
3A

Information/Action

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.

Recommended Action: None

Presenter: Crista Hill, Division Director, Fiscal and Business Services Section

Strategic Plan Goal: 2

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 of any new updates as it relates to the development of the FY 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. During the spring, legislative hearings occur with both the Assembly and Senate budget subcommittees in order to discuss the various proposals and make recommendations, as appropriate. Ultimately, the final outcome will be the enacted budget for the upcoming Fiscal Year as of June 30th.

As discussed at the January-February 2006 Commission Meeting, the FY 2006-07 Governor's Budget proposes \$51.2 million in funding among three funding sources. This is reflective of minor adjustments to expenditures from years past. In addition, it did not include any agency-wide staffing reductions nor did it propose additional reductions to operations of the Commission. The budget proposes backfilling the Teacher Credentials Fund 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 our understanding from both the Secretary's Office and what was included in the current budget, that the budget reflects the Administration's commitment to the work of this department.

Provided on the next page is summary of the Spring Budget Calendar for your reference. It is important to note that not all these steps are applicable to the Commission's budget, however, are provided for your reference.

General Budget Calendar for the Spring Process

January 10	Governor (and Department of Finance (DOF) submits Governor's Budget and Budget Bill to the Legislature by this date.
February 1	DOF provides to the Legislature all proposed statutory changes (Budget Trailer Bills), as prepared by the Legislative Counsel, that are necessary to implement the Governor's Budget.
February, early	Departments submit non-May Revision Finance Letter requests to the Department of Finance (DOF).
February, mid	DOF releases Salaries and Wages Supplement (Sch. 7A).
February, third week	Legislative Analyst Office (LAO) releases the Analysis of the Budget Bill and Perspectives and Issues.
February, late, to mid-March	DOF and departments prepare responses (rebuttals) to LAO's Analysis.
February, late, to mid-March	DOF budget staff discuss Finance Letter requests and meet with departments.
February to late-May	Legislative budget subcommittee staff hold budget pre-hearings with LAO, DOF and departments.
February to late-May	Legislative Budget Subcommittees hold budget hearings.
April 1	DOF submits non-May Revision and non-Capital Outlay Finance Letters to the Legislature.
April	DOF budget staff analyze May Revision requests and meet with departments.
May 1	DOF submits Capital Outlay Finance Letters to the Legislature.
May 14	DOF issues May Revision update of General Fund revenues and expenditures, including Finance Letters, and Deficiency Bill update to the Legislature.
May, late, to 1st week of June	Budget Subcommittees report to Full Budget Committees; Budget Bills sent to the Floors
June, early to mid	Budget Conference Committee meets; Budget Bills sent to Floors.
June 15	Constitutional deadline for Legislature to pass Budget Bill.
June, mid to late (assuming the Budget is passed on time)	Governor decides Budget Bill vetoes.
June, late (assuming the Budget is enacted on time)	Budget Act and Budget Trailer Bills are printed.

July 1

State's fiscal year begins.

Update:

Assembly:

Commission staff attended the Assembly Education Finance Subcommittee No. 2 on May 3, 2006 to discuss the Commission's proposed 2006-07 Budget. Overall the members did not appear to have any concerns with the proposed 2006-07 budget, as presented in the Governor's Budget. Final action will be taken on the Commission's budget after the release of the May Revision. However action was taken to rescind the following discipline efficiencies that were approved as part of Chapter 73, Statutes of 2005 (SB 63, Committee on Budget) given the request by the Legislative Leadership in September 2005:

- **DPP – Option 1. Eliminating Full Administrative Hearing Process for Lower Levels of Discipline (Private Admonitions and Public Approval).**
Current statutes do not require a hearing pursuant to the Administrative Procedure Act for low level adverse action. Commission practice and regulations have been to provide full due process to all levels of appeal. Adoption of a regulation delineating a separate in-house appeals process in lieu of a formal hearing could provide savings by eliminating administrative appeal costs. (Estimated Savings=\$100,000)
- **DPP – Option 3. Eliminating All Certified Mailing Requirements.**
The Commission recently adopted regulations that eliminated all but the statutorily required certified mailing requirements. The statute could be amended to eliminate all certified mail requirements. (Estimated Savings=\$11,000)
- **DPP – Option 6. Streamlining Investigative Processes for First Time Applicants.**
Existing statutes and regulations provide applicants with a two-tiered review and a right to appear personally before the Committee of Credentials, the same process is available to credential holders. If first time applicants were limited to one paper review, the result would be a faster processing of applicants and cost savings by eliminating one review and personal appearances. Currently, the Committee of Credentials reviews approximately 4,400 applications a year at an average cost of \$800 per application. Not all of the upfront costs can be eliminated with this proposal, but some savings could be realized. The majority of the savings would be in workload which would allow staff to be redirected to address the discipline backlog. (Estimated Savings = \$14,804)

The savings associated with these efficiencies were estimated at \$125,804 annually and the budget for the Commission was reduced accordingly in 2005-06. At the time the agenda was prepared it was not clear if the associated funding for these activities will be added back to the Commission's 2006-07 budget.

In addition, on May 3, 2006 Assemblymember Joe Coto submitted a request to the Legislative Counsel in order to gut and amend AB 950 to include the appropriate language to make the statutory changes necessary to rescind the action in Chapter 73, Statutes of 2005. As new developments occur Commission staff will update the members of the Commission.

Senate:

Commission staff attended the Senate Budget and Fiscal Review Subcommittee No. 1 on May 8, 2006. The subcommittee discussed the discipline efficiencies referenced above, however no action was taken on this issue. In addition, the subcommittee discussed the workload impact of the proposed position redirection from the Professional Services Division to the Certification, Assignment and Waivers Division, however no action was taken on this issue. Final action will be taken on the Commission's budget after the release of the May Revision. As new developments occur Commission staff will update the members of the Commission.

At each of the hearings the California Teachers Association addressed concerns with the subcommittee regarding the implementation of the discipline efficiencies and the impact of the right to due process for teachers. In addition, SEIU 1000 addressed its concerns regarding the redirection of positions from the Professional Services Division to the Certification, Assignment and Waivers Division, and the impact this will have on the workload in the Professional Services Division.

May Revision:

Commission staff was notified that Governor Arnold Schwarzenegger is scheduled to release the 2006-07 May Revision proposals on May 12, 2006. Staff will provide a verbal update at the Commission Meeting on any proposals released on-behalf of the Commission.

Budget Subcommittee Membership:**Assembly:**

The Members that are appointed to this subcommittee are identified below for your reference:

Honorable Mervyn M. Dymally (D), Chair
Honorable Wilma Chan (D)
Honorable Joe Coto (D)
Honorable Lynn Daucher (R)
Honorable Jackie Goldberg (D)
Honorable Bob Huff (R)
Honorable John Laird, (D), Alternate
Honorable Rick Keene (R), Alternate

Senate:

The Members that are appointed to this subcommittee are identified below for your reference:

Honorable Jack Scott (D), Chair
Honorable Bob Margett (R)
Honorable Joe Simitian (D)

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