation parolees who are detained on alleged parole violations, provided that expenditures made under this item shall be charged to ei-

ther the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.

SEC. 42. Item 5225-301-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

5225-301-0001—For capital outlay, Department of Corrections and Rehabilitation, payable from the General Fund.....	58,319,000
Schedule:	
(.6) 60.26.011-O.H. Close Youth Correctional Facility, Stockton: Inyo Behavioral Treatment Program Space—Construction.....	516,000
(.7) 60.26.268-O.H. Close Youth Correctional Facility, Stockton: Humboldt Specialized Counseling Program Building—Construction.....	517,000
(1) 60.26.269-N. A. Chaderjian Youth Correctional Facility, Stockton: Sexual Behavior Treatment Program Counseling Building No. 1—Construction.....	419,000
(2) 60.26.270-N. A. Chaderjian Youth Correctional Facility, Stockton: Sexual Behavior Treatment Program Counseling Building No. 2—Construction.....	517,000
(3) 61.01.001-Statewide: Budget Packages and Advance Planning—Study.....	3,000,000
(4) 61.01.203-Statewide: Small Management Exercise Yards—Preliminary plans, working drawings, and construction.....	25,407,000
(5) 61.05.038-Correctional Training Facility, Soledad: Solid Cell Fronts—Working drawings.....	498,000
(7) 61.07.107-Folsom State Prison, Represa: Renovate Branch Circuit Wiring, Building No. 5—Working drawings and construction.....	1,876,000
(8) 61.09.038-California Medical Facility, Vacaville: Solid Cell Fronts—Construction.....	6,688,000

(9)	61.13.016-California Institution for Women, Frontera: 20-Bed Psychiatric Services Unit—Preliminary plans and working drawings.....	747,000
(10)	61.14.030-Minor Projects	5,538,000
(11)	61.15.035-California Rehabilitation Center, Norco: Replace Men’s Dorms—Working drawings.....	343,000
(12)	61.15.039-California Rehabilitation Center, Norco: Install Bar Screen—Preliminary plans and working drawings.....	113,000
(13)	61.16.023-Sierra Conservation Center, Jamestown: Filtration/Sedimentation Structure—Construction.....	2,579,000
(14)	61.18.008-Mule Creek State Prison, Ione: Wastewater Treatment Plant Improvements—Working drawings.....	542,000
(16)	61.34.004-Ironwood State Prison, Blythe: Heating, Ventilation, and Air Conditioning System— Preliminary plans	5,758,000
(17)	61.35.014-Salinas Valley State Prison, Soledad: 180 Housing Unit Conversion and Addition to the Mental Health Services Building—Preliminary plans.....	1,694,000
(18)	61.35.016-Salinas Valley State Prison, Soledad: Intermediate Care Facility Treatment Space—Preliminary plans and working drawings.....	399,000
(19)	61.47.007-California State Prison-Sacramento, Represa: Enhanced Outpatient Program, Facility B Program, Treatment, and Office Space—Preliminary plans.....	1,168,000

Provisions:

1. The funds appropriated in Schedule (3) are to be allocated by the Department of Corrections and Rehabilitation, upon approval by the Department of Finance, to develop design and cost information for new projects for which funds have not been previously appropriated, but for which preliminary plan funds, working drawings funds, or working drawings and construction funds are expected to be included in the 2009–10 or 2010–11 Budget Act, and for which cost estimates or preliminary plans can be developed prior to legislative hearings on the 2009–10 and 2010–11 Budget Acts,

respectively. Upon approval by the Department of Finance, these funds may also be used to develop scope and cost information for projects authorized by Section 15819.40 of the Government Code. These funds may be used for all of the following: budget package development, environmental services, architectural programming, engineering assessments, schematic design, and preliminary plans. The amount appropriated in this item for these purposes is not to be construed as a commitment by the Legislature as to the amount of capital outlay funds it will appropriate in any future year. Before using these funds for preliminary plans, the Department of Corrections and Rehabilitation shall provide a 20-day notification to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the respective fiscal committee of each house of the Legislature, and the legislative members of the State Public Works Board, discussing the scope, cost, and future implications of the use of funds for preliminary plans.

2. As used in this appropriation, studies shall include site studies and suitability reports, environmental studies, master planning, architectural programming and schematics.
3. The unexpended portion of funds appropriated in Schedules (9), (17), and (18) shall be reverted if the projects for which they are appropriated are removed from the mental health bed plan, as approved by the Coleman Court, and are no longer necessary to meet the mental health space needs required by the Coleman Court.
4. The Department of Corrections and Rehabilitation shall report to, in writing, the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee by May 1, 2009, on the reconciliation of the funds appropriated in Schedule (10).
5. Notwithstanding any other provision of law, the funds appropriated in Schedule (4) shall be subject to the following:
 - (a) Upon approval of the Department of Finance, the funds appropriated in Schedule (4) may be augmented by up to \$8,593,000 if doing so will enable the Department of Corrections and Rehabilitation to comply with the order in *Coleman v. Wilson* requiring completion of this project by

June 30, 2009. No such augmentation shall be approved until the Department of Finance has certified that bids have been received and that approving an augmentation will enable the Department of Corrections and Rehabilitation to comply with the court order. Upon making such a finding, the Department of Finance shall provide written notification to the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature at least 30 days prior to State Public Works Board approval of the augmentation, or any lesser time the chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.

- (b) In order to expedite the design and construction of the project, the Department of Corrections and Rehabilitation is authorized to perform any work to be done on this project using day labor, negotiated contract, contract made upon informal bids, or a combination thereof without the necessity of complying with the State Contract Act (Chapter 1 (commencing with Section 10100) of Part 2 of Division 2 of the Public Contract Code) or any part thereof.
- (c) Entities may be selected by the Department of Corrections and Rehabilitation subject to all of the following criteria:
 - (1) The Department of Corrections and Rehabilitation shall utilize, as the primary selection criteria, the demonstrated competence and qualifications for the design, developing, construction, rebuilding, improvement, or repair, or any combination thereof, of the project.
 - (2) The Department of Corrections and Rehabilitation shall ensure that the construction of the project is delivered under contracts entered into pursuant to this section at a fair and reasonable price.
- (d) If an augmentation pursuant to subdivision (a) is not approved, these funds shall be available for augmentation by the State Public Works Board, pursuant to subdivision (e) and (g) of Section 13332.11 of the Government Code. No other provision of Section 13332.11 of the Government Code shall apply.

- (e) All plans and specifications for the project shall comply with all applicable building codes for state owned facilities.
- (f) Notwithstanding the provisions of Section 3247 of the Civil Code, the contractor under any contract made under this chapter need not provide a payment bond before the commencement of the work but must provide a payment bond as otherwise required by law prior to payment under the contract.
- (g) Other than as provided in this provision, private sector methods may be used to deliver the project. Specifically, the design, procurement and contracting of the project is not subject to the State Contract Act (Chapter 1 (commencing with Section 10100) of Part 2 of Division 2 of the Public Contract Code), Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code, or any other provision of California law governing public procurement or public works projects.
- (h) The provisions of Section 7003 of the Penal Code shall not apply to the project.

SEC. 43. Item 5225-301-0660 of Section 2.00 of the Budget Act of 2008 is amended to read:

5225-301-0660—For capital outlay, Department of Corrections and Rehabilitation, payable from the Public Buildings Construction Fund.....	198,630,000
Schedule:	
(.3) 61.07.029-Folsom State Prison, Represa: Convert Officer and Guards Building to Office Space—Construction.....	6,768,000
(.5) 61.10.101-California Men’s Colony, San Luis Obispo: Central Kitchen Replacement—Working drawings and construction.....	15,263,000
(1) 61.12.027-San Quentin State Prison: Condemned Inmate Complex—Working drawings and construction.....	136,275,000
(2) 61.15.035-California Rehabilitation Center, Norco: Replace Men’s Dorms—Construction.....	14,993,000
(3) 61.22.006-Chuckwalla Valley State Prison, Blythe: Wastewater Treatment Plant Improvements—Construction.....	25,331,000

Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the projects authorized by this item.
2. The Department of Corrections and Rehabilitation and the State Public Works Board are authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
3. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the Department of Corrections and Rehabilitation from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.
4. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure during the 2008–09 fiscal year, except appropriations for acquisitions which shall be available for expenditure until June 30, 2011, appropriations for working drawings which shall be available for expenditure until June 30, 2010, and appropriations for construction which shall be available for expenditure until June 30, 2013. In addition, the balance of the funds appropriated for construction that have not been allocated, through fund transfer or approval to bid, by the Department of Finance on or before June 30, 2011, shall revert as of that date to the fund from which the appropriation was made.

SEC. 44. Item 6110-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-001-0001—For support of Department of Education.....	42,307,000
Schedule:	
(2) 20-Instructional Support.....	174,201,000
(3) 30-Special Programs.....	54,659,000

(4) 40-Executive Management and Special Services.....	9,801,000
(6) 42.01-Department Management and Special Services.....	33,345,000
(7) 42.02-Distributed Department Management and Special Services.....	-33,345,000
(8) Reimbursements.....	-19,511,000
(8.5) Unallocated Reduction.....	-5,121,000
(9) Amount payable from Federal Trust Fund (Item 6110-001-0890).....	-171,015,000
(10) Amount payable from Mental Health Services Fund (Item 6110-001-3085)....	-707,000

Provisions:

1. Notwithstanding Section 33190 of the Education Code, or any other provision of law, the State Department of Education shall expend no funds to prepare (a) a statewide summary of student performance on school district proficiency assessments or (b) a compilation of information on private schools with five or fewer pupils.
2. Funds appropriated in this item may be expended or encumbered to make one or more payments under a personal services contract of a visiting educator pursuant to Section 19050.8 of the Government Code, a long-term special consultant services contract, or an employment contract between an entity that is not a state agency and a person who is under the direct or daily supervision of a state agency, only if all of the following conditions are met:
 - (a) The person providing service under the contract provides full financial disclosure to the Fair Political Practices Commission in accordance with the rules and regulations of the commission.
 - (b) The service provided under the contract does not result in the displacement of any represented civil service employee.
 - (c) The rate of compensation for salary and health benefits for the person providing service under the contract does not exceed by more than 10 percent the current rate of compensation for salary and health benefits determined by the Department of Personnel Administration for civil service personnel in a comparable position. The payment of any other compensation or any reimbursement for travel or per diem expenses shall be in accordance with the State Administrative Manual and

- the rules and regulations of the California Victim Compensation and Government Claims Board.
3. The funds appropriated in this item may not be expended for any REACH program.
 4. The funds appropriated in this item may not be expended for the development or dissemination of program advisories, including, but not limited to, program advisories on the subject areas of reading, writing, and mathematics, unless explicitly authorized by the State Board of Education.
 5. Of the funds appropriated in this item, \$206,000 shall be available as matching funds for the Department of Rehabilitation to provide coordinated services to disabled pupils. Expenditure of the funds shall be identified in the memorandum of understanding or other written agreement with the Department of Rehabilitation to ensure an appropriate match to federal vocational rehabilitation funds.
 6. Of the funds appropriated in this item, no less than \$2,420,000 is available for support of child care services, including state preschool.
 7. Of the funds appropriated in this item, \$164,000 is provided solely for the purpose of funding existing positions from within the State Department of Education to provide the Curriculum Development and Supplemental Materials Commission with subject matter specialists.
 8. Of the funds appropriated in this item, \$200,000 is available for a review of proposals submitted by school districts that wish to participate in the Mathematics and Reading Professional Development Program. The selection of the reviewer shall be subject to the approval of the State Board of Education.
 9. Of the funds appropriated in this item, \$939,000, as subsequently adjusted for employee compensation, shall be available for costs associated with the administration of the High Priority Schools Grant Program pursuant to Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code and the Immediate Intervention/Underperforming Schools Program pursuant to Article 3 (commencing with Section 52053) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code.
 10. By October 31 of each year, the State Department of Education (SDE) shall provide to the Department of Finance a file of all charter school average daily atten-

dance (ADA) and state and local revenue associated with charter school general purpose entitlements as part of the P2 Revenue Limit File. By March 1, 2008, the SDE shall provide to the Department of Finance a file of all charter school ADA and state and local revenue associated with charter school general purpose entitlements as part of the P1 Revenue Limit File. It is the expectation that such reports will be provided annually.

11. On or before April 15, 2008, the State Department of Education (SDE) shall provide to the Department of Finance an electronic file that includes complete district- and county-level state appropriations limit information reported to the SDE. The SDE shall make every effort to ensure that all districts have submitted the necessary information requested on the relevant reporting forms.
12. The State Department of Education shall make information available to the Department of Finance, the Legislative Analyst's Office, and the budget committees of each house of the Legislature by October 31, March 31, and May 31 of each year regarding the amount of Proposition 98 savings estimated to be available for reversion by June 30 of that year.
13. Of the reimbursement funds appropriated in this item, \$2,000,000 shall be available to the State Department of Education for nutrition education and physical activity promotion pursuant to an interagency agreement with the State Department of Public Health.
14. The report required by Section 60800 of the Education Code for the physical performance test is not required to be printed and mailed, but shall be compiled and reported electronically.
15. Reimbursement expenditures pursuant to this item resulting from the imposition by the State Department of Education (SDE) of a commercial copyright fee may not be expended sooner than 30 days after the SDE submits to the Department of Finance a legal opinion affirming the authority to impose such fees and the arguments supporting that position against any objections or legal challenges to the fee filed with the SDE. Any funds received pursuant to imposition of a commercial copyright fee may only be expended as necessary for outside counsel contingent on a certification of the Superintendent of Public Instruction that sufficient expertise is not available within departmental legal staff. The SDE shall not expend greater than

\$300,000 for such purposes without first notifying the Department of Finance of the necessity thereof, and upon receiving approval in writing.

16. Of the funds appropriated in this item, \$2,000,000 is provided on a one-time basis for legal representation from the office of the Attorney General in litigation related to the California High School Exit Examination. The State Department of Education (SDE) shall provide a report to the Department of Finance and the Legislature detailing the expenditures of these funds and providing an update on any such litigation on November 1, 2008, and every four months thereafter, with the final report due on June 30, 2009. The office of the Attorney General shall provide the SDE any information, including budget and expenditure data, necessary for the SDE to complete its reports to the Department of Finance and the Legislature.
 - (a) Of the funds in this provision, up to \$767,000 may be used for one-time costs related to the implementation of Chapter 751 of the Statutes of 2006.
17. Of the funds appropriated in this item, \$175,000 shall only be available to support a \$175,000 interagency agreement with the California Career Resource Network to provide continuing support for the operations of that organization.
18. Of the amount appropriated in this item, \$139,000 from reimbursement funds may be expended for administering the Education Technology K–12 Voucher Program pursuant to the Microsoft settlement.
19. Of the funds appropriated in this item, up to \$1,011,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for special education programs.
20. Of the reimbursement funds appropriated in this item, \$422,000 shall be available to the State Department of Education to contract for assistance in developing an approved listing of food and beverage items that comply with the nutrition standards of Chapters 235 and 237 of the Statutes of 2005. In order to fund the development and maintenance of the approved product listing, the State Department of Education shall collect a fee, as it deems appropriate, from vendors seeking to have their product reviewed for potential placement on the approved product listing. Reimbursements collected in the 2008–09 fiscal year may be used to offset costs incurred in the 2006–07 and 2007–08 fiscal years.

- 23. Within 30 days after the enactment of this act, the State Department of Education (SDE) shall report to the fiscal committees of the Legislature and the Legislative Analyst’s Office regarding the reductions in positions and appropriations that were taken as a result of the unallocated reduction in this item. The report from the SDE shall include information regarding the division, position description, and position level of all position reductions. The SDE also shall identify the program supported by each position reduction. For every division experiencing a reduction, the SDE shall provide data on the total number of remaining positions, by position level and program supported. The SDE also shall provide a list of the divisions not experiencing any reductions.

New SDE positions authorized by this act shall be filled for the purposes stated in this act and shall not be used to offset the unallocated reduction in this item.

- 24. Of the funds appropriated in Schedule (2), up to \$536,000 is for transfer by the Controller to the State Instructional Materials Fund for allocation during the 2008–09 fiscal year pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code.

These funds shall be transferred in amounts claimed by the State Department of Education (SDE), for direct disbursement by the SDE from the Instructional Materials Fund.

- 25. Of the reimbursement funds appropriated in Schedule (8), \$500,000 is for the support of “Green” California Partnership Academies pursuant to legislation enacted in the 2007–08 Regular Session. These funds shall be available for expenditure until June 30, 2011.

SEC. 45. Item 6110-001-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-001-0890—For support of Department of Education, for payment to Item 6110-001-0001, payable from the Federal Trust Fund..... 171,015,000
Provisions:

- 1. The funds appropriated in this item include federal Carl D. Perkins Vocational and Technical Education Act of 2006 funds for the 2007–08 fiscal year to be transferred to community colleges by means of interagency agreements. These funds shall be used by com-

- community colleges for the administration of career technical education programs.
2. Of the funds appropriated in this item, \$96,000 is available to the Advisory Commission on Special Education for the in-state travel expenses of the commissioners and the secretary to the commission.
 3. Of the funds appropriated in this item, \$426,000 is available for programs for homeless youth and adults pursuant to the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11431 et seq.). The State Department of Education shall consult with the Department of Community Services and Development, the State Department of Mental Health, the Department of Housing and Community Development, and the Commission for Economic Development in operating this program.
 4. Of the funds appropriated in this item, up to \$364,000 shall be used to provide in-service training for special and regular educators and related persons, including, but not limited to, parents, administrators, and organizations serving severely disabled children. These funds are also to provide up to 4.0 positions for this purpose.
 5. Of the funds appropriated in this item, \$318,000 shall be used to provide training in culturally nonbiased assessment and specialized language skills to special education teachers.
 6. (a) Of the funds appropriated in this item, \$11,779,000 is from the Child Care and Development Block Grant Fund and is available for support of child care services. Of this amount, \$1,547,000 is for 13.0 positions to address compliance monitoring and overpayments, which may contribute to early detection of fraud. This includes 7.0 new positions in the 2008–09 fiscal year to audit all federally subsidized child care agencies pursuant to new federal regulations per Part 98 of Title 45 of the Code of Federal Regulations. The State Department of Education (SDE) shall provide information to the Legislature and Department of Finance each year that quantifies provider-by-provider level data, including instances and amounts of overpayments and fraud, as documented by the SDE's compliance monitoring efforts for the prior fiscal year.
 - (b) As a condition of receiving the resources specified in subdivision (a), every alternative payment agency and subsidized general child care agency

will be audited each year using sufficient sampling of provider records of the following: (1) family fee determinations, (2) income eligibility, (3) rate limits, and (4) basis for hours of care, to determine compliance rates, any instances of misallocation of resources, and the amount of funds expected to be recovered from instances of both potential fraud and overpayment when no intent to defraud is suspected. This information will be contained in a separate report for each provider, with a single statewide summary report annually submitted to the Governor and the Legislature no later than April 15.

7. Of the funds appropriated in this item, \$1,066,000 shall be used for administration of the federal Enhancing Education Through Technology Grant Program. Of this amount:
 - (a) \$150,000 is available only for contracted technical support and evaluation services.
8. Of the funds appropriated in this item, \$9,206,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the special education programs. The State Department of Education shall ensure the quarterly reports that the contractor submits on the results of its dispute resolution services include the same information as required by Provision 9 of Item 6110-001-0890 of Chapters 47 and 48 of the Statutes of 2006 and Section 56504.5 of the Education Code and reflect year-to-date data and final yearend data.
9. Of the amount provided in this item, \$881,000 is provided for staff for the Special Education Focused Monitoring Pilot Program to be established by the State Department of Education for the purpose of monitoring local educational agency compliance with state and federal laws and regulations governing special education.
10. Of the funds appropriated in this item, \$125,000 shall be allocated for increased travel costs associated with program reviews conducted by the Special Education Division Focused Monitoring and Technical Assistance units. Expenditure of these funds is subject to Department of Finance approval of an expenditure plan. The expenditure plan shall include the proposed travel costs associated with focused monitoring and technical assistance provided by the State Department of Education. It shall also include the estimated type and num-

ber of reviews to be conducted and shall provide an estimated average cost per type of review. Annual renewal of this funding is subject to Department of Finance approval of an annual focused monitoring final expenditure report. The report shall be submitted on or before September 30, 2008. It shall provide the total number of reviews conducted each fiscal year, the amount of staff and personnel days and hours associated with each category of review, the travel costs associated with the type and number of reviews conducted, and an average cost per type of review.

11. Of the funds appropriated in this item, \$500,000 is for the State Department of Education to contract for annual evaluations of Reading First program effectiveness.
12. Of the amount appropriated in this item, \$832,000 (\$600,000 reimbursements and \$232,000 federal special education funds) shall be used to fund 6.0 positions and implement the provisions of Chapter 914 of the Statutes of 2004 for increased monitoring of non-public, nonsectarian schools.
13. Of the funds appropriated in this item, \$443,000 is for 3.0 positions within the State Department of Education for increased monitoring associated with mental health services required by an individualized education plan pursuant to Chapter 493 of the Statutes of 2004.
14. Of the funds appropriated in this item, \$1,874,000 is available on a one-time basis to implement the Child Nutrition Information and Payment System.
15. Of the funds appropriated in this item, \$2,506,000 shall be used for the administration of the 21st Century Community Learning Centers Program.
16. Of the funds appropriated in this item, \$109,000 shall be made available to the Office of the Secretary for Education for state operation costs associated with federal and state accountability activities.
17. Of the funds appropriated in this item, \$175,000 in federal Carl D. Perkins Vocational and Technical Education Act of 2006 funding shall only be available to support a \$175,000 interagency agreement with the California Career Resource Network to provide continuing support for the operations of that organization.
18. Of the amount appropriated in this item, \$100,000 is available for an interagency agreement with the California Career Resource Network to develop career resource materials and information pursuant to Provision 1 of Item 6330-001-0001.

19. Of the funds appropriated in this item, \$1,244,000 is available on a one-time basis from federal Title II funds for the State Department of Education to extend 1.0 limited-term position authorized in 2007 and fund 2.0 additional limited-term positions through June 30, 2009, and other costs associated with the development of the California Longitudinal Teacher Integrated Data Education System (CALTIDES). Of this amount, \$398,000 is available for an interagency agreement with the Commission on Teacher Credentialing to extend 2.5 limited-term positions through June 30, 2009, and support other costs associated with the development of CALTIDES.
20. Of the funds appropriated in this item, \$945,000 of federal Title II funds is for the Compliance Monitoring, Intervention, and Sanctions (CMIS) Program. This program is designed to help school districts meet the highly qualified teacher requirements specified in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.). By April 1, 2009, the State Department of Education shall submit a report on the CMIS Program to the budget and policy committees of the Legislature. The report shall identify (a) the number of school districts that received CMIS support in the 2008–09 fiscal year, and (b) the major components of the plans that those districts developed to respond to the federal highly qualified teacher requirements. For each participating district, the report also shall provide longitudinal data on the number and percent of teachers who are and are not highly qualified. At a minimum, the 2008–09 report shall include finalized data for the 2007–08 fiscal year and initial data for the 2008–09 fiscal year. The report shall provide data separately for high- and low-poverty schools. For comparison, the report shall provide the same longitudinal data for the statewide average of all school districts as well as the average for school districts not receiving CMIS support.
21. The State Department of Education shall submit an independent evaluation of the Statewide System of School Support to the appropriate fiscal and policy committees of the Legislature, the Legislative Analyst’s Office, and the Department of Finance no later than April 1, 2009.
22. The following funds appropriated in this item are for the development of a comprehensive strategy to address data reporting requirements and the development

- of the California Longitudinal Pupil Achievement Data System (CALPADS) to meet the requirements of the federal No Child Left Behind Act of 2001 (P.L. 107-110) and Chapter 1002 of the Statutes of 2002:
- (a) \$730,000 and 5.0 positions to support state operations for a comprehensive strategy to address data reporting requirements.
 - (b) \$2,544,000 and 1.0 position to support state operations related to the development of CALPADS. Up to \$1,114,000 may be used to support the involvement of California School Information Services staff in the development of CALPADS.
 - (c) \$606,000 from the Statewide Longitudinal Data System Grant for use in the development of CALPADS.
 - (d) \$115,000 and 1.0 position to support workload associated with coordinating data collection and sharing for CALPADS and for the federal Education Data Exchange Network.
 - (e) \$2,181,000 in one-time funding for hardware purchases, data center services, and software licensing to develop CALPADS.
 - (f) \$3,225,000 is reserved for costs in the 2009–10 fiscal year associated with the development of CALPADS.
 - (g) Of the funds appropriated in paragraphs (a) to (f), inclusive, \$4,913,000 is provided in one-time federal Title VI carryover funds.
 - (h) Subject to an approved special project report, \$5,336,000 in one-time federal Title VI funds is available for the California Longitudinal Pupil Achievement Data System. Of this amount, \$5,111,000 is for vendor contract costs and \$225,000 is for data center costs.
23. Of the funds appropriated in this item, \$1,250,000 is to develop and implement a standardized, evidence-based assessment, pursuant to legislation, to allow eligible pupils with disabilities to demonstrate the competence necessary to pass the California High School Exit Examination.
 24. Of the funds appropriated in this item, \$378,000 and 4.0 positions are provided to support workload for federal school improvement in accordance with legislation enacted in the 2007–08 Regular Session related to federal school improvement.
 25. Of the funds appropriated in this item, \$385,000 is available to the State Department of Education on a

- one-time basis for the cost of translating state prototype documents into languages other than English. The department shall contract with appropriate translators or translator services to translate these documents. The department shall post all documents translated pursuant to this provision on its existing Internet-based electronic clearinghouse system of state and locally translated parental notification documents.
26. Of the funds appropriated in this item, \$600,000 is one-time federal Title I Migrant Education Program carryover funds available to augment the contract for a three-year program evaluation to meet federal Title I Migrant Education Program requirements.
 29. Of the funds appropriated in this item, \$285,000 is available from the Child Care and Development Block Grant Fund on a one-time basis to develop a request for proposals to seek a solution for replacement of the Provider Accounting and Reporting Information System (PARIS), and to contract for project management and oversight. The State Department of Education (SDE) shall require the vendor to propose a cost-effective solution in which interim functions that are duplicative of the Financial Information System for California (FI\$Cal) will be decommissioned when FI\$Cal is fully implemented. The SDE shall also require the vendor to address any modifications to the child care contracting process that may be implemented through legislation enacted during the current legislative session or through regulations deemed necessary to more fully utilize available appropriations in the solution to rewrite PARIS.
 30. Of the funds appropriated in this item, \$308,000 is available from Title II funds for an interagency agreement with the Commission on Teacher Credentialing to support teacher misassignment monitoring activities.
 31. Of the funds appropriated in this item, \$109,000 is provided in federal Title III funds to make permanent 1.0 existing limited-term position to support the English language learner component of the Mathematics and Reading Professional Development Program.
 32. Of the funds appropriated in this item, \$500,000 in one-time federal Title III carryover funds is available to augment an evaluation of the English Language Learner Acquisition and Development Pilot Program as previously authorized in Provision 48 of Item 6110-001-0890 of the Budget Act of 2007 (Chs. 171 and

- 172, Stats. 2007). Prior to the release of the request for applications for the evaluation required pursuant to subdivision (h) of Section 420 of the Education Code, the State Department of Education shall consult with the Department of Finance, the Legislative Analyst’s Office, and the appropriate legislative policy and fiscal staff to discuss the scope of the evaluation.
33. Of the funds appropriated in this item, \$1,600,000 in one-time federal Title III carryover funds is available during the 2008–09, 2009–10, and 2010–11 fiscal years to contract with a county office of education or institution of higher education for specialized English language learner instructional training and technical assistance in county court and Division of Juvenile Justice schools. This funding shall supplement, and not supplant, English language learner services.
 34. Of the funds appropriated in this item, \$1,200,000 in one-time federal Title III carryover funds is set aside for Title III state-level activities in the 2009–10 fiscal year.
 35. Of the funds appropriated in this item, \$1,250,000 in one-time federal special education carryover funds is available during the 2008–09, 2009–10, and 2010–11 fiscal years to contract with a county office of education or institution of higher education for special education instructional training and technical assistance in county court schools. This funding shall supplement, and not supplant, existing special education services.
 36. Of the funds appropriated in this item, \$334,000 is available on a one-time basis to fund the first year of a three-year, independent evaluation as set forth in legislation enacted in the 2007–08 Regular Session related to federal school improvement.

SEC. 46. Item 6110-101-0349 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-101-0349—For local assistance, Department of Education, Program 20.90-Instructional Support, for allocation to the Fiscal Crisis and Management Assistance Team for the purpose of administering the California School Information Services (CSIS) program, payable from the Educational Telecommunication Fund..... 9,125,000

Provisions:

1. Notwithstanding Section 10554 of the Education Code, the Controller shall transfer from the General Fund the actual amount certified by the Superintendent of

Public Instruction as reductions made to apportionments in the 2007–08 fiscal year for repayments of prior year excess apportionments identified pursuant to audit or audit settlements identified as a result of audit investigations or inquiries.

- 2. Of the funds appropriated in this item, \$828,000 is to be provided to non-CSIS participating school districts for support of maintenance of individual student identifiers.
- 3. Of the amount appropriated in this item, \$7,900,000 is for districts that have not previously participated in CSIS or the CSIS Best Practices Cohort project. Funds shall be allocated pursuant to Section 49084 of the Education Code and consistent with the existing CSIS Best Practices Cohort Implementation Plan.

SEC. 47. Item 6110-103-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-103-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.001.005-School Apportionments, for transfer to Section A of the State School Fund, for the purposes of Section 8152 of the Education Code..... 13,350,000

Provisions:

- 1. Notwithstanding Section 8154 of the Education Code, or any other provision of law, the funds appropriated in this item shall be the only funds available for and allocated by the Superintendent of Public Instruction for the apprenticeship programs operated by school districts and county offices of education.
- 2. Notwithstanding Section 8152 of the Education Code, each 60-minute hour of teaching time devoted to each indentured apprentice enrolled in and attending classes of related and supplemental instruction as provided under Section 3074 of the Labor Code shall be reimbursed at the rate of \$5.06 per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.
- 3. No school district or county office of education shall use funds allocated pursuant to this item to offer any new or expanded apprenticeship program unless the program has been approved by the Superintendent of Public Instruction.
- 4. The Superintendent of Public Instruction shall report to the Department of Finance and the Legislature not later than February 1 of each year on the amount of

funds expended for, and the hours of related and supplemental instruction offered in, the apprenticeship program during the prior fiscal year, with information to be provided by the school district, county office of education, program sponsor, and trade. Expenditure information shall distinguish between direct and indirect costs, including administrative costs funded for the State Department of Education, school districts, and county offices of education. In addition, the report shall identify the hours of related and supplemental instruction proposed for the prior and current fiscal years by the school district, county office of education, program sponsor, and trade. As a condition of receiving funds for the apprenticeship programs, school districts, county offices of education, and regional occupational centers and programs shall report to the Superintendent of Public Instruction the information necessary for the completion of this report.

- 5. Notwithstanding Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code, or any other provision of law, the total number of hours eligible for state reimbursement in apprenticeship programs operated by school districts and county offices of education shall be limited to an amount equal to the amount of the total appropriation made in this item divided by the hourly rate specified in Provision 2. The Superintendent of Public Instruction shall have the authority to determine which apprenticeship programs and which hours offered in those programs are eligible for reimbursement.
- 6. An additional \$6,227,000 in expenditures for this item has been deferred until the 2009–10 fiscal year.
- 7. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
- 8. Of the amount appropriated in this item, \$0 is provided for a cost-of-living adjustment.

SEC. 48. Item 6110-104-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-104-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.011-School Apportionments—Remedial Supplemental Instruction Programs, for transfer to Section A of the State School Fund, for supplemental instruction and remedial programs..... 330,672,000

Schedule:

- (1) 10.10.011.008-School Apportionments, for Supplemental Instruction, Remedial, Grades 7–12 for the purposes of Section 37252 of the Education Code..... 200,234,000
- (2) 10.10.011.009-School Apportionments, for Supplemental Instruction, Retained, or Recommended for Retention, Grades 2–9 for the purposes of Section 37252.2 of the Education Code, as applicable.... 48,365,000
- (3) 10.10.011.010-School Apportionments, for Supplemental Instruction, Low STAR-Grades 2–6 for the purposes of Section 37252.8 of the Education Code..... 16,491,000
- (4) 10.10.011.011-School Apportionments, for Supplemental Instruction, Core Academic K–12 for the purposes of Section 37253 of the Education Code.... 65,582,000

Provisions:

- 1. Notwithstanding any other provision of law, for the fiscal year, the Superintendent of Public Instruction shall allocate a minimum of \$8,900 for supplemental summer school programs in each school district for which the prior fiscal year enrollment was less than 500 and that, in the fiscal year, offers at least 1,500 hours of supplemental summer school instruction. A small school district, as described above, that offers less than 1,500 hours of supplemental summer school offerings shall receive a proportionate reduction in its allocation. For the purpose of this provision, supplemental summer school programs shall be defined as programs authorized under paragraph (2) of subdivision (f) of Section 42239 of the Education Code as it read on July 1, 1999.
- 2. Notwithstanding any other provision of law, for the fiscal year, the maximum reimbursement to a school district or charter school for the program listed in Schedule (4) shall not exceed 5 percent of the district’s or charter school’s enrollment multiplied by 120 hours, multiplied by the hourly rate for the fiscal year.
- 3. Notwithstanding any other provision of law, the rate of reimbursement shall be \$4.08 per hour of supplemental instruction.
- 4. Notwithstanding any other provision of law, if the funds in this item are insufficient to fund otherwise

valid claims, the Superintendent of Public Instruction shall adjust the rates to conform to available funds.

- 5. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.
- 6. The funding appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for implementing Section 37252.2 of the Education Code. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.
- 7. Notwithstanding any other provision of law, an additional \$90,117,000 in expenditures for this item has been deferred until the following fiscal year.
- 8. Rates or hours shall be adjusted in voluntary programs as necessary to fully meet demand in mandatory programs and remain within the amount provided for this purpose in the annual Budget Act.

SEC. 49. Item 6110-105-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-105-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-Instruction, for transfer to Section A of the State School Fund, for the purposes of Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code.... 443,355,000

Schedule:

- (1) 10.10.004-Instruction Program—
School Apportionments, Regional Occupational Centers and Programs..... 450,672,000
- (2) Reimbursements..... -7,317,000

Provisions:

- 1. Notwithstanding any other provision of law, the funds appropriated in this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the current fiscal year pursuant to Sections 14002 and 14004 of the Education Code, in an amount as needed for apportionment pursuant to Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code.

2. Notwithstanding any other provision of law, the funds appropriated in this item may not be expended for the purposes of providing or continuing incentive funding for a longer instructional year pursuant to Section 46200 of the Education Code.
3. Notwithstanding any other provision of law, funds appropriated in this item for average daily attendance (ADA) generated by participants in welfare-to-work activities under the CalWORKs program established in Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code may be appropriated on an advance basis to local educational agencies based on anticipated units of ADA if a prior application for this additional ADA funding has been approved by the Superintendent of Public Instruction.
4. Of the amount appropriated in this item, \$1,161,000 is to fund remedial educational services for participants in welfare-to-work activities under the CalWORKs program.
5. The funds appropriated in this item reflect a reduction to the base funding of 0.55 percent for a statewide decline in 11th and 12th grade average daily attendance. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$0 is for the purpose of providing a cost-of-living adjustment.
6. An additional \$39,630,000 in expenditures for this item has been deferred until the 2009–10 fiscal year.

SEC. 50. Item 6110-107-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-107-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-County Offices of Education Fiscal Oversight.....	11,438,000
Schedule:	
(1) 10.10.002-COE Oversight.....	5,450,000
(2) 10.10.005-FCMAT.....	3,798,000
(3) 10.10.012-FCMAT: CSIS.....	238,000
(4) 10.10.013-Audit Appeal Panel.....	53,000
(5) 10.10.015-Interim Reporting.....	1,001,000
(6) 10.10.016-Staff Development.....	1,140,000
(7) Amount payable from the Educational Telecommunication Fund (Item 6110-107-0349).....	-242,000

Provisions:

1. Funds appropriated in Schedule (1) are for the purposes provided in paragraph (1) of subdivision (a) of Section 29 of Chapter 1213 of the Statutes of 1991.
2. Funds appropriated in Schedule (1) may be used by county offices of education for activities including, but not limited to, conducting reviews, examinations, and audits of districts and providing at least annual written notifications regarding the fiscal solvency of districts under fiscal distress, pursuant to Section 42127.6 of the Education Code, or of districts with disapproved budgets, or qualified or negative certifications. Written notifications regarding review, examination, and audit results shall be provided at least annually to the district governing board, the Superintendent of Public Instruction, the Director of Finance, and the Office of the Secretary for Education.
3. Funds appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for school district and county office of education fiscal accountability reporting. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.
4. Of the funds appropriated in Schedule (2):
 - (a) \$3,054,000 shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee Fiscal Crisis and Management Assistance Team (FCMAT) responsibilities with respect to these funds and to meet the costs of participation under Section 42127.8 of the Education Code.
 - (b) \$278,000 shall be available to develop and implement the activities of regional teams of fiscal experts to assist districts in fiscal distress.
 - (c) \$466,000 shall be allocated to FCMAT for the purpose of providing, through computer technology, financial and demographic information that is interactive and immediately accessible to all local educational agencies to assist them in their decisionmaking process. To ensure a completely integrated system, this computer information should be developed in collaboration with the State Department of Education, and should be

compatible with the hardware and software of the State Department of Education, so that this information may also assist state-level policymakers in making comparable standardized financial information available to the local educational agencies and the public.

5. Of the funds appropriated in Schedule (3), \$238,000 shall be available to the Fiscal Crisis and Management Assistance Team to pay for project management services for the California School Information Services (CSIS) program. These funds shall be used to supplement and not supplant other CSIS funds available for project management services.
6. Funds appropriated in Schedule (4) are for the additional staff and resources needed for the Fiscal Crisis and Management Assistance Team to ensure that timely resolution of audit findings is achieved pursuant to the directives of Section 41344 of the Education Code.
7. Of the funds appropriated in Schedule (5):
 - (a) \$143,000 shall be available for no more than a 25-percent state reimbursement to county offices of education for fiscal oversight of school districts with audit exceptions, districts with qualified or negative interim reports, districts that may be unable to meet financial obligations for the current or subsequent fiscal years, or districts with disapproved budgets.
 - (b) Up to \$858,000 of the funds may be used to fully reimburse county office of education activities for extraordinary costs of audits, examinations, or reviews of any school district or charter school in cases where fraud, misappropriation of funds, or other illegal fiscal practices require review by the county offices of education, pursuant to Section 2 of Chapter 620 of the Statutes of 2001 and Section 1 of Chapter 357 of the Statutes of 2005. The State Board of Education may request any county superintendent of schools to initiate such an audit, examination, or review for any charter school or all-charter district for which the board has oversight responsibility. Allocation of the funds shall be administered by the Fiscal Crisis and Management Assistance Team on a reimbursement basis. All reimbursements shall be subject to the approval of both the Department of Finance and the State Department of Education.

8. The amount appropriated in Schedule (5) shall remain available for expenditure for the 2008–09 and 2009–10 fiscal years. Any unexpended balance as of September 1, 2009, shall be available until July 30, 2010, for the following, in order of descending priority:
 - (a) Any review or audit jointly requested by the State Department of Education and the Department of Finance, to be conducted by a county superintendent of schools in cases where fraud, misappropriation of funds, or other illegal fiscal practices are suspected.
 - (b) Staff development pursuant to Provision 10.
 - (c) Regional assistance teams developed pursuant to Provision 4(b).
9. Notwithstanding Section 26.00, the funds appropriated in this item shall be allocated in accordance with the above schedule unless a revision to the allocations contained herein has been approved by the Department of Finance. The Department of Finance may not authorize any such revision sooner than 30 days after notification in writing of the necessity to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.
10. Of the funds appropriated in Schedule (6):
 - (a) \$813,000 is for the purpose of providing staff development to local educational agency school finance and business personnel, as provided in Section 42127.8 of the Education Code. Funds appropriated in Schedule (6) shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee the Fiscal Crisis and Management Assistance Team's responsibilities with respect to these funds.
 - (b) \$327,000 of the funds appropriated in Schedule (6) is for the purpose of providing training that shall be developed and facilitated pursuant to Section 42127.8 of the Education Code to increase school district and school-level capacity to implement and manage site-based budgeting and decisionmaking governance structures.
11. Notwithstanding any other provision of law, funds appropriated in Schedules (1), (2), (4), (5), and (6) to

a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee the Fiscal Crisis and Management Assistance Team responsibilities shall be allocated by the Controller directly to that county office of education as soon as possible but no later than 60 days after the enactment of the Budget Act. Funds appropriated in this item shall not be subject to grant allocation or review processes on the part of the State Department of Education nor the Superintendent of Public Instruction. The county office of education that receives these funds shall annually provide a report detailing past year expenditures, identifying the local educational agencies (LEA) assisted with these funds and a summary of progress for each. Additionally, the report shall identify a plan for the proposed uses of the allocations in this item, identifying estimated expenditures for each LEA anticipated to be served. This report shall be submitted to the State Department of Education and to the Department of Finance by October 1 of each year.

SEC. 51. Item 6110-108-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-108-0001—For local assistance, Department of Education (Proposition 98), Program 20-Instructional Support, the Supplemental School Counseling Program, established pursuant to Article 4.5 (commencing with Section 52378) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code..... 209,060,000

Provisions:

1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

SEC. 52. Item 6110-111-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-111-0001—For local assistance, Department of Education (Proposition 98), Program 10-Instruction, for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code..... 566,131,000

Schedule:

- (1) 10.10.006-Pupil Transportation..... 560,045,000
- (2) 10.10.008-Small School District Bus Replacement..... 6,086,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 2. An additional \$52,583,000 in expenditures for this item has been deferred until the 2009–10 fiscal year.
- 3. Notwithstanding any other provision of law, of the funds appropriated in this item and the funds deferred for this program as reflected in Provision 2, an amount equal to the amount of reimbursement to the General Fund pursuant to Section 24.85 shall be used to provide mass transportation services for pupils enrolled in school districts that receive these funds.

SEC. 53. Item 6110-119-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-119-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.40.060-Educational Services for Foster Youth pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24 of Division 3 of Title 2 of the Education Code 18,891,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.
- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 54. Item 6110-122-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-122-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.40.090-Specialized Secondary Programs, pursuant to Chapter 6 (commencing with Section 58800) of Part 31 of Division 4 of Title 2 of the Education Code..... 6,122,000

Provisions:

- 1. Of the funds appropriated in this item, \$1,500,000 shall be allocated to Specialized Secondary Programs established prior to the 1991–92 fiscal year that operate in conjunction with the California State University.

- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
- 3. Of the amount appropriated in this item, \$0 is provided for a cost-of-living adjustment.

SEC. 55. Item 6110-123-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-123-0890—For local assistance, Department of Education, Program 20.60.030.035-Innovative Programs, Title V-ES-EA, payable from the Federal Trust Fund..... 6,000,000

Provisions:

- 1. The funds appropriated in this item are one-time funds for local educational agencies to implement existing innovative programs pursuant to Section 5131 of Title V of Part A of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.). No funding shall be provided to any new programs and no commitments shall be made beyond September 30, 2009.

SEC. 56. Item 6110-124-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-124-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.80.010-Gifted and Talented Pupil Program established pursuant to Chapter 8 (commencing with Section 52200) of Part 28 of Division 4 of Title 2 of the Education Code..... 51,051,000

Provisions:

- 1. An additional \$4,294,000 in expenditures for this purpose has been deferred to the 2009–10 fiscal year.
- 2. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 3. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 57. Item 6110-125-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-125-0001—For local assistance, Department of Education (Proposition 98)..... 63,263,000

Schedule:

- (1) 10.40.030.004-Refugee Children School Grant Program..... 1,649,000

- (2) 20.10.006-English Language Acquisition Program, pursuant to Chapter 4 (commencing with Section 400) of Part 1 of Division 1 of Title 1 of the Education Code..... 63,263,000
- (3) Reimbursements..... -1,649,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.
- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 58. Item 6110-126-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-126-0890—For local assistance, Department of Education, Program 20.60.290-Instructional Support, Title I, Part B of the federal Elementary and Secondary Education Act (Reading First program), payable from the Federal Trust Fund..... 57,433,000

Provisions:

- 1. The funds appropriated in this item are for Reading First programs pursuant to Article 1 (commencing with Section 51700) of Chapter 5 of Part 28 of Division 4 of Title 2 of the Education Code. It is the intent of the Legislature that all participating school districts receive funding at the rates established in paragraph (3) of subdivision (c) of Section 51700 of the Education Code for six years. A participating school district shall not receive funding from this item for more than six years.
- 2. Of the funds appropriated in this item, \$3,658,000 shall be available for Reading First’s statewide and regional infrastructure, including its six regional technical assistance centers.
- 3. By May 1, 2009, the State Department of Education shall provide the Legislature with all of the following: (a) the number of school districts receiving grants, (b) the number of K–3 teachers funded, (c) the number of K–12 special education teachers served, and (d) the average per-teacher grant amount.
- 4. By May 1, 2009, the State Department of Education shall provide the Legislature with the following: (a) the number and percentage of all K–12 special education teachers in Reading First schools receiving Reading First professional development for each year,

2001–02 to 2006–07, inclusive, and (b) the number and percentage of all K–12 special education classes in Reading First schools that have appropriate reading materials purchased using the state’s instructional materials program as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code.

SEC. 59. Item 6110-128-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-128-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.30.070-Economic Impact Aid pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29 of Division 4 of Title 2 of the Education Code..... 994,279,000

Provisions:

1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

SEC. 60. Item 6110-130-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-130-0001—For local assistance, Department of Education, Program 20.60.100-Advancement Via Individual Determination..... 9,035,000

Provisions:

1. Of the funds appropriated, \$1,300,000 is available for administration of the Advancement Via Individual Determination (AVID) centers.

SEC. 61. Item 6110-134-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-134-0890—For local assistance, Department of Education, payable from the Federal Trust Fund..... 1,820,750,000

Schedule:

- (1) 10.30.006-Statewide System of School Support..... 10,000,000
- (7) 10.30.009-Title I, Corrective Action—Local Educational Agencies..... 101,872,000
- (8) 10.30.004-School Improvement Grants, Corrective Action..... 78,082,000
- (9) 10.30.060-Title I—ESEA..... 1,630,796,000

Provisions:

1. In administering the accountability system required by this item, the State Department of Education shall align the forms, processes, and procedures required of local educational agencies in a manner that they may be utilized for the purposes of implementing the Public Schools Accountability Act of 1999, as established by Chapter 6.1 (commencing with Section 52050) of Part 28 of Division 4 of Title 2 of the Education Code, so that duplication of effort is minimized at the local level.
2. The funds appropriated in Schedule (1) shall be available for the purposes established by Article 4.2 (commencing with Section 52059) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code.
4. The State Department of Education shall provide to the Legislature, the Legislative Analyst's Office, and the Department of Finance, a letter by April 15, 2009, reporting expenditures and anticipated savings for each schedule, based on available information.
6. The funds appropriated in Schedules (7) and (8) shall be available for meeting requirements specified in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) for local educational agencies that enter corrective action. The funds shall be programmed pursuant to legislation enacted in the 2007–08 Regular Session related to federal school improvement.

11. Of the funds appropriated in Schedule (7), \$47,000,000 is provided in one-time carryover funds.
12. Of the funds appropriated in Schedule (8), \$16,620,000 is provided in one-time carryover funds.
13. Of the funds appropriated in Schedules (7) and (8), the State Department of Education shall, no later than September 15, 2008, issue grant awards totaling \$25,000,000 to local educational agencies identified for corrective action. The grants shall be awarded to local educational agencies consistent with legislation enacted in the 2007–08 Regular Session related to federal school improvement. Local educational agencies shall have until November 1, 2008, to apply for the remainder of their grant.
14. Of the funds appropriated in Schedule (9), \$19,252,000 is provided in one-time carryover funds to support the existing program.

- 15. The funds appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claims for district assistance and intervention teams and other technical assistance providers. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.

SEC. 62. Item 6110-135-0890 of Section 2.00 of the Budget Act of 2008 is repealed.

SEC. 63. Item 6110-136-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-136-0890—For local assistance, Department of Education, Program 10.30-Instruction, payable from the Federal Trust Fund..... 17,023,000
 Schedule:

- (2) 10.30.065-McKinney-Vento Homeless Children Education..... 8,526,000
 - (4) 10.30.030-Title I-Even Start Program.... 8,497,000
- Provisions:

- 2. Of the funds appropriated in Schedule (2), \$1,333,000 is provided in one-time carryover funds to support the existing program.
- 3. Of the funds appropriated in Schedule (4), \$1,500,000 is provided in one-time carryover funds to support the existing program.

SEC. 64. Item 6110-140-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-140-0001—For local assistance, Department of Education (Proposition 98), Program 20-Instructional Support..... 0
 Schedule:

- (1) 20.80.001-Student Friendly Services.... 500,000
- (2) 20.90.001.020-California School Information Services Administration..... 4,444,000
- (3) 20.90.001.030-California School Information Services Administration Independent Project Oversight..... 150,000
- (4) Amount payable from the Educational Telecommunication Fund (Item 6110-140-0349)..... - 5,094,000

Provisions:

1. The Superintendent of Public Instruction shall allocate the funds appropriated in Schedule (1) for the Student Friendly Services program.
2. The funds appropriated in Schedule (2) shall be for allocation to the Fiscal Crisis and Management Assistance Team for costs associated with administration of the California School Information Services project.
3. The Superintendent of Public Instruction shall allocate the funds appropriated in Schedule (3) to the Sacramento County Office of Education, which shall use the funds to contract for independent project oversight of the California School Information Services (CSIS) program. The independent project oversight shall include the submission of quarterly project reports on the progress of the CSIS program to the Legislature, the Department of Finance, the Superintendent of Public Instruction, the State Board of Education, the Governor, the Legislative Analyst's Office, and the Fiscal Crisis and Management Assistance Team for the duration of the program implementation. These reports shall include, but not be limited to, information on: (a) CSIS capacity for additional district cohorts, (b) readiness of self-identified districts for participation in new CSIS cohorts, (c) CSIS operations budget, and (d) CSIS readiness to implement additional phases of state reporting and records transfer.
4. Of the funds appropriated in Schedule (2), \$545,000 is available on a three-year limited-term basis to support positions and administrative costs associated with the implementation plan developed pursuant to Provision 5 of Item 6110-101-0349 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
5. The State Department of Education and CSIS shall jointly report by October 1, 2008, to the Department of Finance, the Legislative Analyst's Office, and the budget committees of the Legislature on the workload activities performed by each entity to prepare for the implementation of CALPADS.

SEC. 65. Item 6110-150-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-150-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.30.051-American Indian Early Childhood Education Program established pursuant to Chapter 6.5 (commencing with Section 52060) of Part 28 of Division 4 of Title 2 of the Education Code..... 662,000

Provisions:

1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

SEC. 66. Item 6110-151-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-151-0001—For support of the Department of Education (Proposition 98), Program 10.30.050-American Indian Education Centers established pursuant to Article 6 (commencing with Section 33380) of Chapter 3 of Part 20 of Division 2 of Title 2 of the Education Code..... 4,540,000

Provisions:

1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

SEC. 67. Item 6110-156-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-156-0001—For local assistance, Department of Education (Proposition 98), Program 10.50.010-Instruction, for transfer to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of Proposition 98 educational programs funded by this item, in lieu of the amount that otherwise would be appropriated pursuant to statute..... 726,664,000

Schedule:

(1) 10.50.010.001-Adult Education.....	726,664,000
(2) 10.50.010.008-Remedial education services for participants in the CalWORKs program.....	8,739,000
(3) Reimbursements-CalWORKs.....	-8,739,000

Provisions:

1. Credit for participating in adult education classes or programs may be generated by a special day class pupil only for days in which the pupil has met the minimum day requirements set forth in Section 46141 of the Education Code.
2. The funds appropriated in Schedule (2) constitute the funding for both remedial education and job training

services for participants in the CalWORKs program (Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code). Funds shall be apportioned by the Superintendent of Public Instruction for direct instructional costs only to school districts and regional occupational centers and programs (ROC/Ps) that certify that they are unable to provide educational services to CalWORKs recipients within their adult education block entitlement or ROC/P block entitlement, or both. Allocations shall be distributed by the Superintendent of Public Instruction as equal statewide dollar amounts, based on the number of CalWORKs-eligible family members served in the county.

3. Providers receiving funds under this item for adult basic education, English as a Second Language, and English as a Second Language-Citizenship for legal permanent residents, shall, to the extent possible, grant priority for services to immigrants facing the loss of federal benefits under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). Citizenship and naturalization preparation services funded by this item shall include, to the extent consistent with applicable federal law, all of the following: (a) outreach services, (b) assessment of skills, (c) instruction and curriculum development, (d) professional development, (e) citizenship testing, (f) naturalization preparation and assistance, and (g) regional and state coordination and program evaluation.
4. The funds appropriated in Schedule (2) shall be subject to the following:
 - (a) The funds shall be used only for educational activities for welfare recipient students and those in transition off of welfare. The educational activities shall be limited to those designed to increase self-sufficiency, job training, and work. These funds shall be used to supplement and not supplant existing funds and services provided for welfare recipient students and those in transition off of welfare.
 - (b) Notwithstanding any other provision of law, each local educational agency's individual cap for the average daily attendance of adult education and regional occupational centers and programs (ROC/Ps) shall not be increased as a result of the appropriations made by this section.

- (c) Funds may be claimed by local educational agencies for services provided to welfare recipient students and those in transition off of welfare pursuant to this section only if all of the following occur:
 - (1) Each local educational agency has met the terms of the interagency agreement between the State Department of Education and the State Department of Social Services pursuant to Provision 2.
 - (2) Each local educational agency has fully claimed its respective adult education or ROC/Ps average daily attendance cap for the current year.
 - (3) Each local educational agency has claimed the maximum allowable funds available under the interagency agreement pursuant to Provision 2.
- (d) Each local educational agency shall be reimbursed at the same rate as it would otherwise receive for services provided pursuant to this item or Item 6110-105-0001 or pursuant to Section 1.80, and shall comply with the program requirements for adult education pursuant to Chapter 10 (commencing with Section 52500) of Part 28 of Division 4 of Title 2 of the Education Code, and ROC/Ps requirements pursuant to Article 1 (commencing with Section 52300) of, and Article 1.5 (commencing with Section 52335) of, Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code, respectively.
- (e) Notwithstanding any other provision of law, funds appropriated in this section for average daily attendance (ADA) generated by participants in the CalWORKs program may be apportioned on an advance basis to local educational agencies based on anticipated units of ADA if a prior application for this additional ADA funding has been approved by the Superintendent of Public Instruction.
- (f) The Legislature finds the need for good information on the role of local educational agencies in providing services to individuals who are eligible for or recipients of CalWORKs assistance. This information includes the extent to which local educational programs serve public assistance recipients and the impact these services have on the

recipients' ability to find jobs and become self-supporting.

- (g) The State Department of Education shall develop a data and accountability system to obtain information on education and job training services provided through state-funded adult education programs and regional occupational centers and programs. The system shall collect information on (1) program funding levels and sources, (2) characteristics of participants, and (3) pupil and program outcomes. The department shall work with the office of the State Chief Information Officer and Legislative Analyst's Office in determining the specific data elements of the system and shall meet all information technology reporting requirements of the State Chief Information Officer.
 - (h) As a condition of receiving funds provided in Schedule (2) or any General Fund appropriation made to the State Department of Education specifically for education and training services to welfare recipient students and those in transition off of welfare, local adult education programs and regional occupational centers and programs shall collect program and participant data as described in this item and as required by the State Department of Education. The State Department of Education shall require that local providers submit to the state aggregate data for the period July 1, 2008, to June 30, 2009, inclusive.
5. Of the funds appropriated in this item, \$18,843,000 is provided for increases in average daily attendance. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$0 is for the purpose of providing a cost-of-living adjustment.
 6. An additional \$45,896,000 in expenditures for this item has been deferred until the 2009–10 fiscal year.

SEC. 68. Item 6110-158-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-158-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund in lieu of the amount that otherwise would be appropriated pursuant to Section 41841.5 of the Education Code, Program 10.50.010.002-Adults in Correctional Facilities..... 18,215,000

Provisions:

1. Notwithstanding Section 41841.5 of the Education Code, or any other provision of law, all of the following shall apply:
 - (a) The amount appropriated in this item and any amount allocated for this program in this act shall be the only funds available for allocation by the Superintendent of Public Instruction to school districts or county offices of education for the Adults in Correctional Facilities Program.
 - (b) The amount appropriated in this item shall be allocated based upon prior year rather than current year expenditures.
 - (c) Funding distributed to each local educational agency (LEA) for reimbursement of services provided in the prior fiscal year for the Adults in Correctional Facilities Program shall be limited to the amount received by the agency for services provided in the 2006–07 fiscal year. Funding shall be reduced or eliminated, as appropriate, for any LEA that reduces or eliminates services provided under this program in the prior fiscal year, as compared to the level of services provided in the 2006–07 fiscal year. Any funds remaining as a result of those decreased levels of service shall be allocated to provide support for new programs in accordance with Section 41841.8 of the Education Code.
 - (d) Funding appropriated in this item for growth in average daily attendance (ADA) first shall be allocated to programs that are funded for 20 units or less of ADA, up to a maximum of 20 additional units of ADA per program.
2. \$444,000 is provided for increases in average daily attendance. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$0 is for the purpose of providing a cost-of-living adjustment.

SEC. 69. Item 6110-161-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-161-0001—For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children..... 3,116,298,000
Schedule:

- (1) 10.60.050.003-Special education instruction..... 3,046,014,000
- (2) 10.60.050.080-Early Education Program for Individuals with Exceptional Needs..... 84,679,000
- (3) Reimbursements for Early Education Program, Part C..... -14,395,000

Provisions:

- 1. Funds appropriated by this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the 2008–09 fiscal year pursuant to Sections 14002 and 41301 of the Education Code, for apportionment pursuant to Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code, superseding all prior law.
- 2. Of the funds appropriated in Schedule (1), up to \$13,206,000, plus any cost-of-living adjustment, shall be available for the purchase, repair, and inventory maintenance of specialized books, materials, and equipment for pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.
- 3. Of the funds appropriated in Schedule (1), up to \$10,080,000, plus any cost-of-living adjustment, shall be available for the purposes of vocational training and job placement for special education pupils through Project Workability I pursuant to Article 3 (commencing with Section 56470) of Chapter 4.5 of Part 30 of Division 4 of Title 2 of the Education Code. As a condition of receiving these funds, each local educational agency shall certify that the amount of nonfederal resources, exclusive of funds received pursuant to this provision, devoted to the provision of vocational education for special education pupils shall be maintained at or above the level provided in the 1984–85 fiscal year. The Superintendent of Public Instruction may waive this requirement for local educational

- agencies that demonstrate that the requirement would impose a severe hardship.
4. Of the funds appropriated in Schedule (1), up to \$5,258,000, plus any cost-of-living adjustment (COLA), shall be available for regional occupational centers and programs that serve pupils having disabilities ; up to \$87,617,000, plus any COLA, shall be available for regionalized program specialist services ; and up to \$2,573,000, plus any COLA, shall be available for small special education local plan areas (SELPAs) pursuant to Section 56836.24 of the Education Code.
 5. Of the funds appropriated in Schedule (1), up to \$3,000,000 is provided for extraordinary costs associated with single placements in nonpublic, nonsectarian schools, pursuant to Section 56836.21 of the Education Code. Pursuant to legislation, these funds shall also provide reimbursement for costs associated with pupils residing in licensed children’s institutes.
 6. Of the funds appropriated in Schedule (1), up to \$205,213,000, plus any cost-of-living adjustment (COLA), is available to fund the costs of children placed in licensed children’s institutions who attend nonpublic schools based on the funding formula authorized in Chapter 914 of the Statutes of 2004.
 7. Funds available for infant units shall be allocated with the following average number of pupils per unit:
 - (a) For special classes and centers—16.
 - (b) For resource specialist programs—24.
 - (c) For designated instructional services—16.
 8. Notwithstanding any other provision of law, early education programs for infants and toddlers shall be offered for 200 days. Funds appropriated in Schedule (2) shall be allocated by the State Department of Education for the 2008–09 fiscal year to those programs receiving allocations for instructional units pursuant to Section 56432 of the Education Code for the Early Education Program for Individuals with Exceptional Needs operated pursuant to Chapter 4.4 (commencing with Section 56425) of Part 30 of Division 4 of Title 2 of the Education Code, based on computing 200-day entitlements. Notwithstanding any other provision of law, funds in Schedule (2) shall be used only for the purposes specified in Provisions 10 and 11.
 9. Notwithstanding any other provision of law, state funds appropriated in Schedule (2) in excess of the amount necessary to fund the deficated entitlements pursuant to Section 56432 of the Education Code and

Provision 10 shall be available for allocation by the State Department of Education to local educational agencies for the operation of programs serving solely low-incidence infants and toddlers pursuant to Title 14 (commencing with Section 95000) of the Government Code. These funds shall be allocated to each local educational agency for each solely low-incidence child through age two in excess of the number of solely low-incidence children through age two served by the local educational agency during the 1992–93 fiscal year and reported on the April 1993 pupil count. These funds shall only be allocated if the amount of reimbursement received from the State Department of Developmental Services is insufficient to fully fund the costs of operating the Early Intervention Program, as authorized by Title 14 (commencing with Section 95000) of the Government Code.

10. The State Department of Education, through coordination with the special education local plan areas, shall ensure local interagency coordination and collaboration in the provision of early intervention services, including local training activities, child-find activities, public awareness, and the family resource center activities.
11. Funds appropriated in this item, unless otherwise specified, are available for the sole purpose of funding 2008–09 special education program costs and shall not be used to fund any prior year adjustments, claims, or costs.
12. Of the amount provided in Schedule (1), up to \$188,000, plus any cost-of-living adjustment, shall be available to fully fund the declining enrollment of necessary small special education local plan areas pursuant to Chapter 551 of the Statutes of 2001.
13. Pursuant to Section 56427 of the Education Code, of the funds appropriated in Schedule (1) of this item, up to \$2,324,000 may be used to provide funding for infant programs, and may be used for those programs that do not qualify for funding pursuant to Section 56432 of the Education Code.
14. Of the funds appropriated in Schedule (1), up to \$29,478,000 shall be allocated to local educational agencies for the purposes of Project Workability I.
15. Of the funds appropriated in Schedule (1), up to \$1,700,000 shall be used to provide specialized services to pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.

16. Of the funds appropriated in Schedule (1), up to \$1,117,000 shall be used for a personnel development program. This program shall include state-sponsored staff development for special education personnel to have the necessary content knowledge and skills to serve children with disabilities. This funding may include training and services targeting special education teachers and related service personnel that teach core academic or multiple subjects to meet the applicable special education requirements of the Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.).
17. Of the funds appropriated in Schedule (1), up to \$200,000 shall be used for research and training in cross-cultural assessments.
18. Of the amount specified in Schedule (1), up to \$31,000,000 shall be used to provide mental health services required by an individual education plan pursuant to the federal Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.) and pursuant to Chapter 493 of the Statutes of 2004.
19. Of the amount provided in Schedule (1), \$0 is provided for cost-of-living adjustments.
20. Of the amount provided in Schedule (2), \$0 is provided for cost-of-living adjustments.
21. Of the amount appropriated in this item, up to \$1,480,000 is available for the state's share of costs in the settlement of Emma C. v. Delaine Eastin, et al. (N.D. Cal. No. C96-4179TEH). The State Department of Education shall report by January 1, 2009, to the fiscal committees of both houses of the Legislature, the Department of Finance, and the Legislative Analyst's Office on the planned use of the additional special education funds provided to the Ravenswood Elementary School District pursuant to this settlement. The report shall also provide the State Department of Education's best estimate of when this supplemental funding will no longer be required by the court. The State Department of Education shall comply with the requirements of Section 948 of the Government Code in any further request for funds to satisfy this settlement.
22. Of the funds appropriated in this item, up to \$2,500,000 shall be allocated directly to special education local plan areas for a personnel development program that meets the highly qualified teacher require-

ments and ensures that all personnel necessary to carry out this part are appropriately and adequately prepared, subject to the requirements of paragraph (14) of subdivision (a) of Section 612 of the federal Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.), and Section 2122 of the federal Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec. 6301 et seq.). The local in-service programs shall include a parent training component and may include a staff training component, and may include a special education teacher component for special education service personnel and paraprofessionals, consistent with state certification and licensing requirements. Use of these funds shall be described in the local plans. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. All programs are to include evaluation components.

23. Notwithstanding any other provision of law, state funds appropriated in Schedule (1) in excess of the amount necessary to fund the defined entitlement shall be to fulfill other shortages in entitlements budgeted in this schedule by the State Department of Education, upon Department of Finance approval, to any program funded under Schedule (1).
24. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
25. Of the funds appropriated in Schedule (1), the amount resulting from increases in federal funds reflected in the calculation performed in paragraph (1) of subdivision (c) of Section 56836.08 of the Education Code shall be allocated based on an equal amount per average daily attendance and added to each special education local plan area's base funding, consistent with paragraphs (1) to (4), inclusive, of subdivision (b) of Section 56836.158 of the Education Code. This amount may be up to \$19,000,000 less adjustments for state operations and preschool. When the final amount is determined, the State Department of Education shall provide this information to the Department of Finance and the budget committees of each house of the Legislature.

SEC. 70. Item 6110-167-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-167-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.70-Agricultural Career Technical Education Incentive Program established pursuant to Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code..... 5,174,000

Provisions:

1. As a condition of receiving funds appropriated in this item, a school district shall certify to the Superintendent of Public Instruction both of the following:
 - (a) Agricultural Career Technical Education Incentive Program funds shall be expended for the items identified in its application, except that, in items of expenditure classification 4000, only the total cost of expenses shall be required and itemization shall not be required.
 - (b) The school district shall provide at least 50 percent of the cost of the items and costs from expenditure classification 4000, as identified in its application, from other funding sources. This provision does not limit the authority of the Superintendent of Public Instruction to waive the local matching requirement established by subdivision (b) of Section 52461.5 of the Education Code.
2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
3. Of the amount appropriated in this item, \$0 is provided for a cost-of-living adjustment.

SEC. 71. Item 6110-181-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-181-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.10.025-Educational Technology, programs funded pursuant to Article 15 (commencing with Section 51870) of Chapter 5 of Part 28 of Division 4 and Chapter 3.34 (commencing with Section 44730) of Part 25 of Division 3 of Title 2 of the Education Code..... 17,611,000

Provisions:

1. Of the funds appropriated in this item, \$0 is for the purpose of a cost-of-living adjustment.
2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

- 3. As a part of the support system authorized by paragraph (5) of subdivision (a) of Section 51871 of the Education Code, the California Technology Assistance Project regional consortia shall assist school districts in using pupil achievement data to inform instruction and improve pupil learning. The regional consortia shall also support the identification and dissemination of best practices in the area of data-driven instructional improvement.

SEC. 72. Item 6110-189-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-189-0001—For local assistance, Department of Education (Proposition 98), Program 20.20.020.005-Instructional Support, for transfer to State Instructional Materials Fund pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code (Instructional Materials Block Grant)..... 417,591,000

Provisions:

- 1. The funds in this item shall be allocated to school districts to purchase standards-aligned instructional materials.
- 2. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.
- 3. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 73. Item 6110-190-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-190-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.10.021-School Apportionments, Community Day Schools established pursuant to Article 3 (commencing with Section 48660) of Chapter 4 of Part 27 of Division 4 of Title 2 of the Education Code..... 47,248,000

Provisions:

- 1. Funds appropriated in this item shall not be available for the purposes of Section 41972 of the Education Code.
- 2. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 3. An additional \$4,751,000 in expenditures for this item has been deferred until the 2009–10 fiscal year.

SEC. 74. Item 6110-193-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-193-0001—For local assistance, State Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60-Staff Development..... 32,484,000
Schedule:

- (1) 20.60.070-Instructional Support: Bilingual Teacher Training Assistance Program..... 2,138,000
- (2) 20.60.060-Instructional Support: Teacher Peer Review..... 29,944,000
- (3) 20.60.110-Instructional Support: Improving School Effectiveness-Reader Services for Blind Teachers..... 402,000

Provisions:

- 1. Notwithstanding any other provision of law, the amount appropriated in Schedule (1) shall be the maximum amount allocated for the purposes of the Bilingual Teacher Training Assistance Program established by Article 4 (commencing with Section 52180) of Chapter 7 of Part 28 of Division 4 of Title 2 of the Education Code.
- 2. Of the funds appropriated in Schedule (1), \$0 is for the purpose of providing a cost-of-living adjustment.
- 3. The funds appropriated in Schedule (2) shall be allocated in accordance with Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code. If the funds are insufficient to fully fund growth in this program, the State Department of Education may adjust the per-participant rate to conform to available funds. Funds appropriated in Schedule (2) include \$0 for the purpose of providing a cost-of-living adjustment.
- 4. Notwithstanding any other provision of law, the amount appropriated in Schedule (3) shall be the maximum amount allocated for the purposes of the Reader Services for Blind Teachers Program, for transfer to the Reader Employment Fund established by Section 45371 of the Education Code for the purposes of Section 44925 of the Education Code.
- 5. Of the funds appropriated in Schedule (3), \$0 is for the purpose of providing a cost-of-living adjustment.
- 6. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 75. Item 6110-196-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-196-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of Proposition 98 educational programs funded in this item, in lieu of the amount that otherwise would be appropriated pursuant to any other statute..... 1,772,364,000
Schedule:

- (1) 30.10.010-Special Program, Child Development, Preschool Education..... 441,854,000
- (1.5) 30.10.020-Child Care Services..... 1,857,104,000
 - (a) 30.10.020.001-Special Program, Child Development, General Child Development Programs..... 804,649,000
 - (c) 30.10.020.004-Special Program, Child Development, Migrant Day Care..... 40,570,000
 - (d) 30.10.020.007-Special Program, Child Development, Alternative Payment Program..... 257,037,000
 - (e) 30.10.020.011-Special Program, Child Development, Alternative Payment Program—Stage 2..... 369,960,000
 - (f) 30.10.020.012-Special Program, Child Development, Alternative Payment Program—Stage 3 Setaside..... 245,204,000
 - (g) 30.10.020.008-Special Program, Child Development, Resource and Referral..... 19,438,000

- (i) 30.10.020.015-Special Program, Child Development, Extended Day Care..... 35,890,000
- (j) 30.10.020.096-Special Program, Child Development, Allowance for Handicapped..... 1,997,000
- (k) 30.10.020.106-Special Program, Child Development, California Child Care Initiative..... 250,000
- (l) 30.10.020.901-Special Program, Child Development, Quality Improvement..... 67,572,000
- (m) 30.10.020.911-Special Program, Child Development, Centralized Eligibility List..... 7,900,000
- (n) 30.10.020.920-Special Program, Child Development, Local Planning Councils..... 6,637,000
- (3) 30.10.020.908-Special Program, Child Development, Cost-of-Living Adjustments..... 0
- (4) 30.10.020.909-Special Program, Child Development, Growth Adjustments..... 10,917,000
- (5) Amount payable from the Federal Trust Fund (Item 6110-196-0890)..... -537,511,000

Provisions:

1. Notwithstanding Section 8278 of the Education Code, funds available for expenditure pursuant to that section shall be expended in the current fiscal year pursuant to the following schedule:
 - (a) \$4,000,000 or whatever lesser or greater amount is necessary for accounts payable pursuant to paragraph (1) of subdivision (b) of Section 8278 of the Education Code.
 - (b) \$22,963,000 shall be available for CalWORKs Stage 3 child care.
 - (c) The Controller shall establish an account entitled "Section 8278 Expenditures in 2007" in Item 6110-196-0001, Program 30.10.060. Any unexpended General Fund balances as of June 30,

2008, or subsequent abatements, from those amounts listed in Schedules (1), (1.5)(a), (1.5)(c), (1.5)(d), (1.5)(g), (1.5)(i), (1.5)(j), (1.5)(k), (1.5)(l), and (1.5)(n), that are available pursuant to Section 8278 of the Education Code, shall be transferred to the account for the purpose of making expenditures pursuant to that section and as specified in this provision.

2. (a) Notwithstanding any other provision of law, alternative payment child care programs shall be subject to the rate ceilings established in the Regional Market Rate Survey of California child care and development providers for provider payments. When approved pursuant to Section 8447 of the Education Code, any changes to the market rate limits, adjustment factors, or regions shall be utilized by the State Department of Education and the State Department of Social Services in various programs under the jurisdiction of either department.
- (b) Notwithstanding any other provision of law, the funds appropriated in this item for the cost of licensed child care services provided through alternative payment or voucher programs, including those provided under Article 3 (commencing with Section 8220) and Article 15.5 (commencing with Section 8350) of Chapter 2 of Part 6 of Division 1 of Title 1 of the Education Code, shall be used only to reimburse child care costs up to the 85th percentile of the rates charged by providers offering the same type of child care for the same age child in that region effective March 1, 2009, based on the 2007 Regional Market Rate Survey data. The State Department of Education shall cause to be developed rate limits at the 85th percentile, based on the 2007 survey data, and submit for approval in accordance with law to the Department of Finance no later than October 1, 2008, to enable the rate limits to be reviewed and then implemented by March 1, 2009. The State Department of Education may redirect funding from funds normally reserved for new surveys to achieve this goal, as necessary.
3. Of the amount appropriated in Schedule (1), \$50,000,000 is available for Prekindergarten and Family Literacy preschool programs pursuant to Chapter 211 of the Statutes of 2006. Of the amount

appropriated in Schedule (1), \$5,000,000 is available for the provision of wraparound care to children enrolled in state preschool programs. The Superintendent of Public Instruction shall assign priority for these funds to children enrolled in prekindergarten and family literacy programs authorized by Section 8238.4 of the Education Code.

4. Funds in Schedule (1.5)(l) shall be reserved for activities to improve the quality and availability of child care, pursuant to the following:
 - (a) \$2,014,056 is for the schoolage care and resource and referral earmark.
 - (b) \$11,359,176 is for the infant and toddler earmark and shall be used for increasing the supply of quality child care for infants and toddlers.
 - (c) \$7,237,000 in one-time federal funding is available for use in the 2008–09 fiscal year. Of that amount, \$200,000 shall be used for Trustline registration workload (Chapter 3.35 (commencing with Section 1596.60) of Division 2 of the Health and Safety Code). The remaining funds shall be used for child care and development quality expenditures identified by the State Department of Education (SDE) and approved by the Department of Finance.
 - (d) From the remaining funds in Schedule (1.5)(l), the following amounts shall be allocated for the following purposes: \$4,000,000 to train former CalWORKs recipients as child care teachers, \$2,700,000 for contracting with the State Department of Social Services (DSS) for increased inspections of child care facilities, \$1,000,000 for Trustline registration workload (Chapter 3.35 (commencing with Section 1596.60) of Division 2 of the Health and Safety Code), \$500,000 for health and safety training for licensed and exempt child care providers, \$300,000 for the Health Hotline, and \$300,000 to implement a technical assistance program to child care providers in accessing financing for renovation, expansion, or construction of child care facilities.
 - (e) When developing the 2008–09 expenditure plan for proposed state and local activities to improve child care, the SDE shall follow these three principles: (1) preserve funding for activities that provide direct services and supports to families, (2) preserve funding for activities that provide

- direct services and supports to child care providers and teachers, and (3) comply with federal mandates, including quality earmarks and set-asides.
5. Of the amount appropriated in Schedule (1.5)(I), \$15,000,000 shall be for child care worker recruitment and retention programs pursuant to Section 8279.7 of the Education Code, and \$320,000 shall be for the Child Development Training Consortium.
 6. (a) The State Department of Education (SDE) shall conduct monthly analyses of CalWORKs Stage 2 and Stage 3 caseloads and expenditures and adjust agency contract maximum reimbursement amounts and allocations as necessary to ensure funds are distributed proportionally to need. The SDE shall share monthly caseload analyses with the State Department of Social Services (DSS).
 - (b) The SDE shall provide quarterly information regarding the sufficiency of funding for Stage 2 and Stage 3 to DSS. The SDE shall provide caseloads, expenditures, allocations, unit costs, family fees, and other key variables and assumptions used in determining the sufficiency of state allocations. Detailed backup by month and on a county-by-county basis shall be provided to the DSS at least on a quarterly basis for comparisons with Stage 1 trends.
 - (d) By September 30 and March 30 of each year, the SDE shall ensure that detailed caseload and expenditure data, through the most recent period for Stage 2 and Stage 3 Setaside along with all relevant assumptions, is provided to DSS to facilitate budget development. The detailed data provided shall include actual and projected monthly caseload from Stage 2 scheduled to time off of their transitional child care benefit from the last actual month reported by agencies through the next two fiscal years as well as local attrition experience. DSS shall utilize data provided by the SDE, including key variables from the prior fiscal year and the first two months of the current fiscal year, to provide coordinated estimates in November of each year for each of the three stages of care for preparation of the Governor's Budget, and shall utilize data from at least the first two quarters of the current fiscal year, and any additional monthly data as they become available for preparation of the May Revision. The DSS shall

- share its assumptions and methodology with the SDE in the preparation of the Governor's Budget.
- (e) The SDE shall coordinate with the DSS to identify annual general subsidized child care program expenditures for Temporary Assistance for Needy Families-eligible children. The SDE shall modify existing reporting forms as necessary to capture this data.
 - (f) The SDE shall provide to the DSS, upon request, access to the information and data elements necessary to comply with federal reporting requirements and any other information deemed necessary to improve estimation of child care budgeting needs.
7. Notwithstanding any other provision of law, the funds in Schedule (1.5)(f) are reserved exclusively for continuing child care for the following: (a) former CalWORKs families who are working, have left cash aid, and have exhausted their two-year eligibility for transitional services in either Stage 1 or 2 pursuant to subdivision (c) of Section 8351 or Section 8353 of the Education Code, respectively, but still meet eligibility requirements for receipt of subsidized child care services, and (b) families who received lump-sum diversion payments or diversion services under Section 11266.5 of the Welfare and Institutions Code and have spent two years in Stage 2 off of cash aid, but still meet eligibility requirements for receipt of subsidized child care services.
 8. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
 9. (a) Notwithstanding any other provision of law, the income eligibility limits pursuant to Section 8263.1 of the Education Code that were applicable to the 2007–08 fiscal year shall remain in effect for the 2008–09 fiscal year.
(b) Notwithstanding any other provision of law, the State Department of Education (SDE) shall update the 2006–07 family fee schedule by family size for use in the 2008–09 fiscal year based on the state median income at the level at which it has

been determined for the 2007–08 fiscal year for a family of four, in accordance with law. The SDE shall ensure fees are not charged to families with incomes lower than 40 percent of state median income.

10. Of the amounts provided in this item, \$0 is available to provide a cost-of-living adjustment for Schedules (1), (1.5)(a), (1.5)(c), (1.5)(d), (1.5)(g), (1.5)(i), (1.5)(j), and (1.5)(n). The maximum standard reimbursement rate shall not exceed \$34.38 per day for general child care programs and \$21.22 per day for state preschool programs. Furthermore, the migrant child care and Cal-SAFE child care programs shall adhere to the maximum standard reimbursement rates as prescribed for the general child care programs. All other rates and adjustment factors shall be revised to conform.
11. Of the amounts provided in this item, \$10,917,000 is available to provide a growth adjustment for Schedules (1), (1.5)(a), (1.5)(c), (1.5)(d), (1.5)(i), and (1.5)(j).
12. (a) Notwithstanding any other provision of law, the funds in Schedule (1.5)(m) are appropriated exclusively for developing and maintaining a centralized eligibility list in each county pursuant to Section 8227 of the Education Code. By November 1 of each year, the State Department of Education shall provide a status report on implementing eligibility lists in each county, which shall include, but is not limited to, the cost of implementation and operation of the eligibility lists in each county, and number of children and families on the list for each county.
13. Notwithstanding Section 8278.3 of the Education Code or any other provision of law, up to \$5,000,000 of the Child Care Facilities Revolving Fund balance may be allocated for use on a one-time basis for renovations and repairs to meet health and safety standards, to comply with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and to perform emergency repairs, that were the result of an unforeseen event and are necessary to maintain continued normal operation of the child care and development program. These funds shall be made available to school districts and contracting agencies that provide subsidized center-based services pursuant to the Child Care and Development Services Act (Chapter 2

(commencing with Section 8200) of Part 6 of Division 1 of Title 1 of the Education Code).

- 14. It is the intent of the Legislature to fully fund the third stage of child care for former CalWORKs recipients.

SEC. 76. Item 6110-198-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-198-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, for allocation to school districts and county offices of education, in lieu of the amount that otherwise would be appropriated pursuant to statute..... 58,091,000

Schedule:

- (1) 20.60.220-Cal-SAFE Academic and Supportive Services..... 19,863,550
- (2) 20.60.221-All Services for Non-converting Pregnant Minors Programs..... 13,369,750
- (3) 30.10.020-Cal-SAFE Child Care..... 24,857,700

Provisions:

- 2. The amounts appropriated in Schedules (1), (2), and (3) are based on estimates of the amounts required by existing programs for operation of Cal-SAFE programs in the current year. By October 31 of each year, the State Department of Education (SDE) shall submit to the Department of Finance current expenditure data for both the prior fiscal year and the current year showing each agency’s allocation and supporting detail including average daily attendance and child care attendance and enrollment data. The SDE shall also provide estimates of average daily attendance and child care to be provided in the budget year.
- 3. Funds appropriated in Schedule (2) are available to provide funding for all child care, as well as both academic and supportive services for programs choosing to retain their Pregnant Minors Program revenue limit. Notwithstanding any other provision of law, the State Department of Education shall compute allocations to these agencies using the respective agencies’ 1998–99 Pregnant Minors Program revenue limits. Further, notwithstanding any other provision of law, programs which choose to retain their Pregnant Minors Program revenue limit rather than convert to the Cal-SAFE revenue limit must provide child care within the revenue limit funding for children of pupils comprising base year average daily attendance.

- 4. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 5. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
- 6. Notwithstanding Section 26.00, the State Department of Education may transfer expenditure authority between Schedule (1) Cal-SAFE Academic and Supportive Services and Schedule (2) All Services for Nonconverting Pregnant Minors Programs, to accurately reflect expenditures in these programs, upon approval of the Department of Finance and notification of the Legislature.
- 7. In the event that funding in this item is insufficient to serve all eligible pupils, the State Department of Education shall prorate the amounts in Schedules (1) and (2).

SEC. 77. Item 6110-201-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-201-0890—For local assistance, Department of Education, Program 30.20-Child Nutrition, payable from the Federal Trust Fund..... 1,756,657,000

Schedule:

- (1) 30.20.010-Child Nutrition Programs..... 1,724,207,000
- (2) 30.20.040-Summer Food Service Program..... 32,450,000

Provisions:

- 1. Of the amount appropriated in Schedule (1), \$2,755,000 is provided from one-time federal funds for Fresh Fruit and Vegetable Program grants to local educational agencies.

SEC. 78. Item 6110-202-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-202-0001—For local assistance, Department of Education, Program 30.20.010-Child Nutrition Programs..... 11,742,000

Provisions:

- 1. Funds appropriated are for child nutrition programs pursuant to Section 41311 of the Education Code. Claims for reimbursement of meals pursuant to this appropriation shall be submitted no later than September 30, 2009, to be eligible for reimbursement.

- 2. Funds appropriated shall be available for allocation in accordance with Section 49536 of the Education Code, except that the allocation shall not be made based on all meals served, but based on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code.
- 3. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.

SEC. 79. Item 6110-203-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-203-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 30.20.010-Child Nutrition Programs, established pursuant to Sections 41311, 49501, 49536, 49550, 49552, and 49559 of the Education Code..... 125,685,000

Schedule:

- (1) 30.20.010-Child Nutrition Programs.... 126,027,000
- (2) Reimbursements..... -342,000

Provisions:

- 1. Funds appropriated in Schedule (1) shall be allocated pursuant to Section 41311 of the Education Code. Claims for reimbursement of meals pursuant to this allocation shall be submitted by school districts on or before September 30, 2009, to be eligible for reimbursement.
- 2. Funds designated for child nutrition programs in Schedule (1) shall be allocated in accordance with Section 49536 of the Education Code; however, the allocation shall be based not on all meals served, but on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code.
- 4. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 5. Of the funds appropriated in this item, \$2,404,000 is for the purpose of providing a growth adjustment due to an increase in the projected number of meals served.
- 6. If the appropriation in this item is insufficient to fully fund all eligible reimbursement claims pursuant to Section 49430.5 of the Education Code, the State Department of Education shall reimburse eligible claims at a prorated share of the funds appropriated by this item.

- 7. The State Department of Education shall notify the Department of Finance in writing 30 days prior to paying prior year reimbursement claims from this item pursuant to Section 16304.1 of the Government Code. No reimbursements shall be made prior to final approval of the Department of Finance.

SEC. 80. Item 6110-204-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-204-0001—For local assistance, Department of Education (Proposition 98), Program 20-Instructional Support for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction..... 72,752,000

Provisions:

- 1. The funds appropriated in this item are available to assist eligible pupils, pursuant to Section 37254 of the Education Code, who are required to pass the California High School Exit Examination in order to receive a diploma.
- 2. Of the amount appropriated in this item, \$0 is to provide a cost-of-living adjustment.
- 3. The per-pupil amount for grade 12 may not exceed \$520 in the 2008–09 fiscal year.
- 4. The funds in this item shall be allocated by the State Department of Education as specified in this item no later than October 1 of each fiscal year.

SEC. 81. Item 6110-209-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-209-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.090.002-Teacher Dismissal Apportionments, for transfer to Section A of the State School Fund and allocation by the Controller for payment of claims received pursuant to Section 44944 of the Education Code..... 48,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.

SEC. 82. Item 6110-211-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-211-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60.036 for Categorical Programs for charter schools, in accordance with Sections 47634 and 47634.1 of the Education Code..... 183,865,000

Provisions:

1. The State Department of Education shall provide an estimate of average daily attendance expected to be claimed for this item for the 2009–10 fiscal year to the Department of Finance and the Legislative Analyst’s Office by October 1 of each year, for use in developing the Governor’s Budget. The State Department of Education shall provide an update of the estimate by March 31 of each year, for preparation of the May Revision.
2. An additional \$5,947,000 in expenditures for this item has been deferred until the 2009–10 fiscal year.

SEC. 83. Item 6110-224-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-224-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Year-Round School Grant Program established pursuant to Article 3 (commencing with Section 42260) of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code..... 96,802,000

Schedule:

(1) 10.10.950.002-Operations Grants..... 96,802,000

Provisions:

1. The following provisions govern funds appropriated for the Year-Round School Grant Program (Article 3 (commencing with Section 42260) of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code):
 - (a) Applications for year-round school grants pursuant to Section 42263 of the Education Code shall be received annually by the Superintendent of Public Instruction no later than September 1 of the year for which payment is sought; applications received after that date may not be processed. If the funds available for a fiscal year are insufficient to fully fund all eligible grants pursuant to Section 42263 of the Education Code, the Superintendent shall at that time provide all approved claims with a prorated share of the funds made available for those grants pursuant to this item.

- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
- 3. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.

SEC. 84. Item 6110-228-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-228-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.020.011-School Safety Block Grant, for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction..... 61,310,000

- Provisions:
- 1. The funds appropriated are available to fund block grants for middle and junior high schools and high schools that serve grades 8 to 12, inclusive, pursuant to Article 3.6 (commencing with Section 32228) and Article 3.8 (commencing with Section 32239.5) of Chapter 2 of Part 19 of Division 1 of Title 1 of the Education Code. An additional \$38,720,000 in expenditures for this purpose has been deferred to the 2009–10 fiscal year. Of the amount deferred, \$1,000,000 shall be made available for county offices of education pursuant to Article 3.6 (commencing with Section 32228) of Chapter 2 of Part 19 of Division 1 of Title 1 of the Education Code.
 - 2. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
 - 3. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
 - 4. The funds appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for comprehensive school safety plans. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.

SEC. 85. Item 6110-232-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-232-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.26, Program to Reduce Class Size in Two Courses in Grade 9 pursuant to Chapter 6.8 (commencing with Section 52080) of Part 28 of Division 4 of Title 2 of the Education Code..... 101,130,000

Provisions:

1. Schools participating in this program shall receive a per-pupil rate of \$213 pursuant to Section 52086 of the Education Code.

SEC. 86. Item 6110-234-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-234-0001—For local assistance, Department of Education (Proposition 98), Program 10.25, for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2 of the Education Code..... 1,815,453,000

Provisions:

1. Schools participating in Option One shall receive a per-pupil rate of \$1,071. Schools participating in Option Two shall receive a per-pupil rate of \$535.

SEC. 87. Item 6110-240-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-240-0001—For local assistance, Department of Education (Proposition 98)..... 3,057,000

Schedule:

- (1) 10.80.030-Instruction: International Baccalaureate Diploma Program..... 1,273,000
- (2) 20.70-Instructional Support: Assessments (Advanced Placement Fee Waiver Program)..... 1,784,000

Provisions:

1. The funds appropriated in Schedule (1) shall be for the International Baccalaureate Diploma Program authorized by Chapter 12.5 (commencing with Section 52920) of Part 28 of Division 4 of Title 2 of the Education Code.
2. The funds appropriated in Schedule (2) shall be for grants for advanced placement examination fees as authorized by Chapter 8.3 (commencing with Section

52240) of Part 28 of Division 4 of Title 2 of the Education Code.

- 3. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 4. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 88. Item 6110-243-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-243-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the unscheduled Pupil Retention Block Grant pursuant to Article 2 (commencing with Section 41505) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code..... 96,954,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.
- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 89. Item 6110-244-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-244-0001—For local assistance, Department of Education (Proposition 98), Program 20.60 for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for the Teacher Credentialing Block Grant pursuant to Article 4 (commencing with Section 41520) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code..... 128,671,000

Provisions:

- 1. Of the funds appropriated in this item, \$3,329,000 is available to support the Teacher Credentialing Block Grant regional infrastructure.
- 2. It is the intent of the Legislature that first-year holders of preliminary teaching credentials, as defined in subdivision (b) of Section 44259 of the Education Code, be afforded first priority for funding appropriated in this item. To the extent that any funds appropriated in this item remain after all first-year holders of preliminary teaching credentials have been served,

those funds may be used to serve second-year holders of preliminary teaching credentials.

- 3. If funds are insufficient to service all second-year holders of preliminary teaching credentials, the State Department of Education shall prorate the funds to conform to the amount remaining in this item, consistent with Provision 2.
- 4. Of the funds appropriated in this item, \$0 is provided for a cost-of-living adjustment for a total per-participant rate of \$4,069.
- 5. The funds in this item shall be made available only to beginning teachers, as defined in Section 44279.1 of the Education Code, serving in their first or second year of service in California.

SEC. 90. Item 6110-245-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-245-0001—For local assistance, Department of Education (Proposition 98), Program 20.60 for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for the Professional Development Block Grant, pursuant to Article 5 (commencing with Section 41530) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code..... 273,289,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 2. The funds appropriated in this item reflect a reduction to the base of 0.52 percent for a decline in statewide average daily attendance.

SEC. 91. Item 6110-246-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-246-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the unscheduled Targeted Instructional Improvement Block Grant pursuant to Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code..... 970,019,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
- 3. Notwithstanding any other provision of law, an additional \$100,118,000 in expenditures for this item has been deferred until the following fiscal year.

SEC. 92. Item 6110-247-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-247-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the unscheduled School and Library Improvement Block Grant pursuant to Article 7 (commencing with Section 41570) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code..... 463,031,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.
- 2. The funds appropriated in this item also reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.

SEC. 93. Item 6110-248-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-248-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the unscheduled School Safety Consolidated Competitive Grant pursuant to Article 3 (commencing with Section 41510) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code..... 17,956,000

Provisions:

- 1. Of the funds appropriated in this item, \$0 is for the purpose of providing a cost-of-living adjustment.
- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.52 percent for a statewide decline in average daily attendance.
- 3. Notwithstanding any other provision of law, up to \$400,000 of the funds appropriated in this item may be used for contracts with county offices of education to provide regional training in safe school planning and crisis response and for statewide coordination of such training.

- 4. The funds contained in this item shall first be used to offset any state-mandated reimbursable costs that may otherwise be claimed for the state mandates reimbursable process of implementing Chapter 996 of the Statutes of 1999. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.

SEC. 94. Item 6110-260-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-260-0001—For local assistance, Department of Education (Proposition 98), 20.11-Instructional Support: Physical Education Teacher Incentive Grants..... 41,812,000
Provisions:

- 1. The funds appropriated in this item are for transfer by the Controller to the Superintendent of Public Instruction to provide incentive grants to schools serving kindergarten or any of grades 1 to 8, inclusive, to support the hiring of more credentialed physical education teachers.
These grants shall be allocated in the amount of \$36,586 per schoolsite to the districts that were randomly selected in 2006–07 in order to hire teachers to provide instruction in physical education courses.
- 2. As a condition of receipt of funds, school districts identified through the process required pursuant to Section 41020 of the Education Code as not meeting the required physical education instruction minutes required in Sections 51210, 51222, and 51223 of the Education Code, shall be required to provide a plan to the county office of education that corrects the deficient physical education minutes for the following school year and, to the extent practicable, make up the deficient minutes identified.
- 3. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

SEC. 95. Item 6110-265-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-265-0001—For local assistance, Department of Education (Proposition 98), Program 20.15—Arts and Music Block Grant..... 109,757,000

Provisions:

1. The funds appropriated in this item shall be for the purpose of providing block grants to school districts, charter schools, and county offices of education to support standards-aligned arts and music instruction in kindergarten and grades 1 to 12, inclusive. Local educational agencies shall use these funds to supplement, and not supplant, existing resources for arts and music.
2. (a) (1) The State Department of Education shall allocate the funding to districts, charter schools, and county offices of education on the basis of an equal amount per pupil, provided that a minimum of \$2,228 shall be allocated for schoolsites with 20 or fewer pupils and a minimum of \$3,564 shall be allocated for schoolsites with more than 20 pupils.
 - (2) Except as provided in subdivision (b), the governing board of a district, charter school, or county office of education shall distribute funds received pursuant to this item to all schoolsites on the basis of an equal amount per pupil or the schoolsite minimums as set forth in paragraph (1), whichever of the two amounts is greatest.
- (b) If the governing board elects not to allocate funds to schoolsites in the amounts specified pursuant to paragraph (2) of subdivision (a), the governing board shall do both of the following:
 - (1) Adopt a resolution to that effect at a public meeting. The resolution shall specify how the funds are to be allocated among schoolsites and for districtwide purposes and the reasons for those allocations.
 - (2) Prior to the public meeting, inform schoolsite councils, schoolwide advisory groups, or school support groups, as applicable, of the content of the proposed resolution and of the time and location where the resolution is proposed to be adopted.
- (c) By February 2, 2009, as a condition of receipt of funds, the governing board of each school district shall provide a summary report to the State Department of Education of how these funds were expended or are proposed to be expended, the number of pupils, and the grade levels served. The department shall collect and compile this

data and report that information to the Legislature and the Governor.

- (d) For purposes of this provision, “school district” means a school district, county office of education, state special school, or direct-funded charter school, as described in paragraph (1) of subdivision (a) of Section 47651 of the Education Code.
- 3. The funds appropriated in this item may be used for hiring of additional staff and for ongoing support of staff hired under the grant program, purchase of new or used materials, books, supplies, and equipment, and implementing or increasing staff development opportunities, as necessary to support standards-aligned arts and music instruction.
- 4. Of the funds appropriated in this item, \$0 is provided for the purpose of a cost-of-living adjustment.

SEC. 96. Item 6110-267-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-267-0001—For local assistance, Department of Education (Proposition 98), Program 20-Instructional Support for Certificated Staff Mentoring Program..... 11,707,000

Provisions:

- 1. The funds appropriated in this item shall be allocated by the Superintendent of Public Instruction to school districts for the purpose of encouraging excellent, experienced teachers to teach in staff priority schools and to assist teacher interns during their induction and first years of teaching, pursuant to Article 6 (commencing with Section 44560) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code.
- 2. Of the funds appropriated in this item, \$0 is provided for a cost-of-living adjustment for a total per-participant rate of \$6,273.

SEC. 97. Item 6110-488 of Section 2.00 of the Budget Act of 2008 is amended to read:

6110-488—Reappropriation (Proposition 98), Department of Education. Notwithstanding any other provision of law, the unobligated balances from the following items are available for reappropriation for the purposes specified in Provisions 1, 2, and 3:

0001—General Fund

- (1) \$12,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated

- for preschool education and child care programs in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003), as carried forward per Provision 1 of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (2) \$1,441,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for preschool education and child care programs in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004), as carried forward per Provision 1 of Item 6110-196-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (3) \$3,663,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for preschool education and child care programs in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), \$1,749,000 of which was carried forward per Provision 1 of Item 6110-196-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (4) \$12,921,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for CalWORKs Stage 2 and Stage 3 child care in Schedules (1.5)(e) and (1.5)(f) of Item 6110-196-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (6) \$18,120,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for preschool education and child care programs in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), with the exception of Schedules (1.5)(e) and (1.5)(f) for CalWORKs child care programs.
 - (7) \$8,000,000 of the amount appropriated to the Child Care Facilities Revolving Fund established pursuant to Section 8278.3 of the Education Code from Section 2.00 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (8) \$5,000,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the provision of wraparound care to children enrolled in preschool programs pursuant to Section 8238.6 of the Education Code (Ch. 211, Stats. 2006).
 - (9) \$48,000 or whatever greater or lesser amount reflects the unexpended funds from subdivision (a) of Section 9 of Chapter 734 of the Statutes of 1999.

- (10) \$21,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Community-Based English Tutoring pursuant to Section 315 of the Education Code, as enacted by Proposition 227 in 1998.
- (11) \$9,200,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for juvenile education in Item 5225-011-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
- (12) \$76,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Small School District Bus Replacement in Schedule (2) of Item 6110-111-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (13) \$488,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Home to School Transportation in Schedule (1) of Item 6110-111-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (14) \$545,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the California High School Exit Examination in Schedule (4) of Item 6110-113-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (15) \$2,060,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Assessment Review and Reporting and the STAR Program in Schedules (1) and (2) of Item 6110-113-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
- (16) \$19,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for transfer to the State School Fund for specialized secondary programs in Item 6110-122-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (17) \$17,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Immediate Intervention/Underperforming Schools Program Corrective Actions in Schedule (3) of Item 6110-123-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (18) \$2,993,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the implementation of the Public Schools Accountability Act of 1999 for the Immediate Intervention/Underperforming Schools Program Corrective

- Actions in Schedule (2) of Item 6110-123-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (19) \$615,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the implementation of the Public Schools Accountability Act of 1999 for the Immediate Intervention/Underperforming Schools Program Corrective Actions in Schedule (2) of Item 6110-123-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (20) \$5,149,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the English Language Learners Program in Schedule (2) of Item 6110-125-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (21) \$5,149,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the English Language Acquisition Program in Schedule (2) of Item 6110-125-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (22) \$109,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for transfer to the State School Fund for Economic Impact Aid in Schedule (1) of Item 6110-128-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (23) \$4,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for transfer to the State School Fund for Economic Impact Aid in Item 6110-128-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (24) \$1,500,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Administrator Training Program in Item 6110-144-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (25) \$7,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the American Indian Early Childhood Education Program in Item 6110-150-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (26) \$110,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for American Indian Education Centers in Schedule (1) of Item 6110-151-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (27) \$177,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated

- for American Indian Education Centers in Item 6110-151-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (28) \$1,385,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for adults in correctional facilities in Item 6110-158-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (29) \$107,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for special education instruction in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (30) \$21,919,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for special education instruction in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (31) \$57,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for vocational education for partnership academies in Item 6110-166-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (32) \$23,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Agricultural Vocational Education Incentive Program in Item 6110-167-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (33) \$369,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for educational technology programs in Item 6110-181-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (34) \$369,000 or whatever greater or lesser amount reflects the unexpended balance of the amount transferred to the State School Fund for educational technology programs in Item 6110-181-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (35) \$27,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for staff development for teacher peer review in Schedule (2) of Item 6110-193-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (36) \$95,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Bilingual Teacher Training Assistance Program and teacher peer review in Schedules (1) and (2) of

- Item 6110-193-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (37) \$43,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for transfer to the State School Fund for teacher dismissal apportionments in Item 6110-209-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (38) \$13,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for School Community Policing Partnership Competitive Grants Program in Schedule (5) of Item 6110-228-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
 - (39) \$21,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the International Baccalaureate Diploma Program in Schedule (1) of Item 6110-240-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (40) \$6,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Teacher Credentialing Block Grant Program in Item 6110-244-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (41) \$79,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the School and Library Improvement Block Grant Program in Item 6110-247-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (42) \$186,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the School and Library Improvement Block Grant Program in Item 6110-247-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (43) \$30,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Physical Education Teacher Incentive Grant Program in Item 6110-260-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (44) \$641,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated to county offices of education for site visits for Williams audits in Item 6110-266-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (45) \$101,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Charter School Facility Grant Program in

- Schedule (7) of Item 6110-485 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (46) \$600,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Principal Training Program in Schedule (8) of Item 6110-485 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 - (47) \$25,645,000 or whatever greater or lesser amount reflects the unexpended balance for the After School Education and Safety Program in Item 6110-649-0001 from the 2004–05 fiscal year appropriation pursuant to Section 8483.5 of the Education Code, as enacted by Proposition 49 in 2002.
 - (48) \$178,352,000 or whatever greater or lesser amount reflects the unexpended balance for the After School Education and Safety Program in Item 6110-649-0001 from the 2007–08 fiscal year appropriation pursuant to Section 8483.5 of the Education Code, as enacted by Proposition 49 in 2002, and pursuant to Section 8483.51 of the Education Code as enacted by Chapter 2 of the Statutes of 2008, Third Extraordinary Session.
 - (49) \$20,000,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for special education instruction in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
 - (50) \$520,000 or whatever greater or lesser amount reflects the unexpended balance for the After School Education and Safety Program in Item 6110-649-0001 from the 2006–07 fiscal year appropriation pursuant to Section 8483.5 of the Education Code, as enacted by Proposition 49 in 2002, and pursuant to Section 8483.51 of the Education Code, as enacted by Chapter 2 of the Statutes of 2008, Third Extraordinary Session.

Provisions:

- 2. The sum of \$295,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction, on a one-time basis, to the County Office Fiscal Crisis and Management Assistance Team (FCMAT) to conduct comprehensive assessments pursuant to Section 41327.1 of the Education Code. Of the amount appropriated in this paragraph, FCMAT shall use \$60,000 for the assessment of the Oakland Unified School District, \$125,000 for an assessment of the Vallejo City Unified School District, and \$110,000 for an as-

assessment of the West Fresno Elementary School District. FCMAT shall provide a copy of the written report to the appropriate fiscal and policy committees of the Legislature, the Members of the Legislature representing those school districts, any advisory councils of those school districts, the Superintendent of Public Instruction, the county superintendents of schools with jurisdiction over those school districts, the Department of Finance, and the Office of the Secretary for Education. The amount reappropriated pursuant to this section is for use in the 2008–09 fiscal year.

- 3. The sum of \$163,051,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the purpose of funding CalWORKs Stage 2 child care. The amount reappropriated pursuant to this provision is for use in the 2008–09 fiscal year.
- 4. The sum of \$164,686,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the purpose of funding CalWORKs Stage 3 child care. The amount reappropriated pursuant to this provision is for use in the 2008–09 fiscal year.

SEC. 97.5. Item 6120-011-6029 of Section 2.00 of the Budget Act of 2008 is amended to read:

6120-011-6029—For support of California State Library, Program 10-State Library Services-Administration of the California Cultural and Historical Endowment, authorized by Chapter 157 of the Statutes of 2003, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 1,000,000

Provisions:

- 1. The expenditure of funds from this item shall not exceed the amount authorized for administration from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40).

SEC. 98. Item 6440-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6440-001-0001—For support of University of California..... 3,000,920,000

Schedule:

(1) Support.....	3,123,516,000
(2) Charles R. Drew Medical Program.....	8,738,000
(3) Acquired Immune Deficiency Syndrome (AIDS) Research.....	9,214,000
(4) Student Financial Aid.....	52,199,000
(5) Loan Repayments.....	5,105,000
(6) San Diego Supercomputer Center.....	3,240,000
(8) Unallocated Reduction.....	-201,092,000

Provisions:

1. The appropriations made in this item are exempt from Section 31.00.
2. None of the funds appropriated in this item may be expended to initiate major capital outlay projects by contract without prior legislative approval, except for cogeneration and energy conservation projects. Funds appropriated in this item may be used for capital expenditures as well as payment of debt service for such exempted capital projects. Exempted projects shall be reported in a manner consistent with the reporting procedures in subdivision (e) of Section 28.00.

Funds appropriated in this item may be used for capital expenditures as well as payment of debt service associated with the Energy Partnership Program, whereby the University of California will receive financial incentives from state investor-owned utilities to undertake energy conservation projects. The use of state operations funding for these energy savings projects may not infringe on the university's funding for its instructional support activities. The Director of Finance may authorize program expenditures for the list of planned projects not sooner than 30 days after notification in writing is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee. The list of planned projects submitted for approval for a given funding cycle should be all-inclusive and may include projects that eventually may not be initiated during that funding cycle. A project not included on the list of planned projects for that funding cycle, but with which the university wishes to proceed during the budget year, may be treated as an exempted project as described above and reported in a manner consistent with the reporting procedures in subdivision

- (e) of Section 28.00. No later than November 15 of each year, the university shall prepare a report describing the identified projects funded under the Energy Partnership Program in the prior year. The report shall include the cost of each project, how the cost is being funded, including the amount funded from support budget funds and investor-owned utility incentive awards, and the projected amount of energy savings. These reports will sunset at the end of the program.
3. The funds appropriated in Schedule (2) are for support of University of California programs of clinical health sciences education, research, and public service, conducted in conjunction with the Charles R. Drew University of Medicine and Science, as provided for in Sections 1, 2, and 3 of Chapter 1140 of the Statutes of 1973. Of the funds appropriated, \$500,000 is contingent upon the provision by the University of California of an equal amount of matching funds from its own resources. The University of California shall ensure by adequate controls that funds appropriated in Schedule (2) are expended solely for the support of the program identified in that schedule.
 4. The funds appropriated in Schedule (4) are for support of Program 45, Student Financial Aid, to provide financial aid to needy students attending the University of California, according to the nationally accepted needs analysis methodology.
 5. Of the funds appropriated in Schedule (1), \$2,762,129 is for payment of energy service contracts in connection with the issuance of State Public Works Board Energy Efficiency Revenue Bonds.
 6. Of the funds appropriated in Schedule (5), \$2,700,000 is for repayment of \$25,000,000 borrowed by the University of California for deferred maintenance in the 1994–95 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2009–10 fiscal year.
 7. Of the funds appropriated in Schedule (5), \$2,405,000 is for repayment of \$25,000,000 borrowed by the University of California for deferred maintenance in the 1995–96 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2010–11 fiscal year.
 8. Of the funds appropriated in Schedule (1), \$1,897,200 is for the California State Summer School for Mathematics and Science (COSMOS). The University of California shall report on the outcomes and effective-

- ness of COSMOS every five years, commencing April 1, 2011.
9. The University of California (UC) shall report to the Legislature and the Governor by February 1 of each year on its progress toward increasing the quality and supply of science and mathematics teachers resulting from implementation of the Science and Math Teacher Initiative. This report shall include the following information: (a) annual number of mathematics and science teachers awarded credentials (by each UC campus) beginning with the 2004–05 academic year (before the state first provided funding for the initiative), (b) an expenditure plan on the use of the funds appropriated in this item, (c) the effectiveness of the initiative’s different components and activities, including an identification of best practices, and (d) the job placement of students who earn a mathematics or science teaching credential, including the location of the K–12 school of employment and whether it is in an urban, rural, or suburban setting.
 10. The University of California shall report to the Legislature by March 15, 2009, on whether it has met its 2008–09 academic year enrollment goal.
 11. Of the funds appropriated in Schedule (1), \$1,050,000 is to support 70 full-time equivalent students in the Program in Medical Education (PRIME) at the Irvine, Davis, San Diego, and San Francisco campuses. The primary purpose of this program is to train physicians specifically to serve in underrepresented communities. The University of California shall report to the Legislature by March 15, 2009, on (a) its progress in implementing the PRIME program and (b) the use of the total funds provided for this program from both state and nonstate resources.
 12. The university shall report to the Legislature and the Governor by May 1, 2009, on the total enrollment in the 2007–08 and 2008–09 academic years in the entry-level clinical and master’s degree nursing programs and the master’s of science nursing degree programs.
 13. It is the intent of the Legislature that the University of California submit an annual report by March 1 of each year through the 2010–11 fiscal year to the Joint Legislative Budget Committee, legislative fiscal subcommittees, and the Department of Finance on the university’s progress in reforming its compensation policies and practices, reflecting the criteria specified in Provi-

- sion 27 of Item 6440-001-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
14. Of the funds appropriated in Schedule (1), \$19,300,000 is for student academic preparation and education programs (SAPEP) and is to be matched with \$12,000,000 from existing university resources, for a total of \$31,300,000 for these programs. The University of California shall provide a plan to the Department of Finance and the fiscal committees of each house of the Legislature for expenditure of both state and university funds for SAPEP by September 1 of each year. It is the intent of the Legislature that the university report on the use of state and university funds provided for these programs, including detailed information on the outcomes and effectiveness of academic preparation programs consistent with the accountability framework developed by the university in April 2005. The report shall be submitted to the fiscal committees of each house of the Legislature no later than April 1, 2009.
 15. The amount appropriated in Schedule (1) reflects a reduction of \$32,300,000 to institutional support.
 16. Of the amount appropriated in Schedule (1), \$15,000,000 shall be redirected from funds budgeted for compensation of administrators of the University of California, including administrators at the campuses and in the Office of the President, to support salary increases and a step pay system for low wage service employees.
 17. Of the funds appropriated in Schedule (1), \$693,000 is for the Welfare Policy Research Project, pursuant to Article 9.7 (commencing with Section 11526) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.
 18. Of the funds appropriated in Schedule (1), \$427,500 shall be expended for the Center for Earthquake Engineering Research, contingent upon the center continuing to receive federal matching funds from the National Science Foundation.
 19. Of the funds appropriated in Schedule (1), \$346,500 shall be expended for viticulture and enology research, contingent upon the receipt of an equal amount of private sector matching funds.
 20. Of the funds appropriated in Schedule (1), \$16,200,000 is for substance abuse research at the Department of Neurology at the University of California, San Francisco.

- 21. Of the funds appropriated in Schedule (1), \$693,000 shall be used for lupus research at the University of California, San Francisco.
- 22. Of the funds appropriated in Schedule (1), \$1,385,100 shall be used to expand spinal cord injury research.
- 23. Of the funds appropriated in Schedule (1), \$3,463,000 is to fund the Medical Investigation of Neurodevelopment Disorders (MIND) Institute, including \$3,150,000 for a research grants program.
- 24. Of the funds appropriated in Schedule (1), \$5,400,000 is to support research on labor and employment and labor education throughout the University of California system. Of these funds, 60 percent shall be for labor research and 40 percent shall be for labor education.
- 25. The amount appropriated in this item reflects a \$5,000,000 one-time reduction to the Subject Matter Projects. An identical amount is appropriated in Item 6110-195-0890 from federal Title II carryover funds to ensure the projects can be maintained in the 2008–09 fiscal year.
- 26. To the extent funds are available in Schedule (1), and contingent upon the receipt of an equal amount of private sector matching funds, the University of California shall allocate funds for the California Institute for Quantitative Biosciences for the purpose of enhancing innovative, cost-effective technologies and therapies in health care.

SEC. 99. Item 6440-301-0660 is added to Section 2.00 of the Budget Act of 2008, to read:

6440-301-0660—For capital outlay, University of California, payable from the Public Buildings Construction Fund.....	204,637,000
Schedule:	
Berkeley Campus:	
(1) 99.01.270-Biomedical and Health Sciences Building—Preliminary plans, working drawings, and construction.....	52,700,000
Davis Campus:	
(2) 99.03.350-Veterinary Medicine 3B—Construction.....	64,737,000
Los Angeles Campus:	
(3) 99.04.285-Hershey Hall Seismic Renovation—Working drawings and construction.....	23,100,000
Riverside Campus:	

- (4) 99.05.200-Environmental Health and Safety Expansion—Working drawings and construction..... 16,619,000
- San Diego Campus:
- (5) 99.06.390-Management School Facility Phase 2—Working drawings and construction..... 26,075,000
- Santa Barbara Campus:
- (6) 99.08.135-Arts Building Seismic Corrections and Renewal—Construction..... 21,406,000

Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the design and construction of the projects authorized by this item.
2. The University of California is directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
3. The State Public Works Board shall not be deemed to be the lead or responsible agency for the purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the University of California from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.
4. Notwithstanding Section 1.80 or any other provision of law, the appropriation made in this item is available for encumbrance until June 30, 2012.
5. Notwithstanding any other provision of law, the State Public Works Board may not authorize interim financing for the project funded in Schedule (1) until the University of California provides the board with a complete funding plan for the full build-out and the board determines that the funds provided in this item may be used in conjunction with other funding sources in the funding plan.

SEC. 100. Item 6440-302-6041 of Section 2.00 of the Budget Act of 2008 is amended to read:

6440-302-6041—For capital outlay, University of California, payable from the 2004 Higher Education Capital Outlay Bond Fund.....	5,802,000
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Schedule:

Los Angeles Campus:

(1) 99.04.265-Life Sciences Replacement Building—Construction.....	5,802,000
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Provisions:

1. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the University of California may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.
2. The University of California shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by the University of California within the total appropriation made in this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated in this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated in this item. This condition does not limit the authority of the University of California to use nonstate funds.
3. The University of California shall complete each project identified in the above schedule without any change to its scope. The scope of a project, in this respect, means the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the University of California to the Department of Finance:
 - (a) the program elements related to project type and
 - (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.
4. Notwithstanding any other provision of law, the appropriation made in this item is available for encumbrance until June 30, 2010, except that funds appropriated for construction only must be bid by June 30, 2009, and are available for expenditure until June 30, 2010, and that funds appropriated for equipment purposes are

available for encumbrance until June 30, 2011. For the purpose of encumbrance, funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the project also may be used during the liquidation period to fund the purposes described in Provision 5.

- 5. Identified savings in a budget for a capital outlay project, as appropriated in this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used without further approval: (a) to augment projects consistent with Provision 2, (b) to proceed further with the underground storage tank correction program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with the design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), or (e) to fund minor capital outlay projects.
- 6. No later than December 1 of each year, the University of California shall submit a report outlining the expenditures for each project of the funds appropriated in this item to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the fiscal committees of each house of the Legislature, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used, (b) a certification that each project, as proceeding or as completed, has remained within its scope and the amount funded for that project under this item, and (c) an evaluation of the outcome of the project measured against performance criteria.

SEC. 101. Item 6440-304-6048 of Section 2.00 of the Budget Act of 2008 is amended to read:

6440-304-6048—For capital outlay, University of California, payable from the 2006 University Capital Outlay Bond Fund.....	39,850,000
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Schedule:

Statewide:

(.5) 99.00.100-Statewide Telemedicine Services Expansion—Equipment..... 10,000,000

San Francisco Campus:

(1) 99.02.155-Telemedicine and PRIME Urban Underserved Education Facilities—Construction and equipment..... 29,100,000

Davis Campus:

(2) 99.03.365-Telemedicine Resource Center and Rural PRIME Facility—Equipment..... 750,000

Provisions:

1. If savings are identified in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, those savings may be used for the following purposes: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), or (e) to fund minor capital outlay projects.

Not later than November 1 of each year, the University of California shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house of the Legislature.

2. The funds appropriated in this item shall be available for expenditure only if the University of California requires the payment of prevailing wage rates by the contractors and subcontractors on all projects in this item and on all other capital outlay projects undertaken by the University of California that are funded using nonstate funds or are otherwise not financed with the

funds appropriated in this item. This requirement shall represent a moratorium on granting further exceptions to paying prevailing wage rates until June 30, 2009.

SEC. 102. Item 6610-301-0660 is added to Section 2.00 of the Budget Act of 2008, to read:

6610-301-0660—For capital outlay, California State University, payable from the Public Buildings Construction Fund..... 223,788,000
Schedule:

- (1) 06.50.066-Bakersfield: Art Center and Satellite Plant—Working drawings and construction..... 17,681,000
- (2) 06.51.010-Maritime Academy: Physical Education Replacement—Preliminary plans, working drawings, and construction..... 34,751,000
- (3) 06.74.008-Monterey Bay: Academic Building II—Preliminary plans, working drawings, and construction..... 40,599,000
- (4) 06.83.003-Channel Islands: Classroom and Faculty Office Renovation and Addition—Construction..... 29,686,000
- (5) 06.96.116-San Luis Obispo: Center for Science—Construction..... 101,071,000

Provisions:

- 1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the design and construction of the projects authorized by this item.
- 2. The California State University is directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
- 3. The State Public Works Board shall not be deemed to be the lead or responsible agency for the purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the California State University from the require-

ments of the California Environmental Quality Act. This provision is declaratory of existing law.

- 4. Notwithstanding Section 1.80 or any other provision of law, the appropriation made in this item is available for encumbrance until June 30, 2012.

SEC. 102.5. Item 6610-491 is added to Section 2.00 of the Budget Act of 2008, to read:

6610-491—Reappropriation, California State University.

Notwithstanding any other provision of law, the balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, in those appropriations: 6048—2006 University Capital Outlay Bond Fund

- (1) Item 6610-301-6048, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)
Pomona Campus:
- (14) 06.98.109-Pomona: College of Business Administration—Working drawings and construction

SEC. 103. Item 6870-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98)..... 3,989,230,000

Schedule:

- (1) 10.10.010-Apportionments..... 3,170,717,000
- (2) 10.10.020-Apprenticeship..... 14,641,000
- (3) 10.10.030-Growth for Apportionments..... 113,500,000
- (4) 20.10.004-Student Success for Basic Skills Students..... 33,100,000
- (5) 20.10.005-Student Financial Aid Administration..... 51,269,000
- (6) 20.10.020-Disabled Students..... 115,011,000
- (7) 20.10.045-Special Services for CalWORKs Recipients..... 43,580,000
- (8) 20.10.060-Foster Care Education Program..... 5,254,000
- (9) 20.10.070-Matriculation..... 101,803,000
- (10) 20.20.020-Academic Senate for the Community Colleges..... 467,000
- (11) 20.20.041-Equal Employment Opportunity pursuant to Ch. 1169, Stats. 2002..... 1,747,000

(12) 20.20.050-Part-time Faculty Health Insurance.....	1,000,000
(13) 20.20.051-Part-time Faculty Compensation.....	50,828,000
(14) 20.20.055-Part-time Faculty Office Hours.....	7,172,000
(15) 20.30.011-Telecommunications and Technology Services.....	26,197,000
(16) 20.30.050-Economic Development.....	46,790,000
(17) 20.30.070-Transfer Education and Articulation.....	1,424,000
(18) 20.40.026-Physical Plant and Instructional Support.....	27,345,000
(19) 20.10.010-Extended Opportunity Programs and Services and Special Services.....	122,291,000
(20) 20.30.045-Fund for Student Success....	6,158,000
(21) 20.70.010-Career Technical Education.....	20,000,000
(22) 20.80.010-Campus Childcare Tax Bailout.....	6,836,000
(23) 20.95.010-Nursing Program Support....	22,100,000

Provisions:

1. The funds appropriated in Schedules (1), (2), (3), (4), (5), (6), (7), (8), (9), (11), (12), (13), (14), (15), (16), (18), (19), and (22) are for transfer by the Controller during the 2008–09 fiscal year to Section B of the State School Fund.
2. Notwithstanding any other provision of law, apportionment funding for community college districts shall be based on the greater of the current year or prior year level of full-time equivalent students (FTES), consistent with K–12 declining enrollment practices pursuant to Section 42238.5 of the Education Code. Decreases in FTES shall result in a revenue reduction at the district’s average level of apportionment funding per FTES and shall be made in the year following the initial year of decrease in FTES.
3. The funds appropriated in Schedule (1) for Apportionments include \$31,409,000 to encourage district-level accountability efforts pursuant to Section 84754.5 of the Education Code. It is intended that the Chancellor of the California Community Colleges submit an annual report on district-specific accountability measures by March 19 of each year. This report shall reflect outcomes from the most recently completed fiscal year

- for which data is available pursuant to Section 84754.5 of the Education Code.
4. Of the funds appropriated in Schedule (1), Apportionments:
 - (a) Up to \$100,000 is for a maintenance allowance, pursuant to Section 54200 of Title 5 of the California Code of Regulations.
 - (b) Up to \$500,000 is to reimburse colleges for the costs of federal aid repayments related to assessed fees for fee waiver recipients. This reimbursement only applies to students who completely withdraw from college before the census date pursuant to Section 58508 of Title 5 of the California Code of Regulations.
 5. Notwithstanding any other provision of law, the Chancellor of the California Community Colleges shall not reduce district workload obligations for a lack of a funded cost-of-living adjustment.
 6.
 - (a) Of the amount appropriated in Schedule (2) for the Apprenticeship Program, up to \$14,641,000 shall be available as necessary upon certification by the Chancellor of the California Community Colleges for the purpose of funding community college-related and supplemental instruction pursuant to Section 3074 of the Labor Code, as provided in Section 8152 of the Education Code. No community college district shall use funds available under this provision to offer any new apprenticeship training program or the expansion of any existing program unless the new program or expansion has been approved by the chancellor.
 - (b) Notwithstanding Section 8152 of the Education Code, each 60-minute hour of teaching time devoted to each indentured apprentice enrolled in and attending classes of related and supplemental instruction as provided under Section 3074 of the Labor Code shall be reimbursed at the rate of \$5.06 per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.
 7. Funds appropriated in Schedule (3), Growth for Apportionments, shall be available first to any districts bringing online in the current fiscal year newly accredited colleges or California Postsecondary Education Commission-approved educational centers. It is the intent of the Legislature that increases in basic foundation allocations to each college be funded prior to ad-

ditional growth in full-time equivalent students. The Chancellor of the California Community Colleges shall provide a report by November 1 of each year, to the Department of Finance and the Legislative Analyst, on the number of new centers and colleges added for the current fiscal year and those anticipated to be added for the prospective budget year. This report shall also detail the specific funding adjustments provided for basic foundation allocations to each college and center for the current fiscal year.

8. Notwithstanding any other provision of law, funds appropriated in Schedule (3) for Growth for Apportionments shall only be allocated for growth in full-time equivalent students (FTES), on a district-by-district basis, as determined by the Chancellor of the California Community Colleges. The chancellor shall not include any FTES from concurrent enrollment in physical education, dance, recreation, study skills, and personal development courses and other courses in conflict with existing law for the purpose of calculating a district's three-year overcap adjustment. The Board of Governors of the California Community Colleges shall implement the criteria required by subdivision (a) of Provision 5 of Item 6870-101-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003) for the allocation of funds appropriated in Schedules (1) and (3), so as to ensure that courses related to student needs for transfer, basic skills, and vocational/workforce training are accorded the highest priority and are provided to the maximum extent possible within budgeted funds.
10. Of the amount appropriated in Schedule (1), \$10,000,000 shall only be available for noncredit instruction to prepare pupils to pass the California High School Exit Examination (CAHSEE). The first priority shall be to serve high school pupils from the class of 2007 who met all other graduation requirements except for passage of the CAHSEE. Remaining funds may be used to support other necessary noncredit courses for other pupils who not only did not pass the CAHSEE, but who did not complete other coursework necessary to meet high school graduation requirements. These funds are intended to supplement but not supplant existing funding for these purposes.
11. The funds appropriated in Schedule (4), Student Success for Basic Skills Students, shall be allocated as follows:

- (a) \$1,600,000 for faculty and staff development to improve curriculum, instruction, student services, and program practices in the areas of basic skills and English as a Second Language (ESL) programs. The Office of the Chancellor of the California Community Colleges shall select a district, utilizing a competitive process, to carry out these faculty and staff development activities. All colleges receiving funds pursuant to subdivision (b) shall be provided with the opportunity to participate in the faculty and staff development programs specified in this subdivision. The chancellor shall report on the use of these funds by the selected district to the Legislative Analyst and the Department of Finance not later than September 1, 2009.
 - (b) \$31,500,000 for allocation by the chancellor to community college districts for improving outcomes of students who enter college needing at least one course in ESL or basic skills, with particular emphasis on students transitioning from high school.
 - (c) Funding specified in subdivisions (a) and (b) shall be distributed to eligible applicants pursuant to Chapter 489 of the Statutes of 2007.
 - (d) The Office of the Chancellor shall work jointly with the Department of Finance and the Legislative Analyst to develop annual accountability measures for this program. It is the intent of the Legislature that annual performance accountability measures for this program utilize, to the extent possible, data available as part of the accountability system developed pursuant to Section 84754.5 of the Education Code. By November 1, 2009, the chancellor shall submit a report to the Governor and Legislature on the annual accountability measures developed pursuant to this process.
12. (a) Of the funds appropriated in Schedule (5) for Student Financial Aid Administration, not less than \$9,864,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of board of governors (BOG) fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.
- (b) Of the funds appropriated in Schedule (5), not less than \$4,405,000 is available to provide reimbursement of 2 percent of total waiver value to

community college districts for the provision of BOG fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.

- (c) Funding provided to community college districts in subdivisions (a) and (b) of Provision 15 is provided to directly offset any mandated costs claimed by community college districts pursuant to Commission on State Mandates Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers).
- (d) (1) Of the amount appropriated in Schedule (5), \$2,800,000 shall be for a contract with a community college district to conduct a statewide media campaign to promote the general message to prospective students as follows: (A) the California Community Colleges (CCC) remain affordable, (B) financial aid and tax credits are available to cover enrollment fees and help with books and other costs, and (C) the active encouragement of contact between pupils and local CCC financial aid offices. Any funds used from this source to produce radio, television, or mail campaigns must emphasize the availability of financial aid, the easiest and most reliable method of accessing the aid, a contact telephone number, an Internet Web site address, where applicable, and the physical location of a financial aid office. Any mail campaign must give priority to existing pupils, recent high school graduates, and 12th graders. The outreach and information campaign should target its efforts in high schools, welfare offices, unemployment offices, churches, community centers, and any other location that will most effectively reach low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. The community college district awarded the contract shall consult with the Chancellor of the California Community Colleges and the Student Aid Commission prior to performing any activities to ensure appropriate coordination with any other state efforts in this area and ensure compliance with this provision.

- (2) Of the amount appropriated in Schedule (5), not more than \$34,200,000 shall be for direct contact with potential and current financial aid applicants. Each CCC campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting full-time equivalent students (FTES) weighted by a measure of low-income populations as demonstrated by BOG fee waiver program participation within a district. It is the intent of the Legislature, to the extent that funds are provided in this item, that all campuses provide additional staff resources to increase both financial aid participation and student access to low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. Funds may be used for screening current students for possible financial aid eligibility and offering personal assistance to these students in accessing financial aid, providing individual help in multiple languages for families and students in filling out the necessary paperwork to apply for financial aid, and increasing financial aid staff to process additional financial aid forms.
- (3) Funds allocated to a community college district for financial aid personnel, outreach determination of financial need, and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001–02 fiscal year.
- (4) It is the intent of the Legislature that the Office of the Chancellor of the California Community Colleges provide the Legislature with a report not later than April 1, 2009, on the use of the funds allocated pursuant to paragraphs (1) and (2) of this subdivision (d), including the distribution of the funds, specific uses of the funds, strategies employed to reach low-income and disadvantaged students potentially eligible for financial aid, and the extent to which districts were successful in increasing the number of students accessing

financial aid, particularly the maximum Pell Grant award.

- (5) It is the intent of the Legislature that the chancellor report by September 1, 2008, in the manner and using the factors set forth in paragraph (5) of subdivision (b) of Provision 11 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2004 (Ch. 208, Stats. 2004), on the impact of outreach efforts on student headcount and FTES enrollment for the 2005–06 and 2006–07 academic years.
13. Of the funds appropriated in Schedule (19) for Extended Opportunity Programs and Services, \$106,786,000 is for Extended Opportunity Programs and Services (EOPS) in accordance with Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. Funds provided in this item for EOPS shall be available to students on all campuses within the California Community College system, including those students on new campuses or in new districts. In addition, \$15,505,000 is for funding, at all colleges, the Cooperative Agencies Resources for Education (CARE) program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. The Board of Governors of the California Community Colleges shall allocate funds on a priority basis to local programs on the basis of need for student services.
14. Of the funds appropriated in Schedule (19) for the Extended Opportunity Programs and Services, \$1,900,000 shall be available to support additional textbook assistance grants to community college students as an allowable expenditure consistent with paragraph (10) of subdivision (b) of Section 69648 of the Education Code.
15. The funds appropriated in Schedule (20) for the Fund for Student Success is for additional targeted student services, to be expended as follows:
 - (a) \$1,921,000 is for the Puente Project to support up to 75 colleges. These funds are available if matched by \$200,000 of private funds and the participating community colleges and University of California campuses maintain their 1995–96 fiscal year support level for the Puente Project. All funding shall be allocated directly to partici-

- pating districts in accordance with their participation agreement.
- (b) Up to \$2,459,000 is for the Mathematics, Engineering and Science Achievement (MESA) Program. For each dollar allocated, the recipient district shall provide \$1 in matching funds.
 - (c) No less than \$1,778,000 is for the Middle College High School Program. With the exception of fully compliant special part-time students at the community colleges pursuant to Sections 48802 and 76001 of the Education Code, student workload based on participation in the Middle College High School Program shall not be eligible for community college state apportionment. Further, no community college state apportionment shall be made available for physical education classes, noncredit classes, nor other courses specified in Provision 8.
16. (a) The funds appropriated in Schedule (6) for the Disabled Students Program are for assisting districts in funding the excess direct instructional cost of providing special support services or instruction, or both, to disabled students enrolled at community colleges, and for state hospital programs, as mandated by federal law.
- (b) Of the amount appropriated in Schedule (6), no less than \$3,945,000 shall be used to address deficiencies identified by the federal Office of Civil Rights (OCR), as determined by the Office of the Chancellor of the California Community Colleges.
 - (c) Of the amount appropriated in Schedule (6), at least \$943,000 shall be used for support of the High Tech Centers for activities including, but not limited to, training of district employees, staff, and students in the use of specialized computer equipment for the disabled. All High Tech Centers shall meet standards developed by the Office of the Chancellor. Colleges that receive these augmentations shall not supplant existing resources provided to the centers.
 - (d) Notwithstanding any other provision of law, of the funds appropriated in Schedule (6), \$1,246,000 shall be for state hospital adult education programs at the hospitals served by the Coast and Kern Community College Districts since the 1986–87 fiscal year. If adult education services at any of the three hospitals are not supported by

the community colleges in any portion of the 2008–09 fiscal year, remaining funds shall, upon order of the Department of Finance, after 30 days' notice to the Chairperson of the Joint Legislative Budget Committee, be transferred to the State Department of Developmental Services (DDS). For any transfer of funds to DDS during the 2008–09 fiscal year, the Proposition 98 base funding levels for community colleges and DDS shall be adjusted accordingly.

- (e) Of the funds appropriated in Schedule (6) for the Disabled Student Services, no less than \$9,600,000 shall be allocated to support high-cost sign language interpreter services and real-time captioning equipment or other communication accommodations for hearing-impaired students based on a 4-to-1 state-to-local district match.
17. The funds appropriated in Schedule (7), Special Services for CalWORKs Recipients, are for the purpose of assisting welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges, including workstudy, other educational related work experience, job placement services, child care services, and coordination with county welfare offices to determine eligibility and availability of services. All services funded in Schedule (7) shall be for current CalWORKs recipients or prior CalWORKs recipients who are in transition off of cash assistance for no more than two years. Current cash-assistance recipients may utilize these services until their initial educational objectives are met. Former recipients in transition off of cash assistance may utilize these services for a period of up to two years after leaving cash assistance subject to the conditions of this provision. These funds shall be used to supplement and not supplant existing funds and services provided for CalWORKs recipients attending community colleges. The Chancellor of the California Community Colleges shall develop an equitable method for allocating funds to all districts and colleges based on the relative numbers of CalWORKs recipients in attendance and shall allocate funds for the following purposes:
- (a) Job placement.

- (b) Coordination with county welfare offices and other local agencies, including local workforce investment boards.
- (c) Curriculum development and redesign.
- (d) Child care and workstudy.
- (e) Instruction.
- (f) Postemployment skills training and related skills.
- (g) Campus-based case management, limited to on-campus assistance and services not provided by county case workers that do not supplant other counseling and academic support services funded through existing California Community Colleges categorical programs.

Of the amount appropriated in Schedule (7), \$15,000,000 is for child care and does not require a district match. For the remaining funds, districts shall, as a condition of receipt of these funds, provide a \$1 match for every \$1 provided by the state.

Funds utilized for subsidized child care shall be for children of CalWORKs recipients through campus-based centers or parental choice vouchers at rates and with rules consistent with those applied to related programs operated by the State Department of Education in the 2008–09 fiscal year, including eligibility, reimbursement rates, and parental contribution schedules. Subsidized campus child care for CalWORKs recipients may be provided during the period they are engaged in qualifying state and federal work activities through attainment of their initial education and training plan and for up to three months thereafter or until the end of the academic year, whichever period of time is greater.

Funds utilized for workstudy shall be used solely for payments to employers that currently participate in campus-based workstudy programs or are providing work experiences that are directly related to and in furtherance of student educational programs and work participation requirements, provided that those payments may not exceed 75 percent of the wage for the workstudy positions, and the employers shall pay at least 25 percent of the wage for the workstudy positions. These funds may be expended only if the total hours of education, employment, and workstudy for the student are sufficient to meet both state and federal minimum requirements for qualifying work-related activities.

Funds may be used to provide credit or noncredit classes for CalWORKs students if a district has committed all of its funded full-time equivalent students (FTES) and is unable to offer the additional instructional services to meet the demand for CalWORKs students. This determination shall be based on fall enrollment information. Districts shall submit applications to the Office of the Chancellor by October 15 of each year. If the chancellor approves the use of funds for direct instructional workload, the Office of the Chancellor shall submit a report to the Department of Finance and the Joint Legislative Budget Committee by November 15, 2008, that (a) identifies the enrollment of new CalWORKs students, (b) states whether and why additional classes were needed to accommodate the needs of CalWORKs students, and (c) sets forth an expenditure plan for the balance of funds.

As a condition of receipt of the funds appropriated in Schedule (7), by the fourth week following the end of the semester or quarter term commencing in January 2009, each participating community college shall submit to the Office of the Chancellor a report, in the format specified by the chancellor in consultation with the State Department of Social Services, that includes, but is not limited to, the funded components, the number of hours of child care provided, the average monthly enrollment of CalWORKs dependents served in child care, the number of workstudy hours provided, the hourly salaries and type of jobs, the number of students being case managed, the short-term programs available, the student participation rates, and other outcome data. It is intended that, to the extent practical, reporting from colleges utilize data gathered for federal reporting requirements at the state and local level. Further, it is intended that the Office of the Chancellor compile the information for annual reports to the Legislature, the Governor, the Legislative Analyst, the Department of Finance, and the State Department of Social Services by November 15 of each year.

First priority for expenditures of any funds appropriated in Schedule (7) shall be in support of current CalWORKs recipients. However, if caseloads are insufficient to fully utilize all of the funding in this schedule in a cost-beneficial way, it is intended that up to \$5,000,000 of the funds subject to local matching requirements may be allocated for providing postemployment services to former CalWORKs recipients

who have been off of cash assistance for no longer than two years to assist them in upgrading skills, job retention, and advancement. Allowable services include direct instruction that cannot be funded under available growth funding, child care to support attendance in these classes consistent with this provision, job development and placement services, and career counseling and assessment activities which cannot be funded through other programs. Child care services may only be provided for periods commensurate with a student's need for postemployment training within the two-year transitional period.

Prior to allocation of funds for postemployment services, the chancellor shall first secure the approval of the Department of Finance for the allocations, complete a cumulative report on the outcomes, activities, and cost-effectiveness of the program no later than November 15, 2008, in compliance with the Budget Acts of 1998 (Ch. 324, Stats. 1998) and 1999 (Ch. 50, Stats. 1999) and this act, and shall provide the rationale and justification for the proposed allocation of postemployment services to districts for transitional students.

If a district is unable to fully expend its share of child care funds, it may request that the Office of the Chancellor approve a reallocation to other CalWORKs purposes authorized by this provision, subject to all pertinent limitations and district match required for these purposes under this provision.

Of the funds appropriated in Schedule (7) for the Special Services for CalWORKs Recipients Program, no less than \$8,000,000 is to provide direct workstudy wage reimbursement for students served under this program, and \$1,000,000 is available for campus job development and placement services.

18. Funds appropriated in Schedule (7) for the Special Services for CalWORKs Recipients Program have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) and may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
19. (a) Funds provided in Schedule (8) for the Foster Care Education Program shall be allocated to provide foster and relative/kinship care education

- and training. Districts shall ensure that education and training required by Sections 1529.1 and 1529.2 of the Health and Safety Code and Section 16003 of the Welfare and Institutions Code receive priority. Districts may use any remaining funds for additional parenting skills training.
- (b) Funds provided in Schedule (8) shall be used for foster parent and relative/kinship care provider education training services consistent with the following criteria:
- (1) The Chancellor of the California Community Colleges shall use these funds exclusively for foster parent and relative/kinship care provider education and training, as specified by the chancellor in consultation with an advisory committee that includes foster parents, representatives of statewide foster parent organizations, parent and relative/kinship care providers, and representatives from the State Department of Social Services.
 - (2) Acceptance of funds under this program shall constitute agreement by the district to comply with such reporting requirements, guidelines, and other conditions for receipt of funding as the chancellor may establish.
 - (3) Each college plan for foster and relative/kinship care education programs shall include the provision of training to facilitate the development of foster family homes, small family homes, and relative/kinship homes to care for no more than six children who have special mental, emotional, developmental, or physical needs.
 - (4) The State Department of Social Services shall facilitate the participation of county welfare departments in the foster and relative/kinship care education program.
20. (a) Funds appropriated in Schedule (9) for the Matriculation Program are for the purpose of student matriculation pursuant to Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code.
- (b) Of the amount appropriated in Schedule (9), \$20,000,000 shall be allocated to community college districts on a one-to-one matching funds basis to provide matriculation services, including, but not limited to, orientation, assessment, and

counseling, for students enrolled in designated noncredit classes and programs who may benefit most, as determined by the Chancellor of the California Community Colleges pursuant to Sections 78216 to 78218, inclusive, of the Education Code.

21. The funds in Schedule (13) for the Part-time Faculty Compensation Program shall be allocated solely to increase compensation for part-time faculty from the amounts previously authorized. Funds shall be distributed to districts based on the total actual full-time equivalent students served in the previous fiscal year and include a small district factor as determined by the Chancellor of the California Community Colleges. These funds are to be used to assist districts in making part-time faculty salaries more comparable to full-time salaries for similar work, as determined through each district's local collective bargaining process. These funds shall not supplant the amount of resources each district used to compensate part-time faculty or be used to exceed parity of each part-time faculty employed by each district with regular full-time faculty at the same district, as certified by the chancellor. If a district achieves parity, its allocation may be used for any other educational purpose.
22. (a) \$24,197,000 of the funds provided in Schedule (15) for the Telecommunications and Technology Services Program shall be for the purpose of supporting technical and application innovations and for coordination of activities that serve to maximize the utility of the technology investments of the community college system towards improving learning outcomes. Allocations shall be made by the Chancellor of the California Community Colleges, based on criteria and guidelines as developed by the chancellor, on a competitive basis through the RFA/RFP application process for the following purposes:
 - (1) Provision of access to statewide multimedia hosting and delivery services for system colleges and districts.
 - (2) Provision of systemwide Internet, audio bridging, and telephony.
 - (3) Technical assistance and planning, cooperative purchase agreements, and faculty and staff development in a manner consistent with paragraph (3) of subdivision (b) of Provision

17 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996).

- (4) Ongoing support for the California Virtual University Distance Education Program.
- (5) Ongoing support for programs designed to use technology in assisting accreditation and the alignment of curricula across K–20 segments in California.
- (6) Support for technology pilots and ongoing technology programs and applications that serve to maximize the utility and economy of scale of the technology investments of the community college system towards improving learning outcomes.

In addition, a portion of the funds provided in this subdivision shall be available for allocations to districts. It is the intent of the Legislature that these funds be used by colleges to maintain the technology capabilities specified in subdivision (a) of Provision 21 of Item 6870-101-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003). These funds shall not supplant existing funds used for those purposes, and colleges shall match maintenance and ongoing costs with other funds as provided by Provision 21(a) of Item 6870-101-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003).

- (b) The Office of the Chancellor of the California Community Colleges shall develop the reporting criteria for all programs funded by this item and shall submit that for review along with an annual progress report on program implementation to the Legislative Analyst, the Office of the Secretary for Education, and the Department of Finance no later than December 1 of each year. Reporting shall include summaries of allocations and expenditures by program and by district, where applicable.
- (c) Of the funds provided in Schedule (15), \$2,000,000 is for ongoing support and expansion of the California Partnership for Achieving Student Success (Cal-PASS) program. As a condition of receipt of these funds, the grantee shall submit to the Office of the Chancellor, by October 15 of each year, all of the following: (1) a report that includes the numbers and percentages of institutions and school districts that have signed agree-

ments and the number and percentage that have actively submitted data in the current year, (2) the results of an annual program evaluation, as prescribed by the chancellor, that sufficiently documents the value and productivity of the program, and (3) an annual financial audit, as prescribed by the chancellor, that includes an accounting of all funding sources and all uses of funds by funding source. It is the intent of the Legislature that all reporting requirements contained in this subdivision shall be completed using funds provided to the grantee.

23. Of the funds provided in Schedule (16) for the Economic and Workforce Development Program:
 - (a) \$22,830,000 is allocated for grants for regional business resources assistance and innovation network centers. Each grant awarded to a district for Centers for International Development shall contain sufficient funds, as determined by the Chancellor of the California Community Colleges, for the continued operation of Mexican International Trade Centers.
 - (b) \$7,822,000 is allocated for industry-driven regional education and training collaboratives. These grants shall be made on a competitive basis and the award amounts shall not be restricted to any predetermined limit, but rather shall be funded on their individual merits.
 - (c) \$3,609,000 is allocated for statewide network leadership, organizational development, coordination, information and support services, or other program purposes.
 - (d) \$4,529,000 is available for Job Development Incentive Training programs focused on job creation for public assistance recipients. Any annual savings from this subdivision shall only be available for expenditure for one-time activities listed under subdivision (j) of Section 88531 of the Education Code.
 - (e) \$8,000,000 is allocated for the establishment of a Responsive Incumbent Worker Training Fund, which will serve to expand the delivery of performance improvement training to employers and incumbent workers in high-growth industries. Funds shall also be used to develop programs that integrate basic skills and career technical education curriculum in ways that provide students with

seamless educational coursework that transitions students into high-tech and high-demand job sectors.

- (f) The following provisions apply to the expenditure of funds within subdivisions (a) and (b): Funds allocated for centers and regional collaboratives shall seek to maximize the use of state funds for subdivisions (g) to (j), inclusive, of Section 88531 of the Education Code. Funds allocated to districts for purposes of subdivisions (g) and (i) of Section 88531 of the Education Code for performance-based training and student internships shall be matched by a minimum of \$1 of private business and industry funding for each \$1 of state funds. Funds allocated for purposes of subdivision (h) of Section 88531 of the Education Code for credit and noncredit instruction may be transferred to Schedule (1) or (3) to facilitate distribution at the chancellor's discretion. Any funds that become available from network centers due to savings, discontinuance, or reduction of amounts shall first be made available for additional allocations in subdivision (b) to increase the level of subsidized training otherwise available.
- (g) Funds allocated by the Board of Governors of the California Community Colleges under this provision may not be used by community college districts to supplant existing courses or contract education offerings. The chancellor shall ensure that funds are spent only for expanded services and shall implement accountability reporting for districts receiving these funds to ensure that training, credit, and noncredit programs remain relevant to business needs. Programs that do not demonstrate continued relevance and support by business shall not be eligible for continued funding. The board of governors shall consider the level of involvement and financial commitments of business and industry as primary factors in making awards. The chancellor shall incorporate grant requirements into the guidelines for audits of economic development grants.
- (h) Primary objectives of the Economic and Workforce Development Program are to maximize instruction, to prepare students for entry-level jobs, to increase skills of the current workforce, and to stimulate the growth of businesses through train-

ing so that more jobs are created. As part of the annual report on the performance of the Economic and Workforce Development Program, the chancellor shall provide disaggregated data detailing the funding provided to each economic development regional center and each industry-driven regional education and training collaborative, and to the extent practicable, the total number of hours of contract education services, performance improvement training, credit and noncredit instruction, and job placements created as a result of each center and collaborative.

24. (a) The funds appropriated in Schedule (17) for the Transfer Education and Articulation Program are available to support transfer and articulation projects and common course numbering projects.
- (b) Funding provided to community college districts from Schedule (17) is provided to directly offset any mandated costs claimed by community college districts pursuant to Chapter 737 of the Statutes of 2004.
25. (a) \$13,673,000 of the funds appropriated in Schedule (18) is available for the following purposes:
 - (1) Scheduled maintenance and special repairs of facilities. The Chancellor of the California Community Colleges shall allocate funds to districts on the basis of actual reported full-time equivalent students (FTES), and may establish a minimum allocation per district. As a condition for receiving and expending these funds for maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995–96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs, plus an equal amount to be provided from district discretionary funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district’s financial condition. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district. For every \$1 a district expends from this appropriation for scheduled maintenance and special repairs, the recipient district shall provide \$1 in matching funds.

- (2) Hazardous substances abatement, cleanup, and repairs.
 - (3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to \$400,000. Districts that receive funds for architectural barrier removal projects shall provide a \$1 match for every \$1 provided by the state.
 - (b) \$13,672,000 of the funds appropriated in Schedule (18) is available for replacement of instructional equipment and library materials. For every \$3 a district expends from this appropriation for replacement of instructional equipment or library materials, the recipient district shall provide \$1 in matching funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district's financial condition. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported FTES and may establish a minimum allocation per district. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.
 - (c) The funds appropriated in Schedule (18) shall be available for expenditure until June 30, 2010.
26. Pursuant to Sections 69648.5, 78216, and 84850, and subdivision (b) of Section 87108, of the Education Code, the Board of Governors of the California Community Colleges may allocate funds appropriated in Schedules (6), (9), (11), and (19) by grant or contract, or through the apportionment process, to one or more districts for the purpose of providing program evaluation, accountability, monitoring, or program development services, as appropriate under the applicable statute.
 27. The funds appropriated in Schedule (21) for the Career Technical Education Program are for the purpose of aligning career-technical education curriculum between K–12 and community colleges in targeted industry-driven programs offered through the Economic and Workforce Development Program. Prior to the allocation of these funds, the Chancellor of the Cali-

ifornia Community Colleges, in conjunction with the State Department of Education, shall submit a proposed expenditure plan for the funds contained in this item, and the rationale therefor, to the Department of Finance by August 1, 2008, for approval.

- Of the funds appropriated in Schedule (21), \$2,500,000 is available for the development and enhancement of health-related career pathway programs in grades 7 to 12, inclusive, and for the articulation and alignment of health-related curriculum between schools with pupils in kindergarten and grades 1 to 12, inclusive, and the California Community Colleges.
28. The funds appropriated in Schedule (22) for the Campus Childcare Tax Bailout shall be allocated by the Chancellor of the California Community Colleges to community college districts that levied child care permissive override taxes in the 1977–78 fiscal year pursuant to Sections 8329 and 8330 of the Education Code in an amount equal to the property tax revenues, tax relief subventions, and state aid required to be made available by the district to its child care and development program for the 1979–80 fiscal year pursuant to Section 30 of Chapter 1035 of the Statutes of 1979, increased by any cost-of-living increases granted in subsequent fiscal years. These funds shall be used only for the purpose of community college child care and development programs.
 29. With regard to the funds appropriated in Schedule (23), Nursing Program Support, all of the following shall apply:
 - (a) \$14,000,000 shall be used to provide support for nursing program enrollment and equipment needs consistent with paragraph (2) of subdivision (a) of Section 2 of Chapter 514 of the Statutes of 2001. Grant funding for nursing enrollment shall provide a marginal increase in funding in addition to the amount provided for each full-time equivalent student for regular growth in apportionments.
 - (b) \$8,100,000 shall be used to provide diagnostic and support services, preentry coursework, alternative program delivery model development, and other services to reduce the incidence of student attrition in nursing programs.
 - (d) The Board of Governors of the California Community Colleges shall develop a request for applications (RFA) to allocate the additional \$5,214,000 of funds in subdivision (b) to commu-

nity college districts. Criteria for assessing each RFA shall include all of the following:

- (1) The degree to which the funds provided would be used to increase student enrollment in nursing programs beyond the level of full-time equivalent students served in the 2007–08 academic year.
 - (2) The district’s level of attrition from nursing programs and the suitability of planned expenditures to address attrition levels.
 - (3) The degree to which funds provided would be used to support infrastructure or equipment needs with the intent of building capacity and increasing the number of nursing students served.
 - (4) For districts with attrition rates of 15 percent or more, new grant funding shall focus on attrition reduction. For districts with attrition rates below 15 percent, new grant funding shall focus on enrollment expansion.
- (e) The board of governors shall release the RFA no sooner than 30 days after submitting it to the Legislature and the Department of Finance for review.
- (f) On or before March 1 of each year, the Chancellor of the California Community Colleges shall provide the Legislature and the Department of Finance with a report on the allocation of funding. For each district receiving funding under this item, the report shall include all of the following: (1) the amount of funding received, (2) the number of nursing full-time equivalent students served in the 2006–07 academic year, and the additional number of nursing full-time equivalent students served with funding provided in this item in each subsequent year, (3) the district’s attrition and completion rates in the 2006–07 academic year and subsequent years, (4) any equipment or infrastructure-related items acquired with the funds appropriated in this item, and (5) the number of new and existing faculty receiving annual stipend awards.

SEC. 104. Item 7980-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

7980-001-0001—For support of Student Aid Commission..... 14,206,000

Schedule:

(1) 15-Financial Aid Grants Program.....	15,421,000
(1.5) 50-California Loan Program.....	1,000,000
(2) 80.01-Administration and Support Services.....	3,369,000
(3) 80.02-Distributed Administration and Support Services.....	-3,369,000
(3.5) 97.20.001-Unallocated Reduction.....	-789,000
(4) Reimbursements.....	-296,000
(4.5) Amount payable from the Student Loan Operating Fund (Item 7980-001-0784).....	-1,000,000
(5) Amount payable from the Federal Trust Fund (Item 7980-001-0890).....	-130,000

Provisions:

1. The funds appropriated in this item are available only for the Student Aid Commission’s state operations activities.
2. Of the funds appropriated in Schedule (1), up to \$369,000 is available for expenditure to support enhancement of the Student Aid Commission’s Grant Delivery System.
3. Schedule (1) includes funding for 2.0 positions to increase program compliance reviews for institutions participating in the Cal Grant Program under Chapter 1.7 (commencing with Section 69430) of Part 42 of Division 5 of Title 3 of the Education Code and the Assumption Program of Loans for Education under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, with the objective of auditing higher risk institutions once every three years. The audits shall emphasize verification of applicant eligibility, fund disbursement, and payment reconciliation. The Student Aid Commission shall prioritize its review of institutions that have demonstrated noncompliance in prior audits. The commission shall report to the Legislature and the Governor by September 30, 2008, on the institutions audited, the rate of noncompliance with each major program requirement, and the steps taken to address noncompliance.
4. (a) This item reflects \$1,000,000 payable from the Student Loan Operating Fund for the purpose of funding, on a limited-term basis, 6.0 positions in the Federal Policy and Programs Division. Those positions shall be continued until a sale or other authorized transaction is completed pursuant to

Chapter 182 of the Statutes of 2007, which is anticipated to occur in the 2009–10 fiscal year.

- (b) Additionally, this item reflects an increase of \$1,010,000 available on a one-time basis for necessary moving costs, furnishings, and equipment associated with relocation of the Student Aid Commission. Not later than August 1, 2008, the commission shall detail and submit for approval to the Department of Finance, and for informational purposes to the Chairperson of the Joint Legislative Budget Committee, all one-time costs estimated to be necessary for relocation of the commission. Any funds remaining shall be available for any expenses that may be necessary or convenient to further the intent of the sale or other authorized transaction of EdFund pursuant to Chapter 182 of the Statutes of 2007 upon the written approval of the Department of Finance.

SEC. 105. Item 7980-001-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

7980-001-0890—For support of Student Aid Commission, Cash for College Program, for payment to Item 7980-001-0001, payable from the Federal Trust Fund..... 130,000

SEC. 106. Item 7980-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

7980-101-0001—For local assistance, Student Aid Commission..... 823,984,000

Schedule:

- (1) 15-Financial Aid Grants Program..... 885,669,000
- (2) Reimbursements..... -19,514,000
- (3) Amount payable from the Federal Trust Fund (Item 7980-101-0890)..... -18,171,000
- (4) Amount payable from the Student Loan Operating Fund (Item 7980-101-0784)..... -24,000,000

Provisions:

- 1. Funds appropriated in Schedule (1) are for purposes of all of the following:
 - (a) Awards in the Cal Grant Program under Chapter 1.7 (commencing with Section 69430) and Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

- (b) Grants under the Law Enforcement Personnel Dependents Scholarship Program pursuant to Section 4709 of the Labor Code.
- (c) California Student Opportunity and Access Program contract agreements under Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.
- (d) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. The Student Aid Commission shall issue 8,000 new warrants.
- (e) The purchase of loan assumptions under the Graduate Assumption Program of Loans for Education pursuant to Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.
- (f) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) Employees of State Facilities Program pursuant to Article 2 (commencing with Section 70120) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.
- (g) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.
- (h) The Student Aid Commission shall report by April 1, 2009, on the State Nursing Assumption Program of Loans for Education, pursuant to the reporting requirements of Section 70108 of the Education Code.
- (i) Of the amount appropriated in Schedule (1), \$297,000 is provided for loan assumption payments to participants in the National Guard Assumption Program of Loans for Education pursuant to Article 12.5 (commencing with Section 69750) of Chapter 2 of Part 42 of the Education Code.
- (j) Notwithstanding subdivision (c) of Section 69613.8 of the Education Code, any Assumption Program of Loans for Education participant who meets the requirements of subdivision (a) or (b) of Section 69613.8 of the Education Code may receive the additional loan assumption benefits authorized by those subdivisions.

2. If federal trust funds for the 2008–09 fiscal year exceed budgeted levels for the Leveraging Educational Assistance Partnership Program (LEAP) and the Special Leveraging Educational Assistance Partnership Program (SLEAP), the funds appropriated shall, to the extent allowable by federal law, be reduced on a dollar-for-dollar basis.
3. Eligibility for moneys appropriated in this item is limited to students who demonstrate financial need according to the nationally accepted needs analysis methodology, who meet other Student Aid Commission eligibility criteria, and, notwithstanding subdivision (k) of Section 69432.7 of the Education Code, whose income or family's gross income does not exceed \$88,300 for the purpose of determining recipients for the 2008–09 award year.
4. Notwithstanding any other provision of law, the maximum award for:
 - (a) New recipients attending private and independent institutions shall be \$9,708.
 - (b) All recipients receiving Cal Grant B access awards shall be \$1,551.
 - (c) All recipients receiving Cal Grant C tuition and fee awards shall be \$2,592.
 - (d) All recipients receiving Cal Grant C book and supply awards shall be \$576.
5. Of the funds appropriated in this item, \$7,349,000 is for the California Student Opportunity and Access Program established pursuant to Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, as amended in the current legislative session, and shall be available to provide financial aid awareness and outreach to students who are preparing to enter, or are currently enrolled in, college. Of this amount, \$1,000,000 is dedicated for career technical education and the resulting career opportunities. The Student Aid Commission shall consult with the State Department of Education and the Chancellor's Office of the California Community Colleges in determining the projects and activities for these funds. This provision reflects funds anticipated from the College Access Challenge Grant Program authorized by HR 2669 for the federal 2007–08 and 2008–09 fiscal years.
6. Notwithstanding any other provision of law, the commission may not issue new warrants for the assumption of loans for the Graduate Assumption Program of

Loans for Education pursuant to Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

- 7. Pursuant to Chapter 403 of the Statutes of 2000 and notwithstanding any other provision of law, the Director of Finance may authorize the augmentation, from the Special Fund for Economic Uncertainties established pursuant to Section 16418 of the Government Code, of the annual amount appropriated for the purposes of making Cal Grant awards pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of Division 5 of Title 3 of the Education Code, as necessary to fully fund the number of awards required to be granted by that chapter. No augmentation may be authorized under this provision sooner than 30 days after the Director of Finance provides written notice of the proposed augmentation to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations, nor sooner than whatever lesser time those persons, or their designees, may in each instance determine.
- 8. The Student Aid Commission is authorized to issue 100 new warrants for the State Nursing Assumption Program of Loans for Education (SNAPLE) Employees of State Facilities Program pursuant to Article 2 (commencing with Section 70120) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.
- 9. The Student Aid Commission shall issue 100 new State Nursing Assumption Program of Loans for Education (SNAPLE) warrants pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.
- 10. Of the funds appropriated in Schedule (1), as reimbursed from federal trust funds in Schedule (3), \$200,000 is for the Cash for College Program.

SEC. 107. Item 7980-101-0890 of Section 2.00 of the Budget Act of 2008 is amended to read:

7980-101-0890—For local assistance, Student Aid Commission, for payment to Item 7980-101-0001, payable from the Federal Trust Fund..... 18,171,000

Provisions:

- 1. Of the funds appropriated in this item, \$10,622,000 is available for the Leveraging Educational Assistance

- Partnership Program (LEAP) and Special Leveraging Educational Assistance Partnership Program (SLEAP).
2. Of the funds appropriated in this item, \$200,000 is available for the Cash for College Program. This amount reflects funds anticipated from the new College Access Challenge Grant Program authorized in HR 2669 for the 2007–08 and 2008–09 federal fiscal years.
 3. Of the funds appropriated in this item, \$7,349,000 is available for the California Student Opportunity and Access Program (Cal-SOAP). This amount reflects funds anticipated from the New College Access Challenge Grant Program authorized in HR 2669 for the 2007–08 and 2008–09 federal fiscal years.

SEC. 108. Item 8380-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

8380-001-0001—For support of Department of Personnel Administration.....	6,285,000
Schedule:	
(1) 10-Classification and Compensation.....	6,442,000
(2) 20-Labor Relations.....	3,480,000
(3) 25-Legal.....	7,947,000
(4) 40.01-Administration.....	4,370,000
(5) 40.02-Distributed Administration.....	-4,457,000
(6) 54-Benefits Administration.....	32,972,000
(7) Reimbursements.....	-19,254,000
(8) Amount payable from the Flexelect Benefit Fund (Item 8380-001-0821).....	-1,183,000
(9) Amount payable from the Deferred Compensation Plan Fund (Item 8380-001-0915).....	-13,837,000
(10) Amount payable from the Vision Care Program for State Annuitants Fund (Item 8380-001-8049).....	-6,500,000
(11) Amount payable from the Central Service Cost Recovery Fund (Item 8380-001-9740).....	-3,695,000
Provisions:	
1. The Department of Personnel Administration may use funds appropriated in this item to complete comprehensive salary surveys that include private and public employers, geographical data, and total compensation. The department shall provide to the appropriate fiscal and policy committees of each house of the Legislature and the Legislative Analyst, within 30 days of completion, each completed salary survey report.	

- 2. Of the funds appropriated in this item, \$350,000 may be spent by the Department of Personnel Administration to contract with one or more recruitment contractors to locate and develop a pool of prospective health care professionals for various state departments that employ medical, mental health, or dental professionals. It is the intent of the Legislature that these contracts will be structured on a performance basis with payments tied to the successful hiring of state staff. Should the Director of Finance, upon receiving a recommendation of the Director of the Department of Personnel Administration, determine that it would be in the interests of the state to expand the dollar amount committed to this project, he or she may submit to the Chairperson of the Joint Legislative Budget Committee and the Legislative Analyst a report describing the number of individuals who have been successfully hired to permanent positions in affected departments as a result of the recruitment contractors' work to date and the anticipated benefits (including funds that affected departments would revert to the State Treasury due to decreased overtime and contracted personnel costs) that would result from an expansion of the funds committed to this project. Not less than 30 days after submitting the report described above, the Director of Finance may augment this item by an amount not exceeding \$1,500,000 in order to increase health care personnel recruitment efforts.

SEC. 109. Item 8660-001-0042 of Section 2.00 of the Budget Act of 2008 is amended to read:

8660-001-0042—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the State Highway Account, State Transportation Fund..... 3,280,000

SEC. 110. Item 8660-001-0046 of Section 2.00 of the Budget Act of 2008 is amended to read:

8660-001-0046—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Public Transportation Account, State Transportation Fund..... 3,423,000

SEC. 111. Item 8660-001-0412 of Section 2.00 of the Budget Act of 2008 is amended to read:

8660-001-0412—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Transportation Rate Fund..... 2,702,000

SEC. 112. Item 8660-001-0461 of Section 2.00 of the Budget Act of 2008 is amended to read:

8660-001-0461—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Public Utilities Commission Transportation Reimbursement Account..... 10,681,000

SEC. 113. Item 8660-001-0462 of Section 2.00 of the Budget Act of 2008 is amended to read:

8660-001-0462—For support of Public Utilities Commission, payable from the Public Utilities Commission Utilities Reimbursement Account..... 77,148,000
Schedule:

- (1) 10-Regulation of Utilities..... 120,360,000
- (2) 15-Universal Service Telephone Programs..... 663,655,000
- (3) 20-Regulation of Transportation..... 19,588,000
- (4) 30.01-Administration..... 29,123,000
- (5) 30.02-Distributed Administration..... -29,123,000
- (6) Reimbursements..... -14,874,000
- (6.5) Reimbursement to the Office of Ratepayer Advocates..... -3,910,000
- (7) Amount payable from the State Highway Account, State Transportation Fund (Item 8660-001-0042)..... -3,280,000
- (8) Amount payable from the Public Transportation Account, State Transportation Fund (Item 8660-001-0046)..... -3,423,000
- (9) Amount payable from the Transportation Rate Fund (Item 8660-001-0412).... -2,702,000
- (10) Amount payable from the Public Utilities Commission Transportation Reimbursement Account (Item 8660-001-0461)..... -10,681,000
- (11) Amount payable from California High-Cost Fund-A Administrative Committee Fund (Item 8660-001-0464)..... -56,361,000
- (12) Amount payable from California High-Cost Fund-B Administrative Committee Fund (Item 8660-001-0470)..... -196,148,000

- (13) Amount payable from Universal Lifeline Telephone Service Trust Administrative Committee Fund (Item 8660-001-0471)..... -308,154,000
- (14) Amount payable from Deaf and Disabled Telecommunications Program Administrative Committee Fund (Item 8660-001-0483)..... -69,046,000
- (15) Amount payable from Payphone Service Providers Committee Fund (Item 8660-001-0491)..... -495,000
- (16) Amount payable from California Teleconnect Fund Administrative Committee Fund (Item 8660-001-0493)..... -33,451,000
- (17) Amount payable from the Federal Trust Fund (Item 8660-001-0890)..... -1,272,000
- (18) Amount payable from the Public Utilities Commission Ratepayer Advocate Account (Item 8660-001-3089)..... -22,658,000

Provisions:

- 1. The Public Utilities Commission shall require any public utility requesting a merger to reimburse the commission for those necessary expenses that the commission incurs in its consideration of the proposed merger.

SEC. 114. Item 8660-011-0470 is added to Section 2.00 of the Budget Act of 2008, to read:

8660-011-0470—For transfer by the Controller from the California High-Cost Fund-B Administrative Committee Fund to the General Fund..... (35,000,000)

Provisions:

- 1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. Repayment shall be made so as to ensure that the programs supported by the California High-Cost Fund-B Administrative Committee Fund are not adversely affected by the loan.

SEC. 115. Item 8660-011-0471 is added to Section 2.00 of the Budget Act of 2008, to read:

8660-011-0471—For transfer by the Controller from the Universal Lifeline Telephone Service Trust Administrative Committee Fund to the General Fund..... (30,000,000)

Provisions:

1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. Repayment shall be made so as to ensure that the programs supported by the Universal Lifeline Telephone Service Trust Administrative Committee Fund are not adversely affected by the loan.

SEC. 116. Item 8660-011-0483 is added to Section 2.00 of the Budget Act of 2008, to read:

8660-011-0483—For transfer by the Controller from the Deaf and Disabled Telecommunications Program Administrative Committee Fund to the General Fund..... (85,000,000)

Provisions:

1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. Repayment shall be made so as to ensure that the programs supported by the Deaf and Disabled Telecommunications Program Administrative Committee Fund are not adversely affected by the loan.

SEC. 117. Item 8860-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

8860-001-0001—For support of Department of Finance..... 16,243,000

Schedule:

- | | |
|---|-------------|
| (1) 10-Annual Financial Plan..... | 22,767,000 |
| (2) 15-Statewide Systems Development..... | 1,915,000 |
| (3) 20-Program and Information System Assessments..... | 12,699,000 |
| (4) 30-Supportive Data..... | 12,603,000 |
| (5) 40.01-Administration..... | 8,230,000 |
| (6) 40.02-Distributed Administration..... | -5,595,000 |
| (7) Reimbursements..... | -19,679,000 |
| (8) Amount payable from Unallocated Special Funds (Item 8860-011-0494).... | -547,000 |
| (9) Amount payable from Unallocated Bond Funds—Select (Item 8860-011-0797).... | -120,000 |
| (10) Amount payable from Other Unallocated Nongovernmental Cost Funds (Item 8860-011-0988)..... | -327,000 |

- (11) Amount payable from Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 8860-001-6065)..... -119,000
- (12) Amount payable from Central Service Cost Recovery Fund (Item 8860-001-9740)..... -15,584,000

Provisions:

1. The funds appropriated in this item for CALSTARS shall be transferred by the Controller, upon order of the Director of Finance, or made available by the Department of Finance as a reimbursement, to other items and departments for CALSTARS-related activities by the Department of Finance.
2. The funds appropriated in this act for purposes of CALSTARS-related data-processing costs may be transferred between any items in this act by the Controller upon order of the Director of Finance. Any funds so transferred shall be used only for support of CALSTARS-related data-processing costs incurred.
3. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund to the Department of Finance for the purpose of meeting operational cashflow obligations for the 2008–09 fiscal year. The loan shall not exceed the estimated amount of uncollected reimbursements for the final quarter of the fiscal year.
4. From the funds appropriated in Schedule (3) for the purpose of evaluating and continuing development and enhancement of the Governor’s Budget Presentation System (GBPS), the following provisions apply:
 - (a) From time to time, but no later than December 1, 2008, the Department of Finance shall update the Legislature on anticipated changes to the GBPS. In addition, the Department of Finance shall (1) no later than the approximate same time the Governor’s Budget is formally presented in electronic or any other Web-based form, provide printed and bound hard copies of the Governor’s Budget and Governor’s Budget Summary as follows: to the Legislative Analyst’s Office—45 copies, the Office of the Legislative Counsel—six copies, offices of the Members of the Legislature—120 copies, the Rules Committees of the Assembly and Senate—5 copies each, and the

fiscal committees of the Legislature—60 copies, and (2) no later than four weeks after the Governor’s Budget is formally presented in electronic or any other Web-based form, 131 printed and bound hard copies of the Governor’s Budget and Governor’s Budget Summary shall be provided as follows: two copies to the State Library, to ensure that the State Librarian maintains at least one public copy and one for the permanent research collections, and 129 copies: one copy to each depository public library in the state. Additional copies, either bound or unbound, shall be available for purchase by the public based on the cost of producing the documents requested. Whenever the Department of Finance submits to the Legislature changes to the Governor’s Budget or to the Budget Bill, these requests shall be provided in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst’s Office. Whenever the Department of Finance releases a document summarizing changes proposed for the Governor’s Budget or to the Budget Bill, the Department of Finance shall provide the summaries in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst’s Office.

- (b) Notwithstanding any other provision of law, the Department of Finance may amend its existing contract with the Web development firm to augment and continue consulting services until June 30, 2009, for the purpose of providing continuity of services.

SEC. 118. Item 8880-001-9737 of Section 2.00 of the Budget Act of 2008 is amended to read:

8880-001-9737—For support of Financial Information System for California, payable from the FISCAL Internal Service Fund..... 37,650,000

Schedule:

(1) 15-Statewide Systems Development.....	39,825,000
(2) Amount payable from General Fund (Item 8880-001-0001).....	-2,175,000

Provisions:

1. The Department of Finance is authorized to approve and make expenditures from this item until the Office

of the Financial Information System for California is established through legislation.

- 2. Control agency delegations for administrative services approved for the administrative services provider department to the Financial Information System for California (FI\$Cal) project shall be extended to the FI\$Cal project and the FI\$Cal Office until such time as the project and office obtain separate delegation approvals.

SEC. 119. Item 8940-001-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

8940-001-0001—For support of Military Department.....	40,326,000
Schedule:	
(1) 10-Army National Guard.....	71,658,000
(2) 20-Air National Guard.....	20,821,000
(3) 30.01-Office of the Adjutant General....	10,786,000
(4) 30.02-Distributed Office of the Adjutant General.....	-10,699,000
(5) 35-Military Support to Civil Authority.....	19,090,000
(6) 40-Military Retirement.....	3,035,000
(7) 50-California Cadet Corps.....	330,000
(8) 55-California State Military Reserve.....	456,000
(9) 65-California National Guard Youth Programs.....	16,592,000
(11) Reimbursements.....	-18,870,000
(12) Amount payable from the Armory Discretionary Improvement Account (Item 8940-001-0485).....	-150,000
(13) Amount payable from the Federal Trust Fund (Item 8940-001-0890).....	-72,723,000

Provisions:

- 1. No expenditures shall be made from the funds appropriated in this item as a substitution for personnel, equipment, facilities, or other assistance, or for any portion thereof, that, in the absence of the expenditure, or of this appropriation, would be available to the Adjutant General of the State Military Forces, the

California State Military, or the California State Military Reserve from the federal government.

- 2. The funds appropriated in Schedule (6) shall be for military retirements, in accordance with Sections 228 and 256 of the Military and Veterans Code.
- 3. Of the funds appropriated in this item, \$604,000 shall be used to provide mandatory employee compensation increases for state active duty employees, as follows: (a) \$302,000 shall provide the remaining half-year funding needed for the compensation increase effective January 1, 2008; (b) \$302,000 shall provide half-year funding for a compensation increase effective January 1, 2009, and shall only be available for expenditure upon passage of a federal active duty compensation increase in the federal budget. The funds provided in this paragraph shall be expended pursuant to Sections 320 and 321 of the Military and Veterans Code, which requires state active duty employees to receive the same compensation increases as their counterparts on federal active duty. Any unspent funds pursuant to this paragraph shall revert to the General Fund.

SEC. 119.5. Item 9210-101-0001 of Section 2.00 of the Budget Act of 2008 is amended to read:

9210-101-0001—For local assistance, Local Government Financing..... 214,200,000
 Provisions:

- 1. For allocation by the Controller to local jurisdictions for public safety as determined by the Director of Finance pursuant to Chapter 6.7 (commencing with Section 30061) of Division 3 of Title 3 of the Government Code.
- 2. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure until June 30, 2010. These funds shall be used to supplement and not supplant existing services.

SEC. 120. Item 9210-105-0001 is added to Section 2.00 of the Budget Act of 2008, to read:

9210-105-0001—For local assistance, Local Government Financing..... 31,500,000
 Provisions:

- 1. For reimbursement of actual costs incurred by cities and other entities for local detention facilities subventions, charged pursuant to subdivision (a) of Section

29552 of the Government Code during the 2007–08 fiscal year. Any funds not disbursed shall revert to the General Fund no later than June 30, 2009.

- 2. No later than December 1, 2008, the Controller shall allocate the funds appropriated in this item to all eligible cities and other entities, and shall certify to the Director of Finance the actual amount of moneys allocated for the payment of local detention facilities subventions, as described in Section 29552 of the Government Code. Any city or other entity that applies for funding pursuant to this item shall comply with all requests made by the Controller.
- 3. The Controller shall reduce payments proportionally if the amount appropriated in this item is not sufficient to pay all valid claims in full.

SEC. 121. Item 9350-104-6065 is added to Section 2.00 of the Budget Act of 2008, to read:

9350-104-6065—Local assistance-shared revenues for support of Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 250,000,000

Provisions:

- 1. Of the funds appropriated in this item, \$187,000,000 is for allocation to cities or a city and county and \$63,000,000 is for allocation to counties or a city and county.
- 2. The Controller shall allocate these funds to cities or a city and county, on a first-come, first-served basis, following notification from the Department of Finance that the city or city and county has submitted a complete plan for the expenditure of these funds, pursuant to subdivision (b) of Section 8879.65 of the Government Code.
- 3. For purposes of this item, the following conditions shall apply for cities or a city and county receiving funds:
 - (a) A city or city and county shall have received its full allocation for the 2007–08 fiscal year.
 - (b) A city or city and county shall have submitted information for the 2007–08 fiscal year allocation as required in subdivision (c) of Section 8879.65 of the Government Code.
 - (c) A city or city and county shall agree that funds from the 2008–09 fiscal year allocation will be

used for projects that are not currently fully funded with a dedicated funding source or sources.

- (d) A city or city and county shall agree to encumber funds from the 2008–09 fiscal year allocation before July 1, 2009.
- (e) A city or city and county shall report to the Department of Finance the total balance of unencumbered funds in the city’s or city and county’s existing account as described in subparagraphs (A) and (C) of paragraph (2) of subdivision (l) of Section 8879.23 of the Government Code.
- (f) A city or city and county shall certify that the total balance of unencumbered funds in the account as described in subparagraphs (A) and (C) of paragraph (2) of subdivision (l) of Section 8879.23 of the Government Code is no more than the sum balance of three months of anticipated income from the Highway Users Tax Account in the Transportation Tax Fund, as described in Sections 2104, 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code, and from the Transportation Investment Fund, as described in Section 7104 of the Revenue and Taxation Code. If a city or city and county has an unencumbered balance that exceeds the sum balance of the three months of anticipated income from the Highway Users Tax Account in the Transportation Tax Fund and the Transportation Investment Fund, the city or city and county shall reduce its existing unencumbered road fund balance, before the next report submitted to the Controller pursuant to Section 2151 of the Streets and Highways Code, by either of the following:
 - (1) By an amount equivalent to the allocation received under this subdivision.
 - (2) Until the unencumbered balance is no more than the sum balance of three months of anticipated income from the Highway Users Tax Account in the Transportation Tax Fund and the Transportation Investment Fund.
- (g) For the purpose of this item, “unencumbered” means any portion of funding that is not designated, through prior approval by the city council, for use on the planning, review, design, or construction phase of a project currently underway at the time of the road fund report.

4. These funds shall be available for allocation by the Controller until June 30, 2011.

SEC. 122. Section 4.07 of the Budget Act of 2008 is amended to read:

Sec. 4.07. (a) The Director of Finance shall reduce General Fund appropriations in the 2008–09 fiscal year by a total of \$50,000,000. To the extent practical, these reductions shall capture savings in departmental personal services budgets resulting from position vacancies that, in the aggregate, exceed those estimated for purposes of salary savings in each applicable appropriation item. The reductions may include, but are not limited to, savings related to the elimination of vacant positions in the 2008–09 fiscal year or in other fiscal years pursuant to Section 12439 of the Government Code.

(b) The Director of Finance shall not reduce, pursuant to subdivision (a), the amounts appropriated for the following: higher education; the judicial branch; the Legislature; the Legislative Counsel Bureau; constitutional officers; debt service, including, but not limited to, tobacco settlement revenue shortfall, payment of interest on General Fund loans, and interest payments to the federal government; health and dental benefits for annuitants; equity claims before the California Victim Compensation and Government Claims Board; or augmentations for contingencies or emergencies, unless the savings identified would not negatively affect program needs as provided for in this act or current law, and provided that the affected entity or the state official responsible for that expenditure concurs with the reduction.

(c) Nothing within this section shall be construed to confer any authority upon the Director of Finance to modify or eliminate any other provision of existing law.

(d) Not later than April 15, 2009, the Director of Finance shall report to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations the amount of reductions made in each item of appropriation pursuant to this section. The report shall include at least the following: the total dollar amount of vacancy-related reductions by department and agency; the savings achieved related to positions abolished by Section 12439 of the Government Code; the savings from position vacancies unrelated to Section 12439 of the Government Code; the positions and the amount of savings that the Administration proposes as permanent, if any; a description of any major programmatic effects relating to the reductions; and any other description necessary to fully disclose the reduction's impact.

(e) If reductions related to position vacancies are not sufficient to reduce General Fund appropriations by a total of \$50,000,000, the Director of Finance shall make reductions that are not related to position vacancies in order to achieve the total reduction required in subdivision (a). In the report described in subdivision (d), the Director of Finance shall include a description of each reduction by department, agency, and program; whether those reductions are proposed to be one-time or ongoing; a description of

any major programmatic effects related to those reductions; and any other description necessary to fully disclose the impact of those reductions.

(f) A state operations appropriation and a program, project, or function designated in any line of any schedule set forth by that appropriation may not be reduced pursuant to this section by more than 20 percent. A local assistance appropriation and a program, project, or function designated in any line of any schedule set forth by that appropriation may not be reduced pursuant to this section by more than 5 percent.

SEC. 122.5. Section 12.32 of the Budget Act of 2008 is amended to read:

Sec. 12.32. (a) It is the intent of the Legislature that appropriations that are subject to Section 8 of Article XVI of the California Constitution be designated with the wording "Proposition 98." In the event these appropriations are not so designated, they may be designated as such by the Department of Finance, where that designation is consistent with legislative intent, within 30 days after notification in writing of the proposed designation to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or within a lesser time that the chairperson of the joint committee, or his or her designee, determines.

(b) Pursuant to the Proposition 98 funding requirements established in Chapter 2 (commencing with Section 41200) of Part 24 of Division 3 of Title 2 of the Education Code, the total appropriations for Proposition 98 for the 2008–09 fiscal year are \$41,949,000,000 or 42.5 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for school districts are \$37,540,946,000 or 38.0 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for community college districts are \$4,301,706,000 or 4.4 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for other state agencies that provide direct elementary and secondary level education, as defined in Section 41302.5 of the Education Code, are \$106,348,000 or 0.1 percent of total General Fund revenues and transfers subject to the state appropriations limit.

SEC. 123. Section 24.85 of the Budget Act of 2008 is amended to read:

Sec. 24.85. (a) Notwithstanding any other provision of law, the Director of Finance is authorized to reimburse General Fund expenditures for the purpose of offsetting the costs of the Home-to-School Transportation Program for the 2008–09 fiscal year from the Public Transportation Account. A sum not to exceed \$588,826,000 from the Public Transportation Account may be used to reimburse General Fund expenditures for the Home-to-School Transportation Program. The total reimbursement shall not reduce the balance in the Public Transportation Account below a prudent reserve as determined by the Director of Finance.

(b) It is not the intent of the Legislature in enacting this section to provide additional expenditure authority to state programs.

(c) Funds provided from the Public Transportation Account for this purpose are derived from the sales tax on fuels and are dedicated to mass transportation purposes pursuant to Section 99310.5 of the Public Utilities Code. The Legislature hereby finds that transporting students to schools is a component of the state's mass transportation program.

SEC. 124. Section 35.20 is added to the Budget Act of 2008, to read:

Sec. 35.20. If legislation is enacted amending Section 13302 of the Government Code to allow the accrual of tax payments due more than two months after the close of the fiscal year for transactions occurring in the prior fiscal year, the Department of Finance shall provide guidance pursuant to Section 13310 of the Government Code with respect to the methodology to be employed in determining accruals and the timing of implementation of any changes in tax accrual practices. This change to accrual treatment of corporation and franchise tax payments and all of the change to the treatment of personal income tax payments shall apply to the 2007–08 fiscal year.

SEC. 125. Section 35.50 of the Budget Act of 2008 is amended to read:

Sec. 35.50. (a) For purposes of paragraph (1) of subdivision (f) of Section 10, and subdivision (f) of Section 12, of Article IV of the California Constitution, "General Fund revenues" means the total resources available to the General Fund for a fiscal year before any transfer to the Budget Stabilization Account.

(b) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, "all appropriations from the General Fund for that fiscal year" shall not include any transfer to the Budget Stabilization Account to retire Economic Recovery Bonds because that amount is reflected in the "amount of any General Fund moneys transferred to the Budget Stabilization Account."

(c) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, the estimate of General Fund revenues for the 2008–09 fiscal year pursuant to this act, as passed by the Legislature, is \$106,355,000,000.

(d) For purposes of subdivision (b) of Section 20 of Article XVI of the California Constitution, General Fund revenues shall be defined as revenues and transfers before any transfer to the Budget Stabilization Account, excluding any proceeds from Economic Recovery Bonds, as estimated in the enacted State Budget.

SEC. 126. Sections 1 to 125, inclusive, of this act shall become operative only if the Budget Act of 2008, Assembly Bill 1781, as proposed by Conference Report No. 1 on July 17, 2008, is enacted and becomes effective on or before January 1, 2009.

SEC. 127. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

This act makes appropriations for the support of the government of the State of California and for several public purposes for the 2008–09 fiscal

year. It is imperative that these appropriations be made effective as soon as possible. It is therefore necessary that this act go into immediate effect.

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