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# 4B

## Information

### *Fiscal Policy and Planning Committee of the Whole*

### **Update on the Proposed Fiscal Year 2004-05 Governor's Budget**

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**Executive Summary:** This agenda item is intended to inform the Members of the Commission on the salient points of the Commission's portion of the proposed Fiscal Year 2004-05 Governor's Budget.

**Recommended Action:** Information

**Presenter:** Leyne Milstein, Director, Information Technology and Support Management Division



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# Update on the Proposed Fiscal Year 2004-05 Governor's Budget

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## **Introduction**

This item is intended to inform the Members of the Commission on the salient points of the Commission's portion of the proposed Fiscal Year 2004-05 Budget.

## **Background**

On May 13, 2004 Governor Arnold Schwarzenegger released the 2004-05 May Revision proposal package. The May Revision reflects changes to the Governor's Budget as released on January 10, 2004, as well as any new proposals that were not part of the initial Governor's Budget proposal. This information serves as the basis for future budget subcommittee hearings scheduled in the next several weeks. The Legislature, both Assembly and Senate Subcommittees, have the option to approve, deny, or make modifications to the proposals submitted by the Governor.

The following outlines the Governor's proposed May Revision adjustments to the Commission's proposed Fiscal Year 2004-05 Budget. A copy of the letter that was sent to the Legislature proposing these changes is attached for your reference.

- Adds \$200,000 and two positions to the Division of Professional Practices to conduct fitness reviews in an effort to eliminate backlog of credential review in this area.
- Requires the Commission, as of July 1, 2004, to modify the credential application review process to reduce the academic review on applications received from Commission accredited institutions of higher education (IHE) to reduce workload for Certification, Assignment and Waivers Division (CAW) staff. Absent a "compelling reason", review of IHE applications will be limited to criminal/safety fitness reviews.
- Directs the Commission to redirect efficiencies resulting from the modified review process to address the credential application processing backlog, with the intent of permanently eliminating the backlog.
- Adds provisional language requiring the Commission to submit quarterly reports to the Legislature, the Legislative Analyst and the Department of Finance on the status of the backlog.

- Adds \$200,000 in reimbursement authority and authorizes the Commission to charge IHEs for program accreditation in order to offset the additional funding provided for credential processing.
- Provides \$42,000 in carryover authority for the continuation of the work associated with the cultural competency study required by AB 54 (Chapter 817, Statutes of 2003).
- Provides \$120,000 in carryover authority of unexpended funds from the Teacher Credentialing Service Improvement Project to provide for the necessary training in the service and maintenance of the new project software.

Commission staff immediately provided information to staff at the Legislative Analyst's Office (LAO), the Assembly and Senate budget subcommittees and the Department of Finance (DOF) that the modifications proposed for the processing of credentials from IHE's is very similar to current practice, and thus, there are not additional significant efficiencies to be gained.

At the time this item was prepared, the LAO offered an alternative proposal to the Governor's May Revision. The LAO proposal includes the following:

- Restore \$200,000 and 4.0 positions (2.0 Office Assistants and 2.0 Program Technicians II) in the Certification, Waiver, and Assignment Division. Adopt LAO-alternative budget bill language.

**6360-001-0407, Provision (6)**

(6) The Commission on Teacher Credentialing (CTC) shall submit quarterly reports to the Legislature, Legislative Analyst's Office, and the Department of Finance ~~on the progress in eliminating the credential application backlog that currently exists~~ *the minimum, maximum, and average number of days taken to process: (1) renewal and university-recommended credentials, (2) out-of-state and special education credentials, (3) service credentials and supplemental authorizations, (4) adult and vocational education certificates and child center permits, and (5) emergency permits.* The quarterly reports shall commence on October 1, 2004 and *provide monthly data for July, August, and September. Subsequent reports shall include historical data as well as data from the most recent quarter* ~~continue until such time as the backlog has been eliminated.~~ *The CTC shall work to reduce its processing time.*

*(7) By January 1, 2005, CTC shall submit a short report to the Legislature and the Department of Finance identifying at least three feasible options for further reducing processing time that could be implemented in 2005-06. These options may include procedural and/or statutory changes to CTC's application review process.*

- Adds \$1,800,000 in reimbursement authority to accommodate the anticipated revenue resulting from CTC charging for accreditation activities. Adopt LAO-alternative provisional language.

**6360-001-0407, Provision (8)**

~~(7)~~ (8) Of the funds provided in Schedule (4) of this item, ~~\$200,000~~ \$1,800,000 or an amount equal to CTC's accreditation costs is to provide reimbursement authority for anticipated revenue resulting from CTC charging ~~institutions of higher education~~ for the cost of teacher preparation program accreditation.

These proposals were heard in Assembly Subcommittee #2 on Monday, May 17, 2004. The Subcommittee adopted the LAO's alternate proposal to restore \$200,000 and 4 positions as well as the associated provisional language. While this provides the benefit of additional positions and associated funding, this is still only a partial restoration of the original \$600,000 reduction as proposed in January. The final accounting is an unallocated reduction of \$400,000 in state operations funding that will impact the Commission's capacity to address workload in the budget year. The Subcommittee also heard testimony from DOF on the Governor's May Revision proposal related to accreditation and deferred action until a later date.

Prior to the release of the May Revision, at its May 12, 2004 hearing, Assembly Subcommittee #2 heard testimony regarding the Governor's Budget as proposed in January. At the request of Assembly Member Goldberg, this included a discussion on options for reducing the credential backlog in CAW. No action was taken at this time.

Finally, at its May 10, 2004 hearing, Senate Subcommittee #1 took the following actions based on the January 10, 2004 Governor's Budget (prior to the release of the May Revision):

- Rejected the Governor's Budget proposal and restored the 6 positions and \$600,000 reduced from CAW.
- Restored sufficient funding for Pre-Interns that may not qualify for the Alternative Certification program in 2004-05.

The Commission's budget is scheduled to be heard in Senate Subcommittee #1 on Thursday, May 20, 2004. Additional hearings in Assembly Subcommittee #2 have not yet been scheduled. As new developments occur, staff will update the Members of the Commission at the meeting.

Staff is available to answer any questions you may have.



MAY 13 2004

Honorable Wesley Chesbro, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair  
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Budget Bill Item 6360-001-0407 and Reimbursements, Support, Commission on Teacher Credentialing (CTC)**

**6360-001-0407, State Operations, Credential Backlog Solutions (Issue 192)**

It is requested that Schedule (1) of this item be increased by \$200,000 and 2.0 positions to assist CTC in addressing a credential processing backlog. Solutions will include:

- Beginning July 1, 2004, CTC will modify their credential application review process to include a fitness review of 100 percent of applications for criminal/safety issues and reduce the academic review on applications received from an institution of higher education that has a teacher preparation program that has been accredited by the CTC to only spot check applications, unless additional reviews are needed to address systemic problems that may develop with specific institutions of higher education. Absent a compelling reason to the contrary, applications received from the University of California and California State University and any accredited private universities or colleges will be considered approved for academics when received and will only require a criminal/safety fitness review. These modifications should result in a substantial decrease in workload for credential review staff.
- CTC will use the efficiencies created by the above review process modifications to address existing credential application processing backlog, with the intent of permanently eliminating the backlog. The CTC will be required to submit quarterly reports to the Legislature, Legislative Analyst's Office, and the Department of Finance on the progress of eliminating the backlog until such time that a backlog no longer exists.
- The \$200,000 and 2.0 positions provided in this issue (partial restoration of the \$600,000 and 6.0 position reduction proposed in the Governor's Budget) will be directed to the CTC's Division of Professional Practices to conduct fitness reviews and ensure that these reviews are completed in a timely manner and to eliminate any backlog of credential review in this area.

It is further requested that the following provisional language be added:

- (6) The Commission on Teacher Credentialing shall submit quarterly reports to the Legislature, Legislative Analyst's Office, and the Department of Finance on the progress in eliminating the credential application processing backlog that currently exists. The quarterly reports shall commence on October 1, 2004 and continue until such time as the backlog has been eliminated.

**6360-001-0407, State Operations, Reimbursement Authority for Anticipated Revenue from Charging for Program Accreditation (Issue 193)**

It is requested that Schedule (1) of this item be decreased by \$200,000 and that Schedule (4) of this item be increased by \$200,000 to provide reimbursement authority to accommodate the anticipated revenue resulting from CTC charging the University of California, California State University, and private colleges for the costs of teacher preparation program accreditation. This action will offset the additional cost of the backlog staffing in Issue 192 and help maintain solvency of the Teacher Credentials Fund.

It is also requested that the following provisional language be added:

- (7) Of the funds provided in Schedule (4) of this item, \$200,000 is to provide reimbursement authority for anticipated revenue resulting from CTC charging institutions of higher education for the cost of teacher preparation program accreditation.

**6360-001-0407, State Operations, Carryover Reimbursement Authority for Cultural Competency Study (Issue 201)**

It is requested that Schedule (4) this item be increased by \$42,000 in reimbursement authority for the continuation of the contract to complete the cultural competency study required by Chapter 817, Statutes of 2003 (AB 54). The CTC estimates that the study will be completed during 2004-05.

**6360-001-0407, State Operations, Carryover Authority for the Teacher Credentials Service Improvement Project (Issue 202)**

It is requested that Schedule (1) of this item be increased by \$120,000 to provide carryover authority of unexpended funding from the Teacher Credentials Service Improvement Project. The CTC will utilize the carryover funding to contract with an expert in Siebel and Oracle software for intensive staff training in the service and maintenance of the new project software.

It is further requested that the following provisional language be added:

- (8) Of the funds provided in Schedule (1), \$120,000 is carryover funding provided for staff training related to the Teacher Credentials Service Improvement Project. Expenditure of these funds is contingent upon approval of an expenditure plan by the Department of Finance.

The effect of my requested action is reflected on the attachment.

MAY 13 2004

If you have any questions or need additional information regarding this matter, please call Michael Wilkening, Principal Program Budget Analyst, at (916) 445-0328.

DONNA ARDUIN

Director

By:



MICHAEL C. GENEST

Chief Deputy Director

Attachment

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee  
Attention: Ms. Anne Maitland, Staff Director  
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Jeff Bell, Fiscal Director  
Honorable Judy Chu, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Rick Keene, Vice Chair, Assembly Budget Committee  
Attention: Mr. Peter Schaafsma, Staff Director  
Honorable Jack Scott, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Joe Simitian, Chair, Assembly Budget Subcommittee No. 2  
Ms. Elizabeth Hill, Legislative Analyst (4)  
Ms. Diane Cummins, Senate President pro Tempore's Office  
Mr. Craig Cornett, Assembly Speaker's Office (2)  
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office  
Honorable Richard Riordan, Secretary for Education  
Mr. Erik Skinner, Office of the Secretary for Education  
Mr. Sam Swofford, Executive Director, Commission on Teacher Credentialing  
Ms. Leyne Milstein, Director of Information, Technology and Support Management Division,  
Commission on Teacher Credentialing

ICC: OROPEZA, HILL, WILKENING, TAYLOR, BATJER, COSTIGAN, HARPER, C/F,  
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