AMENDED IN ASSEMBLY JUNE 25, 2012

# SENATE BILL No. 1037

**Introduced by Committee on Budget and Fiscal Review**

February 6, 2012

An act ~~relating to the Budget Act of 2012~~ *to amend the Budget Act of 2012 by amending Items 0250-001-0932, 0250-101-0932, 0820-011-8071, 0890-001-0001, 2660-001-0046, 3480-001-3046, 3960-001-0014, 4260-001-0001, 4260-001-0890, 4260-101-0001, 4260-101-0890, 4260-111-0001, 4260-111-0890, 4260-113-0001, 4260-113-0890, 4265-001-3085, 4280-001-0001, 4280-001-0890, 4280-101-0001, 4280-101-0890, 4280-101-3156, 4280-102-0001, 4280-102-0890, 4280-102-3156, 5180-101-0001, 5180-101-0890, 5180-111-0001, 5180-141-0001, 5180-141-0890, 5225-001-0001, 5225-002-0001, 6110-001-0890, 6110-005-0001, 6110-140-0001, 6110-140-0349, 6110-156-0890, 6110-161-0001, 6110-161-0890, 6110-194-0001, 6110-211-0001, 6110-295-0001, 6110-488, 6110-496, 6440-001-0001, 6610-001-0001, 6645-001-0001, 6870-101-0001, 7300-001-0001, 7980-101-0001, 7980-101-0784, 8955-001-0001, 9650-001-0001, 9800-001-0001, 9800-001-0494, 9800-001-0988 of, by adding Items 0250-302-0668, 0820-001-8071, 0820-101-8071, 2660-104-6072, 2660-304-6055, 2660-304-6058, 2660-304-6064, 2660-304-6072, 2665-004-0890, 2665-004-6043, 2665-304-0890, 2665-304-6043, 2665-305-0890, 2665-305-6043, to, and by repealing Items 0250-111-0556 and 6110-005-0890 of, Section 2.00 of, and by amending Sections 3.62, 3.90, 12.32, 12.42, 15.11, 35.50, and 99.50 of, and by adding Section 12.35 to, that act, relating to the state budget, and making an appropriation therefor, to take effect immediately, budget bill.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1037, as amended, Committee on Budget and Fiscal Review. Budget Act of 2012.

*The Budget Bill, enacted as the Budget Act of 2012, would make appropriations for the support of state government for the 2012–13 fiscal year.*

*This bill would amend the Budget Act of 2012 by revising items of appropriation and making other changes in the Budget Act of 2012.*

*This bill would become operative only if AB 1464 or SB 1004 is enacted as the Budget Act of 2012.*

*This bill would declare that it is to take effect immediately as a Budget Bill.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2012.~~

Vote: majority. Appropriation: ~~no~~ *yes*. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

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

*SECTION 1. Item 0250-001-0932 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 0250-001-0932—For support of Judicial Branch, payable from the Trial Court Trust Fund................................................ | | ~~6,156,000~~ *35,290,000* |
| Schedule: | | |
| (1) 30-Judicial Council.............................. | 6,156,000 | |
| *(2) 30.15-Trial Court Operations..............* | *29,134,000* | |

Provisions:

1. Upon approval of the Administrative Director of the Courts, the Controller shall increase this item by an amount sufficient to allow for the expenditure of any transfer to this item made pursuant to Provisions 7, *8,* 12, and 14 of Item 0250-101-0932.
2. *The Administrative Office of the Courts shall provide to the Joint Legislative Budget Committee and the Department of Finance a quarterly report, within 30 days of the end of each quarter, detailing: (a) all expenditures made from this item and (b) between July*

*1, 2012, and January 1, 2013, any and all expenditures or encumbrances of funds from the Trial Court Trust Fund, including expenditures or encumbrances of funds that are not pursuant to an appropriation contained within this act and excluding Schedules (2), (3), and (4) of Item 0250-101-0932 and direct allocations to trial courts.*

*SEC. 2. Item 0250-101-0932 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 0250-101-0932—For local assistance, Judicial Branch, payable from the Trial Court Trust Fund........................ | | 1,826,195,000 |
| Schedule: | | |
| (1) 45.10-Support for Operation of the Trial Courts.................................... | 1,390,697,000 | |
| (2) 45.25-Compensation of Superior Court Judges................................................ | 306,829,000 | |
| (3) 45.35-Assigned Judges......................... | 26,047,000 | |
| (4) 45.45-Court Interpreters....................... | 92,794,000 | |
| (5) 45.55.060-Court Appointed Special Advocate Program................................ | 2,213,000 | |
| (6) 45.55.065-Model Self-Help Program.... | 957,000 | |
| (7) 45.55.090-Equal Access Fund............. | 5,482,000 | |
| (8) 45.55.095-Family Law Information Centers................................................. | 345,000 | |
| (9) 45.55.100-Civil Case Coordination...... | 832,000 | |
| (11) Reimbursements................................. | −1,000 | |

Provisions:

1. The funds appropriated in Schedule (2) shall be made available for costs of the workers' compensation program for trial court judges.
2. The amount appropriated in Schedule (3) shall be made available for all judicial assignments. Schedule (3) expenditures for necessary support staff may not exceed the staffing level that is necessary to support the equivalent of three judicial officers sitting on assignments. Prior to utilizing funds appropriated in Schedule (3), trial courts shall maximize the use of judicial offi-

cers who may be available due to reductions in court services or court closures.

3. The funds appropriated in Schedule (4) shall be for payments to contractual court interpreters, and certified ~~and~~ *or* registered court interpreters employed by the courts for services provided during court proceedings and other services related to pending court proceedings, including services provided outside a courtroom, and the following court interpreter coordinators: 1.0 each in counties of the 1st through the 15th classes, 0.5 each in counties of the 16th through the 31st classes, and 0.25 each in counties of the 32nd through the 58th classes. For the purposes of this provision, "court interpreter coordinators" may be full- or part-time court employees, and shall be ~~concurrently~~ certified ~~and~~ *or* registered court interpreters in good standing under existing law.

The Judicial Council shall set statewide or regional rates and policies for payment of court interpreters, not to exceed the rate paid to certified interpreters in the federal court system.

The Judicial Council shall adopt appropriate rules and procedures for the administration of these funds. The Judicial Council shall report to the Legislature and the Director of Finance annually regarding expenditures from Schedule (4).

4. Upon order of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Trial Court Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation must be approved in joint determination with the Chairperson of the Joint Legislative Budget Committee and shall be authorized not 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 committee, or not sooner than whatever lesser time the chairperson

of the joint committee, or his or her designee, may determine. When a request to augment this item is submitted to the Director of Finance, a copy of that request shall be delivered to the chairpersons of the committees and appropriate subcommittees that consider the State Budget. Delivery of a copy of that request shall not be deemed to be notification in writing for purposes of this provision.

5. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the amount appropriated in this item shall be reduced by the amount transferred in Item 0250-115-0932 to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and judges, and administrative costs pursuant to Section 68114.10 of the Government Code.

6. Of the funds appropriated in Schedule (1), which will be transferred to the *State* Trial Court Improvement *and Modernization* Fund in accordance with subdivision (b) of Section 77209 of the Government Code, up to $5,000,000 shall be available for support of services for self-represented litigants.

7. Upon approval by the Administrative Director of the Courts, the Controller shall transfer up to $11,274,000 to Item 0250-001-0932 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts.

8. In order to improve equal access and the fair administration of justice, the funds appropriated in Schedule (7) are available for distribution by the Judicial Council through the Legal Services Trust Fund Commission in support of the Equal Access Fund Program to qualified legal services projects and support centers as defined in Sections 6213 to 6215, inclusive, of the Business and Professions Code, to be used for legal services in civil matters for indigent persons. The Judicial Council shall approve awards made by the commission if the council determines that the awards comply with statutory and other relevant guidelines.

Upon approval by the Administrative Director of the Courts, the Controller shall transfer up to 5 percent of the funding appropriated in Schedule (2) to Item 0250-001-0932 for administrative expenses. Ten percent of the funds remaining after administrative costs shall be for joint projects of courts and legal services programs to make legal assistance available to pro per litigants and 90 percent of the funds remaining after administrative costs shall be distributed consistent with Sections 6216 to 6223, inclusive, of the Business and Professions Code. The Judicial Council may establish additional reporting or quality control requirements consistent with Sections 6213 to 6223, inclusive, of the Business and Professions Code.

9. Funds available for expenditure in Schedule (7) may be augmented by order of the Director of Finance by the amount of any additional resources deposited for distribution to the Equal Access Fund Program in accordance with Sections 68085.3 and 68085.4 of the Government Code. Any augmentation under this provision shall be authorized not 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.

10. Sixteen (16.0) subordinate judicial officer positions are authorized to be converted to judgeships in the 2012–13 fiscal year in the manner and pursuant to the authority described in subparagraph (B) of paragraph (1) of subdivision (c) of Section 69615 of the Government Code, as described in the notice filed by the Judicial Council under subparagraph (B) of paragraph (3) of subdivision (c) of Section 69615.

11. Notwithstanding any other provision of law, and upon approval of the Director of Finance, the amount available for expenditure in Schedule (1) may be in-

creased by the amount of any additional resources collected for the recovery of costs for court-appointed dependency counsel services.

12. Upon approval of the Administrative Director of the Courts, the Controller shall transfer up to $556,000 to Item 0250-001-0932 for administrative services provided to the trial courts in support of the court-appointed dependency counsel program.

13. Upon approval of the Administrative Director of the Courts, the amount available for expenditure in this item may be augmented by the amount of resources collected to support the implementation and administration of the civil representation pilot program.

14. Upon approval of the Administrative Director of the Courts, the Controller shall transfer up to $500,000 to Item 0250-001-0932 for administrative services provided by the Administrative Office of the Courts to implement and administer the Civil Representation Pilot Program.

15. Notwithstanding any other provision of law, during the 2012–13 fiscal year, the Judicial Council shall allocate $385,000,000 of reductions in funding contained in Schedule (1) as follows: (a) no more than $235,000,000 shall be allocated to each trial court based on each court's proportionate share of total statewide trial court reserves, and (b) no more than $150,000,000 shall be allocated based on each trial court's proportionate share of the 2011–12 fiscal year Trial Court Trust Fund allocation. Upon approval of the Director of Finance and no sooner than 30 days after notification in writing to the committees of each house of the Legislature that consider the State Budget, the Judicial Council may offset either of these reductions through transfers from any other item within the Judicial Branch's budget*, with the exception of funding scheduled for the Supreme Court, Courts of Appeal, and Habeas Corpus Resource Center*.

16. This item includes a one-time augmentation of ~~$73,000,000~~ *$86,709,000* to offset the reductions in trial court funding in the 2012–13 fiscal year, based

on transfers as follows: (a) ~~$23,000,000~~ *$27,223,000* transferred from the State Trial Court Improvement and Modernization Fund, and (b) ~~$50,000,000~~ *$59,486,000* transferred from the State Court Facilities Construction Fund.

17. Of the amount appropriated in this item, $46,000,000 of planned expenditures for the Court Case Management System project shall instead be redirected to offset reductions in trial court funding in the 2012–13 fiscal year.

*SEC. 3. Item 0250-111-0556 of Section 2.00 of the Budget Act of 2012 is repealed.*

~~0250-111-0556—For transfer by the Controller from the Judicial Administration Efficiency and Modernization Fund to the Trial Court Trust Fund......................................................~~ ~~(23,000,000)~~

*SEC. 4. Item 0250-302-0668 is added to Section 2.00 of the Budget Act of 2012, to read:*

*0250-302-0668—For capital outlay, Judicial Branch, payable from the Public Buildings Construction Fund Subaccount.................................................................................. 208,144,000*

*Schedule:*

*(1) 91.43.001-Santa Clara County: New Family Justice Center—Construction..................................................... 208,144,000*

*Provisions:*

*1. Funds appropriated in this item shall not be expended until the Judicial Council has reconfirmed both the detailed cost and scope of the projects, as approved by the Department of Finance.*

*2. 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 project authorized by this item.*

*3. The Judicial Council 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 project.*

*4. 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 Judicial Council from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.*

*5. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for encumbrance until June 30, 2016.*

*SEC. 5. Item 0820-001-8071 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | | |
|---|---|---|
| *0820-001-8071—For support of Department of Justice, payable from the National Mortgage Special Deposit Fund ..........* | | *8,000,000* |
| *Schedule:* | | |
| *(1) 20-Division of Legal Services..............* | *8,000,000* | |

*SEC. 6. Item 0820-011-8071 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | |
|---|---|
| 0820-011-8071—For transfer by the Controller, upon order of the Director of Finance, from the National Mortgage Special Deposit Fund to the General Fund.................... | (100,000,000) |

Provisions:

1. The amount transferred in this item is a loan to the General Fund and shall be repaid upon the order of the Director of Finance by June 30, 2014, to be used

to reimburse the General Fund ~~for purposes consistent with the National Mortgage Settlement~~.

*SEC. 7. Item 0820-101-8071 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | | |
|---|---|---|
| *0820-101-8071—For local assistance, Department of Justice, payable from the National Mortgage Special Deposit Fund* | | *10,400,000* |

*SEC. 8. Item 0890-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 0890-001-0001—For support of Secretary of State | | 31,764,000 |
| Schedule: | | |
| (1) 10-Filings and Registrations | 53,526,000 | |
| (2) 20-Elections | 36,014,000 | |
| (3) 30-Archives | 10,897,000 | |
| (4) 40-Department of Justice Legal Services | 333,000 | |
| (5) 50.01-Administration and Technology | 23,962,000 | |
| (6) 50.02-Distributed Administration and Technology | −23,962,000 | |
| (7) Reimbursements | −10,575,000 | |
| (8) Amount payable from the Secretary of State's Business Fees Fund (Item 0890-001-0228) | −40,231,000 | |
| (9) Amount payable from the Federal Trust Fund (Item 0890-001-0890) | −16,602,000 | |
| (10) Amount payable from the Victims of Corporate Fraud Compensation Fund (Corporations Code 1502.5) | −1,598,000 | |

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, ~~$16,433,000~~ *$16,602,000* 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 funds appropriated in this item, $5,733,000 is available for preparing, printing, and mailing the state ballot pamphlet pursuant to Article 7 (commencing with Section 9080) of Chapter 1 of Division 9 of the Elections Code. Any unexpended funds pursuant to this provision shall revert to the General Fund.

*SEC. 9. Item 2660-001-0046 of Section 2.00 of the Budget Act of 2012 is amended to read:*

2660-001-0046—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Public Transportation Account, State Transportation Fund.......... ~~159,262,000~~ *159,967,000*

Provisions:
1. For Program 30—Mass Transportation, $90,347,027 appropriated in this item is available for intercity rail contracts.
2. Notwithstanding any other provision of law, funds appropriated in this item from the Public Transportation 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.
3. Of the funds appropriated in this item, the Department of Finance may transfer expenditure authority among schedules to accommodate increases in Amtrak contract costs related to fuel.

*SEC. 10. Item 2660-104-6072 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | |
|---|---|
| *2660-104-6072—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006* | *1,000* |

*Schedule:*

*(1) 20.30-Highway Transportation—Local Assistance ..... 1,000*

*Provisions:*

1. *These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.*
2. *Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6072. These transfers shall require the prior approval of the Department of Finance.*
3. *The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized for this program under subdivision (b) of Section 8879.23 of the Government Code.*

*SEC. 11. Item 2660-304-6055 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | |
|---|---|
| *2660-304-6055—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006* | *302,421,000* |

*Schedule:*

*(1) 20.20-Highway Transportation ..... 302,421,000*

*Provisions:*

1. *These funds shall be available for allocation by the California Transportation Commission until December*

*31, 2012, and available for liquidation until June 30, 2018.*

*2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6055. These transfers shall require the prior approval of the Department of Finance.*

*3. Notwithstanding any other provision of law, funds appropriated to Item 2660-004-6055 may be transferred to this item. These transfers shall require the prior approval of the Department of Finance.*

*4. The amount appropriated in this item may be adjusted up to an amount that would either (a) allow full utilization of the funds authorized for this program under paragraph (1) of subdivision (a) of Section 8879.23 of the Government Code or (b) ensure that expenditures do not exceed the amount authorized for this program under paragraph (1) of subdivision (a) of Section 8879.23 of the Government Code.*

*SEC. 12. Item 2660-304-6058 is added to Section 2.00 of the Budget Act of 2012, to read:*

*2660-304-6058—For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 ...................................................... 26,586,000*

*Schedule:*

*(1) 20.20-Highway Transportation............ 26,586,000*

*Provisions:*

*1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.*

*2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6058. These transfers shall require the prior approval of the Department of Finance.*

*3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do* *not exceed the amount authorized for this program under subdivision (e) of Section 8879.23 of the Government Code.*

*SEC. 13. Item 2660-304-6064 is added to Section 2.00 of the Budget Act of 2012, to read:*

*2660-304-6064—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006............ 46,500,000*

*Schedule:*

*(1) 20.20-Highway Transportation............ 46,500,000*

*Provisions:*

*1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.*

*2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6064. These transfers shall require the prior approval of the Department of Finance.*

*3. The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized for this program under paragraph (1) of subdivision (k) of Section 8879.23 of the Government Code.*

*SEC. 14. Item 2660-304-6072 is added to Section 2.00 of the Budget Act of 2012, to read:*

*2660-304-6072—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..................................................................... 70,269,000*

*Schedule:*

*(1) 20.20-Highway Transportation............ 70,269,000*

*Provisions:*

1. *These funds shall be available for allocation by the California Transportation Commission until June 30, 2014, and available for encumbrance and liquidation until June 30, 2018.*
2. *Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6072. These transfers shall require the prior approval of the Department of Finance.*
3. *The amount appropriated in this item may be reduced to an amount that would ensure that expenditures do not exceed the amount authorized for this program under subdivision (b) of Section 8879.23 of the Government Code.*

*SEC. 15. Item 2665-004-0890 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | | |
|---|---|---|
| *2665-004-0890—For support of High-Speed Rail Authority, payable from the Federal Trust Fund................................* | | *660,000* |
| *Schedule:* | | |
| *(1) 10-Administration................................* | *660,000* | |

*SEC. 16. Item 2665-004-6043 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | | |
|---|---|---|
| *2665-004-6043—For support of High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund..................................................................................* | | *23,987,000* |
| *Schedule:* | | |
| *(1) 10-Administration................................* | *10,987,000* | |
| *(2) 20-Program Management and Oversight Contracts.............................................* | *5,000,000* | |
| *(3) 30-Public Information and Communications Contracts.....................................* | *500,000* | |
| *(4) 40-Fiscal and Other External Contracts....................................................* | *7,500,000* | |

*Provisions:*

1. *Of the funds provided in this item for contracts, the High-Speed Rail Authority shall ensure that all deliv-*

*erables and services included in contracts between the authority and each of its contractors are completed to the level prescribed by the contract as a requirement for payment by the authority to the contractor. It is the intent of the Legislature that this section not prohibit the High-Speed Rail Authority from working with contractors in the management of these contracts.*

*2. Of the amount provided in Schedule (1), $100,000 shall be made available to support the operation of the independent peer review group established pursuant to Section 185035 of the Public Utilities Code.*

*3. The Department of Finance may augment the amount appropriated in Schedule (4) by up to $4,200,000 to reimburse the Department of Transportation for the review and approval of environmental and engineering documents regarding circumstances in which the high-speed train system interfaces with the state highway system, as well as specific highway realignment projects related to the high-speed train system.*

*SEC. 17. Item 2665-304-0890 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | | |
|---|---|---|
| *2665-304-0890—For capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund ...............................* | | *28,310,000* |
| *Schedule:* | | |
| *(1) 20.15.010-San Francisco to San Jose—Acquisition.................................* | *5,135,000* | |
| *(3) 20.30.010-Merced to Fresno—Acquisition.......................................................* | *2,297,000* | |
| *(4) 20.40.010-Fresno to Bakersfield—Acquisition....................................................* | *3,119,000* | |
| *(5) 20.45.010-Bakersfield to Palmdale—Acquisition...............................................* | *0* | |
| *(6) 20.50.010-Palmdale to Los Angeles—Acquisition...............................................* | *2,566,000* | |
| *(7) 20.60.010-Los Angeles to Anaheim—Acquisition...............................................* | *4,299,000* | |
| *(8) 20.99.010-Project Management and Agency Costs—Acquisition..................* | *10,894,000* | |

*Provisions:*

1. *The projects identified in this item may be managed by the High-Speed Rail Authority.*
2. *The projects identified in this item are subject to review by the State Public Works Board.*
3. *Notwithstanding any other provision of law, each project in Schedules (1) to (7), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-6043, 2665-305-0890, and 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-305-0890. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*
4. *Notwithstanding any other provision of law, the project in Schedule (8) of this item shall be the same as Schedule (8) of Item 2665-305-0890 and Schedule (11) of Items 2665-304-6043 and 2665-305-6043. Funds appropriated in Schedule (8) of this item may be transferred to the same schedule in Item 2665-305-0890 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*

*SEC. 18. Item 2665-304-6043 is added to Section 2.00 of the Budget Act of 2012, to read:*

*2665-304-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund....................................................................... 124,067,000*

*Schedule:*

*(1) 20.15.010-San Francisco to San Jose—Acquisition................................. 5,135,000*

*(3) 20.30.010-Merced to Fresno—Acquisition....................................................... 2,297,000*

| | |
|---|---|
| *(4) 20.40.010-Fresno to Bakersfield—Acquisition* | *3,119,000* |
| *(5) 20.45.010-Bakersfield to Palmdale—Acquisition* | *0* |
| *(6) 20.50.010-Palmdale to Los Angeles—Acquisition* | *2,566,000* |
| *(7) 20.60.010-Los Angeles to Anaheim—Acquisition* | *4,299,000* |
| *(8) 20.70.010-Los Angeles to San Diego—Acquisition* | *37,055,000* |
| *(9) 20.80.010-Merced to Sacramento—Acquisition* | *29,700,000* |
| *(10) 20.90.010-Altamont Pass—Acquisition* | *20,375,000* |
| *(11) 20.99.010-Project Management and Agency Costs—Acquisition* | *19,521,000* |

*Provisions:*

1. *The projects identified in this item may be managed by the High-Speed Rail Authority.*
2. *The projects identified in this item are subject to review by the State Public Works Board.*
3. *Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-305-0890, and 2665-305-6043, and Schedules (8) to (10), inclusive, of Item 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Items 2665-305-6043. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*
4. *Notwithstanding any other provision of law, the project in Schedule (11) of this item shall be the same as Schedule (11) of Item 2665-305-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be*

*transferred to the same schedule in Item 2665-305-6043 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*

*SEC. 19. Item 2665-305-0890 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | | |
|---|---|---|
| *2665-305-0890—For capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund* | | *20,044,000* |
| *Schedule:* | | |
| *(1) 20.15.010-San Francisco to San Jose—Design* | *74,000* | |
| *(3) 20.30.010-Merced to Fresno—Design* | *4,987,000* | |
| *(4) 20.40.010-Fresno to Bakersfield—Design* | *8,246,000* | |
| *(5) 20.45.010-Bakersfield to Palmdale—Design* | *195,000* | |
| *(6) 20.50.010-Palmdale to Los Angeles—Design* | *0* | |
| *(7) 20.60.010-Los Angeles to Anaheim—Design* | *0* | |
| *(8) 20.99.010-Project Management and Agency Costs—Design* | *6,542,000* | |

*Provisions:*

1. *The projects identified in this item may be managed by the High-Speed Rail Authority.*
2. *The projects identified in this item are subject to review by the State Public Works Board.*
3. *Notwithstanding any other provision of law, each project in Schedules (1) to (7), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-304-6043, and 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Item 2665-304-0890. These transfers shall require the prior approval of the Department of Finance. The Department of Finance*

*shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*

*4. Notwithstanding any other provision of law, the project in Schedule (8) of this item shall be the same as Schedule (8) of Item 2665-304-0890 and Schedule (11) of Items 2665-304-6043 and 2665-305-6043. Funds appropriated in Schedule (8) of this item may be transferred to the same schedule in Item 2665-304-0890 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made in respect to this provision.*

*SEC. 20. Item 2665-305-6043 is added to Section 2.00 of the Budget Act of 2012, to read:*

| | | |
|---|---|---|
| *2665-305-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund* | | *80,106,000* |
| *Schedule:* | | |
| *(1) 20.15.010-San Francisco to San Jose—Design* | *74,000* | |
| *(3) 20.30.010-Merced to Fresno—Design* | *4,987,000* | |
| *(4) 20.40.010-Fresno to Bakersfield—Design* | *8,246,000* | |
| *(5) 20.45.010-Bakersfield to Palmdale—Design* | *195,000* | |
| *(6) 20.50.010-Palmdale to Los Angeles—Design* | *0* | |
| *(7) 20.60.010-Los Angeles to Anaheim—Design* | *0* | |
| *(8) 20.70.010-Los Angeles to San Diego—Design* | *19,068,000* | |
| *(9) 20.80.010-Merced to Sacramento—Design* | *24,176,000* | |
| *(10) 20.90.010-Altamont Pass—Design* | *16,055,000* | |
| *(11) 20.99.010-Project Management and Agency Costs—Design* | *7,305,000* | |

*Provisions:*

1. *The projects identified in this item may be managed by the High-Speed Rail Authority.*
2. *The projects identified in this item are subject to review by the State Public Works Board.*
3. *Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-304-6043, and 2665-305-0890, and Schedules (8) to (10), inclusive, of Item 2665-304-6043. For a given project, funds appropriated in this item may be transferred to the same project in Items 2665-304-6043. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*
4. *Notwithstanding any other provision of law, the project in Schedule (11) of this item shall be the same as Schedule (11) of Item 2665-304-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be transferred to the same schedule in Item 2665-304-6043 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*

*SEC. 21. Item 3480-001-3046 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 3480-001-3046—For support of Department of Conservation.... | | 34,605,000 |
| Schedule: | | |
| (1) 10-Geologic Hazards and Mineral Resources Conservation........................... | 24,252,000 | |
| (2) 20-Oil, Gas, and Geothermal Resources................................................. | 36,468,000 | |

| | |
|---|---|
| (3) 30-Land Resource Protection | 5,620,000 |
| (4) 40.01-Administration | 11,677,000 |
| (5) 40.02-Distributed Administration | −11,677,000 |
| (6) 60-Office of Mine Reclamation | 8,381,000 |
| (7) Reimbursements | −8,575,000 |
| (7.5) Amount payable from the General Fund (Item 3480-001-0001) | −3,672,000 |
| (8) Amount payable from the Surface Mining and Reclamation Account (Item 3480-001-0035) | −2,254,000 |
| (9) Amount payable from the State Highway Account, State Transportation Fund (Item 3480-001-0042) | −12,000 |
| (10) Amount payable from the Soil Conservation Fund (Item 3480-001-0141) | −1,484,000 |
| (11) Amount payable from the Hazardous and Idle-Deserted Well Abatement Fund (Section 3206 of the Public Resources Code) | −106,000 |
| (12) Amount payable from the Mine Reclamation Account (Item 3480-001-0336) | −4,333,000 |
| (13) Amount payable from the Strong-Motion Instrumentation and Seismic Hazards Mapping Fund (Item 3480-001-0338) | −8,801,000 |
| (13.5) Amount payable from the California Farmland Conservancy Program Fund (Item 3480-001-0867) | −134,000 |
| (14) Amount payable from the Federal Trust Fund (Item 3480-001-0890) | −2,992,000 |
| (15) Amount payable from the Bosco-Keene Renewable Resources Investment Fund (Item 3480-001-0940) | −2,223,000 |
| (16) Amount payable from the Abandoned Mine Reclamation and Minerals Fund Subaccount, Mine Reclamation Account (Item 3480-001-3025) | −541,000 |

(17) Amount payable from the Acute Orphan Well Account, Oil, Gas, and Geothermal Administrative Fund (Item 3480-001-3102)........................................... −805,000

(17.5) Amount payable from the Timber Regulation and Forest Restoration Fund (Item 3480-001-3212)........... −1,219,000

(18) Amount payable from the Agriculture and Open Space Mapping Subaccount (Item 3480-001-6004).......................... −404,000

(19) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3480-001-6029)................ −503,000

(20) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3480-001-6031).................................. −420,000

(21) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3480-001-6051).................................................. −1,638,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Department of Conservation may borrow sufficient funds, from special funds that otherwise provide support for the department, to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the Department of Conservation has a valid contract or certification signed by the client agency, which demonstrates that sufficient funds will be available to repay the loan. All moneys so transferred shall be repaid to the special fund as soon as possible, but not later than one year from the date of the loan.

~~2. Of the amount appropriated in this item, a portion may be used for the collection and public dissemination of~~

~~information related to hydraulic fracturing activities occurring in the state.~~

*SEC. 22. Item 3960-001-0014 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 3960-001-0014—For support of Department of Toxic Substances Control, payable from the Hazardous Waste Control Account | | 49,085,000 |
| Schedule: | | |
| (1) 12-Site Mitigation and Brownfields Reuse | ~~88,344,000~~ *87,794,000* | |
| (2) 13-Hazardous Waste Management | ~~62,219,000~~ *62,223,000* | |
| (3) 19.01-Administration | ~~32,990,000~~ *32,252,000* | |
| (4) 19.02-Distributed Administration | ~~−33,728,000~~ *−32,252,000* | |
| (5) 20-Science, Pollution Prevention and Technology | ~~15,947,000~~ *15,755,000* | |
| (6) 21-State Certified Unified Program | 2,386,000 | |
| (7) Reimbursements | −11,709,000 | |
| (7.5) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 3960-001-0080) | −45,000 | |
| (8) Amount payable from the General Fund (Item 3960-001-0001) | −21,000,000 | |
| (9) Amount payable from the Unified Program Account (Item 3960-001-0028) | −1,022,000 | |
| (10) Amount payable from the Illegal Drug Lab Cleanup Account (Item 3960-001-0065) | −887,000 | |
| (11) Amount payable from the California Used Oil Recycling Fund (Item 3960-001-0100) | −359,000 | |
| (11.5) Amount payable from the Department of Pesticide Regulation Fund (Item 3960-001-0106) | −39,000 | |

| | |
|---|---|
| (11.6) Amount payable from the Air Pollution Control Fund (Item 3960-001-0115)........................................... | −38,000 |
| (12) Amount payable from the Toxic Substances Control Account (Item 3960-001-0557)........................................ | −47,147,000 |
| (13) Amount payable from the Federal Trust Fund (Item 3960-001-0890)..... | −32,284,000 |
| (14) Amount payable from the Environmental Quality Assessment Fund (Item 3960-001-3035).................................. | −287,000 |
| (15) Amount payable from the Electronic Waste and Recovery and Recycling Account (Item 3960-001-3065).......... | −1,975,000 |
| (16) Amount payable from the State Certified Unified Program Agency Account (Item 3960-001-3084)......................... | −2,236,000 |
| (17) Amount payable from the Birth Defects Monitoring Program Fund (Item 3960-001-3114)........................................... | −45,000 |

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the Department of Toxic Substances Control may borrow sufficient funds from special funds that otherwise provide support for the department for cashflow purposes. Any such loans are to be repaid with interest at the rate earned by the Pooled Money Investment Account.
2. Notwithstanding any other provision of law, upon request of the Director of Toxic Substances Control, and approval by the Department of Finance, the Controller shall increase the appropriation in this item in an amount necessary to pay the State Board of Equalization any additional costs the board may incur to make refunds required by Chapter 737 of the Statutes of 1998, provided that sufficient funds are available for such purposes and the board provides workload information that justifies the increase.
3. No positions approved under this item or any other actions of the Department of Toxic Substances Control

shall be used to investigate or work on a sale, lease, or other transfer of control of land at Santa Susana Field Laboratory until the Director of Toxic Substances Control certifies that the cleanups specified in the Administrative Orders on Consent signed on December 6, 2010, for that portion of Santa Susana Field Laboratory, have been completed and the requirements of Sections 25359.20 and 25359.21 of the Health and Safety Code are met.

*SEC. 23. Item 4260-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 4260-001-0001—For support of Department of Health Care Services | | 151,427,000 |
| Schedule: | | |
| (1) 20-Health Care Services | 445,326,000 | |
| (2) 30.01-Administration | 25,987,000 | |
| (3) 30.02-Distributed Administration | −25,987,000 | |
| (4) Reimbursements | −27,575,000 | |
| (5) Amount payable from the Breast Cancer Control Account (Item 4260-001-0009) | −3,382,000 | |
| (6) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-001-0080) | −149,000 | |
| (7) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-001-0236) | −641,000 | |
| (8) Amount payable from the Federal Trust Fund (Item 4260-001-0890) | −252,699,000 | |
| (9) Amount payable from the Mental Health Services Fund (Item 4260-001-3085) | −9,453,000 | |

Provisions:

1. Effective February 1, 2009, the State Department of Health Care Services shall report biennially in writing on the results of the additional positions established under the 2003 Medi-Cal Anti-Fraud Initiative to the chairpersons of the committees in each house of the

Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee. The report shall include the results of the most recently completed biennial error rate study and random claim sampling process, the number of positions filled by division, and, for each of the components of the initiative, the amount of savings and cost avoidance achieved and estimated, the number of providers sanctioned, and the number of claims and beneficiary records reviewed.

2. The State Department of Health Care Services shall provide a quarterly accounting of expenditures associated with the 8.0 audit positions for the Targeted Case Management Program identified in the Budget Act of 2010 (Ch. 712, Stats. 2010). The department shall make the quarterly accounting of expenditures available to designated representatives of the local government agencies not later than the last day of the third quarter of the 2010–11 fiscal year, and on the last day of each subsequent quarter thereafter.

3. (a) The State Department of Health Care Services shall withhold 1 percent of reimbursements to local educational agencies (LEAs) for the purpose of funding the work and related administrative costs associated with the audit resources approved in the Budget Act of 2010 (Ch. 712, Stats. 2010) to ensure fiscal accountability of the LEA Medi-Cal Billing Option Program and to comply with the California Medi-Cal State Plan. The withhold percentage shall be applied to funds paid to LEAs for health services based upon the date of payment, and excluding cost settlement payments. Moneys collected as a result of the reduction in federal Medicaid payments allocable to LEAs shall be deposited into a special deposit fund account, which shall be established by the department. The department shall return all unexpended funds in the special deposit fund account proportionately to all LEAs that contributed to the account, during the second quarter of the subsequent

fiscal year. The annual amount withheld shall not exceed $650,000, but may be adjusted with approval of the LEA Medi-Cal billing entities.

(b) The department shall provide a quarterly accounting of expenditures made from the special deposit fund account. The department shall make the quarterly accounting of expenditures available to the public not later than the last day of the third quarter of the 2010–11 fiscal year, and on the last day of each subsequent quarter thereafter.

4. The Department of Finance may authorize the transfer of expenditure authority from Item 4280-001-0001 to ~~transition children who are living at or below 133 percent of the federal poverty level from~~ *consolidate state administrative functions for* the Healthy Families Program ~~to the Medi-Cal program~~ *and to transfer those functions to the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan provided to the Legislature as required in Provision 4 of Item 4280-001-0001.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer approved under this provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include (a) a description of the transfer of the ~~resources~~ *programs*, including the reasons for the transfer, (b) the number and classifications of positions to be transferred, (c) the assumptions used in calculating the amount of expenditure authority transferred, and (d) any potential fiscal effects on the program from which resources are being transferred.

5. Of the funds appropriated in this item, $224,000 shall be used to support the system changes necessary to implement federal health care reform. ~~Notwithstanding Provision 2 of this item, these~~ *These* funds are not authorized for expenditure until approved by the Director of Finance. The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any expenditure approved under this

provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include a plan for the system changes necessary to implement the requirements of the federal Patient Protection and Affordable Care Act (P.L. 111-148).

*SEC. 24. Item 4260-001-0890 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4260-001-0890—For support of Department of Health Care Services, for payment to Item 4260-001-0001, payable from the Federal Trust Fund............................................ 252,699,000

Provisions:

1. The Department of Finance may authorize the transfer of expenditure authority from Item 4280-001-0890 to ~~transition children who are living at or below 133 percent of the federal poverty level from~~ *consolidate state administrative functions for* the Healthy Families Program ~~to the Medi-Cal program~~ *and to transition those functions to the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan provided to the Legislature as required in Provision 4 of Item 4280-001-0001.

   The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This notification shall include (a) a description of the transfer of the ~~resources~~ *programs*, including the reasons for the transfer, (b) the number and classifications of positions to be transferred, (c) the assumptions used in calculating the amount of expenditure authority transferred, and (d) any potential fiscal effects on the program from which resources are being transferred.

*SEC. 25. Item 4260-101-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4260-101-0001—For local assistance, Department of Health Care Services, California Medical Assistance Program, payable from the Health Care Deposit Fund after transfer from the General Fund.................................. ~~14,039,933,000~~ *14,029,933,000*

Schedule:

(1) 20.10.010-Eligibility (County Administration)......................................... ~~3,090,019,000~~ *3,089,935,000*

(2) 20.10.020-Fiscal Intermediary Management.................................................. 304,953,000

(3) 20.10.030-Benefits (Medical Care and Services)................................ ~~46,345,102,000~~ *46,323,880,000*

(4) Reimbursements.......................... ~~−1,862,336,000~~ *−1,861,030,000*

(5) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-101-0080).................................... −746,000

(6) Amount payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-101-0232)........................................... −58,946,000

(7) Amount payable from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-101-0233)............................................ −105,000

(8) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-101-0236).................................................. −24,589,000

(9) Amount payable from the Federal Trust Fund (Item 4260-101-0890).......................................... ~~−33,738,147,000~~ *−33,728,147,000*

(10) Amount payable from the Emergency Medical Air Transportation Act Fund (Item 4260-101-3168)....................... −15,272,000

Provisions:

1. The aggregate principal amount of disproportionate share hospital general obligation debt that may be issued in the current 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 Depart-

ment 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 provision 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 whatever lesser time after that notification as the chairperson of the joint committee, or his or her designee, may determine. 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 reimburse 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. 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 current 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.

12. The Department of Finance may authorize the transfer of expenditure authority from Item 4280-101-0001 or 4280-102-0001, or both of those items~~, to the State Department of Health Care Services,~~ as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with a transition plan, or components of the transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure authority transferred.

13. Notwithstanding any other provision of law, the Director of Finance may authorize an increase to this appropriation to address costs resulting from adverse court rulings. The Department of Finance shall provide a 30-day notice of any proposed increase to the Legislature. The notification shall include the specifics of any cases with adverse rulings and the overall fiscal impact. Submission of the semiannual Medi-Cal estimate provided to the Legislature in January and May shall be considered meeting the notification requirement of this provision if the required information is included in the estimate.

14. Of the funds appropriated in this item, up to $1,206,000 shall be used to support the system changes necessary to implement federal health care reform. The Director of Finance may approve current year increases in this item for additional expenditures necessary for implementation of the California Healthcare

Eligibility, Enrollment and Retention System project. The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any increased expenditure approved under this provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include a plan for the system changes necessary to implement the requirements of the federal Patient Protection and Affordable Care Act (P.L. 111-148).

*SEC. 26. Item 4260-101-0890 of Section 2.00 of the Budget Act of 2012 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.......................... ~~33,738,147,000~~ *33,728,147,000*

Provisions:

1. Any of the provisions in Item 4260-101-0001 that are relevant to this item also apply to this item.
2. The Department of Finance may authorize the transfer of expenditure authority from Item 4280-101-0890 or 4280-102-0890, or both of those items~~, to the State Department of Health Care Services,~~ as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with a transition plan, or components of a transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

   The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure authority transferred.

*SEC. 27. Item 4260-111-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 4260-111-0001—For local assistance, Department of Health Care Services | | ~~162,165,000~~ *176,224,000* |
| Schedule: | | |
| (1) 20.25-Children's Medical Services | ~~358,058,000~~ *380,745,000* | |
| (2) 20.35-Primary and Rural Health | 1,054,000 | |
| (3) 20.45-Other Care Services | 111,507,000 | |
| (4) Reimbursements | ~~−53,260,000~~ *−55,672,000* | |
| (5) Amount payable from the Breast Cancer Control Account (Item 4260-111-0009) | −7,912,000 | |
| (6) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-111-0080) | −22,000 | |
| (7) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0236) | −22,081,000 | |
| (8) Amount payable from the Federal Trust Fund (Item 4260-111-0890) | ~~−225,179,000~~ *−231,395,000* | |

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.

3. The State Department of Health Care Services shall convene a diverse workgroup, that, at a minimum, represents families enrolled in the California Children's Services (CCS) Program, counties, specialty care providers, children's hospitals, and medical suppliers to discuss the administrative structure of the CCS Program, including eligibility determination processes, the use and content of needs assessment tools in case management, and the processes used for treatment authorizations. The purpose of this workgroup will be to identify methods for streamlining, identifying administrative cost efficiencies, and developing better utilization of both state and county staff, as applicable, in meeting the needs of children and families accessing the CCS Program. The department may provide the appropriate policy and fiscal committees of the Legislature with periodic updates of outcomes as appropriate.

~~4.~~ ~~The Department of Finance may increase or decrease this item based on an updated savings estimate resulting from amendments made to subdivision (b) of Section 123870 of the Health and Safety Code by legislation that is enacted in 2012 that prohibits the California Children's Services (CCS) Program from covering the cost of occupational physical therapy services for certain pupils. Any adjustment to this item may not occur less than 30 days after notification in writing to the Joint Legislative Budget Committee, or such lesser time after that notification as the chairper-~~

~~son of the joint committee, or his or her designee, may determine.~~

*SEC. 28. Item 4260-111-0890 of Section 2.00 of the Budget Act of 2012 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............................... ~~225,179,000~~ *231,395,000*

Provisions:

1. Any of the provisions in Item 4260-111-0001 that are relevant to this item also apply to this item.

*SEC. 29. Item 4260-113-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4260-113-0001—For local assistance, Department of Health Care Services, for the Healthy Families Program (Medi-Cal)...................................................................... ~~247,740,000~~ *230,012,000*

Schedule:

(1) 20.10.010-Eligibility (County Administration)................................................ ~~45,148,000~~ *52,811,000*

(2) 20.10.020-Fiscal Intermediary Management.................................................... 1,028,000

(3) 20.10.030-Benefits (Medical Care and Services)............................................ ~~721,464,000~~ *659,792,000*

(4) Amount payable from the Federal Trust Fund (Item 4260-113-0890)..... ~~−519,900,000~~ *−483,619,000*

Provisions:

1. Notwithstanding any other provision of law, the Department of Finance may authorize transfer of expenditure authority between Schedules (1), (2), and (3) of this item and between this item and Items 4260-101-0001, 4260-102-0001, 4260-111-0001, 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 of expenditure authority, the fiscal assumptions used in calculating the amount of expenditure authority transferred, and any potential effects on the program from which funds are being transferred or reduced.

2. The Department of Finance may authorize the transfer of expenditure authority from Item 4280-101-0001 or 4280-102-0001, or both of those items, ~~to the State Department of Health Care Services,~~ as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with a transition plan, or components of a transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer approved under this provision not less than 30 days prior to the effective date of the transfer. This 30-day notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure authority transferred.

*SEC. 30. Item 4260-113-0890 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4260-113-0890—For local assistance, Department of Health Care Services, for payment to Item 4260-113-0001, payable from the Federal Trust Fund............................... ~~519,900,000~~ *483,619,000*

Provisions:

1. Any of the provisions in Item 4260-113-0001 that are relevant to this item also apply to this item.
2. The Department of Finance may authorize the transfer of expenditure authority from Item 4280-101-0890 or 4280-102-0890, or both of those items, ~~to the State Department of Health Care Services,~~ as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with a transition plan, or components of a transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

   The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer approved under this provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure authority transferred.

*SEC. 31. Item 4265-001-3085 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4265-001-3085—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Mental Health Services Fund........................................... 17,349,000

*Provisions:*

*1. It is the intent of the Legislature that a total of $60,000,000 for the California Reducing Disparities Project, which seeks to improve timely access to mental health services for unserved and underserved populations in California by bringing forward community-defined solutions and recommendations developed by diverse workgroups comprised of community representatives, shall be available over the course of four* *fiscal years beginning with the 2012–2013 fiscal year. Contracts with entities representing focused populations to develop strategic planning workgroups are presently in effect to identify population-focused, culturally competent recommendations for reducing disparities in mental health services and to improve outcomes by identifying community-defined, strength-based solutions and strategies to eliminate barriers in the mental health service system. Results from these strategic planning workgroups are to be used to effectuate changes in the mental health system to reduce and mitigate multiethnic, sexual orientation, and cultural disparities.*

*2. Of the amount appropriated in this item, $15,000,000 is to fund the California Reducing Disparities Project beginning in the 2012–13 fiscal year, and shall be available without regard to fiscal years.*

*SEC. 32. Item 4280-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 4280-001-0001—For support of Managed Risk Medical Insurance Board | | 2,353,000 |
| Schedule: | | |
| (1) 10-Major Risk Medical Insurance Program | 1,308,000 | |
| (2) 20-Access for Infants and Mothers Program | 1,040,000 | |
| (3) 40-Healthy Families Program | 9,383,000 | |
| (4) 50-County Health Initiative Matching Fund Program | 486,000 | |
| (5) Reimbursements | −494,000 | |
| (6) Amount payable from Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4280-001-0236) | −35,000 | |
| (7) Amount payable from Perinatal Insurance Fund (Item 4280-001-0309) | −376,000 | |
| (8) Amount payable from Major Risk Medical Insurance Fund (Item 4280-001-0313) | −1,308,000 | |

| | |
|---|---|
| (9) Amount payable from Federal Trust Fund (Item 4280-001-0890)................ | −7,165,000 |
| (11) Amount payable from Federal Trust Fund (Item 4280-003-0890)............... | −315,000 |
| (12) Amount payable from the County Health Initiative Matching Fund (Item 4280-003-3055).................................. | −171,000 |

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-103-0890 or 4280-103-3055 in order to effectively administer the County Health Initiative Matching Fund program.
2. To provide for the effective use of federal State Children's Health Insurance Program funds in the County Health Initiative Matching Fund program and notwithstanding Section 28.00, this item may be reduced or increased by the Department of Finance 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, or such lesser time after that notification as the chairperson of the joint committee, or his or her designee, may in each instance determine. This provision shall not apply to any General Fund increases or reductions.
3. Augmentations to reimbursements in this item are exempt from Section 28.50.
    (a) The Managed Risk Medical Insurance Board shall provide written notification within 30 days to the Joint Legislative Budget Committee describing the nature and planned expenditure of these augmentations when the amount received exceeds $200,000.
    (b) Federal funds may be increased to allow for the matching of the augmentations of reimbursements and the Department of Finance may authorize the establishment of positions if costs are fully offset by the augmentations to reimbursements.

4. A *transition* plan for the transfer of state administrative ~~resources due to the transfer of~~ *functions for the operation of the* Healthy Families Program ~~enrollees at or below 133 percent of the federal poverty level to the state's Medicaid program~~ *and any other applicable functions related to Medicaid requirements to the State Department of Health Care Services* shall be provided to all fiscal and applicable policy committees of the Legislature as soon as feasible, but no later than January 10, 2013.

5. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4260-001-0001 and position authority from the Managed Risk Medical Insurance Board to the State Department of Health Care Services to ~~shift appropriate~~ *consolidate* state administrative ~~resources~~ *functions* for *the* Healthy Families Program ~~enrollees at or below 133 percent of the federal poverty level~~ *and to transition those functions* to the State Department of Health Care Services. Any transfer shall be consistent with the transition plan provided to the Legislature as required in Provision 4.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include (a) a description of the transfer of the ~~resources~~ *programs*, including the reasons for the transfer, (b) the number and classifications of positions to be transferred, (c) the assumptions used in calculating the amount of expenditure authority and position authority transferred, and (d) any potential fiscal or programmatic effects of the transfer of expenditure and position authority.

*SEC. 33. Item 4280-001-0890 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4280-001-0890—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Federal Trust Fund, for Healthy Families Program.................................................................................. 7,165,000

Provisions:

1. Provision 3(b) of Item 4280-001-0001 also applies to this item.
2. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4260-001-0890 and position authority from the Managed Risk Medical Insurance Board to the State Department of Health Care Services to ~~transition children who are living at or below 133 percent of the federal poverty level from~~ *consolidate state administrative functions for the operation of* the Healthy Families Program ~~to the Medi-Cal program~~ *and to transition those functions to the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan provided to the Legislature required in Provision 4 of Item 4280-001-0001.

   The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This notification shall include (a) a description of the transfer of the ~~resources~~ *programs*, including the reasons for the transfer, (b) the number and classifications of positions to be transferred, (c) the assumptions used in calculating the amount of expenditure and position authority transferred, and (d) any potential fiscal or programmatic effects of the transfer of expenditure and position authority.

*SEC. 34. Item 4280-101-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | | |
|---|---|---|---|
| 4280-101-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program | | | ~~150,307,000~~ *159,603,000* |
| Schedule: | | | |
| (1) | 20-Access for Infants and Mothers Program | 71,883,000 | |
| (2) | 40-Healthy Families Program | ~~936,431,000~~ *793,905,000* | |
| (3) | Amount payable from the Federal Trust Fund (Item 4280-101-0890) | ~~−680,731,000~~ *−697,859,000* | |
| (4) | Amount payable from the Children's Health and Human Services Special Fund (Item 4280-101-3156) | ~~−177,276,000~~ *−8,326,000* | |

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-0001 in order to effectively administer the Healthy Families Program.
2. The Managed Risk Medical Insurance Board shall use all available, designated funds for the Healthy Families Program from the Children's Health and Human Services Special Fund before General Fund moneys are used.
3. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4260-101-0001 or 4260-113-0001, or both of those items, and position authority from the Managed Risk Medical Insurance Board to the State Department of Health Care Services, as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan, or components of a transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure and position authority transferred.

*SEC. 35. Item 4280-101-0890 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4280-101-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Federal Trust Fund, for the Healthy Families Program.............................................................. ~~680,731,000~~ *697,859,000*

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-0890 in order to effectively administer the Healthy Families Program.
2. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4260-101-0890 or 4260-113-0890, or to both of those items, and position authority from the Managed Risk Medical Insurance Board to the State Department of Health Care Services, as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan, or components of the transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

   The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This notification shall include (a) a comprehensive description of the ~~resourcetransfer~~ *program transfer*, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure and position authority transferred.

*SEC. 36. Item 4280-101-3156 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4280-101-3156—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Children's Health and Human Services Special Fund, for the Healthy Families Program............. ~~177,276,000~~ *8,326,000*

Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 12201 of the Revenue and Taxation Code.
2. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-3156 in order to effectively administer the Healthy Families Program.
3. Provision 2 of Item 4280-101-0001 also applies to this item.
4. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4260-101-0001, 4260-101-3156, or 4260-113-0001, or any combination of those items, and position authority from the Managed Risk Medical Insurance Board to the State Department of Health Care Services, as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan, or components of a transition plan, as provided to the Legisla-

ture as required in state statute regarding these ~~resource~~ *program* transfers.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure and position authority transferred.

*SEC. 37. Item 4280-102-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 4280-102-0001—For local assistance, Managed Risk Medical Insurance Board, for Healthy Families Program administrative contracts | | ~~2,806,000~~ *3,564,000* |
| Schedule: | | |
| (1) 40-Healthy Families Program | ~~59,433,000~~ *47,639,000* | |
| (2) Reimbursements | −8,094,000 | |
| (3) Amount payable from the Federal Trust Fund (Item 4280-102-0890) | ~~−34,043,000~~ *−35,585,000* | |
| (4) Amount payable from the Children's Health and Human Services Special Fund (Item 4280-102-3156) | ~~−14,490,000~~ *−396,000* | |

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-0001 in order to effectively administer the Healthy Families Program.
2. Provision 2 of Item 4280-101-0001 also applies to this item.
3. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4260-

101-0001 or 4260-113-0001, or both of those items, and position authority from the Managed Risk Medical Insurance Board to the State Department of Health Care Services, as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan, or components of a transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure and position authority transferred.

*SEC. 38. Item 4280-102-0890 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4280-102-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-102-0001, payable from the Federal Trust Fund, for Healthy Families Program administrative contracts..................................... ~~34,043,000~~
*35,585,000*

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-0890 in order to effectively administer the Healthy Families Program.
2. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4260-101-0890 or 4260-113-0890, or both of those items, and position authority from the Managed Risk Medical Insurance Board to the State Department of Health

Care Services, as it pertains to the transition of ~~children who are living at or below 133 percent of the federal poverty line from~~ the Healthy Families Program to ~~Medi-Cal~~ *the State Department of Health Care Services*. Any transfer shall be consistent with the transition plan, or components of a transition plan, as provided to the Legislature as required in state statute regarding these ~~resource~~ *program* transfers.

The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. This notification shall include (a) a comprehensive description of the ~~resource~~ *program* transfer, including the number of children affected and plans affected, and (b) all assumptions used in calculating the amount of expenditure and position authority transferred.

*SEC. 39. Item 4280-102-3156 of Section 2.00 of the Budget Act of 2012 is amended to read:*

4280-102-3156—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-102-0001, payable from the Children's Health and Human Services Special Fund, for Healthy Families Program administrative contracts.......... ~~14,490,000~~ *396,000*

Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 12201 of the Revenue and Taxation Code.
2. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-3156 in order to effectively administer the Healthy Families Program.
3. Provision 2 of Item 4280-101-0001 also applies to this item.

*SEC. 40. Item 5180-101-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | | |
|---|---|---|---|
| 5180-101-0001—For local assistance, Department of Social Services | | | ~~987,123,000~~ *1,648,532,000* |
| Schedule: | | | |
| (1) | 16.30-CalWORKs | ~~3,177,369,000~~ *4,731,070,000* | |
| (2) | 16.65-Other Assistance Payments | ~~1,707,423,000~~ *819,249,000* | |
| (3) | Reimbursements | −759,000 | |
| (4) | Amount payable from the Emergency Food Assistance Program Fund (Item 5180-101-0122) | −640,000 | |
| (5) | Amount payable from the Federal Trust Fund (Item 5180-101-0890) | ~~−3,886,424,000~~ *−3,890,542,000* | |
| (6) | Amount payable from the Child Support Collections Recovery Fund (Item 5180-101-8004) | −9,846,000 | |

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 limitations 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 (a) specifically required as a result of the enactment of a federal or state law or (b) 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 sooner than such lesser time after notification 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 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, including, but not limited to, the timing of federal

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 a court action, during the 2012–13 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 Item 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 the 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 CalFresh 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 expenditure authority of 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.

*SEC. 41. Item 5180-101-0890 of Section 2.00 of the Budget Act of 2012 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......................................... ~~3,886,424,000~~ *3,890,542,000*

Provisions:

1. Provisions 1, 4, 6, and 7 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 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.

5. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0890 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. 42. Item 5180-111-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

5180-111-0001—For local assistance, Department of Social Services........................................................................ ~~4,412,120,000~~ *4,443,230,000*

Schedule:

(1) 16.70-SSI/SSP................................ 2,770,100,000

(2) 25.15-IHSS..................................... ~~6,339,574,000~~ *6,239,606,000*

(3) Reimbursements.......................... ~~−4,697,554,000~~ *−4,566,476,000*

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 $364,000,000 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 State Department of Social Services 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 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 IHSS program to comply with Conlan v. Shewry (2005) 131 Cal.App.4th 1354. 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 2012–13 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 IHSS 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. 43. Item 5180-141-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 5180-141-0001—For local assistance, Department of Social Services | | ~~713,268,000~~ *717,265,000* |
| Schedule: | | |
| (1) 16.75-County Administration and Automation Projects | ~~1,838,800,000~~ *1,833,498,000* | |
| (2) Reimbursements | ~~−50,456,000~~ *−47,333,000* | |
| (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890) | ~~−1,075,076,000~~ *−1,068,900,000* | |

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 this item and Item 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 a court action or 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. This item may be increased by up to $18,000,000 by order of the Director of Finance to address system changes necessary to implement the requirements of the federal Patient Protection and Affordable Care Act

(P.L. 111-148). The Director of Finance shall provide notification in writing to the Joint Legislative Budget Committee of any expenditure approved under this provision not less than 30 days prior to the effective date of the approval. This 30-day notification shall include a plan for the system changes necessary to implement the requirements of the federal Patient Protection and Affordable Care Act.

*SEC. 44. Item 5180-141-0890 of Section 2.00 of the Budget Act of 2012 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......................................... ~~1,075,076,000~~ *1,068,900,000*

Provisions:

1. Provisions 2, 3, 4, and 6 of Item 5180-141-0001 also apply to this item.
2. Upon request by the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0890 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. 45. Item 5225-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

5225-001-0001—For support of Department of Corrections and Rehabilitation.......................................................... ~~5,708,363,000~~ *5,711,687,000*

Schedule:

(1) 10-Corrections and Rehabilitation Administration........................................ ~~404,760,000~~ *408,084,000*

| | | |
|---|---|---|
| (2) | 12-Department of Justice Legal Services | 39,299,000 |
| (3) | 20-Juvenile Operations and Juvenile Offender Programs | 131,710,000 |
| (4) | 21-Juvenile Academic and Vocational Education | 9,898,000 |
| (6) | 23-Juvenile Health Care | 22,495,000 |
| (7) | 25-Adult Corrections and Rehabilitation Operations—General Security | 2,986,843,000 |
| (8) | 26-Adult Corrections and Rehabilitation Operations—Security Overtime | 206,050,000 |
| (9) | 27-Adult Corrections and Rehabilitation Operations—Inmate Support | 1,020,278,000 |
| (10) | 28-Adult Corrections and Rehabilitation Operations—Contracted Facilities | 43,836,000 |
| (11) | 29-Adult Corrections and Rehabilitation Operations—Institution Administration | 361,824,000 |
| (12) | 30-Parole Operations—Adult Supervision | 306,451,000 |
| (13) | 31-Parole Operations—Adult Community Based Programs | 105,453,000 |
| (14) | 32-Parole Operations—Adult Administration | 68,272,000 |
| (15) | 35-Board of Parole Hearings—Adult Hearings | 69,053,000 |
| (16) | 36-Board of Parole Hearings—Administration | 2,856,000 |
| (19) | 47-Adult Education, Vocation and Offender Programs—Adult Inmate Activities | 65,464,000 |
| (20) | 48-Adult Education, Vocation and Offender Programs—Adult Administration | 9,006,000 |
| (21) | Reimbursements | −77,535,000 |
| (22) | Amount payable from the Federal Trust Fund (Item 5225-001-0890) | −2,347,000 |

(23) Amount payable from the Inmate Welfare Fund of the Department of Corrections (Item 5225-001-0917)..... −65,303,000

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. 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. The report shall include the dates for which each allotment was submitted to the institutions and the date each institution acknowledged receiving its allotments.

6. Not later than January 10, 2013, and upon release of the May Revision, the Secretary of the Department of Corrections and Rehabilitation shall submit to the Director of Finance a report detailing the number of positions being reduced within the department as a result of AB 109 implementation. The report shall include, but not be limited to, the number of correctional officers in overtime avoidance pool positions and perma-

nent intermittent positions by month, the attrition of custody staff by month, overtime and temporary help expenditure usage by institution by month compared to prior year expenditures, the number of staff who voluntarily moved during each layoff wave, and the number of employees ultimately laid off during each wave.

7. Notwithstanding any other provision of law, of the amount in Schedule (11), $2,834,000 is available for expenditure on capital improvement projects at the Folsom Transitional Treatment Facility.

*SEC. 46. Item 5225-002-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

5225-002-0001—For support of Department of Corrections and Rehabilitation........................................................ ~~2,112,208,000~~ *2,112,613,000*

Schedule:

| | | |
|---|---|---|
| (1) | 10-Corrections and Rehabilitation Administration.......................................... | 0 |
| (2) | 50.10-Medical Services—Adult...... | 1,445,381,000 |
| (3) | 50.20-Dental Services—Adult........... | 139,338,000 |
| (4) | 50.30-Mental Health Services—Adult...................................... | 307,520,000 |
| (5) | 50.40-Ancillary Health Care Services—Adult...................................... | 187,145,000 |
| (6) | 50.50-Dental and Mental Health Services Administration—Adult............... | ~~35,095,000~~ *35,500,000* |
| (7) | Reimbursements.................................. | −2,271,000 |

Provisions:

1. On February 14, 2006, the United States District Court in the case of Plata v. Brown (No. C01-1351-TEH) 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. Brown.

4. The amounts appropriated in Schedules (2) and (5) are available for expenditure by the Receiver appointed by the Plata v. Brown court to carry out its mission to deliver constitutionally adequate medical care to inmates.

5. The amounts appropriated in Schedules (3), (4), and (6) are available for expenditure by the Department of Corrections and Rehabilitation to provide mental health and dental services only.

6. Notwithstanding any other provision of law, the Receiver, on behalf of the Department of Corrections and Rehabilitation, shall process and pay for all medical claims for medical parolees pursuant to Section 3550 of the Penal Code from funds available in Schedule (2).

7. Not later than 30 days following approval by the Department of Finance of the Receiver’s acuity-based methodology for allocating prison medical staff, the Receiver shall submit to the chairpersons and vice chairpersons of the committees in both houses of the Legislature that consider the State Budget, the Director

of Finance, and the Legislative Analyst's Office a report on the methodology. Specifically, the report shall include: (a) data on the overall number of staff allocated to each of the state's prisons both prior to and following the implementation of the revised methodology, by classification, (b) a detailed description of the methodology used to develop the revised staffing packages, and (c) the estimated savings or costs resulting from the revised methodology in the budget year and ongoing, by institution.

8. On or before March 1, 2013, California Correctional Health Care Services shall prepare a report to the Legislature on the costs, benefits, and feasibility of charging a copayment for all new inmate pharmaceutical prescriptions originating within the state prison system.

*SEC. 47. Item 6110-001-0890 of Section 2.00 of the Budget Act of 2012 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........................................................................ ~~162,264,000~~ *162,299,000*

Provisions:

1. The funds appropriated in this item include federal Carl D. Perkins Vocational and Technical Education Act of 2006 (P.L. 109-270) funds for the current fiscal year to be transferred to community colleges by means of interagency agreements. These funds shall be used by 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 State Hospitals, 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, $318,000 shall be used to provide training in culturally nonbiased assessment and specialized language skills to special education teachers.

5. (a) Of the funds appropriated in this item, $11,765,000 is from the Child Care and Development Block Grant Fund and is available for support of child care services. Of the federal funds in this item, $1,533,000 is for 13.0 positions to address compliance monitoring and overpayments, which may contribute to early detection of fraud. All federally subsidized child care agencies shall be audited pursuant to 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 by program 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. Additionally, the SDE shall provide a copy of any federal reports submitted regarding improper payments and fraud to the Legislature and the Department of Finance.

(b) As a condition of receiving the resources specified in subdivision (a), every alternative payment agency and subsidized general child care agency shall 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 shall 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.

6. 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 the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) and Section 56504.5 of the Education Code and reflect year-to-date data and final yearend data.

7. 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 number 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 of each year. 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.

8. 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 educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.).
9. Of the funds appropriated in this item, $710,000 is available to provide ongoing support for the Child Nutrition Information and Payment System.
10. Of the funds appropriated in this item, $2,506,000 shall be used for the administration of the 21st Century Community Learning Centers Program.
11. Of the funds appropriated in this item, $195,000 in federal Carl D. Perkins Vocational and Technical Education Act of 2006 (P.L. 109-270) funding and 2.0 positions shall be available to support the California Career Resource Network program.
12. Of the amount appropriated in this item, $100,000 is available for the California Career Resource Network program to develop career resource materials and information.
13. Of the funds appropriated in this item, $378,000 and 4.0 positions are provided to support workload for the federal School Improvement Grant (SIG) Program.
14. 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.
15. Of the funds appropriated in this item, $109,000 is provided in federal Title III funds for 1.0 position to support the English language learner component of the Mathematics and Reading Professional Development Program.
16. Of the funds appropriated in this item, $945,000 is available from federal Title II funds for the Compliance, Monitoring, Interventions, 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 (P.L. 107-110). By April 1 of each year, the State Department of Education shall submit a report on the CMIS Program to the appropriate budget and policy committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance. The report shall identify (a) the number of school districts that received CMIS support in the prior 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 shall provide longitudinal data on the number and percent of teachers who are and are not highly qualified. At a minimum, the annual report shall include finalized data for the prior fiscal year and initial data for the current 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.

17. Of the funds appropriated in this item, $96,000 is available from federal Title I funds on a one-time basis for 1.0 position until June 30, 2013, to review student academic growth models for up to ten dropout recovery high schools pursuant to Chapter 669 of the Statutes of 2011.

18. Of the funds appropriated in this item, $674,000 is available for Child Nutrition Program compliance and monitoring activities.

19. Of the funds appropriated in this item, $150,000 is available for the California Teleaudiology Project.

20. Of the funds appropriated in this item, $2,000,000 is provided to support the Safe and Supportive Schools Grant.

21. Of the funds appropriated in this item, up to $108,000 is for the administration of the Commodity Supplemen-

tal Food Program, contingent on approval from the United States Department of Agriculture.

22. Of the funds appropriated in this item, $1,235,000 is provided for the following special child nutrition grants, contingent on receipt of grant awards from the United States Department of Agriculture: $535,000 for the Administrative Reviews and Training (ART) grant, $300,000 for the Team Nutrition grant, $250,000 for the Direct Certification grant, and $150,000 for the Fresh Fruit and Vegetable grant.

23. Of the funds appropriated in this item, $200,000 is available to fund 2.0 existing positions on a limited-term basis until June 30, 2013, and other costs to support increased technical assistance activities associated with new federal child nutrition requirements under the federal Healthy, Hunger-Free Kids Act of 2010 (P.L. 11-296).

24. Of the funds appropriated in this item, $1,000,000 is provided in the 2012–13 fiscal year for technical assistance to child nutrition sponsors regarding new nutritional requirements, and in the 2013–14 fiscal year for increased costs associated with new federal requirements to increase the frequency of compliance reviews for child nutrition programs. To the extent that additional staff resources are needed, positions shall be redirected from existing vacancies within the State Department of Education.

25. Of the funds appropriated in this item, $447,000 shall be for program support for the Improving Teacher Quality Higher Education grants program and 2.0 permanent positions.

26. Of the funds appropriated in this item, $6,636,000 is for the California Longitudinal Pupil Achievement Data System (CALPADS), which is to meet the requirements of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) and Chapter 1002 of the Statutes of 2002. These funds are payable from the Federal Trust Fund to the State Department of Education (SDE). Of this amount, $5,641,000 is federal Title VI funds and $995,000 is federal Title II funds. These

funds are provided for the following purposes: $3,254,000 for systems housing and maintenance provided by the Office of Technology Services (OTECH); $908,000 for costs associated with necessary system activities; $790,000 for SDE staff, and $710,000 for various other costs, including hardware and software costs, indirect charges, Department of General Services charges, and operating expenses and equipment. As a condition of receiving these funds, SDE shall ensure the following work has been completed prior to making final vendor payments: a Systems Operations Manual, as specified in the most current contract, has been delivered to SDE and all needed documentation and knowledge transfer of the system has occurred; all known software defects have been corrected; the system is able to receive and transfer data reliably between the state and local educational agencies within timeframes specified in the most current contract; system audits assessing data quality, validity, and reliability are operational for all data elements in the system; and SDE is able to operate and maintain CALPADS over time. As a further condition of receiving these funds, the SDE shall not add additional data elements to CALPADS, require local educational agencies to use the data collected through the CALPADS for any purpose, or otherwise expand or enhance the system beyond the data elements and functionalities that are identified in the most current approved Feasibility Study and Special Project Reports and the CALPADS Data Guide v1.2. In addition, $974,000 is for SDE data management staff responsible for fulfilling certain federal requirements not directly associated with CALPADS.

27. Of the funds appropriated in this item, $2,360,000 is available in one-time Title I carryover funds to conduct activities related to implementation of the academic content standards in mathematics and English language arts, as authorized by Chapters 605, 608, and 623 of the Statutes of 2011.

28. Of the funds appropriated in this item, $556,000 is provided to support the workload associated with the federally required oversight of contracts between food service management companies and school food authorities.
29. Of the funds appropriated in this item, $4,800,000 is provided on a one-time basis to support statewide training of school food authorities regarding changes to the meal and nutritional standards contained in the federal Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296), as allowed by federal guidelines on the allocation of administrative funds for state costs of implementation of new meal patterns for the National School Lunch Program and School Breakfast Program.
30. Of the funds appropriated in this item, $680,000 is provided in one-time carryover funds for the Safe and Supportive Schools program to support enhanced data collection capacity and accuracy and increased technical assistance to participating schools.
31. Of the funds appropriated in this item, $424,000 is provided in one-time federal carryover funds for the Striving Readers Comprehensive Literacy Program.
32. Of the funds appropriated in this item, $825,000 is available on a one-time basis for the State Department of Education to contract for an independent evaluation of the Public Charter Schools Grant Program and to contract to provide technical assistance to sub-grantees.
33. (a) Of the funds appropriated in this item, $5,300,000 shall be available to support local quality improvement activities under the Race to the Top—Early Learning Challenge Grant (RTT-ELC), contingent on approval of an expenditure plan submitted to the Department of Finance and the Legislature. In addition, the State Department of Education (SDE) shall provide a copy of the contract that includes a statement of work pertaining to the collection of kindergarten readiness assessment data to the Department of Finance and the Legislature for review and approval, prior to signing of the contract or encumbrance of funds. The

purpose is to ensure that the scope of the contract does not exceed that specified in the state's application for RTT-ELC funds.

(b) The SDE may use RTT-ELC funds appropriated in this item to reimburse state operations costs incurred during the 2011–12 fiscal year.

34. Of the funds appropriated in this item, $1,226,000 of the federal Individuals with Disabilities Education Act (IDEA) funds is available for the State Department of Education to provide oversight and technical assistance for local educational agencies as the responsibility for overseeing educationally related mental health services transitions from county mental health agencies to special education local plan areas. Of these funds, $426,000 shall be used to fund 3.0 three-year limited-term positions for monitoring residential placements in out-of-state facilities associated with educationally related mental health services.

35. Of the funds appropriated in this item, up to $705,000 is provided in one-time federal Title I, Part C, carryover funds for transfer to the State Audit Fund for the purpose of the Bureau of State Audits to conduct an independent audit of state and local implementation of the federally funded Migrant Education Program. The audit report shall be submitted to the appropriate fiscal and policy committees of each house of the Legislature and to the State Department of Education (SDE) no later than March 1, 2013.

(a) The audit report shall include all of the following:

(1) A detailed audit of expenditures, fiscal practices, and fiscal oversight at the SDE and in a sample of local Migrant Education Program regions to determine whether there is compliance with applicable state and federal laws, regulations, and administrative policies.

(2) A detailed audit of the State Parent Advisory Council (SPAC) makeup and activities at the state level and in a sample of local Migrant Education Program regions to determine whether there is compliance with applicable

state and federal laws, regulations, and administrative policies, and to assess whether the state appropriately supports and engages migrant parents.

(3) A detailed review of how effectively the state organizes and implements migrant education services at both the state and local levels, which includes alignment between program goals and program activities, outcomes from state-level contracts, effectiveness of data collection structures and internal operations, and the efficacy of the existing regional service delivery structure.

(4) Recommendations for how the state may address audit findings related to the topics described in paragraphs (1), (2), and (3).

(5) A review of the extent to which any relevant findings raised in recent federal reviews (since 2006) of the state's Migrant Education Program pertaining to these and other topics have been addressed. If these findings have not been adequately addressed, provide recommendations on how the state should address them to ensure the delivery of services in the Migrant Education Program are efficient and effective.

(b) The regions selected for the sample shall be sufficient in number to reflect the diversity of local regions and program structures.

36. Of the funds appropriated in this item, $130,000 is provided for one existing limited-term position to support the federal Migrant Education Program.

*SEC. 48. Item 6110-005-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-005-0001—For support of Department of Education, as allocated by the Department of Education to the State Special Schools, Program 10.60.040................................ 33,259,000

Schedule:
(1) 10.60.040-Instruction.......................... 37,560,000
(a) 10.60.040.001-School for the Blind, Fremont.......................... 5,930,000
(b) 10.60.040.002-School for the Deaf, Fremont........................ 18,010,000
(c) 10.60.040.003-School for the Deaf, Riverside.......................... 15,420,000
(d) 97.20.001-Unallocated Reduction............ −1,800,000
(1.5) 97.20.002-Unallocated........................ 1,800,000
(2) Reimbursements.................................. ~~−4,301,000~~ *−6,101,000*
~~(3) Amount payable from the Federal Trust Fund (Item 6110-005-0890)................. −1,800,000~~

Provisions:
1. The reduction in Schedule (1)(d) shall, to the extent possible, be achieved by reducing discretionary deferred maintenance projects.

*SEC. 49. Item 6110-005-0890 of Section 2.00 of the Budget Act of 2012 is repealed.*

~~6110-005-0890—For support of Department of Education, as allocated by the Department of Education to the State Special Schools, payable from the Federal Trust Fund...... 1,800,000~~

*SEC. 50. Item 6110-140-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-140-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20-Instructional Support............. ~~0~~ *886,000*

Schedule:
(1) 20.80.001-Student Friendly Services.... 1,000

(2) 20.90.001.020-California School Information Services Administration.......... ~~1,255,000~~ *2,184,000*

(4) 20.90.001.040-Fiscal Crisis and Management Assistance Team......................... 1,000

(5) Amount payable from the Educational Telecommunication Fund (Item 6110-140-0349)............................................ ~~−1,257,000~~ *−1,300,000*

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.
5. The State Department of Education and the California School Information Services shall jointly report by October 1, 2012, 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 implement the California Longitudinal Pupil Achievement Data System (CALPADS).
6. Of the funds appropriated in Schedule (4), and 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 2011–12 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.
7. Of the funds appropriated in Schedule (4), $828,000 is to be provided to non-CSIS participating school districts for support of maintenance of individual student identifiers.
8. As a condition of receiving funds appropriated in this item, the California School Information Services shall

submit an expenditure plan with workload justification to the Department of Finance and the Legislative Analyst's Office by December 1, 2012. The expenditure plan shall include, at a minimum, (a) positions filled and intended to be filled, (b) salaries and benefits, (c) external contracts, (d) other operating expenses, and (e) equipment needs. The workload information shall include, at a minimum, workload associated with maintenance of the California Longitudinal Pupil Achievement Data System (CALPADS) and assistance provided to local education agencies in transmission of data to CALPADS. The expenditure plan and workload data shall provide information for the prior year, current year, and budget year.

*SEC. 51. Item 6110-140-0349 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-140-0349—For local assistance, Department of Education, for payment to Item 6110-140-0001, payable from the Educational Telecommunication Fund............................. ~~1,257,000~~ *1,300,000*

*SEC. 52. Item 6110-156-0890 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-156-0890—For local assistance, Department of Education, Program 10.50.010.001-Adult Education, payable from the Federal Trust Fund...................................................... 91,296,000

Provisions:

1. The State Department of Education shall reimburse claims on a quarterly basis from qualifying community-based organizations that provide adult basic education under this item.
2. (a) Notwithstanding any other provision of law, all nonlocal educational agencies (non-LEA) receiving greater than $500,000 pursuant to this item shall submit an annual organizational audit, as specified, to the State Department of Education, Office of External Audits.

All audits shall be performed by one of the following: (1) a certified public accountant possessing a valid license to practice within California, (2) a member of the department's staff of auditors, or (3) in-house auditors, if the entity receiving funds pursuant to this item is a public agency, and if the public agency has internal staff that performs auditing functions and meets the tests of independence found in Government Auditing Standards issued by the Comptroller General of the United States.

The audit shall be in accordance with State Department of Education audit guidelines and Office of Management and Budget (OMB), Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Non-LEA entities receiving funds pursuant to this item shall submit the annual audit no later than six months from the end of the agency fiscal year. If, for any reason, the contract is terminated during the contract period, the audit shall cover the period from the beginning of the contract through the date of termination.

Non-LEA entities receiving funds pursuant to this item shall be held liable for all department costs incurred in obtaining an independent audit if the contractor fails to produce or submit an acceptable audit.

(b) Notwithstanding any other provision of law, the State Department of Education shall annually submit to the Governor, Joint Legislative Budget Committee, and Joint Legislative Audit Committee limited-scope audit reports of all subrecipients it is responsible for monitoring that receive between $25,000 and $500,000 of federal awards, and that do not have an organizationwide audit performed. These limited-scope audits shall be conducted in accordance with the State Department of Education audit guidelines and OMB, Circular No. A-133. The department may charge audit costs to applicable federal awards, as authorized by OMB, Circular No. A-133 Section 230(b)(2).

The limited-scope audits shall include agreed-upon procedures engagements conducted in accordance with either American Institute of Certified Public Accountants (AICPA) generally accepted auditing standards or attestation standards, and address one or more of the following types of compliance requirements: allowed or unallowed activities, allowable costs and cost principles, eligibility, matching, level of effort, earmarking, and reporting.

The department shall contract for the limited-scope audits with a certified public accountant possessing a valid license to practice within the state or with an independent auditor.

3. On or before March 1 of each year, the State Department of Education shall report to the appropriate subcommittees of the Assembly Committee on Budget and the Senate Committee on Budget and Fiscal Review on the following aspects of Title II of the federal Workforce Investment Act of 1998 (P.L. 105-220): (a) the makeup of those adult education providers that applied for competitive grants under Title II and those that obtained grants, by size, geographic location, and type (school districts, community colleges, community-based organizations, or other local entities), (b) the extent to which participating programs were able to meet planned performance targets, and (c) a breakdown of the types of courses (English as a Second Language (ESL), ESL-Citizenship, adult basic education, or adult secondary education) included in the performance targets of participating agencies.

4. The State Department of Education shall continue to ensure that outcome measures for State Department of State Hospitals and State Department of Developmental Services clients are set at a level where these clients will continue to be eligible for adult education services in the current fiscal year and beyond to the

full extent authorized under federal law. The State Department of Education shall also consult with the State Department of State Hospitals, State Department of Developmental Services, and Department of Finance for this purpose.

5. Of the funds appropriated in this item, $5,594,000 is provided in one-time carryover funds to support the existing program.

*6. The State Department of Education shall revise the Request for Application (RFA) for these funds for the 2013–14 grant cycle. The revisions shall include the incorporation of core federal performance metrics into the RFA, including placement in postsecondary education, transition into employment, and retention of employment included in the performance targets of participating agencies. The WIA California State Plan and the department's adult education planning document, "Linking Adults to Opportunity," shall serve as source documents of the new RFA.*

*SEC. 53. Item 6110-161-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-161-0001—For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children.............................. ~~3,226,560,000~~ *3,220,353,000*

Schedule:

(1) 10.60.050.003-Special education instruction.......................................... ~~3,180,260,000~~ *3,149,440,000*

(2) 10.60.050.080-Early Education Program for Individuals with Exceptional Needs................................................... ~~60,695,000~~ *85,308,000*

(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 2012–13 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 $13,208,000, 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 $10,081,000, 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 $88,657,000, plus any COLA, shall be available for regionalized program specialist services; and up to $2,699,000, 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 $158,108,000, 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 2012–13 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 deficited 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 2012–13 fiscal year 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), 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 ser-

vices 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 federal Individuals with Disabilities Education Act (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 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, 2013, 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.

19. 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 requirements 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 Act (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.

20. 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).

21. 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. 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.

22. Of the amount specified in Schedule (1), ~~$321,885,000~~ *$348,189,000* shall be available only to provide educationally related mental health services, including out-of-home residential services for emotionally disturbed

pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas in the 2012–13 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code.

23. Of the amount specified in Schedule (1), up to $3,000,000 shall be made available to the Superintendent of Public Instruction, in collaboration with the Department of Finance and the Legislative Analyst, and subject to approval by the Department of Finance, to administer an extraordinary cost pool associated with educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, for necessary small special education local plan areas as defined in Section 56212 of the Education Code.

24. The funds appropriated in this item reflect an adjustment to the base funding of 0 percent for the annual adjustment in statewide average daily attendance.

25. Of the amount provided in Schedule (1), $0 is to reflect a cost-of-living adjustment.

26. Of the amount provided in Schedule (2), $0 is to reflect a cost-of-living adjustment.

~~27. Of the funds appropriated in Schedule (1), $51,750,000 shall be available only for the purpose of providing educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on a one-time basis in the 2012–13 fiscal year as follows:~~

~~(a) The Superintendent of Public Instruction shall allocate these funds to each special education local plan area using data available from the California Special Education Management Information System (CASEMIS) as of December 1, 2010. Each special education local plan area shall receive funding in an amount equal to the applicable of the following:~~

~~(1) $3,607 for each pupil whose individualized education program requires one or more of the following educationally related mental health services: individual counseling, counseling and guidance, parent counseling, social work services, or behavior intervention services.~~

~~(2) Twice the amount specified in paragraph (1) for each pupil whose individualized education program requires psychological services.~~

~~(3) Four times the amount specified in paragraph (1) for each pupil whose individualized education program requires day treatment services.~~

~~(4) Nine times the amount specified in paragraph (1) for each pupil whose individualized education program requires mental health related residential treatment services.~~

~~(b) The Superintendent of Public Instruction shall count individual pupils in only one of the four categories set forth in paragraphs (1) to (4), inclusive, of subdivision (a), based on the most intensive level of services required by the pupil's individualized education program.~~

~~(c) If the overall funding allocation is insufficient to fully fund the amount set forth in subdivision (a), or if there is excess funding available, the Superintendent of Public Instruction shall adjust the amount specified in paragraph (1) of subdivision (a), and the corresponding amounts specified in paragraphs (2) to (4), inclusive, of subdivision (a), in order to match the full allocation.~~

~~(d) It is the intent of the Legislature that any funds appropriated for the 2013–14 fiscal year for the purpose of providing the educationally related mental health services identified in this provision shall be allocated based on an equal rate per pupil using a methodology specified in Section 56836.07 of the Education Code and using average daily attendance for the 2012–13 fiscal year.~~

*SEC. 54. Item 6110-161-0890 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-161-0890—For local assistance, Department of Education, payable from the Federal Trust Fund, Program 10.60-Special Education Programs for Exceptional Children........ ~~1,235,823,000~~ *1,235,469,000*

Schedule:

| | | |
|---|---|---|
| (1) | 10.60.050.012-Local Agency Entitlements, IDEA Special Education...... | 1,047,814,000 |
| (2) | 10.60.050.013-State Agency Entitlements, IDEA Special Education........... | 1,759,000 |
| (3) | 10.60.050.015-IDEA, Local Entitlements, Preschool Program.................... | 67,066,000 |
| (4) | 10.60.050.021-IDEA, State Level Activities....................................................... | ~~76,768,000~~ *76,414,000* |
| (5) | 10.60.050.030-P.L. 99-457, Preschool Grant Program...................................... | 36,117,000 |
| (6) | 10.60.050.031-IDEA, State Improvement Grant, Special Education............. | 3,405,000 |
| (7) | 10.60.050.032-IDEA, Family Empowerment Centers........................................ | 2,794,000 |
| (8) | 20.80.002-Supplemental Grants: Newborn Hearing Grant............................... | 100,000 |

Provisions:

2. The funds appropriated in Schedule (2) shall be distributed to state-operated programs serving disabled children from 3 to 21 years of age, inclusive. In accordance with federal law, the funds appropriated in

Schedules (1) and (2) shall be distributed to local and state agencies on the basis of the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) permanent formula.

3. Of the funds appropriated in Schedule (4), up to $300,000 shall be used to develop and test procedures, materials, and training for alternative dispute resolution in special education.

4. Of the funds appropriated by Schedule (5) for the Preschool Grant Program, $1,228,000 shall be used for in-service training and shall include a parent training component and may, in addition, include a staff training program. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. This program shall include state-sponsored and local components.

5. Of the funds appropriated in this item, $1,420,000 is available for local assistance grants to monitor local educational agency compliance with state and federal laws and regulations governing special education. This funding level is to be used to continue the facilitated reviews and, to the extent consistent with the key performance indicators developed by the State Department of Education, these activities shall focus on local educational agencies identified by the United States Department of Education's Office of Special Education Programs.

6. The funds appropriated in Schedule (7) shall be used for the purposes of Family Empowerment Centers on Disability pursuant to Chapter 690 of the Statutes of 2001.

7. Notwithstanding the notification requirements listed in subdivision (d) of Section 26.00, the Department of Finance is authorized to approve intraschedule transfers of funds within this item submitted by the State Department of Education for the purposes of ensuring that special education funding provided in this item is appropriated in accordance with the statutory funding formula required by the federal Individuals with Disabilities Education Act (20 U.S.C. Sec.

1400 et seq.) and the special education funding formula required pursuant to Chapter 7.2 (commencing with Section 56836) of Part 30 of Division 4 of Title 2 of the Education Code, without waiting 30 days, but shall provide a notice to the Legislature each time a transfer occurs.

*7.5. Of the funds appropriated in Schedule (1), $51,750,000 shall be available only for the purpose of providing educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on a one-time basis in the 2012–13 fiscal year as follows:*

*(a) The Superintendent of Public Instruction shall allocate these funds to each special education local plan area using data available from the California Special Education Management Information System (CASEMIS) as of December 1, 2010. Each special education local plan area shall receive funding in an amount equal to the applicable of the following:*

*(1) $3,607 for each pupil whose individualized education program requires one or more of the following educationally related mental health services: individual counseling, counseling and guidance, parent counseling, social work services, or behavior intervention services.*

*(2) Twice the amount specified in paragraph (1) for each pupil whose individualized education program requires psychological services.*

*(3) Four times the amount specified in paragraph (1) for each pupil whose individualized education program requires day treatment services.*

*(4) Nine times the amount specified in paragraph (1) for each pupil whose individualized education program requires mental health-related residential treatment services.*

*(b) The Superintendent of Public Instruction shall count individual pupils in only one of the four categories set forth in paragraphs (1) to (4), inclusive, of subdivision (a), based on the most intensive level of services required by the pupil's individualized education program.*

*(c) If the overall funding allocation is insufficient to fully fund the amount set forth in subdivision (a), or if there is excess funding available, the Superintendent of Public Instruction shall adjust the amount specified in paragraph (1) of subdivision (a), and the corresponding amounts specified in paragraphs (2) to (4), inclusive, of subdivision (a), in order to match the full allocation.*

*(d) It is the intent of the Legislature that any funds appropriated for the 2013–14 fiscal year for the purpose of providing the educationally related mental health services identified in this provision shall be allocated based on an equal rate per pupil using a methodology specified in Section 56836.07 of the Education Code and using average daily attendance for the 2012–13 fiscal year.*

8. Of the funds appropriated in Schedule (4), ~~$46,554,000~~ *$17,250,000* shall be available only for the purpose of providing educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act of 2004 (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas in the 2012–13 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code.

9. Of the funds appropriated in Schedule (6), $2,192,000 is provided for scientifically based professional development as part of the State Personnel Development grant.
10. Of the funds appropriated in Schedule (4), up to $3,894,000 shall be available for transfer to the State Special Schools for student transportation allowances. However, of these funds, the State Department of Education (SDE) shall obtain written approval from the Department of Finance prior to spending $924,000 to address transportation contract increases resulting from fuel and insurance costs. The Department of Finance shall act within 30 days of receiving justification from the SDE for the increased costs.
~~11. Of the funds appropriated in Schedule (4), $24,600,000 shall be available to provide educationally related occupational and physical therapy services required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas based on an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code.~~
~~12. Of the funds appropriated in Schedule (4), up to $2,154,000 shall be available in a one-time federal Individuals with Disabilities Education Act (IDEA) carryover.~~
13. Of the funds appropriated in Schedule (6), $1,213,000 is available in one-time carryover funds to support the state personnel development contract with the Napa County Office of Education.
*14. Of the funds appropriated in Schedule (4), $1,800,000 in federal Individuals with Disabilities Education Act (IDEA) carryover funds shall be available for transfer to backfill a General Fund reduction for State Special Schools for discretionary deferred maintenance projects on a one-time basis.*

*SEC. 55. Item 6110-194-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-194-0001—For local assistance, Department of Education, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for child care and development programs included in this item, in lieu of the amount that otherwise would be appropriated pursuant to any other statute........................ ~~800,603,000~~ *770,603,000*

Schedule:

(1.5) 30.10.020-Child Care Services..... ~~1,359,885,000~~ *1,329,885,000*

(a) 30.10.020.001-Special Program, Child Development, General Child Development Programs....... ~~481,618,000~~ *464,913,000*

(c) 30.10.020.004-Special Program, Child Development, Migrant Day Care......... ~~26,993,000~~ *26,056,000*

(d) 30.10.020.007-Special Program, Child Development, Alternative Payment Program....................... ~~201,004,000~~ *194,031,000*

(e) 30.10.020.011-Special program, Child Development Alternative Payment Program—Stage 2....... 419,286,000

(f) 30.10.020.012-Special program, Child Development Alternative Payment Program—Stage 3 Setaside........................ ~~153,758,000~~ *148,425,000*

(g) 30.10.020.008-Special Program, Child Development, Resource and Referral............................ 18,688,000

(j) 30.10.020.096-Special Program, Child Development, Allowance for Handicapped............. ~~1,504,000~~ *1,452,000*

(k) 30.10.020.106-Special Program, Child Development, California Child Care Initiative............................ 225,000

(*l*) 30.10.020.901-Special Program, Child Development, Quality Improvement........ 49,490,000

(n) 30.10.020.920-Special Program, Child Development, Local Planning Councils............ 3,319,000

(o) 30.10.020.014-Special Program, Child Development, Accounts Payable...................... 4,000,000

(3) Amount payable from the Federal Trust Fund (Item 6110-194-0890)..... −559,282,000

Provisions:

1. 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) $2,085,639 is for the schoolage care and resource and referral earmark.

(b) $11,698,772 is for the infant and toddler earmark and shall be used for increasing the supply of quality child care for infants and toddlers.

(c) $3,014,000 in one-time federal funding is available for use in the 2012–13 fiscal year. These funds shall be used for child care and development quality expenditures identified by the State Department of Education 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: $8,000,000 from federal funds for contracting with the State Department of Social Services for increased inspections of child care facilities; $960,000 for Trustline registration workload (Chapter 3.35 (commencing with Section 1596.60) of Division 2 of the Health and Safety Code); and $455,000 for health and safety training for licensed and exempt child care providers. Of the amounts specified in this provision, first priority shall be to fully fund Trustline registration workload as determined by the State Department of Social Services in conjunction with the State Department of Education.

3. 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.

4. 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).

5. Notwithstanding any other provision of law, funds in Schedule (1.5)(o) are available for accounts payable for alternative payment programs for actual and allowable costs incurred for additional services, pursuant to Section 8222.1 of the Education Code. The State Department of Education shall give priority for the allocation of these funds for accounts payable.

6. The amounts provided in Schedules (1.5)(a), (1.5)(c), (1.5)(d), and (1.5)(j) of this item reflect an adjustment to the base funding of −0.25 percent for ~~an increase~~ *a decrease* in the population of 0–4 year-olds.

7. The maximum standard reimbursement rate shall not exceed $34.38 per day for general child care 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 conform.

8. (a) 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, the California Community Colleges, and the State Department of Social Services in various programs under the jurisdiction of these departments.

(b) 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, based on the 2005 Regional Market Rate Survey data.

(c) The funds appropriated in this item for the cost of license-exempt 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 license-exempt child care costs up to 60 percent of the regional reimbursement rate limits established for family child care homes.

9. Of the amount appropriated in Schedule (1.5)(*l*), $10,750,000 shall be for child care worker recruitment and retention programs pursuant to Section 8279.7 of the Education Code, and $291,000 shall be for the Child Development Training Consortium.

10. (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.

(c) 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 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.

(d) 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.

(e) 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.

11. 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.

12. Notwithstanding any other provision of law, each local planning council shall meet the requirements of Section 8499.5 of the Education Code to the extent feasible and to the extent data is readily accessible.

13. Notwithstanding any other provision of law, the implementation of Provisions 15 and 16 is not subject to the appeal and resolution procedures for agencies that contract with the State Department of Education for the provision of child care services or the due process requirements afforded to families that are denied services specified in Chapter 19 (commencing with Section 18000) of Division 1 of Title 5 of the California Code of Regulations.

14. Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the State Department of Education may implement Provisions 15 and 16 through management bulletins or similar instructions.

15. The amounts appropriated in Schedules (1.5)(a), General Child Care, (1.5)(c), Migrant Day Care, (1.5)(d), Alternative Payment Program, (1.5)(f), CalWORKs Stage 3, and (1.5)(j), Allowance for Handi-

capped, reflect a reduction effective July 1, 2012, to all contracts of ~~5.5~~ *8.7* percent. The State Department of Education may consider the contractor's performance or whether the contractor serves children in underserved areas as defined in subdivision (ag) of Section 8208 of the Education Code when determining contract reductions, provided that the aggregate reduction to each program specified above is ~~5.5~~ *8.7* percent effective July 1, 2012.

16. Notwithstanding any other provision of law, families shall be disenrolled from subsidized child care services consistent with the priorities for services specified in subdivision (b) of Section 8263 of the Education Code. Families shall be disenrolled in the following order: (a) families with the highest income below 70 percent of the State Median Income (SMI) adjusted for family size, (b) of families with the same income level, those that have been receiving child care services for the longest period of time, (c) of families with the same income level, those that have a child with exceptional needs, and (d) families with children who are receiving child protective services or are at risk of being neglected or abused, regardless of family income.

*SEC. 56. Item 6110-211-0001 of Section 2.00 of the Budget Act of 2012 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, Categorical Programs for Charter Schools, in accordance with Section 47634.1 of the Education Code........ ~~276,518,000~~ *330,235,000*

Schedule:

(1) 20.60.036.003-Instructional Support: Categorical Programs for Charter Schools........ ~~190,627,000~~ *224,420,000*

(2) 20.60.036.006-Instructional Support: Economic Impact Aid for Charter Schools................................................ ~~85,891,000~~ *105,815,000*

Provisions:

1. The State Department of Education shall provide an estimate of average daily attendance expected to be claimed for this item for the 2013–14 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 Schedule (1) has been deferred until the 2013–14 fiscal year.
3. Funds appropriated in Schedule (1) are provided solely for the purpose for which categorical block grants are calculated pursuant to paragraph (1) of subdivision (c) of Section 47634.1 of the Education Code. Funds appropriated in Schedule (2) are provided solely for the purpose for which categorical block grants are calculated pursuant to paragraph (2) of subdivision (c) of Section 47634.1 of the Education Code.
4. The Department of Finance may transfer funds between Schedules (1) and (2) as needed to ensure that the Charter School Categorical Block Grant is funded consistent with the provisions of Section 47634.1 of the Education Code, provided that the total amount allocated to charter schools in Schedule (1) is the result of applying the same proportional cut that other categorical programs received pursuant to Section 12.42 of this act. The Department of Finance may not authorize such a transfer sooner than 30 days after notifying the Chairperson of the Joint Legislative Budget Committee in writing of the necessity to authorize the transfer.
5. The amount appropriated in Schedule (1) shall be reduced pursuant to Section 12.42.

*6. Of the funds provided in this item, $53,717,000 is available to provide a growth adjustment.*

*SEC. 57. Item 6110-295-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-295-0001—For local assistance, Department of Education *(Proposition 98), for transfer to Section A of the State School Fund*, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the cost of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the Controller.......................... 36,000

Schedule:

(1) 98.01.003.677-Consolidation of Annual Parent Notification/Schoolsite Discipline Rules/Alternative Schools (Ch. 36, Stats. 1977, et al.) (CSM 4445, 4453, 4461, 4462, 4474, 4488, 97-TC-24, 99-TC-09, 00-TC-12)............................................ 1,000

(2) 98.01.009.894-Caregiver Affidavits (Ch. 98, Stats. 1994) (CSM 4497)................ 1,000

(3) 98.01.048.675-Mandate Reimbursement Process (Ch. 486, Stats. 1975) (CSM 4485).................................................... 1,000

(4) 98.01.049.802-Notification of Truancy (Ch. 498, Stats. 1983) (CSM 4133)...... 1,000

(5) 98.01.049.803-Pupil Suspensions, Expulsions, Expulsion Appeals (Ch. 498, Stats. 1983, et al.) (CSM 4455, 4456, and 4463)............................................ 1,000

(6) 98.01.078.192-Charter Schools I, II, and III (Ch. 781, Stats. 1992) (CSM 4437 et al., 99-TC-03/99-TC-14)....................... 1,000

(7) 98.01.081.891-AIDS Instruction I and AIDS Prevention Instruction II (Ch. 818, Stats. 1991; Ch. 403, Stats. 1998) (CSM 4422; 99-TC-07, 00-TC-01)................. 1,000

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|---|---|
| (8) 98.01.096.175-Collective Bargaining (Ch. 961, Stats. 1975) (CSM 4425, 97-TC-08) | 1,000 |
| (9) 98.01.096.577-Pupil Health Screenings (Ch. 1208, Stats. 1976) (CSM 4440) | 1,000 |
| (10) 98.01.097.595-Physical Performance Tests (Ch. 975, Stats. 1995) (96-365-01) | 1,000 |
| (11) 98.01.101.184-Juvenile Court Notices II (Ch. 1011, Stats. 1984; Ch. 1423, Stats. 1984) (CSM 4475) | 1,000 |
| (12) 98.01.110.784-Removal of Chemicals (Ch. 1107, Stats. 1984) (CSM 4211, 4298) | 0 |
| (13) 98.01.111.789-Consolidation of Law Enforcement Agency Notifications (LEAN) and Missing Children Reports (MCR) (Ch. 1117, Stats. 1989) (CSM 4505, 4505-2) | 1,000 |
| (14) 98.01.117.677-Immunization Records (Ch. 1176, Stats. 1977) (SB 90-120) | 1,000 |
| (15) 98.01.118.475-Habitual Truants (Ch. 1184, Stats. 1975) (CSM 4487, 4487-A) | 1,000 |
| (16) 98.01.130.689-Consolidation of Notification to Teachers: Pupils Subject to Suspension or Expulsion I and II, and Pupil Discipline Records (Ch. 1306, Stats. 1989) (CSM 4452) | 1,000 |
| (17) 98.01.134.780-Scoliosis Screening (Ch. 1347, Stats. 1980) (CSM 4195) | 0 |
| (18) 98.01.030.995-Pupil Residency Verification and Appeals (Ch. 309, Stats. 1995) (96-384-01) | 0 |
| (19) 98.01.058.897-Criminal Background Checks I (Ch. 558, Stats. 1997) (97-TC-16) | 1,000 |

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|---|---|
| (20) 98.01.083.194-School Bus Safety I and II (Ch. 624, Stats. 1992; Ch. 831, Stats. 1994; Ch. 739, Stats. 1997) (97-TC-22)........................................................ | 0 |
| (21) 98.01.064.186-Open Meetings/Brown Act (Ch. 641, Stats. 1986) (CSM 4257).................................................... | 1,000 |
| (22) 98.01.361.977-Financial and Compliance Audits (Ch. 36, Stats. 1977) (CSM 4498, 4498-A)...................................... | 1,000 |
| (23) 98.01.064.097-Physical Education Reports (Ch. 640, Stats. 1997) (98-TC-08)........................................................ | 0 |
| (24) 98.01.112.096-Health Benefits for Survivors of Peace Officers and Firefighters (Ch. 1120, Stats. 1996) (97-TC-25)..... | 0 |
| (25) 98.01.091.787-County Office of Education Fiscal Accountability Reporting (Ch. 917, Stats. 1987, et al.) (97-TC-20)........................................................ | 1,000 |
| (26) 98.01.010.081-School District Fiscal Accountability Reporting (Ch. 100, Stats. 1981) (97-TC-19)....................... | 1,000 |
| (27) 98.01.012.693-Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC-07)................................ | 0 |
| (28) 98.01.078.495-County Treasury Withdrawals (Ch. 784, Stats. 1995) (96-365-03)........................................................ | 0 |
| (29) 98.01.073.697-Comprehensive School Safety Plans (Ch. 736, Stats. 1997) (98-TC-01, 99-TC-10)............................... | 1,000 |
| (30) 98.01.032.578-Immunization Records—Hepatitis B (Ch. 325, Stats. 1978; Ch. 435, Stats. 1979) (98-TC-05).............. | 1,000 |
| (31) 98.01.119.280-School District Reorganization (Ch. 1192, Stats. 1980; Ch. 1186, Stats. 1994) (98-TC-24)............ | 1,000 |

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|---|---|
| (32) 98.01.059.498-Criminal Background Checks II (Ch. 594, Stats. 1998, Ch. 840, Stats. 1998, Ch. 78, Stats. 1999) (00-TC-05) | 1,000 |
| (33) 98.01.117.096-Grand Jury Proceedings (Ch. 1170, Stats. 1996, et al.) (98-TC-27) | 0 |
| (34) 98.01.074.398-Pupil Promotion and Retention (Ch. 100, Stats. 1981, et al.) (98-TC-19) | 1,000 |
| (35) 98.01.030.098-Differential Pay and Reemployment (Ch. 30, Stats. 1998) (99-TC-02) | 1,000 |
| (36) 98.01.007.778-Absentee Ballots (Ch. 77, Stats. 1978; Ch. 1032, Stats. 2002) (02-PGA-02) | 1,000 |
| (37) 98.01.089.300-Agency Fee Arrangements (Ch. 893, Stats. 2000; Ch. 805, Stats. 2001) (00-TC-17 and 01-TC-14) | 1,000 |
| (38) 98.01.498.083-The Stull Act (Ch. 498, Stats. 1983; Ch. 4, Stats. 1999) (98-TC-25) | 1,000 |
| (39) 98.01.124.992-Threats Against Peace Officers (Ch. 1249, Stats. 1992 et al.) | 1,000 |
| (40) 98.01.060.394-CA State Teachers Retirement System Services Credit (Ch. 603, Stats. 1994 et al.) (02-TC-19) | 1,000 |
| (41) 98.01.498.830-Pupil Safety Notices (Ch. 498, Stats. 1983 et al.) (02-TC-13) | 1,000 |
| (42) 98.01.146.389-School Accountability Report Cards II & III (Ch. 912, Stats. 1997 et al.) (00-TC-09/00-TC-13; 02-TC-32) | 1,000 |
| (43) 98.01.124.978-Prevailing Wage (Ch. 1249, Stats. 1978) (01-TC-28) | 1,000 |
| (44) 98.01.016.193-Intradistrict Attendance (Ch. 161, Stats. 1993) (CSM 4454) | 1,000 |

(45) 98.01.013.599-California High School Exit Examination (Ch. 135, Stats. 1999) (00-TC-06).......................................... 1,000

~~(46) 98.01.059.389-Student Records (Ch. 593, Stats. 1989) (02-TC-34)..............~~ ~~0~~

Provisions:

1. Pursuant to Section 17581.5 of the Government Code, mandates included in the language of this item are specifically identified by the Legislature for suspension during the 2012−13 fiscal year:
   - (12) 98.01.110.784-Removal of Chemicals (Ch. 1107, Stats. 1984) (CSM 4211, 4298)
   - (17) 98.01.134.780-Scoliosis Screening (Ch. 1347, Stats. 1980) (CSM 4195)
   - (18) 98.01.030.995-Pupil Residency Verification and Appeals (Ch. 309, Stats. 1995) (96-384-01)
   - (20) 98.01.083.194-School Bus Safety I and II (Ch. 624, Stats. 1992; Ch. 831, Stats. 1994; Ch. 739, Stats. 1997) (97-TC-22)
   - (23) 98.01.064.097-Physical Education Reports (Ch. 640, Stats. 1997) (98-TC-08)
   - (24) 98.01.112.096-Health Benefits for Survivors of Peace Officers and Firefighters (Ch. 1120, Stats. 1996) (97-TC-25)
   - (27) 98.01.012.693-Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC-07)
   - (28) 98.01.078.495-County Treasury Withdrawals (Ch. 784, Stats. 1985) (96-365-03)
   - (33) 98.01.117.096-Grand Jury Proceedings (Ch. 1170, Stats. 1996) (98-TC-27)
   - ~~(46) 98.01.059.389-Student Records (Ch. 593, Stats. 1989) (02-TC-34)~~
2. If the amount appropriated in this item is less than the amount required to fund eligible claims contained in this item, the Controller shall prorate the payments accordingly.

*SEC. 58. Item 6110-488 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-488—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances from the following items are available for reappropriation for the purposes specified in Provisions 1 to 8, inclusive:

0001—General Fund

(1) $171,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for English Language Learners Best Practices for Improving Achievement in paragraph (13) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006

(2) $492,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California English Language Development Test in Item 6110-113-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(3) $91,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(4) $550,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Economic Impact Aid program in Item 6110-128-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(6) $7,732,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Home to School Transportation in Item 6110-650-0001, pursuant to Section 5 of Chapter 3 of the 2009–10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009–10 Third Extraordinary Session

(7) $8,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Special Education Program in Item 6110-650-0001, pursuant to Section 5 of Chapter 3 of the 2009–10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009–10 Third Extraordinary Session

(8) $90,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Item 6110-650-0001, pursuant to Section 5 of Chapter 3 of the 2009–10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009–10 Third Extraordinary Session

(11) $1,630,000 or whatever greater or lesser amount of the unexpended balance of the amount allocated for Categorical Programs for New Charter Schools in Provision 2 of Item 6110-488 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

(12) $272,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction in paragraph (2) of subdivision (a) of Section 38 of Chapter 12 of the Statutes of 2009

(13) $89,000 or whatever greater or lesser amount of 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)

(14) $259,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child care programs in ~~Schedule~~ *Schedules (1) and* (1.5) of Item 6110-196-0001 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008)

(16) $221,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Home to School Pupil Transportation in Schedule (1) of Item 6110-111-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(17) $351,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Assessment Review and Reporting in Schedule (1) of Item 6110-113-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(18) $768,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Economic Impact Aid for Charter Schools in Schedule (2) of Item 6110-211-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(19) $22,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Charter School Facility Grant Program in Item 6110-220-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(20) $811,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Assessment Review and Reporting in Schedule (1) of Item 6110-113-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

(21) $7,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Statewide Testing and Reporting in Schedule (2) of Item 6110-113-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

(22) $70,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the High School Exit Examination in Schedule (4) of Item 6110-113-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

(23) $16,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Foster Youth in Item 6110-119-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

(24) $230,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California School Information Services administration in Provision 2 of Item 6110-485 of the Budget Act of 2011 (Ch. 33, Stats. 2011)

(25) $504,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the After School Education and Safety Program in Item 6110-651-0001, pursuant to Section 5 of

Chapter 3 of the Statutes of 2009, Fourth Extraordinary Session, as amended by Chapter 31 of the Statutes of 2009, Third Extraordinary Session

(26) $116,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Child Nutrition School Breakfast and Summer Food Service Programs in Item 6110-201-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(27) $7,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Class Size Reduction Program in Item 6110-234-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)

(28) $22,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California Partnership Academies in Schedule (1) of Item 6110-166-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

(29) $11,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for special education mental health services in Item 6110-488 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

(30) $449,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California School Information Services administration in Provision 3 of Item 6110-488 of the Budget Act of 2011 (Ch. 33, Stats. 2011)

Provisions:

3. The sum of $499,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocations by the Superintendent of Public Instruction to support California School Information Services activities authorized pursuant to Schedule (1) of Item 6110-140-0001.

5. The sum of $2,563,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocations by the Superintendent of Public Instruction

to support California School Information Services activities authorized pursuant to Schedule (2) of Item 6110-140-0001.

6. The sum of $827,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocations by the Superintendent of Public Instruction to the Fiscal Crisis and Management Assistance Team for the support of the California School Information Services activities authorized pursuant to Schedule (4) of Item 6110-140-0001.

7. The sum of $3,000,000 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 to contract for the shift of the annual census administration of the California English Language Development Test pursuant to Chapter 634 of the Statutes of 2011 and is contingent upon federal approval of a contract amendment to implement the shift.

8. The sum of $8,100,000 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 department to conduct a Request for Application process to select a local education agency to monitor and support regional services and to provide administration of the Advancement Via ~~Individualized~~ *Individual* Determination (AVID) centers for the AVID program. Of the funds appropriated, $1,155,000 is available for administration of the AVID Center to support and monitor regional services and $6,945,000 is available to support regional services for the AVID program.

*SEC. 59. Item 6110-496 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6110-496—Reversion, Department of Education.

Provisions:

1. The Superintendent of Public Instruction is hereby authorized to initiate the reversion of appropriations in cases where the balance available for reversion is less than $50,000, and either of the following applies:
   (a) The program in question has expired.
   (b) The Superintendent of Public Instruction certifies that the original purpose of the appropriation would not be accomplished by further expenditure.
2. The State Department of Education may periodically review its accounts at the Controller's office to identify appropriations that meet these criteria. Upon the request of the State Department of Education, the Director of Finance may issue an Executive order to revert identified appropriations. The Controller shall timely revert appropriations identified in the Executive order to the fund from which the appropriation was originally made (or a successor fund in the case of an expired fund), or to the Proposition 98 Reversion Account, whichever is appropriate.

~~3.~~ ~~The sum of $10,335,000 is hereby appropriated from the Proposition 98 Reversion Account to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocations by the Superintendent of Public Instruction to support special education authorized pursuant to Schedule (1) of Item 6110-161-0001.~~

4. The sum of $1,947,000 is hereby appropriated from the Proposition 98 Reversion Account to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocations by the Superintendent of Public Instruction to support California School Information services activities authorized pursuant to Schedule (2) of Item 6110-140-0001.

*SEC. 60. Item 6440-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6440-001-0001—For support of University of California..... 2,053,750,000

Schedule:

(1) Support........................................... 2,053,750,000

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 this item shall not be available to support auxiliary enterprises or intercollegiate athletics programs.

5. Of the funds appropriated in this item, $8,301,000 is 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 in Sections 1, 2, and 3 of Chapter 1140 of the Statutes of 1973. Of the funds appropriated in this item, $475,000 is contingent upon the provision by the University of California of an equal amount of matching funds from its own resources.

6. Of the funds appropriated in this item, $52,199,000 is 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.

7. Of the funds appropriated in this item, $1,726,018 is for the California State Summer School for Mathematics and Science (COSMOS). As a condition of General Fund support for COSMOS, the University of California may not charge a tuition fee for California residents that exceeds $2,810 per session in the year 2012, and may not increase this tuition fee by greater than 5 percent each year thereafter. The University of California shall report on the outcomes and effectiveness of COSMOS every five years, commencing April 1, 2011.

8. Of the funds appropriated in this item, $885,375 is provided to continue support for science and math resource centers to implement the Science and Math Teacher Initiative. 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.

9. Of the funds appropriated in this item, $2,025,000 is to support 135 full-time equivalent students in the Program in Medical Education (PRIME) at the Irvine, Davis, San Diego, San Francisco, and Los Angeles 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, 2013, 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.

10. (a) The amount in Schedule (1) includes $1,720,000 to continue increased enrollments in nursing programs beyond the levels served in 2005–06 as follows:
    (1) $1,617,000 for full cost of a minimum of 122 full-time equivalent students in entry-level clinical nursing programs and entry-level master's degree nursing programs.

(2) $103,000 for supplemental marginal cost funding for 20 master's degree level nursing students.

(b) The University of California shall report to the Legislature and the Governor by May 1, 2013, on the total enrollment in the 2012–13 academic year in the baccalaureate nursing degree programs, the entry-level clinical and master's degree nursing programs, and the master's of science in nursing degree programs.

11. Of the funds appropriated in this item, $8,753,000 is for research related to Acquired Immune Deficiency Syndrome (AIDS).

12. Of the funds appropriated in this item, $5,000,000, is for the California Subject Matter Projects.

13. If ~~budget reductions are triggered due to voter rejection of The Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009)~~ *the Director of Finance reduces appropriations pursuant to subdivision (a) of Section 3.62,* the University of California shall not make budget reductions to the Student Academic Preparation and Education Programs (SAPEP), that is greater, proportionally, than the reduction in overall General Fund support for the university. This provision does not apply to the Preuss School. The university shall submit a report on funding levels of SAPEP to the fiscal committees of each house of the Legislature no later than April 1, 2013.

14. Of the funds appropriated in this item, $5,200,000 is the annual incremental adjustment for retiree health and dental benefit cost increases. In providing funding in 2012–13, it is the intent of the Legislature to provide similar adjustments on an ongoing annual basis in future years.

15. The Legislature expects the University of California to enroll a total of 209,977 state-supported full-time equivalent students during the 2012–13 academic year. This enrollment target does not include nonresident students and students enrolled in nonstate supported

summer programs. The University of California shall report to the Legislature by May 1, 2013, on whether it has met the 2012–13 academic year enrollment goal.

16. Of the funds appropriated in Schedule (1), $51,500,000 is intended to address a portion of the University of California's (UC) employer pension contribution costs for the University of California Retirement Plan (UCRP). This amount is only intended to help address UC's employer pension cost increases that are attributable to state ~~GF-~~ *General Fund-* and tuition-funded employees. The use of this funding for this purpose in 2012–13 does not constitute an obligation on behalf of the state to provide funding after the 2012–13 fiscal year for any UCRP costs. The amount of state funding for UCRP provided by the state in future budget years, if any, shall be determined annually by the Legislature.

17. (a) Notwithstanding any other law, the University of California shall not expend moneys appropriated from the General Fund in the annual Budget Act to contract out for services currently or customarily performed by nonacademic employees to achieve cost savings in instances other than the following:

(1) If all the following conditions are met:

(A) The University of California (UC) or the contracting agency clearly demonstrates that the proposed contract will result in actual overall cost savings to the UC, provided that:

(i) In comparing costs, there shall be included the UC's additional cost of providing the same service as proposed by the contractor. These additional costs shall include the salaries and benefits of additional staff that would be needed and the cost of additional space, equipment, and materials needed to perform the function.

(ii) In comparing costs, there shall not be included the UC's indirect overhead costs unless these costs can be attributed solely to the function in question and would not exist if that function was not performed by the UC. Indirect overhead costs shall mean the pro rata share of existing administrative salaries and benefits, rent, equipment costs, utilities, and materials.

(iii) In comparing costs, there shall be included in the cost of a contractor providing a service any UC costs that would be directly associated with the contracted function. These continuing UC costs shall include, but not be limited to, those for inspection, supervision, and monitoring.

(B) Proposals to contract out work shall not be approved solely on the basis that savings will result from lower contractor pay rates or benefits. Proposals to contract out work shall be eligible for approval if the contractor's wages are at the industry's level and do not undercut UC pay rates.

(C) The contract does not cause the displacement of UC employees. The term "displacement" includes layoff, demotion, involuntary transfer to a new classification, involuntary transfer to a new location requiring a change of residence, and time-base reductions. Displacement does not include changes in shifts or days off, nor does it include reassignment to other positions within the same classification and general location or employment with the contractor, so long as wages and benefits are comparable to those paid by the UC.

(D) The savings shall be large enough to ensure that they will not be eliminated by private sector and UC cost fluctuations that could normally be expected during the contracting period.

(E) The amount of savings clearly justify the size and duration of the contracting agreement.

(F) The contract is awarded through a publicized, competitive bidding process.

(G) The contract includes specific provisions pertaining to the qualifications of the staff that will perform the work under the contract, as well as assurance that the contractor's hiring practices meet applicable nondiscrimination standards.

(H) The potential for future economic risk to the UC from potential contractor rate increases is minimal.

(I) The contract is with a firm. A "firm" means a corporation, limited liability company, partnership, nonprofit organization, or sole proprietorship.

(J) The potential economic advantage of contracting is not outweighed by the public's interest in having a particular function performed directly by the UC.

(2) If any of the following conditions are met:

(A) The services contracted are not available within the UC, cannot be performed satisfactorily by UC employees, or are of such *a* highly specialized or technical nature that the necessary expert knowledge, experience, and ability are not available through the UC.

(B) The services are incidental to a contract for purchase or lease ~~or~~ *of* real or personal property. Contracts under this criterion, known as "service agreements," shall included, but not be limited to, agreements to service or maintain office equipment or computers that are leased or rented.

(C) The policy, administrative, or legal goals and purposes of the UC cannot be accomplished through the utilization of persons selected pursuant to the regular or ordinary hiring process. Contracts are permissible under this criterion to protect against a conflict of interest or to ensure independent and unbiased findings in cases where there is a clear need for a different, outside perspective. These contracts shall include, but not be limited to, obtaining expert witnesses in litigation.

(D) The nature of the work is such that the criteria for emergency appointments apply. "Emergency appointment" means an appointment made for a period not to exceed 60 working days either during an actual emergency to prevent the stoppage of public business or because of the limited duration of the work. The method of selection and the qualification standards for an emergency employee shall be determined by the UC. The frequency of appointment, length of appointment, and the circumstances appropriate shall be restricted so as to prevent the use of emergency appointments to circumvent the regular or ordinary hiring process.

(E) The contractor will provide equipment, materials, facilities, or support services that could not feasibly be provided by the UC in the location where the services are to be performed.

(F) The services are of such an urgent, temporary, or occasional nature that the delay incumbent in their implementation under the UC's regular or ordinary hiring process would ~~frustration~~ *frustrate* their very purpose.

(b) This section shall apply to personal service contracts entered into after January 1, 2013. This section shall not apply to the renewal of a personal services contract subsequent to January 1, 2013, if the contract was entered into before January 1, 2013, irrespective of whether the contract is renewed or rebid with the existing contractor or with a new contractor unless it has been significantly expanded.

(c) The University of California shall annually post both of the following on its Internet Web site:

(1) The number of, and contract amounts for, contracts entered into during the prior fiscal year, for services currently or customarily performed by nonacademic employees, to achieve cost savings.

(2) If compliance with (a) was required for the prior fiscal year, findings regarding how the University of California complied with that provision.

*SEC. 61. Item 6610-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6610-001-0001—For support of California State University.... 1,936,597,000

Schedule:

(1) Support........................................... 1,936,597,000

Provisions:

1. The appropriations made in this item are exempt from Section 31.00, except as otherwise provided by the applicable sections of the Government Code referred to in Section 31.00.
2. Of the amount appropriated in this item, $350,000 is for transfer to the Affordable Student Housing Revolving Fund for the purpose of subsidizing interest costs in connection with bond financing for construction of affordable student housing at the Fullerton and East Bay campuses in accordance with Article 3 (commencing with Section 90085) of Chapter 8 of Part 55 of Division 8 of Title 3 of the Education Code.
5. Of the funds appropriated in this item, $2,713,000 is provided to continue support for enhancing the capacity of science and math teacher credential programs to implement the Science and Math Teacher Initiative. The California State University (CSU) shall report to the Legislature and the Governor by May 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 CSU 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 math 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.

6. (a) Of the funds appropriated in this item, $6,251,000 is provided to continue increased enrollments in nursing programs beyond the levels served in 2005–06 as follows:
   (1) $560,000 for supplemental marginal cost funding for 280 full-time equivalent students (FTES) in entry-level master's degree nursing programs pursuant to Article 8 (commencing with Section 89270) of Chapter 2 of Part 55 of Division 8 of Title 3 of the Education Code.
   (2) $1,720,000 for full cost of a minimum of 163 FTES in entry-level master's degree nursing programs.
   (3) $371,000 for full cost of 35 FTES in baccalaureate degree nursing programs.
   (4) $3,600,000 for full cost of 340 FTES in baccalaureate degree nursing programs.

   (b) The California State University shall report to the Legislature and the Governor by May 1, 2013, on the total enrollment in the 2011–12 academic year in the baccalaureate nursing degree and entry-level master's degree nursing programs.

7. Of the funds appropriated in this item, $33,785,000 is provided for student financial aid grants. These financial aid funds shall be provided to needy students according to the nationally accepted needs analysis methodology.

8. If ~~budget reductions are triggered due to voter rejection of The Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009)~~ *the Director of Finance reduces appropriations pursuant to subdivision (a) of Section 3.62*, the California State University (CSU) shall not make budget reductions to any individual student academic preparation and outreach ~~programs~~ *program* that is greater, proportionally, than the reduction in overall General Fund support for the university. The university shall submit a report on the reduction made to these programs to the fiscal committees of each house of the Legislature no later than April 1, 2013.
9. Of the funds appropriated in this item, $1,100,000 is the annual incremental adjustment for retiree dental benefit cost increases. In providing this funding in 2012–13, it is the intent of the Legislature to provide similar adjustments on an ongoing annual basis in future years.
10. The Legislature expects the California State University to enroll a total of 331,716 state-supported FTES during the 2012–13 academic year. This enrollment target does not include nonresident students and students enrolled in nonstate supported summer programs. The California State University shall report to the Legislature by May 1, 2013, on whether it has met the 2012–13 academic year enrollment goal.
11. Notwithstanding Section 89704 of the Education Code or any other provision of law, the Chancellor of the California *State* University may transfer such balances he or she deems necessary from the State University Continuing Education Revenue Fund or any other revenues received from extension programs and other self-supporting instructional programs to the California State University Trust Fund, or to trust accounts pursuant to Section 89721 of the Education Code, for expenditure in order to mitigate impacts to state-supported instructional programs that would result from reductions in state General Fund appropriations for support of the university. The ~~chancellor~~ *Chancellor*

shall report within 10 days to the Director of Finance and to the Chairperson of the Joint Legislative Budget Committee on any amounts transferred pursuant to this provision. The Chancellor shall report to the Director of Finance and to the Chairperson of the Joint Legislative Budget Committee by June 30, 2013, the impact of any transfer on self-supporting instructional programs and related fees. This provision ~~is operative on December 15, 2012, unless The Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, general election~~ *shall only become operative if the Director of Finance reduces appropriations pursuant to subdivision (a) of Section 3.62*. If this provision is operative on December 15, 2012, it is the intent of the Legislature that the authority is one-time in nature and effective only for the 2012–13 fiscal year.

*SEC. 62. Item 6645-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

6645-001-0001—For support of health benefits for California State University annuitants. For the state's contribution for the cost of a health benefits plan for annuitants and other employees, in accordance with Sections 22820, 22879, 22881, 22883, and 22953 of the Government Code, which cost is not chargeable to any other appropriation.... ~~260,149,000~~ *240,255,000*

Provisions:

1. The maximum transfer amounts specified in subdivision (c) of Section 26.00 do not apply to this item.
2. Notwithstanding Section 22844 of the Government Code or any other provision of law, annuitants and their family members who were employed by the California State University, and who become eligible for Part A and Part B of Medicare during the 2012–13 fiscal year, shall not be enrolled in a basic health benefits plan during the 2012–13 fiscal year. If the annuitant or family member is enrolled in Part A or Part B

of Medicare, he or she may enroll in a supplement to the Medicare plan. This provision does not apply to employees and family members who are specifically excluded from enrollment in a supplement to the Medicare plan by federal law or regulation.

3. The maximum monthly contribution for an annuitant's health benefits plan shall be $566 for a single enrollee, $1,074 for an enrollee and one dependent, and $1,382 for an enrollee and two or more dependents for the 2012 calendar year. The maximum monthly contribution shall be adjusted based on Section 22871 of the Government Code to reflect the health benefit plan premium rates approved by the Board of Administration of the Public Employees' Retirement System for the 2013 calendar year.

4. Notwithstanding any other provision of law, upon approval of the Director Finance, expenditure authority may be transferred between Item 9650-001-0001 and this item as necessary to fund costs for health benefits.

*SEC. 63. Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98) | | ~~1,523,454,000~~ *1,550,927,000* |
| Schedule: | | |
| (1) 10.10.010-Apportionments | ~~1,111,825,000~~ *1,139,298,000* | |
| (2) 20-Special Services | 0 | |
| (3) 10.10.020-Apprenticeship | 7,174,000 | |
| (4) 10.10.030-Growth for Apportionments | 0 | |
| (5) 20.10.004-Student Success for Basic Skills Students | 20,037,000 | |
| (6) 20.10.005-Student Financial Aid Administration | 71,025,000 | |
| (7) 20.10.020-Disabled Students | 69,223,000 | |

| | |
|---|---|
| (8) 20.10.045-Special Services for CalWORKs Recipients | 26,695,000 |
| (9) 20.10.060-Foster Care Education Program | 5,254,000 |
| (10) 20.10.070-Matriculation | 49,183,000 |
| (11) 20.20.020-Academic Senate for the Community Colleges | 318,000 |
| (12) 20.20.041-Equal Employment Opportunity pursuant to Ch. 1169, Stats. 2002 | 767,000 |
| (13) 20.20.050-Part-time Faculty Health Insurance | 490,000 |
| (14) 20.20.051-Part-time Faculty Compensation | 24,907,000 |
| (15) 20.20.055-Part-time Faculty Office Hours | 3,514,000 |
| (16) 20.30.011-Telecommunications and Technology Services | 15,290,000 |
| (17) 20.30.050-Economic Development | 22,929,000 |
| (18) 20.30.070-Transfer Education and Articulation | 698,000 |
| (19) 20.40.026-Physical Plant and Instructional Support | 0 |
| (20) 20.10.010-Extended Opportunity Programs and Services and Special Services | 73,605,000 |
| (21) 20.30.045-Fund for Student Success | 3,792,000 |
| (22) 20.70.010-Career Technical Education | 0 |
| (23) 20.80.010-Campus Child Care Tax Bailout | 3,350,000 |
| (24) 20.95.010-Nursing Program Support | 13,378,000 |

Provisions:

1. The funds appropriated in this item are for transfer by the Controller during the 2012–13 fiscal year to Section B of the State School Fund.
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 Office of

the Chancellor of the California Community Colleges submit an annual report on district-specific accountability measures by March 31 of each year. This report shall reflect the outcomes from the most recently completed fiscal year for which data is available pursuant to Section 84754.5 of the Education Code.

13. 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.

14. 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.

15. 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.

16. (a) The amount appropriated in Schedule (3) for the Apprenticeship Program 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 $5.04 per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.

17. Funds appropriated in Schedule (4), Growth for Apportionments, shall be available first to any districts bringing online 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 additional 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.

18. Notwithstanding any other provision of law, funds appropriated in Schedule (4), 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 con-

flict 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) of this item, 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.

19. The funds appropriated in Schedule (5), Student Success for Basic Skills Students, shall be allocated as follows:

(a) $969,000 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 of each year.

(b) $19,068,000 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 of the California Community Colleges shall work jointly with the Department of Finance and the Legislative Analyst to evaluate and refine, as necessary, the 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 September 1, 2010, the chancellor shall submit a report to the Governor and the Legislature on basic skills accountability using system- and college-level data and an annual report each year thereafter by September 1.

20. (a) Of the funds appropriated in Schedule (6) for Student Financial Aid Administration, not less than $16,920,000 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 (6), not less than $17,105,000 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) 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 (6), $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 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 (6), 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 s 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) Funding provided to community college districts in paragraph (2) is provided to offset any mandated costs claimed by community college districts pursuant to the Commission on State Mandates Test Claims 02-TC-28 (Cal Grants) and 02-TC-21 (Tuition Fee Waivers).

(4) 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 or 2006–07 fiscal year, whichever is greater.

(5) 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 of each

year on the use of the funds allocated pursuant to paragraphs (1) and (2), 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.

(6) It is the intent of the Legislature that the chancellor report by May 15 of each year, in the manner and using the factors set forth in paragraph (5) of subdivision (c) of Provision 11 of Item 6870-101-0001 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), on the impact of outreach efforts on student headcount and FTES enrollment for the 2009–10 and 2010–11 academic years.

(e) Notwithstanding subdivision (m) of Section 76300 of the Education Code or any other provision of law, the amount of funds appropriated for the purpose of administering fee waivers for the 2012–13 fiscal year shall be determined in this act.

21. (a) The funds appropriated in Schedule (7) 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 (7), no less than $3,166,000 shall be used to address deficiencies identified by the federal Office for Civil Rights (OCR), as determined by the Office of the Chancellor of the California Community Colleges.

(c) Of the amount appropriated in Schedule (7), at least $757,000 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 (7), $1,000,000 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 two hospitals are not supported by the community colleges in any portion of the 2012–13 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 2012–13 fiscal year, the Proposition 98 base funding levels for community colleges and DDS shall be adjusted accordingly.

(e) Of the funds appropriated in Schedule (7) for the Disabled Student Services, no less than $7,704,000 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.

22. The funds appropriated in Schedule (8), 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 (8) 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 (8), $9,188,000 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 2012–13 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 December 1 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 February 15 of each year 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 (8), by the fourth week following the end of the semester or quarter term commencing in January 2013, participating community districts and colleges 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 practicable, 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 February 15 of each year.

First priority for expenditures of any funds appropriated in Schedule (8) 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 that 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 February 15 of each year 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 (8) for the Special Services for CalWORKs Recipients Program, no less than $4,900,000 is to provide direct workstudy wage reimbursement for students served under this program, and $613,000 is available for campus job development and placement services.

23. Funds appropriated in Schedule (8) 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.

24. (a) Funds provided in Schedule (9) 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 (9) 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.

25. (a) Funds appropriated in Schedule (10) 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 (10), $9,381,000 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 and 78218 of the Education Code.

26. The funds in Schedule (14) 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.

27. (a) $14,151,000 of the funds provided in Schedule (16) 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 state 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 the Budget Act of 1996 (Ch. 162, Stats. 1996).

(4) Ongoing support for the California Virtual Campus 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 subdivision (a) of Provision 21 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 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 (16), $1,139,000 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 agreements and the number and percentage that have actively submitted data in the current year and (2) 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. The report and audit also shall be submitted to the Legislative Analyst, the Department of Finance, and the appropriate budget subcommittees of the budget committees of each house of the Legislature. It is the intent of the Legislature that all reporting requirements contained in this subdivision shall be completed using funds provided to the grantee.

28. Of the funds provided in Schedule (17) for the Economic and Workforce Development Program:

(a) $11,187,000 is allocated for regional business resources assistance and innovation network centers. Each allocation 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) $3,833,000 is allocated for industry-driven regional education and training collaboratives. These allocations shall be made on a competitive basis and the amounts shall not be restricted to any predetermined limit, but rather shall be funded on their individual merits.

(c) $1,769,000 is allocated for statewide network leadership, organizational development, coordination, information and support services, or other program purposes.

(d) $2,220,000 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) $3,920,000 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 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 project requirements into the guidelines for audits of economic development projects.

(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 training 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.

29. (a) The funds appropriated in Schedule (18) 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 (18) is provided to directly offset any mandated costs claimed by community college districts pursuant to Chapter 737 of the Statutes of 2004.

30. (a) One-half of any funds appropriated in Schedule (19) are 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 any funds provided in 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) One-half of any funds appropriated in Schedule (19) are available for replacement of instructional equipment and library materials. For every $3 a district expends from any moneys provided in 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) Any funds appropriated in Schedule (19) shall be available for expenditure until June 30, 2014.

31. Of the funds appropriated in Schedule (20) for Extended Opportunity Programs and Services and Special Services, $64,273,000 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 Colleges system, including those students on new campuses or in new districts. In addition, $9,332,000 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.

32. Of the funds appropriated in Schedule (20) for the Extended Opportunity Programs and Services and Special Services, no less than $4,972,000 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. In addition, these funds shall not supplant the amount of resources used for textbook grants in the 2001–02 fiscal year.

33. The funds appropriated in Schedule (21) for the Fund for Student Success are for additional targeted student services, to be expended as follows:

(a) $1,183,000 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 participating districts in accordance with their participation agreement.

(b) Up to $1,515,000 is for the Mathematics, Engineering and Science Achievement (MESA) program. For each $1 allocated, the recipient district shall provide $1 in matching funds.

(c) No less than $1,094,000 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.

34. 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 (7), (10), (12), and (20) 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.

35. (a) All funds appropriated in Schedule (22) 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 California 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 of each year for approval.

(b) If funds are appropriated in Schedule (22) for the Career Technical Education Program, no more than $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.

36. The funds appropriated in Schedule (23) for the Campus Child Care 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 proportional 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 or decreased by any cost-of-living adjustment granted in subsequent fiscal years. These funds shall be used only for the purpose of community college child care and development programs.

37. With regard to the funds appropriated in Schedule (24), Nursing Program Support, all of the following shall apply:

(a) $8,475,000 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. 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) $4,903,000 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.

(c) Funds shall be allocated according to the following criteria:

(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 2011–12 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 funding shall focus on attrition reduction. For districts with attrition rates below 15 percent, new funding shall focus on enrollment expansion.

(d) 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.

38. Notwithstanding any other provision of law, the Chancellor of the California Community Colleges shall allocate categorical funds as specified in legislation enacted in 2009 and as amended in 2010. Pursuant to the conditions specified in that legislation, districts may utilize funds allocated from Schedules (3), (10), (11), (12), (13), (14), (15), (17), (18), (19), and (23) as further specified in that legislation. Notwithstanding this provision and subdivision (b) of Section 84043 of

the Education Code, the chancellor may adjust allocations, as necessary, for funding provided pursuant to Schedules (11), (17), and (18) in support of statewide or regional functions.

39. Funding provided to community college districts in Schedule (1) is provided to directly offset any mandated costs claimed by community college districts for the Minimum Conditions for State Aid (02-TC-25 and 02-TC-31) mandated program as determined by the Commission on State Mandates.

*SEC. 64. Item 7300-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 7300-001-0001—For support of Agricultural Labor Relations Board | | 4,904,000 |
| Schedule: | | |
| (1) 10-Board Administration | ~~1,938,000~~ *2,138,000* | |
| (2) 20-General Counsel Administration | ~~2,966,000~~ *2,766,000* | |
| (3) 30.01-Administration Services | 275,000 | |
| (4) 30.02-Distributed Administration Services | −275,000 | |

*SEC. 65. Item 7980-101-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

| | | |
|---|---|---|
| 7980-101-0001—For local assistance, Student Aid Commission | | ~~1,525,206,000~~ *721,452,000* |
| Schedule: | | |
| (1) 15-Financial Aid Grants Program | 1,638,628,000 | |
| (2) Reimbursements | ~~−13,989,000~~ *−817,743,000* | |
| (2.5) Amount payable from the Student Loan Operating Fund (Item 7980-101-0784) | −84,657,000 | |
| (3) Amount payable from the Federal Trust Fund (Item 7980-101-0890) | −14,776,000 | |

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) 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) 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 7,200 new warrants.
   (d) 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.
   (e) 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. The Student Aid Commission shall issue no new warrants.
   (f) 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. The Student Aid Commission shall issue 100 new warrants.
   (g) The Student Aid Commission shall report by April 1, 2013, on the State Nursing Assumption Program of Loans for Education, pursuant to the reporting requirements of Section 70108 of the Education Code.
   (h) 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. 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 $92,600 for the Cal Grant A Program and $50,900 for the Cal Grant B Program for the purpose of determining new recipients for the 2012–13 award year.

3. Notwithstanding any other provision of law, the maximum award for:

(a) New and renewal recipients attending private institutions shall be $9,708.

(b) New and renewal recipients attending independent institutions shall be $9,708.

(c) All recipients receiving Cal Grant B access awards shall be $1,551.

(d) All recipients receiving Cal Grant C tuition and fee awards shall be $2,592.

(e) All recipients receiving Cal Grant C book and supply awards shall be $576.

(f) All University of California student recipients receiving Cal Grant awards shall be $12,192 or whatever lesser or greater amount is approved for mandatory systemwide fees by the Regents of the University of California for the 2012–13 academic year.

(g) All California State University student recipients receiving Cal Grant awards shall be $5,970 or whatever lesser or greater amount is approved for mandatory systemwide fees by the Trustees of the California State University for the 2012–13 academic year.

4. 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 after that notice those persons, or their designees, may in each instance determine.
5. Of the funds appropriated in Schedules (1) and (2), ~~$0~~ *$803,754,000* reflects reimbursements from the State Department of Social Services from the Temporary Assistance for Needy Families Block Grant for the purposes of offsetting General Fund costs of the Cal Grant Program.
6. Of the funds appropriated in Schedules (1) and (2), $2,503,000 reflects reimbursements from the Military Department for the costs of tuition assistance for National Guard members pursuant to the provisions of Chapter 12 of the 2009–10 Fourth Extraordinary Session.
7. Of the funds appropriated in Schedules (1) and (2), $127,000 reflects reimbursements from the California Emergency Management Agency for costs of loan repayment assistance under the John R. Justice Grant Program.

*SEC. 66. Item 7980-101-0784 of Section 2.00 of the Budget Act of 2012 is amended to read:*

7980-101-0784—For local assistance, Student Aid Commission, Cal Grant Program, for payment to Item 7980-101-0001, payable from the Student Loan Operating Fund.............. ~~30,000,000~~ *84,657,000*

*SEC. 67. Item 8955-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

8955-001-0001—For support of Department of Veterans Affairs.................................................................... ~~224,783,000~~ *218,471,000*

Schedule:

| | | |
|---|---|---|
| (1) | 10-Farm and Home Loans to Veterans........................................................ | 2,254,000 |
| (2) | 20-Veterans Claims and Rights........... | 4,954,000 |
| (3) | 30.01-Headquarters............................. | ~~26,598,000~~ *25,405,000* |
| (4) | 30.10-Veterans' Home of California at Yountville............................................ | 83,280,000 |
| (5) | 30.20-Veterans' Home of California at Barstow................................................ | 20,315,000 |
| (6) | 30.30-Veterans' Home of California at Chula Vista........................................... | 29,432,000 |
| (7) | 30.40-Veterans' Home of California at Greater Los Angeles, Ventura County (GLAVC)............................................. | 51,943,000 |
| (8) | 30.50-Veterans' Home of California at Redding................................................ | ~~4,977,000~~ *2,663,000* |
| (9) | 30.60-Veterans' Home of California at Fresno.................................................. | ~~6,135,000~~ *3,330,000* |
| (10) | 50.01-General Administration............ | ~~28,951,000~~ *27,758,000* |
| (11) | 50.02-Distributed General Administration.................................................... | ~~−28,951,000~~ *−27,758,000* |
| (12) | Reimbursements................................. | −616,000 |

| | |
|---|---|
| (13) Amount payable from the Veterans Service Office Fund (Item 8955-001-0083) | −56,000 |
| (14) Amount payable from the Northern California Veterans Cemetery Perpetual Maintenance Fund (Item 8955-001-0238) | −55,000 |
| (15) Amount payable from the Veterans' Farm and Home Building Fund of 1943 (Item 8955-001-0592) | −2,254,000 |
| (16) Amount payable from the Federal Trust Fund (Item 8955-001-0890) | −1,894,000 |
| (17) Amount payable from the Mental Health Services Fund (Item 8955-001-3085) | −230,000 |

Provisions:

1. Of the funds appropriated in this item, $892,000 shall be expended only for the replacement of equipment and furnishings directly related to the care of the members at Veterans' Home of California.
2. The Secretary of Veterans Affairs shall report annually on all expenditures pursuant to Provision 1 to the Director of Finance, the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the fiscal committees of each house of the Legislature. The report shall specify the following: (a) the equipment purchased, (b) the amount expended, (c) the vendor from whom it was purchased, (d) the method of purchase, (e) the purpose and use of the equipment, (f) the location of the equipment by home and program unit, and (g) the life expectancy of the equipment. The report shall also include planned expenditures for equipment, as specified, for the forthcoming five fiscal years.
3. Of the funds appropriated in Schedule (4), the amount of $500,000 is available for special projects that provide a direct benefit to the members of the Veterans' Home of California at Yountville, including the maintenance of facilities used by members and the public. The Allied Council at the Veterans' Home of

California may submit special project requests to the administration for consideration. After consultation with the Allied Council, a budget for expenditure of these funds shall be approved by the administrator and the Secretary of Veterans Affairs.

4. Notwithstanding any other provision of law, the Department of Veterans Affairs is not required to comply with Chapter 615 of the Statutes of 2006 during the 2012–13 fiscal year because no appropriation has been provided to support the activities required by Chapter 615 of the Statutes of 2006.

*SEC. 68. Item 9650-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

9650-001-0001—For support of Health and Dental Benefits for Annuitants. For the state's contribution for the cost of a health benefits plan and dental care premiums, for annuitants and other employees, in accordance with Sections 22820, 22879, 22881, 22883, and 22953 of the Government Code, which cost is not chargeable to any other appropriation........................................................ ~~1,415,746,000~~ *1,314,883,000*

Schedule:

(1) Health benefit premiums................ ~~1,354,892,000~~ *1,254,029,000*

(2) Dental care premiums.......................... 96,803,000

(3) Amount payable from the Public Employees' Contingency Reserve Fund (Item 9650-001-0950)......................... −35,949,000

Provisions:

1. The maximum transfer amounts specified in subdivision (c) of Section 26.00 do not apply to this item.

2. Notwithstanding Section 22844 of the Government Code or any other provision of law, annuitants and their family members who were employed by the California State University, and who become eligible for Part A and Part B of Medicare during the 2012–13 fiscal year, shall not be enrolled in a basic health benefits plan during the 2012–13 fiscal year. If the annui-

tant or family member is enrolled in Part A and Part B of Medicare, he or she may enroll in a supplement to the Medicare plan. This provision does not apply to employees and family members who are specifically excluded from enrollment in a supplement to the Medicare plan by federal law or regulation.

3. The maximum monthly contribution for an annuitant's health benefits plan shall be $566 for a single enrollee, $1,074 for an enrollee and one dependent, and $1,382 for an enrollee and two or more dependents for the 2012 calendar year. The maximum monthly contribution shall be adjusted based on Section 22871 of the Government Code to reflect the health benefit plan premium rates approved by the Board of Administration of the Public Employees' Retirement System for the 2013 calendar year.

*SEC. 69. Item 9800-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

9800-001-0001—For Augmentation for Employee Compensation.................................................................... ~~54,545,000~~ *51,296,000*

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.

2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensation, or portion thereof, is chargeable to the General Fund, to be allocated by executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.

3. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.
4. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as “pending agreements”) that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.
5. As of July 31, 2013, the unencumbered balances of the above appropriation shall revert to the General Fund.

6. By inclusion of this provision, for purposes of Section 3517.63 of the Government Code, the Legislature hereby ratifies provisions that require the expenditure of funds of the addenda dated April 5, 2012, and April 6, 2012, with State Bargaining Units 12, 16, 18, and 19. These addenda extend the current memoranda of understanding with these state bargaining units through July 1, 2013. The estimated cost to implement the addenda for State Bargaining Units 12 and 18 is included in this item.

~~7. Of the amount appropriated in this item, funding is hereby provided for purposes of implementing the salary adjustments for employees in 14 supervisory scientist classifications recommended by the Department of Personnel Administration in its decision dated April 28, 2008, pursuant to Section 19826 of the Government Code.~~

*SEC. 70. Item 9800-001-0494 of Section 2.00 of the Budget Act of 2012 is amended to read:*

9800-001-0494—For Augmentation for Employee Compensation, payable from other unallocated special funds.......... ~~47,038,000~~ *40,187,000*

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensation, or portion thereof, is chargeable to special funds, to be allocated by executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining,

in accordance with salary and benefit schedules established by the Department of Human Resources.

3. Notwithstanding any other provision of law, upon approval of the Director of Finance, expenditure authority may be transferred between this item and Item 9800-001-0988 as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.

4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.

5. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as "pending agreements") that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve

separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.

6. As of July 31, 2013, the unencumbered balances of the above appropriation shall no longer be available for expenditure.

7. By inclusion of this provision, for purposes of Section 3517.63 of the Government Code, the Legislature hereby ratifies provisions that require the expenditure of funds of the addenda dated April 5, 2012, and April 6, 2012, with State Bargaining Units 12, 16, 18, and 19. These addenda extend the current memoranda of understanding with these state bargaining units through July 1, 2013. The estimated cost to implement the addenda for State Bargaining Units 12 and 18 is included in this item.

~~8. Of the amount appropriated in this item, funding is hereby provided for purposes of implementing the salary adjustments for employees in 14 supervisory scientist classifications recommended by the Department of Personnel Administration in its decision dated April 28, 2008, pursuant to Section 19826 of the Government Code.~~

*SEC. 71. Item 9800-001-0988 of Section 2.00 of the Budget Act of 2012 is amended to read:*

9800-001-0988—For Augmentation for Employee Compensation, payable from other unallocated nongovernmental cost funds........ ~~23,169,000~~ *19,793,000*

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.

2. The funds appropriated in this item are for employee compensation increases, and increases in benefits related thereto, whose compensation or portion thereof is chargeable to nongovernmental cost funds, to be allocated by Executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
3. Notwithstanding any other provision of law, upon approval of the Director of Finance, expenditure authority may be transferred between Item 9800-001-0494 and this item as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide

increased employee compensation levels, that are included in bills separate from the Budget Act.

5. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as "pending agreements") that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.

6. As of July 31, 2013, the unencumbered balances of the above appropriation shall no longer be available for expenditure.

7. By inclusion of this provision, for purposes of Section 3517.63 of the Government Code, the Legislature hereby ratifies provisions that require the expenditure of funds of the addenda dated April 5, 2012, and April 6, 2012, with State Bargaining Units 12, 16, 18, and 19. These addenda extend the current memoranda of understanding with these state bargaining units through July 1, 2013. The estimated cost to implement the addenda for State Bargaining Units 12 and 18 is included in this item.

~~8. Of the amount appropriated in this item, funding is hereby provided for purposes of implementing the salary adjustments for employees in 14 supervisory scientist classifications recommended by the Department of Personnel Administration in its decision dated April 28, 2008, pursuant to Section 19826 of the Government Code.~~

*SEC. 72. Section 3.62 of the Budget Act of 2012 is amended to read:*

SEC. 3.62. (a) If Section 36~~, pertaining to public safety realignment,~~ is not added to Article XIII of the California Constitution pursuant to voter approval at the November 6, 2012, statewide general election, or if Section 36 is added to Article XIII of the California Constitution but ~~does~~ *its provisions that temporarily modify personal income tax rates do* not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes than the measure that added Section 36, the Director of Finance shall ~~reduce~~ *adjust* the following appropriations in the manner and in the amounts specified:

(1) Reduce Schedule (4) 50-Law Enforcement of Item 0820-001-0001 of Section 2.00 by $1,000,000.

(2) Reduce Schedule (2) 11-Fire Protection of Item 3540-001-0001 of Section 2.00 by $10,000,000.

(3) Reduce Item 3600-001-0001 of Section 2.00 by $8,500,000.

(4) Adjust Item 3600-001-0200 of Section 2.00 as follows:

(A) Reduce Schedule (1) 20-Biodiversity Conservation Program by $2,100,000.

(B) Reduce Schedule (2) 25-Hunting, Fishing, and Public Use by $400,000.

(C) Reduce Schedule (4) 40-Enforcement by $1,000,000.

(D) Decrease the amount payable from the General Fund (Item 3600-001-0001) in Schedule (8.5) by $8,500,000.

(E) Increase the amount payable from the Harbors and Watercraft Revolving Fund (Item 3600-001-0516) in Schedule (18.5) by $5,000,000.

(5) Increase Item 3600-001-0516 by $5,000,000.

(6) Reduce Schedule (2) 20-Boating Operations of Item 3680-101-0516 of Section 2.00 by $5,000,000.

(7) Reduce Item 3790-001-0001 of Section 2.00 by $1,500,000.

(8) Adjust Item 3790-001-0392 of Section 2.00 as follows:

(A) Reduce Schedule (1) For support of Department of Parks and Recreation by $1,500,000.

(B) Decrease the amount payable from the General Fund (Item 3790-001-0001) in Schedule (3.5) by $1,500,000.

(9) Reduce Schedule (3) 30-Public Safety and Prevention of Damage of Item 3860-001-0001 of Section 2.00 by $6,600,000.

(10) Reduce Item 4300-101-0001 of Section 2.00 by $50,000,000.

*(11) Delete Item 5227-102-0001 of Section 2.00.*

~~(11)~~

*(12)* Reduce Item 6440-001-0001 of Section 2.00 by $250,000,000.

~~(12)~~

*(13)* Reduce Item 6610-001-0001 of Section 2.00 by $250,000,000.

(b) The Legislature finds and declares the following:

(1) The reduction to Schedule (4) of Item 0820-001-0001 of Section 2.00 made pursuant to paragraph (1) of subdivision (a) could eliminate General Fund support for law enforcement activities of the Attorney General.

(2) The reductions to Item 3540-001-0001 of Section 2.00 made pursuant to paragraph (2) of subdivision (a) could diminish the effectiveness of emergency air response programs, result in the closure of fire stations, and substantially decrease firefighting capabilities.

(3) The reductions to Items 3600-001-0001 and Item 3600-001-0200 of Section 2.00 made pursuant to paragraphs (3) and (4) of subdivision (a) will reduce support for the Biodiversity Conservation Program, a program that encourages the preservation, conservation, maintenance, and restoration of wildlife resources; the Hunting, Fishing, and Public Use Program, a program that facilitates diverse and sustainable hunting and fishing; and the Enforcement Program, which could result in fewer wardens on duty in the state.

(4) The adjustments to Item 3600-001-0200 of, and the increase in Item 3600-001-0516 of, Section 2.00 made pursuant to paragraphs (4) and (5) of subdivision (a) will provide funding for boating-related law enforcement to partially replace the General Fund reduction made pursuant to paragraph (3) of subdivision (a).

(5) The reduction to Item 3680-101-0516 of Section 2.00 made pursuant to paragraph (6) of subdivision (a) could result in a decrease to local assistance provided for boating-related law enforcement.

(6) The reductions to Items 3790-001-0001 and 3790-001-0392 of Section 2.00 made pursuant to paragraphs (7) and (8) of subdivision (a) could eliminate the provision of seasonal life guards at state parks and reduce the number of park rangers on duty in the state.

(7) The reduction to Schedule (3) of Item 3860-001-0001 of Section 2.00 made pursuant to paragraph (9) of subdivision (a) could decrease channel and levee maintenance and floodplain mapping.

(8) The reduction to Item 4300-101-0001 of Section 2.00 made pursuant to paragraph (10) of subdivision (a) could reduce services to individuals with developmental disabilities.

*(9) The deletion of Item 5227-102-0001 of Section 2.00 made pursuant to paragraph (11) of subdivision (a) will eliminate $20,000,000 for grants to cities to mitigate the impact of budget cuts on city police departments resulting from current economic conditions.*

(c) The Director of Finance shall apply the reductions specified in subdivision (a) only to the extent that the funds appropriated in each affected item have not been expended or encumbered. If the funds appropriated in any affected item have been encumbered, the director shall attempt to reduce or eliminate the encumbrance so that the reductions specified in subdivision (a) may be made to the fullest extent possible. If the amount reduced pursuant to subdivision (a) is a reduction in a scheduled amount, a corresponding reduction shall be made in the primary item of appropriation.

(d) The Department of Finance shall make the final determination of the budgetary and accounting transactions and treatments to ensure proper implementation of the obligations and reductions imposed by this section.

(e) Within 10 days following the date of any reduction made pursuant to this section, the Director of Finance shall notify the Joint Legislative Budget Committee of the reduction.

*SEC. 73. Section 3.90 of the Budget Act of 2012 is amended to read:*

SEC. 3.90. (a) Notwithstanding any other provision of law, each item of appropriation, with the exception of those items for the California State University, the University of California, Hastings College of the Law, the Legislature, the Legislative Counsel Bureau, *the Bureau of State Audits,* and the Judicial Branch, shall be reduced, as appropriate, to reflect reductions in employee compensation ~~achieved through collective bargaining agreements and reductions for nonrepresented employees (utilizing existing authority of the administration to adjust compensation for~~

~~nonrepresented employees)~~ in the total amounts of $401,716,000 from General Fund items and $437,413,000 from items relating to other funds. *These reductions shall be achieved through any combination of the following: (1) memoranda of understanding reached pursuant to Section 3517.5 of the Government Code, (2) furloughs, and (3) other reductions for nonrepresented employees achieved with existing administration and statutory authority.*

The Director of Finance shall allocate the necessary reductions to each item of appropriation *(Budget Act and non-Budget Act)* to accomplish the employee compensation reductions required by this section.

*(b) Notwithstanding any other provision of law, by inclusion of this section the Legislature hereby ratifies the addenda reached between June 7, 2012, and June 25, 2012 for the following state bargaining units: State Bargaining Units 1, 3, 4, 5, 6, 8, 11, 12, 14, 15, 16, 17, 18, 20, and 21.*

*These addenda reflect negotiated changes to existing provisions of their current memoranda of understanding or extend the current memoranda of understanding with these state bargaining units, or both. The estimated savings associated with these addenda are included in this section.*

*(c) Any other addenda with a state bargaining unit agreed to by July 1, 2012, and submitted to the Joint Legislative Budget Committee and ratified by August 31, 2012, shall also be deemed effective July 1, 2012, for purposes of this section.*

*(d) Employees represented by bargaining units with ratified addenda pursuant to subdivision (b) or (c) shall not be subject to furloughs pursuant to subdivision (a) of this section or subdivision (b) of Section 19849 of the Government Code.*

*SEC. 74. Section 12.32 of the Budget Act of 2012 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, not less than 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 not less than a shorter period after notification 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 2012–13 fiscal year are ~~$37,534,125,000~~ *$36,849,374,000* or ~~40.7~~ *40.0* percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit. General Fund and Education Protection Account revenues appropriated for school districts are ~~$33,933,831,000~~ *$33,355,298,000* or 36.8 percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit. General Fund and Education Protection Account revenues appropriated for community college districts are ~~$3,521,238,000~~ *$3,415,020,000* or ~~3.8~~ *3.7* percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit. General Fund and Education Protection Account 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 $79,056,000 or 0.1 percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit.

(c) Notwithstanding any preexisting budgetary or accounting requirements to the contrary, the Department of Finance shall make the final determination of the proper budgeting and accounting of the revenues received by and disbursements from the Education Protection Account.

*SEC. 75. Section 12.35 is added to the Budget Act of 2012, to read:*

*SEC. 12.35. Notwithstanding any provision of law, the Student Aid Commission shall not implement any change in policy or practice that would have an annualized fiscal effect exceeding $5,000,000 to Item 7980-101-0001 unless the change is first approved by the Director of Finance and written notification is provided by the Director of Finance to the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the fiscal committees of each house of the Legislature, not less than*

*30 days prior to the effective date of the approval. Each notification shall (a) explain the necessity and rationale for the proposed change in policy or practice and (b) identify the fiscal effect of the proposed change in the current fiscal year and subsequent fiscal years. In adopting this section, it is the intent of the Legislature not to affect the entitlement aspect of the Cal Grant program.*

*SEC. 76. Section 12.42 of the Budget Act of 2012 is amended to read:*

SEC. 12.42. (a) The amounts appropriated in the items set forth in subdivision (b) are each hereby reduced by the percentage determined by dividing ~~$1,314,201,000~~ *$1,319,724,000* by the sum of the amounts appropriated in the items set forth in subdivision (b).

(b) Subdivision (a) shall apply to Items 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001, 6110-113-0001, 6110-119-0001, 6110-122-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-158-0001, 6110-166-0001, 6110-167-0001, 6110-181-0001, 6110-182-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-220-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, 6360-101-0001, and Schedule (1) of Item 6110-211-0001 of Section 2.00 of this act.

~~(c) The reductions pursuant to this section shall be allocated and appropriated prior to the allocation of Section 3.62 reductions.~~

*SEC. 77. Section 15.11 of the Budget Act of 2012 is amended to read:*

SEC. 15.11. (a) Notwithstanding any other provision of law, the Director of Finance may allocate or otherwise use an amount of at least $500,000,000 from moneys derived from the sale of greenhouse gas emission allowances, which are deposited to the credit of the Greenhouse Gas Reduction Fund, and make commensurate reductions to General Fund expenditure authority. These funds shall be available to support the regulatory purposes of the California Global Warming Solutions Act of 2006 (Division

25.5 (commencing with Section 38500) of the Health and Safety Code).

(b) Not fewer than 60 days prior to allocating any funds pursuant to subdivision (a), the State Air Resources Board and the Director of Finance shall submit a plan for the expenditure or use of the funds to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee. This plan, in the judgment of the board and the director, shall provide for the expenditure of funds to assist in achieving the goal of reducing greenhouse gas emissions.

(c) The Director of Finance shall not allocate funds pursuant to subdivision (a) until he or she has determined that sufficient moneys have been deposited into the Greenhouse Gas Reduction Fund.

(d) Any agency, board, or department receiving funds pursuant to this section shall ~~demonstrate a strong administrative record to justify proposed expenditures~~ *prepare a record*, consistent with Chapter 8 (commencing with Section 16649.96) of Part 2.5 of the Government Code.

(e) For a period of not less than two years, no funds allocated pursuant to subdivision (a) shall be used for the purpose of developing a high-speed rail system.

*SEC. 78. Section 35.50 of the Budget Act of 2012 is amended to read:*

SEC. 35.50. (a) For purposes of paragraph (1) of subdivision (f) of Section 10, and subdivision (g) 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 (g) 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 (g) of Section 12 of Article IV of the California Constitution, the estimate of General Fund revenues for the 2012–13 fiscal year pursuant to this act, as passed by the Legislature, is ~~$94,403,500,000~~ *$93,005,000,000*.

(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.

(e) Except as provided in this subdivision, the net final payment accrual methodology shall not be implemented with regard to revenue for the 2012–13 and prior fiscal years.

The net final payment accrual methodology shall be implemented with regard to any change in state law which is enacted during 2012.

*SEC. 79. Section 99.50 of the Budget Act of 2012 is amended to read:*

## INDEX FOR CONTROL SECTIONS

SEC. 99.50. The following is an index to the general sections of this act. These sections serve to define terms and identify restrictions concerning the appropriations contained in this act.

| | |
|---|---|
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| 4.30 | Lease-Revenue Payment Adjustments |
| 4.70 | Architecture Revolving Fund Deficit Recovery |
| 4.75 | Statewide Surcharge |
| 4.80 | State Public Works Board Interim Financing |
| 4.90 | Architectural Revolving Fund Transfer |
| 4.95 | Inmate Construction Revolving Account Transfer |
| 5.25 | Attorney's Fees |
| 6.00 | Project Alterations Limits |
| 8.00 | Antiterrorism Federal Reimbursements |
| 8.50 | Federal Funds Receipts |
| 8.51 | Federal Funds Accounts |
| 8.52 | Federal Reimbursements |
| 8.53 | Notice of Federal Audits |
| 8.54 | Enforce Recovery of Federal Funds for Statewide Indirect Costs |
| 8.88 | FI$Cal Project |
| 9.20 | Administrative Costs Associated With the Acquisition of Property |
| 9.30 | Federal Levy of State Funds |
| 9.45 | Proposition 40-Reporting Requirements |
| 9.50 | Minor Capital Outlay Projects |
| 11.00 | EDP/Information Technology Reporting Requirements |
| 11.10 | Reporting of Statewide Software License Agreements |

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| 11.11 | Privacy of Information in Pay Stubs |
| 12.00 | State Appropriations Limit (SAL) |
| 12.30 | Special Fund for Economic Uncertainties |
| 12.32 | Proposition 98 Funding Guarantee |
| *12.35* | *Financial Aid Policy Change Requirements* |
| 12.42 | Reduction of Education Funds |
| 12.45 | Payroll Deferral |
| 12.60 | Categorical Contingency Transfer Authority for Deficiencies |
| 13.00 | Legislative Counsel Bureau |
| 14.00 | Special Fund Loans Between Boards of the Department of Consumer Affairs |
| 15.11 | Allocation of Cap and Trade Fee Revenue |
| 15.25 | Data Center Rate Adjustment |
| 17.00 | Federal Health Insurance Portability and Accountability Act (HIPAA) |
| 24.00 | State School Fund Allocations |
| 24.03 | Reading Control |
| 24.10 | Transfer Surplus of Driver Training Penalty Assessment Fund to the General Fund |
| 24.30 | Transfer School Building Rental Income to the General Fund |
| 24.60 | Report of Lottery Funds Received |
| 24.70 | Local Educational Agency Fiscal Accountability |
| 25.25 | 21st Century Project |
| 25.50 | SCO Apportionment Payment System Assessments |
| 26.00 | Intraschedule Transfers |
| 28.00 | Program Change Notification |
| 28.50 | Agency Reimbursement Payments |
| 29.00 | Personnel-Year Estimates of Governor’s Budget, May Revision, and Final Change Book |
| 30.00 | Continuous Appropriations |
| 31.00 | Budget Act Administrative Procedures for Salaries and Wages |
| 31.10 | Position Adjustments |
| 32.00 | Prohibits Excess Expenditures |
| 33.00 | Item Veto Severability |
| 34.00 | Constitutional Severability |
| 35.50 | Estimated General Fund Revenue pursuant to Assembly Constitutional Amendment 5 of the 2003–04 Fifth Extraordinary Session |
| 35.60 | BSA Transfer to the General Fund |
| 38.00 | Provides that this Bill is a Budget Bill |
| 39.00 | Identification of Bills Related to the Budget Bill |

99.00 Alphabetical Organization Index
99.50 Numerical Control Section Index

*SEC. 80. Sections 1 to 79, inclusive, of this act shall become operative only if Assembly Bill 1464 or Senate Bill 1004 of the 2011–12 Regular Session is enacted as the Budget Act of 2012.*

*SEC. 81. This act is a Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution and shall take effect immediately.*

~~SECTION 1. It is the intent of the Legislature to enact statutory changes relating to the Budget Act of 2012.~~

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