

AMENDED IN SENATE SEPTEMBER 15, 2008

AMENDED IN SENATE AUGUST 22, 2008

AMENDED IN SENATE AUGUST 12, 2008

AMENDED IN SENATE SEPTEMBER 7, 2007

AMENDED IN ASSEMBLY APRIL 24, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 519

Introduced by Assembly Member ~~Portantino~~ Committee on Budget

February 21, 2007

~~An act to add and repeal Section 7362.01 of the Business and Professions Code, relating to barbering and cosmetology, and declaring the urgency thereof, to take effect immediately. An act to amend Sections 2558.46, 41203.1, 42238.146, 52052, 52055.57, 52059, 56836.155, 60604, 60605, 60605.6, 60606, 60616, 60630, 60640, 60641, 60642.5, 60643, 60645, 60647, 69521.3, 69521.4, 69521.5, 69521.10, 69521.11, 69522, 69561, and 76300 of, to add Sections 12143 and 52055.59 to, and to repeal Sections 60642 and 60644 of, the Education Code, relating to education finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 519, as amended, ~~Portantino~~ Committee on Budget. ~~Barbering and cosmetology.~~ Education finance.

(1) Existing law requires a revenue limit to be calculated for each county superintendent of schools and requires the revenue limit to be adjusted for various factors and to be reduced, as specified.

This bill would reduce the revenue limit for each county superintendent of schools for the 2008–09 fiscal year by a deficit factor of 4.396%.

(2) Existing law requires the State Department of Education, in cooperation with the Department of Finance, to prepare a comprehensive state plan, to be submitted to the Legislature by January 1 of each year, detailing the prospective expenditure, allocation, and apportionment of federal funds to be appropriated for the next fiscal year to all educational agencies in the state. The department, in cooperation with the Department of Finance, also is required to submit a comprehensive report, to be submitted to the Legislature by January 1 of each year, that sets forth in detail the manner in which all federal funds were allocated and apportioned to, and expended by, educational agencies in this state in the prior fiscal year.

This bill would require the department to submit, to the Legislature, the Legislative Analyst's Office, and the Governor, 2 annual reports on federal funds for education in kindergarten and grades 1 to 12, inclusive. One report, to be submitted no later than February 15 of each year, would provide a 3-year tracking of federal funds for each federally funded program that includes detail by type of funded activity and state budget category and the actual expenditures for the prior year, a revised estimate of current-year expenditures, and the budget-year appropriation. The other report, to be submitted no later than November 1 of each year, would identify available federal carryover funds, identifying those funds, by fiscal year and potential reversion date, for each federally funded program by type of funded activity and state budget category.

(3) Existing law requires, for the 1990–91 fiscal year and each fiscal year thereafter, that moneys to be applied by the state for the support of school districts, community college districts, and direct elementary and secondary level instructional services provided by the state be distributed in accordance with certain calculations governing the proration of those moneys among the 3 segments of public education. Existing law makes that provision inapplicable to the fiscal years between the 1992–93 and 2007–08 fiscal years, inclusive.

This bill, in addition, would make that provision inapplicable to the 2008–09 fiscal year.

(4) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county and

requires the amount of the revenue limit to be adjusted for various factors.

This bill would reduce the revenue limit for each school district by a 4.713% deficit factor for the 2008–09 fiscal year.

(5) Existing law requires the State Department of Education to identify local educational agencies that are in danger of being identified within 2 years as program improvement local educational agencies under the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), and requires those local educational agencies identified to comply with certain requirements.

This bill, if funding is not provided in the annual Budget Act or other statute, would delete the requirement that program improvement local educational agencies comply with certain of those requirements.

Under existing law, a local educational agency that is identified for corrective action under the federal No Child Left Behind Act of 2001 is subject to one or more sanctions recommended by the Superintendent and approved by the State Board of Education, including a requirement to contract with a district assistance and intervention team to aid the local educational agency.

This bill would require the department to develop, and the state board to approve at a public meeting, objective criteria by which a local educational agency identified for corrective action and subject to a sanction would be evaluated for the purpose of determining the pervasiveness and severity of performance problems of the local educational agency and the sanction to be imposed. The bill would authorize a one-year, nonrenewable grant of federal improvement funding to assist in the improvement process of a local educational agency. The amount of the grant would vary depending on the pervasiveness and severity of performance problems of the local educational agency.

The bill would prohibit a local educational agency that receives funding under this program, or that receives other federal funds for school improvement, from using those funds to compensate a receiver or trustee assigned by the state board to administer the affairs of the local educational agency in place of the county superintendent of schools and the governing board.

The bill, subject to an appropriation in the annual Budget Act or another statute, would require the Superintendent to contract with an independent evaluator to complete a comprehensive 3-year evaluation of the program established for local educational agencies that are

identified for corrective action. The evaluation would be required to examine the implementation, impact, costs, and effectiveness of the corrective actions and reform strategies and to determine the effectiveness of the technical assistance provided by the district intervention and assistance. The Superintendent would be required to submit 2 interim reports and a final report to the Governor, the Department of Finance, the Legislature, and the Legislative Analyst's Office.

(6) Existing law requires the department, for purposes of complying with the federal No Child Left Behind Act of 2001, to establish a statewide system of school support to provide a statewide system of intensive and sustained support and technical assistance for school districts, county offices of education, and schools in need of improvement. The system consists of regional consortia, which may include county offices of education and school districts, that work collaboratively with school districts and county offices of education to meet the needs of school districts and schools in need of improvement.

This bill would add district assistance and intervention teams and other technical assistance providers to the system and would require the teams and other technical assistance providers to conduct a needs assessment and complete a report on their findings, including recommendations for improvement and the redirection of resources to ensure the implementation of the recommendations.

(7) Existing law adjusts funding for individuals with exceptional needs based on an incidence multiplier, as defined, for each special education local plan area.

This bill would continue the current special education incidence factor formula through the 2008–09 fiscal year.

(8) The Leroy Greene California Assessment of Academic Achievement Act requires the Superintendent to design and implement a statewide pupil assessment program, known as the Standardized Testing and Reporting (STAR) Program. The State Board of Education, in its sole discretion, is required to designate for use as part of the STAR Program a single test in grades 3 and 7 and to ensure that the achievement test contains specified subject areas for grades 3 and 7.

This bill would repeal this component of the STAR Program and make conforming changes.

(9) Existing law authorizes the Director of Finance to act as agent for the state in the sale of the student loan guarantee portfolio and certain related assets and liabilities of the student loan guarantee

program not retained by the Student Aid Commission to an entity approved by the United States Secretary of Education to act as a state student loan guarantee agency for the Federal Family Education Loan Program, and selected by the Director of Finance, in consultation with the Treasurer, pursuant to a prescribed procedure. Existing requires the Director of Finance, in consultation with the Treasurer, to select a firm or individual to provide advisory services. Existing law requires the Director of Finance to send a Notice of Request for Qualifications to specified entities as part of the sale process. Existing law also requires the notice to be published in the State Contracts Register pursuant to specified statutory provisions. Existing law requires the Director of Finance to cease the activities he or she is authorized to undertake with regard to the sale upon the 30th day following written notice by the director to the Chairperson of the Joint Legislative Budget Committee or January 10, 2009, whichever occurs earlier.

This bill would require the Director of Finance to provide a copy of the Notice of Request for Qualifications to the Joint Legislative Budget Committee within 7 days of transmittal to state student loan guarantee agencies and within 7 days of publication in the State Contracts Register. The bill would require the Director of Finance to notify the Joint Legislative Budget Committee in writing within 7 days of entering into a contract with an individual or firm for advisory services. The bill would extend the alternate date upon which the Director of Finance is required to cease the activities he or she is authorized to undertake with regard to the sale from January 10, 2009, to January 10, 2011.

(10) Existing law authorizes the Student Aid Commission to establish an auxiliary organization to provide operational and administrative services for the commission's participation in the Federal Family Education Loan Program or for other activities approved by the commission and determined by the commission to meet specified criteria. Existing law prohibits the commission from including loan origination or loan capitalization activities as approved activities, but states that the prohibition does not preclude the commission or the auxiliary organization from undertaking other permitted activities related to student financial aid in partnership with institutions that conduct loan origination or loan capitalization activities.

This bill, in addition, would state that the prohibition on including loan origination or loan capitalization activities as approved activities does not preclude the commission or the auxiliary organization from undertaking loan origination or capitalization activities authorized

pursuant to an agreement with the United States Secretary of Education for the lender-of-last-resort program.

(11) Existing law requires the Student Aid Commission to administer the Student Opportunity and Access Program, under which the commission is authorized to apportion funds for the support of projects designed to increase the accessibility of postsecondary educational opportunities for certain elementary and secondary school pupils, including those from low-income families, those who would be the first in their families to attend college, and those who are from schools or geographic regions with documented low-eligibility or college participation rates. Projects are required to primarily increase the availability of information for these pupils on the existence of postsecondary schooling and work opportunities and to raise the achievement levels of these pupils.

This bill would authorize projects to be implemented under the program that provide assistance to low-income middle and high school pupils and their parents in order to implement outreach efforts designed to use the future availability of financial assistance as a means of motivating pupils to stay in school by promoting career technical education public awareness. These projects would be required to promote the value of career technical education, available career programs in public school and postsecondary segments with sequenced courses beginning in high school and continuing into postsecondary institutions, and the resulting career opportunities.

(12) Existing law requires the governing board of each community college district to charge each student a fee per unit per semester and requires this fee to be waived for specified students who demonstrate eligibility for the fee waiver. The Board of Governors of the California Community Colleges is required to allocate to community college districts 2% of the fees waived. The board of governors also is required to allocate to community college districts \$0.91 per credit unit waived for determination of financial need and delivery of student financial aid services. These allocations are required to be made from funds provided in the annual Budget Act.

This bill would state the intent of the Legislature that the funds described above be used to support the determination of financial need and delivery of student financial aid services and that the funds directly offset any mandated costs claimed by community college districts pursuant to specified Commission on State Mandates test claims.

(13) This bill would appropriate \$12,500,000 from the Public Interest Research, Development, and Demonstration Fund to the Chancellor of the California Community Colleges. Of that appropriated amount, the bill would require the Chancellor of the California Community Colleges to transfer \$12,000,000 to the State Department of Education for expenditure in one-time funds for local grants to be allocated pursuant to specified statutory provisions regarding partnership academies over 3 years as specified in the Budget Act of 2008. The bill would require grantees to create partnership academies that focus on clean technology and energy businesses and provide skilled workforces for the products and services for energy or water conservation, or both, renewable energy, pollution reduction, or other technologies that improve the environment in furtherance of state environmental laws. The bill would require the Chancellor of the California Community Colleges to transfer the remaining \$500,000 to the State Department of Education to pay for the expenses of administering the local grants.

(14) This bill would appropriate \$39,780,000 from the General Fund to the Board of Governors of the California Community Colleges, in augmentation of an amount appropriated pursuant to a specified item in Budget Act of 2008, for the purpose of providing a 0.68% cost-of-living adjustment to apportionments to community college districts, for expenditure during the 2008–09 fiscal year. The bill would provide that, for purposes of satisfying the minimum annual funding obligation for community college districts required by the California Constitution, those funds are General Fund revenues appropriated for community college districts for the 2008–09 fiscal year.

(15) This bill would appropriate \$388,283,000 from the General Fund to the State Department of Education for 10 specified programs according to a specified schedule, and would require the department to encumber these funds by July 1, 2009. The bill would provide that, for purposes of satisfying the minimum annual funding obligation for school districts required by the California Constitution, the appropriated funds are General Fund revenues appropriated for school districts and community college districts for the 2009–10 fiscal year.

(16) This bill would appropriate \$200,000,000 from the General Fund to the Board of Governors of the California Community Colleges for expenditure during the 2009–10 fiscal year according to a specified item in the Budget Act of 2008. The bill would provide that, for purposes of satisfying the minimum annual funding obligation for community college districts required by the California Constitution, those funds

are General Fund revenues appropriated for community college districts for the 2009–10 fiscal year.

(17) Existing law annually appropriates \$150,000,000 from the General Fund to the Controller for allocation by the Controller to school districts and community colleges for the purpose of discharging in full the outstanding balance of the minimum funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution as determined by specified state officials.

This bill would provide that there shall be no annual appropriation in the 2008–09 fiscal year for this purpose.

(18) This bill would set the cost-of-living adjustment for specified items in the Budget Act of 2007 and for specified items in the Budget Act of 2008 for the 2008–09 fiscal year at 0% notwithstanding the cost-of-living adjustment specified in existing statutes.

(19) This bill would require funds appropriated pursuant to specified items in the Budget Act of 2008 to be encumbered by July 31, 2009.

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

~~The Barbering and Cosmetology Act provides for licensure and regulation of persons engaged in barbering, cosmetology, or electrolysis by the State Board of Barbering and Cosmetology. Existing law generally requires a licensee of the board to have completed certain coursework in a school approved by the board, including private schools that were regulated by the former Bureau for Private Postsecondary and Vocational Education, which ceased to exist on July 1, 2007. Pursuant to Chapter 635 of the Statutes of 2007, certain transition provisions were enacted to be in effect until July 1, 2008, in anticipation of the establishment of a new Bureau for Private Postsecondary and Vocational Education. Under these provisions, the board was authorized, until July 1, 2008, to approve a school under specified conditions that had not been licensed by the former bureau.~~

This bill, notwithstanding the requirement for private schools to be licensed by the former Bureau for Private Postsecondary and Vocational Education, would provide that all schools of barbering, cosmetology, or electrolysis that have a valid approval to operate, and all instructors holding a valid certificate of authorization from the former bureau as of June 30, 2007, or from the board as of June 30, 2008, would retain those approvals, licenses, or certificates for purposes of the interpretation of other provisions of applicable law that refer or relate to the issuance

~~of a license or registration and meeting qualifications for licensing examinations. The bill would also provide that any approvals made by the board on or before December 31, 2008, of a branch or satellite campus, change of ownership, or the sale or purchase of an approved school of barbering, cosmetology, or electrology would be deemed to be valid and effective on January 1, 2009, provided the school seeking the approval was lawfully operating prior to July 1, 2007. The bill would also authorize the board to review the application of a person desiring to establish a school of barbering, cosmetology, or electrology and issue approval to operate if the applicant is deemed able to comply with all other applicable laws governing school operations, subject to certain requirements. The bill would authorize the board to charge various fees to applicants and approved schools in that regard which would be deposited in the Barbering and Cosmetology Contingent Fund. The bill would make these provisions inoperative and repeal them on January 1, 2010.~~

~~The provisions of the bill would be inoperative or would not become operative if SB 823 is enacted.~~

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

~~Vote: $\frac{2}{3}$. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.~~

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

1 SECTION 1. Section 2558.46 of the Education Code is amended
 2 to read:
 3 2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit
 4 for each county superintendent of schools determined pursuant to
 5 this article shall be reduced by a 1.195 percent deficit factor.
 6 (2) For the 2004–05 fiscal year, the revenue limit for each county
 7 superintendent of schools determined pursuant to this article shall
 8 be reduced by a 0.323 percent deficit factor.
 9 (3) For the 2003–04 and 2004–05 fiscal years, the revenue limit
 10 for each county superintendent of schools determined pursuant to
 11 this article shall be ~~further~~ reduced *further* by a 1.826 percent
 12 deficit factor.
 13 (4) For the 2005–06 fiscal year, the revenue limit for each county
 14 superintendent of schools determined pursuant to this article shall
 15 be ~~further~~ reduced *further* by a 0.898 percent deficit factor.

1 (5) For the 2008–09 fiscal year, the revenue limit for each
 2 county superintendent of schools determined pursuant to this article
 3 shall be reduced by a 4.396 percent deficit factor.

4 (b) In computing the revenue limit for each county
 5 superintendent of schools for the 2006–07 fiscal year pursuant to
 6 this article, the revenue limit shall be determined as if the revenue
 7 limit for that county superintendent of schools had been determined
 8 for the 2003–04, 2004–05, and 2005–06 fiscal years without being
 9 reduced by the deficit factors specified in this section.

10 (c) In computing the revenue limit for each county
 11 superintendent of schools for the 2009–10 fiscal year pursuant to
 12 this article, the revenue limit shall be determined as if the revenue
 13 limit for that county superintendent of schools had been determined
 14 for the 2008–09 fiscal year without being reduced by the deficit
 15 factors specified in this section.

16 SEC. 2. Section 12143 is added to the Education Code, to read:
 17 12143. The department shall submit to the Legislature, the
 18 Legislative Analyst’s Office, and the Governor the following two
 19 annual reports on federal funds for education in kindergarten and
 20 grades 1 to 12, inclusive:

21 (a) One report, to be submitted no later than February 15 of
 22 each year, shall provide a three-year tracking of federal funds.
 23 For each federally funded program, the report shall include detail
 24 by type of funded activity (state administration, state-level activity,
 25 local assistance, and capital outlay) and state budget category
 26 (state operations, local assistance, and capital outlay). For each
 27 program, by type of funded activity and state budget category, the
 28 report shall include all of the following:

- 29 (1) Actual expenditures for the prior year.
- 30 (2) A revised estimate of current year expenditures.
- 31 (3) The budget-year appropriation.

32 (b) The other report, to be submitted no later than November 1
 33 of each year, shall identify available federal carryover funds.
 34 Specifically, this report shall identify carryover funds, by fiscal
 35 year and potential reversion date, for each federally funded
 36 program by type of funded activity (state administration, state-level
 37 activity, local assistance, and capital outlay) and state budget
 38 category (state operations, local assistance, and capital outlay).

39 SEC. 3. Section 41203.1 of the Education Code is amended to
 40 read:

1 41203.1. (a) For the 1990–91 fiscal year and each fiscal year
2 thereafter, allocations calculated pursuant to Section 41203 shall
3 be distributed in accordance with calculations provided in this
4 section. Notwithstanding Section 41203, and for the purposes of
5 this section, school districts, community college districts, and direct
6 elementary and secondary level instructional services provided by
7 the State of California shall be regarded as separate segments of
8 public education, and each of these three segments of public
9 education shall be entitled to receive respective shares of the
10 amount calculated pursuant to Section 41203 as though the
11 calculation made pursuant to subdivision (b) of Section 8 of Article
12 XVI of the California Constitution were to be applied separately
13 to each segment and the base year for the purposes of this
14 calculation under paragraph (1) of subdivision (b) of Section 8 of
15 Article XVI of the California Constitution were based on the
16 1989–90 fiscal year. Calculations made pursuant to this subdivision
17 shall be made so that each segment of public education is entitled
18 to the greater of the amounts calculated for that segment pursuant
19 to paragraph (1) or (2) of subdivision (b) of Section 8 of Article
20 XVI of the California Constitution.

21 (b) If the single calculation made pursuant to Section 41203
22 yields a guaranteed amount of funding that is less than the sum of
23 the amounts calculated pursuant to subdivision (a), the amount
24 calculated pursuant to Section 41203 shall be prorated for the three
25 segments of public education.

26 (c) Notwithstanding any other law, this section does not apply
27 to the 1992–93 to ~~2007–08~~ 2008–09 fiscal years, inclusive.

28 *SEC. 4. Section 42238.146 of the Education Code is amended*
29 *to read:*

30 42238.146. (a) (1) For the 2003–04 fiscal year, the revenue
31 limit for each school district determined pursuant to this article
32 shall be reduced by a 1.198 percent deficit factor.

33 (2) For the 2004–05 fiscal year, the revenue limit for each school
34 district determined pursuant to this article shall be reduced by a
35 0.323 percent deficit factor.

36 (3) For the 2003–04 and 2004–05 fiscal years, the revenue limit
37 for each school district determined pursuant to this article shall be
38 further reduced by a 1.826 percent deficit factor.

1 (4) For the 2005–06 fiscal year, the revenue limit for each school
 2 district determined pursuant to this article shall be reduced by a
 3 0.892 percent deficit factor.

4 (5) *For the 2008–09 fiscal year, the revenue limit for each*
 5 *school district determined pursuant to this article shall be reduced*
 6 *by a 4.713 percent deficit factor.*

7 (b) In computing the revenue limit for each school district for
 8 the 2006–07 fiscal year pursuant to this article, the revenue limit
 9 shall be determined as if the revenue limit for that school district
 10 had been determined for the 2003–04, 2004–05, and 2005–06 fiscal
 11 years without being reduced by the deficit factors specified in this
 12 section.

13 (c) *In computing the revenue limit for each school district for*
 14 *the 2009–10 fiscal year pursuant to this article, the revenue limit*
 15 *shall be determined as if the revenue limit for that school district*
 16 *had been determined for the 2008–09 fiscal year without being*
 17 *reduced by the deficit factors specified in this section.*

18 SEC. 5. Section 52052 of the Education Code is amended to
 19 read:

20 52052. (a) (1) The Superintendent, with approval of the state
 21 board, shall develop an Academic Performance Index (API), to
 22 measure the performance of schools, especially the academic
 23 performance of pupils.

24 (2) A school shall demonstrate comparable improvement in
 25 academic achievement as measured by the API by all numerically
 26 significant pupil subgroups at the school, including:

- 27 (A) Ethnic subgroups.
- 28 (B) Socioeconomically disadvantaged pupils.
- 29 (C) English language learners.
- 30 (D) Pupils with disabilities.

31 (3) (A) For purposes of this section, a numerically significant
 32 pupil subgroup is one that meets both of the following criteria:

- 33 (i) The subgroup consists of at least 50 pupils each of whom
 34 has a valid test score.
- 35 (ii) The subgroup constitutes at least 15 percent of the total
 36 population of pupils at a school who have valid test scores.

37 (B) If a subgroup does not constitute 15 percent of the total
 38 population of pupils at a school who have valid test scores, the
 39 subgroup may constitute a numerically significant pupil subgroup
 40 if it has at least 100 valid test scores.

1 (C) For a school with an API score that is based on no fewer
2 than 11 and no more than 99 pupils with valid test scores,
3 numerically significant subgroups shall be defined by the
4 Superintendent, with approval by the state board.

5 (4) The API shall consist of a variety of indicators currently
6 reported to the department, including, but not limited to, the results
7 of the achievement test administered pursuant to Section 60640,
8 attendance rates for pupils in elementary schools, middle schools,
9 and secondary schools, and the graduation rates for pupils in
10 secondary schools.

11 (A) Graduation rates for pupils in secondary schools shall be
12 calculated for the API as follows:

13 (i) The number of pupils who graduated on time for the current
14 school year, which is considered to be three school years after the
15 pupils entered ~~9th~~ grade 9 for the first time, divided by the total
16 calculated in clause (ii).

17 (ii) The number of pupils entering ~~9th~~ grade 9 for the first time
18 in the school year three school years prior to the current school
19 year, plus the number of pupils who transferred into the class
20 graduating at the end of the current school year between the school
21 year that was three school years prior to the current school year
22 and the date of graduation, less the number of pupils who
23 transferred out of the school between the school year that was three
24 school years prior to the current school year and the date of
25 graduation who were members of the class that is graduating at
26 the end of the current school year.

27 (B) The pupil data collected for the API that comes from the
28 achievement test administered pursuant to ~~Sections~~ *Section* 60640
29 ~~and 60644~~ and the high school exit examination administered
30 pursuant to Section 60851, when fully implemented, shall be
31 disaggregated by special education status, English language
32 learners, socioeconomic status, gender, and ethnic group. Only the
33 test scores of pupils who were counted as part of the enrollment
34 in the annual data collection of the California Basic Educational
35 Data System for the current fiscal year and who were continuously
36 enrolled during that year may be included in the test result reports
37 in the API score of the school. Results of the achievement test and
38 other tests specified in subdivision (b) shall constitute at least 60
39 percent of the value of the index.

1 (C) Before including high school graduation rates and attendance
2 rates in the API, the Superintendent shall determine the extent to
3 which the data—~~are~~ currently *are* reported to the state and the
4 accuracy of the data. Notwithstanding any other provision of law,
5 graduation rates for pupils in dropout recovery high schools shall
6 not be included in the API. For purposes of this subparagraph,
7 “dropout recovery high school” means a high school in which 50
8 percent or more of its pupils have been designated as dropouts
9 pursuant to the exit/withdrawal codes developed by the department.

10 (D) The Superintendent shall provide an annual report to the
11 Legislature on the graduation and dropout rates in California and
12 shall make the same report available to the public. The report shall
13 be accompanied by the release of publicly accessible data for each
14 school district and school in a manner that provides for
15 disaggregation based upon socioeconomically disadvantaged pupils
16 and numerically significant subgroups scoring below average on
17 statewide standards-aligned assessments. In addition, the data shall
18 be made available in a manner that provides for comparisons of a
19 minimum of three years of data.

20 (b) Pupil scores from the following tests, when available and
21 when found to be valid and reliable for this purpose, shall be
22 incorporated into the API:

23 ~~(1) The assessment of the applied academic skills matrix test~~
24 ~~developed pursuant to Section 60604.~~

25 ~~(2) The nationally normed test designated pursuant to Section~~
26 ~~60642.~~

27 ~~(3)~~

28 (1) The standards-based achievement tests provided for in
29 Section 60642.5.

30 ~~(4)~~

31 (2) The high school exit examination.

32 (c) Based on the API, the Superintendent shall develop, and the
33 state board shall adopt, expected annual percentage growth targets
34 for all schools based on their API baseline score from the previous
35 year. Schools are expected to meet these growth targets through
36 effective allocation of available resources. For schools below the
37 statewide API performance target adopted by the state board
38 pursuant to subdivision (d), the minimum annual percentage growth
39 target shall be 5 percent of the difference between the actual API
40 score of a school and the statewide API performance target, or one

1 API point, whichever is greater. Schools at or above the statewide
2 API performance target shall have, as their growth target,
3 maintenance of their API score above the statewide API
4 performance target. However, the state board may set differential
5 growth targets based on grade level of instruction and may set
6 higher growth targets for the lowest performing schools because
7 they have the greatest room for improvement. To meet its growth
8 target, a school shall demonstrate that the annual growth in its API
9 is equal to or more than its schoolwide annual percentage growth
10 target and that all numerically significant pupil subgroups, as
11 defined in subdivision (a), are making comparable improvement.

12 (d) Upon adoption of state performance standards by the state
13 board, the Superintendent shall recommend, and the state board
14 shall adopt, a statewide API performance target that includes
15 consideration of performance standards and represents the
16 proficiency level required to meet the state performance target.
17 When the API is fully developed, schools ~~must~~, at a minimum,
18 *shall* meet their annual API growth targets to be eligible for the
19 Governor’s Performance Award Program as set forth in Section
20 52057. The state board may establish additional criteria that schools
21 must meet to be eligible for the Governor’s Performance Award
22 Program.

23 (e) The API shall be used for both of the following:

24 (1) Measuring the progress of schools selected for participation
25 in the Immediate Intervention/Underperforming Schools Program
26 pursuant to Section 52053.

27 (2) Ranking all public schools in the state for the purpose of the
28 High Achieving/Improving Schools Program pursuant to Section
29 52056.

30 (f) (1) A school with 11 to 99 pupils with valid test scores shall
31 receive an API score with an asterisk that indicates less statistical
32 certainty than API scores based on 100 or more test scores.

33 (2) A school ~~shall~~ annually *shall* receive an API score, unless
34 the Superintendent determines that an API score would be an
35 invalid measure of the performance of the school for one or more
36 of the following reasons:

37 (A) Irregularities in testing procedures occurred.

38 (B) The data used to calculate the API score of the school are
39 not representative of the pupil population at the school.

1 (C) Significant demographic changes in the pupil population
2 render year-to-year comparisons of pupil performance invalid.

3 (D) The department discovers or receives information indicating
4 that the integrity of the API score has been compromised.

5 (E) Insufficient pupil participation in the assessments included
6 in the API.

7 (3) If a school has fewer than 100 pupils with valid test scores,
8 the calculation of the API or adequate yearly progress pursuant to
9 the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301
10 et seq.) and federal regulations may be calculated over more than
11 one annual administration of the tests administered pursuant to
12 ~~Sections Section 60640 and 60644~~ and the high school exit
13 examination administered pursuant to Section 60851, consistent
14 with regulations adopted by the state board.

15 (g) Only schools with 100 or more test scores contributing to
16 the API may be included in the API rankings.

17 (h) The Superintendent, with the approval of the state board,
18 shall develop an alternative accountability system for schools under
19 the jurisdiction of a county board of education or a county
20 superintendent of schools, community day schools, nonpublic,
21 nonsectarian schools pursuant to Section 56366, and alternative
22 schools serving high-risk pupils, including continuation high
23 schools and opportunity schools. Schools in the alternative
24 accountability system may receive an API score, but shall not be
25 included in the API rankings.

26 *SEC. 6. Section 52055.57 of the Education Code is amended*
27 *to read:*

28 52055.57. (a) (1) ~~Any provisions~~ *Provisions* that are applicable
29 to local educational agencies under this section are for the purpose
30 of implementing federal requirements under the federal No Child
31 Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.). The
32 satisfaction of these criteria by local educational agencies that
33 choose to participate under this article shall be a condition of
34 receiving funds pursuant to this section.

35 (2) The department shall identify local educational agencies
36 that are in danger of being identified within two years as program
37 improvement local educational agencies under the federal No Child
38 Left Behind Act of 2001 ~~(20 U.S.C. Sec. 6301 et seq.)~~, and shall
39 notify those local educational agencies, in writing, of this status

1 and provide those local educational agencies with research-based
2 criteria to conduct a voluntary self-assessment.

3 (3) The self-assessment shall identify deficiencies within the
4 operations of the local educational agency, and the programs and
5 services of the local educational agency.

6 (4) A local educational agency identified pursuant to paragraph
7 (2) is encouraged to revise its local educational agency plan based
8 on the results of the self-assessment.

9 (5) The program described in this subdivision shall be referred
10 to as the “Early Warning Program.”

11 (b) (1) A local educational agency identified as a program
12 improvement local educational agency under the federal No Child
13 Left Behind Act of 2001 (~~20 U.S.C. Sec. 6301 et seq.~~) shall do all
14 of the following:

15 (A) Conduct a self-assessment using materials and criteria based
16 on current research and provided by the department.

17 (B) No later than 90 days after a local educational agency
18 ~~becomes~~ *is* identified for program improvement, contract with a
19 county office of education or another external entity after working
20 with the county superintendent of schools, for both of the following
21 purposes:

22 (i) Verifying the fundamental teaching and learning needs in
23 the schools of that local educational agency as determined by the
24 local educational agency self-analysis, and identifying the specific
25 academic problems of low-achieving pupils, including a
26 determination of why the prior plan of the local educational agency
27 failed to bring about increased pupil academic achievement.

28 (ii) Ensuring that the local educational agency receives intensive
29 support and expertise to implement local educational agency reform
30 initiatives in the revised local educational agency plan as required
31 by the federal No Child Left Behind Act of 2001 (~~20 U.S.C. Sec.~~
32 ~~6301 et seq.~~).

33 (C) Revise and expeditiously implement the local educational
34 agency plan ~~of the local educational agency~~ to reflect the findings
35 of the verified self-assessment.

36 (D) After working with the county superintendent of schools
37 or an external verifier, contract with an external provider to provide
38 support and implement recommendations to assist the local
39 educational agency in resolving shortcomings identified in the
40 verified self-assessment.

1 (2) (A) Subject to the availability of funds in the annual Budget
 2 Act for this purpose, a local educational agency described in
 3 paragraph (1) ~~may~~ annually *may* receive fifty thousand dollars
 4 (\$50,000), plus ten thousand dollars (\$10,000) for each school that
 5 is supported by federal funds pursuant to Title I of the federal No
 6 Child Left Behind Act of 2001 ~~(20 U.S.C. Sec. 6301 et seq.)~~ within
 7 the local educational agency, for the purpose of fulfilling the
 8 requirements of this subdivision. *If funding is not provided in the*
 9 *annual Budget Act or other statute, local educational agencies*
 10 *shall not be subject to the requirements of subparagraphs (B) and*
 11 *(D) of paragraph (1).*

12 (B) Subject to the availability of funds appropriated in the annual
 13 Budget Act for this purpose, a local educational agency identified
 14 as a program improvement local educational agency during the
 15 2005–06 fiscal year, shall receive priority for funding based upon
 16 the performance of the socioeconomically disadvantaged subgroup
 17 of the local educational agency on the Academic Performance
 18 Index. Priority for funding shall be provided to the lowest
 19 performing local educational agencies that are identified as program
 20 improvement local educational agencies. It is the intent of the
 21 Legislature that funds apportioned pursuant to this paragraph be
 22 used to support activities identified in paragraph (1).

23 (C) It is the intent of the Legislature that a local educational
 24 agency identified as a program improvement local educational
 25 agency receive no more than two years of funding pursuant to this
 26 paragraph.

27 (c) ~~(1)~~—A local educational agency that has been identified for
 28 corrective action under the federal No Child Left Behind Act of
 29 2001 ~~(20 U.S.C. Sec. 6301 et seq.)~~, shall be subject to one or more
 30 of the following sanctions as recommended by the Superintendent
 31 and approved by the state board:

32 ~~(A)~~

33 (1) Replacing local educational agency personnel who are
 34 relevant to the failure to make adequate yearly progress.

35 ~~(B)~~

36 (2) Removing schools from the jurisdiction of the local
 37 educational agency and establishing alternative arrangements for
 38 the governance and supervision of those schools.

39 ~~(C)~~

1 (3) Appointing, by the state board, a receiver or trustee, to
2 administer the affairs of the local educational agency in place of
3 the county superintendent of schools and the governing board.

4 ~~(D)~~

5 (4) Abolishing or restructuring the local educational agency.

6 ~~(E)~~

7 (5) Authorizing pupils to transfer from a school operated by the
8 local educational agency to a higher performing school operated
9 by another local educational agency, and providing those pupils
10 with transportation to those schools, in conjunction with carrying
11 out not less than one additional action described under this
12 paragraph.

13 ~~(F)~~

14 (6) Instituting and fully implementing a new curriculum that is
15 based on state academic content and achievement standards,
16 including providing appropriate professional development based
17 on scientifically based research for all relevant staff, that offers
18 substantial promise of improving educational achievement for
19 high-priority pupils.

20 ~~(G)~~

21 (7) Deferring programmatic funds or reducing administrative
22 funds.

23 ~~(2) In addition to the sanctions prescribed by paragraph (1), the~~
24 ~~Superintendent may recommend, and the state board may approve,~~
25 ~~the requirement that a local educational agency contract with a~~
26 ~~district assistance and intervention team to aid a local educational~~
27 ~~agency.~~

28 ~~(3) Subject to the availability of funds in the annual Budget Act~~
29 ~~for this purpose, if the state board requires a local educational~~
30 ~~agency to contract with a district assistance and intervention team~~
31 ~~pursuant to paragraph (2), the local educational agency may~~
32 ~~annually receive fifty thousand dollars (\$50,000), plus ten thousand~~
33 ~~dollars (\$10,000) for each school that is supported by federal funds~~
34 ~~pursuant to Title I of the federal No Child Left Behind Act of 2001~~
35 ~~(20 U.S.C. Sec. 6301 et seq.) within the local educational agency,~~
36 ~~for no more than two years, for the purpose of contracting with~~
37 ~~and implementing the recommendations of the district assistance~~
38 ~~and intervention team.~~

39 ~~(4) Not later than January 31, 2006, the Superintendent shall~~
40 ~~develop and the state board shall approve, standards and criteria~~

1 to be applied by a district assistance and intervention team in
 2 carrying out their duties. The standards and criteria shall include
 3 all of the following areas:

- 4 (A) Governance.
- 5 (B) Alignment of curriculum, instruction, and assessments to
 6 state standards.
- 7 (C) Fiscal operations.
- 8 (D) Parent and community involvement.
- 9 (E) Human resources.
- 10 (F) Data systems and achievement monitoring.
- 11 (G) Professional development.

12 (d) (1) *The department shall develop, and the state board shall*
 13 *approve at a public meeting, objective criteria by which a local*
 14 *educational agency identified for corrective action and subject to*
 15 *a sanction listed under subdivision (c) shall be evaluated to*
 16 *determine the pervasiveness and severity of its performance*
 17 *problems and the sanction to be imposed.*

18 (2) *A local educational agency identified for corrective action*
 19 *and subject to a sanction listed under subdivision (c) may apply*
 20 *for a one-year, nonrenewable grant of federal improvement funding*
 21 *to assist in its improvement process and may expend that grant*
 22 *funding over the time period allowable under federal law. It is the*
 23 *intent of the Legislature to integrate federal funding that is*
 24 *available for this purpose, including, but not limited to, funding*
 25 *for program improvement and school improvement grants pursuant*
 26 *to Section 6303 of Title 20 of the United States Code.*

27 (3) *The amount of a grant for a local educational agency with*
 28 *extensive and severe performance problems shall be one hundred*
 29 *fifty thousand dollars (\$150,000) per school identified for program*
 30 *improvement pursuant to federal law. The amount of a grant for*
 31 *a local educational agency with moderate performance problems*
 32 *shall be one hundred thousand dollars (\$100,000) per school*
 33 *identified for program improvement pursuant to federal law. The*
 34 *amount of a grant for a local educational agency with minor or*
 35 *isolated performance problems shall be fifty thousand dollars*
 36 *(\$50,000) per school identified for program improvement pursuant*
 37 *to federal law.*

38 (4) *A local educational agency that receives funding under this*
 39 *subdivision shall use the funds in accordance with Section 6316(b)*
 40 *and (c) of Title 20 of the United States Code. Pursuant to the*

1 *technical assistance requirements under the federal No Child Left*
2 *Behind Act of 2001 outlined in Section 6312(b) and (c) and Section*
3 *6317 of Title 20 of the United States Code, the Superintendent may*
4 *recommend, and the state board may approve, that a local*
5 *educational agency contract with a district assistance and*
6 *intervention team or other technical assistance provider to receive*
7 *guidance, support, and technical assistance. A district intervention*
8 *and assistance team or other technical provider with which a local*
9 *educational agency is required to contract shall perform the duties*
10 *specified in subdivision (e) of Section 52059.*

11 *(5) Notwithstanding any other law, a local educational agency*
12 *that receives funding under this subdivision or that receives other*
13 *federal funds for school improvement shall not use those funds to*
14 *compensate a receiver or trustee assigned by the state board*
15 *pursuant to paragraph (3) of subdivision (c).*

16 ~~(d)~~

17 *(e) A local educational agency that has received a sanction under*
18 *subdivision (c) and has not exited program improvement under*
19 *the federal No Child Left Behind Act of 2001 (~~20 U.S.C. Sec. 6301~~*
20 *~~et seq.~~) shall appear before the state board within three years to*
21 *review the progress of the local educational agency. Upon hearing*
22 *testimony and reviewing written data from the local educational*
23 *agency and, the district assistance and intervention team, or county*
24 *superintendent of schools, the Superintendent shall recommend,*
25 *and the state board may approve, an alternative sanction under*
26 *subdivision (c), or may take any appropriate action.*

27 ~~(e)~~

28 *(f) Subject to the availability of funds in the annual Budget Act*
29 *for this purpose, a local educational agency that is not identified*
30 *as a program improvement local educational agency under the*
31 *federal No Child Left Behind Act of 2001 (~~20 U.S.C. Sec. 6301~~*
32 *~~et seq.~~) may annually receive up to fifteen thousand dollars*
33 *(\$15,000) per school identified as a program improvement school*
34 *for the purposes of supporting schools identified as program*
35 *improvement schools in the local educational agency and*
36 *determining barriers to improved pupil academic achievement.*
37 *That local educational agency shall receive no less than forty*
38 *thousand dollars (\$40,000) and no more than one million five*
39 *hundred thousand dollars (\$1,500,000) for those purposes. The*
40 *Superintendent shall compile a list that ranks each local educational*

1 agency based on the number of, and percentage of, schools
2 identified as program improvement schools and shall provide this
3 funding to local educational agencies equally from each list until
4 all funds appropriated for this purpose are depleted. These funds
5 shall be provided for no more than three years.

6 ~~(f) If there are more local educational agencies that qualify to
7 receive funds under subdivisions (b), (c), and (e) than the amount
8 appropriated for these purposes, the Superintendent may redirect
9 funding for the purposes of subdivision (b).~~

10 (g) For purposes of this article, “local educational agency”
11 means a school district, county office of education, or charter
12 school that elects to receive its funding directly pursuant to Section
13 47651, and that provides public educational services to pupils in
14 kindergarten or any of grades 1 to 12, inclusive.

15 ~~(h) For purposes of this section, a “stakeholder” is, but is not
16 necessarily limited to, any of the following:~~

17 ~~(1) A parent of a child attending a school within the jurisdiction
18 of the local educational agency.~~

19 ~~(2) A community partner of the local educational agency.~~

20 ~~(3) An employee of the local educational agency, as selected
21 by the bargaining unit.~~

22 ~~(i) A local educational agency shall not receive funds pursuant
23 to subdivision (b), (c), or (e) if it is initially identified for program
24 improvement or prevention after July 1, 2009.~~

25 *SEC. 7. Section 52055.59 is added to the Education Code, to
26 read:*

27 *52055.59. (a) Subject to an appropriation in the annual Budget
28 Act or other statute, the Superintendent shall contract with an
29 independent evaluator to complete a comprehensive three-year
30 evaluation of the program established pursuant to subdivision (d)
31 of Section 52055.57. It is the intent of the Legislature that a total
32 of one million dollars (\$1,000,000) be provided for the independent
33 evaluation, with three hundred thirty-four thousand dollars
34 (\$334,000) provided for the 2008–09 fiscal year, three hundred
35 thirty-three thousand dollars (\$333,000) provided for the 2009–10
36 fiscal year, and three hundred thirty-three thousand dollars
37 (\$333,000) provided for the 2010–11 fiscal year. The evaluation
38 shall focus on local educational agencies that are identified for
39 corrective action beginning with the 2007–08 fiscal year, and in*

1 *the 2008–09, 2009–10, and 2010–11 fiscal years, and shall include*
2 *data compiled for those local educational agencies for those years.*

3 *(b) The evaluation shall examine the implementation, impact,*
4 *costs, and effectiveness of the corrective actions and reform*
5 *strategies undertaken by local educational agencies that are*
6 *identified for corrective action, as specified in subdivision (a). The*
7 *evaluation also shall determine the effectiveness of the technical*
8 *assistance provided by the district assistance and intervention*
9 *teams and other technical assistance providers pursuant to Section*
10 *52059.*

11 *(c) The Superintendent shall ensure that the evaluation includes,*
12 *at a minimum, all of the following factors:*

13 *(1) Program implementation data, including, but not limited to,*
14 *a review of startup activities, the quality of the academic program,*
15 *local governance and leadership, the allocation of fiscal resources,*
16 *the allocation of personnel, management practices, community*
17 *support, parental participation, the use of pupil data to inform*
18 *instructional practice, and staff development.*

19 *(2) Pupil performance data, including, but not limited to, results*
20 *of assessments used to determine whether local educational*
21 *agencies have made significant progress towards meeting their*
22 *state and federal academic growth targets and data for each of*
23 *the following subgroups:*

24 *(A) English learners.*

25 *(B) Pupils with exceptional needs.*

26 *(C) Pupils who are eligible for funds under Title I of the federal*
27 *No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).*

28 *(3) Data on the percentage of fully credentialed teachers, the*
29 *percentage of teachers who hold emergency credentials, the*
30 *percentage of teachers assigned outside their subject area of*
31 *competence, the accreditation status of the school if appropriate,*
32 *average class size per grade level, and the number of pupils in*
33 *multitrack, year-round schools. These data shall be compiled for*
34 *the 2008–09, 2009–10, and 2010–11 school years.*

35 *(d) The evaluation shall include a rigorous qualitative and*
36 *quantitative assessment of how program implementation affected*
37 *pupil achievement and teacher quality using the information*
38 *required pursuant to subdivision (c).*

39 *(e) The Superintendent shall submit two interim reports and a*
40 *final report to the Governor, the Department of Finance, the*

1 *Legislature, and the Legislative Analyst's Office. The reports shall*
2 *be submitted to these agencies no later than November 1, 2009,*
3 *November 1, 2010, and November 1, 2011, respectively.*

4 *SEC. 8. Section 52059 of the Education Code is amended to*
5 *read:*

6 52059. (a) For purposes of complying with the federal No
7 Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), a
8 ~~Statewide System of School Support~~ *statewide system of school*
9 *support shall be established by the department to provide a*
10 *statewide system of intensive and sustained support and technical*
11 *assistance for school districts, county offices of education, and*
12 *schools in need of improvement. The system shall consist of*
13 *regional consortia, which may include county offices of education*
14 *and school districts, that work collaboratively with school districts*
15 *and county offices of education to meet the needs of school districts*
16 *and schools in need of improvement as well as district assistance*
17 *and intervention teams and other technical assistance providers.*

18 (b) ~~The system~~ *regional consortia shall work collaboratively*
19 *with, and provide technical assistance to, school districts and*
20 *schools in need of improvement by doing the following:*

21 (1) Reviewing and analyzing all facets of the operation of a
22 *local educational agency or school, including the following:*

23 (A) The design and operation of the instructional program
24 offered by the *local educational agency or school.*

25 (B) The recruitment, hiring, and retention of principals, teachers,
26 and other staff, including vacancy issues. ~~The system~~ *regional*
27 *consortia may request the assistance of the Fiscal Crisis and*
28 *Management Assistance Team to review school district or school*
29 *recruitment, hiring, and retention practices.*

30 (C) The roles and responsibilities of district and school
31 management personnel.

32 (2) Assisting the *local educational agency or school* in
33 developing recommendations for improving pupil performance
34 and school operations.

35 (3) ~~Assisting schools and school districts~~ *the local educational*
36 *agency or school* in efforts to eliminate misassignments of
37 certificated personnel.

38 (c) *For purposes of performing the functions specified in*
39 *subdivision (b), funds for the regional consortia shall be distributed*
40 *based on the number of Title I schools, the pupil enrollment in*

1 *those schools, and the number of school districts in each region*
2 *that have been identified as being in need of improvement pursuant*
3 *to Section 6316 of Title 20 of the United States Code.*

4 ~~(e) In carrying out this article, the department~~

5 (d) *The regional consortia shall ensure that support is provided*
6 *in the following order of priority:*

7 (1) *To school districts or county offices of education with*
8 *schools that are subject to corrective action under ~~paragraph (7)~~*
9 *~~of subsection (b) of Section 6316~~ 6316(b)(7) of Title 20 of the*
10 *United States Code.*

11 (2) *To school districts or county offices of education with*
12 *schools that are identified as being in need of improvement*
13 *pursuant to ~~subsection (b) of Section 6316~~ 6316(b) of Title 20 of*
14 *the United States Code.*

15 (3) *To provide support and assistance to school districts and*
16 *county offices of education with schools participating under the*
17 *federal No Child Left Behind Act of 2001 ~~(20 U.S.C. Sec. 6301~~*
18 *~~et seq.)~~ that need support and assistance to achieve the purposes*
19 *of that act.*

20 (4) *To provide support and assistance to other school districts*
21 *and county offices of education with schools participating in a*
22 *program carried out under this chapter.*

23 (e) *In accordance with paragraph (4) of subdivision (d) of*
24 *Section 52055.57, the Superintendent may recommend, and the*
25 *state board may approve, that a local educational agency that has*
26 *been identified for corrective action under the federal No Child*
27 *Left Behind Act of 2001 contract with a district assistance and*
28 *intervention team or other technical assistance provider to receive*
29 *technical assistance, including, but not limited to, a needs*
30 *assessment of the local educational agency.*

31 (1) *The Superintendent shall develop, and the state board shall*
32 *approve, standards and criteria to be applied by a district*
33 *assistance and intervention team or other technical assistance*
34 *provider in carrying out its duties. The standards and criteria that*
35 *a district assistance and intervention team or other technical*
36 *assistance provider shall use in assessing a local educational*
37 *agency shall address, at a minimum, all of the following areas:*

38 (A) *Governance.*

39 (B) *Alignment of curriculum, instruction, and assessments to*
40 *state standards.*

- 1 (C) *Fiscal operations.*
- 2 (D) *Parent and community involvement.*
- 3 (E) *Human resources.*
- 4 (F) *Data systems and achievement monitoring.*
- 5 (G) *Professional development.*

6 (2) *Not later than 120 days after the assignment of a district*
7 *assistance and intervention team or other technical assistance*
8 *provider, or the next regularly scheduled meeting of the state board*
9 *following the expiration of the 120 days, the team shall complete*
10 *a report based on the findings from the needs assessment performed*
11 *pursuant to paragraph (1). The report shall include, at a minimum,*
12 *recommendations for improving the areas specified in paragraph*
13 *(1) that are found to need improvement. The report also shall*
14 *address the manner in which existing resources should be*
15 *redirected to ensure that the recommendations can be implemented.*

16 (3) *Not later than 30 days after completion of the report*
17 *specified in paragraph (2), the governing board of the local*
18 *educational agency may submit an appeal to the Superintendent*
19 *to be exempted from implementing one or more of the*
20 *recommendations made in the report. The Superintendent, with*
21 *approval of the state board, may exempt the local educational*
22 *agency from complying with one or more of the recommendations*
23 *made in the report.*

24 (4) *Not later than 60 days after completion of the report, the*
25 *governing board of the local educational agency shall adopt the*
26 *report recommendations described in paragraph (2), as modified*
27 *by any exemptions granted by the Superintendent under paragraph*
28 *(3), at a regularly scheduled meeting of the governing board.*

29 (f) *A local educational agency that is required to contract with*
30 *a district assistance and intervention team or other technical*
31 *assistance provider pursuant to this section shall reserve funding*
32 *provided under subdivision (d) of Section 52055.57 to cover the*
33 *entire cost of the team or other technical assistance provider before*
34 *using that funding for other reform activities.*

35 (g) *Upon an evidence-based finding that a district assistance*
36 *and intervention team or other technical assistance provider has*
37 *not fulfilled its legal obligations pursuant to this section, the*
38 *Superintendent, with the approval of the state board, may remove*
39 *the district assistance and intervention team or other technical*
40 *assistance provider from the state list of eligible providers.*

1 (h) *The provisions of this section are declarative of technical*
2 *assistance requirements under the federal No Child Left Behind*
3 *Act of 2001 outlined in Section 6316(b) and (c) and Section 6317(a)*
4 *of Title 20 of the United States Code.*

5 ~~(d)~~

6 (i) For purposes of this article, all references to schools shall
7 include charter schools.

8 ~~(e) Funds shall be distributed under this article based on the~~
9 ~~number of schools, the pupil enrollment in those schools, and the~~
10 ~~number of school districts in each region that have been identified~~
11 ~~as being in need of improvement pursuant to Section 6316 of Title~~
12 ~~20 of the United States Code, or are participating in the programs~~
13 ~~conducted under this chapter.~~

14 *SEC. 9. Section 56836.155 of the Education Code is amended*
15 *to read:*

16 56836.155. (a) On or before November 2, 1998, the
17 department, in conjunction with the Legislative Analyst's Office,
18 shall do the following:

19 (1) Calculate an "incidence multiplier" for each special
20 education local plan area using the definition, methodology, and
21 data provided in the final report submitted by the American
22 Institutes for Research pursuant to Section 67 of Chapter 854 of
23 the Statutes of 1997.

24 (2) Submit the incidence multiplier for each special education
25 local plan area and supporting data to the Department of Finance.

26 (b) The Department of Finance shall review the incidence
27 multiplier for each special education local plan area and the
28 supporting data, and report any errors to the department and the
29 Legislative Analyst's Office for correction.

30 (c) The Department of Finance shall approve the final incidence
31 multiplier for each special education local plan area by November
32 23, 1998.

33 (d) For the 1998–99 fiscal year and each fiscal year thereafter
34 to and including the ~~2007–08~~ 2008–09 fiscal year, the
35 Superintendent shall perform the following calculation to determine
36 the adjusted entitlement of each special education local plan area
37 for the incidence of disabilities:

38 (1) The incidence multiplier for the special education local plan
39 area shall be multiplied by the statewide target amount per unit of
40 average daily attendance for special education local plan areas

1 determined pursuant to Section 56836.11 for the fiscal year in
2 which the computation is made.

3 (2) The amount determined pursuant to paragraph (1) shall be
4 added to the statewide target amount per unit of average daily
5 attendance for special education local plan area determined
6 pursuant to Section 56836.11 for the fiscal year in which the
7 computation is made.

8 (3) Subtract the amount of funding for the special education
9 local plan area determined pursuant to paragraph (1) of subdivision
10 (a) or paragraph (1) of subdivision (b) of Section 56836.08, as
11 appropriate for the fiscal year in which the computation is made,
12 or the statewide target amount per unit of average daily attendance
13 for special education local plan areas determined pursuant to
14 Section 56836.11 for the fiscal year in which the computation is
15 made, whichever is greater, from the amount determined pursuant
16 to paragraph (2). For the purposes of this paragraph for the
17 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, ~~and~~ 2007–08,
18 *and* 2008–09 fiscal years, the amount, if any, received pursuant
19 to Section 56836.159 shall be excluded from the funding level per
20 unit of average daily attendance for a special education local plan
21 area. If the result is less than zero, the special education local plan
22 area ~~may~~ *shall* not receive an adjusted entitlement for the incidence
23 of disabilities.

24 (4) Multiply the amount determined in paragraph (3) by either
25 the average daily attendance reported for the special education
26 local plan area for the fiscal year in which the computation is made,
27 as adjusted pursuant to subdivision (a) of Section 56836.15, or the
28 average daily attendance reported for the special education local
29 plan area for the prior fiscal year, as adjusted pursuant to
30 subdivision (a) of Section 56826.15, whichever is less.

31 (5) If there are insufficient funds appropriated in the fiscal year
32 for which the computation is made for the purposes of this section,
33 the amount received by each special education local plan area shall
34 be prorated.

35 (e) For the 1997–98 fiscal year, the Superintendent shall perform
36 the calculation in paragraphs (1) to (3), inclusive, of paragraph (d)
37 only for the purposes of making the computation in paragraph (1)
38 of subdivision (d) of Section 56836.08, but the special education
39 local plan area ~~may~~ *shall* not receive an adjusted entitlement for

1 the incidence of disabilities pursuant to this section for the 1997–98
2 fiscal year.

3 *SEC. 10. Section 60604 of the Education Code is amended to*
4 *read:*

5 60604. (a) The Superintendent shall design and implement,
6 consistent with the timetable and plan required pursuant to
7 subdivision (b), a statewide pupil assessment program consistent
8 with the testing requirements of this article in accordance with the
9 objectives set forth in Section 60602. That program shall include
10 all of the following:

11 (1) A plan for producing valid, reliable, and comparable
12 individual pupil scores in grades 2 to 11, inclusive, and a
13 comprehensive analysis of these scores based on the results of the
14 achievement test designated by the state board that assesses a broad
15 range of basic academic skills pursuant to the Standardized Testing
16 and Reporting (STAR) Program established by Article 4
17 (commencing with Section 60640).

18 (2) A method of working with publishers to ensure valid,
19 reliable, and comparable individual, grade-level, school-level,
20 district-level, county-level, and statewide scores in grades 2 to 11,
21 inclusive, ~~that is based on the achievement test designated pursuant~~
22 ~~to subdivision (b) of Section 60605.~~

23 (3) Statewide academically rigorous content and performance
24 standards that reflect the knowledge and skills that pupils will need
25 in order to succeed in the information-based, global economy of
26 the 21st century. These skills shall not include personal behavioral
27 standards or skills, including, but not limited to, honesty,
28 sociability, ethics, or self-esteem.

29 (4) A statewide system that provides the results of testing in a
30 manner that reflects the degree to which pupils are achieving the
31 academically rigorous content and performance standards adopted
32 by the state board.

33 (5) The alignment of assessment with the statewide academically
34 rigorous content and performance standards adopted by the state
35 board.

36 (6) The active, ongoing involvement of parents, classroom
37 teachers, administrators, other educators, governing board members
38 of school districts, and the public in all phases of the design and
39 implementation of the statewide pupil assessment program.

1 (7) The development of a contract or contracts with a publisher
 2 or publishers, after the approval of statewide academically rigorous
 3 content standards by the state board, for the development of
 4 performance standards and assessments of applied academic skills
 5 designed to test pupils' knowledge of academic skills and abilities
 6 to apply that knowledge and those skills in order to solve problems
 7 and communicate.

8 (b) The Superintendent shall develop and annually update for
 9 the Legislature a five-year cost projection, implementation plan,
 10 and timetable for implementing the program described in
 11 subdivision (a). The annual update shall be submitted on or before
 12 March 1 of each year to the chairperson of the fiscal subcommittee
 13 considering budget appropriations in each house. The update shall
 14 explain any significant variations from the five-year cost projection
 15 for the current year budget and the proposed budget.

16 (c) The Superintendent shall provide each school district with
 17 guidelines for professional development that are designed to assist
 18 classroom teachers to use the results of the assessments
 19 administered pursuant to this chapter to modify instruction for the
 20 purpose of improving pupil learning. These guidelines shall be
 21 developed in consultation with classroom teachers and approved
 22 by the state board before dissemination.

23 (d) The Superintendent and the state board shall consider
 24 comments and recommendations from school districts and the
 25 public in the development, adoption, and approval of assessment
 26 instruments.

27 (e) The results of the achievement test administered pursuant
 28 to Article 4 (commencing with Section 60640) shall be returned
 29 to the school district within the period of time specified by the
 30 state board.

31 (f) This section shall become inoperative on July 1, 2011.

32 *SEC. 11. Section 60605 of the Education Code is amended to*
 33 *read:*

34 60605. (a) (1) (A) Not later than January 1, 1998, the state
 35 board shall adopt statewide academically rigorous content
 36 standards, pursuant to the recommendations of the Commission
 37 for the Establishment of Academic Content and Performance
 38 Standards, in the core curriculum areas of reading, writing, and
 39 mathematics to serve as the basis for assessing the academic
 40 achievement of individual pupils and of schools, school districts,

1 and the California educational system. Not later than November
2 1, 1998, the state board shall adopt these standards in the core
3 curriculum areas of history/social science and science.

4 (B) The state board shall adopt statewide performance standards
5 in the core curriculum areas of reading, writing, mathematics,
6 history/social science, and science based on the recommendations
7 made by the Superintendent of a contractor or contractors.

8 (C) The state board shall require the contractor or contractors
9 to submit performance standards to the Superintendent and the
10 state board not later than a specified date that allows sufficient
11 opportunity for the Superintendent to make a recommendation to
12 the state board and for the state board to conduct regional hearings
13 prior to the adoption of the performance standards.

14 (2) (A) The state board may modify any proposed content
15 standards or performance standards prior to adoption and may
16 adopt content and performance standards in individual core
17 curriculum areas as those standards are submitted to the state board.
18 The state performance standards shall be established against
19 specific grade level benchmarks of academic achievement for each
20 subject area tested and shall be based on the knowledge and skills
21 that pupils will need in order to succeed in the information-based,
22 global economy of the 21st century. These skills shall not include
23 personal behavioral standards or skills, including, but not limited
24 to, honesty, sociability, ethics, or self-esteem. The standards
25 adopted pursuant to this section shall be for the purpose of guiding
26 state decisions regarding the development, adoption, and approval
27 of assessment instruments pursuant to this chapter and does not
28 mandate any actions or activities by school districts.

29 (B) Because these standards are models, the adoption of these
30 standards is not subject to the Administrative Procedure Act. This
31 subparagraph is declaratory of existing law.

32 (3) Before adopting academic content and performance
33 standards, the state board shall hold regional hearings for the
34 purpose of giving parents and other members of the public the
35 opportunity to comment on the proposed standards.

36 ~~(b) (1) The state board shall require the department to notify~~
37 ~~publishers of the opportunity to submit, for consideration by the~~
38 ~~state board pursuant to Section 60642, tests of achievement that~~
39 ~~include all of the basic academic skills identified in subdivision~~
40 ~~(e) of Section 60603 in grades 2 to 8, inclusive, and the core~~

1 curriculum areas of English and language arts, mathematics, and
2 science in grades 9 to 11, inclusive.

3 ~~(2) The Superintendent shall recommend to the state board~~
4 ~~which achievement test to adopt pursuant to subdivision (b) of~~
5 ~~Section 60642.~~

6 ~~(e)~~

7 ~~(b) (1) The state board shall ensure that the statewide~~
8 ~~assessment system adopted pursuant to this chapter yields valid,~~
9 ~~reliable individual pupil scores and, where applicable, aggregate~~
10 ~~school scores, school district scores, and statewide scores of pupils~~
11 ~~and assesses basic academic skills and content standards, including~~
12 ~~the use of a direct writing assessment or other applied academic~~
13 ~~skills if deemed valid and reliable and if resources are made~~
14 ~~available for their use.~~

15 ~~(2) This subdivision does not prevent the state board from~~
16 ~~developing or adopting an assessment instrument that also contains~~
17 ~~assessments of basic academic skills.~~

18 ~~(d)~~

19 ~~(c) To the extent feasible and as otherwise required, the state~~
20 ~~board shall ensure that assessments developed, or contracted for~~
21 ~~pursuant to Section 60642.5, by the state are aligned with the~~
22 ~~statewide content and performance standards adopted pursuant to~~
23 ~~subdivision (a). The department, with the approval of the state~~
24 ~~board, periodically shall contract for a review of the achievement~~
25 ~~test for conformance with these standards.~~

26 ~~(e)~~

27 ~~(d) After adopting statewide content and performance standards,~~
28 ~~the state board shall review the existing curriculum frameworks~~
29 ~~for conformity with the new statewide standards and shall modify~~
30 ~~the curriculum frameworks where appropriate to bring them into~~
31 ~~alignment with the standards.~~

32 ~~(f)~~

33 ~~(e) The state board shall adopt regulations for the conduct and~~
34 ~~administration of the testing and assessment program.~~

35 ~~(g)~~

36 ~~(f) The state board shall adopt a regulation for minimum security~~
37 ~~procedures that test and assessment publishers and school districts~~
38 ~~must follow to ensure the security and integrity of test and~~
39 ~~assessment questions and materials.~~

40 ~~(h)~~

1 (g) This section shall become inoperative on July 1, 2011.

2 *SEC. 12. Section 60605.6 of the Education Code is amended*
3 *to read:*

4 60605.6. Subject to the availability of funds in the annual
5 Budget Act for this purpose, the Superintendent, upon approval
6 of the state board, shall contract for the development and
7 distribution of workbooks, as follows:

8 (a) One workbook to be distributed to all pupils in ~~the 10th~~
9 grade 10. This workbook shall contain information on the
10 proficiency levels that must be demonstrated by pupils on the high
11 school exit examination described in Chapter 9 (commencing with
12 Section 60850). The workbook also shall contain sample questions,
13 with explanations describing how these sample questions test pupil
14 knowledge of the language arts and mathematics content standards
15 adopted by the state board pursuant to Section 60605.

16 (b) Separate workbooks for each of grades 2 to 11, inclusive.
17 Each pupil in grades 2 to 11, inclusive, who is required to take the
18 achievement tests described in ~~Section 60642 or~~ Section 60642.5
19 shall receive a copy of the workbook designed for the same grade
20 level in which the pupil is enrolled. These workbooks shall contain
21 material to assist pupils and their parents with standards-based
22 learning, including the grade appropriate academic content
23 standards adopted by the state board pursuant to Section 60605
24 and sample questions that require knowledge of these standards
25 to answer. The workbooks also shall describe how the sample
26 questions test knowledge of the state board adopted academic
27 content standards.

28 (c) This section shall become inoperative on July 1, 2011.

29 *SEC. 13. Section 60606 of the Education Code is amended to*
30 *read:*

31 60606. (a) ~~After designating a test of academic achievement~~
32 ~~for use in grades 2 to 11, inclusive, pursuant to Section 60642, or~~
33 adopting an assessment of applied academic skills for use in grades
34 4, 5, 8, and 10 pursuant to Section 60605, the state board shall
35 submit ~~each of those two instruments when the instrument, once~~
36 ~~designated or adopted to, for review by the Statewide Pupil~~
37 ~~Assessment Review Panel, which is hereby established, for review~~
38 ~~by the panel.~~

39 (b) The panel shall consist of six members. Three members shall
40 be appointed by the Governor, one member shall be appointed by

1 the Senate Committee on Rules, one member shall be appointed
 2 by the Speaker of the Assembly, and one member shall be
 3 appointed by the Superintendent. A majority of the panel shall
 4 consist of parents whose children attend public schools in the state
 5 in kindergarten and grades 1 to 12, inclusive.

6 (c) Panel members shall serve two-year terms, without
 7 compensation. No panel member shall serve more than two
 8 consecutive terms.

9 (d) The panel shall review the ~~two instruments~~ *instrument*
 10 specified in subdivision (a) in order to ensure that the content of
 11 the ~~instruments~~ *instrument* complies with the requirements of
 12 Section 60614. Notwithstanding any other provision of law, the
 13 panel may meet in closed session with a publisher for the purpose
 14 of addressing questions and clarifying issues that relate to ensuring
 15 that the content of the publisher's test or assessment, as the case
 16 may be, ~~comply~~ *complies* with the requirements of Section 60614.

17 (e) The panel shall report its findings and recommendations to
 18 the state board within 10 days of its receipt of ~~each~~ *the* instrument.
 19 If the panel fails to report within the required 10 days, the test or
 20 assessment shall be deemed acceptable to the panel.

21 (f) This section shall become inoperative on July 1, 2011.

22 *SEC. 14. Section 60616 of the Education Code is amended to*
 23 *read:*

24 60616. Any achievement test ~~designated pursuant to Section~~
 25 ~~60642~~ or adopted by the ~~State Board of Education~~ *state board*
 26 pursuant to this chapter may be reviewed by any Member of the
 27 Legislature or any member of the governing board of a school
 28 district, if the member agrees in writing prior to the review to
 29 maintain the confidentiality of the test.

30 *SEC. 15. Section 60630 of the Education Code is amended to*
 31 *read:*

32 60630. (a) The Superintendent ~~of Public Instruction~~ shall
 33 prepare and submit an annual report to the Legislature and the
 34 ~~State Board of Education~~ *state board* containing an analysis of the
 35 results and test scores of the assessment of applied academic skills
 36 adopted pursuant to subdivision ~~(e)~~ *(b)* of Section 60605 ~~and the~~
 37 ~~achievement test designated pursuant to Section 60642~~. The report
 38 simultaneously shall be made available in an electronic medium
 39 on the Internet. The analysis may include, but need not be limited
 40 to, the following factors:

1 (1) Financial characteristics, including specially funded
2 programs.

3 (2) Pupil and parent characteristics.

4 (3) Staff characteristics.

5 (4) Instructional methodologies and materials.

6 (b) School districts shall submit to the ~~State Department of~~
7 ~~Education~~ *department* whatever information the department deems
8 necessary to carry out this section.

9 *SEC. 16. Section 60640 of the Education Code is amended to*
10 *read:*

11 60640. (a) There is hereby established the Standardized Testing
12 and Reporting Program, to be known as the STAR Program.

13 (b) ~~Commencing in the 2004-05 fiscal year and each fiscal year~~
14 ~~thereafter, and from~~ *From* the funds available for that purpose,
15 each school district, charter school, and county office of education
16 ~~shall administer to each of its pupils in grades 3 and 7 the~~
17 ~~achievement test designated by the state board pursuant to Section~~
18 ~~60642 and shall administer to each of its pupils in grades 2 to 11,~~
19 inclusive, the standards-based achievement test provided for in
20 Section 60642.5. The state board shall establish a testing period
21 to provide that all schools administer these tests to pupils at
22 approximately the same time during the instructional year, except
23 as necessary to ensure test security and to meet the final filing
24 date.

25 (c) The publisher and the school district shall provide two
26 makeup days for the testing of previously absent pupils within the
27 testing period established by the state board in subdivision (b).

28 (d) The governing board of the school district may administer
29 achievement tests in grades other than those required by
30 subdivision (b) as it deems appropriate.

31 (e) Pursuant to Section 1412(a)(17) of Title 20 of the United
32 States Code, individuals with exceptional needs, as defined in
33 Section 56026, shall be included in the testing requirement of
34 subdivision (b) with appropriate accommodations in administration,
35 where necessary, and those individuals with exceptional needs
36 who are unable to participate in the testing, even with
37 accommodations, shall be given an alternate assessment.

38 (f) (1) At the option of the school district, pupils with limited
39 English proficiency who are enrolled in any of grades 2 to 11,
40 inclusive, may take a second achievement test in their primary

1 language. Primary language tests administered pursuant to this
2 subdivision and subdivision (g) shall be subject to the requirements
3 of subdivision (a) of Section 60641. These primary language tests
4 shall produce individual pupil scores that are valid and reliable.

5 (2) Notwithstanding any other law, the state board shall
6 designate for use, as part of this program, a single primary language
7 test in each language for which a test is available for grades 2 to
8 11, inclusive, pursuant to the process used for designation of the
9 assessment chosen in the 1997–98 fiscal year, as specified in
10 ~~Sections 60642 and~~ *Section* 60643, as applicable.

11 (3) (A) The department shall use funds made available pursuant
12 to Title VI of the federal No Child Left Behind Act of 2001 (20
13 U.S.C. Sec. 6301 et seq.) and appropriated by the annual Budget
14 Act for the purpose of developing and adopting primary language
15 assessments that are aligned to the state academic content
16 standards. Subject to the availability of funds, primary language
17 assessments shall be developed and adopted for reading/language
18 arts and mathematics in the dominant primary language of
19 limited-English-proficient pupils. The dominant primary language
20 shall be determined by the count in the annual language census of
21 the primary language of each limited-English-proficient pupil
22 enrolled in the California public schools.

23 (B) Once a dominant primary language assessment is available
24 for use for a specific grade level, it shall be administered in place
25 of the assessment designated pursuant to paragraph (1) for that
26 grade level.

27 (C) In choosing a contractor to develop a primary language
28 assessment the state board shall consider the criteria for choosing
29 a contractor or test publisher as specified by ~~Sections 60642 and~~
30 *Section* 60643, and as specified by Section 60642.5, as applicable.

31 (D) Subject to the availability of funds, the assessments shall
32 be developed in grade order starting with the lowest grade subject
33 to the STAR Program.

34 (E) If the state board contracts for the development of primary
35 language assessments or test items to augment an existing
36 assessment, the state shall retain ownership rights to the assessment
37 and the test items. With the approval of the state board, the
38 department may license the test for use in other states subject to a
39 compensation agreement approved by the Department of Finance.

1 (F) On or before January 1, 2006, the department shall submit
2 to the Legislature a report on the development and implementation
3 of the initial primary language assessments and recommendations
4 on the development and implementation of future assessments and
5 funding requirements.

6 (g) A pupil identified as limited English proficient pursuant to
7 the administration of a test made available pursuant to Section
8 60810 who is enrolled in any of grades 2 to 11, inclusive, and who
9 either receives instruction in his or her primary language or has
10 been enrolled in a school in the United States for less than 12
11 months shall be required to take a test in his or her primary
12 language if a test is available.

13 (h) (1) The Superintendent shall apportion funds to school
14 districts to enable school districts to meet the requirements of
15 subdivisions (b), (e), (f), and (g).

16 (2) The state board annually shall establish the amount of
17 funding to be apportioned to school districts for each test
18 administered and annually shall establish the amount that each
19 publisher shall be paid for each test administered under the
20 agreements required pursuant to Section 60643. The amounts to
21 be paid to the publishers shall be determined by considering the
22 cost estimates submitted by each publisher each September and
23 the amount included in the annual Budget Act, and by making
24 allowance for the estimated costs to school districts for compliance
25 with the requirements of subdivisions (b), (e), (f), and (g).

26 (3) An adjustment to the amount of funding to be apportioned
27 per test shall not be valid without the approval of the Director of
28 Finance. A request for approval of an adjustment to the amount
29 of funding to be apportioned per test shall be submitted in writing
30 to the Director of Finance and the chairpersons of the fiscal
31 committees of both houses of the Legislature with accompanying
32 material justifying the proposed adjustment. The Director of
33 Finance is authorized to approve only those adjustments related
34 to activities required by statute. The Director of Finance shall
35 approve or disapprove the amount within 30 days of receipt of the
36 request and shall notify the chairpersons of the fiscal committees
37 of both houses of the Legislature of the decision.

38 (i) For purposes of making the computations required by Section
39 8 of Article XVI of the California Constitution, the appropriation
40 for the apportionments made pursuant to paragraph (1) of

1 subdivision (h), and the payments made to the publishers under
 2 the contracts required pursuant to Section 60643 or subparagraph
 3 (C) of paragraph (1) of subdivision (a) of Section 60605 between
 4 the department and the contractor, are “General Fund revenues
 5 appropriated for school districts,” as defined in subdivision (c) of
 6 Section 41202, for the applicable fiscal year, and included within
 7 the “total allocations to school districts and community college
 8 districts from General Fund proceeds of taxes appropriated pursuant
 9 to Article XIII B,” as defined in subdivision (e) of Section 41202,
 10 for that fiscal year.

11 (j) As a condition to receiving an apportionment pursuant to
 12 subdivision (h), a school district shall report to the Superintendent
 13 all of the following:

14 (1) The number of pupils enrolled in the school district in grades
 15 2 to 11, inclusive.

16 (2) The number of pupils to whom an achievement test was
 17 administered in grades 2 to 11, inclusive, in the school district.

18 (3) The number of pupils in paragraph (1) who were exempted
 19 from the test at the request of their parents or guardians.

20 (k) The Superintendent and the state board are authorized and
 21 encouraged to assist postsecondary educational institutions to use
 22 the assessment results of the California Standards Tests, including,
 23 but not limited to, the augmented California Standards Tests, for
 24 academic credit, placement, or admissions processes.

25 (l) The Superintendent, with the approval of the state board,
 26 annually shall release to the public test items from the
 27 standards-based achievement tests pursuant to Section 60642.5
 28 administered in previous years. The minimum number of test items
 29 released per year shall be equal to 25 percent of the total number
 30 of test items on the test administered in the previous year.

31 (m) This section shall become inoperative on July, 1, 2011.

32 *SEC. 17. Section 60641 of the Education Code is amended to*
 33 *read:*

34 60641. (a) The department shall ensure that school districts
 35 comply with each of the following requirements:

36 (1) ~~The achievement test designated pursuant to Section 60642~~
 37 ~~and the standards-based achievement test provided for in Section~~
 38 ~~60642.5 are~~ is scheduled to be administered to all pupils during
 39 the period prescribed in subdivision (b) of Section 60640.

1 (2) The individual results of each pupil test administered
2 pursuant to Section 60640 shall be reported, in writing, to the
3 ~~pupil's~~ parent or guardian *of the pupil*. The written report shall
4 include a clear explanation of the purpose of the test, the ~~pupil's~~
5 *score of the pupil*, and ~~its~~ *the* intended use by the school district
6 *of the test score*. This subdivision does not require teachers or
7 other school district personnel to prepare individualized
8 explanations of ~~each pupil's~~ *the* test score *of each pupil*.

9 (3) (A) The individual results of each pupil test administered
10 pursuant to Section 60640 *also* shall ~~also~~ be reported to the ~~pupil's~~
11 school and teachers *of a pupil*. The school district shall include
12 the ~~pupil's~~ test results *of a pupil* in his or her pupil records.
13 However, except as provided in this section, individual pupil test
14 results ~~may~~ *only may* be released with the permission of either the
15 pupil's parent or guardian if the pupil is a minor, or the pupil if
16 the pupil has reached the age of majority or is emancipated.

17 (B) Notwithstanding subparagraph (A), a pupil or his or her
18 parent or guardian may authorize the release of individual pupil
19 results to a postsecondary educational institution for the purpose
20 of credit, placement, or admission.

21 (4) The districtwide, school-level, and grade-level results of the
22 STAR Program in each of the grades designated pursuant to Section
23 60640, but not the score or relative position of any individually
24 ascertainable pupil, shall be reported to the governing board of the
25 school district at a regularly scheduled meeting, and the
26 countywide, school-level, and grade-level results for classes and
27 programs under the jurisdiction of the county office of education
28 shall be similarly reported to the county board of education at a
29 regularly scheduled meeting.

30 (b) ~~The publisher designated pursuant to Section 60642 and the~~
31 ~~publisher~~ of the standards-based achievement tests provided for
32 in Section 60642.5 shall make the individual pupil, grade, school,
33 school district, and state results available to the department
34 pursuant to paragraph (9) of subdivision (a) of Section 60643 by
35 August 8 of each year in which the achievement test is administered
36 for those schools for which the last day of test administration,
37 including makeup days, is on or before June 25. The department
38 shall make the grade, school, school district, and state results
39 available on the Internet by August 15 of each year in which the
40 achievement test is administered for those schools for which the

1 last day of test administration, including makeup days, is on or
2 before June 25.

3 (c) The department shall take all reasonable steps to ensure that
4 the results of the test for all pupils who take the test by June 25
5 are made available on the Internet by August 15, as set forth in
6 subdivision (b).

7 (d) The department shall ensure that a California Standards Test
8 that is augmented for the purpose of determining credit, placement,
9 or admission of a pupil in a postsecondary educational institution
10 inform a pupil in grade 11 that he or she may request that the results
11 from that assessment be released to a postsecondary educational
12 institution.

13 *SEC. 18. Section 60642 of the Education Code is repealed.*

14 ~~60642. (a) The Superintendent and the state board may
15 consider any evaluations of independent experts who have not
16 been employed by a test publisher in the preceding 12 months
17 regarding the suitability of the achievement tests submitted by
18 publishers as required by subdivision (b) of Section 60605 for use
19 as part of the STAR Program established by this article.~~

20 ~~(b) Based upon a review of the achievement tests submitted and
21 the recommendation made by the Superintendent pursuant to
22 subdivision (b) of Section 60605, the state board, in its sole
23 discretion, based on the considerations set forth in Section 60644,
24 shall designate for use as part of the STAR Program a single test
25 in grades 3 and 7.~~

26 ~~(c) The state board shall ensure that the achievement test
27 designated pursuant to subdivision (b) contains the subject areas
28 specified in subdivision (c) of Section 60603 for grades 3 and 7.~~

29 ~~(d) The state board is hereby authorized to designate the
30 achievement test to be administered pursuant to this article for
31 more than one academic year subject to the availability of funds.~~

32 ~~(e) The state board shall minimize, to the extent it deems
33 feasible, the amount of testing time required by the assessment in
34 subdivision (b) for those content areas for which there also exists
35 a standards-based examination as provided for pursuant to Section
36 60642.5.~~

37 ~~(f) This section shall become inoperative on July 1, 2011.~~

38 *SEC. 19. Section 60642.5 of the Education Code is amended*
39 *to read:*

1 60642.5. (a) The Superintendent of ~~Public Instruction~~, with
2 approval of the ~~State Board of Education~~ *state board*, shall provide
3 for the development of an assessment instrument, to be called the
4 California Standards Tests, that measures the degree to which
5 pupils are achieving the academically rigorous content standards
6 and performance standards, to the extent standards have been
7 adopted by the ~~State Board of Education~~ *state board*. ~~This~~ *These*
8 standards-based achievement ~~test~~ *tests* shall contain the subject
9 areas specified in *paragraph (3) of subdivision (e) (a)* of Section
10 60603 for grades 2 to 8, inclusive, and shall include an assessment
11 in history/social science in at least one elementary or middle school
12 grade level selected by the ~~State Board of Education~~ *state board*
13 and science in at least one elementary or middle school grade level
14 selected by the ~~State Board of Education~~ *state board*, and the core
15 curriculum areas specified in *paragraph (5) of subdivision (e) (a)*
16 of Section 60603 for grades 9 to 11, inclusive, except that
17 history-social science shall not be included in the grade 9
18 assessment unless the ~~State Board of Education~~ *state board* adopts
19 academic content standards for a grade 9 history-social science
20 course, and shall include, at a minimum, a direct writing assessment
21 once in elementary school and once in middle or junior high school
22 and other items of applied academic skill if deemed valid and
23 reliable and if resources are made available for their use.

24 (b) In approving a contract for the development or administration
25 of the California Standards Tests, the ~~State Board of Education~~
26 *state board* shall consider each of the following criteria:

27 (1) The ability of the contractor to produce valid, reliable
28 individual pupil scores.

29 (2) The ability of the contractor to report results pursuant to
30 subdivision (a) of Section 60643 by August 8.

31 (3) The ability of the contractor to ensure alignment between
32 the standards-based achievement test and the academically rigorous
33 content and performance standards as those standards are adopted
34 by the ~~State Board of Education~~ *state board*. This criterion shall
35 include the ability of the contractor to implement a process to
36 establish and maintain alignment between the test items and the
37 standards.

38 (4) The per pupil cost estimates of developing; and, if
39 appropriate, administering the proposed assessment with a system

1 to facilitate the determination of future per pupil cost
 2 determinations.

3 (5) ~~The contractor's procedures of the contractor to ensuring~~
 4 ~~ensure~~ the security and integrity of test questions and materials.

5 (6) ~~The contractor's experience of the contractor~~ in successfully
 6 conducting testing programs adopted and administered by other
 7 states. For experience to be considered, the number of grades and
 8 pupils tested shall be provided.

9 (c) The standards-based achievement tests may use items from
 10 other tests ~~including items from the achievement test designated~~
 11 ~~pursuant to Section 60642.~~

12 *SEC. 20. Section 60643 of the Education Code is amended to*
 13 *read:*

14 60643. (a) To be eligible for consideration under Section ~~60642~~
 15 ~~or~~ 60642.5 by the state board, test publishers shall agree in writing
 16 each year to meet the following requirements, as applicable, if
 17 selected:

18 (1) Enter into an agreement, pursuant to subdivision (e) or (f),
 19 with the department by October 15 of that year.

20 (2) ~~With respect to selection under Section 60642.5, align~~ *Align*
 21 the standards-based achievement test provided for in Section
 22 60642.5 to the academically rigorous content and performance
 23 standards adopted by the state board.

24 (3) Comply with subdivisions (c) and (d) of Section 60645.

25 (4) Provide valid and reliable individual pupil scores ~~only in~~
 26 ~~the content areas specified in subdivision (c) of Section 60642~~ to
 27 parents or guardians, teachers, and school administrators.

28 (5) Provide valid and reliable aggregate scores ~~only in the~~
 29 ~~content areas specified in subdivision (c) of Section 60642~~ to
 30 school districts and county boards of education in all of the
 31 following forms and formats:

- 32 (A) Grade level.
- 33 (B) School level.
- 34 (C) District level.
- 35 (D) Countywide.
- 36 (E) Statewide.
- 37 (F) Comparison of statewide scores relative to other states.

38 (6) Provide disaggregated scores, based on
 39 limited-English-proficient status and nonlimited-English-proficient
 40 status. For purposes of this section, pupils with

1 “nonlimited-English-proficient status” shall include the total of
2 those pupils who are English-only pupils, fluent-English-proficient
3 pupils, and redesignated fluent-English-proficient pupils. These
4 scores shall be provided to school districts and county boards of
5 education in the same forms and formats listed in paragraph (5).

6 (7) Provide disaggregated scores by pupil gender and ethnicity
7 and provide disaggregated scores based on whether pupils are
8 economically disadvantaged or not. These disaggregated scores
9 shall be in the same forms and formats as listed in paragraph (5).
10 In any one year, the disaggregation shall entail information already
11 being collected by school districts, county offices of education, or
12 charter schools.

13 (8) Provide disaggregated scores for pupils who have
14 individualized education programs and have enrolled in special
15 education, to the extent required by federal law. These scores shall
16 be provided in the same forms and formats listed in paragraph (5).
17 This section shall not be construed to exclude the scores of special
18 education pupils from any state or federal accountability system.

19 (9) Provide information listed in paragraphs (5), (6), (7), and
20 (8) to the department and the state board in the medium requested
21 by each entity, respectively.

22 (b) It is the intent of the Legislature that the publisher work with
23 the Superintendent and the state board in developing a methodology
24 to disaggregate statewide scores as required in paragraphs (6) and
25 (7) of subdivision (a), and in determining which variable indicated
26 on the STAR testing document shall serve as a proxy for
27 “economically disadvantaged” status pursuant to paragraph (7) of
28 *subdivision (a)*.

29 (c) Access to ~~any~~ information about individual pupils or their
30 families shall be granted to the publisher only for purposes of
31 correctly associating test results with the pupils who produced
32 those results or for reporting and disaggregating test results as
33 required by this section. School districts are prohibited from
34 excluding a pupil from the test if a parent or parents decline to
35 disclose income. This chapter does not abridge or deny rights to
36 confidentiality contained in the federal Family Educational Rights
37 and Privacy Act of 1974 (20 U.S.C. Sec. 1232g) or other applicable
38 provisions of state and federal law that protect the confidentiality
39 of information collected by educational institutions.

1 (d) Notwithstanding any other ~~provision of~~ law, the publisher
2 of the achievement test designated pursuant to Section ~~60642~~, the
3 publisher of the standards-based achievement test provided for in
4 Section 60642.5; or any contractor under subdivision (f) shall
5 comply with all of the conditions and requirements enumerated in
6 subdivision (a), as applicable, to the satisfaction of the state board.

7 (e) (1) A publisher shall not provide a test described in Section
8 ~~60642~~, 60642.5; or 60650 or in subdivision (f) of Section 60640
9 for use in California public schools, unless the publisher enters
10 into a written contract with the department as set forth in this
11 subdivision.

12 (2) The department shall develop, and the state board shall
13 approve, a contract to be entered into with ~~any~~ a publisher pursuant
14 to paragraph (1). The department may develop the contract through
15 negotiations with the publisher.

16 (3) For purposes of the contracts authorized pursuant to this
17 subdivision, the department is exempt from the requirements of
18 Part 2 (commencing with Section 10100) of Division 2 of the
19 Public Contract Code and from the requirements of Article 6
20 (commencing with Section 999) of Chapter 6 of Division 4 of the
21 Military and Veterans Code.

22 (4) The contracts shall include provisions for progress payments
23 to the publisher for work performed or costs incurred in the
24 performance of the contract. Not less than 10 percent of the amount
25 budgeted for each separate and distinct component task provided
26 for in each contract shall be withheld pending final completion of
27 all component tasks by that publisher. The total amount withheld
28 pending final completion shall not exceed 10 percent of the total
29 contract price.

30 (5) The contracts shall require liquidated damages to be paid
31 by the publisher in the amount of up to 10 percent of the total cost
32 of the contract for any component task that the publisher through
33 its own fault or that of its subcontractors fails to substantially
34 perform by the date specified in the agreement.

35 (6) The contracts shall establish the process and criteria by
36 which the successful completion of each component task shall be
37 recommended by the department and approved by the state board.

38 (7) The publishers shall submit, as part of the contract
39 negotiation process, a proposed budget and invoice schedule, that
40 includes a detailed listing of the costs for each component task

1 and the expected date of the invoice for each completed component
2 task.

3 (8) The contracts shall specify the following component tasks,
4 as applicable, that are separate and distinct:

5 (A) Development of new tests or test items as required by
6 paragraph (2) of subdivision (a).

7 (B) Test materials production or publication.

8 (C) Delivery of test materials to school districts.

9 (D) Test processing, scoring, and analyses.

10 (E) Reporting of test results to the school districts, including,
11 but not limited to, all reports specified in this section.

12 (F) Reporting of test results to the department, including, but
13 not limited to, the electronic files required pursuant to this section.

14 (G) All other analyses or reports required by the Superintendent
15 to meet the requirements of state and federal law and set forth in
16 the agreement.

17 (9) The contracts shall specify the specific reports and data files,
18 if any, that are to be provided to school districts by the publisher
19 and the number of copies of each report or file to be provided.

20 (10) The contracts shall specify the means by which any delivery
21 date for materials to each school district shall be verified by the
22 publisher and the school district.

23 (11) School districts may negotiate a separate agreement with
24 the publisher for any additional materials or services not within
25 the contracts specified in this subdivision, including, but not limited
26 to, the administration of the tests to pupils in grade levels other
27 than grades 2 to 11, inclusive. Any separate agreement is not within
28 the scope of the contract specified in this subdivision.

29 (f) The department, with approval of the state board, may enter
30 into a separate contract for the development or administration of
31 ~~any~~ a test authorized pursuant to this part, including, but not limited
32 to, item development, coordination of tests, assemblage of tests
33 or test items, scoring, or reporting. The liquidated damages
34 provision set forth in paragraph (5) of subdivision (e) shall apply
35 to ~~any~~ a contract entered into pursuant to this subdivision.

36 (g) This section shall become inoperative on July 1, 2011.

37 *SEC. 21. Section 60644 of the Education Code is repealed.*

38 ~~60644. In designating an achievement test pursuant to Section~~
39 ~~60642, the state board shall adopt only a nationally normed test~~

1 that meets nationally recognized criteria for validity and reliability
2 and shall consider each of the following criteria:

3 (a) ~~Ability of the publisher to produce valid, reliable individual~~
4 ~~pupil scores.~~

5 (b) ~~Quality and age of empirical data supporting national norm~~
6 ~~referenced data analysis of the proposed assessment.~~

7 (c) ~~Ability to report results pursuant to the provisions of~~
8 ~~paragraphs (4) to (7), inclusive, of subdivision (a) of Section 60643~~
9 ~~by August 8.~~

10 (d) ~~Ability to report results that permit comparability between~~
11 ~~data from school districts' previous administration of standardized~~
12 ~~achievement tests, if feasible.~~

13 (e) ~~Per-pupil cost estimates of administering the proposed~~
14 ~~assessment.~~

15 (f) ~~The publisher's procedure for ensuring the security and~~
16 ~~integrity of test questions and materials.~~

17 (g) ~~Experience in the successful conduct of testing programs~~
18 ~~adopted and administered by other states. For experience to be~~
19 ~~considered, the number of grades and pupils tested shall be~~
20 ~~provided.~~

21 *SEC. 22. Section 60645 of the Education Code is amended to*
22 *read:*

23 60645. (a) The panel established pursuant to Section 60606
24 shall review ~~the achievement test designated by the State Board~~
25 ~~of Education pursuant to Section 60642; the standards-based~~
26 ~~achievement test provided for in Section 60642.5; and items~~
27 ~~identified in subdivision (d) for compliance with Section 60614.~~

28 (b) ~~Any test~~ *Test* questions or test content identified by the panel
29 to be out of compliance with Section 60614 shall be recommended
30 for deletion or replacement pursuant to subdivision (e) of Section
31 60606.

32 (c) ~~The State Board of Education~~ *state board* shall ensure that
33 any question or content not in compliance with Section 60614 is
34 deleted from ~~assessments designated pursuant to Section 60642~~
35 ~~and the standards-based achievement test provided for in Section~~
36 ~~60642.5.~~

37 (d) If necessary to maintain the requirements of Section 60642.5,
38 the publisher shall replace deleted test content with revisions that
39 comply with Section 60614 as required by the ~~State Board of~~
40 ~~Education~~ *state board* pursuant to subdivision (c).

1 *SEC. 23. Section 60647 of the Education Code is amended to*
2 *read:*

3 60647. ~~Any~~*An* action to challenge ~~any~~ *a* provision of this
4 article or ~~any~~ *a* determination made by the ~~State Board of~~
5 ~~Education thereunder~~ *state board under this article*, shall be filed
6 and adjudicated pursuant to ~~the provisions of~~ Sections 860 to 870,
7 inclusive, of the Code of Civil Procedure, ~~except that any~~
8 ~~determination made by the State Board of Education pursuant to~~
9 ~~Section 60642~~ may only be challenged by an unsuccessful
10 publisher pursuant to an action filed within 30 days thereafter. No
11 exercise of discretion by the ~~State Board of Education~~ *state board*
12 in its administration of this article or exercise of its discretion
13 pursuant to Section 60605 shall be overturned absent a finding
14 that the ~~State Board of Education~~ *state board* acted in an arbitrary
15 and capricious manner.

16 *SEC. 24. Section 69521.3 of the Education Code is amended*
17 *to read:*

18 69521.3. (a) The Director of Finance is hereby authorized to
19 act as agent for the state and, in that capacity, to sell the state
20 student loan guarantee program assets and liabilities not retained
21 by the Student Aid Commission to an entity that the director, in
22 consultation with the Treasurer, determines will provide the best
23 combination of each of the following:

24 (1) The highest price for those state student loan guarantee
25 program assets and liabilities.

26 (2) The greatest security for the payment of the purchase price.

27 (3) Demonstrated competence and professional qualifications
28 necessary for the continued satisfactory performance of student
29 loan guarantee services.

30 (4) The approval of the Secretary of Education.

31 (5) The quality of student services offered, including, but not
32 necessarily limited to, borrower training in budgeting and financial
33 management, including debt management and other forms of
34 financial literacy.

35 (6) Borrower transparency or disclosure policies for products
36 or services, or both, offered to students outside of the federal
37 student loan programs.

38 (b) Notwithstanding any other provision of law, the sale process
39 shall include the steps the director, in consultation with the
40 Treasurer, deems necessary or convenient to achieve the ends set

1 forth in this section. The process shall include, but not necessarily
2 be limited to, all of the following:

3 (1) The satisfaction of criteria established by the director, in
4 consultation with the Treasurer, consistent with achieving a
5 combination of the best price for those state student loan guarantee
6 program assets and liabilities and the continued operation of student
7 loan guarantee services for California under the Federal Family
8 Education Loan Program. These criteria shall include any pertinent
9 requirements of the Secretary of Education.

10 (2) A Notice of Request for Qualifications sent by the Director
11 of Finance to each firm currently acting as a state student loan
12 guarantee agency under the Federal Family Education Loan
13 Program and any entity proposed by the Secretary of Education,
14 and advertised in the State Contracts Register pursuant to Sections
15 14827.1 and 14827.2 of the Government Code. This notice shall
16 include a description of the state student loan guarantee program,
17 a summary description of the state student loan guarantee program
18 assets and liabilities offered for sale, and a description of the due
19 diligence review process to provide potential purchasers with
20 further information regarding the state student loan guarantee
21 program assets and liabilities offered for sale, the selection criteria
22 on which the transaction will be based, the submission requirements
23 and deadlines, and a Department of Finance contact name and
24 telephone number for more information. *A copy of the Notice of*
25 *Request for Qualifications shall be provided to the Joint Legislative*
26 *Budget Committee within seven days of transmittal to state student*
27 *loan guarantee agencies.*

28 (3) The evaluation by the director, in consultation with the
29 Treasurer, of all statements timely submitted in response to the
30 Notice of Request for Qualifications sent pursuant to paragraph
31 (2), using the criteria contained in the notice, and, based on those
32 statements, the establishment of a qualified purchasers list.

33 *SEC. 25. Section 69521.4 of the Education Code is amended*
34 *to read:*

35 69521.4. (a) If, after seeking the advice of, and in active
36 participation with, the Treasurer, the Director of Finance
37 determines that an alternative arrangement to the sale of the state
38 student loan guarantee program assets and liabilities may be
39 financially beneficial to the state, the Director of Finance is also
40 hereby authorized to enter into an arrangement other than that

1 authorized in Section 69521.3, for the purpose of maximizing the
2 value of the state student loan guarantee program assets and
3 liabilities. This arrangement may take any form the director, in
4 consultation with the Treasurer, deems advisable to provide the
5 best combination of each of the following:

6 (1) The greatest value to the General Fund.
7 (2) The greatest financial security for achieving value to the
8 General Fund.

9 (3) The continued satisfactory performance of student loan
10 guarantee services.

11 (4) The approval of the United States Secretary of Education,
12 to the extent required by Public Law 94-482, or subsequent federal
13 regulations.

14 (5) The quality of student services offered, including, but not
15 necessarily limited to, borrower training in budgeting and financial
16 management, including debt management and other forms of
17 financial literacy.

18 (6) Borrower transparency or disclosure policies for products
19 or services, or both, offered to students outside of the federal
20 student loan programs.

21 (b) Notwithstanding any other provision of law, this process
22 shall include the steps the Director of Finance, in consultation with
23 the Treasurer, deems necessary or convenient to achieve the ends
24 set forth in this section. The process shall include, but not
25 necessarily be limited to, all of the following:

26 (1) The satisfaction of the established criteria consistent with
27 achieving a combination of the greatest value to the General Fund
28 and the continued operation of student loan guarantee services for
29 California under the Federal Family Education Loan Program. The
30 criteria shall include any pertinent requirements of the Secretary
31 of Education.

32 (2) A Notice of Request for Qualifications sent by the director
33 to each nonprofit entity currently acting as a state student loan
34 guaranty agency under the Federal Family Education Loan
35 Program, any entity known to the director to be acting as a
36 servicing agent for a state student loan guaranty agency, and any
37 nonprofit entity proposed by the Secretary of Education, and
38 advertised in the State Contracts Register pursuant to Sections
39 14827.1 and 14827.2 of the Government Code. The notice shall
40 include a description of the state student loan guarantee program,

1 a summary description of the state student loan guarantee program
2 assets and liabilities, and a description of the due diligence review
3 process to provide further information regarding the state student
4 loan guarantee program assets and liabilities, the selection criteria
5 on which the transaction will be based, submission requirements
6 and date, and a Department of Finance contact name and phone
7 number for more information. *A copy of the Notice of Request for*
8 *Qualifications shall be provided to the Joint Legislative Budget*
9 *Committee within seven days of transmittal to state student loan*
10 *guarantee agencies.*

11 (3) The evaluation by the director, in consultation with the
12 Treasurer, of all statements timely submitted in response to the
13 Notice of Request for Qualifications, using the criteria contained
14 in the notice, and, based on the statements, the establishment of a
15 qualified purchasers list.

16 *SEC. 26. Section 69521.5 of the Education Code is amended*
17 *to read:*

18 69521.5. (a) The Director of Finance is authorized to take all
19 actions that he or she deems to be necessary or convenient to
20 accomplish any of the following:

21 (1) To preserve the state student loan guarantee program assets,
22 pending consummation of their sale or the consummation of any
23 other transaction, to maximize the value of the state student loan
24 guarantee program to the state, including, without limitation, as
25 authorized in Sections 69522, 69526, and 69766.

26 (2) To engage in negotiations with, and provide sufficient
27 information regarding the state student loan guarantee assets and
28 liabilities to, potential purchasers or any potential transferee
29 guaranty program operator.

30 (3) To either consummate the sale of, and transfer, the state
31 student loan guarantee program assets and liabilities not retained
32 to the Student Aid Commission to the transferee guarantee agency,
33 or to consummate the agreement with the transferee guaranty
34 program operator.

35 (4) To seek and negotiate with the United States Secretary of
36 Education the designation of any alternative state student loan
37 guarantee agency for California under the Federal Family
38 Education Loan Program or the approval of the Secretary of
39 Education of any transferee guaranty program operator to the extent
40 required by Public Law 94-82, or subsequent federal regulations.

1 (5) To transfer the Federal Student Loan Reserve Fund to any
2 transferee guaranty agency in a manner that is consistent with the
3 intentions of the United States Secretary of Education.

4 (6) To transfer any of the state student loan guarantee program
5 assets in the form of cash or investments not transferred to any
6 transferee guaranty agency or transferee guarantee program
7 operator directly to the General Fund.

8 (7) To retain any state student loan guarantee program assets
9 determined by the director to be necessary or appropriate for the
10 purposes of the Student Aid Commission.

11 (b) In order to accomplish the purposes of this article, the
12 Director of Finance shall do all of the following:

13 (1) Notify the Chairperson of the Joint Legislative Budget
14 Committee and the chairpersons of the Senate and Assembly
15 Budget Committees of the ~~director's~~ *determination of the Director*
16 *of Finance* to proceed with a transaction other than the sale of the
17 state student loan guarantee program assets and liabilities pursuant
18 to Section 69521.3, providing that notice no ~~less~~ *later* than 30 days
19 prior to the consummation of the transaction with the transferee
20 guarantee program operator, ~~or at a later date that the director~~
21 ~~determines to be most beneficial to the negotiations of the~~
22 ~~transaction.~~

23 (2) Upon the consummation of the sale of the state student loan
24 guarantee program assets to a transferee guaranty agency, the
25 Director of Finance shall notify the Secretary of State and the
26 Chairperson of the Joint Legislative Budget Committee.

27 (3) Upon the consummation of a transaction authorized by this
28 article with a transferee guarantee program operator, the Director
29 of Finance shall notify the Secretary of State and the Chairperson
30 of the Joint Legislative Budget Committee.

31 (c) In order to accomplish the purposes of this article:

32 (1) The Student Aid Commission shall cooperate fully with the
33 Director of Finance and, in particular, take all steps to preserve
34 the state student loan guarantee program assets deemed necessary
35 or convenient by the Director of Finance, including, without
36 limitation, as set forth in Sections 69522, 69526, and 69766.

37 (2) The Student Aid Commission shall direct the auxiliary
38 organization to cooperate fully with the director.

39 (3) Until the consummation of the sale or other transaction to
40 maximize the value of the state student loan guarantee program to

1 the state, all of the actions, approvals, and directions of the Student
2 Aid Commission affecting the state student loan guarantee program
3 shall be effective only upon the approval of the Director of Finance.

4 (4) Notwithstanding any provision of the Nonprofit Public
5 Benefit Corporation Law (Part 2 (commencing with Section 5110)
6 of Division 2 of Title 1 of the Corporations Code), the auxiliary
7 organization shall, as directed by the ~~commission~~ *Student Aid*
8 *Commission* under paragraph (2), cooperate fully with the Director
9 of Finance.

10 *SEC. 27. Section 69521.10 of the Education Code is amended*
11 *to read:*

12 69521.10. (a) The Director of Finance, in consultation with
13 the Treasurer, shall select a firm or individual to provide advisory
14 services based on demonstrated competence and professional
15 qualifications necessary for the satisfactory performance of the
16 services required, in the manner described in this section.

17 (b) The Director of Finance and the Treasurer shall establish
18 selection criteria for selecting an advisor. The criteria may include,
19 but are not necessarily limited to, factors such as professional
20 excellence, demonstrated competence, specialized experience in
21 performing similar services, education and experience of key
22 personnel to be assigned, staff capability, ability to meet schedules,
23 nature and quality of similar completed work of the firm or
24 individual, reliability and continuity of the firm or individual, and
25 other considerations deemed by the director and the Treasurer to
26 be relevant and necessary to the performance of advisory services.

27 (c) The Director of Finance ~~shall~~, for the purposes of obtaining
28 services under this section, *shall* send a Notice of Request for
29 Qualifications to firms and individuals in the ~~Treasurer's~~
30 underwriter and financial advisor pools *of the Treasurer*. The
31 director shall publish this notice in the State Contracts Register
32 pursuant to Sections 14827.1 and 14827.2 of the Government
33 Code. The notice shall include a description of the advisory
34 services required, the selection criteria based on which the contract
35 award will be made, submission requirements and deadlines, and
36 a Department of Finance contact name and telephone number for
37 more information. *A copy of the Notice of Request for*
38 *Qualifications shall be provided to the Joint Legislative Budget*
39 *Committee within seven days of publication in the State Contracts*
40 *Register.*

1 (d) (1) After the final response date stated in the Notice of
2 Request for Qualifications, the Director of Finance and the
3 Treasurer shall review the responses submitted, and shall evaluate
4 them using the criteria contained in the notice. The director and
5 the Treasurer shall rank, in order of preference based on the criteria
6 contained in the notice, the firm or individuals determined to be
7 qualified to perform the required services.

8 (2) The Director of Finance and the Treasurer, or their designees,
9 may interview any of the qualified firms or individuals regarding
10 the experience and qualifications of those firms or individuals, as
11 well as anticipated concepts and the benefits of alternative methods
12 of furnishing the required services.

13 (e) (1) Following the interviews, if any, held pursuant to
14 subdivision (d), the Director of Finance and the Treasurer shall
15 adjust the ranking of the qualified individuals or firms to reflect
16 those firms or individuals deemed to be the most highly qualified
17 to perform the required services.

18 (2) The Director of Finance, in consultation with the Treasurer,
19 shall enter into negotiations with the firm or individual most highly
20 ranked pursuant to paragraph (1). If negotiations are concluded
21 successfully, the director shall enter into a contract. If the director,
22 in his *or her* sole discretion, concludes that the negotiations are
23 unsuccessful, the director shall terminate the negotiations, and
24 begin new negotiations, in consultation with the Treasurer, with
25 the other firms or individuals ranked pursuant to paragraph (1) in
26 order of their ranking, and either contract with or terminate
27 negotiations with each next most highly ranked firm or individual.

28 (3) If, after pursuing the negotiation process set forth in
29 paragraph (2), the Director of Finance has been unable to negotiate
30 a satisfactory contract at fair and reasonable compensation, the
31 director may reinstitute the selection process prescribed in this
32 section, commencing with the issuance of a new Notice of Request
33 for Qualifications.

34 (4) *The Director of Finance shall notify the Joint Legislative*
35 *Budget Committee in writing within seven days of entering into a*
36 *contract with an individual or firm pursuant to paragraph (2).*

37 *SEC. 28. Section 69521.11 of the Education Code is amended*
38 *to read:*

39 69521.11. (a) The Director of Finance shall notify the Joint
40 Legislative Budget Committee in writing upon his or her

1 determination that neither the sale nor any other transaction
 2 authorized by this article is anticipated to achieve the purposes of
 3 this article.

4 (b) The Director of Finance shall cease those activities he or
 5 she is authorized or directed to undertake pursuant to this article
 6 and Sections 69522, 69526, and 69766 upon the earlier of:

7 (1) The 30th day following written notice by the director to the
 8 Chairperson of the Joint Legislative Budget Committee pursuant
 9 to subdivision (a) ~~of this section~~.

10 (2) January 10, ~~2009~~ 2011.

11 *SEC. 29. Section 69522 of the Education Code is amended to*
 12 *read:*

13 69522. (a) (1) The commission may establish an auxiliary
 14 organization for the purpose of providing operational and
 15 administrative services for the ~~commission's~~ participation *by the*
 16 *commission* in the Federal Family Education Loan Program, or
 17 for other activities approved by the commission and determined
 18 by the commission to be all of the following:

- 19 (A) Related to student financial aid.
- 20 (B) Consistent with the general mission of the commission.
- 21 (C) Consistent with the purposes of the federal Higher Education
 22 Act of 1965 (Public Law 89-329) and amendments ~~thereto~~ *to that*
 23 *act*.

24 (2) The activities approved by the commission under this
 25 subdivision shall not include either of the following:

- 26 (A) The issuance of bonds.
- 27 (B) Loan origination or loan capitalization activities. This
 28 paragraph shall not preclude the commission or the auxiliary
 29 organization from undertaking ~~other~~ *either of the following*:
 30 (i) *Other* permitted activities that are related to student financial
 31 aid in partnership with institutions that conduct loan origination
 32 or loan capitalization activities.
 33 (ii) *Loan origination or capitalization activities authorized*
 34 *pursuant to an agreement with the United States Secretary of*
 35 *Education for the lender-of-last-resort program.*

36 (b) The auxiliary organization shall be established and
 37 maintained as a nonprofit public benefit corporation subject to the
 38 Nonprofit Public Benefit Corporation Law in Part 2 (commencing
 39 with Section 5110) of Division 2 of Title 1 of the Corporations

1 Code, except that, if there is a conflict between this article and the
2 Nonprofit Public Benefit Corporation Law, this article shall prevail.

3 (c) (1) The commission shall maintain its responsibility for
4 financial aid program administration, policy leadership program
5 evaluation, and information development and coordination. The
6 auxiliary organization shall provide operational and support
7 services essential to the administration of the Federal Family
8 Education Loan Program and other permitted activities that are
9 related to student financial aid, if those services are determined
10 by the commission to be consistent with the overall mission of the
11 commission.

12 (2) On or after the operative date of Article 2.4 (commencing
13 with Section 69521), the commission shall not authorize the
14 auxiliary organization to perform any new or additional services
15 except those deemed by the Director of Finance to be necessary
16 or convenient either for the operation of the state student loan
17 guarantee program, as defined in Section 69521.2, or to accomplish
18 the goal of maximizing the value of the state student loan guarantee
19 program assets and liabilities pursuant to Article 2.4 (commencing
20 with Section 69521).

21 (3) The implementation and effectuation of the auxiliary
22 organization shall be carried out so as to enhance the administration
23 and delivery of commission programs and services. The
24 commission shall conduct regular performance evaluations of the
25 operation of auxiliary organizations in furtherance of its fiscal and
26 fiduciary responsibilities for approved programs.

27 (d) (1) (A) The operations of the auxiliary organization shall
28 be conducted in conformity with an operating agreement approved
29 annually by the commission. On and after January 1, 2002, the
30 commission may approve an operating agreement for a period not
31 to exceed five years. Prior to approval, the commission shall
32 provide a copy of the proposed operating agreement to the
33 Department of Finance and the Joint Legislative Budget Committee
34 for their review and comment. The operations of the auxiliary
35 organization shall be limited to services prescribed in that
36 agreement.

37 (B) On or after the operative date of Article 2.4 (commencing
38 with Section 69521), the commission shall not approve any
39 operating agreement that permits the auxiliary organization to
40 perform any new or additional services, except those deemed by

1 the Director of Finance to be necessary or convenient either for
 2 the operation of the state student loan guarantee program, as
 3 defined in Section 69521.2, or to accomplish the goal of
 4 maximizing the value of the state student loan guarantee program
 5 assets and liabilities pursuant to Article 2.4 (commencing with
 6 Section 69521).

7 (2) Prior to approval of any amendment to an existing operating
 8 agreement or any new operating agreement with an auxiliary
 9 organization or subsidiary auxiliary organization for the purpose
 10 of delineating new services or activities authorized pursuant to
 11 subdivision (a), the commission shall provide the Director of
 12 Finance and the Joint Legislative Budget Committee with at least
 13 45 days advance notice in writing that includes a description of
 14 the proposed operating agreement. If the Director of Finance or
 15 the Joint Legislative Budget Committee notifies the commission
 16 regarding issues of concern with the proposed operating agreement,
 17 the commission shall convene a meeting of appropriate
 18 representatives from the commission, the Department of Finance,
 19 and the Legislature to resolve those issues.

20 (e) The commission shall oversee the development and
 21 operations of the auxiliary organization in a manner that ensures
 22 broad public input and consultation with representatives of the
 23 financial aid community, colleges and universities, and state
 24 agencies.

25 *SEC. 30. Section 69561 of the Education Code is amended to*
 26 *read:*

27 69561. (a) The Student Opportunity and Access Program is
 28 administered by the Student Aid Commission.

29 (b) The Student Aid Commission may apportion funds on a
 30 progress payment schedule for the support of projects designed to
 31 increase the accessibility of postsecondary educational
 32 opportunities for any of the following elementary and secondary
 33 school-~~students~~ *pupils*:

- 34 (1) ~~Students~~ *Pupils* who are from low-income families.
- 35 (2) ~~Students~~ *Pupils* who would be the first in their families to
 36 attend college.
- 37 (3) ~~Students~~ *Pupils* who are from schools or geographic regions
 38 with documented low-eligibility or college participation rates.
- 39 (c) These projects shall primarily do all of the following:

1 (1) Increase the availability of information for these ~~students~~
2 *pupils* on the existence of postsecondary schooling and work
3 opportunities.

4 (2) Raise the achievement levels of these ~~students~~ *pupils* so as
5 to increase the number of high school graduates eligible to pursue
6 postsecondary learning opportunities.

7 (d) Projects may assist community college students in
8 transferring to four-year institutions, to the extent that project
9 resources are available.

10 (e) Projects may provide assistance to low-income fifth and
11 sixth grade ~~students~~ *pupils* and their parents in order to implement
12 outreach efforts designed to use the future availability of financial
13 assistance as a means of motivating ~~students~~ *pupils* to stay in school
14 and complete college preparatory courses.

15 (~~f~~)

16 (*f*) *Projects may provide assistance to low-income middle and*
17 *high school pupils and their parents in order to implement outreach*
18 *efforts designed to use the future availability of financial assistance*
19 *as a means of motivating pupils to stay in school by promoting*
20 *career technical education public awareness. Projects shall*
21 *promote the value of career technical education, available career*
22 *programs in public schools and postsecondary segments with*
23 *sequenced courses beginning in high school and continuing into*
24 *postsecondary education, and the resulting career opportunities.*

25 (g) Each project shall be proposed and operated through a
26 consortium that involves at least one secondary school district
27 office, at least one four-year college or university, at least one
28 community college, and at least one of the following agencies:

29 (1) A nonprofit educational, counseling, or community agency.

30 (2) A private vocational or technical school accredited by a
31 national, state, or regional accrediting association recognized by
32 the United States Department of Education.

33 (~~g~~)

34 (*h*) The commission, in awarding initial project grants, shall
35 give priority to proposals developed by more than three eligible
36 agencies. Projects shall be located throughout the state in order to
37 provide access to program services in rural, urban, and suburban
38 areas.

39 (~~h~~)

1 (i) The governing board of each project, comprising at least one
2 representative from each entity in the consortium, shall establish
3 management policy, provide direction to the project director, set
4 priorities for budgetary decisions that reflect the specific needs of
5 the project, and assume responsibility for maintaining the required
6 level of matching funds, including solicitations from the private
7 sector and corporate sources.

8 ~~(i)~~

9 (j) Prior to receiving a project grant, each consortium shall
10 conduct a planning process and submit a comprehensive project
11 proposal to include, but not be limited to, the following
12 information:

- 13 (1) The agencies participating in the project.
- 14 (2) The ~~students~~ *pupils* to be served by the project.
- 15 (3) The ways in which the project will reduce duplication and
16 related costs.
- 17 (4) The methods for assessing the project’s impact.

18 ~~(j)~~

19 (k) Each project shall include the direct involvement of
20 secondary school staff in the daily operations of the project, with
21 preference in funding to those projects that effectively integrate
22 the objectives of the Student Opportunity and Access Program
23 with those of the school district in providing services that are
24 essential to preparing ~~students~~ *pupils* for postsecondary education.

25 ~~(k)~~

26 (l) Each project shall maintain within the project headquarters
27 a comprehensive ~~student-specific~~ *pupil-specific* information system
28 on ~~students~~ *pupils* receiving services through the program in grades
29 11 and 12 at secondary schools within the participating districts.
30 This information shall be maintained in a manner consistent with
31 the law relating to pupil records.

32 ~~(l)~~

33 (m) At least 30 percent or the equivalent of each project grant
34 shall be allocated for stipends to peer advisers and tutors who meet
35 all of the following criteria:

- 36 (1) Work with secondary school ~~students~~ *pupils*.
- 37 (2) Are currently enrolled in a college or other postsecondary
38 school as an undergraduate or graduate student.
- 39 (3) Have demonstrated financial need for the stipend.

40 ~~(m)~~

1 (n) Each project should work cooperatively with other projects
2 in the program and with the commission to establish viable student
3 services and sound administrative procedures and to ensure
4 coordination of the activities of the project with existing
5 educational opportunity programs. The Student Aid Commission
6 may develop additional regulations regarding the awarding of
7 project grants and criteria for evaluating the effectiveness of the
8 individual projects.

9 *SEC. 31. Section 76300 of the Education Code is amended to*
10 *read:*

11 76300. (a) The governing board of each community college
12 district shall charge each student a fee pursuant to this section.

13 (b) (1) The fee prescribed by this section shall be twenty dollars
14 (\$20) per unit per semester, effective with the spring term of the
15 2006–07 academic year.

16 (2) The board of governors shall proportionately adjust the
17 amount of the fee for term lengths based upon a quarter system,
18 and also shall proportionately adjust the amount of the fee for
19 summer sessions, intersessions, and other short-term courses. In
20 making these adjustments, the board of governors may round the
21 per unit fee and the per term or per session fee to the nearest dollar.

22 (c) For the purposes of computing apportionments to community
23 college districts pursuant to Section 84750, the board of governors
24 shall subtract, from the total revenue owed to each district, 98
25 percent of the revenues received by districts from charging a fee
26 pursuant to this section.

27 (d) The board of governors shall reduce apportionments by up
28 to 10 percent to any district that does not collect the fees prescribed
29 by this section.

30 (e) The fee requirement does not apply to any of the following:

31 (1) Students enrolled in the noncredit courses designated by
32 Section 84757.

33 (2) California State University or University of California
34 students enrolled in remedial classes provided by a community
35 college district on a campus of the University of California or a
36 campus of the California State University, for whom the district
37 claims an attendance apportionment pursuant to an agreement
38 between the district and the California State University or the
39 University of California.

1 (3) Students enrolled in credit contract education courses
2 pursuant to Section 78021, if the entire cost of the course, including
3 administrative costs, is paid by the public or private agency,
4 corporation, or association with which the district is contracting
5 and if these students are not included in the calculation of the
6 full-time equivalent students (FTES) of that district.

7 (f) The governing board of a community college district may
8 exempt special part-time students admitted pursuant to Section
9 76001 from the fee requirement.

10 (g) (1) The fee requirements of this section shall be waived for
11 any student who, at the time of enrollment, is a recipient of benefits
12 under the Temporary Assistance to Needy Families program, the
13 Supplemental Security Income/State Supplementary Program, or
14 a general assistance program or has demonstrated financial need
15 in accordance with the methodology set forth in federal law or
16 regulation for determining the expected family contribution of
17 students seeking financial aid.

18 (2) The governing board of a community college district also
19 shall waive the fee requirements of this section for any student
20 who demonstrates eligibility according to income standards
21 established by regulations of the board of governors.

22 (3) Paragraphs (1) and (2) may be applied to a student enrolled
23 in the 2005–06 academic year if the student is exempted from
24 nonresident tuition under paragraph (3) of subdivision (a) of
25 Section 76140.

26 (h) The fee requirements of this section shall be waived for any
27 student who, at the time of enrollment, is a dependent, or surviving
28 spouse who has not remarried, of any member of the California
29 National Guard who, in the line of duty and while in the active
30 service of the state, was killed, died of a disability resulting from
31 an event that occurred while in the active service of the state, or
32 is permanently disabled as a result of an event that occurred while
33 in the active service of the state. “Active service of the state,” for
34 the purposes of this subdivision, refers to a member of the
35 California National Guard activated pursuant to Section 146 of
36 the Military and Veterans Code.

37 (i) The fee requirements of this section shall be waived for any
38 student who is the surviving spouse or the child, natural or adopted,
39 of a deceased person who met all of the requirements of Section
40 68120.

1 (j) The fee requirements of this section shall be waived for any
2 student in an undergraduate program, including a student who has
3 previously graduated from another undergraduate or graduate
4 program, who is the dependent of any individual killed in the
5 September 11, 2001, terrorist attacks on the World Trade Center
6 and the Pentagon or the crash of United Airlines Flight 93 in
7 southwestern Pennsylvania, if that dependent meets the financial
8 need requirements set forth in Section 69432.7 for the Cal Grant
9 A Program and either of the following applies:

10 (1) The dependent was a resident of California on September
11 11, 2001.

12 (2) The individual killed in the attacks was a resident of
13 California on September 11, 2001.

14 (k) A determination of whether a person is a resident of
15 California on September 11, 2001, for purposes of subdivision (j)
16 shall be based on the criteria set forth in Chapter 1 (commencing
17 with Section 68000) of Part 41 for determining nonresident and
18 resident tuition.

19 (l) (1) “Dependent,” for purposes of subdivision (j), is a person
20 who, because of his or her relationship to an individual killed as
21 a result of injuries sustained during the terrorist attacks of
22 September 11, 2001, qualifies for compensation under the federal
23 September 11th Victim Compensation Fund of 2001 (Title IV
24 (commencing with Section 401) of Public Law 107-42).

25 (2) A dependent who is the surviving spouse of an individual
26 killed in the terrorist attacks of September 11, 2001, is entitled to
27 the waivers provided in this section until January 1, 2013.

28 (3) A dependent who is the surviving child, natural or adopted,
29 of an individual killed in the terrorist attacks of September 11,
30 2001, is entitled to the waivers under subdivision (j) until that
31 person attains the age of 30 years.

32 (4) A dependent of an individual killed in the terrorist attacks
33 of September 11, 2001, who is determined to be eligible by the
34 California Victim Compensation and Government Claims Board,
35 is also entitled to the waivers provided in this section until January
36 1, 2013.

37 (m) (1) It is the intent of the Legislature that sufficient funds
38 be provided to support the provision of a fee waiver for every
39 student who demonstrates eligibility pursuant to subdivisions (g)
40 to (j), inclusive.

1 (2) From funds provided in the annual Budget Act, the board
 2 of governors shall allocate to community college districts, pursuant
 3 to this subdivision, an amount equal to 2 percent of the fees waived
 4 pursuant to subdivisions (g) to (j), inclusive. From funds provided
 5 in the annual Budget Act, the board of governors shall allocate to
 6 community college districts, pursuant to this subdivision, an
 7 amount equal to ninety-one cents (\$0.91) per credit unit waived
 8 pursuant to subdivisions (g) to (j), inclusive, ~~for~~. *It is the intent of*
 9 *the Legislature that funds provided pursuant to this subdivision*
 10 *be used to support the determination of financial need and delivery*
 11 *of student financial aid services, on the basis of the number of*
 12 *students for whom fees are waived. It also is the intent of the*
 13 *Legislature that the funds provided pursuant to this subdivision*
 14 *directly offset mandated costs claimed by community college*
 15 *districts pursuant to Commission on State Mandates consolidated*
 16 *Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15*
 17 *(Enrollment Fee Waivers). Funds allocated to a community college*
 18 *district for determination of financial need and delivery of student*
 19 *financial aid services shall supplement, and shall not supplant, the*
 20 *level of funds allocated for the administration of student financial*
 21 *aid programs during the 1992–93 fiscal year.*

22 (n) The board of governors shall adopt regulations implementing
 23 this section.

24 *SEC. 32. Notwithstanding any other law, the sum of twelve*
 25 *million five hundred thousand dollars (\$12,500,000) is hereby*
 26 *appropriated from the Public Interest Research, Development,*
 27 *and Demonstration Fund to the Chancellor of the California*
 28 *Community Colleges.*

29 (a) *Of the amount appropriated in this section, the Chancellor*
 30 *of the California Community Colleges shall transfer twelve million*
 31 *dollars (\$12,000,000) to the State Department of Education for*
 32 *expenditure in one-time funds for local grants to be allocated*
 33 *pursuant to Article 5 (commencing with Section 54690) of Chapter*
 34 *9 of Part 29 of Division 4 of Title 2 of the Education Code over*
 35 *three years as specified in the Budget Act of 2008. In addition to*
 36 *the statutory program requirements, grantees shall create*
 37 *partnership academies that focus on clean technology and energy*
 38 *businesses and provide skilled workforces for the products and*
 39 *services for energy or water conservation, or both, renewable*
 40 *energy, pollution reduction, or other technologies that improve*

1 *the environment in furtherance of state environmental laws.*
2 *Priority for grants pursuant to this subdivision shall be assigned*
3 *to school districts that do not currently participate in the*
4 *partnership academies program pursuant to Article 5 (commencing*
5 *with Section 54690) of Chapter 9 of Part 29 of Division 4 of Title*
6 *2 of the Education Code. Existing grantees may apply subject to*
7 *the availability of funds.*

8 *(b) Of the amount appropriated in this section, the Chancellor*
9 *of the California Community Colleges shall transfer five hundred*
10 *thousand dollars (\$500,000) to the State Department of Education*
11 *to pay for the expenses of administering the local grants pursuant*
12 *to this section. Funding for purposes of this section shall be*
13 *provided pursuant to an interagency agreement between the*
14 *Chancellor of the California Community Colleges and the State*
15 *Department of Education.*

16 *SEC. 33. (a) The sum of thirty nine million seven hundred*
17 *eighty thousand dollars (\$39,780,000) is hereby appropriated from*
18 *the General Fund to the Board of Governors of the California*
19 *Community Colleges, in augmentation of Schedule (1) of Item*
20 *6870–101–0001 of Section 2.00 of the Budget Act of 2008, for*
21 *the purpose of providing a 0.68 percent cost-of-living adjustment*
22 *to apportionments to community college districts, for expenditure*
23 *during the 2008–09 fiscal year.*

24 *(b) For the purposes of making the computations required by*
25 *Section 8 of Article XVI of the California Constitution, the*
26 *appropriation made by subdivision (a) shall be deemed to be*
27 *“General Fund revenues appropriated for community college*
28 *districts,” as defined in subdivision (d) of Section 41202 of the*
29 *Education Code, for the 2008–09 fiscal year, and included within*
30 *the “total allocations to school districts and community college*
31 *districts from General Fund proceeds of taxes appropriated*
32 *pursuant to Article XIII B,” as defined in subdivision (e) of Section*
33 *41202 of the Education Code, for the 2008–09 fiscal year.*

34 *SEC. 34. (a) The sum of three hundred eighty-eight million*
35 *two hundred eighty-three thousand dollars (\$388,283,000) is*
36 *hereby appropriated from the General Fund to the State*
37 *Department of Education. This appropriation reflects the portion*
38 *of the June 2009 principal apportionment that is to be deferred*
39 *until July 2009 and attributed to the 2009–10 fiscal year.*
40 *Notwithstanding any other law, the department shall encumber*

1 *the funds appropriated in this section by July 31, 2009. It is the*
2 *intent of the Legislature that, by extending the encumbrance*
3 *authority for the funds appropriated in this section to July 31,*
4 *2009, the funds will be treated in a manner consistent with Section*
5 *1.80 of the Budget Act of 2008. The appropriation is made in*
6 *accordance with the following schedule:*

7 *(1) Six million two hundred twenty-seven thousand dollars*
8 *(\$6,227,000) for apprenticeship programs to be expended*
9 *consistent with the requirements specified in Item 6110-103-0001*
10 *of Section 2.00 of the Budget Act of 2008.*

11 *(2) Ninety million one hundred seventeen thousand dollars*
12 *(\$90,117,000) for supplemental instruction to be expended*
13 *consistent with the requirements specified in Item 6110-104-0001*
14 *of Section 2.00 of the Budget Act of 2008. Of the amount*
15 *appropriated by this paragraph, fifty-one million sixty-one*
16 *thousand dollars (\$51,061,000) shall be expended consistent with*
17 *Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget*
18 *Act of 2008, twelve million three hundred thirty thousand dollars*
19 *(\$12,330,000) shall be expended consistent with Schedule (2) of*
20 *that item, four million six hundred ninety thousand dollars*
21 *(\$4,690,000) shall be expended consistent with Schedule (3) of*
22 *that item, and twenty-two million thirty-six thousand dollars*
23 *(\$22,036,000) shall be expended consistent with Schedule (4) of*
24 *that item.*

25 *(3) Thirty-nine million six hundred thirty thousand dollars*
26 *(\$39,630,000) for regional occupational centers and programs to*
27 *be expended consistent with the requirements specified in Schedule*
28 *(1) of Item 6110-105-0001 of Section 2.00 of the Budget Act of*
29 *2008.*

30 *(4) Fifty-two million five hundred eighty-three thousand dollars*
31 *(\$52,583,000) for home-to-school transportation to be expended*
32 *consistent with the requirements specified in Schedule (1) of Item*
33 *6110-111-0001 of Section 2.00 of the Budget Act of 2008.*

34 *(5) Four million two hundred ninety-four thousand dollars*
35 *(\$4,294,000) for the Gifted and Talented Pupil Program to be*
36 *expended consistent with the requirements specified in Item*
37 *6110-124-0001 of Section 2.00 of the Budget Act of 2008.*

38 *(6) Forty-five million eight hundred ninety-six thousand dollars*
39 *(\$45,896,000) for adult education to be expended consistent with*

1 *the requirements specified in Schedule (1) of Item 6110-156-0001*
2 *of Section 2.00 of the Budget Act of 2008.*

3 *(7) Four million seven hundred fifty-one thousand dollars*
4 *(\$4,751,000) for community day schools to be expended consistent*
5 *with the requirements specified in Item 6110-190-0001 of Section*
6 *2.00 of the Budget Act of 2008.*

7 *(8) Five million nine hundred forty-seven thousand dollars*
8 *(\$5,947,000) for categorical block grants for charter schools to*
9 *be expended consistent with the requirements specified in Item*
10 *6110-211-0001 of Section 2.00 of the Budget Act of 2008.*

11 *(9) Thirty-eight million seven hundred twenty thousand dollars*
12 *(\$38,720,000) for the School Safety Block Grant to be expended*
13 *consistent with the requirements specified in Schedule (1) of Item*
14 *6110-228-0001 of Section 2.00 of the Budget Act of 2008.*

15 *(10) One hundred million one hundred eighteen thousand dollars*
16 *(\$100,118,000) for the Targeted Instructional Improvement Grant*
17 *Program to be expended consistent with the requirements specified*
18 *in Item 6110-246-0001 of Section 2.00 of the Budget Act of 2008.*

19 *(b) For the purposes of making the computations required by*
20 *Section 8 of Article XVI of the California Constitution, the*
21 *appropriations made by subdivision (a) shall be deemed to be*
22 *“General Fund revenues appropriated for school districts,” as*
23 *defined in subdivision (c) of Section 41202 of the Education Code,*
24 *for the 2009–10 fiscal year; and included within the “total*
25 *allocations to school districts and community college districts*
26 *from General Fund proceeds of taxes appropriated pursuant to*
27 *Article XIII B,” as defined in subdivision (e) of Section 41202 of*
28 *the Education Code, for the 2009–10 fiscal year.*

29 *SEC. 35. (a) The sum of two hundred million dollars*
30 *(\$200,000,000) is hereby appropriated from the General Fund to*
31 *the Board of Governors of the California Community Colleges for*
32 *apportionments to community college districts, for expenditure*
33 *during the 2009–10 fiscal year, to be expended in accordance with*
34 *Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget*
35 *Act of 2008.*

36 *(b) For the purposes of making the computations required by*
37 *Section 8 of Article XVI of the California Constitution, the*
38 *appropriation made by subdivision (a) shall be deemed to be*
39 *“General Fund revenues appropriated for community college*
40 *districts,” as defined in subdivision (d) of Section 41202 of the*

1 *Education Code, for the 2009–10 fiscal year, and included within*
2 *the “total allocations to school districts and community college*
3 *districts from General Fund proceeds of taxes appropriated*
4 *pursuant to Article XIII B,” as defined in subdivision (e) of Section*
5 *41202 of the Education Code, for the 2009–10 fiscal year.*

6 *SEC. 36. Notwithstanding paragraphs (1) and (2) of subdivision*
7 *(d) of Section 41207 of the Education Code, there shall be no*
8 *annual appropriation in the 2008–09 fiscal year from the General*
9 *Fund to the Controller for allocation by the Controller to school*
10 *districts and community colleges for the purposes described in*
11 *Section 41207.*

12 *SEC. 37. (a) Notwithstanding Sections 42238.1 and 42238.15*
13 *of the Education Code or any other provision of law, the*
14 *cost-of-living adjustment for Items 6110-104-0001, 6110-105-0001,*
15 *6110-111-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001,*
16 *6110-189-0001, 6110-190-0001, 6110-196-0001, 6110-232-0001,*
17 *6110-234-0001, 6110-244-0001, and 6110-246-0001 of Section*
18 *2.00 of the Budget Act of 2007 (Chapters 171 and 172 of the*
19 *Statutes of 2007) and those items identified in subdivision (b) of*
20 *Section 12.40 of the Budget Act of 2008 is zero percent for the*
21 *2008–09 fiscal year. All funds appropriated in the Budget Act of*
22 *2008 in the items identified in this section are in lieu of the amounts*
23 *that would otherwise be appropriated pursuant to any other*
24 *provision of law.*

25 *(b) Notwithstanding Section 42238.1 of the Education Code or*
26 *any other provision of law, for purposes of Section 48664 of the*
27 *Education Code the cost-of-living adjustment is zero percent for*
28 *the 2008–09 fiscal year.*

29 *SEC. 38. Notwithstanding any other provision of law, the funds*
30 *appropriated pursuant to Items 6110-103-0001, 6110-104-0001,*
31 *6110-105-0001, 6110-111-0001, 6110-124-0001, 6110-156-0001,*
32 *6110-158-0001, 6110-161-0001, 6110-190-0001, 6110-211-0001,*
33 *and 6110-243-0001 of Section 2.00 of the Budget Act of 2008 shall*
34 *be encumbered by July 31, 2009. This one-month extension of*
35 *encumbrance authority is provided due to the effect of the deferral*
36 *of the June 2009 principal apportionment on the budget items*
37 *specified in this section. It is the intent of the Legislature that, by*
38 *extending the encumbrance authority for the funds identified in*
39 *this section to July 31, 2009, the funds will be treated in a manner*
40 *consistent with Section 1.80 of the Budget Act of 2008.*

1 *SEC. 39. This act is an urgency statute necessary for the*
2 *immediate preservation of the public peace, health, or safety within*
3 *the meaning of Article IV of the Constitution and shall go into*
4 *immediate effect. The facts constituting the necessity are:*

5 *In order to make the necessary statutory changes to implement*
6 *the Budget Act of 2008 at the earliest possible time, it is necessary*
7 *that this act take effect immediately.*

8 SECTION 1. ~~Section 7362.01 is added to the Business and~~
9 ~~Professions Code, to read:~~

10 ~~7362.01. (a) Notwithstanding subdivision (a) of Section 7362,~~
11 ~~all schools of barbering, cosmetology, or electrology that have a~~
12 ~~valid approval to operate, including, but not necessarily limited~~
13 ~~to, a license to operate, and all instructors holding a valid certificate~~
14 ~~of authorization for service or meeting that certification~~
15 ~~requirement as previously set, from the former Bureau for~~
16 ~~Postsecondary and Vocational Education as of June 30, 2007, or~~
17 ~~approved by the board as of June 30, 2008, shall retain those~~
18 ~~approvals, licenses, or certificates of authorization for purposes~~
19 ~~of the interpretation of other provisions of applicable law that refer~~
20 ~~or relate to the issuance of a license or registration and meeting~~
21 ~~qualifications for licensing examinations. Those approvals shall~~
22 ~~remain effective, unless superseded by a later enacted statute, or~~
23 ~~unless the board decides to revoke approval based on~~
24 ~~noncompliance with the criteria established for new school~~
25 ~~applications pursuant to paragraph (2) of subdivision (c).~~

26 ~~(b) Notwithstanding subdivision (a) of Section 7362, any~~
27 ~~approvals made by the board on or before December 31, 2008, of~~
28 ~~a branch or satellite campus, change of ownership, or the sale or~~
29 ~~purchase of an approved school of barbering, cosmetology, or~~
30 ~~electrology shall be deemed to be valid and effective on January~~
31 ~~1, 2009, provided the school seeking the approval was lawfully~~
32 ~~operating prior to July 1, 2007.~~

33 ~~(c) (1) Notwithstanding subdivision (a) of Section 7362, the~~
34 ~~board shall be authorized to review the application of a person~~
35 ~~desiring to establish a school of barbering, cosmetology, or~~
36 ~~electrology and issue approval to operate if the applicant is deemed~~
37 ~~able to comply with all other applicable laws governing school~~
38 ~~operations. This authority to review and approve shall remain~~
39 ~~effective, unless superseded by a later enacted statute that vests~~
40 ~~this authority in another governing agency, board, or bureau, in~~

1 which case the school shall be required to seek and obtain approval
2 of that successor agency, board, or bureau within six months of
3 the date that the successor agency, board, or bureau commences
4 operations.

5 (2) The board shall consider all relevant information to ensure
6 the ability and willingness of the applicant to comply with the
7 applicable provisions of this chapter relative to schools and review
8 of any problematic practices, especially those dealing with students,
9 including, but not limited to, all of the following:

10 (A) Misleading or erroneous advertising, including information
11 provided to prospective students.

12 (B) Unfair or deceptive practices involving financial charges
13 and contracts with prospective or enrolled students, including
14 cancellation and refund policies.

15 (C) Insufficient full-time enrollees, facility or floor space, or
16 equipment, or lack of compliance with local building codes or
17 permits.

18 (D) Insufficient number of competent instructors, as determined
19 by industry experience or academic training or credentialing.

20 (3) The board shall not approve any application pursuant to this
21 subdivision until the board promulgates regulations in that regard
22 and implements those regulations with necessary and appropriate
23 staff hired to provide an adequate review of the requirements of
24 this subdivision.

25 (4) The board may consider the certification and approval of
26 national accrediting agencies recognized by the United States
27 Department of Education, such as the National Accrediting
28 Commission of Cosmetology Arts and Sciences, when determining
29 the fitness of the applicant to meet all relevant and necessary
30 approval criteria.

31 (5) The board shall charge the applicant a fee commensurate
32 with costs associated with the review of the application. The fee
33 shall be payable whether or not the application is approved. The
34 board may also charge an annual fee to enforce ongoing compliance
35 of all schools approved under this subdivision.

36 (d) This section shall remain in effect only until January 1, 2010,
37 and as of that date is repealed, unless a later enacted statute, that
38 is enacted before January 1, 2010, deletes or extends that date.

1 ~~SEC. 2.—(a) If Senate Bill 823 of the 2007-08 Regular Session~~
2 ~~is enacted prior to this bill, the provisions of this bill shall not~~
3 ~~become operative.~~

4 ~~(b) If Senate Bill 823 of the 2007-08 Regular Session is enacted~~
5 ~~after this bill, the provisions of this bill shall become inoperative~~
6 ~~on the date of enactment of SB 823.~~

7 ~~SEC. 3.—This act is an urgency statute necessary for the~~
8 ~~immediate preservation of the public peace, health, or safety within~~
9 ~~the meaning of Article IV of the Constitution and shall go into~~
10 ~~immediate effect. The facts constituting the necessity are:~~

11 ~~In order to provide for the existence and regulation of approved~~
12 ~~schools for barbering, cosmetology, or electrology, it is necessary~~
13 ~~that this act take effect immediately.~~