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Information

Fiscal Policy and Planning Committee

Update on the Governor's Proposed 2025-26 Budget

Executive Summary: This agenda item provides an update on the salient points of the Commission's portion of the 2025-26 Governor's budget.

Recommended Action: For information only

Presenter: Sara Saelee, Manager, Fiscal and Business Services, Administrative Services Division

Strategic Plan Goal

Continuous Improvement

- **Goal 8.** California's policies impacting the education workforce are coherent and effective.

Update on the Governor's Proposed 2025-26 Budget

Introduction

On January 10, 2025, Governor Gavin Newsom submitted to the Legislature his proposed budget for Fiscal Year (FY) 2025-26. This agenda item provides the highlights as it relates to the Commission on Teacher Credentialing (Commission).

Background

In September of each year, departments, including the Commission, must submit a series of budget drills to the Department of Finance for the upcoming FY which starts the budget development process. Each department starts with a baseline budget, adjusted by proposed Governor's initiatives, budget change proposals – known as BCPs, legislation, employee compensation adjustments, retirement adjustments, expiring programs, etc. The California 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 budget is accompanied by a budget bill that itemizes the recommended expenditures for each agency. The Governor submits to the Legislature an updated proposal in May, which includes an updated revenue picture. This is also known as the "May Revise." The Legislature must then pass the budget bill by midnight of June 15th of each year.

The 2025-26 Governor's Budget proposes the following for the Commission:

- **State Operations: \$39,025,000**
 - **\$31,001,000 Teacher Credential Fund**
 - **\$7,716,000 General Fund (This amount includes a \$614,000 reduction as a result of the SEC. 4.05 State Operations drill.)**
 - **\$308,000 Reimbursement**
- **Total Authorized Positions: 200.9**

For the 2025-26 fiscal year, the following proposals are included to address increased workload, resulting in an increased appropriation authority of \$2,738,000 (incorporated above):

- **May Lee State Office Complex – Rent Costs.** The Commission requests an additional \$1,101,000 in fiscal year 2025-26 and an ongoing annual 4% adjustment to address the increased rent costs.
- **Certification Workload Staffing.** The Commission requests 5.0 positions and \$671,000 to provide sufficient staffing for an increase in workload volume.
- **Teaching Performance Assessment Workgroup.** The Commission requests 3.0 positions and \$583,000 from fiscal year 2025-26 through 2028-29 to implement the workgroup recommendations under [Senate Bill 1263 \(Chap. 889, Status. 2024\)](#).
- **Administrative Support Staffing.** The Commission requests 2.0 positions and \$253,000 ongoing to support the increasing administrative workload in Human Resources.

- Resources to Support Supplementary and Subject Matter Authorizations. The Commission requests 1.0 position and \$130,000 to assist with workload as teachers add supplementary authorizations under [Assembly Bill 2473 \(Chap. 831, Stats. 2024\)](#).

Provided below is a summary of the Fund Condition statement for the Teacher Credential Fund (TCF) administered by the Commission.

As a note, the Test Development and Administration Account (TDAA) was merged with the TCF in the Budget Act of 2023, and the expenditure authority was transferred to TCF. Exam fee revenues are tracked by a line item within TCF.

TEACHER CREDENTIALS FUND

FUND CONDITION (in thousands)

	2023-24 (Actual)	2024-25 (Estimated)	2025-26 (Proposed)
Beginning Balance	\$19,171	\$26,997	\$31,373
Prior Year Adjustments	-4,370	-	-
Revenues	37,931	33,570	29,570
Expenditures/ Appropriation	-25,735	-29,194	-32,808
Ending Balance	\$26,997	\$31,373	\$28,135

Next Steps

The Governor’s Budget provides the framework for the 2025-26 fiscal year. The Legislature, through its budget committees and subcommittees, and the Legislative Analyst’s Office will examine the proposals. Commission staff will provide an update following the May Revise and enactment.