
5A

Action

Fiscal Policy and Planning Committee

Overview of the Budget Process and the Commission on Teacher Credentialing Budget

AGENDA INSERT

Executive Summary: This agenda item is intended to inform the Members of the Commission on the salient points of the Budget Process as well as the Commission on Teacher Credentialing (Commission) Budget components.

Recommended Action: None

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

Strategic Plan Goal: 6

Maximize the effectiveness of the agency and its staff through the optimal use of technology, ongoing staff development and maintenance of a positive work environment

- Use technologies to support both ongoing operations and innovations designed to increase efficiency
- Communicate effectively to share information and increase productivity

October 2011

Overview of the Budget Process and the Commission on Teacher Credentialing Budget

Introduction

On June 30, 2011 the California state budget (Chap. 33, Stats. 2011) was signed by Governor Jerry Brown which authorized each State Department the authority to expend funds for current Fiscal Year 2011-12. This is also commonly known as the annual *Budget Act*. This agenda item is intended to inform the Members of the Commission on the salient points of the budget process, as well as provide specific details regarding the Commission's 2011-12 *current year* budget components.

Background

The Commission staff met with Department of Finance (Finance) staff on Friday, September 30, 2011 to discuss the status of the Commission's budget and the two funds administered by the Commission. Provided on page FPPC 5A-3 is the updated Fund Condition for the Commission's review. The Fund Conditions reflect the details from FY 2010-11 (Prior Year), 2011-12 (Estimated Current Year), FY 2012-13 (Proposed Budget Year), FY 2013-14 (Proposed Budget Year + one). Commission staff anticipated providing an update at the August 2011 Commission meeting, however the FY 2010-11 year-end reporting information was not available at that time so as a result the information is being shared at this meeting. Since 2008-09 the Commission has seen a decline in Teacher Credentials Fund (TCF) revenues of approximately 14%, due in part to declines in the number of credential applications and a reduction in the number of emergency permit documents issued. Enrollment declines in teacher preparation programs suggest the declining revenue trend could continue for the planning horizon. Finance has requested that the Commission take a look at various long-range options for addressing the structural imbalance (including options for revenue enhancements and/or operational efficiencies) to better inform the process for developing the Governor's budget. Since the process for developing the Governor's Budget is now underway, Finance has requested that the Commission provide some options following its November 2011 meeting in order to give the Commission the opportunity to weigh in on the various options that may be proposed in the Governor's budget for the 2012-13 fiscal year.

Commission staff has identified a few options for consideration and could include:

- Division of Professional Practices – Self Supporting – Currently, the cost of discipline is paid through the credential fee and spread among all teacher candidates. Under this model, the Commission could establish a fee structure for individuals that require a professional fitness review to recover the cost of the supporting the discipline functions at the Commission.
- Professional Services Division
 - Accreditation Self Supporting – Currently, the cost of accreditation is paid through the credential fee and spread among all teacher candidates. Under this model, the Commission could establish a fee structure similar to NCATE for institutions to pay for accreditation functions.

or

- Accreditation Additional Services Above the Standard Accreditation Process – Currently, the cost of revisits and follow-up responsibilities is paid through the credential fee and spread among all teacher candidates. Under this model, the Commission could establish a fee structure to charge institutions that require additional services above the standard accreditation process.
- Review the Fee Structure for the TDAA
 - In 2011-12 the Commission approved a fee structure that was based on a business model for setting fees and not taking into account the actual expenses for the exam program. This was a change from the previous model of establishing fees. The Commission has the ability to adjust the fees in the TDAA per statute.
- Review the Fee Structure for the TCF
 - Tiered Fee Structure by Credential Type
 - Reduce the Renewal Period (Currently 5 years)
 - Assess late fees for expired documents
- Identify Operational Efficiencies/Savings

Commission staff has provided the above options for the Commission to start the discussions and will provide more information at the November 2011 meeting.

In order to address the current year 2011-12 fund issue the Commission will request a transfer/loan from the TDAA. In the past, this has been a common practice to address the shortfall between the TCF/TDAA when General Fund dollars are not available.

Next Steps

Staff seeks direction from the Commission on options to consider for addressing the long range fiscal pressures to ensure the services being provided by the Commission meet the needs for all stakeholders and the State of California.

FUND CONDITION SUMMARY

TEACHER CREDENTIALS FUND

	2010-11 (Actual)	2011-12 (Estimated)	2012-13 (Proposed)	2013-14 (Proposed)
Beginning Balance	\$3,373,000	\$1,340,000	\$368,000	-\$1,704,000
Revenues	12,344,000	12,344,000	12,344,000	12,344,000
TDAA Transfer	0	1,500,000	400,000	0
Expenditures	-14,377,000	-14,816,000	-14,816,000	-14,816,000
Ending Balance	<u>\$1,340,000</u>	<u>\$368,000</u>	<u>-\$1,704,000</u>	<u>-\$4,176,000</u> ^{1/}
Reserve %	9.3%	2.5%	-11.5%	-28.2%

^{1/} This assumes the Commission fully expends all resources each fiscal year. Historically, this has not occurred.

TEST DEVELOPMENT AND ADMINISTRATION ACCOUNT

	2010-11 (Actual)	2011-12 (Estimated)	2012-13 (Proposed)	2013-14 (Proposed)
Beginning Balance	\$5,270,000	\$4,705,000	\$2,656,000	\$1,296,000
Revenues	4,245,000	4,118,000	3,707,000	3,707,000
GF Repayment	0	-1,500,000	-400,000	0
Expenditures	-4,810,000	-4,667,000	-4,667,000	-4,667,000
Ending Balance	<u>\$4,705,000</u>	<u>\$2,656,000</u>	<u>\$1,296,000</u>	<u>\$336,000</u>
Reserve %	97.8%	56.9%	27.8%	7.2%