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Information

Fiscal Policy and Planning Committee of the Whole

Update on the Proposed 2005-06 Governor's Budget

Executive Summary: This agenda item is intended to inform the Members of the Commission on the salient points of the Commission's portion of the proposed 2005-06 Governor's Budget.

Recommended Action: None

Presenter: Leyne Milstein, Director,
Information Technology and Support
Management Division

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 2005-06 Governor's Budget

Introduction

This item is to inform the Members of the Commission on the critical issues relative to the development of the Commission's Fiscal Year 2005-06 Budget.

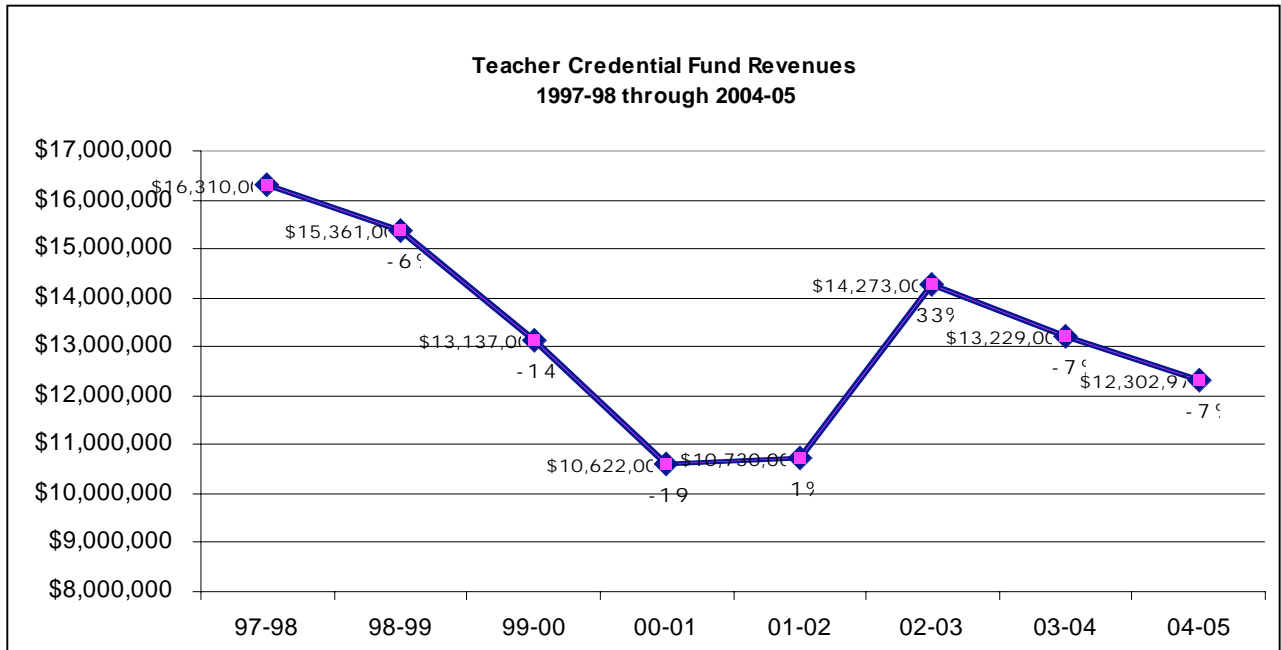
Background

The California Commission on Teacher Credentialing (Commission) is supported through the fees for licensure which are deposited to the Teacher Credential Fund (TCF) (0407) and fees for examinations related to licensure which are deposited to the Test Development Administration Account (TDAA) (0408). The credential fee is designed to fund all of the Commission's operating expenses. In the 1980's the Legislative Analyst recommended that credential renewal fees be equalized (reducing the initial fee) and established the policy that all teachers support, through initial and renewal applications, the licensing, discipline, preparation standards setting and institutional accreditation functions of the profession. The current revenue structure reflects this policy as adopted by the Legislature and the Administration and is consistent with that of all regulatory departments in the state: those who receive the benefit of their services pay to provide those services.

The inherent problem with this revenue structure is that application volumes and thus revenues vary dramatically as a result of the implementation of new policies. This variation, which has most recently resulted in a decrease in annual applications/revenues, coupled with the nearly simultaneous reduction of the credential fee from \$60 to \$55 and the shift of costs related to the Teacher Credentialing Service Improvement Project (TCSIP) to the TCF has resulted in a situation in which revenue levels are insufficient to support the ongoing costs of the Commission. In fact from 1998-99 through 2003-04 the Commission was operating within a revenue structure whereby expenditures exceeded revenues.

As a result of this imbalance, in 2003-04 the TCF required a \$2.95 million loan from the TDAA to remain solvent. In 2004-05 the Commission sustained a reduction in spending authority of \$400,000 including 4 positions (\$200,000) an unallocated reduction of \$200,000 to address the revenue deficiency. While this reduction temporarily aligned costs with projected revenue at that point-in-time, current revenues continue to decline. Through the month of October 2004 revenues are approximately seven percent less than revenues at the same time in prior fiscal year (2003-04). Should this decline in revenue remain constant, it appears that the TCF will need another loan from the TDAA to remain solvent in the current year. Further, it appears that the TCF will continue to be in a deficit into the budget year (2005-06) given current revenue projections.

Provided on the next page is a chart that reflects the revenue trend for the TCF from 1997-98 to the present (2004-05).



As has been previously reported, the Commission has already modified its business practices and reassigned its workload to reflect the reality of addressing ever increasing workload with less staff resources to assure that strategic priorities are addressed first. Commission staff will continue efforts to identify and implement strategies that will allow the Commission to successfully implement the statutory requirements of the Education Code, with ever decreasing fiscal and personnel resources. However, any further reductions in resources and staffing will impact the Commission's capacity to address on-going priority workload.

Staff will continue to keep the Commission apprised on the impact of personnel and funding reductions, as well as revenue projections throughout the budget development and implementation process.

Staff is available to answer any questions Members of the Commission may have.