

2009-2010 Categorical Funds Mandate

Categorical Flexibility—Assembly Bill X4 2

In order to help districts manage the deep cuts described above, AB X4 2 (the education budget trailer bill) provides categorical flexibility for districts for some categorical programs; these are highlighted in the shaded area of Attachment 1. A summary of the categorical flexibility language is as follows:

- Districts are allowed to redirect funds from any of the categorical programs in the shaded area to support any other categorical program funded in the state budget.
- Before exercising this flexibility, districts are required to discuss the redirection of funds at a regularly scheduled public meeting and take testimony from the public.
- Districts exercising this funding flexibility are relieved of all state statutory, regulatory, and provisional requirements associated with the twelve programs contained in the flexibility category.
- For categorical programs in the flexibility category, funding allocations for each district are set at the same amount received by the district in 2008-09, less the 2009-10 cut.

This allocation methodology, as well as the flexibility noted above, is locked in through 2012-13. The complete categorical flexibility language from AB X4 2 is provided in Attachment 2.

Frequently Asked Questions

Q1: When will the final ARRA funding allocations be known?

A1: The California Department of Finance is in charge of making the calculation. We understand that they are in the process of doing so at this time. We will provide further information on these funding levels as soon as it is available.

Q2: What does it mean for programs in the flexibility category to be “deemed in compliance” with statutory, regulatory, and provisional requirements?

A2: If a district chooses to exercise its authority to move funds from programs in the flexibility category, then the district will be relieved of responsibility to comply with any state statutes or regulations governing the program from which the funds are being moved and for all other programs in the flexibility category. However, any funds that are not formally moved out of a program must be used for that program’s stated purpose. For example, if a district moves half its Apprenticeship funds to another categorical program and retains the other half for Apprenticeship, then the funds that remain in Apprenticeship must be spent on apprenticeship training. Districts that use flexibility will be required to report to the Chancellor’s Office the amount of funds transferred from each program and where the funds were transferred. The Chancellor’s Office will then use this information to report to the Legislature, per the trailer bill reporting requirements, about how these funds were used. The Chancellor’s Office will provide appropriate reporting forms to districts in the near future in order to collect this information.