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Information

Fiscal Policy and Planning Committee

Update on the Proposed 2012-13 Governor's Budget

Executive Summary: This agenda item provides the salient points of the Commission's portion of the proposed FY 2012-13 Governor's Budget.

Recommended Action: For information only

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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

- ◆ Communicate effectively to share information and increase productivity
- ◆ Conduct periodic review of the efficiency of the day-to-day operation and financial accountability of the Commission
- ◆ Implement, monitor and report on the outcomes of new program initiatives

Update on the Proposed 2012-13 Governor's Budget

Introduction

On January 5, 2012, Governor Jerry Brown submitted to the Legislature his proposed budget for Fiscal Year (FY) 2012-13. This was earlier than anticipated as a result of a technical issue with the budget being posted on the Department of Finance website in error. This agenda item provides the salient points of the Commission on Teacher Credentialings' (Commission) portion of the proposed FY 2012-13 Governor's Budget. Overall, it appears there were very difficult decisions that had to be made to address fiscal pressures facing the State of California. Provided below are the specific details regarding proposed adjustments to the Commission's budget.

Background

In September of each year, departments, including the Commission, must submit a budget to the Department of Finance for the upcoming FY to start the budget development process. Each department starts with a base budget, which is adjusted by approved budget change proposals, legislation, employee compensation adjustments, retirement adjustments, expiring programs, etc. In January the Governor releases the proposed budget for the upcoming FY. This starts the discussion with the Legislature leading to a May Revision of the proposed budget issued by the Governor, and a final budget presented to the Governor for approval. By statute, an approved budget should be signed by June 30th with an effective date of July 1st, though this deadline is not always met.

Provided below are the proposed policy decisions that were included in the 2012-13 Commission budget:

- The Budget proposes to increase the teacher credentialing fee in 2012-13 by \$15 from \$55 to \$70 to generate \$3 million in additional revenue for the Teacher Credentials Fund. The additional revenue is necessary to partially address the Commission's 2012-13 operating deficit of \$5 million.
- The Budget proposes to increase testing fees in 2012-13 by five percent to generate \$500,000 of additional revenue for the Test Development and Administration Account. The additional revenue is necessary to partially address the Commission's 2012-13 operating deficit of \$5 million.
- The Budget proposes to decrease state operations by \$1.5 million in 2012-13 as a result of eliminating 13 vacant positions, eliminating four positions to reflect operational efficiencies generated by streamlining the teacher preparation and credentialing processes, and achieving operational savings from reduced information technology costs. The proposed budget language directs the Commission to work with the State Board of Education to identify ways to streamline the teacher preparation and credentialing processes. These staffing changes reflect a proposed reduction of 7 Positions in the Certification, Assignment, and Waivers Division, 9 positions in the Professional Services Division, and 1 position in the Administration Division.
- The Budget proposes to provide a \$2.3 million loan in 2011-12 from the Test Development and Administration Account to the Teacher Credentials Fund to address the Commission's state operations shortfall.
- Various administrative adjustments for employee compensation, retirement, and PRORATA.

In addition, the Governor is proposing that all departments undertake a zero based budgeting exercise to evaluate the resources needed for each organization.

Based on these proposed policy changes, the base budget for the Commission is as follows:

2012-13 Commission's Base Budget:

- ◆ **Daily Operations: \$19,165,000 (\$14,958,000 Teacher Credentials Fund, \$4,207,000 Test Development and Administration Account)**
- ◆ **Pass-thru Grants to Local Entities \$26,191,000 (General Fund)**
- ◆ **Total Authorized Positions: 148.4**

The operating budget is defined as what is used to support the salaries, benefits and various activities to accomplish the goals and objectives of the Commission. The pass-through Grants/Dollars are sent to various local entities to support the Intern and Paraprofessional Teacher Training Programs. The Commission does not retain any pass-through dollars to support the operations of the agency.

Next Steps

It is important to note that this proposal will be taken up and discussed in budget subcommittee hearings scheduled this spring and final decisions will be determined once the budget is signed. Staff is in the process of scheduling meetings with each Legislator and Legislative staff member assigned to the Senate and Assembly Education Budget Subcommittees to discuss the details of the Commission's budget and outline the impact of this proposal. Staff will continue to provide updates as they occur.

To view the complete 2012-13 Budget Summary, please visit <http://www.ebudget.ca.gov/BudgetSummary/BSS/BSS.html>. If you would like additional detailed information regarding the proposed 2012-13 Governor's Budget please visit <http://www.ebudget.ca.gov/agencies.html>.