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Information

Fiscal Policy and Planning Committee

Update on the Governor's Proposed 2017-18 Budget

Executive Summary: This agenda item provides an update on the sections of the Governor's proposed 2017-18 budget that relate to the Commission.

Recommended Action: For information only

Presenters: Michele Perrault, Director, Administrative Services Division and Elizabeth Hambridge, Manager, Fiscal and Business Services

Strategic Plan Goal

IV. Operational Effectiveness

- b) Align human and financial resources with Commission priorities and offer staff opportunities for development to maximize professional engagement and performance.
- c) Demonstrate professionalism and accountability for high standards of practice in all Commission operations.

February 2017

Update on the Governor's Proposed 2017-18 Budget

Introduction

On January 10, 2017, Governor Jerry Brown submitted his proposed spending plan for the 2017-18 fiscal year to the Legislature. This agenda item provides an overview of the budget proposed for the Commission on Teacher Credentialing for the 2017-18 fiscal year.

Background

The Constitution requires the Governor, within the first 10 days of each calendar year, to submit to the Legislature a budget for the ensuing fiscal year that contains itemized statements for recommended state expenditures and estimated state revenues. The Governor's Budget must be accompanied by a budget bill that is introduced immediately in each house of the Legislature that itemizes recommended expenditures. The process of developing what becomes the Governor's Budget typically begins after agencies have reported their final year end revenues/expenditures for the preceding fiscal year. Beginning each fall, agencies work with the Department of Finance (DOF) to determine a base budget and to identify, through Budget Change Proposals (BCPs), any programmatic changes proposed for the ensuing fiscal year. The Governor's Budget that is introduced each January is a reflection of each department's base budget, adjusted by proposed Governor's initiatives, budget change proposals, or legislation.

Changes in statute that are needed to implement the Budget Act are included in separate legislation colloquially known as Trailer Bills. The Administration updates its revenue estimates and makes final adjustments to its proposals in the released May Revision. The Legislature then has until June 15 to pass the budget. When passed by the Legislature and signed by the Governor, the Budget Act provides the fiscal details needed to manage the appropriation.

The Commission is a special-fund agency supported entirely by fees. Prior to the Budget Act of 2013, the Commission's revenue came from two primary sources: credential application fees, which are the primary source of revenue for the Teacher Credential Fund (TCF) and educator exam fees, which fund the Teacher Development and Assessment Account (TDAA). The Budget Act of 2013 allowed the Commission to recover costs for the approval of new programs and extraordinary accreditation activities, and the Budget Act of 2014 included additional authority to assess an annual accreditation fee to offset normal operating costs for the Commission's accreditation workload.

Proposed 2017-18 Budget

The Commission's proposed 2017-18 budget is provided here:

<http://www.ebudget.ca.gov/budget/2017-18/#/Department/6360>.

The Administration has proposed the following for the Commission's 2017-18 budget:

- A total operating budget of \$26,369,000. The proposed operating budget for FY 2017-18 represents a net decrease in General Fund expenditure authority of \$14,286,000 over the Commission’s 2016-17 budget as a result of one-time allocations of funds in the 2016-17 budget year for certain Commission projects including a portion of the \$35 million in grants that will be spent over a four year period aimed at addressing the teacher shortage.
- An expenditure authority of \$5,591,000 for legal services provided by the Attorney General’s office. This represents a decrease of approximately \$2,259,000 from the 2016-17 allocation (see detailed table below).

	FY 16/17	FY 17/18
Initial Allocation	\$6,100,000	\$6,100,000
Carryover from Prior FY	\$2,400,000	-
Allocation to CTC for AG Work	(\$650,000)	(\$509,000)
Total Budget	\$7,850,000	\$5,591,000

- An ongoing additional expenditure authority of \$310,000 for continued support of the Commission’s data dashboard project. The two year General Fund allocation for this project will be complete at the end of FY 2016-17 and this ongoing authority will cover continued maintenance and improvement to the system.
- Ongoing additional expenditure authority of \$509,000 and two permanent staff positions were also appropriated to support ongoing investigators at the Commission. These positions will help to support and provide case preparation to the higher standard needed by the Attorney General to take cases to trial.
- Additional expenditure authority of \$56,000 to address an increase in rent with the signing of a new building lease and to address ongoing increases in costs charged to the Commission from Department of General Services, Contracted Fiscal Services (CFS).
- Total authorized positions of 141.6, which is an increase of 2.0 positions.

The Commission’s ongoing operational budget, less the additional allocations for the special projects currently being undertaken by the Commission, will see some positive changes, including ongoing cost adjustments for needed Commission work. The Commission submitted three Budget Change Proposal (BCP) requests in the fall and all three requests were funded. Overall the Governor made it clear in his remarks about the total state budget that no new General Fund expenditures will take place as the state is anticipating a decrease in revenues and a possible economic slowdown. A line by line comparison between the proposed budget and those of the current and previous year is illustrated in the table below.

3 Year Expenditures			
	2015-16	2016-17	2017-18
Standards for Preparation & Licensing of Teachers	\$30,765,000	\$20,272,000	\$20,272,000
Attorney General Legal Services	-	\$7,850,000	\$5,591,000
Accreditation Streamline Project	\$3,467,000	\$1,533,000	\$310,000
Teacher Performance Assessments	\$3,000,000	\$1,000,000	
Administrator Performance Assessment	\$1,000,000		-
Center for Teaching Careers	-	\$5,000,000*	-
Integrated Teacher Preparation Grant	-	\$10,000,000	-
Classified School Employee Teacher Credentialing Program		\$20,000,000**	-
Administration	\$4,533,000	\$4,696,000	\$4,702,000
Totals	\$50,765,000	\$40,655,000	\$26,369,000

*Funded in 14/15 in Governor's Budget

**Funded in 15/16 in Governor's Budget

Next Steps

The Governor's Budget provides the framework for the 2017-18 fiscal year, the Legislature through its budget committees and subcommittees and the Legislative Analyst's Office will examine the various proposals contained therein and will offer recommendations for changes. Commission staff will provide additional updated information as necessary during the spring budget hearings.