

Commission on Teacher Credentialing (CTC)

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented To:
Senate Budget and Fiscal Review
Subcommittee No. 1

May 2, 2005

CTC's Structural Imbalance Is Growing

CTC Is Facing Budget-Year Shortfall			
<i>(In Millions)</i>			
	2003-04 Actual	2004-05 Estimated^a	2005-06 Revised^a
TCF^a			
Revenues/Transfers			
Beginning balance	\$0.4	\$1.3	—
Revenue	13.2	12.9	\$12.3
Transfers from TDAA	3.0	0.7	—
Subtotals	(\$16.6)	(\$14.8)	(\$12.4)
Expenditures	\$15.4	\$14.8	\$15.0
Ending Balance	\$1.3	—	-\$2.6
TDAA^b			
Revenues			
Beginning balance	\$4.9	\$2.5	\$1.7
Revenue	11.5	9.5	3.7
Subtotals	(\$16.3)	(\$12.1)	(\$5.4)
Expenditures/Transfers			
Expenditures	10.9	9.7	4.5
Transfers to TCF	3.0	0.7	—
Subtotals	(\$13.8)	(\$10.4)	(\$4.5)
Ending Balance	\$2.5	\$1.7	\$0.9
Totals—Ending Balance	\$3.8	\$1.7	-\$1.7
Totals—Structural Imbalance	-\$1.5	-\$2.1	-\$3.4
^a Teacher Credential Fund.			
^b Test Development and Administration Account.			



The CTC is facing a budget-year structural imbalance of \$3.4 million—meaning it needs a like amount of budget solution to align its revenues with expenditures on an ongoing basis.

Underlying Causes of Structural Imbalance



In 1998-99, the credential application fee was reduced from \$70 to \$60. In 2000-01, the fee was further reduced to \$55. The corresponding reduction in credential fee revenue was not accompanied with simultaneous reductions in expenditures.



Since 2002-03, the number of credential applications submitted to CTC has declined steadily, further reducing application fee revenue.

Credential Application Volume On Decline	
Number of Applications Received	
2000-01	215,954
2001-02	239,501
2002-03	250,701
2003-04	235,327
2004-05	221,207



The CTC expects the number of test takers to drop notably in 2004-05 and then drop slightly further in 2005-06.

Test Volume on Decline	
Number of Test Takers	
2001-02	206,117
2002-03	230,183
2003-04	293,229
2004-05	190,372
2005-06	188,080

Options for Addressing Structural Imbalance

- ☑ At the commission's April 14 meeting, CTC staff presented 29 budget options, totaling \$3.6 million in budget solutions. This included 24 cut options, totaling \$2.4 million in potential savings, and 5 revenue-enhancement options, totaling \$1.2 million in potential revenue increases.

- ☑ The commission adopted 23 of these budget solutions, totaling \$2.3 million in budget solutions. This included 19 cut options, totaling \$1.7 million in potential savings, and 4 revenue-enhancement options, totaling \$533,000 in potential revenue increases. Seven of the options require a statutory change.

- ☑ In addition to these options:
 - The CTC has statutory authority to increase its test fees (an action it will consider at its upcoming meeting).
 - The Legislature could increase the credential application fee by modifying existing budget bill language (that sets the fee at \$55). A \$5 increase in the application fee would generate \$1.1 million in new revenue.

- ☑ Given the magnitude of CTC's structural imbalance, we recommend pursuing an approach that contains both expenditure reductions and revenue enhancements.

Streamline Credentialing Process, Reduce Processing Time

- ☒ Regulations require universities to evaluate and submit to the commission their teacher education students' credential applications within four months of receiving them. Regulations then require the commission to process credential applications within 75 days of receiving them. If new teachers do not have an official CTC document by the time the new school year begins, county offices of education issue them temporary county certificates (effective for one year).
- ☒ Every month since December 2004, CTC has exceeded the 75 day processing time limit.
- ☒ The Governor's budget proposal calls for automating the review of credentials that come from universities. This would reduce CTC's processing time, but it would not address the potential four-month processing delay at the university level nor eliminate the duplicative work occurring at the county level.
- ☒ The Legislature could devolve credentialing authority, on a pilot basis, to universities that agreed to process credential applications prior to the beginning of the new school year. This would streamline the process—making CTC processing time irrelevant and eliminating the need for county offices to issue temporary county certificates. The California State University has expressed interest in participating in this type of program.