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Information

Fiscal Policy and Planning Committee of the Whole

Update on the Proposed 2006-07 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 2006-07 Governor's Budget released by Governor Arnold Schwarzenegger on January 10, 2006.

Recommended Action: None

Presenter: Crista Hill, Division Director, 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 2006-07 Governor's Budget

Introduction

On January 10, 2006, Governor Arnold Schwarzenegger submitted to the Legislature his proposed budget for Fiscal Year (FY) 2006-07. This agenda item is intended to inform the Members of the Commission on the salient points of the Commission on Teacher Credentialings' (Commission) portion of the 2006-07 Governor's Proposed Budget, as well as any new updates to the current 2005-06 FY budget.

Background

The State Constitution requires that the Governor submit a budget to the Legislature by January 10 of each year. Provided below is a summary of the proposed changes to the Commission's budget as proposed in the 2006-07 Governor's Budget. In addition, proposed changes to other State agencies budgets that may impact the Commission.

The 2006-07 Governor's Budget was released by Governor Arnold Schwarzenegger on Tuesday, January 10, 2006. Overall the Commission's budget had minor adjustments to expenditures from years past. It included no agency-wide staffing reductions nor did it propose additional reductions to operations of the Commission. The budget proposes backfilling the Teacher Credentials Funds with a loan from the Test Development Administration Account, and proposes to redirect vacant positions from the Professional Services Division to the Certification Assignment and Waivers Division to increase the efforts in this Division to address the current backlog. It is my understanding from both the Secretary's Office and what was included in the current budget, that this budget reflects the Administration's commitment to the work of this department.

During the Spring, legislative hearings will occur with both the Assembly and Senate budget subcommittees. There are still opportunities to adjust the 2006-07 proposed budget as a result of new revenue information for the two funds administered by the Commission and/or the outcome of the Zero-Based Budget completed by the Certification Assignment and Waivers Division. As new information becomes available we will keep you apprised.

Provided below is summary of the adjustments to the Commission's budget for your reference. In addition, I have included information from other State agencies that could impact the Commission in one way or another.

2006-07 COMMISSION'S BUDGET:

Highlights:

Baseline Adjustments Descriptions:

- Restore Expenditure Authority to the Teacher Credentials Fund and the Test Development and Administration Fund +\$2,700,000 (Budget Year)

- Increase Pro Rata Assessment +\$677,000 (Budget Year) *(This reflects the Commission's portion of the Statewide Administration annual adjustment, i.e., Legislature, State Controllers, Department of Finance, etc.)*
- Remove One-time Funds for a Cross-Cultural Competency Study -\$76,000 (Budget Year) *(Program expired/ended in 2005-06, technical adjustment to remove the associated expenditure authority)*
- Reduce One-time General Fund for the Commission on Teacher Credentialing -\$2,700,000 - - *(Backfill with Test Development and Administration Fund based on revised Fund Condition update.)*
- Increase Retirement Pursuant to Control Section 3.60 -\$77,000 (Current Year) -\$77,000 (Budget Year) *(Retirement Rate adjustment, annual technical adjustment based on the current retirement rate.)*

Totals, Baseline Adjustments \$52,000 (All Funds) \$600,000 (TCF) -\$76,000 (Reimbursements)

Policy Adjustment Description:

- Transfer and Reclass Four Higher-Level Positions from Professional Services Division to Create Seven Positions in the Certification, Assignment and Waivers Division to Address Credentialing Backlog + 2.8 positions (Budget Year) (Decrease 4 Consultant Positions from the Program Development Accountability and Research Unit, Increase CAW Cert/Support with 3 Staff Services Analyst, 4 Office Technician positions.) *(It is important to note that is reflects the movement of existing vacant positions from the Professional Services Division. Depending on the outcome of Spring Legislative discussions on the Zero Based Budget, the Certification Assignment and Waivers Division could see adjustments to this proposal.)*

Totals, Policy Adjustments +2.8 positions with No Adjustment in the Commission's Appropriation

2006-07 Budget Summary:

“California Commission on Teacher Credentialing

The Commission on Teacher Credentialing (CTC) develops standards for the preparation, certification, and assessment of K-12 public school teachers, as well as school administration and service professionals. The CTC implements these programs through the issuance of teaching credentials, accreditation of teacher preparation programs, and development and administration of examinations and assessments of teacher knowledge and ability. The CTC's revenues are derived from credentialing and examination fees paid by K-12 teachers, administrators, and professional services personnel. The Governor's Budget includes \$51.2 million (\$31.8 million Proposition 98 General Fund and \$19.4 million other funds), which reflects an increase of \$600,000 above the revised 2005-06 budget, and a decrease of \$2.7 million General Fund and an increase of \$3.4 million other funds compared to the 2005 Budget Act.

Streamlining the Credentialing Process

The current credentialing process is cumbersome and restrictive, and the school accreditation process does not clearly reflect the quality of teacher preparation programs. The Administration proposes to work with the Legislature to establish a standards-based credentialing system, and a performance-based accountability system for teacher preparation programs. The Administration proposes to develop a system that supports multiple routes into the profession, and requires that every teacher demonstrate subject matter knowledge as well as pedagogical competence through a streamlined examination process.

Reducing Credential Processing Backlog

In recent years, the CTC has been plagued by a backlog in credential processing. This backlog has resulted in significant delays in candidates receiving their credential. Based on the most recent data, processing time for a credential averages 137 days, which is well beyond the regulatory time limit of 75 days. Delays in processing time result in unnecessary complications and frustration for prospective teachers and school districts as they make employment decisions and process employment-related paperwork. To remedy this problem, the Administration proposes that the CTC redirect and reclassify

four existing high level positions to create seven new technical positions in the Credentialing, Assignments, and Waivers Division, the unit responsible for processing credentials, to address the credential processing backlog. This will bring total staff in the division to 69 positions.

To ensure proper oversight and accountability in addressing this problem, the Administration proposes that CTC submit quarterly status reports on the backlog to the Legislature, the Office of the Secretary for Education, and the Department of Finance. These reports will include information on the size of the current backlog as well as updated estimates as to when the backlog will be fully eliminated.

Other Major Budget Adjustments

The Governor's Budget eliminates the \$2.7 million one-time General Fund provided in the Budget Act of 2005 to help address the CTC's shortfall in special fund revenues. For 2006-07, the Test Development and Administration Account is projected to have a fund balance of \$2.6 million, after providing for a transfer of \$139,000 to the Teacher Credentials Fund. With this transfer, both special funds will sufficient balances to meet anticipated expenditures without the need for additional General Fund in 2006-07."

In addition other State agencies had adjustments in Budgets that may impact the Commission. Provided below is a summary of the proposed adjustments.

2006-07 CALIFORNIA DEPARTMENT OF EDUCATION BUDGET:

Highlights:

- A \$65.0 million augmentation is included to expand support for beginning teachers in schools in the lowest three deciles as measured by their Academic Performance Index scores. Funds are provided for a third year of Beginning Teacher Support and Assessment and additional support for other teachers new to a low performing school.
- A \$9.555 million augmentation in both the current year and budget year to support the anticipated increase in Beginning Teacher Support and Assessment participants. (This equates to funding for 3,767 new participants)
- The Budget contains a \$60.0 million augmentation to make available funds for a Physical Education Block Grant. These funds will be available to hire qualified staff, provide professional development, and purchase physical education equipment, among other things.
- The Budget includes a \$25.0 million augmentation to provide matching grants for elementary school to hire more Physical Education teachers to support high quality physical education programs. (1,000 grants will be available.)
- A \$100.0 million augmentation is included for teacher recruitment in schools in the lowest three deciles as measured by their Academic Performance Index scores. Grants will be available to recruit and retain highly qualified teachers. (An additional 3 million is provided from the P98 reversion account so a total of 103 million is available for this purpose. See below under "2006-07 Budget Summary Proposition 98 Reversion Account.")

2006-07 Budget Summary:

Building a Strong Education Infrastructure

A strong education infrastructure provides students with the opportunity to become successful, productive citizens. The Administration is committed to ensuring that every student is given the tools to meet his or her potential. To that end, the Governor's Budget proposes major

investments in K-12 schools to expand their capacity to provide every student with a high quality, well-rounded education. The following education initiatives are proposed for 2006-07:

Ensuring that Every Student has Access to a Quality Principal in the School and Quality Teachers in the Classroom

- Providing low-performing schools with additional resources to address teacher and principal staffing needs through a Teacher Recruitment and Retention Block Grant.
- Expanding professional development opportunities for teachers by expanding the Beginning Teacher Support and Assessment System.
- Increasing the number of science and math teachers by expanding the Governor's Science and Math Teachers Initiative.
- Increasing the supply of quality teachers by streamlining the credentialing process and reducing backlogs in the process.

Restoring Music, Art, and Physical Education to Support a Well Rounded Education

- Creating a new Art and Music Block Grant to support standards-aligned art and music instruction.
- Providing resources to support physical education to promote healthy lifestyles for students.
- Increasing funding for the After-School Education and Safety Program to provide students with safe activities such as computer training, fine arts, and physical fitness.

Proposition 98 Reversion Account

The Governor's Budget proposes one-time Proposition 98 Reversion Account funding totaling \$213.2 million appropriated as follows:

- \$106.6 million for school facility emergency repairs, consistent with the *Williams* agreement.
- \$63.7 million for CalWORKs Stage 3 Child Care.
- \$18.7 million for mandates.
- \$9.6 million for teacher credentialing.
- \$9 million for charter school facilities.
- **\$3 million for teacher recruitment.**
- \$1.1 million for school business officer training.
- \$1 million for principal training.
- \$500,000 for coaches training.
- \$39,000 for attendance accounting.

2006-07 HIGHER EDUCATION INITIATIVES:

California is blessed with a world-class system of higher education. Each segment has distinguished itself among its peer institutions across the country and around the globe. Further, each segment plays a unique and vital role in fueling California's economic prosperity. The Governor's Budget proposes investments in all segments to enable them to continue this world-class work. In addition, the budget fully supports student aid programs in order to make college available for Californians by ensuring affordability and accessibility for all students.

While the basic funding needs for the four-year higher education segments have been addressed through the Higher Education Compact signed in 2004 and the Community College funding levels are determined, in a large part, in context of the growth in the Proposition 98 Guarantee,

the Administration believes all segments need to continue to work closely together to advance the best interests of all students and California's economic future. Reinvigorating the relevance and availability of career technical education will ensure that additional pathways for success exist for all students. To that end, the Administration remains committed to expanding opportunities for students to take high-quality career technical education courses.

Additionally, expanding the supply of highly qualified math and science teachers will help ensure that California is able to maintain its position as a global innovation leader.

2006-07 UNIVERSITY OF CALIFORNIA BUDGET:

Governor's Science and Math Teacher Initiative

The Governor's Science and Math Teacher Initiative, announced in May 2005 with leaders from UC, CSU and the business community, is a plan to significantly increase the number of science and math teachers trained at the UC and the CSU. Under the initiative, the UC system will increase its annual production of credentialed science and math teachers from the current level of 250 per year to 1,000 per year by 2010. The CSU system will double its production of science and math teachers from 748 to 1,496 during this same time period by expanding its teacher preparation programs and increasing its efforts to recruit talented students into these teaching disciplines. These efforts will help address California's critical shortage of teachers in the subjects of science and math.

This year, the Governor's Budget proposes to increase funding for this initiative at UC by \$375,000, sufficient to provide \$125,000 for each of the three remaining UC campuses to implement the initiative systemwide. In addition, the Governor's Budget proposes a \$1.1 million increase for CSU to expand the program statewide.

Implementation of *Farrell v. Hickman* Remedial Plans:

Education Remedial Plan

The Education Remedial Plan submitted to the court in March 2004 requires lower student to teacher ratios as well as changes to address teacher recruitment and retention. The 2005 Budget Act included funding and positions to implement lower student-to-teacher ratios; however, it did not address specific proposals for teacher recruitment and retention, because they are subject to labor negotiations. While it continues to be the intent of the Administration to address those issues, the labor negotiations in this area are still ongoing. The Administration expects to request funding related to the outcome of these negotiations in the spring.

Provided for your review is the complete summary of the Commission's portion of the 2006-07 Proposed Governor's Budget. If you would like additional information regarding the Governor's Proposed Budget you can visit the following website: <http://www.ebudget.ca.gov/>.

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

Please note: On the next several pages is the complete version of the 2006-07 Commission Budget and the Education section of the Governor's Budget Summary for your reference.

