

Division VIII of Title 5 of the California Code of Regulations

Proposed Addition of 5 California Code of Regulations §§80693 and 80694 Pertaining to Annual Accreditation Fees

Final Statement of Reasons

Public Problem

There is no change to the public problem information since the original submission of the Initial Statement of Reasons.

Purpose of Proposed Action

There is no change from the original purpose of the proposed action in the Initial Statement of Reasons.

Rationale for Proposed Regulations

Under the recommendation of the Office of Administrative Law (OAL), a Supplement to the Initial Statement of Reasons was heard and approved by the Commission at the October 10, 2014 public hearing. Following Commission approval the Supplement to the Initial Statement of Reasons was distributed in a 15-Day Notice and posted to the Commission's website to provide the following additional rationale pertaining to the proposed addition of 5 California Code of Regulations (CCR) §§80693 and 80694 in order to clarify how the fee structure was developed. No changes were made to the actual regulatory language.

How the Fee Structure was Developed

The Governor's proposed budget for 2014-15 estimated that an additional \$650,000 would be necessary to support costs for various accreditation activities, beginning with the 2014-15 year. Senate Bill 858 (Chap. 32, Stats. 2014) amended Education Code section 44374.5 to allow the Commission to collect the additional income necessary to support mandated accreditation activities. These costs would be collected through requiring an Annual Accreditation Fee. A description of the accreditation activities and costs, not including staff salary and benefits, is provided in Table A above.

Staff presented the approaches to the various fee options described above to the Commission at its April 2014 meeting (<http://www.ctc.ca.gov/commission/agendas/2014-04/2014-04-5A.pdf>). The Commission concurred that the Annual Accreditation Fee structure should have minimal administrative costs for the Commission and the institutions, should be as non-regressive, non-progressive as possible, take into consideration the costs of completing accreditation activities, and if possible be due to the Commission during the time of year when the credential recommendation volume is low so that staff is available to process the payments.

Developing a fee structure with low administrative costs led staff to propose an annual fee that is calculated on a specific date—the last day of the fiscal year for the next fiscal year—based on the size and number of educator preparation programs offered by the Commission-approved entity. At the time the fee structure was developed, 261 entities were approved by the Commission to offer one or more educator preparation programs (23 California State Universities, 8 University of California campuses, 56 private colleges or universities, and 165 Local Education Agencies or other sponsors). Staff developed an Excel® spreadsheet with each institution, the average

number of recommendations submitted over the past 3 years, and the Commission-approved programs offered by the institution. Staff used the amount in the Governor’s proposed budget (\$650,000) and worked with the spreadsheet to develop a fee structure that met the framework identified by the Commission at its April 2014 meeting and took into consideration the amount of work, including volunteer and staff travel, for each of the accreditation activities.

Consideration of Alternatives

The Commission has determined that no reasonable alternative considered by the agency or that has otherwise been identified and brought to the attention of the agency would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Mandated Costs

These proposed regulations will not impose a mandate on local agencies or school districts that must be reimbursed in accordance with Part 7 (commencing with section 17500) of the Government Code.

Documents Incorporated by Reference:

Pursuant to 1 CCR §20(c)(1), the Commission requests that Accreditation Handbook Chapter Three not be printed in the code. The handbook chapter is 9 pages and publishing the incorporated documents would be cumbersome, unduly expensive, and otherwise impractical. Chapter Three of the Accreditation Handbook is available on the Commission’s website as follows:

Accreditation Handbook: Chapter Three Institutional and Program Approval (rev. 2013):
<http://www.ctc.ca.gov/educator-prep/accred-handbook/AH-Chapter-03.pdf>

Updated Tally of Responses

The Commission received the following written responses to the public announcement during the 45-day comment period:

<i>Support</i>	<i>Opposition</i>
0 organizational opinions	2 organizational opinions
0 personal opinions	0 personal opinions
Total Written Responses: 2	

Written Responses Representing Organizations in Support: None

Written Responses Representing Individuals in Support: None

Written Responses Representing Organizations in Opposition:

1. Shana Matamala, Associate Dean, California Baptist University

Comments: California Baptist University does not agree with the proposed regulations for the following reasons:

This potentially could decrease program options made available to candidates as smaller institutions evaluate programs vs. cost effectiveness. Further down the line resulting in a shortage of highly qualified teachers in specialized areas.

Response: Institutions routinely assess whether to offer a particular program based on a number of factors including cost to operate. Annual accreditation fees would be one factor in an institution's decision whether to operate a program. The Commission cannot mandate which programs an institution may choose to sponsor as the choice is a local decision. In the future, should a shortage of highly qualified teachers in specialized areas become an issue the Commission is able to amend the fee structure as specified in the proposed regulations [reference subsections (d), (g), and (f) of section 80694].

Comment: Universities experienced a similar fiscal impact due to the decrease in student enrollment that CTC also experienced over the last several years. This resulted in the same cash flow relief needed to support programs and staff. Because both parties have been affected by a decrease in funding, it does not seem reasonable that the needed relief be absorbed by universities.

Response: SB 858 amended Education Code section 44374.5 which provides the Commission with the authority to charge fees to cover the standard costs of reviewing existing educator preparation programs.

Comment: While this may be a long term benefit to students in public schools to ensure high quality teacher preparation programs, it could result in a negative consequence as a financial impact to teacher candidates facing an increased tuition along with a decrease in state and/or federal funding opportunities.

Response: Education Code section 44371 mandates the responsibilities of the accreditation system. The manner in which an institution chooses to absorb the annual accreditation fee cost is outside the jurisdiction of the Commission.

Comment: With regard to promoting fairness and preventing discrimination, all universities do not receive the same state funding.

Private universities are enrollment driven and many are much smaller than the CSU and UC systems. The fee structure does not take into account the discrepancy of the differences in allotted budgets between the larger and smaller universities.

Response: The fee structure, as outlined in the regulations, provides multiple measures to include fairness to all program sponsors that accounts for differences in enrollment. The annual accreditation fee calculation utilizes a two part fee structure. The Institution fee is divided across five tiers based upon the average number of credential recommendations a program sponsor makes over the most recent three year period. Programs with a lower enrollment of candidates will also have a lower number of recommendations which is then reflected in the determination of which tier the institution will be placed. Conversely programs with large numbers of candidates will typically have a higher number of credential recommendations which will then be reflected in their tier placement. The second part of the annual fee structure, the program fee, also provides a tiered structure to promote fairness.

Comment: Short of a state-wide ballot measure, what funding options can the Governor reallocate? Similar to LCAP funding for K-12, this proposal also earmarks K-12 benefits. Could support possibly come from this type of funding?

Response: Local control funding formula (LCFF) (referenced as LCAP in the commenter's text) is related to the General Fund. The Commission is a special fund agency and does not receive money from the General Fund. Additionally, the credential application fee is set in Education Code and cannot be changed without legislation. Funding is not available to the Commission.

2. M.G. Kelly, Dean, California State Polytechnic University, Pomona

Comments: When querying the stakeholders of our credential programs about this proposal, one wisely stated, "This is a just a case of one impoverished state entity taking money from another impoverished entity." Realistically, if the state is committed to excellence in educator preparation and great teachers for all students, it should fund the CTC appropriately. This solution just shifts funds from the CSUs back to the state with no recourse to backfill those funds within the CSU. The funds all come from the same pot. Private institution can raise tuition, we cannot.

The coin of the realm in the CSU is based on how many course sections we will not be able to teach. This is another unfounded mandate of expenditures. The annual assessment, assuming no late fees, is about equivalent to two course sections at my institution. While I understand the dilemma the commission is in, this is a no-win solution. Rather, it penalizes the public institutions again. This is just another way in which the state is backing out of its responsibility to invest in educator preparation while potentially adding to the debt of students in private institutions.

Additionally, an unanticipated consequence is going to be a reduction in the number of programs that offer low incidence credential programs and those that are expensive to operate, which also happen to be the credentialed professionals we need most e.g. low incidence special education, speech and language pathology, etc. credentials. As we have to continue to cut costs to balance budget while taking in more students, these programs become low hanging fruit in cost cutting measures.

Aside from the obvious of raising the CTC budget, please consider a simpler approach, such as raising our very low credential fee as a way to spread the costs throughout those who benefit from the CTC work rather than disproportionately impacting the public universities.

Response: SB 858 amended Education Code section 44374.5 which provides the Commission with the authority to charge fees to cover the standard costs of reviewing existing educator preparation programs. The state budget included the anticipated revenue from Annual Accreditation Fees as part of the Commission's overall budget. In setting the fees for accreditation, the Commission is implementing the express direction of the Legislature and the Governor.

Institutions routinely assess whether to offer a particular program based on a number of factors including cost to operate. Annual accreditation fees would be one factor in an institution's decision whether to operate a program. The Commission cannot mandate which programs an institution may choose to sponsor as the choice is a local decision. In the future, should a shortage of highly qualified teachers in specialized areas become an issue the Commission is able to amend the fee structure as specified in the proposed regulations [reference subsections (d), (g), and (f) of section 80694].

The commenter suggests the Commission raise the credential fee rather than charge programs for the cost of accreditation. The credential fee is currently \$70. Under Education Code section 44235, the Commission cannot change that amount without express legislative approval.

Written Responses Representing Individuals in Opposition: None

Oral Comments Received During the Public Hearing: None

15-day Notice Written Comments

The Commission received the following written responses to the 15-day notice from October 22, 2014 to November 5, 2014:

<i>Support</i>	<i>Opposition</i>
0 organizational opinions	0 organizational opinions
0 personal opinion	0 personal opinions

Total Written Responses to 15-Day Notice: 0

Grand Total of Responses: 2