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Information

Fiscal Policy and Planning Committee of the Whole

Update on the 2005-06 State Budget

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 2005-06 State Budget.

Recommended Action: None

Presenter: Crista Hill, Division Director, Fiscal and Business Services Section

Strategic Plan Goal:

Continue effective and appropriate involvement of the Commission with policymaker's on key education issues.

- ◆ Respond to policymaker's information inquiries.
- ◆ Collaborate with and advise appropriate agencies.

Update on the 2005-06 State Budget

Introduction

On Friday, July 11, 2005, Governor Arnold Schwarzenegger signed into law the 2005-06 State Budget. This item is intended to inform the Members of the Commission on the salient points of the Commission's portion of the State Budget.

Background

On June 6, 2005, the Conference Committee took action on the Commission's Budget to approve the Assembly version of the package, plus added Budget Bill Language. The Governor did not veto this action as part of the final Budget Bill process. Provided below is a summary of the action taken compared to the Senate version for your reference.

June 6, 2005

Staff Conference Package:

Assembly With Staff Redirection and Budget Bill Language

Agenda Page 233, Issues 710, 712, and 715-718

Commission on Teacher Credentialing – Items 6360-001-0001, 6360-001-0407 and 6360-001-0408

	Governor/ Assembly	Senate
Cuts^a		
Cuts to Operations		
Options approved by both houses	\$382,000	\$382,000
<ul style="list-style-type: none"> • Eliminate Printing of Application for Character and ID Clearance (\$11,000) • Eliminate Printing Of The Professional Growth Manuals (\$9,000) • Eliminate Printing Of Certificates Of Clearance (\$8,000) • Eliminate Program Review Position Following The Adoption Of New Credential Program Standards (\$115,000) • Eliminate Production Of Annual Report, Newsletter (\$20,000) • Eliminate Paper Copies Of The All Points Bulletin (\$25,000) • Eliminate Reimbursement Of Ex-Officio Members (\$14,000) • Authority Reduction For The Facility Lease Payment Reduction (\$180,000) 		
Replace full administrative hearing with in-house appeals process for minor offenses	100,000	--
Eliminate certified mailing requirements	11,000	--
Streamline investigative process for first-time applicants	15,000	--
Reduce number of commission meetings per year	16,000	--
Unallocated Cut	13,000	--
Cuts to Staff		
Consolidate 2 Career Executive Assignment positions into 1 position	113,000	113,000
Eliminate position associated with technical project management and support ^b	95,000	--
Eliminate processing positions ^c	600,000	300,000
Subtotal – Cuts	\$1,345,000	795,000
Revenue Enhancements		
Raise credential fee	--	\$2,750,000
Application fee	(\$55)	(\$68)

Raise test fees by average of \$6 ^d	--	561,000
General Fund bail out	2,700,000	--
Subtotals – Revenue Enhancements	\$2,700,000	\$3,311,000
Total Solutions	\$4,045,000	\$4,106,000

^a All cuts listed already have been approved by the commission.

^b Duties would be absorbed by other staff.

^c The conference package eliminates 4.85 credential positions while redirecting 1.15 positions to credential activities. Of the 1.15 positions, 0.6 position is associated with reducing the number of discretionary reports, 0.5 position is associated with eliminating front office staff (but retaining all phone/email service), and 0.05 position is associated with automating the review of district intern permits. The Senate eliminates three positions.

^d Allows CTC to cover exam costs. Current contract rates insufficient to cover related exam costs.

Budget Bill Language

Provision X1. By November 15, 2005, the commission shall submit a detailed proposal to the Department of Finance (DOF), the Joint Legislative Budget Committee, and the chairs of the committees that consider appropriations regarding the feasibility of relying on internal legal counsel rather than Attorney General representation at administrative hearings. The proposal shall include a comprehensive description of the option, a review of how it has worked at other state agencies, an explanation of how and when it could be implemented, and a refined estimate of the associated savings. The DOF and Legislature shall consider this proposal when developing the commission’s 2006-07 budget. (The commission’s preliminary estimate of potential savings is \$927,000.)

Provision X2. By November 15, 2005, the commission shall submit a detailed proposal to the Department of Finance (DOF), the Joint Legislative Budget Committee, and the chairs of the committees that consider appropriations regarding the feasibility of establishing fees for disciplinary reviews and associated disciplinary actions. The proposal shall include a comprehensive description of the option, explain how and when it could be implemented, and identify the associated savings. The DOF and Legislature shall consider this proposal when developing the commission’s 2006-07 budget. (The commission’s preliminary estimate of potential new revenue is \$2.9 million.)

Provision X3. By December 15, 2005, the commission shall report to the Department of Finance, the Joint Legislative Budget Committee, and the chairs of the committees that consider appropriations on its efforts to streamline and automate its review of teacher credentials submitted by institutions of higher education as well as child development permits submitted by community colleges. The report shall include a description of the automation efforts the commission has undertaken and an estimate of the resulting number of staff hours freed up for processing other credential applications.

Several of the reductions referenced above required a statutory change. The vehicle to achieve the statutory changes is known as the “Trailer Bill” process. Essentially, this is a bill that follows the path of the annual budget bill, and includes the various statutory changes, as appropriate, to tie to the Budget Bill actions. On Tuesday, July 19, 2005, the Governor signed Senate Bill 63 (Chapter 73, Statutes of 2005). Provided below are the applicable sections of SB 63 that pertains to the Commission:

(4) Existing law requires the Commission on Teacher Credentialing to meet at least once each month in no fewer than 10 months each year and authorizes the chairperson of the commission, with the approval of the commission, to call additional meetings. This bill would instead require the commission to meet as deemed appropriate and necessary by the chairperson and the executive committee to accomplish its duties, but to meet no fewer than once each quarter of the year.

(5) Existing law authorizes the Commission on Teacher Credentialing to approve any institution of higher education whose teacher education program meets the standards prescribed by the commission and the institution to recommend to the commission the issuance of credentials to persons who have successfully completed those programs. This bill, in addition, would require an institution of higher education whose teacher education program has been accredited by the commission to approve and electronically submit

credential applications to the commission, and would require the commission to grant credentials to these applicants based upon that approval.

(6) Existing law requires that each allegation of an act or omission by an applicant for, or holder of, a credential for which he or she may be subject to an adverse action be presented to the Committee of Credentials for an investigation, as specified. This bill would provide that an applicant, as defined, who is subject to investigation by the committee is required to receive notice of the investigation and an opportunity to respond to the allegations in writing. The bill would require the committee to grant or recommend denial of the application based on the information discovered during the investigation and the applicant's response. The bill would provide that the applicant may appeal the committee's recommendation of a denial of the application.

(7) Existing law authorizes the Committee of Credentials to conduct an initial review, as provided, regarding an allegation of misconduct of an applicant for, or holder of, a credential. Existing law requires a formal review to be held no later than 6 months after the commencement of the initial review and requires the committee to make its recommendation in writing and to deliver a copy of the recommendation to the credential holder or applicant personally or sent to him or her by registered mail within 14 days after the formal review. This bill would delete the requirement that the mail be registered.

Summary: 2005-06 Budget Outcome Commission on Teacher Credentialing

In an effort to summarize the actions as related to the Commission's 2005-06 budget, provided below is the write-up from the 2005-06 Budget Highlights.

The Budget contains \$51 million (\$34.5 million General Fund and \$16.1 million other funds) and 161.5 positions for the Commission on Teacher Credentialing (CTC) in 2005-06. This represents a reduction of \$9.6 million and 4.9 positions from the revised 2004-05 Budget. The funding includes \$7 million in expenditure reductions and \$2.7 million from the General Fund on a one-time basis to address structural imbalances in the CTC's Teacher Credentialing Fund (TCF) and the Test Development and Administration Account (TDAA). The adjustments include the following:

- A reduction of \$600,000 and 4.9 positions to reflect automation-related efficiencies in the TCF.
- A reduction of \$580,000 in printing and equipment costs in the TCF. (It is important to note that this reflects only the TCF portion of the reductions from the Staff Conference Package chart referenced above.)
- A reduction of \$5.8 million reflecting a technical adjustment to transition to revenue-only contracts and minor operations savings in the TDAA. (It is important note that \$165,000 is associated with the TDAA portion of the reductions from the Staff Conference Package chart referenced above.)
- An increase of \$2.7 million General Fund for operating expenses.

The cost saving reductions and General Fund augmentation will enable the CTC to perform its essential functions while it continues to work on a more comprehensive solution to its budget imbalance.

For the complete version of the 2005-06 State Budget Highlights, please refer to the link provided below:

http://www.dof.ca.gov//HTML/Budget_05-06/Veto_Pkg_05/Veto_Pkg_05_w2.pdf

Staff will be available to answer any questions Members of the Commission may have. In addition, staff will provide any updates, as appropriate, at the meeting.