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Information

Fiscal Policy and Planning Committee

Update on the Proposed 2012-13 Governor's Budget

Executive Summary: Staff will provide an update on the Commission's Budget and discussions with Department Finance after the November 2011 Commission meeting.

Recommended Action: For information only

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

Strategic Plan Goal:

Continue to refine the coordination between Commissioners and staff in carrying out the Commission's duties, roles and responsibilities.

- ◆ Conduct periodic review of the efficiency of the day-to-day operations and financial accountability of the Commission

Update on the Proposed 2012-13 Governor's Budget

Introduction

In September 2011, the Commission staff met with Department of Finance (Finance) to discuss the fiscal status of the Commission as part of the normal budget development process. At this meeting, Finance expressed concern about the ability of the Commission's funds, the Teacher Credentials Fund (TCF) and the Test Development Administration Account (TDAA), to support the expenditures of the agency. To inform decisions the Administration will need to make for the Commission's 2012-13 budget, Finance asked the Commission to identify fiscal priorities and options to rebalance expenditures and revenues and to provide that information to Finance in November 2011.

At the October 2011 Commission meeting, Commission staff provided an update on the Commission's budget as part of the Overview of the Budget Process and the Commission on Teacher Credentialing Budget agenda item (<http://www.ctc.ca.gov/commission/agendas/2011-10/2011-10-5A.pdf>). As part of the item, staff identified a variety of cost pressures the Commission faces in the current year and will face in the budget year along with possible options the Commission could consider to address the projected fiscal pressures. The Commission directed staff to come back to the November Commission meeting with options for discussion and possible action. At the November 2011 Commission meeting a follow-up item was presented which included an in-depth budget summary of the Commission's operating budget and options to consider for addressing the existing structural imbalance and create greater long-range fiscal stability (<http://www.ctc.ca.gov/commission/agendas/2011-11/2011-11-4A.pdf>).

Commission staff met with Finance on November 10, 2011, to discuss the outcome of the November Commission meeting regarding the Commission's budget. Overall, they appreciated the information and there was a thoughtful discussion about the Commission's fiscal stability.

The approach, consistent with the principles adopted by the Commission, was to share revenue generating scenarios that would balance the budget. During this meeting Finance requested that the Commission also propose additional expenditure reduction options. Given their timeline to provide a balanced budget for the January 10 release of the Governor's Budget, the Commission was asked to provide expenditure reduction options to them during the week of November 21, 2011.

At the Executive Director's request, Division Directors took another look at their operations and identified areas where they might be able to tighten up or reorganize. In addition, there have been some adjustments to the budget picture based on new information from Finance regarding our PRORATA assessment. Essentially, the amount of PRORATA that was originally proposed is being reduced to minimize the immediate hit to the Commission's budget and have projected to spread these new costs out over the next several years.

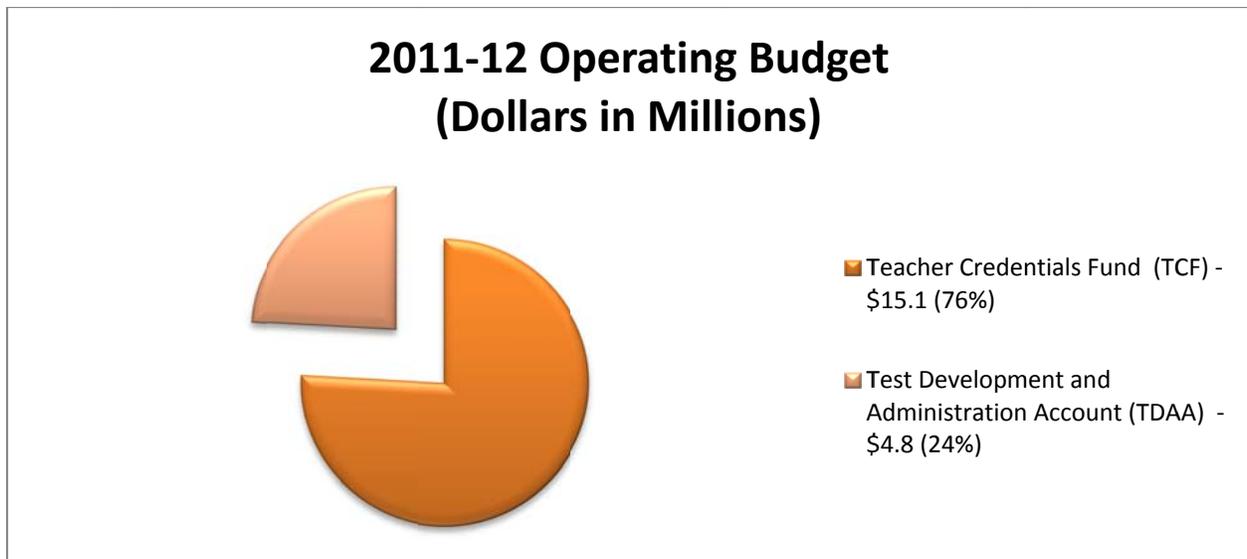
Commission staff will provide additional information regarding the Commission’s budget and the plan submitted to Finance as part of an agenda insert.

Background

The purpose of the Commission is to ensure integrity and high quality in the preparation, conduct and professional growth of the educators who serve California’s public schools. Its work reflects both statutory mandates that govern the Commission and research on professional practices. The core functions of the agency include serving as a state standards board for educator preparation for the public schools of California, licensing and credentialing of professional educators in the State, and the enforcement of professional practices of educators, including the discipline of credential holders in the State of California.

The Commission’s functions are supported by revenues generated through credential fees and fees paid by individuals who take the exams required for credentials. Currently, approximately 76% of the Commission’s \$20.2 million 2011-12 operating budget is supported by credential fees, which are the revenue source for the TCF. (The credential fee, established annually in the Budget Act, has been below the statutory limit of \$70 since 1998 and has been at \$55 since 2000.) The remaining 24% is supported by educator exam fees, which fund the TDAA. The Commission receives no General Fund monies to support its operating budget. The Commission receives \$26.2 million in General Fund Proposition 98 (local assistance) funds that are passed through to Local Education Agencies to support teacher development programs.

Table 1: Commission Budget



2011-12 Budget Appropriation and Budgeted Expenditures by Category:

The Budget Act appropriation is allocated across divisions to support the functions of the agency. The following table reflects the positions and main categories of expenditure budgeted for each Division for FY 2011-12, including local assistance dollars that are allocated to local entities for the teacher development programs administered by the Commission. Approximately 65% of the Commission's operating budget is allocated to personnel services. Included in the Support Budget of \$20.2 million is \$308,000 in Federal funds that is passed through to Local Education Agencies for assignment monitoring. This pass through in essence, reduces the Commission's actual support budget to \$19.9 million.

CATEGORY	CAW	PSD	DPP	ADMIN	TOTAL
Authorized Positions	68.4	35.0	29.0	33.0	165.4
Support Budget - Personal Services	\$4,350,072	\$3,157,814	\$2,243,307	\$3,105,807	\$12,857,000
Support Budget - OE&E	1,643,845	2,761,720	1,447,067	1,509,816	7,362,448
Total Support Budget (Daily Operations)	\$5,993,917	\$5,919,534	\$3,690,374	\$4,615,623	\$20,219,448
Local Assistance	0	26,191,000	0	0	26,191,000
Total Program Costs	\$5,993,917	\$32,110,534	\$3,690,374	\$4,615,623	\$46,410,448

Next Steps

The state budget continues to face significant challenges. In this context, it may be especially difficult to make the case to retain levels of service and use the revenue generating vehicles available for the Commission to stay solvent. One of the key benefits that the Commission offers the administration, however, is our ability to raise the revenues needed and to serve as a vehicle for moving important policy forward during this time. That makes the Commission stand out in a positive way. Commission staff will be meeting with Finance, Legislators, Legislative staff and stakeholders over the coming weeks and months to answer questions and support the budget process as we work to secure and maintain the agency's fiscal stability.

On January 10, 2012 Governor Jerry Brown will release the FY 2012-13 Governor's Budget. This will be the basis for discussions with the Legislature for spring budget subcommittee hearings. During this time there will be negotiations on the various proposals. The final outcome will be determined once the final budget is signed by the Governor, hopefully by the June 30, 2012 deadline.