

SANTA CLARA COUNTY OFFICE OF EDUCATION
District Business & Advisory Services

Budget Chronology

From Fiscal Year 2001-02 thru 2011-12

June 16, 2011

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California K-12 Education Budget Chronology Updated through 2010-12 May Revise

2001-02 Budget

2001-02 Adopted Budget

- Funding increases
 - Growth and COLA- \$1,971 million
 - High Priority Schools Grant Program- \$200 million
 - Special Education settlement- \$125 million
 - Child Care- \$99 million
 - Cal Safe- \$30 million
- One-time funds
 - School energy costs- \$250 million
 - Special Education settlement- prior year costs- \$270 million

2001-02 Mid Year Cuts Proposed 11/01

- Funding reductions to programs, including:
 - Delay funding for High Priority Schools Grant Program- \$197 million
 - Delay funding for Teaching as a Priority Block Grant- \$20 million
 - Suspend Certificated Staff Performance Awards- \$50 million
 - Peer Assistance and Review- \$50 million
 - BTSA- \$20 million
 - Cal Safe- \$30 million
 - Healthy Start- \$38 million
 - 9th Grade Class Size Reduction- \$10 million
 - Digital High- \$15 million
 - Per Pupil Block Grant- \$67.8 million
 - Equalization- \$40 million
 - PERS Offset- \$35 million
- Eliminate one-time funding for energy costs- \$250 million

2001-02 Mid Year Cuts Adopted- \$2.2 billion

- **SB1XXX, AB 3008 & AB 3011**
 - Deferrals of \$931.3 million
 - Staff Development Day Buy-Out- \$76 million
 - Governor's Performance Awards- \$67.3 million
 - STAR contract costs- \$60.6 million
 - Targeted Instructional Improvement Program- \$713.4 million
 - BTSA- \$14 million
 - Reversion Account swap for Adult Education- \$503.4 million
 - Funding reductions to programs, including:
 - Delayed funding for High Priority Schools Grant Program- \$164.3 million
 - Delayed funding for Teaching as a Priority Block Grant- \$118.7 million

- Suspended Certificated Staff Performance Awards- \$100 million
- Governor's Performance Awards- \$77 million
- Peer Assistance and Review- \$50 million
- BTSA- \$45 million
- Cal Safe- \$44.2 million
- Healthy Start- \$38 million
- 9th Grade Class Size Reduction- \$35 million
- Digital High- \$26 million
- Eliminated one-time funding for energy costs- \$250 million

2002-03 Budget

2002-03 Budget Adopted- \$500 million cuts

- Funding increases
 - Growth and COLA- \$1,544 million
 - High Priority Schools Grant Program- \$199 million
- Funding decreases- approx \$500 million
 - Governor's Performance Awards- \$157 million
 - School libraries- \$135 million
 - Digital High School- \$61 million
 - Certificated Staff Performance Awards- \$50 million
 - Teaching as a priority- \$30 million
 - K-4 Classroom libraries- \$25 million
 - 9th Grade Class size reduction- \$25 million

2002-03 Mid Year Cuts Proposed

- December 2002
 - 3.66% across-the-board reductions- including revenue limits and most categorical programs
 - Eliminate child care stage 3
 - Reversion account swap for ROCP and Adult Ed
- January 2003
 - Additional 7.46% across-the-board reduction to selected categorical programs
 - Additional reversion account swaps

2002-03 Mid Year Cuts Adopted

- SB 18X- \$2.2 billion
 - Rejected across-the-board cuts
 - Deferred \$1.1 billion from the June principal apportionment, which included:
 - Revenue limits
 - Special Education
 - Adult Education
 - Supplemental Instruction
 - Gifted and Talented Education
 - Apprentice
 - Community Day Schools
 - 7th and 8th Grade Math Academies
 - K-4 Intensive Reading
 - Charter School Categorical Block Grant
 - Reduced funding for:
 - Mandates- \$122 million
 - Instructional materials- \$103 million
 - Library materials- \$11.6 million
 - Peer Assistance and Review- \$21.8 million

- Reversion Account swap for ROCP and Adult Ed- \$491.9 million
- Retained child care stage 3, but backfilled some costs with federal funds
- Savings from aligning timing of funding with expenditures for High Priority Schools Grant Program and Immediate Intervention/ Underperforming Schools Program
- Flexibility Provisions
 - Deferred maintenance match not required for 2002-03
 - Districts can use up to 50% of Reserve for Economic Uncertainty for local budgeting flexibility
 - Districts can shift up to 50% of General Fund restricted balances as of June 30, 2002 to unrestricted General Fund.
 - Capped at amount of mid-year cuts
 - Excludes voter-approved initiatives, capital outlay, bond funds, sinking funds
- SB 28X- \$161.9 million
 - \$113 million in additional reversion account swaps for Adult Education
 - \$48.7 million deferral of Staff Development Buy-Back Days
- SB 1040- \$80 million
 - \$80 million deferral of Targeted Instructional Improvement Grant

2003-04 Budget

2003-04 Budget Proposed

- Continue across-the-board cuts proposed in 2002-03 mid-year reductions
- Combine almost all categorical programs into one block grant
- No COLA
- Growth only for revenue limits and Special Education
- Basic Aid Districts
 - Elimination of \$120 per pupil
 - \$150 million recapture of excess Property Taxes

2003-04 May Revise

- Replace across-the-board cuts with targeted reductions
- Reduce revenue limit by 1.2%
- Continue categorical block grant proposal
- No COLA
- Continue deferral of June Principal Apportionment adopted by Legislature in 2002-03 Mid-Year cuts
- Basic Aid proposal revised to:
 - Elimination of \$120 per pupil
 - \$20 million reduction from categorical programs

2003-04 Budget Adopted- \$1.1 billion deferral, \$1 billion cuts

- Revenue Limit- 1.2% reduction (\$350 million)
- Adopted nearly all targeted reductions proposed in May Revise.
 - Reductions same as May Revise
 - Administrator Training- 100% reduction
 - Adults in Correctional Facilities- 26.75% reduction
 - BTSA- 2.48% reduction
 - Charter School Facility Grants- 23% reduction
 - College Prep Partnership- 100% reduction
 - Community Day Schools- 23.69% reduction
 - CSIS- 64.14% reduction, no new cohorts
 - Deferred Maintenance- 62.6% cut
 - GATE- 17.69% cut
 - Grade 7-8 Math Academies- 100% reduction
 - High Risk Youth- 38.89% reduction
 - Institute for Computer Technology- 100% reduction
 - Instructional Materials- 55.78% cut, 40.23% cut from 2002-03 revised
 - K-4 Intensive Reading- 100% reduction
 - Miller-Unruh Reading- 100% reduction
 - School Improvement Program- 9.79% reduction
 - School Library- 62.65% cut, 25.38% cut compared to 2002-03 revised
 - State Mandates-100% reduction

- Supplemental Grants- 33.09% reduction
 - Supplemental Instruction- 21.77% reduction
 - Teaching as a Priority Block Grant- 100% reduction
 - Teacher Recruitment Centers- 100% reduction
- Reductions Different from May Revise (reductions compared to 2002-03 Budget Act)
 - Adult Education- 0.73% reduction
 - Advanced Placement Teacher Training- 100% reduction
 - Child development programs- 8.71% reduction
 - Civic Education- no reduction
 - County Office Oversight- 4.66% reduction
 - Local Arts Education Partnership- no reduction
 - National Board Certification- 27% reduction
 - Peer Assistance Review- 71.07% reduction, 61.43% cut compared to 2002-03 revised
 - Public School Accountability Act- 27.28% reduction
 - ROC/P- 0.73% reduction
 - School to Career- 15% reduction
 - Student Assessments- 23.18% reduction
 - Department of Mental Health- 33.33% reduction
 - Academic Volunteer Mentor- 100% reduction
 - California Youth Authority- 2.51% increase
 - State Hospitals- Mental Health- 100% increase
- Rejected categorical block grant proposal
- No COLA
- Retained Principal Apportionment deferral and revised to include the following programs: (Special Ed no longer included because of MOE issues)
 - Revenue limits
 - Adult Education
 - Supplemental Instruction
 - Gifted and Talented Education
 - Apprentice
 - Community Day Schools
 - Charter School Categorical Block Grant
 - Home to School Transportation
 - Targeted Instructional Improvement Grant
 - School Safety Block Grant
- Basic Aid proposal revised
 - Elimination of \$120 per pupil
 - \$9.9 million reduction from categorical programs
- Flexibility provisions
 - Restricted maintenance requirement reduced from 3% to 2% of unrestricted General Fund expenditures
 - Reserve for economic uncertainties requirement reduced by half for 2003-04 and 2004-05

- Districts can shift up to 100% of General Fund restricted balances as of June 30, 2003 to unrestricted General Fund.
 - Excludes voter-approved initiatives, capital outlay, bond funds, sinking funds
 - Excludes Economic Impact Aid, Targeted Instructional Improvement Grant, Instructional Materials, Special Education, Immediate Intervention/Underperforming Schools Program, and High Priority Schools Grant Program
 - Excludes amounts deferred by state from 2001-02 to 2002-03 and from 2002-03 to 2003-04

2004-05 Budget

2004-05 Proposed Budget

- Suspend Proposition 98- \$2 billion below guarantee
- Increase ERAF by \$1.3 billion
- Funding Increases
 - Revenue Limit: Growth and 1.84% COLA \$1.35 billion- revenue limit deficit not restored
 - Categorical programs with statutory COLA receive COLA
 - Equalization- \$110 million
 - PERS- \$106 million
 - Unemployment Insurance- \$136
 - Instructional Materials- \$188 million
 - Deferred Maintenance- \$173 million
 - Internet Access- \$20 million
 - Special Education- \$84 million
- Programs Reduced
 - Assessments- \$6.5 million
 - II/USP, HPSGP- \$103 million
- Programs Eliminated
 - Academic Improvement and Achievement Act- \$5 million
 - Local Arts Education Partnership- \$6 million
 - School to Career- \$1.7 million
 - Healthy Start- \$2 million
 - Charter Schools Facilities Grants- \$7.7 million
 - Early Intervention for School Success- \$2.2 million
 - Teacher Credentialing- Pre Internship- \$8 million
- Categorical Reform- \$2 billion
 - Place 22 programs in revenue limit
 - Intended to be revenue neutral
 - At Risk Youth
 - Beginning Teacher Support and Assessment
 - Bilingual Teacher Training
 - Center for Civic Education
 - Dropout Prevention
 - English Learners Student Assistance
 - Home to School Transportation
 - Instructional Materials
 - International Baccalaureate
 - Inter-segmental Staff Development
 - Mathematics and Reading Professional Development
 - Peer Assistance Review
 - Pupil Residency Verification
 - School Improvement Program
 - School Library Materials
 - Specialized Secondary Program Grants

- Staff Development Day Buyout
 - Supplemental Grants
 - Targeted Instructional Improvement Grants
 - Teacher Dismissal Apportionments
 - Tenth Grade Counseling
 - Year Round Schools
- Statutory growth and COLA for the following programs only:
 - Adult Education
 - California School Age Families Education Program
 - Child Development
 - Economic Impact Aid
 - K-3 Class Size Reduction
 - Peer Assistance Review
 - ROC/P
 - School Improvement Program
 - Special Education
 - Staff Development Buy-out Days
 - Supplemental Hourly Programs
 - Targeted Instructional Improvement Grant
- Deferrals
 - P2 Apportionment Deferral continued
 - All mandates deferred
 - Home to School no longer deferred
 - Targeted Instructional Improvement Grant (TIIG) no longer deferred
 - School Safety deferral reduced
- Basic Aid Districts
 - \$120 per pupil not restored
 - Categorical funding cut restored
- Flexibility
 - Reserve requirement stays at 50% of previous level for 2004-05
 - All other provisions discontinued

April 1, 2004 Department of Finance Letter

- Revenue Limit
 - Equalization- reduced from \$110 million to \$82 million- 25% decrease from original proposal
 - Reduce deficit factor from 1.2% to 0.3%
- Changes to Funding Increases
 - Deferred Maintenance- eliminate proposed \$173.3 million increase. No change in funding from 2003-04.
 - Instructional Materials Block Grant- eliminate proposed \$188 million increase. No change in funding from 2003-04.
- Categorical Programs
 - Provide growth and COLA to all categorical programs, not just those with statutory growth and COLA requirements

2004-05 May Revise

- Revenue Limit
 - COLA increased to 2.41%, deficit reduction of .859%
 - Equalization- \$110 million
- Changes to Funding Increases
 - Instructional Materials- \$100 million increase
 - Deferred Maintenance- \$107 million increase
- Categorical Programs
 - Provide COLA for categorical programs as proposed in April 1, 2004 Finance Letter
 - Maintain categorical reform proposal to place 22 programs in revenue limit
- Basic Aid Districts
 - Categorical funding cut reduced by .859%
- Property Tax Shifts
 - Decrease in ERAF funds of approximately 76% statewide to achieve 18.2% local property tax reduction statewide
 - State aid will backfill decrease

2004-05 Adopted Budget

- Suspend Proposition 98 by \$2 billion, with \$302 million not appropriated and placed in Prop 98 reserve
- Revenue Limit
 - COLA of 2.41%, deficit reduction of .859%
 - Equalization- \$110 million
- Changes to Funding Increases
 - Instructional Materials- \$158 million increase
 - Deferred Maintenance- \$173 million increase
 - Libraries- \$99.4 million increase
- Categorical Programs
 - Growth and COLA of 2.41% provided to all programs
 - Proposal to place 22 categorical programs in revenue limit rejected
 - Legislature subsequently created 6 block grants through AB 825
- New Funding
 - Instructional Materials for Deciles 1 and 2- \$138 million
 - Instructional Materials for English Learners- \$30 million
- Programs Reduced
 - BTSA- \$5 million
 - Child Development- \$30.7 million
 - K-3 Class Size Reduction- \$7.6 million
 - Public Schools Accountability Act- \$103 million
 - School Law Enforcement Partnership- \$2 million
- Programs Eliminated
 - Early Intervention for School Success- \$2.2 million
 - School to Career- \$1.7 million
 - Arts Education Partnership Grants- \$6 million
 - Academic Improvement and Achievement Act- \$5 million

- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Grant
- Mandates
 - \$58.4 million provided for oldest claims
 - No funding for 2004-05 mandates
- Basic Aid Districts
 - \$120 per pupil not restored
 - Categorical funding cut reduced by 73% over prior year
- Property Tax Shifts
 - Decrease in ERAF funds of approximately 76% statewide to achieve 18.2% local property tax reduction statewide
 - State aid will backfill decrease
- Flexibility
 - Reserve requirement stays at 50% of previous level for 2004-05
 - Mega-Item continues at 10% out, 15% in
 - All other provisions discontinued

2005-06 Budget

2005-06 Proposed Budget

- Prop 98
 - Do not fund \$1.1 billion owed to education from higher guarantee in 2004-05. This saves \$2.2 billion over 2 years
 - Amend Prop 98 through constitutional amendment
 - Eliminate Test 3
 - Eliminate suspension
 - Eliminate maintenance factor
 - Payoff existing \$3.6 billion maintenance factor over 15 years
 - Allow automatic across the board cuts twice a year when revenues are lower than budgeted expenditures
- Revenue Limit
 - 3.93% COLA
 - Deficit reduction: Deficit was 2.143%, now 1.132%
- STRS and PERS
 - Transfer liability for state STRS contribution to school districts. Employer rate increases from 8.25% to 10.25%.
 - Change STRS and PERS from defined benefit to defined contribution
- Categorical Programs
 - 3.93% COLA, growth varies by program but is usually .79%
 - Implement 6 new Categorical Block Grants approved through AB 825
 - Pupil Retention Block Grant
 - School Safety Competitive Block Grant
 - Teacher Credentialing Block Grant
 - Professional Development Block Grant
 - Targeted Instructional Improvement Block Grant
 - School and Library Improvement Block Grant
 - Add to the Professional Development Block Grant
 - Teacher Credentialing Block Grant
 - Peer Assistance and Review
 - Bilingual Teacher Training
 - Teacher Dismissal Apportionments
 - Allow Professional Development Block Grant to be used for AVID
- New Funding and Initiatives
 - School Facilities Emergency Repair Account (\$100 million)
 - School Business Officials Pilot Program (\$1 million)
 - High Priority Schools Grant Program new cohort (\$45 million)
 - Career Technical Education
 - Fitness and Nutrition Initiative
 - Accelerated English Language Acquisition Program
 - School Recovery Teams
 - Charter Schools- allow colleges and university to authorize
 - Pilot of local budget and decision-making
 - Promote smaller learning environments

- Funding Decreases
 - AVID (\$840,000) Not Prop 98
 - Charter Facilities Grant (\$7.7 million)
 - Instructional Materials Funding for Deciles 1 and 2 (\$138 million) Funding was one-time
- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Retention Block Grant
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant
- Mandates
 - No funding for 2005-06 mandates
- Basic Aid Districts
 - \$120 per pupil not restored
 - Categorical funding cut reduced by 50% over prior year
- Flexibility
 - Reserve requirement returns to 100% of previous level
 - Mega-Item continues at 10% out, 15% in for smaller list of programs

2005-06 May Revise

- Prop 98
 - Do not fund \$1.8 billion owed to education from higher guarantee in 2004-05. This saves \$3.2 billion over 2 years
 - Provide \$242 million in one-time money for prior-year settle-up
- Revenue Limit
 - 4.23% COLA
 - Deficit reduction: Deficit was 2.143%, now 1.129%
- Categorical Programs
 - 4.23% COLA, growth varies by program but is usually .69%
 - Move capped hourly programs out of Pupil Retention Block Grant and back into the Revenue Limit
 - Permanently shift county mental health services to school districts with no additional funding
 - Restore \$840,000 to AVID
- New Funding and Initiatives
 - Class Size Reduction Expansion (\$123 million ongoing plus \$52.4 million one-time)
 - Teacher and Principal Recruitment (\$49.5 million)

- Beginning Teacher Support (\$30 million)
- Supplemental Instruction for CAHSEE (\$57.5 million)
- Fruits and Vegetables for School Breakfast (\$18.2 million)
- Career Technical Education (\$30 million)
- Smaller learning environments (\$1.6 million)
- Physical Education testing (\$2.2 million)
- California Local Education Accountability Reform program (\$5.6 million)
- Charter Schools Facilities Grants (\$9 million Prop 98. \$19.5 million federal)
- High School Coaching (\$500,000)
- Flexibility
 - Increase Mega-Item flexibility to 50% out, 50% in
 - Increase flexibility for all 6 new categorical block grants to 50% out, 50% in

2005-06 Adopted Budget

- Prop 98
 - Do not fund \$1.8 billion owed to education from higher guarantee in 2004-05. This saves \$3.0 billion over 2 years
 - Provide \$7 million in one-time money for prior year settle-up
 - Prop 98 reforms on November 2005 ballot as Proposition 76
 - Automatic budget reductions
 - Repeal Test 3
 - Repeal future Maintenance Factor
 - Ability to suspend Prop 98 would remain in law
 - Repay \$3.84 billion outstanding maintenance factor by July 1, 2021
 - Repay prior year settle-up within 15 years of 2003-04, starting in 2006-07
 - Repayments do not become part of base
 - Prop 98 Reserve of \$27 million from vetoed programs
 - \$20 million for English learner instructional materials
 - \$4.8 million for special education one-time grants
 - \$2 million for Healthy Start
- Revenue Limit
 - 4.23% COLA
 - Deficit reduction: Deficit was 2.143%, now 0.892%
- STRS and PERS
 - Rejected proposal to transfer liability for state STRS contribution to school districts.
 - Dropped proposal to change STRS and PERS from defined benefit to defined contribution
- Categorical Programs
 - 4.23% COLA, growth varies by program but is usually 0.79%
 - Capped hourly programs remain in Pupil Retention Block Grant
 - Rejected proposal to move additional programs into the Professional Development Block Grant
 - Mental health shift to education rejected
- New Funding and Initiatives
 - School Facilities Emergency Repair Account (\$183.5 million)

- School Business Officials Pilot Program (\$1 million)
- High Priority Schools Grant Program new cohort (\$60 million)
- Low Performing School Enrichment Block Grant (\$22.3 million to \$49.5 million)
- Supplemental Instruction for CAHSEE (\$20 million)
- Special Education Supplemental Instruction for CAHSEE (\$47.9 million)
- Charter Schools Facilities Grants- (\$9 million Prop 98, \$19.5 million federal)
- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Retention Block Grant
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant
- Mandates
 - \$60.6 million for prior year mandates
 - No funding for 2005-06 mandates
- Basic Aid Districts
 - \$120 per pupil not restored
 - Categorical funding cut reduced to 0.114% of 2004-05 P-2 Revenue Limit plus excess property taxes
- Flexibility
 - Reserve requirement returns to 100% of previous level
 - Mega-Item continues at 10% out, 15% in for smaller list of programs, 50% out, 50% in proposal rejected
 - May Revise Proposal to expand flexibility for categorical block grants rejected

2006-07 Budget

2006-07 Proposed Budget

- Prop 98
 - Increase Prop 98 Funding for 2006-07 to be where it would have been if there had only been suspension of \$2 billion in 2004-05- increase of \$3.7 billion
 - No payments for amount owed under the deal for 2004-05 (\$1.67 billion) and 2005-06 (\$1.51 billion)
- Revenue Limit
 - 5.18% COLA
 - Deficit reduction: Deficit was .892%, now .299%
 - Equalization- \$200 million
- Categorical Programs
 - 5.18% COLA, growth varies by program but is usually .21%
- New Ongoing Funding and Initiatives
 - Proposition 49 (\$428 million)
 - Teacher Recruitment and Retention (\$100 million)
 - Arts and Music Grants (\$100 million)
 - Physical Education Grants (\$85 million)
 - BTSA Expansion (\$65 million)
 - Career Technical Education (\$50 million)
 - Digital Classroom Grants (\$25 million)
 - Fruits and Vegetables (\$18.2 million)
- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant
- Mandates
 - \$133.6 million for current year, \$18.7 million prior year, \$39,000 attendance accounting, \$133.2 million prior year
- Basic Aid Districts
 - \$120 per pupil not restored
 - Categorical funding cut eliminated
- Flexibility
 - Mega-Item continues at 10% out, 15% in for smaller list of programs

2006-07 May Revise

- Prop 98
 - \$4.5 billion increase over 2005-06 adopted budget- all ongoing
 - \$3.7 billion included in the January budget
 - \$0.7 billion added in the May Revise
 - \$2.263 billion in one-time funds
 - \$1.8 billion goes towards increasing the K-12 minimum guarantee
 - \$2.9 billion settlement of Prop 98 litigation
 - Funds count towards increasing the base in 2004-05 and 2005-06
 - Payments begin in 2007-08 (\$300 million), then \$450 million annually
- Revenue Limit
 - 5.92% COLA
 - Deficit eliminated: Deficit was .892%, now 0%
 - Equalization- \$300 million
- Categorical Programs
 - 5.92% COLA. Growth not included in most programs
- Funding Increases
 - Proposition 49 (\$428 million)
 - BTSA Expansion (Teacher Credentialing Block Grant) (\$65 million)
 - Teacher Recruitment and Retention (\$50.5 million)
- New Ongoing Programs
 - Counselors for Grades 7-12 (\$200 million)
 - Arts and Music Block Grant (\$166 million)
 - Physical Education (\$85 million)
 - Preschool Expansion (\$50 million)
 - CAHSEE Supplemental Assistance (\$50.5 million)
 - School Meal Reimbursement Increase (\$37.8 million)
 - Digital Classroom Grants (\$25 million)
 - Fruits and Vegetables (\$18.2 million)
- One-Time Programs
 - Classroom Supplies (\$400 million)
 - Instructional Materials (\$250 million)
 - English Learner Instructional Materials (\$30 million)
 - Physical Education Equipment (\$250 million)
 - Arts and Music Equipment (\$250 million)
 - Facility Repairs- Williams Settlement (\$137 million)
 - Library Materials (\$75 million)
 - Career Technical Education Equipment and Materials (\$50 million)
 - Garden Supplies and Equipment (\$30 million)
 - Healthy Start (\$10 million)
- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School

- Gifted and Talented
- Hourly Programs
- Pupil Transportation
- ROC/P
- School Safety Block Grant
- Targeted Instructional Improvement Block Grant
- Mandates
 - \$959 million one-time funding, \$133 million ongoing funding for both current and prior year mandate claims
- Basic Aid Districts
 - \$120 per pupil not restored
 - Categorical funding cut eliminated
- Flexibility
 - List of programs modified in April 1 Department of Finance letter

2006-07 Adopted Budget

- Prop 98
 - \$4.5 billion increase over 2005-06 adopted budget- all ongoing
 - \$2.263 billion in one-time funds
 - \$1.8 billion goes towards increasing the K-12 minimum guarantee
 - \$2.9 billion settlement of Prop 98 litigation
 - Funds count towards increasing the base in 2004-05 and 2005-06
 - Payments begin in 2007-08 (\$300 million), then \$450 million annually
- Revenue Limit
 - 5.92% COLA
 - Deficit eliminated: Deficit was .892%, now 0%
 - Equalization- \$300 million
- Categorical Programs
 - 5.92% COLA. Growth not included in most programs
- Funding Increases
 - Proposition 49 (\$428 million)
 - Economic Impact Aid (\$350 million)
 - High Priority Schools Grant Program new cohort (\$201 million)
 - BTSA Expansion (Teacher Credentialing Block Grant) (\$9.6 million)
 - CAHSEE Supplemental Assistance (\$50 million)
- New Ongoing Programs
 - Counselors for Grades 7-12 (\$200 million)
 - Arts and Music Block Grant (\$105 million)
 - Preschool Expansion (\$50 million)
 - Physical Education Teacher Incentive (\$40 million)
- One-Time Programs
 - Discretionary Block Grant (\$533.5 million)
 - Arts, Music, and Physical Education Equipment (\$500 million)
 - Facility Repairs- Williams Settlement (\$137 million)
 - Instructional Materials, School Libraries and Education Technology (\$100 million)

- Teacher Recruitment and Retention (\$53 million)
- Preschool Facilities (\$50 million)
- Career Technical Education Equipment and Materials (\$40 million)
- English Learner Instructional Materials (\$30 million)
- English Language Development Best Practices (\$20 million)
- California Fresh Start Pilot (\$18.2 million)
- Garden Supplies and Equipment (\$15 million)
- Nell Soto Parental Involvement Activities (\$15 million)
- CSIS Light/CALPADS (\$11.5 million)
- Fiscal Solvency: Retiree Health Benefit Obligations (\$10 million)
- Healthy Start (\$10 million)
- CAHSEE Intervention Materials (\$5.5 million)
- Early Mental Health (\$5 million)
- K-12 High Speed Network (\$4 million)
- Oral Health Assessments for Kindergarten (\$4.4 million)
- School Breakfast Start-up (\$3 million)
- Mathematics Teacher Pilot (\$1.8 million)
- English Learner Professional Development (\$1.2 million)
- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Transportation
 - Pupil Retention Block Grant
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant
- Mandates
 - \$30 million for current-year claims
 - \$927 for prior-year claims
 - Border Residency Verification moved to mandates
- Basic Aid Districts
 - \$120 per pupil not restored
 - Categorical funding cut eliminated
- Flexibility
 - EIA and Foster Youth can only receive funding

2007-08 Budget

2007-08 Proposed Budget

- Prop 98
 - 3.3% increase in ongoing funding
 - Decline of .8% compared to prior year funding which included one-time funds
 - First year of \$2.9 billion settlement of CTA v. Schwarzenegger
- Revenue Limit
 - 4.04% COLA
 - No deficit
 - No equalization
- Categorical Programs
 - 4.04% COLA
 - Growth varies by program but is usually -.39%. This amount is subtracted from COLA
- New One-Time Funding and Initiatives
 - One-time funding from 2006-07 discontinued
 - First year of Quality Education Investment Act (QEIA)- \$2.9 billion over 7 years for schools in Deciles 1 and 2 as part of Prop 98 settlement
 - National Forest Area Aid Loans- \$69 million
 - Low-Performing Schools Block Grant- \$50 million
 - Charter School Facility Loans- \$43.9 million
 - EnCorps Teacher Training Program- \$10 million
 - CAHSEE Instructional Materials- \$5 million
 - CBO Training- \$2.5 million
 - Partnership for Success- \$1.5 million
 - California Program Improvement Management System- \$1 million
- Funding Shifts
 - Transfer Pupil Transportation to the Public Transportation Account (\$627 million)
 - Move CalWORKS Child Care costs into Prop 98 (\$269 million)
- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant
- Mandates
 - No new funding
- Basic Aid Districts- no changes

- Flexibility
 - Mega-Item continues at 10% out, 15% - same list of programs as 2006-07 Adopted Budget

2007-08 May Revise

- Prop 98
 - 3.9% increase in ongoing funding
 - First year of \$2.9 billion settlement of CTA v. Schwarzenegger
- Revenue Limit
 - 4.53% COLA
 - No deficit
 - No equalization
 - Budgeting error left out ongoing costs of 2006-07 equalization- \$366 million
- Categorical Programs
 - 4.53% COLA
 - Growth varies by program but is usually -.48%. This amount is subtracted from COLA
- New One-Time Funding and Initiatives
 - One-time funding from 2006-07 discontinued
 - First year of Quality Education Investment Act (QEIA)- \$2.9 billion over 7 years for schools in Deciles 1 and 2 as part of Prop 98 settlement
 - School Safety- \$100 million
 - Supplemental Instruction- \$76.6 million
 - National Forest Area Aid Loans- \$69 million
 - Low-Performing Schools Block Grant- \$50 million
 - Charter School Facility Loans- \$43.9 million
 - School Breakfast Program Expansion- \$5.4 million
 - CAHSEE Supplemental Materials- \$5 million
 - CBO Training- \$2.5 million
 - Partnership for Success- \$1.5 million
- New Ongoing Funding Initiatives
 - Highly Qualified Teachers- \$60 million
 - Career Technical Education- \$125 million
 - Nutrition- \$44.5 million
 - Childcare- \$50 million
 - Information and Technology- \$67.5 million
 - EnCorps Teacher Training Program- \$12 million
 - School Safety- \$11 million
- Funding Shifts
 - Transfer Pupil Transportation to the Public Transportation Account proposal withdrawn
 - Move CalWORKS Child Care costs into Prop 98 (\$269 million)
- Deferrals
 - P2 Apportionment Deferral continued with same list as proposed budget
- Mandates
 - No new funding

- Basic Aid Districts- no changes
- Flexibility
 - Mega-Item continues at 10% out, 15% - same list of programs as 2006-07 Adopted Budget

2007-08 Adopted Budget

- Prop 98
 - 3.7% increase in ongoing funding
 - First year of \$2.9 billion settlement of CTA v. Schwarzenegger
- Revenue Limit
 - 4.53% COLA
 - No deficit
 - No equalization
- Categorical Programs
 - 4.53% COLA
 - Growth varies by program but is usually -.48%. This amount is subtracted from COLA
- New One-Time Funding and Initiatives
 - One-time funding from 2006-07 discontinued
 - First year of Quality Education Investment Act (QEIA)- \$2.9 billion over 7 years for schools in Deciles 1 and 2 as part of Prop 98 settlement
 - School meals- \$18 million
 - Child Care Adjustments- \$6.8 million
 - Early Mental Health- \$5 million
 - Community Day School Deficiencies for 2006-07- \$4.1 million
 - High Speed Network- \$1.9 million
- Reversion Account/ Public Transportation Account (PTA) Swap- \$566.5 million
 - Deferred Maintenance- \$115.5 million
 - High Priority Schools Grant Program- \$102 million
 - Home to School Transportation- \$250 million Reversion Account, \$99.1 million PTA
- Funding Shifts
 - Transfer Pupil Transportation to the Public Transportation Account not approved
 - Move CalWORKS Child Care costs into Prop 98 (\$269 million)
- Deferrals
 - P2 Apportionment Deferral continued
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant

- Mandates
 - No new funding
- Basic Aid Districts- no changes
- Flexibility
 - Mega-Item continues at 10% out, 15% - same list of programs as 2006-07 Adopted Budget

2007-08 Proposed Midyear Cuts

- \$360 million unspecified cut. Intent is to identify savings in categorical programs which can be redirected to mitigate the reduction to school apportionments

2007-08 Mid-Year Cuts Adopted in ABX3 4 (Chapter 2, 2008): \$507 million

- Principal Apportionment usually made in July will be moved to September for certain districts. Effective in 2008-09 only.
- 2007-08 Reduced Appropriations – No impact on district funding levels- \$211.4 million
 - High Priority Schools Grant Program- \$3,785,000
 - Economic Impact Aid- \$25,000,000
 - Math and Reading Professional Development- \$6,250,000
 - National Board Certification- \$2,000,000
 - Preschool- \$20 million
 - General Child Care- \$20,250,000
 - Cal-SAFE- \$2,000,000
 - 9th Grade Class Size Reduction- \$5,000,000
 - K-3 Class Size Reduction- \$32,000,000
 - Pupil Retention Block Grant- \$1,000,000
 - School Safety Consolidated Competitive Block Grant- \$18,050,000- Note: new competitive grant process had not yet begun in 2007-08
 - Physical Education Teacher Incentive Grants- \$41,820,000 – Note: two years of funding were available in 2007-08. One year of funding deleted.
 - Home to School Transportation- \$11,000,000
 - Commission on Teacher Credentialing- \$4,800,000
 - Community Colleges- \$18,413,994
- Swap out \$295.4 million in reappropriated prior-year funds for current year funds for Targeted Instructional Improvement Block Grant

2007-08 Mid-Year Cuts Adopted in ABX3 3 (Chapter 1, 2008): \$409 million

- \$409 million for Home to School Transportation will be reimbursed by the Public Transportation Account (PTA) (funded by sales tax on fuels)

2008-09 Budget

2008-09 Proposed

- Prop 98
 - Suspend Prop 98 by \$4 billion
 - 9.2% less than required by guarantee
 - 1.9% cut from 2007-08 revised, 2.6% cut from budget act
 - \$4,357,251 in budget balancing reductions
- Revenue Limit
 - 4.94% COLA
 - Deficit of 6.99%
 - No equalization
- Categorical Programs
 - All programs receive budget reduction. Net reduction ranges from 6.5% to 10.9%
 - 4.94% COLA initially added for some programs
 - Growth varies by program but is usually -.51%. This amount is subtracted from COLA
 - Deficit of 10.9% then applied across the board: \$1.1 billion reduction
 - Special Education: \$357.9 million reduction
- Deferrals
 - All deferrals continued, but payment date moved from July to September
 - P2 Revenue Limit Apportionment
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant
- Mandates
 - No new funding
 - \$150 million for prior-year claims
- Basic Aid Districts- no changes
- Other Proposals
 - Change the COLA from the State and Local Implicit Deflator to the Consumer Price Index
 - \$1 million for CBO training
- Flexibility
 - Mega-Item flexibility increased. Used to be 10% out, 15% in, propose 50% out, 55% in- same list of programs as 2007-08 Adopted Budget

2008-09 May Revise

- Prop 98
 - Do not suspend Proposition 98, but minimum guarantee is lower than it was in January by \$2.9 billion
 - 0.14% increase in funding from 2007-08
- Revenue Limit
 - 5.66% COLA
 - Deficit of 5.357%
 - No equalization
- Categorical Programs
 - No COLA
 - For most programs, the budget cut is the same as proposed in January budget
 - Special Education: no reduction
 - Deferred Maintenance: \$237.8 million reduction- 86%
- Deferrals
 - All deferrals from June to July of subsequent year continued
 - P2 Revenue Limit Apportionment
 - Adult Education
 - Apprentice
 - Charter School Categorical Block Grant
 - Community Day School
 - Gifted and Talented
 - Hourly Programs
 - Pupil Transportation
 - ROC/P
 - School Safety Block Grant
 - Targeted Instructional Improvement Block Grant
- Cash Management
 - July 2008 Principal Apportionment payment moved to September 2008 for certain districts
 - Move \$2.5 billion in payments to April to be paid in one lump sum
 - Community Based English Tutoring
 - Supplemental School Counseling
 - Foster youth
 - English Language Acquisition
 - CAHSEE Supplemental Instruction
 - 9th Grade Class Size Reduction
 - K-3 Class Size Reduction
 - Pupil Retention Block Grant
 - Teacher Credentialing Block Grant
 - Professional Development Block Grant
 - Targeted Instructional Improvement Block Grant
 - School and Library Improvement Block Grant
 - ASES
 - Child development programs
- Mandates

- No new funding
- \$150 million for prior year claims
- Basic Aid Districts- no changes
- Other Proposals
 - Change the COLA from the State and Local Implicit Deflator to the Consumer Price Index
 - \$1 million for CBO training
- Flexibility
 - Reserve for Economic Uncertainties- reduced in half for 2008-09 and 2009-10
 - Use current-year categorical funds to increase “apportionments” by up to 2%
 - Transfer carryover balances to the Unrestricted General Fund, except the following programs:
 - Economic Impact Aid
 - High Priority Schools Grant Program
 - Instructional Materials
 - Special Education
 - Targeted Instructional Improvement Block Grant
 - Capital Outlay
 - Federal Funds
 - Quality Education Investment Act
 - Voter-approved programs
 - Mega-Item flexibility increased from 10% out, 15% in, to 50% out, 55% in- same list of programs as 2007-08 Adopted Budget
 - AB 825 Flexibility increased from 15% out, 20% in, to 20% out, 25% in
 - Routine Restricted Maintenance- Reduced required contribution from 3% to 2% of total General Fund expenditures
 - No match required for Deferred Maintenance Program

2008-09 Adopted Budget

- Prop 98
 - Do not suspend Proposition 98
 - 2.65% increase in funding from 2007-08- looks large because there was one-time funding in 2007-08 that had to be replaced with ongoing dollars
- Revenue Limit
 - 5.66% COLA
 - Deficit of 4.713%
 - Net increase of approximately 0.68%
 - No equalization
- Categorical Programs
 - No COLA
 - Growth adjustment of -0.52% for some programs
 - No budget reductions
- Deferrals
 - All deferrals from June to July of subsequent year continued
 - Date to pay deferrals moved to July 31st for 2009 only
 - P2 Revenue Limit Apportionment

- Adult Education
- Apprentice
- Charter School Categorical Block Grant
- Community Day School
- Gifted and Talented
- Hourly Programs
- Pupil Transportation
- ROC/P
- School Safety Block Grant
- Targeted Instructional Improvement Block Grant
- Cash Deferrals
 - July 2008 Apportionment moved to September 2008 for certain districts
 - Half of February 2009 Principal Apportionment payment moved to April 2009
 - K-3 Class Size Reduction February 2009 apportionment moved to April 2009
- Mandates
 - No new funding for current or prior year claims
- Basic Aid Districts- no changes
- Other Proposals
 - \$1 million for CBO training
- Flexibility
 - No flexibility provisions adopted
 - Mega-Item Flexibility continued at 10% out, 15% in
 - Funds can only be transferred in to Cafeteria
 - AB 825 Block Grant Flexibility continued at 15% out, 20% in
- Lottery
 - Ballot measure to securitize lottery funding in 2009
 - Takes K-12 out of lottery funding and instead provide state funding of same amount
 - Education would not share in growth of lottery funding

2008-09 Proposed Mid-Year Cuts November 6, 2008

- Revenue Limit
 - Eliminate 0.68% COLA
 - Reduce revenue limit by additional 5%
- Categorical Reductions
 - Reduce funding for underutilized programs with no programmatic impact
 - K-3 Class Size Reduction \$28.6 million
 - Principal Training \$2.6 million
 - Alternative Credentialing \$3.3 million
 - Pupil Retention Block Grant \$1 million
 - Use \$35.5 million from above to fund Targeted Instructional Improvement Block Grant to create Prop 98 savings
 - Child Care- \$55 million
 - Stage 2 and 3 child care- \$42 million
- Flexibility

- Provide ability to transfer current and prior year categorical funds to Unrestricted General Fund up to amount of Revenue Limit cut
- Allow districts to exceed 20:1 ratio for K-3 CSR without penalty
- Waive requirement to purchase textbooks within 24 months
- Allow districts to reduce Reserve for Economic Uncertainties by 50%
- Waive deferred maintenance match
- Reduce routine restricted maintenance match from 3% to 2%

2008-09 Proposed Mid-Year Cuts December 31, 2008

- Proposition 98
 - Test 1
 - Reduce funding to minimum guarantee for K-14 of \$51.5 billion
 - Reduction of \$6.6 billion compared to 2008-09 adopted budget
 - Controversy over whether maintenance factor applies in Test 1
- Revenue Limit
 - Eliminate 0.68% COLA
 - Reduce revenue limit by additional 4.565%
 - Deficit factor of 9.685%
- Categorical Reductions
 - Reduce \$55.5 million in funding for underutilized programs with no programmatic impact
 - Economic Impact Aid \$48.5 million
 - High Speed Network \$2 million
 - National Board Certification \$2 million
 - Certificated Staff Mentoring \$1 million
 - Pupil Retention Block Grant \$1 million
 - Child Care- \$55 million
 - Stage 2 and 3 child care- \$42 million
- Other Savings to State
 - Defer \$2.6 billion of revenue limit and K-3 Class Size Reduction program payments from April 2009 to July 2009
 - Count \$1.1 billion in current year appropriations as settle-up for prior year Prop 98 obligations
 - Use \$618.7 million of Public Transportation Account and Mass Transportation Account for Home-to-School Transportation
- Flexibility
 - Provide ability to transfer current and prior year categorical funds to Unrestricted General Fund up to any amount
 - Lift statutory requirements for most categorical programs
 - Allow districts to exceed 20:1 ratio for K-3 CSR without penalty
 - Waive requirement to purchase textbooks within 24 months
 - Allow districts to reduce Reserve for Economic Uncertainties by 50%
 - Waive deferred maintenance match
 - Reduce routine restricted maintenance match from 3% to 1%

2008-09 Mid Year Cuts Adopted 2/20/09: SBX3 4

- Proposition 98
 - Test 1
 - Reduce funding to minimum guarantee for K-14 of \$50.632 billion
 - Reduction of \$7.3 billion compared to 2008-09 adopted budget
- Revenue Limit
 - Eliminate 0.68% COLA
 - Reduce revenue limit by additional 2.63% compared to 2007-08
 - Deficit factor of 7.844%
- Categorical Reductions
 - 15.38% Reduction for many categorical programs
 - Reduce \$55.5 million in funding for underutilized programs with no programmatic impact
 - Economic Impact Aid \$48.5 million
 - High Speed Network \$2 million
 - National Board Certification \$2 million
 - Certificated Staff Mentoring \$1 million
 - Pupil Retention Block Grant \$1 million
 - Child Care- \$55 million
 - Stage 2 and 3 child care- \$42 million
- Other Savings to State
 - Count \$1.1 billion in current year appropriations as settle-up for prior year Prop 98 obligations
 - Use \$618.7 million of Public Transportation Account and Mass Transportation Account for Home-to-School Transportation
- Deferrals
 - Defer \$2.6 billion of revenue limit and K-3 Class Size Reduction program payments from April 2009 to July 2009- permanent. This amended the original budget that deferred these funds from February to April
- Flexibility
 - Ending fund balance flexibility for General Fund and Cafeteria Fund balances as of June 30, 2008. Legislation stated that transfers could be done in 2008-09 or 2009-10 but CDE guidance required transfers to be done in 2008-09. Excluded program:
 - Economic Impact Aid
 - Special Ed
 - Instructional Materials
 - CAHSEE Intensive Intervention and Services
 - Targeted Instructional Improvement Grant (old program)
 - Transportation
 - Capital funds
 - QEIA
 - Voter-approved initiatives
 - Program flexibility

- 39 budget items were given flexibility to use for any educational purpose from 2008-09 to 2012-13
 - CDE required that funds be accounted for as unrestricted
 - Public hearing required for the receipt of funds
- Mega-Item Flexibility repealed
- Class Size Reduction
 - New penalty schedule from 2008-09 through 2011-12
 - Districts can go above 20:1 ratio and still get funding, but penalties will apply
 - 20.45 to 21.44 5%
 - 21.45 to 22.44 10%
 - 22.45 to 22.94 15%
 - 22.95 to 24.94 20%
 - 24.95 and over 30%
 - Funding is based on 20 students
- Instructional Materials
 - Waive requirement to purchase textbooks within 24 months for 2008-09 and 2009-10
 - Sufficiency hearing is still required
- Waive deferred maintenance match from 2008-09 through 2012-13
- Reduce routine restricted maintenance match from 3% to 1% from 2008-09 through 2012-13

2008-09 Proposed Mid-Year Cuts in May Revision 5/14/09

- Proposition 98
 - Test 1
 - Reduce funding to minimum guarantee for K-14 of \$48.984 billion
 - Reduction of \$1.6 billion compared to 2008-09 February Revision
- Revenue Limit
 - Reduce revenue limit by additional 6.42% compared to 2007-08
 - Deficit factor of 11.428%
- Categorical Programs
 - Eliminate High Priority Schools Grant Program

2008-09 July Revision Adopted: ABX4 2 and ABX4 3

- Proposition 98
 - Test 3
 - Reduce funding to minimum guarantee for K-14 of \$48.996 billion
 - Reduction of \$1.6 billion compared to 2008-09 February Revised Budget
 - Maintenance Factor
 - Legislation adopted to end controversy about whether maintenance factor applies during Test 1
 - Maintenance Factor locked in at \$11.2 billion

- Will be paid off according to maintenance factor formula beginning 2010-11
 - Priorities: \$200 million in equalization, deficit reduction, increase revenue limits
- Revenue Limit
 - No changes adopted because no action by June 30, 2009
- Categorical Programs
 - Revert \$1.6 billion in categorical funds that had not been released as of June 30, 2009
 - Eliminate High Priority Schools Grant Program
 - These funds were reappropriated in 2009-10 so there was no actual cut to categorical programs
 - Real cut is a one-time Revenue Limit cut in 2009-10 of \$252.38 per 2008-09 P-2 RL ADA
- Flexibility
 - Amend program flexibility to change the base year to 2007-08 for the following programs
 - Supplemental Instruction Programs
 - ROP
 - Adult Ed
 - Community Day School
 - CalSAFE
 - 9th Grade Class Size Reduction
 - Advanced Placement Fees
 - Reader Services for Blind Teachers
 - Amend ending balance flexibility
 - New programs- districts can sweep in either 2008-09 or 2009-10
 - Adult Education
 - Deferred Maintenance
 - CAHSEE Intensive Instruction and Services
 - Instructional Materials
 - Targeted Instructional Improvement Grant
 - Transportation Equipment Fund
 - Reserves for capital outlay within in Fund 01, 11, 14, and 15
 - Now Excluded
 - English Language Learner Acquisition and Development Pilot Program
 - Cafeteria Fund
 - Child Development
 - Amend CSR Flexibility- Clarified that districts are capped at the number of classes they applied for on January 31, 2009
 - Amend Routine Restricted Maintenance flexibility- districts are exempt from the 1% deposit if they maintain facilities in good repair

2009-10 Budget

2009-10 Proposed

- Prop 98
 - Test 1
 - Funding for K-14 of \$55.9 billion
 - Increase of \$4.4 billion over prior year as adjusted for mid-year cuts
- Revenue Limit
 - Net reduction of 2.515% over prior year
 - 5.02% COLA not funded
 - Deficit factor of 16.161%
 - No equalization
- Categorical Programs
 - Growth for the following programs
 - Adult Education \$19.3 million
 - Child Nutrition \$8.4 million
 - Charter School Categorical Block Grant \$42.6 million
 - K-3 Class Size Reduction \$9.2 million
 - Teacher Credentialing Block Grant \$3.8 million
 - -0.30% growth for some programs
 - Increases for the following programs
 - Deferred Maintenance \$35.5 million
 - National Board Certification \$1 million
 - Replace Lottery with General Fund \$891.6 million
 - Special Education Behavior Plans \$65 million
 - Decreases for the following programs
 - Eliminate High Priority Schools Grant Program (\$114.2 million)
 - National Board Certification Incentive Program (\$1 million)
 - Child Care
 - increase of \$287.5 million to backfill one-time sources and \$18.9 million for 1.23% statutory growth
 - No COLA, decrease of \$38.7 million to reduce reimbursement rate limits and decrease of \$14.4 million to reflect a revised family fee schedule
 - Use \$398.5 million from Public Transportation Account and Mass Transportation program
- Deferrals
 - Continue all deferrals from 2008-09 Adopted Budget and Proposed Mid-Year Cuts
- Mandates
 - Suspend all mandates except for Interdistrict/Intradistrict Transfers \$6.3 million and \$7.1 million for CAHSEE
- Basic Aid Districts- no changes
- Flexibility
 - Continue all flexibility from 2008-09 Mid-Year Cuts

- Provide ability to transfer current and prior year categorical funds to Unrestricted General Fund up to any amount (Would also change to a categorical block grant)
- Lift statutory requirements for most categorical programs
 1. Allow districts to exceed 20:1 ratio for K-3 CSR without penalty
 2. Waive requirement to purchase textbooks within 24 months
- Allow districts to reduce Reserve for Economic Uncertainties by 50%
- Waive deferred maintenance match
- Reduce routine restricted maintenance match from 3% to 1%
- Allow districts to reduce school year by 5 days

2009-10 Adopted SBX3 1, SBX3 4: February 20, 2009

- Prop 98
 - Test 1
 - Funding for K-14 of \$54.796
 - Increase of \$4.16 billion over prior year as adjusted for mid-year cuts
- Revenue Limit
 - Net reduction of 0.969% compared to 2008-09 February, 3.57% decrease compared to 2007-08
 - 5.02% COLA not funded
 - Deficit factor of 13.094%
 - No equalization
- Categorical Programs
 - 5.27% cut for many programs
 - -0.30% growth for some programs
 - Eliminate High Priority Schools Grant Program
 - Use funds from Public Transportation Account and Mass Transportation program for Home to School Transportation
- Deferrals
 - Continue all deferrals from 2008-09, plus
 - \$1 billion from July 2009 to October 2009
 - \$1.5 billion from August 2009 to October 2009
- Mandates
 - No funding
- Basic Aid Districts- no changes
- Flexibility
 - Continue all flexibility from 2008-09 SBX3 4

2009-10 May Revise: May 14, 2009

- Proposition 98
 - Test 2
 - Reduce funding to minimum guarantee for K-14 of \$51.1 billion
 - Reduction of \$3.7 billion compared to 2009-10 Adopted Budget
- Revenue Limit

- COLA updated to 4.25%
- Increase amount of Revenue Limit Cut
- Cut would be 1.43% compared to 2008-09 May Revise, 7.75% reduction from 2007-08
- Deficit factor of 16.25%
- Categorical Programs
 - No changes
- Deferrals
 - Continue existing deferrals, plus
 - \$1 billion from October 2009 to December 2009
 - \$1 billion from November 2009 to January 2010
 - \$687.611 million from April 2010 to August 2010
 - \$1 billion from May 2010 to August 2010
- New payment schedule of 5% July, 5% August, 9% for other months
- Flexibility
 - Reduce school year by up to 7 days for no more than 3 years

2009-10 May Revise: May 29, 2009

- Proposition 98
 - Test 2
 - Reduce funding to minimum guarantee for K-14 of \$50.299
 - Reduction of \$4.497 billion compared to 2009-10 Adopted Budget
- Revenue Limit
 - Increase amount of Revenue Limit Cut
 - Cut would be 3.45% compared to 2008-09 May Revise, 9.64% reduction from 2007-08
 - Deficit factor of 17.967%
- Categorical Programs
 - 65% cut to Home to School Transportation and Special Education Transportation

2009-10 Revised: ABX4 1, ABX4 2: July 28, 2009

- Prop 98
 - Test 2
 - Funding for K-14 of \$50.306
 - Decrease of \$4.49 billion compared to 2009-10 Adopted Budget
- Revenue Limit
 - Net reduction of 7.64% over 2008-09 February, 10.07% reduction from 2007-08
 - 4.25% COLA not funded
 - Deficit factor of 18.355%
 - No equalization
 - Additional one-time cut of \$252.83 per 2008-09 RL P-2 ADA. This is the 2008-09 cut delayed
- Categorical Programs
 - 5.27% cut remains in place
 - Growth changed from -0.30% to 0.32%

- Home to School Transportation now funded out of Prop 98 and cut by 19.84%
- QEIA
 - Cut from Non-Prop 98 General Fund
 - Funded within Prop 98
 - Revenue limit cut of same amount
 - Districts can apply for Title I school/district improvement funds to backfill Revenue Limit loss
- Deferrals
 - \$1 billion from July 2009 to October 2009 changed to December 2009
 - \$1.5 billion from August 2009 to October 2009- part of the Adopted Budget Act
 - \$1 billion from November 2009 to January 2010- new
 - \$2 billion from February 2010 to July 2010- part of Adopted Budget Act
 - \$687.611 million from April 2010 to August 2010- new
 - \$1 billion from May 2010 to August 2010- new
 - June to July Principal Apportionment deferral continues
 - CSR deferral continues
- Mandates
 - No funding
- Basic Aid Districts
 - 2009-10 Cut- \$252.83 per 2008-09 P-2 RL ADA- comes out of categorical programs. This represents the 2008-09 cut
 - 2010-11 Cut- \$5.81% of 2009-10 revenue limit before deficit- comes out of categorical programs. This represents the 2009-10 cut
- Flexibility
 - Amend Categorical Flexibility
 - Amended public hearing requirement to state that districts must make explicit the purposes for which each budget item will be used
 - State will monitor expenditures based on SACS function code
 - Districts can apply for additional funds for new schools
 - Program Improvement Districts cannot be prohibited from utilizing flexibility
 - Amend Instructional Materials Flexibility- ability to defer textbook purchases extended through 2012-13
 - School Year- can be reduced up to 5 days from 2009-10 through 2012-13
 - Reserve Requirement reduced to 1/3 of regular amount in 2009-10, must make progress towards increasing reserve in 2010-11, must restore original reserve in 2011-12
 - For 2009-10, County Offices of Education cannot make a district qualified or negative because of a loss of ARRA funds in 2011-12
 - Special ed students do not need to pass CAHSEE to graduate in 2009-10
 - Proceeds from sale of surplus real property can be placed in the General Fund for any one-time purpose through January 1, 2012

2009-10 Proposed Mid-Year Cuts: January 8, 2010

- Prop 98
 - Test 1
 - Guarantee of \$49.9 billion, 1.2% lower than revised budget of \$50.4 billion
- Class Size Reduction- reduce \$340 million due to program savings
- Categorical funds- \$14.3 million savings from amount swept in 2008-09 and reappropriated in 2009-10
- No other cuts proposed
- No action taken by Legislature on mid-year cuts

2010-11 Budget

2010-11 Proposed

- Prop 98
 - Test 1
 - 41.2% of General Fund revenues
 - No recognition of new maintenance factor
 - Guarantee of \$50 billion- increase of 0.2% over 2009-10 revised
 - Governor argues that 2008-09 ended in Test 1. Guarantee was \$46.8 billion when \$49.1 billion had been certified. Difference of \$2.3 billion. Governor wants to apply \$1.3 billion of the over-appropriation to the outstanding maintenance factor from 2007-08.
 - Defer first repayment of \$11.2 million in-lieu maintenance factor into 2012-13. It was supposed to start in 2010-11.
 - Gas Tax swap- eliminate gas tax and replace with excise tax. The new excise tax would be outside of the General Fund and would not be part of Prop 98. This reduces the base for calculation of the guarantee.
- Revenue Limit
 - 0.38% negative COLA
 - Deficit factor unchanged at 18.355%
 - Net change of -0.38%
 - No equalization
 - One time cut of \$252.83 per ADA discontinued
 - Ongoing cut outside of revenue limit formula of \$191 per ADA for elementary districts, \$231 for high school districts, and \$201 per ADA for Unified Districts. This is supposed to reflect a reduction in administrative costs and savings from contracting out.
- Categorical Programs
 - Negative COLA of 0.38% for most programs
 - Positive growth for some programs
 - Net reduction is usually 0.34%
 - Increases for the following programs
 - Charter School Facilities Grants: \$12.5 million
 - Child Nutrition: \$19.1 million
 - New School Categorical Funding: \$29.5 million
 - Special Education Behavior Plans \$65 million
 - Fresh fruit and vegetables: \$8 million (from federal funds)
 - Child Care
 - Reduce reimbursement rates from 85th percentile to 75th percentile- \$77.1 million
 - Reduce CalWorks Stage 3 by \$122.9 million
 - Reversion Account
 - \$64.3 million to be used for Economic Impact Aid in lieu of Prop 98
 - \$51 million for Emergency Repair Program
- Deferrals

- Continue the following deferrals across fiscal years:
 - \$2 billion from February to July
 - \$678.6 million from April to August
 - \$1 billion from May to August
 - \$1.4 billion from June to July
- Mandates
 - Suspend all mandates except for Interdistrict/Intradistrict Transfers \$6.8 million and \$7.7 million for CAHSEE
- Basic Aid Districts- no changes
- Flexibility
 - Continue all flexibility from 2009-10
 - No changes proposed
- Other policy changes
 - Change teacher seniority
 - Change substitute rules for laid off teachers
 - Change staffing notification process for layoffs from March 15 to 60 days after adoption of budget
 - More comprehensive reforms coming

2010-11 May Revise

- Proposition 98
 - Child Care rebenching of \$1.4 billion in lieu of suspension
 - Gas Tax Rebenching
 - Delay maintenance factor payment from 2010-11 to 2011-12
- Revenue Limit
 - 0.39% negative COLA
 - Deficit factor unchanged at 18.355%
 - Net change of -0.39%
 - No equalization
 - One time cut of \$252.83 per ADA discontinued
 - Ongoing cut outside of revenue limit formula of 3.85% of Undeficitated Revenue Limit. No longer tied to savings in particular areas.
- Categorical Programs
 - Negative COLA of 0.38% for most programs
 - Positive growth for some programs
 - Net reduction is usually 0.34%
 - Child Development
 - Eliminate all Prop 98 funded child care
 - No impact on state preschool
 - Eliminate all CalWORKs funding
- Deferrals
 - Continue the following deferrals across fiscal years:
 - \$2 billion from February to July
 - \$678.6 million from April to August
 - \$1 billion from May to August

- \$1.4 billion from June to July
 - One-time deferrals approved in ABX8 5 and 14
 - July to September
 - October to January
 - March to April
 - Total deferral for each is \$2.5 billion. These deferrals can include categorical programs when needed. The timing of the deferrals can also be changed by 30 days.
- Mandates
 - Suspend all mandates except for Interdistrict/Intradistrict Transfers \$6.8 million and \$7.7 million for CAHSEE
- Basic Aid Districts- no changes
- Flexibility
 - Continue all flexibility from 2009-10
 - No changes proposed
- Other policy changes- same teacher reforms as proposed in January budget

2010-11 Adopted

- Proposition 98
 - Guarantee of \$53.8 billion, appropriation of \$49.7 billion
 - Prop 98 Suspended by \$4.1 to \$4.3 billion
 - No rebenching approved
 - Maintenance Factor of \$4.3 billion created by suspension
 - Outstanding maintenance factor was \$11.2 billion. \$2 billion was repaid in 2008-09 and \$4 billion was repaid in 2009-10. Outstanding maintenance factor is \$9.5 billion
 - Settle-up obligation of \$256 million created by vetoes
 - Outstanding settle-up obligation about \$1.8 billion
- Revenue Limit
 - 0.39% negative COLA
 - Deficit factor changed to 17.369%
 - Net change of 0% statewide
 - No equalization
 - 2009-10 one time cut of \$252.83 per ADA discontinued
 - 3.85% revenue limit cut not adopted
- Categorical Programs
 - No COLA
 - Positive growth for some programs of 0.04% to 0.06%
 - English Language Acquisition Program (ELAP) repealed and funding from ELAP rolled into Economic Impact Aid (EIA)
 - New EIA funding provided to County Offices
 - No funding provided for categorical grants for new district schools
 - Child Development
 - CalWORKS Stage 3 vetoed. Funding ends October 31st
 - Funding for CalPADS, CalTIDES, and CSIS vetoed

- Funding for Alternative Schools Accountability Model (ASAM) vetoed
- Deferrals
 - Continue the following deferrals across fiscal years:
 - \$2 billion from February to July
 - \$678.6 million from April to August
 - \$1 billion from May to August
 - \$1.4 billion from June to July
 - New Deferrals
 - \$420 million from April to July
 - \$800 million from May to July
 - \$500 million from June to July- This is just a technical adjustment. There is no real impact because 100% is already deferred
 - Total impact to districts is \$1.2 billion
 - One-time deferrals approved in ABX8 5, ABX8 14, AB 1624
 - July to September
 - September to December (moved from original plan)
 - October to November (New)
 - March to April
 - Total deferral for July, Sept, and March is \$2.5 billion each. These deferrals can include categorical programs when needed. The timing of the deferrals can also be changed by 30 days.
- Mandates
 - \$290 million provided
 - \$210 million for past claims allocated based on ADA
 - \$80 million for new claims (2009-10)
 - State funding will offset Behavioral Intervention Plan (BIP) mandate and Science Graduation Requirements mandate.
 - Mandates suspended
 - Removal of chemicals
 - Scoliosis Screening
 - Pupil Residency Verification and Appeals
 - School Bus Safety I and II
 - Physical Education Reports
- Basic Aid Districts- no changes
- Flexibility
 - Continue all flexibility from 2009-10
- Other policy changes- No teacher reforms adopted

2011-12 Budget

2011-12 Proposed

- Revenue Proposals
 - Extend tax increases for five years- \$10.9 billion
 - Legislature needs 2/3 vote by March to place on ballot
 - \$2 billion of tax increases will go to Prop 98, not General Fund
- Prop 98
 - Test 1
 - 41.22% of General Fund revenues
 - Guarantee of \$49.3 billion- decrease of 0.7% over 2010-11 revised
- Revenue Limit
 - 1.67% COLA
 - Deficit factor of 19.608%
 - Net change of -0.369%, approximately \$19 per ADA
 - No equalization
 - If taxes do not get approved, additional cut of \$330 per ADA
- Categorical Programs
 - No growth or COLA
 - Reduction of 0.04% for most programs due to increased funding provided for charter categorical block grant
 - 5.73% reduction in EIA due to projected reduced caseload
 - Increases for the following programs
 - New School Categorical Funding: \$3 million
 - Williams Emergency Repair program: \$53.5 million (from ongoing funds and reversion account)
 - Child Nutrition: \$36.1 million (from federal funds)
 - Fresh fruit and vegetables: \$12 million (from federal funds)
 - Special Education
 - Special Disabilities Adjustment discontinued
 - AB 3632: \$98.6 million provided using Proposition 63 funds (Mental Health Services Act)
 - Child Care
 - Restore CalWorks Stage 3 cut from 2010-11
 - Reduce child care subsidies by about 35 percent but keep services the same. Contracts funded solely by state preschool not affected.
 - Reduce income eligibility for subsidized child care from 75 percent to 60 percent of state median income
 - Eliminate subsidized child care for 11-and 12-year olds
 - Reduce California Work Opportunity and Responsibility to Kids (CalWORKs) Stage 2 caseload based on CalWORKs reform proposals
 - 10% reduction to Title V contracts
- Deferrals
 - Continue all previous deferrals across fiscal years and add new deferral of \$2.1 billion

- \$2 billion from February to July
 - \$420 million from April to July
 - \$678.6 million from April to August
 - \$800 million from May to July
 - \$1 billion from May to August
 - \$1.6 billion from June to July
 - NEW \$2.1 billion from unknown date to September
 - Continue previous intra-year deferrals
 - July to September
 - October to January (moved to Sept to Dec in 2010-11)
 - March to April
 - Total deferral for July, October, and March is \$2.5 billion each. These deferrals can include categorical programs when needed. The timing of the deferrals can also be changed by 30 days.
- Mandates
 - \$80.35 million in ongoing funding for mandates
 - Mandates suspended
 - Removal of chemicals
 - Scoliosis Screening
 - Pupil Residency Verification and Appeals
 - School Bus Safety I and II
 - Physical Education Reports
- Basic Aid Districts- 5.81% basic aid fair share cut was one-time in 2010-11 and is not continued in 2011-12
- Flexibility
 - Continue all flexibility for an additional 2 years
 - Extend end date from 2012-13 to 2014-15
 - Use categorical funds for unrestricted purposes
 - Instructional materials
 - No Deferred Maintenance match required
 - Restricted maintenance match of 1%, or 0% if facilities maintained in good repair
 - Extend end date for CSR penalties from 2011-12 to 2013-14
 - Extend flexibility to have 1/3 of reserve requirement (unclear what years affected)
- Redevelopment
 - Governor proposes to phase out RDAs after debts are repaid
 - School districts would then receive their share of taxes previously given to redevelopment agencies
 - Unclear when new revenues would flow to schools
 - Intent is that this would be additional revenue to schools. Funds must stay within the county.

2011-12 Trailer Bills Adopted March 2011: SB 70, SB 82, AB 100

- Revenue Limit
 - 1.67% COLA
 - Deficit factor of 19.608%

- Net change of -0.369%, approximately \$19 per ADA
- Categorical Programs
 - No COLA
- Special Education
 - AB 3632: \$98.6 million provided using Proposition 63 funds (Mental Health Services Act)
 - \$80 million provided for 2010-11 to backfill Governor's veto of \$133 million
- Child Care
 - 15% reduction for following programs
 - Preschool
 - General Child Care Program
 - Migrant Day Care Program
 - Alternative Payment Program
 - CalWORKs Stage 3 Program
 - Allowance for Handicapped Children
 - Lower maximum income eligibility from 75% to 70% of state median income
 - Reduce reimbursements to license-exempt child care providers from 80% to 60% of the licensed provider rate
 - Increase parent fees by 10% with a cap of 10% of family income
 - Deprioritizes services for 11 and 12 year olds
- Basic Aid Districts- 8.92% basic aid fair share cut in 2011-12 to take into account deficit factor for revenue limit districts in 2010-11. Limited by amount of excess taxes.
- Deferrals
 - Modify deferrals from 2010-11 to 2011-12
 - \$2 billion February deferred to July further deferred as follows:
 - July- \$24.7 million
 - August- \$1.4 billion
 - September- \$569.8 million
 - \$419 million from April and \$800 million from May originally deferred to July, further deferred to September
 - Continue all previous deferrals across fiscal years and add new deferral of \$2.1 billion
 - \$2 billion from February to July
 - **NEW:** \$1.3 billion from March to August
 - \$420 million from April to July
 - \$678.6 million from April to August
 - **NEW:** \$763.8 million from April to August
 - \$800 million from May to July
 - \$1 billion from May to August
 - \$1.6 billion from June to July
 - Restructure intra-year deferrals
 - July- 50% to September and 50% to January
 - August to January
 - October to January
 - March to April
 - March deferral will also include some categorical programs

- Flexibility
 - Continue all flexibility for an additional 2 years
 - Extend end date from 2012-13 to 2014-15
 - Use categorical funds for unrestricted purposes
 - Instructional materials
 - No Deferred Maintenance match required
 - Restricted maintenance match of 1%, or 0% if facilities maintained in good repair
 - Reduce school year/instructional minutes by 5 days
 - Extend end date for CSR penalties from 2011-12 to 2013-14
 - Extend flexibility to have 1/3 of reserve requirement- 1/3 in 2010-11 and 2011-12. Must make progress in 2012-13 and must meet reserve in 2013-14
 - Expend ability to deposit surplus property funds into General Fund until January 1, 2014

2011-12 May Revise

- Revenue Proposals
 - Extend tax increases for five years- \$4 billion to General Fund, \$5.6 billion to realignment
 - Revenue extensions would be subject to voter approval
 - \$1.5 to \$1.6 billion of tax increases will go to Prop 98, not General Fund
 - If taxes do not pass:
 - Governor's scenario of all cuts budget= \$5 billion, \$660 per ADA, requires suspension
 - SSC scenario= \$1.6 billion in deferrals, suspension unlikely
- Prop 98
 - Test 1
 - Guarantee increased by \$3 billion since original proposal
 - \$1.5 billion due to increased General Fund revenues from proposed taxes
 - \$793 million from increased property taxes
 - \$656 million from rebenching
 - Gas Tax Shift: \$630 million
 - Mental Health Shift \$222 million
 - Changes to existing shifts: -\$196 million
- Revenue Limit
 - 2.24% COLA
 - Deficit factor of 19.754%
 - Net change of 0% for average district, but actual impact varies
- Categorical Programs
 - No growth or COLA
 - Reduction of 0.04% for most programs
 - Increases for the following programs
 - New Charter School Categorical Funding: \$11 million
 - Categorical Block Grant- \$19.5 million
 - Clean Technology and Renewable Energy Training- \$3.2 million

- Child Nutrition Administration-- \$2.5 million (federal)
 - Child Nutrition Summer Food Service Program- \$2 million (federal)
 - Title I- \$21.3 million in carryover from set-asides allocated out to all districts (federal)
 - Special Education
 - Growth funded
 - AB 3632:
 - Move responsibility to school districts and rebench Prop 98 by adding \$222 million
 - \$98.6 million provided using Proposition 63 funds (already approved in SB 110)
 - \$69 million in IDEA funds
 - Child Care- no substantive changes to May Revise
- Deferrals
 - Repeal newly enacted deferrals from March and April to August totaling \$2 billion
 - Reduce \$2 billion February to July deferral to \$1.57 billion
- Mandates- Reduce funding by \$38.2 million
 - Preserve only mandates related to accountability, health & safety
 - Replace existing reimbursement system with a block grant
- Testing
 - Reform testing and accountability requirements
 - Suspend funding for CALPADS in 2011-12
 - Eliminate funding for CALTIDES