



COMMISSION ON
TEACHER CREDENTIALING
Ensuring Educator Excellence

CTC Budget 2013-14

*Its all about the
revenue*

Resources

- Special Fund Agency
 - Teachers Credentials Fund (TCF)
 - Test Development Administration Account (TDAA)
- No General Fund Support
- Federal Funds (Reimbursement) for Assignment Monitoring mandate
- Reserves (year-end balance in each fund) - Goal is to have YE balance in each fund that is equal to about 10% of total expenditures charged to the fund

Budget Act Appropriation

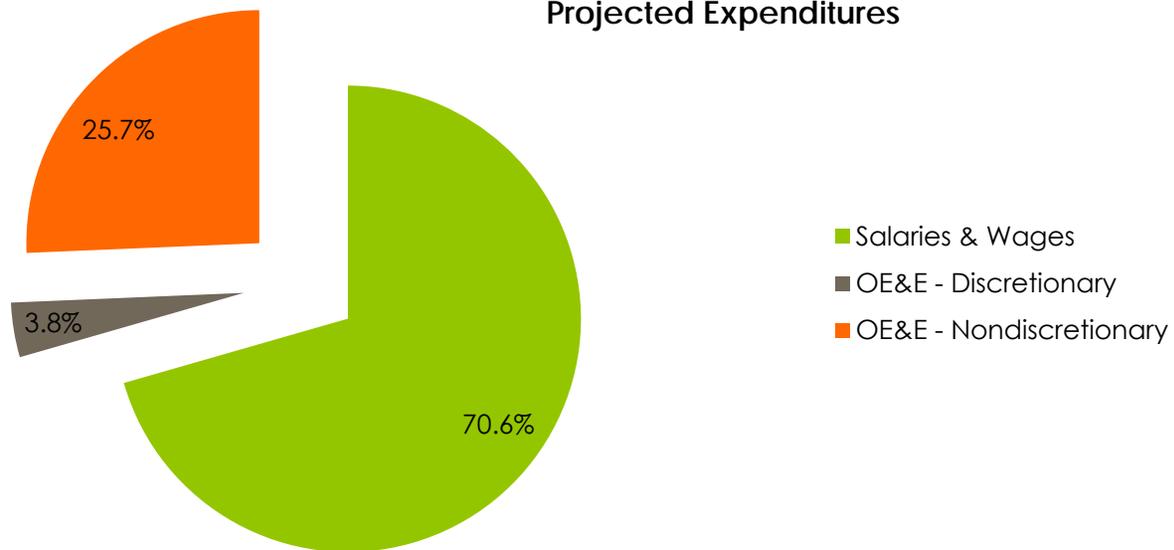
| 2013-14 | TCF | TDAA | Reimb. | Total |
|--------------------------|----------|---------|--------|----------|
| | \$15,067 | \$4,169 | \$308 | \$19,544 |
| Percent of Appropriation | 77.09% | 21.33% | 1.58% | |
| Percent of Fees | 78.3% | 22.7% | | |

Governor's Budget Expenditure Authority

| | Discretionary | Non Discretionary | Total Appropriation |
|------------------|---------------|----------------------|------------------------|
| Salaries & Wages | | \$13,790,000 | \$13,790,000 |
| OE&E | \$ 740,060 | \$ 5,013,940 | \$ 5,754,000 |
| Total | \$ 740,060 | \$18,803,940 | \$19,544,000 |
| Percent of Total | 3.8% | 96.2% | |

Where does it go?

Projected Expenditures



Nondiscretionary OE&E

- Communications (telephone systems)
- Facility Operations (rent, utilities, etc.)
- Pro-Rata (distributed state administrative costs)
- State Agency Services
(DGS & CFS/AG & DOJ/CalHR)
- Information Technology
- Consolidated data center
- Required employee costs

“Discretionary” OE&E

- Commission meetings
- Committee on Credentials
- Committee on Accreditation meetings
- Accreditation & program reviews
- Standards development
- Test development & validation
- Agency operations (General Expense, Printing, Postage, staff travel, training, etc.)

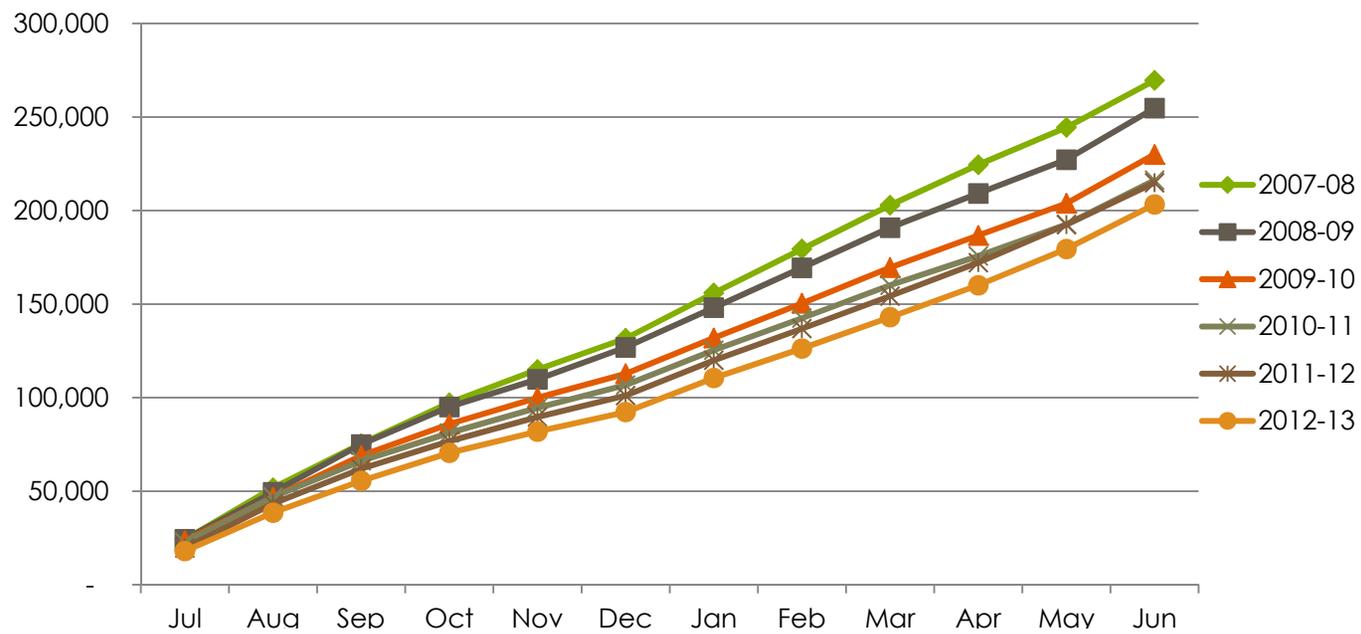
Budget Challenges



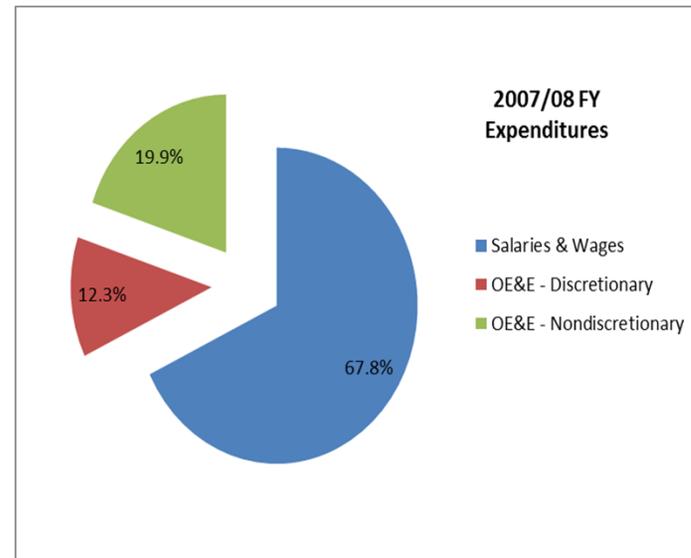
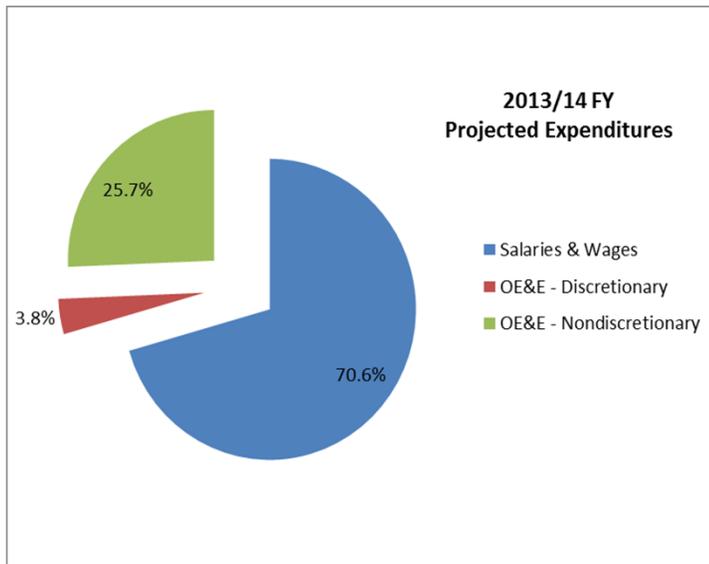
- Declining credential revenue
 - 25% decrease in volume from 2007-08 through 2012-13
 - \$15 fee increase helped, but
 - Gains were offset by increased nondiscretionary costs and lower credential volume
 - Revenue reduction of \$2.7 million for 2009 GF transfer repayment
 - Prior year revenue adjustment
- Increasing nondiscretionary costs
- Uneven revenue pattern - revenue is below expenditures about eight months of the year
- A low reserve in TCF creates cash flow problems during the year

Application Volume

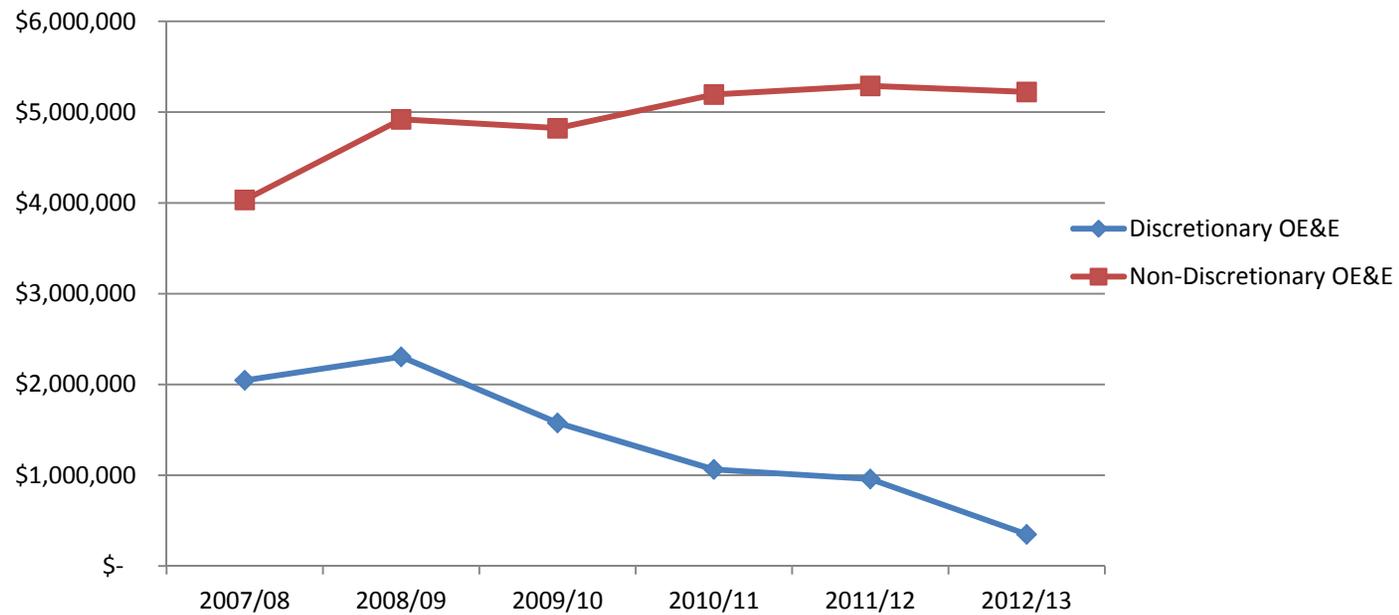
Accumulative Credential Data



Now and then



Rising prices



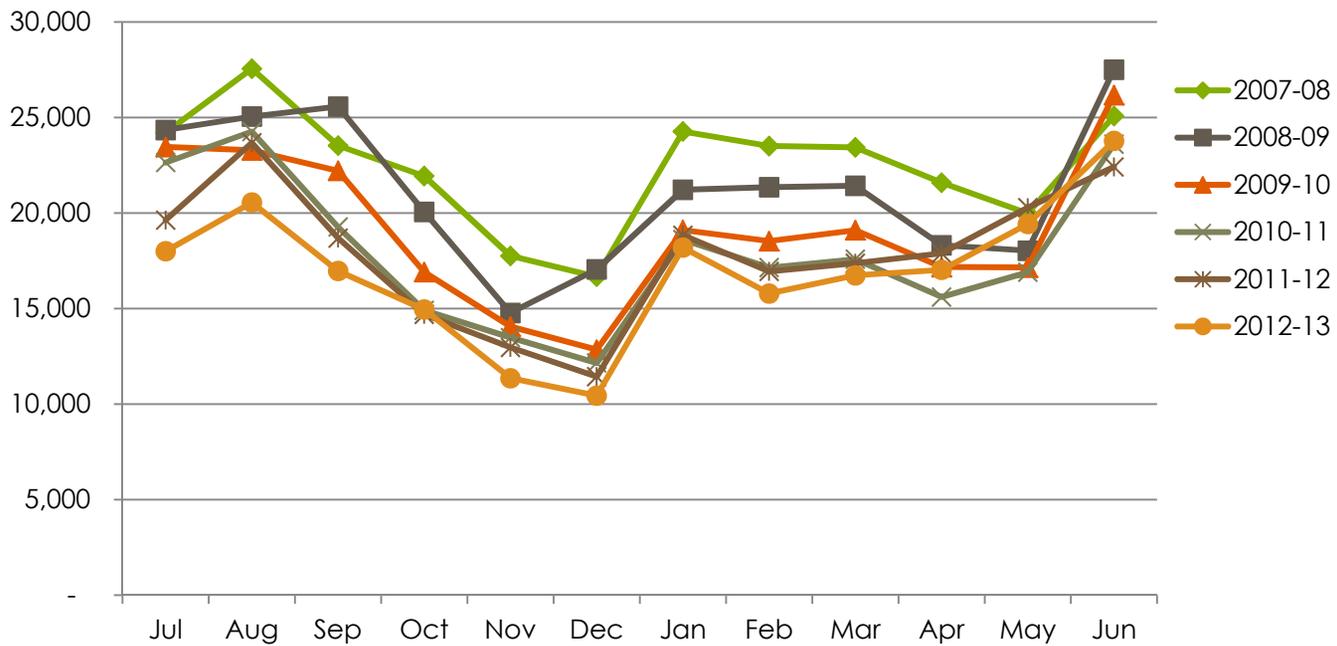
Cutting Costs

Discretionary OE&E



Revenue Pattern

Monthly Credential Data

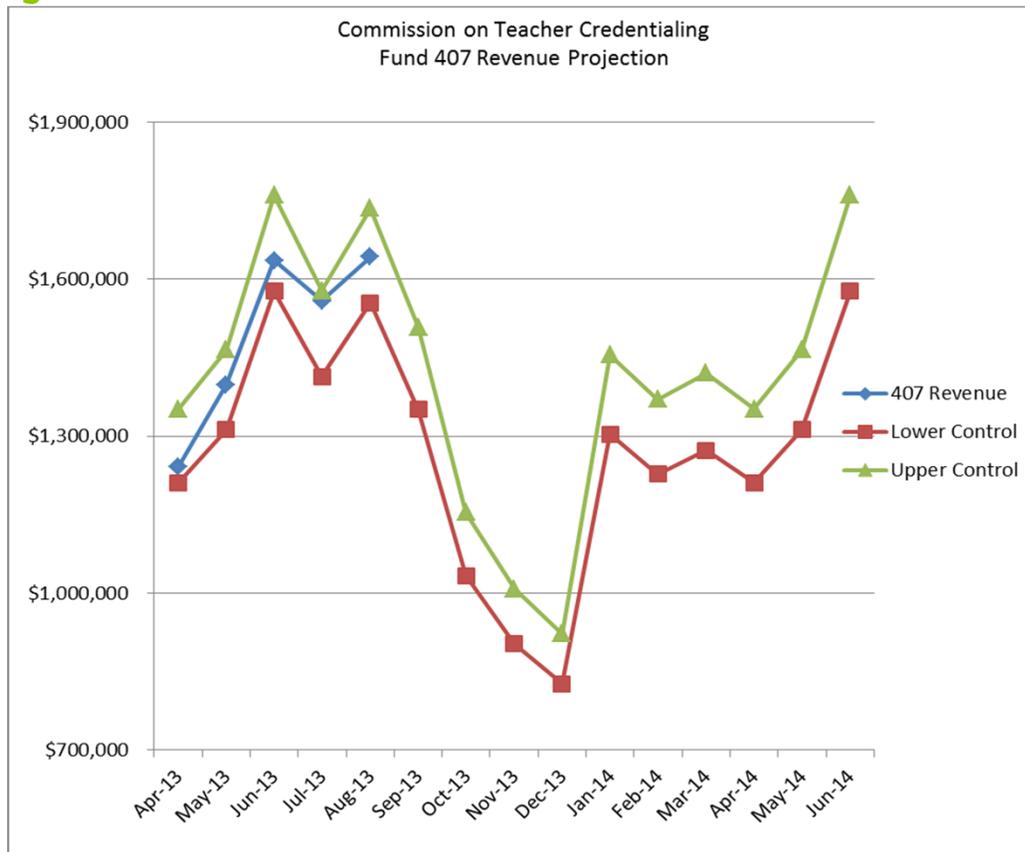


Volume needed to support monthly expenditures of \approx \$1.6 million/month

Low TCF Reserves (in thousands)

| 2012-13 | TCF | TDAA |
|-----------------------------|--------|----------|
| Reserve from 2011-12 | \$ 588 | 4,463 |
| Prior year adjustments | -673 | 37 |
| Beginning Balance for 12-13 | -85 | 4,500 |
| GF Repayment | -540 | -2,160 |
| Actual Revenue | 14,794 | 4,066 |
| Total Resources | 14,169 | 6,406 |
| Expenditures | 13,570 | 4,092 |
| Fund Balance | \$ 599 | \$ 2,314 |
| Reserve | 4.4% | 56.5% |

Projected Revenue



Estimated 2013-14 Nondiscretionary costs

| Activities | Cost |
|--|------------------|
| Communications | 121,763 |
| Facilities Operations | 844,180 |
| Consultant & Prof. Services – Internal (includes AG) | 1,758,755 |
| Information Technology | 611,850 |
| Pro Rata | 1,535,832 |
| State Data Center | 117,000 |
| Regional Transit/Workers Comp | 24,560 |
| Total | 5,013,940 |

Usable Appropriation

| | TCF | TDAA |
|-------------------------------------|--------------|--------------|
| Revised 2013-14 Appropriation | \$15,298,000 | \$ 4,277,000 |
| Estimated 2013-14 Revenue | 15,027,000 | 4,100,000 |
| Difference* | - 271,000 | - 133,000 |
| <u>Usable</u> Expenditure Authority | 15,027,000 | 4,277,000 |
| Total Usable Appropriation | 19,304,000 | |

*Amount of Budget Act expenditure authority unavailable

Summary

- Potential “gap” between Appropriation and revenues could further constrain budget
- Transfer from TDAA is needed to conduct site visits in the current year
- Current year reserve is too low to handle unanticipated fiscal liabilities and cash flow
- Absent a revenue increase, future increases in nondiscretionary costs will further reduce the ability of the Commission to carry out critical activities

Is this the future?

