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Information

Fiscal Policy and Planning Committee

Update on the Governor's Proposed 2020-21 Budget

Executive Summary: This agenda item provides an update on the sections of the Governor's proposed 2020-21 budget that relate to the Commission.

Recommended Action: For information only

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Strategic Plan Goals

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.

Update on the Governor's Proposed 2020-21 Budget

Introduction

On May 14, 2020, Governor Newsom submitted the May Revision of his proposed spending plan for the 2020-21 fiscal year. Based upon the vastly different fiscal picture California is facing in light of the impact of COVID-19 on the state's economy, the May Revision reflects a much different proposal than was previously introduced in January. This agenda item provides an overview of the revised budget proposed for the Commission on Teacher Credentialing (Commission) for the 2020-21 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 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 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).

Proposed 2020-21 May Revise Budget

The impact COVID-19 has played fiscally in the state has resulted in a projected \$54 billion budget shortfall for 2020-21. The Governor's proposed May Revision reflects significant cuts in all areas of the budget in order to meet the state requirement that a balanced budget be adopted. And while the Commission is a special-fund agency, the Governor's proposal and the state's fiscal outlook requires all state departments, regardless of funding source, to do their part in addressing the projected shortfall.

Overall, the proposed budget for the Commission for 2020-21 will remain the same as it relates to the operating budget, however significant changes are proposed for Commission-administered grants and the Commission's reserve account.

Commission Administered Grants

Governor Newsom originally proposed in January an increase of \$354.1 million to the Commission's budget to administer four (4) grant programs aimed at providing additional fully-prepared teachers in high need areas such as special education, computer science, STEM and bilingual education. Given the current fiscal outlook, the Governor is proposing to eliminate all proposed January grant funding. In addition, the Governor's May Revise proposes eliminating

\$23.1 million from the Commission's 2018-19 budget that was earmarked for Teacher Residency Grant funding but that has not been appropriated to grantees.

Commission Operational Budget

As it relates to the Commission's general operational budget the Governor's May Revision did not propose any changes. The Administration has proposed the following in the May Revision for the Commission's 2020-21 budget:

- A total operating budget of \$29.817 million. The proposed operating budget for FY 2020-21 remains essentially the same as the Commission's 2019-20 budget.
- A continued expenditure authority of \$5.539 million from the total operating budget to help support the Attorney General's discipline workload.
- A second year of funding of \$710,000 to support the development and implementation of a Special Education Teaching Performance Assessment.
- An increase of two permanent positions in the Professional Services Division to support the accreditation workload and \$221,000 to support the salaries of those positions.

In addition, the Governor continued to propose a one-year suspension of accreditation fees for institutions of higher education and local educational agencies that administer a teacher preparation program or induction program. The Commission collects approximately \$800,000 in these fees each year. This funding will not be an expenditure authority decrease but will be provided out of the Commission's reserve as one-time funding.

The Commission's ongoing operational budget is proposed to remain largely the same with a slight increase to account for the additional two positions.

Commission Reserve Account:

The Governor proposed, as part of the solution to bridge the projected budget shortfall, to borrow funds from those state departments with healthy reserve funding levels. The Commission currently has \$25.2 million in its Teacher Credentialing Fund reserve. The May Revision proposes borrowing \$14 million from the Commission's budget reserves to be paid back over three years starting in 2022-23 with interest.

The Commission's full proposed 2020-21 May Revision budget is provided on the state's Department of Finance's [website](#).

Next Steps

The Governor's May Revision provides the framework for the 2020-21 fiscal year. In a normal budget year cycle, the Budget subcommittees in both houses of the Legislature would meet to discuss the proposal and then would engage in ongoing negotiations between the Governor and legislative leaders to reach a compromise budget. Given the current circumstances, both fiscally and due to COVID-19, the legislative subcommittees are meeting only when necessary in order to address the larger budget issues. However, statutorily budget legislation must be proposed and passed by the legislature by June 15 in order to meet the Constitutional deadline.

It is expected that the legislature will pass a balanced budget on-time. Commission staff will continue to monitor budget developments and provide input and advice where appropriate.