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## Information

### *Fiscal Policy and Planning Committee*

### Update on the Governor's Proposed 2021-22 Budget

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**Executive Summary:** This agenda item provides an update on the sections of the Governor's Proposed 2021-22 budget that relate to the Commission.

**Recommended Action:** For information only

**Presenters:** Michele Perrault, Director, Administrative Services Division and 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.

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## Update on the Governor's Proposed 2021-22 Budget

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### **Introduction**

On May 14, 2021, Governor Newsom submitted the May Revision of his proposed spending plan for the 2021-22 fiscal year. Based on the vastly different fiscal picture California is facing due to 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 2021-22 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 2021-22 May Revise Budget Highlights**

Overall, the Governor's Proposed Budget for the 2021-22 fiscal year includes substantial investments in teacher recruitment and retention programs to be administered by the Commission. These investments seek to reverse California's ongoing teacher shortage. Additionally, the Governor has continued to put a high priority on addressing needs in early learning and education data.

### ***Commission Administered Grants***

Governor Newsom originally proposed in January an increase of \$125 million one-time funds to the Commission's budget to expand existing Teacher Residency and Classified School Employee grant programs for the 2021-22 fiscal year. Given the current fiscal outlook, the Governor proposes to significantly increase funding to all proposed January grant programs, as well as invest in additional teacher recruitment and retention programs.

Increases from the Governor's Proposed January Budget:

- **California Classified School Employees Credentialing Program** – A proposed \$125 million one-time Proposition 98 General Fund, increased from \$25 million, to expand

the California Classified School Employees Credentialing Program, which provides grants to K-12 local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.

- **Teacher Residency Program** – A proposed \$550 million one-time Proposition 98 General Fund, increased from \$100 million, to expand the Teacher Residency Program, which supports locally sponsored, one-year intensive, mentored, clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need subject areas in high-need communities.

Additional programs proposed in the Governor’s May Revision Budget:

- **Computer Science Supplementary Authorizations Grant** – A proposed \$15 million one-time Proposition 98 General Fund for grants to local educational agencies to support the preparation of K-12 teachers to earn a supplementary authorization on their credential to teach computer science.
- **Roadmap to PK-12 Educational Employment Program** – A proposed \$111 million one-time mixed General Fund and Proposition 98 General Fund to create short- and long-term resources focused on recruiting and developing a diverse and talented educator workforce. This includes a communications strategy, a multimodal educator portal, establishment of up to eight (8) regional educator recruitment and support centers throughout California, an educator resource playbook for districts and local education agencies and a steering committee to provide guidance for all components of the roadmap. This proposal also provides 15 permanent positions and 4 limited term positions to support these efforts.
- **Credential Fee Waiver** – A proposed \$20 million to provide a credential fee waiver in fiscal year 2021-22 for individuals entering the PK-12 educator workforce. The fee shall only be waived for a candidate’s initial application for specified credentials.
- **Teacher Preparation Program Updates** – A proposed \$2 million one-time General Fund for grants to align teacher preparation programs with the revised Teacher Performance Expectations to include specific pedagogy related to dyslexia.

### **Legislative Action Based on May Revise**

Following the release of the Governor’s May Revise, the Assembly and Senate Budget Subcommittees met to discuss the proposed changes and recommend amendments to the Governor’s proposal to the full legislature to act on by June 15, 2021. The legislative subcommittees made significant changes to the Governor’s May Revise proposals impacting the teacher recruitment and retention programs. Specifically, the legislature voted to:

- Reduce the Teacher Residency Program from \$550 million to \$250 million over five years.
- Eliminate all General Fund dollars and positions proposed for the Roadmap to PK-12 Educational Employment Program and reduce the proposed Proposition 98 funding for the regional recruitment centers from \$65.5 million to \$40 million over five years.

***Commission Reserve Account Update***

In the Budget Act of 2020, the state borrowed \$14 million from the Commission's budget reserves as part of the solution to bridge the projected budget shortfall. This loan is scheduled to be repaid, with interest, over three years starting in 2022-23 fiscal year. Despite a decline in revenue due to the pandemic in the current year, the Commission maintains a healthy reserve and does not anticipate a deficit.

**Next Steps**

The Governor's May Revision provides the framework for the 2021-22 fiscal year with the Budget subcommittees in both houses of the Legislature engaging in ongoing negotiations between the Governor and legislative leaders to reach a final budget. Budget legislation must be passed by the legislature by June 15 to meet the statutory 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.