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Information

Fiscal Policy and Planning Committee

Update on the Enacted Fiscal Year 2021-22 Budget

Executive Summary: This agenda item provides an overview of the Commission's enacted budget for Fiscal Year 2021-22, reviews the overall revenue and expenditure projections, and presents one-time projected expenditures.

Recommended Action: For information only

Presenter: Vivian Su, 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.

Update on the Enacted Fiscal Year 2021-22 Budget

Introduction

This agenda item provides an overview of the Commission's enacted budget for Fiscal Year (FY) 2021-22, reviews the overall revenue and expenditure projections, and presents one-time projected expenditures.

Background

The state's annual budget process for the following fiscal year begins in the fall and has three main points in time – Governor's proposed budget (January), May Revision, and Budget Act (June). Agencies work closely with the Department of Finance to make budget baseline adjustments as well as submit Budget Change Proposals to be included in the Governor's Budget.

The Governor's Budget is the state spending plan proposed by the Governor on or before January 10 for the following fiscal year. After it is released the Proposed Budget and Budget bill are submitted to the Legislature to review. The Legislative Budget Subcommittees hold budget pre-hearings and budget hearings through spring annually.

The May Revision is a proposal from the Administration to the Legislature to update the Governor's Budget as proposed in January. This allows for amendment requests to the proposed budget that more accurately reflect revenue estimates after the April 15 tax deadline. The Budget Act is the enacted spending plan approved by the Legislature. Per the State Constitution, the Legislature shall pass the Budget Bill by midnight on June 15. The Governor generally has 12 calendar days to either veto or sign the bill. Vetoes may reduce but not increase spending. Although the resulting Budget Act may be amended, it is generally the final authorized spending level that begins July 1.

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).

2021-22 Enacted Budget Summary

The Budget Act of 2021 provides the Commission a total budget appropriation of \$53,559,000 for FY 2021-22 with some noteworthy changes. This budget provides \$22 million one-time General Fund appropriation, \$20 million for the Commission to waive fees for first-time credential applicants in 2021-22, and another \$2 million one-time General Fund for competitive grants to teacher preparation programs to update program curriculum and course offerings to align with the common trunk Teacher Performance Expectations and the updated Education Specialist Teacher Performance Expectations and include pedagogy on dyslexia. The budget also includes \$2.058 million in reimbursements, \$308,000 in reimbursements from federal Title

It funds through an interagency agreement with the State Department of Education to support Teacher Misassignment Monitoring, \$1.25 million in reimbursements to support activities outlined in the Preschool Development Grant Renewal award, and \$1 million one-time reimbursement authority over two years to support a Gates Foundation grant that will support an expansion of the Commission’s capacity to gather teacher workforce data.

Table 1. FY 2021-22 Budget Act Appropriation

Fund	Budget Amount
0001 - General Fund	\$22,000,000
0407 - Teacher Credentials Fund	\$23,123,000
0408 - Test Development and Administration Account	\$6,378,000
0995 - Reimbursements	\$2,058,000
Total Expenditure Authority	\$53,559,000

Commission Administered Grants

The budget also includes a \$494 million increase in one-time funds to the Commission’s budget to expand existing Classified School Employee and Teacher Residency grant programs, to establish the Computer Science Supplementary Authorizations grant, and to fund teacher preparation program revisions to the Teaching Performance Expectations.

The 2021-22 budget includes the following Commission-administered grants:

- **California Classified School Employees Teacher Credentialing Program** – \$125 million one-time Prop 98 General Fund, available for five years, to expand the existing California Classified School Employees Teacher Credentialing Program, which provides grants to TK-12 local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.
- **Teacher Residency Program** – \$350 million one-time Proposition 98 General Fund, available for five years, to expand the existing Teacher Residency Program, which supports locally sponsored, one-year intensive, mentored, clinical teacher preparation programs dedicated to preparing and retaining teachers in designated shortage fields in high-need communities. \$25 million of these funds are set aside for capacity building grants.
- **Computer Science Supplementary Authorizations Grant** – \$15 million one-time Proposition 98 General Fund for grants to local educational agencies to support the preparation of current teachers to earn a supplementary authorization on their credential to teach computer science.
- **Center on Teaching Careers** – \$1.7 million in one-time General Fund to the Commission for the Tulare County Office of Education to administer the Center on Teaching Careers.

Commission Resources

The Commission’s total resources include reserve balances in both funds and the revenue generated through exam fees and credential fees required for certification.

Each year prior to the release of the Governor’s proposed budget in January, the Commission works closely with the Department of Finance to provide projections for current year and budget year. Revenue stream was slow at the beginning of the fiscal year due to the effects of COVID-19. As testing centers expanded their capacity and some schools reopened in the spring, the Commission saw a slight uptick in revenue. Commission staff are hopeful that the uptick in revenue will continue in the current fiscal year, and revenue returns a level similar to FY 2018-19.

Table 2. Three Year Revenue Trend

Fund	FY 2018-19 Actuals	FY 2019-200 Actuals	FY 2020-21 Actuals
0407 - Teacher Credentials Fund	\$27,713,000	\$26,493,000	\$23,338,000
0408 - Test Development and Administration Account	\$5,523,000	\$4,352,000	\$2,377,000
Total Revenue, All Funds	\$33,236,000	\$30,845,000	\$25,715,000

Conclusion

Given these unprecedented times, the Commission’s leadership team will continue to closely monitor incoming revenue, as well as expenditures to ensure that the agency lives within its means and to protect the longevity of our fund reserves.