

SUBCOMMITTEE NO. 1

Agenda

Senator Marty Block, Chair
Senator Carol Liu
Senator Mark Wyland



Thursday, March 20, 2014
9:30 a.m. or Upon Adjournment of Floor Session
Room 3191

Consultants: Jennifer Troia, Jody Martin, and Mark Ibele

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Items Proposed for Discussion

6110 DEPARTMENT OF EDUCATION

Issue 1: Common Core Standards Implementation (Information Only)

This informational item is included to update the subcommittee about state and local implementation of California's Common Core State Standards (CCSS), including what is known or not known, about how local education agencies (LEAs) are spending \$1.25 billion in one-time Proposition 98 funding that was provided in the 2013-14 budget for CCSS implementation.

Specifically, these funds were provided to school districts, county offices of education, charter schools, and state special schools to spend for 2013-14 and 2014-15, in three areas of CCSS implementation: professional development for teachers and other educators, instructional materials, and technology enhancements. This level of funding provides \$201 per pupil. The funds were distributed to LEAs by late October 2013.

As a condition of receiving these funds, LEAs must meet two requirements:

1. Develop and adopt an expenditure plan, which is presented in a public meeting and adopted in a subsequent public meeting. There is no requirement to submit that plan to the California Department of Education (CDE).
2. By July 1, 2015, report certain expenditure information to the CDE about purchases made and the number of teachers and other educators that received professional development. By January 1, 2016, the CDE must submit to the Legislature, and the Department of Finance (DOF), a report that summarizes this expenditure information.

With the exception of the budget request for assessments described in Issue 2 of this agenda, the Governor's budget does not propose any new dedicated resources to support CCSS implementation. However, the Governor's budget includes a significant increase in Proposition 98 funding for allocation to LEAs in 2014-15 for the second-year implementation of the Local Control Funding Formula (LCFF)—an increase of \$4.5 billion for school districts and charter schools (roughly \$750 per student) and \$25.9 million for county offices of education. While there are some limited restrictions on the expenditure of LCFF funds, these monies are a major source of discretionary funds that LEAs will spend on core and supplemental educational programs, which could include ongoing implementation of the CCSS.

Also, the Governor's budget proposes to pay off all remaining K-12 apportionment deferrals in 2014-15, which will provide a total of \$5.6 billion in funding to LEAs. The Legislative Analyst's Office (LAO) believes that paying down these deferrals will reduce LEAs' needs for cash-flow borrowing but not result in significant additional program spending. Depending on how a LEA implemented the deferrals, some LEAs could be in a position to use some of this funding for new programs, including the standards implementation.

California's Adoption of the CCSS

The CCSS are academic content standards in English-language arts and math that define what pupils should know and be able to do at specific grade levels. The CCSS were developed from an initiative of the Council of Chief State School Officers and the National Governors Association. Key goals of the initiative were to standardize what states expect of their students; to transform instruction by focusing

on fewer, higher, and deeper standards; and to define the knowledge and skills that students should have in order to graduate high school ready to succeed in college and be prepared for the workforce.

California is one of 45 states that adopted the CCSS. In August 2010, the State Board of Education (SBE) adopted the CCSS in English-language arts and math and additional California-specific standards that were determined necessary to maintain the rigor of California's already high academic content standards.

CCSS Implementation is a System Transformation

Significant effort is underway at the state and local levels to implement the standards. Full implementation will occur over several years, as the state's public education system is transformed to align to the standards. Below are the system elements that are affected:

- Standards in other content areas, such as science, history-social science, and English-language development, must be aligned to the CCSS.
- Curriculum frameworks are the blueprint for implementing the standards, which include criteria by which instructional materials are evaluated.
- Instructional materials must be aligned to the current standards.
- Professional development must be provided to teachers and instructional leaders.
- Student assessments must be developed that are aligned to the new standards. Summary assessments measure student mastery of academic content towards the conclusion of a course, while interim and formative assessments give teachers earlier opportunities to assess student learning and to improve instruction.

State-Level Efforts

In March 2012, the SBE adopted a CCSS systems implementation plan, which builds towards the goal of implementing CCSS-aligned assessments in spring of 2015. State implementation efforts to date include, among other things, the establishment of these elements aligned to the CCSS:

- Supplemental instructional materials in English-language Arts and Math that build off materials based on the state's prior content standards, until new CCSS-aligned materials are adopted (approved Nov. 2012, Jan. 2013, July 2013)
- Curriculum framework for Math and K-8 Math Instructional Materials (adopted Nov. 2013 and Jan. 2014, respectively)
- English-Language Development Standards (adopted Nov. 2012)
- Next Generation Science Standards (adopted Sept. 2013)
- Professional development modules that provide instructional strategies for educators to deliver CCSS-curriculum (available online at no cost to educators)

The adoption of a curriculum framework for the English-Language Arts/English Language Development Standards is anticipated by May 2014, with instructional materials for those areas by November 2015.

Major Transition to CCSS-Aligned Assessments

California and 22 other states are members of the Smarter Balanced Assessment Consortium (SBAC), which is working to develop CCSS-aligned assessments. SBAC and a second consortium of other states, Partnership for Assessment of Readiness for College and Careers, received funding from the federal government under the Race to the Top Assessment Program, to develop CCSS-aligned assessments.

Unlike the state's prior assessments, which were multiple-choice pencil-and-paper tests, the SBAC assessments will be computer-based, computer-adaptive tests that students will take on a computer or tablet. These tests will have a broader range of question types that are designed to illicit critical thinking, reasoning, and problem solving, and which reflect critical skills for college and career readiness. LEAs will need the technological capacity (including high-speed internet connectivity/bandwidth, hardware/devices, software, and technology staff) to administer these assessments to all students within the required testing window. Because this is a major transition to computer-based exams, a pencil-and-paper test will be an option during the first three years of CCSS testing.

AB 484 (Bonilla), Chapter 489, Statutes of 2013, established the state's plan to transition from the prior assessment program, Standardized Testing and Reporting (STAR) Program, to the new California Assessment of Student Performance and Progress (CAASPP), which includes the CCSS-aligned assessments, among other state tests. The new assessment system is described in more detail in Issue 2 of this agenda.

During the transition, in 2013-14, the state will not administer the California Standards Tests (CSTs) in English-language arts and math, which are aligned to the former academic standards and have been used to meet accountability requirements under the federal No Child Left Behind Act (NCLB) of 2001. Instead, California will participate in a field test of the SBAC assessments. (Recently, the federal government granted California its request to waive NCLB testing requirements for one year, so that California can conduct this field test and avoid double testing students with the CSTs. The waiver is necessary because the field test will not yield individual student test results for accountability purposes.)

The SBAC field tests are a "test of the tests" to ensure the quality of test questions, to establish proficiency levels, and to assess the technological capacity of LEAs to administer the tests. The field tests will occur from March 25, 2014 through June 6, 2014. Within that time frame, the state has assigned LEAs one of four testing windows in which to conduct the tests. Nearly all students (95 percent) will take a field test that includes sample items in both English-language arts and math; the other five percent of students will be tested in only one of those subjects. The field tests are approximately half the length of the operational tests that will begin in spring 2015.

CCSS Implementation Cost

Since the CCSS are common to most states, there are opportunities for states to jointly develop and share instructional materials and tests and to collaborate on best practices for implementing the standards. Still, there are implementation challenges and costs related to obtaining new instructional materials, providing professional development to teachers and administrators, and implementing computer-based assessments.

During the 2013-14 budget hearings, the CDE provided its estimate of \$3 billion over two years (2013-14 and 2014-15) for the statewide costs of CCSS implementation. No other estimate has been provided to the Legislature. While it is clear that the implementation cost is significant, it will be offset by the shifting of current costs to CCSS activities, benefits of shared costs with other states, and improved efficiencies.

In light of this, the 2013-14 budget provided \$1.25 billion in one-time Proposition 98 funding (\$201 per pupil) for LEAs to spend over two years (2013-14 and 2014-15) for professional development, instructional materials, and enhancements to technology.

LEA Implementation

There is limited information about the status of CCSS implementation by LEAs across the state, including how LEAs are spending their one-time CCSS implementation funds and what their additional funding needs may be. There are three surveys that shed light some light on these issues:

1. During summer 2013, the CDE surveyed LEA information technology directors about technology preparedness. There were 880 respondents (683 school districts, including the 25 largest districts, and 197 charter schools), representing 87 percent of K-12 student enrollment.
2. In fall 2013, the California County Superintendents Educational Services Association (CCSESA), on behalf of the Consortium for the Implementation of the Common Core Standards, surveyed all school districts about CCSS implementation. There were 818 respondents, representing 83 percent of student enrollment.
3. This month, the Association of California School Administrators (ACSA) conducted a CCSS implementation survey of its members. There were 232 respondents (222 school districts and 10 county offices of education), representing 24 percent of student enrollment.

Notable findings from these surveys are described below. (The CDE recently released a voluntary online survey for LEAs to share their CCSS implementation status; there are no survey findings at this time.)

Use of One-Time Implementation Funds

In CDE's survey of LEA IT directors (summer 2013), 86 percent of the respondents said they would use implementation funds to purchase technology equipment to prepare for the SBAC assessments.

In CCSESA's survey (fall 2013), respondents were asked about their expected allocation of the implementation funds for technology, professional development, or instructional materials. For each of those purposes, roughly half of the respondents indicated they would spend 25 to 50 percent of their funds in that area, indicating that the funds are being fairly evenly split across the three areas. About 10 percent of the respondents indicated they would spend at least 75 percent of their funds on technology, and even fewer respondents would spend that much on professional development or instructional materials. According to CCSESA, districts reported their biggest implementation challenges are: time (too much all at once), funding, technology, instructional shifts (increased rigor and across subjects), and lack of curriculum (materials and assessments).

In ACSA's survey (March 2014), 43 percent of the respondents reported they had already spent at least 61 percent of their one-time implementation funds. Only about 13 percent of the respondents said they had spent 20 percent or less of their funds. When asked about their spending priorities for these funds, there was little difference in the percentages of ACSA respondents that rated each area (technology, professional development, and instructional materials) as their 1-2 highest spending priorities. Instructional materials slightly outranked technology and professional development. In terms of where they would put additional funding, instructional materials and professional development (including professional development on technology) appear to be their future spending priorities. The survey did not ask about the amount of additional funding needed.

Instructional Materials

In CCSESA's survey, only 25 percent of school districts reported using the supplemental instructional materials in English-language Arts and math that were adopted by the SBE. Most school districts (88 percent) reported they are using other materials and resources. Many school districts indicated they will purchase new instructional materials within the next 18 months for math (62 percent) and English-language arts (about one-third). Similarly, ACSA reported that purchasing new instructional materials is a high priority for many LEAs. In the past, the state provided dedicated funding for instructional materials through the Instructional Materials Block Grant. That funding was ultimately consolidated into the LCFF.

Professional Development

CCSESA's findings suggest that there is much work remaining to train teachers on the CCSS and implement CCSS curriculum in classrooms. According to CCSESA, on average, school districts expect to provide about 40 hours per year of training on the CCSS for teachers and administrators. Other findings are:

- A majority of school districts reported that all their site administrators have received training in the CCSS in both English-language arts (71 percent) and math (68 percent). But fewer districts reported that all of their teachers have received training in the CCSS in English-language arts (42 percent) or math (39 percent).
- Teachers in all grades at about half of school districts understand the content, structure, and organization of the CCSS and understand the English-language arts skills or the math progressions. The creation of CCSS units or lessons, or the alignment of existing units or lesson to the CCSS, is either planned or has not yet taken place in 45 percent of school districts.
- About half of school districts reported that teachers have identified strategies and resources to support the transition to the CCSS for English language learners or students with disabilities.

In the past, the state provided dedicated funding for professional development, including the Professional Development Block Grant. That funding was ultimately consolidated into the LCFF.

Technology

The following table shows LEA report of their technology needs to administer the SBAC assessments from the CDE's technology survey last summer. At that time, the respondents overall indicated that the greatest need was for professional development related to technology. A high need for headphones, laptops, and tablets was also identified. Less need was identified for internet bandwidth, keyboards, and printers. About two-thirds of the respondents reported a high or moderate need for facilities. (In ACSA's survey, most of the respondents identified classrooms/facilities as being their highest priority need, over hardware/devices and internet bandwidth/connectivity, for administering the SBAC field test.)

Reported Level of Technological Need to Administer Smarter Balanced Assessments in 2014–15 CDE Technology Survey, Summer 2013 (683 school districts and 197 charter schools)			
	Percentage of Respondents Reporting High Need	Percentage of Respondents Reporting Moderate Need	Percentage of Respondents Reporting Low Need
Desktop	27%	38%	35%
Laptops	44%	34%	22%
Tablets	44%	28%	28%
Keyboards	18%	27%	55%
Headphones	50%	34%	16%
Printers	20%	40%	41%
Assistive Technology	32%	40%	28%
Internet Bandwidth	26%	24%	50%
Internal Bandwidth	29%	27%	43%
Wireless Access	42%	26%	32%
Professional Development	53%	38%	10%
Facilities	27%	40%	33%

¹ Row totals may not equal 100 percent due to rounding.
 Source: California Department of Education

The SBAC-developed online Technology Readiness Tool enables school districts to do an intensive inventory of technology capacity across all their schools. According to the CDE, about 30 percent of school districts, representing 34 percent of the student testing population, have completed the tool. In addition, the CDE is working with the K-12 High-Speed Network to assist LEAs with their technology needs. The network provides internet connection for LEAs at no cost to them. All county offices of education, 88 percent of school districts, and 83 percent of schools are connected to the K-12 network. It is part of a broader communications network, the California Research and Education Network, which is operated by the Corporation for Education Network Initiatives in California (CENIC).

It has been reported generally that all school districts have internet connectivity (but this is not true for all schools), and the majority of districts expect that all of their schools will assess students during the 2014-15 school year with computers.

Staff Comment.

Widespread transition to the CCSS is a several-year endeavor due to the development and implementation of curriculum, professional development, instructional materials, and assessments aligned to the standards. There is a significant, yet indeterminate, cost to make this statewide transition. The upfront costs for initial professional development, instructional materials, and technology will evolve into ongoing costs for LEAs to maintain these resources. Over time Proposition 98 funding increases provided through the LCFF will help to support ongoing CCSS implementation; however, the funding formula will provide greater resources to some districts than others.

While information about LEA spending on CCSS implementation is limited, data from LEA surveys suggests that most LEAs will use the existing one-time implementation funds across technology, professional development, and instructional materials, rather than invest in only one of these areas, and LEAs report needing additional funding for all three purposes. LEAs that prioritized their existing one-time implementation funds for technology in light of the upcoming SBAC assessments may have remaining needs for instructional materials and professional development. Some districts have initially used supplemental (bridge) instructional materials with the intention to purchase new CCSS-aligned materials later coinciding with the state's adoption of approved materials. In addition, a large percentage of districts reported that not all teachers in their schools are trained on the CCSS nor have they all aligned their classroom lessons to the CCSS.

For these reasons, the Legislature may want to consider providing additional one-time funding to LEAs for CCSS implementation.

Subcommittee Questions

1. **Implementation Status.** What is the status of CCSS implementation across school districts and schools—Are students being taught with curriculum and materials that are aligned to the CCSS?
 - a. Have survey/outreach efforts focused on charter schools?
 - b. Are CCSS instructional strategies in place for students with special needs (such as English-language learners and students with disabilities)?
2. **Technology Readiness**
 - a. Overall, what is the technology readiness of LEAs to implement the SBAC assessments? Are there differences by type of district and school (i.e., urban/suburban/rural)? Where do LEAs face the biggest technology challenges?
 - b. LEAs may not have internet connectivity to schools in remote areas. For example, the CDE reported that one school district has a one-mile network gap that could be connected for a cost of \$84,000 per foot. What can the state do to help LEAs address that kind of technology gap?
3. **New Cost Estimate**
 - a. Is there a way to estimate the cost offsets (i.e., shift of existing costs and operational efficiencies)?
 - b. What are the main upfront implementation costs that remain for most LEAs?
4. **Instructional Materials.** The SBE recently adopted instructional materials for math, but the board has not yet adopted instructional materials for English-language arts and English language development.
 - a. In light of the SBE's schedule for adopting CCSS-aligned instructional materials, how are school districts meeting their instructional materials needs?
 - b. With more instructional materials options on the market, including digital and online options, are LEAs able to purchase materials at a lower price than in the past?
 - c. How has the state helped LEAs to navigate through the broad array of instructional materials options?

Staff Recommendation. Staff recommends the subcommittee request that the CDE continue to update the Legislature (1) as information becomes available from the Field Test and (2) if there is new information about LEAs' expenditure of the one-time implementation funds and their additional funding needs.

Issue 2: Student Assessment Proposals

The Governor’s budget proposes a total of \$149.4 million for student assessments in 2014-15, which is a \$52 million increase over the 2013-14 appropriation. As shown below, this proposed funding level reflects \$128.8 million in Proposition 98 funding and \$20.6 million in federal funding (Title VI of the Elementary and Secondary Education Act). It also reflects planned expenditures of \$125.9 million for state-level contract costs and \$23.5 million for per-student funding to school districts to cover their test administration costs (this rate varies by test and ranges from \$2.52 to \$5.00 per student).

Budget for Student Assessments, 2014-15
(\$ in millions)

	2010–11 Enacted	2011–12 Enacted	2012–13 Enacted	2013–14 Enacted	2014–15 Proposed
Expenditures					
State-level contract costs	\$88.0	\$91.4	\$94.4	\$74.1	\$125.9
District apportionments ^a	28.6	28.1	34.1	23.7	23.5
Totals	\$116.7	\$119.5	\$128.5	\$97.8	\$149.4
Funding					
State Proposition 98 General Fund	\$88.7	\$90.4	\$104.0	\$72.7	\$128.8
Federal Title VI	28.0	29.1	24.5	25.1	20.6
Totals	\$116.7	\$119.5	\$128.5	\$97.8	\$149.4

^a Provides per-student funding to cover district administration costs. Rates vary by test, ranging from \$2.52 to \$5 per student.

Source: Legislative Analyst’s Office

The table below shows the proposed contract costs in the Governor’s budget for each assessment area. The costs for new components of the assessment system are described in further detail below the table.

Contract Costs for Student Assessments, 2014-15
(\$ in millions)

Source:

New ELA and Math Assessments	
Administration and reporting	\$67.5
SBAC-managed services ^a	9.6
Subtotal	(\$77.0)
Development of New Assessments	
English language development	\$7.6
Next Generation Science Standards	4.0
Primary languages other than English	2.0
Subtotal	(\$13.6)
Ongoing Assessments	
California High School Exit Exam	\$11.4
Prior-year testing costs	8.3
California English Language Development Test	7.4
Cost of other assessments	6.1
Assessment review and reporting	2.1
Subtotal	(\$35.4)
Total State-Level Contract Costs	\$125.9

^a SBAC will provide ongoing support of the assessment, including developing additional test items and conducting additional research.
ELA = English-language arts and SBAC = Smarter Balanced Assessment Consortium.

Legislative Analyst’s Office

The budget proposal includes \$77 million for administering the new CCSS-aligned SBAC assessments in English-language arts and math (a cost of \$24 per student). This cost includes \$67.5 million for the estimated costs of a test vendor contract for administering, scoring, and reporting the assessments. This estimate is based on data provided by SBAC. The other \$9.6 million is the cost for SBAC to maintain the test system (for example, development of new test items and research). Both are cost estimates; actual costs will be determined by the outcome of the state's cost negotiations for a contract with a new test vendor and with SBAC.

The Governor's budget proposal assumes the CDE would go out to bid this spring for a new contract with a test vendor to begin the work on the SBAC assessments in July 2014. However, the CDE recently notified staff that CDE has determined it is unable to bid the contract as originally planned because that process requires bidders to have information about the SBAC system open-source code that will not be available until at least September 2014. Because that timing makes it impossible to bid and execute a contract for the spring of 2015 testing, the CDE intends to recommend that the State Board of Education extend the current contract with the existing testing contractor for a period that will allow for a new contract to be completed at a later date. This change will require the CDE to reassess its budget proposal for administration of the SBAC assessments.

The Governor's budget also proposes total funding of \$13.6 million for the development of three new assessments:

- \$4 million for a test aligned to the new Next Generation Science Standards that were adopted by the SBE in Sept. 2013
- \$7.6 million for assessments aligned to the new English Language Development Standards that were adopted by the SBE in November 2012 (the existing California English Language Development Test is aligned to the state's former English Language Development Standards and is a single test used to determine both initial student placement and subsequent level of English language proficiency; the new assessments will include both a screening test to determine student placement and a separate end-of-year summative assessment of English language proficiency)
- \$2 million for CCSS English-language Arts assessments in primary languages other than English (these tests will replace the Standards-based Tests in Spanish that are aligned to the state's former English-language Arts standards and potentially will also include tests in other languages)

The Governor proposes to make the funding for developing these new assessments and administering the SBAC assessments contingent upon DOF review of the testing contracts that are approved by the State Board of Education.

In addition, the Governor's budget proposes an increase of \$482,000 in non-Proposition 98 General Fund to support four positions at CDE, due to an increase in assessments workload. The proposal includes language to make these positions contingent upon CDE's submission of feasibility study reports that demonstrate the additional workload. Specifically, two new two-year, limited-term positions (\$250,000) are proposed to help link data from the new assessments to the California Longitudinal Pupil Achievement Data System (CALPADS). The other two positions (\$232,000) are for experts in the use of technology in student assessment, given the expanded use of technology in the SBAC assessments. Funding for the technology expert positions would be contingent upon DOF approval of an expenditure plan that justifies the need for the positions. Additional position authority is not proposed for these two positions, so CDE must use existing positions authority.

Related Legislation.

AB 484 (Bonilla), Chapter 489, Statutes of 2013, established the state's plan to transition from the prior assessment program, Standardized Testing and Reporting (STAR) Program, to the new California Assessment of Student Performance and Progress (CAASPP), which includes the SBAC assessments aligned to the CCSS in English-language arts and math, among other state tests. Among these statutory requirements:

- Beginning in the 2014-15 school year, school districts, charter schools, and county offices of education are required to administer the SBAC assessments in English-language arts and math, replacing the previously administered STAR tests in those subjects.
- The Superintendent of Public Instruction is required to recommend to the State Board of Education a science assessment that is aligned to the Next Generation Science Standards, with a plan to administer the assessments beginning in the 2016-17 school year.
- The Superintendent of Public Instruction is required to develop and administer the English-language arts summative assessment in primary languages other than English by the 2016-17 school year, to the extent funding is provided for this purpose.

SB 201 (Liu), Chapter 478, Statutes of 2013, requires the development of new English language development assessments that are aligned to the CCSS, including one test for the initial identification of English learner pupils and a separate summative assessment of English language proficiency.

LAO AnalysisSBAC Assessments

The LAO notes that the cost of administering the SBAC assessments (\$24 per pupil) is higher than the amount spent on the previous English-language arts and math tests under the STAR Program (\$15 per pupil). The LAO believes the higher costs seem reasonable due to the different structure of the new exams. The prior tests were multiple choice pencil-and-paper exams, whereas the SBAC tests include performance tasks that feature written responses that cannot be scored by computer. Thus, the SBAC tests will be more expensive to score than the former multiple-choice exams. The LAO indicates that the budget proposal reflects a cost estimate and the actual cost of the new exams will be determined through CDE's negotiations for a new test contract.

Other new features of the SBAC test system are interim and formative assessment tools that will enable teachers to assess student learning and to improve instruction throughout the year. Statute requires that the state purchase these SBAC tools and provide them to districts at no cost. The state did not provide these tools under the STAR program; instead, that was a local cost for districts that chose to utilize them. The LAO notes that purchasing these tools from SBAC will increase state costs, but it will likely reduce total state and local costs given the economies of scale.

LAO Recommendations

The LAO recommends the following modifications from the Governor's budget proposals:

Contract Oversight

The LAO recommends that the subcommittee adopt the Governor's provisional language making assessment funding contingent upon DOF review of contract materials, in order to ensure that the funding provided in the budget is consistent with the actual contract costs. In addition, the LAO recommends that the subcommittee adopt additional language requiring the vendors of the state's

SBAC contract to meet with legislative staff and DOF staff on an annual basis to review components and costs of the contract, in order to provide additional contract oversight.

Assessment Positions

The LAO recommends that the subcommittee adopt language that would require legislative review, in addition to DOF review, of the required feasibility study reports prior to approving any new positions.

Staff Comment

SBAC Assessments

Staff concurs with the LAO's analysis of the increased costs associated with the SBAC assessments. Some level of increased cost for the new exams is expected and the actual cost will be determined through the contract negotiation process. As previously noted, the Governor's budget proposal assumes that the CDE would initiate a bidding process this spring for a contract for SBAC test administration to be in place by July 1, 2014. But recently, the CDE has determined that instead it will recommend that the State Board of Education extend the current contract with the existing test contractor to cover SBAC test administration in 2014-15. Consequently, the CDE will need to reassess its budget proposal for administration of the SBAC assessments.

Staff agrees with the LAO's recommendations to adopt language that (a) requires the vendors of the state's SBAC contract to meet with legislative staff and DOF staff on an annual basis to review the contract, and (b) requires legislative review of the required feasibility study reports prior to approving any new assessment positions for CDE. In addition, staff believes there should be legislative review, in addition to DOF review and approval, of the testing contracts before the CDE may spend the funding provided in the budget for those tests. Staff suggests that the subcommittee seek clarification from DOF about the proposed contract oversight language to ensure that the language's intent is to require DOF approval of the contracts.

English-Language Development Assessments (\$7.6 million)

In reviewing this proposal, staff requested clarification about the total amount of savings from the current test contract (in 2013-14 and 2014-15) that CDE intends to use to fund a portion of this new test development. While CDE has now identified the total savings in the current contract that will be redirected towards this new work (\$1.6 million), the CDE has not provided a scope of work that justifies a total cost of \$9.2 million for developing these assessments. That information is necessary to justify the requested increase of \$7.6 million for 2014-15.

Subcommittee Questions

1. SBAC Test Administration Contract (\$67.5 million)

- a. The budget proposal assumes that the CDE would have a new test vendor contract in place by July 1, 2014, but staff has been informed that is no longer the CDE's plan. What is the CDE's timeline for an initial contract for the SBAC test administration?
- b. What is the Administration's position on the update from the CDE about the SBAC test contract?

2. Interim and Formative Assessment Tools

- a. Some of the cost for SBAC-managed services (\$9.6 million) is for purchasing interim and formative assessment tools from SBAC. In addition, the budget assumes \$4.7 million in costs for interim assessments under the state's SBAC test administration contract. Can you clarify what the test administration contract would provide for interim and formative assessments compared to what SBAC will provide?

3. English-Language Development Test (\$7.6 million)

- a. Can the CDE provide a scope of work for developing these assessments that reflects the total estimated cost of the work, including the funds that CDE plans to redirect from savings in the current test contract?

Staff Recommendation. Staff recommends that the subcommittee hold this item open pending the May Revision and any updated information from the CDE regarding SBAC test administration and the English-Language Development assessments.

Items Proposed for Discussion and Vote

6360 COMMISSION ON TEACHER CREDENTIALING

Commission Overview. The California Commission on Teacher Credentialing (CTC) is an agency in the Executive Branch of California State Government. The major purpose of the agency is to serve as a state standards board for educator preparation for California public schools, the licensing and credentialing of professional educators, the enforcement of professional practices of educators, and the discipline of credential holders. The CTC consists of 19 members, 15 voting members and four ex-officio, non-voting members. It is supported by a staff of approximately 152 authorized positions.

The CTC is responsible for the following major, state operations activities, which are wholly supported by special funds:

- Issuing credentials, permits, certificates, and waivers to qualified educators;
- Enforcing standards of practice and conduct for licensed educators;
- Developing standards and procedures for the preparation and licensure of school teachers and school service providers;
- Evaluating and approving teacher and school service provider preparation programs; and,
- Developing and administering competency exams and performance assessments.

The CTC currently processes approximately 226,000 candidate applications annually for 200 different credential and waiver documents. In addition, it currently administers – largely through contract – a total of five different educator exams for approximately 116,000 educators annually, monitors the assignments of educators, and reports the findings to the Legislature.

The CTC also must review and take appropriate action on misconduct cases involving credential holders and applicants resulting from criminal charges, reports of misconduct by local educational agencies, and misconduct disclosed on applications. In 2012-13, it received new reports from all these sources and, upon review, opened 5,849 cases. During 2012-13, it completed disciplinary review for 6,660 cases.

Lastly, the CTC is responsible for accrediting 261 approved sponsors of educator preparation programs, including largely public and private institutions of higher education and, local educational agencies in California. Of this total, there are 23 California State University programs; eight University of California programs; 58 private college and university programs; 172 local educational agency programs; and three other sponsors. All sponsors participate in the CTC's cycle of accreditation activities, which include an on-site visit once during the seven-year cycle.

In 2012-13, the CTC suspended accreditation-site activities due to budget constraints. The accreditation system was also suspended, from December 2002 through June 2007, due to both declining CTC budgets and because the Commission was developing a revised accreditation system. As a result of these suspensions, there is a group of educator preparation institutions that have not hosted a site visit in more than ten years. The CTC believes the lack of on-site visits has allowed some programs to stray from the Commission's standards, as it affects selecting quality instructors and placing intern teachers in appropriate supervised field instruction.

Budget Overview: The CTC is a “special fund” agency whose state operations are supported nearly entirely by two special funds -- the Test Development and Administration Account (0408) and the Teacher Credentials Fund (0407). The CTC receives no General Fund support. Of the CTC’s \$19.8 million state operations budget in 2013-14, about 77 percent is supported by credential fees, which are a revenue source for the Teacher Credentials Fund and 22 percent is supported by educator exam fees, which fund the Test Development and Administration Account. The other one percent is supported by reimbursements from the Department of Education.

As shown in the table below, the Governor’s budget proposes a total of \$20.4 million for the CTC budget in 2014-15, providing an overall net increase of \$640,000 (3.2 percent). This change mostly reflects the Governor’s proposal to increase revenues to the Teacher Credentials Fund by \$650,000, by allowing the CTC to charge new fees for reviewing existing educator preparation programs for accreditation. This fee proposal, which builds upon the accreditation fee authority the CTC received in the 2013-14 budget, is described further below.

The Governor proposes to continue \$308,000 in reimbursements from the Department of Education for support of the Teacher Misassignment Monitoring Program in 2014-15. The CTC receives no General Fund.

Summary of Expenditures				
(Dollars in Thousands)	2013-14	2014-15	Change	% Change
General Fund, Proposition 98	\$0	0	\$0	0.0
Teacher Credentials Fund	15,271	15,919	648	4.2
Test Development & Adm. Account	4,226	4,218	-8	-0.2
Reimbursements	--	--	--	--
Total	\$19,805	\$20,445	\$640	3.2
Full-Time Positions*	135.8	147.1	11.3	8.3
Authorized Positions*	152.4	152.4	0.0	0.0

*Positions do not include temporary help (retired annuitants)

For 2014-15, the Governor proposes \$20.1 million from the two special funds that support the CTC’s state operations: \$15.9 million from the Teacher Credentials Fund and \$4.2 million from the Test Development and Administration Account. The Governor proposes 152.4 authorized positions for CTC, which reflects no change from 2013-14.

Items Proposed for Discussion / Vote

Issue 1: Accreditation Fee Proposal (Governor's Budget Trailer Bill Language)

The Governor's budget adopts a CTC proposal to institute new fees, beginning in 2014-15, to recover a portion of the standard costs of reviewing existing education preparation programs for accreditation. This proposal builds upon the authority the CTC received in the 2013-14 budget, to institute new fees for certain other accreditation services beginning in 2013-14. Similar to that reform, this proposal reflects the premise that sponsors of educator preparation programs should share in the cost of assuring program quality with credential holders.

Prior Action to Institute Accreditation Fees

The 2013-14 budget authorized the CTC to institute fees for the following three categories of accreditation activities:

- Initial accreditation for new institutions
- Review of new educator preparation programs
- Extraordinary accreditation activities for any institutions and programs that do not meet the CTC's standards and, therefore, require additional visits

These fees were designed to cover the non-salary, travel costs for new accreditation reviews and extraordinary accreditation activities. The fees were not intended to recover the entire costs of the accreditation process, which also include salary costs and other operating costs. The 2013-14 budget assumed that these fees would generate additional revenue of \$200,000 to the Teachers Credential Fund in 2013-14, based on fees ranging from \$500 to \$3,000 per review. It was anticipated that those revenues would allow the CTC, in 2013-14, to resume the accreditation activities that it had suspended in 2012-13 due to insufficient funds.

On September 27, 2013, the Commission approved emergency regulations implementing a cost recovery plan to institute the fees for select accreditation activities. The fees became effective on October 30, 2013 after the emergency regulations were approved by the Office of Administrative Law. That cost recovery plan includes an option for institutions to use an in-kind contribution in lieu of paying a fee for the initial program review. The in-kind contribution consists of providing program reviewers who have completed the CTC's Board of Institutional Review (BIR) training. The in-kind option is not allowed to offset fees for other accreditation activities.

In 2013-14, to date, under the cost recovery plan, the CTC has assessed fees totaling about \$31,500, which are primarily fees for new program proposals rather than for accreditation activities that go beyond the norm. According to the CTC, this level of fee collection is significantly lower than the 2013-14 budget projection of \$200,000 due to the suspension of accreditation site visits in 2012-13. Since accreditation site visits have restarted in 2013-14, the CTC's budget assumes the fees will generate revenues of \$200,000 in 2014-15.

Current Fee Proposal

The Governor's budget proposes trailer bill language to allow the CTC to institute new fees, beginning in 2014-15, for accreditation reviews of existing educator preparation programs. Like the fees previously instituted in 2013-14, the new fees are intended to cover only non-salary, travel costs for specific accreditation reviews, and not the entire cost of accreditation activities for educator preparation programs. The Governor's budget assumes the new fees would generate additional

revenues of \$650,000 to the Teacher Credentials Fund in 2014-15. This amount is in addition to the \$200,000 assumed in the budget for the fees adopted in 2013-14.

Consistent with current law governing the CTC's existing accreditation fees, the trailer bill language would require the CTC to notify the legislative budget committees and the Department of Finance at least 30 days prior to implementing the new fees or making any adjustments to them. The trailer bill language would prohibit the CTC from accepting an in-kind contribution from sponsors of education preparation programs in lieu of assessing the new fees. However, the language would not impact the CTC's existing cost recovery policy that allows an in-kind contribution in lieu of the initial program review fee.

The CTC is currently working to identify specific options for implementing the new fees (for example, by institution and by program). It is anticipated that, in June, the Commission would consider a recommendation for the new fee policy and, in August, the Commission would consider emergency regulations to implement it.

Below are the specific activities that the additional revenues would support:

- Accreditation site visits (about 35-40 program sponsors annually)
- Pre-visits to institutions one year in advance of the accreditation site visit
- Training for the educators who serve on accreditation teams and for the team leaders
- Initial program reviews and program assessment reviews
- Convening a panel of experts to inform the Commission on revisions to the accreditation framework

Allocating the additional revenues to the above activities would enable the CTC to use freed up discretionary resources for other activities or staffing needs, such as policy work to align CTC programs with the Common Core State Standards, maintaining the technology infrastructure for online services and security, and filling vacant positions that are important for timely credential processing and discipline related field investigations. The CTC indicates that, absent the new revenues, there would be insufficient funds for accreditation site visits and these other important program responsibilities.

Issue 2: Fund Transfer from the Test Development and Administration Account to the Teacher Credentials Fund (Governors Budget Trailer Bill Language)

The Governor proposes trailer bill language that would require the State Controller to transfer funds from the Test Development and Administration Account to the Teacher Credentials Fund when monies in the Teacher Credentials Fund are insufficient to meet the CTC's immediate funding needs to cover payroll and other obligations.

Under the proposal, funds transferred to the Teacher Credentials Fund would be returned to the Test Development and Administration Account as soon as there are sufficient funds in the Teacher Credentials Fund, but no later than 60 days after the initial funds transfer. At that time, if there is a balance owed to the Teacher Development and Administration Account, then funds would be returned to the account in monthly installments as monies accumulate in the Teacher Credentials Fund. If, at the end of the fiscal year, a balance is still owed to the Teacher Development and Administration Account, then the Teacher Credentials Fund would be ineligible for further fund transfers until the Teacher Development and Administration Account is fully repaid.

This language would supplement existing provisional language in the annual budget act (which the Governor's budget proposes to continue) that presently allows the Department of Finance to authorize a fund transfer from the Test Development and Administration Account to address an operating deficit in the Teacher Credentials Fund. The Department of Finance must notify the Joint Legislative Budget Committee of the department's intent to authorize the fund transfer at least 30 days prior to authorizing the transfer.

According to the CTC, the current language proposal is intended to address the CTC's short-term cash flow needs in the Teacher Credentials Fund. Specifically, there is an uneven pattern of revenue accrual to the fund during the year—with the lowest revenues accrued during November and December. These short-term fund transfers would help to meet the CTC's cash needs during months when the fund has a low cash balance. The CTC indicates that the provisional language in the annual budget act continues to be necessary to permit fund transfers to the Teacher Credentials Fund in the event of an operating budget shortfall.

Status of Teacher Credentials Fund (Credential Fees)

The Teacher Credentials Fund is generated by fees for issuance of new and renewed credentials and other documents. Current law also requires, as a part of the annual budget review process, the Department of Finance to recommend to the Legislature an appropriate credential fee sufficient to generate revenues necessary to support the operating budget of the Commission plus a prudent reserve of not more than 10 percent. In 2012-13, the credential fee was increased from \$55 to \$70 due to a projected budget shortfall and drop in credentials. This action restored the fee to the statutory maximum (Education Code §44235). The fee remained \$70 for 2013-14, and there is no proposal to change the fee for 2014-15.

In 1998-99, the credential fee was reduced in the budget act below statutory levels -- from \$70 to \$60 -- due to increases in the number of credential applications and resulting surpluses in the Teacher Credentials Fund. At this time, there was increased demand for teachers due to the new K-3 class size reduction program. The \$15 loss in fees since 2000-01 equated to an annual loss of approximately \$3 million for the CTC. (Every \$5 in fees equates to approximately \$1 million in revenues.)

In 2000-01, the fee was dropped further to \$55. The volume of credential applications grew substantially from 2000-01. However, as indicated by the following chart, applications began decreasing in 2007-08 as the state economy slowed. The CTC experienced a 25 percent decline in credential applications from 2007-08 to 2012-13, while experiencing about a 32 percent increase in nondiscretionary costs during that period. Recently, the number of credential applications has started to increase. Between 2012-13 and 2014-15, credential applications are projected to increase by 3.3 percent. At this time, however, the CTC is projecting little or no growth in credential revenue in 2014-15.

Summary of Credential Applications and Fees Since 2000-01															
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 Est	2014/15 Est
Credential Applications Received	215,954	239,501	250,701	235,327	233,164	240,159	254,892	267,637	264,153	246,899	232,208	230,559	225,287	232,789	232,789
Waiver Applications Received	7,865	7,918	5,144	2,827	2,402	2,000	2,561	2,561	2,561	1,287	893	858	751	713	713
Total	223,819	247,419	255,845	238,154	235,566	242,159	257,453	270,198	266,714	248,186	233,101	231,417	226,038	233,502	233,502
Credential Processing Staff*	82.1	83.2	77.4	71.2	60.6	65.2	66.8	75.9	69.1	68.9	68.4	68.4	59.9	61.4	61.4
Credential Fees **	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$70	\$70

*Certification Assignment and Waivers Division Staff

**Individuals applying for a Certification of Clearance and then a first time Credential (i.e., first-time teachers) only pay one fee for the two documents, based on the current credential fee, i.e., \$70 credential fee (made up of \$35 for Certificate of Clearance and \$35 First Time Credential), then at 5-year renewal pay the full fee of \$70.

Status of Test Development and Administration Account (Exam Fees)

The Test Development Administration Account is generated by various fees for exams administered by the CTC, such as the California Basic Educational Skills Test (CBEST), the Reading Instruction Competence Assessment (RICA), and the California Subject Examination for Teachers (CSET), the California Teachers of English Learners (CTEL), and the California Preliminary Administrative Credential Examination (CPACE).

The CTC has statutory authority (Education Code §44235.1) for reviewing and amending the examination fee structure, as needed, to ensure that the examination program is self-supporting. To determine fees for these testing programs, CTC staff projects the number of exams – based upon the most recent actual figures - and compares these figures with projected examination program costs.

In recent years, the number of examinations has been falling. The CTC projects continuing declines in the number of examinees, based on the trends identified in the Teacher Supply Report and enrollment data from the various educator preparation programs. As the next chart shows, the CTC has made a number of adjustments in recent years, based upon the demand for the various exams, as indicated by the following table. In 2005-06, it raised fees by \$6 for all exams, except the CBEST. Prior to this, fees had not been increased since 2001-02. However, in 2007-08, the CTC reduced fees for most exams.

Summary of Exam Fee Adjustments Since 2005-06						
Candidate Fee*	2005-06	2007-08	2011-12	2012-13	2013-14	Change
CBEST						
<i>CBEST – Paper Based Test</i>	--	-\$10.00	--	--	--	-\$10.00
<i>CBEST – Computer Based Test</i>	--	--	-\$4.00	+\$1.00	--	-\$3.00
RICA						
<i>RICA – Written Examination</i>	+\$6.00	-\$10.00	+\$35.00	+\$6.00	--	+\$37.00
<i>RICA – Video Performance Assessment</i>	+\$6.00	-\$10.00	--	+\$41.00	--	+\$37.00
CTEL	--		-\$65.00	+\$22.00	--	-\$43.00
CSET	+\$6.00	-\$12.00	-\$12.00	+\$9.00	--	-\$9.00
<i>CPACE (Replaces the SLLA)</i>	--	--	-\$102.00	+\$44.00	--	-\$58.00

*No changes in exam fees were made in 2013-14 and no changes are planned for 2014-15.

Source: Commission on Teacher Credentialing.

In January 2011, the CTC reviewed and approved changes in the exam fee structure which resulted in fee adjustments (increases and decreases) that went into effect in 2011-12.

In March 2012, the CTC reviewed and approved additional fee increases for all of its major exams that were approved as a part of the 2012-13 budget. These fee increases achieved \$500,000 in new revenues for the Test Development and Administration Account in 2012-13. No exam fee adjustments were made for 2013-14, and no adjustments are planned for 2014-15.

Changing Condition of Special Funds and Budget Actions

The Teacher Credentials Fund (0407) has been experiencing a loss of revenues since 2007-08, which has contributed to a widening gap between annual revenues from credential fees and expenditures for credential activities. The Test Development and Administration Account (0408) has also experienced declines in revenues in recent years, but has had healthy balances to cover expenditures.

Continuing revenue declines for CTC's two special funds, combined with some increased expenditure costs, resulted in a budget shortfall in 2011-12 that was addressed through a \$1.5 million fund transfer from the Teacher Credentials Fund to the Test Development and Administration Account. The 2012-13 budget included credential fee and exam fee increases, as well as expenditure reductions, to avert another shortfall in the special funds. No fund transfers were necessary in 2012-13. Specifically, the 2012-13 budget included the following budget changes:

- **Credentialing Fee Increases.** Teacher credentialing fees were increased by \$15 -- from \$55 to \$70 – which generated an estimated \$3.4 million in additional revenue for the Teacher Credential Fund in 2012-13.
- **Exam Fee Increases.** Testing fees were increased by five percent in 2012-13, which generated an estimated \$300,000 in additional revenue for the Test Development and Administration Account.
- **Staff Reductions and Other Savings.** State operations were reduced by \$1.5 million in 2012-13 as a result of: (1) eliminating 13 positions to reflect streamlining the teacher preparation and credentialing processes, and (2) achieving operational savings from reduced information technology costs.

For the 2013-14 budget, the Legislature adopted the Governor’s proposal to give the CTC authority to charge new fees, beginning in 2013-14, for certain activities related to the accreditation of institutions to operate educator preparation programs. These fees apply to new institutional reviews, new educator preparation program reviews, and extraordinary accreditation site visit activities.

Estimated Fund Conditions for 2014-15

Fund Condition Summaries for the Teacher Credentials Fund and the Test Development and Administration Account are displayed below. These summaries reflect updated revenue projections (as of the 2014-15 Governor’s budget) and the Governor’s proposed accreditation fee increase, which has the effect of increasing fee revenues within the Teacher Credentials Fund by \$650,000 beginning in 2014-15. Otherwise, the budget assumes the CTC will experience little or no growth in credential revenue and testing revenue in 2014-15 and 2015-16.

**Teacher Credentials Fund
Fund Condition**

	2012-13 (Actual)	2013-14 * (Estimated)	2014-15 (Proposed)	2015-16 (Proposed)
Beginning Balance	-\$74,000	\$153,000**	\$242,000	\$539,000
Revenues	14,794,000	15,428,000	16,228,000	16,228,000
TDAA Transfer	0	0	0	0
Repayment of GF Transfer*	-540,000	0	0	0
Expenditures/ Appropriation	-13,891,000	-15,339,000	-15,931,000	-15,931,000
Ending Balance	<u>\$289,000</u>	<u>\$242,000</u>	<u>\$539,000</u>	<u>\$836,000</u>
Reserve %	2.1%	1.6%	3.4%	5.2%

*Repayment of the General Fund augmentation that was authorized by the 2009 -10 Budget Act, Item 6360-011-0407.

** The 2013-14 beginning balance includes an adjustment of -\$136,000.

As a result of the budget actions adopted for 2013-14, the Teacher Credentials Fund (TCF) projects a positive fund balance of \$242,000 in 2013-14; however, this equates to a reserve of only 1.6 percent. Assuming the \$650,000 in new accreditation fees in the Governor’s budget proposal, these fund balances are projected to remain positive at \$539,000 in 2014-15 and \$836,000 in 2015-16. However, reserves will continue to be low, 3.4 percent and 5.2 percent, respectively in 2014-15 and 2015-16. For comparison, in 2006-07, the TCF reserve was 33.4 percent.

In addition to its concern about this low reserve, the CTC has an ongoing concern about the cash flow in the TCF. Specifically, there is an uneven pattern of revenue accrual to the TCF throughout the year—with the lowest revenues occurring in November and December—that results in very low cash on hand during those times of the year. To address this cash flow issue, the Governor’s budget proposes statutory language to require a fund transfer from the Test Development and Administration Account to the Teacher Credentials Fund when monies in the Teacher Credentials Fund are insufficient to meet the CTC’s immediate funding needs to cover payroll and other obligations.

Absent the \$650,000 in new revenues from the Governor’s accreditation fee proposal, the CTC indicates that increases in nondiscretionary operational costs will outpace the growth in credential revenue and reduce the commission’s resources for discretionary operational costs. Without the additional revenues, discretionary spending would make up 3.7 percent of CTC’s 2014-15 budget. With those revenues, discretionary spending would increase to 6.7 percent of the budget.

For the Test Development and Administration Account, the CTC projects both positive fund balances and healthy reserves of \$2,064,000 (48.9 percent) in 2014-15 and \$1,954,000 (46.3 percent) in 2015-16.

FUND CONDITION
(As of 2014-15 Governor’s Budget)
TEST DEVELOPMENT AND ADMINISTRATION ACCOUNT (TDAA)

	2012-13 (Actual)	2013-14* (Estimated)	2014-15 (Proposed)	2015-16 (Proposed)
Beginning Balance	\$4,502,000	\$2,314,000	\$2,177,000	\$2,064,000
Revenues	4,066,000	4,108,000	4,108,000	4,108,000
TCF Transfer	0	0	0	0
Repayment of GF Transfer*	-2,160,000			
Expenditures/ Appropriation	-4,094,000	-4,245,000	-4,221,000	-4,218,000
Ending Balance	<u>\$2,314,000</u>	<u>\$2,177,000</u>	<u>\$2,064,000</u>	<u>\$1,954,000</u>
Reserve %	56.5%	51.3%	48.9%	46.3%

* Repayment of the General Fund augmentation that was authorized by the 2009-10 Budget Act, Item 6360-011-0408.

Staff Comments

The Test Development and Administration Account projects large, positive balances in 2013-14, 2014-15, and 2015-16; however, this fund’s end-of-year balance continues to decline. For example, the Test Development and Administration Account is projected to end the 2014-15 and 2015-16 fiscal years with reserves of 48.9 percent and 46.3 percent, respectively. The reserve at the end of fiscal year 2012-13 was 56.5 percent.

The Teacher Credentials Fund projects a small positive balance of 1.6 percent in 2013-14. Assuming an additional \$650,000 in fee revenues from the Governor’s accreditation proposal, the Teacher Credentials Fund would end the 2014-15 and 2015-16 years with slightly higher positive balances of 3.4 percent and 5.2 percent, respectively. However, without the additional \$650,000 in accreditation fees proposed by the Governor, the Teacher Credentials Fund would face a structural imbalance in 2014-15 and 2015-16.

The CTC anticipates the need for short-term fund transfers in 2014-15 to address immediate cash flow needs in the Teacher Credentials Fund at certain times of the fiscal year. However, the CTC doesn’t expect the type of fund transfer that would be required to address an operating budget shortfall.

Accreditation fee proposal is reasonable and builds upon the fee authority provided in 2013-14. This proposal builds upon the authority the CTC received in the 2013-14 budget to institute new fees for certain other accreditation services. Similar to that past action, this proposal reflects the premise that sponsors of educator preparation programs should share in the cost of assuring program quality with credential holders.

Because the fees implemented in 2013-14 have so far generated only a portion of the revenues that were anticipated in the current year, staff questions whether those fees and the new fees proposed to begin in 2014-15 will generate the entire \$850,000 in the Teacher Credentials Fund that is assumed by the Governor's Budget.

Including all of those revenues, the Teacher Credentials Fund is still projected to have small positive balances for 2014-15 and 2015-16. The CTC may need to consider additional options for stabilizing the Teacher Credentials Fund in the near future.

Subcommittee Questions.

1. Accreditation Fee Proposal.

- a. How did the CTC implement the accreditation cost recovery plan in 2013-14? What additional revenues have been generated from those accreditation fees?
- b. Have accreditation site visit activities resumed in the current year? Do those activities look any different now than in the past? What is the outlook for conducting these activities in the budget year?
- c. What was the impact of suspending accreditation site visit activities in 2012-13?
- d. How would the CTC implement the new fee proposal?
- e. What specific activities would the CTC accomplish as a result of receiving the additional revenues associated with this proposal?

2. Prioritizing Resources.

The CTC indicates that, absent new revenues from the accreditation fee proposal, there would be insufficient funds to continue accreditation site visits and to make progress in other responsibilities such as aligning CTC programs with the Common Core State Standards, maintaining the technology infrastructure for online services and security, and filling vacant positions that are important for timely credential processing and discipline related field investigations.

- a. As revenues in the Teacher Credentials Fund have declined, how has the CTC prioritized its resources to support its program responsibilities?
- b. How has the decline in discretionary resources impacted the CTC's policy work? For instance, what has been the impact on CTC's efforts to align programs with the Common Core State Standards?

3. Credential and Exam Fees.

Both credential fees and exam fees were increased in 2012-13. How did those fee increases affect the CTC's budget? Will additional fee increases be necessary in the near future?

4. **Workload Efficiencies.** What savings has CTC been able to achieve in the past few years due to workload reductions or efficiencies? Does CTC see the potential for future staff and operations savings from workload reductions or efficiencies?
5. **Fund Transfers to the Teacher Credentials Fund.** Does the CTC anticipate there will be an ongoing need for regular short-term fund transfers from the Test Development and Administration Account to the Teacher Credentials Fund?

Staff Recommendation. Staff recommends that the subcommittee approve the Governor's budget for the CTC (Issues 1 and 2) including, but not limited to, these proposals:

1. The Governor's trailer bill language to allow the CTC to institute fees for the standard costs of accreditation for existing educator preparation programs.
2. The Governor's trailer bill language to authorize fund transfers from the Test Development and Administration Account to the Teacher Credentials Fund for the purpose of meeting the CTC's immediate funding needs to cover payroll and other obligations.

VOTE:

Item Proposed for Discussion

Issue 3: Teacher Induction Programs (Information Only)

Teacher induction programs are intended to provide a support structure for beginning teachers. This informational item is included to update the subcommittee about recent issues affecting teacher induction programs in California, in light of the changes to state funding for teacher induction programs during the past few years, notably:

- From 2009-10 to 2012-13, the state provided local education agencies (LEAs) with spending flexibility intended to help them manage their budgets during challenging fiscal times. Specifically, LEAs were allowed to use funding for about 40 K-12 categorical education programs for the purposes of those programs or any other educational purpose. The Teacher Credentialing Block Grant, which provided state funding for the Beginning Teacher Support and Assessment (BTSA) Induction program, was among those programs that LEAs could decide to continue funding or redirect the funding to other educational purposes.
- In the 2013-14 budget, the state eliminated the separate funding streams for the majority of K-12 categorical education programs, including the Teacher Credentialing Block Grant, in order to redirect those monies for allocation to LEAs under the new Local Control Funding Formula (LCFF) and its accountability framework. Under that framework, LEAs have much greater flexibility to spend their funding allocations in support of state and local educational priorities than they did when the funds were restricted through categorical programs. There is no requirement for LEAs to spend LCFF monies on teacher induction programs.

It is important for the Legislature to assess how the elimination of dedicated state funding for teacher induction programs impacts (a) the availability and the quality of local induction programs across the state, and (b) the new teachers that must access these programs to fulfill their requirements for a clear teaching credentialing.

In addition, these issues should be examined due to the role teacher induction plays in teacher retention. Maintaining access to high quality teacher induction programs is a critical strategy for improving teacher retention. Teacher retention is an ongoing issue, but it is particularly relevant if there is a teacher shortage. While this is not currently the situation, and many beginning teachers have experienced lay-offs in recent years due to education budget cuts, other factors (such projected growth in student enrollments, and projected statewide increases in teacher retirements) could drive a demand for new teachers in future years.

In fact, recent data on enrollment in teacher preparation programs and the issuance of new teaching credentials points to a shrinking teacher workforce in California. According to the CTC's most recent annual report to the Legislature, in 2011–12, California saw a **12 percent** decrease in the number of newly-issued teaching credentials. This decrease is across all three types of preliminary teaching credentials and represents the eighth consecutive year in which the total number of initial teaching credentials issued has declined. Additionally, enrollment in teacher preparation programs has also dropped, as much as **33 percent** over the five-year period ending in 2010–11.

Induction Program Completion is Required for a Teaching Credential

In order to teach in a California public school, a teacher must have a teaching credential that is issued by the CTC. There are four basic teaching credentials that reflect the subject matter taught in schools: the Single Subject Teaching Credential, the Multiple Subject Teaching Credential, the Education Specialist Instruction Credential, and the Designated Subjects Teaching Credential.

To help ensure that individuals are prepared for teaching, the state has established requirements to receive a preliminary teaching credential and to advance to earn a clear teaching credential. Among these requirements, beginning teachers who have a preliminary credential must, in order to earn a clear credential, participate in a standards-based teacher induction program that has been approved by the CTC, if such an approved program is available. If such an induction program is not available to a teacher, the state allows for a contingency option for the teacher to complete a university Clear Credential program that has been approved by the CTC. Clear Credential programs have been referred to as “light” induction programs because they provide less intense mentoring, support, and guidance, and are significantly limited in availability.

Upon receiving the preliminary credential, a new teacher has five years to earn the clear credential. The requirement for completion of teacher induction is the result of teacher preparation legislation enacted in 1998, SB 2042 (Alpert), Chapter 548, Statutes of 1998, and 2004 AB 2210 (Liu), Chapter 343, Statutes of 2004.

Several years earlier, in 1992, the state created the Beginning Teacher Support and Assessment Induction Program (BTSA) to provide an effective transition for all beginning elementary and secondary teachers into teaching. Subsequent legislation enacted in 1998 and 2004 significantly expanded and changed the BTSA program. Specifically, the state established that the completion of a BTSA induction program is the preferred route for a new teacher to obtain a clear teaching credential.

Background on BTSA Induction Programs

The BTSA Induction Program provides beginning teachers, during their first two years of teaching, with standards-based, individualized advice and assistance that combines the application of theory learned in the preliminary teacher preparation program with mentor-based support and formative assessment. Historically, the program has been jointly administered by the CTC and the California Department of Education (CDE); however, CDE’s infrastructure for supporting the program was eliminated in 2009 when the program underwent changes to state funding.

California Education Code 44279.1 establishes the following statutory purposes of the BTSA Induction Program:

- Provide an effective transition into teaching for first-year and second-year teachers in California.
- Improve the education performance of pupils through improved training, information, and assistance for new teachers.
- Enable beginning teachers to be effective in teaching pupils who are culturally, linguistically, and academically diverse.
- Ensure the professional success and retention of new teachers.
- Ensure that a support provider provides intensive individualized support and assistance for each participating beginning teacher.
- Improve the rigor and consistency of individual teacher performance assessment results and the usefulness of assessment results to teachers and decision makers.
- Establish an effective, coherent system of performance assessments that is based on the *California Standards for the Teaching Profession (CSTP)* adopted by the Commission in 1997.
- Examine alternative ways in which the general public and the educational profession may be assured that new teachers who remain in teaching have attained acceptable levels of professional competence.
- Ensure that an individual induction plan is in place for each participating new teacher and is based on an ongoing assessment of the development of the beginning teacher.
- Ensure continuous, ongoing program improvement through research, development, and evaluation.

Induction programs must meet state standards. To become a BTSA induction program, a local program must be approved by the CTC and comply with the Standards of Quality and Effectiveness for Teacher Induction Programs, which the CTC established in 2002, and last revised in 2013.

Under these state standards, formative assessment is a cornerstone of BTSA induction. The standards require the participating teacher and the support provider to collaboratively collect, analyze, and act upon evidence of the teacher's practice. BTSA Induction programs may use the no-cost state-developed formative assessment system known as the Formative Assessment for California Teachers (FACT) or a locally developed formative assessment system that meets the state standards.

Since 2009, BTSA induction programs have been part of the CTC's accreditation system. Through that process, BTSA programs must verify that they continue to comply with the state induction program standards.

Induction Programs are generally operated by Local Education Agencies (LEAs). Local BTSA induction programs may be offered by school districts, county offices of education, and institutions of higher education (IHEs). Historically, nearly all of the programs have been operated by individual school districts and county offices of education or consortia of LEAs. However, recently some IHEs have created induction programs, which may be indicative of a belief in the field that LEAs will discontinue or change their induction programs now that they have more discretion whether to spend resources on induction or other programs.

Presently, there are 156 approved BTSA induction programs across the state, including 152 programs offered by individual LEAs or consortia of LEAs and four programs offered by IHEs (including one operated by the University of California, Los Angeles and three operated by private colleges and universities). There are three additional IHE-sponsored programs in the CTC initial review process at this time.

As comparison, during 2008-09 (before LEAs received flexibility to redirect state funding for BTSA programs to other educational purposes), there were 169 approved BTSA induction programs statewide. During the last few years, a total of 13 LEA-sponsored induction programs have ceased operation (including 11 programs that were declared inactive and two programs that were withdrawn).

The CTC does not have reliable data on the number of school districts and charter schools that do not participate in BTSA Induction programs. Of the local agencies that are known not to participate in BTSA Induction programs, the majority are Regional Occupational Centers and Programs, and the remainder are very small school districts and charter schools.

Local programs are organized into clusters around the state that are supported by Cluster Region Directors. This regional infrastructure provides technical assistance to local BTSA programs, facilitates local program consortia, and helps facilitate accreditation site visits to local programs, among other activities. In the past, state funding was allocated for this regional support network, but that is no longer the case due to changes in state funding for the program.

Teacher Retention

Teacher retention is the primary measure that the state uses in assessing the impact of BTSA. Approved BTSA programs are required to submit data on teacher retention to the CTC annually. The teacher retention data reported in 2008 showed that about nine out of every ten teachers (87 percent) who had been in a BTSA program were still teaching five years later. However, data from 2010 showed a lower five-year retention rate at about three out of every four teachers (74.7 percent). This decline could be the result of many factors, including lay-offs of beginning teachers in recent years due to education budget cuts.

In 2012, the Educator Excellence Task Force, which was convened by Superintendent of Public Instruction Tom Torklakson, issued its report that addressed teacher induction, among other areas of teacher development and support. The task force report described BTSA as “one of the first well-designed programs in the nation for providing mentoring to beginning teachers, found to improve effectiveness and dramatically reduce turnover for novice teachers.” However, it also indicated that, in recent times, the program has been negatively impacted by state budget cuts, and currently there is an uneven quality of programs across the state.

State Funding for BTSA Induction Programs

For many years, the state provided dedicated funding for BTSA programs as part of the Teacher Credentialing Block Grant, and this funding was distributed to LEA programs based on a per-participating teacher allocation. To receive this state funding, LEAs were required to make a local in-kind contribution. The in-kind contribution was \$2,000 per participating teacher. (IHEs were not eligible for this funding.) In 2008-09, state funding provided more than \$4,000 per participating teacher. At that level of dedicated funding, school districts and county offices of education offered induction programs to beginning teachers at no charge to the teacher. Since 2009-10, however, there have been major changes to state funding for BTSA programs.

First, as part of the 2009-10 state budget SB 4 X3 (Ducheny), Chapter 12, Statutes of 2009, the state provided LEAs with certain spending flexibility to help them manage their budgets during difficult fiscal times. This flexibility was later extended through 2012-13. Under this flexibility, LEAs were allowed to use funds from about 40 categorical programs, including the Teacher Credentialing Block Grant (which funds BTSA programs), to implement those categorical programs or redirect the funds to any other educational purpose. Thus, during those four years, LEAs had discretion whether to fund BTSA induction programs or use the funds intended for those programs for other educational services.

As part of that flexibility provision, the state specified that funding allocations for those categorical programs would be based on 2008-09 LEA funding levels rather than the previous factors used to allocate the funds. As a result, from 2009-10 through 2012-13, LEAs received allocations for BTSA programs based on their funding allocation in 2008-09, rather than the number of teachers that participated in induction programs during those years. At this time, the state also ended the requirement for the local in-kind contribution as a match to the state funding.

In 2012, the Legislative Analyst’s Office (LAO) surveyed school districts about how they had used the categorical funding flexibility. Of the 470 school districts that responded to the survey, more than half of those districts used this flexibility to shift some amount of funding away from BTSA programs. In addition, the CTC reported that the funding shift away from BTSA programs has caused some erosion of the state-level and regional-level infrastructure that supports BTSA.

In the 2013-14 budget, the state eliminated the separate funding streams for the majority of K-12 categorical education programs, including the Teacher Credentialing Block Grant, in order to redirect those monies for allocation to LEAs under the new Local Control Funding Formula (LCFF) and its accountability framework. Under that framework, LEAs will have much greater flexibility to spend their funding allocations in support of state and local educational priorities than they did when the funds were restricted through categorical programs. There is no requirement for LEAs to spend LCFF funds on BTSA programs.

The table below shows the amount of state funding that has been provided for BTSA programs annually since 1995-96 and the number of teachers who have participated in these programs during the same time-period.

As shown in the table, the program was in expansion from 1995-96 until 2007-08 when both state funding for the program (\$128 million) and the number of participating teachers (28,264 teachers) both reached a peak. During the next few years, the number of participating teachers declined significantly through 2010-11 (to 13,300 teachers) and then began to increase again.

Year	BTSA Induction	
	Number of Teachers Participating	State Funding (in millions)
1995–1996	1,800	\$5.5
1996–1997	2,500	\$7.5
1997–1998	5,200	\$17.5
1998–1999	12,410	\$66.0
1999–2000	23,500	\$72.0
2000–2001	24,500	\$87.4
2001–2002	22,253	\$84.6
2002–2003	21,735	\$88.1
2003–2004	21,064	\$88.1
2004–2005	20,339	\$85.9
2005–2006	25,810	\$81.9
2006–2007	28,264	\$103.0
2007–2008	30,118	\$128.7
2008–2009	27,280	\$108.9
2009–2010	17,982	\$90.4*
2010–2011	13,300	\$90.4*
2011–2012	14,689	\$90.4*
2012–2013	16,354	\$90.4*
2013–2014	18,591	--

*From 2009-10 to 2012-13, the Teacher Credentialing Block Grant was among the many categorical education programs for which the state funding was made flexible and allowed to be used for the purpose of that categorical program or any other educational purpose. Thus, LEAs were not required to spend these funds for teacher induction programs during those years. In 2013-14, the state eliminated the Teacher Credentialing Block Grant and many other categorical programs in order to redirect the monies associated with those programs into the new Local Control Funding Formula (LCFF). The LCFF funding, in 2013-14, includes \$90.4 million that previously was provided for the BTSA Induction program.

Source: Commission on Teacher Credentialing

Current Status of Teacher Induction

During the CTC’s meeting in February 2014, the Commission received a staff report about the status of BTSA induction programs, based on information that was gathered from programs during fall 2013. This report indicated that overall, local programs are currently in flux as program sponsors determine how induction programs should function in the new era under the LCFF. For instance, in the current year, some programs are not enrolling or supporting first year teachers.

The report raised concerns regarding the continuing availability of induction programs in some areas of the state, the continuing quality of programs given changes in funding, and the impact on beginning teacher ability to access CTC-approved induction programs to clear their credentials.

The report noted that many local programs are developing fee structures in order to charge teachers for participating in an induction program. The four programs sponsored by IHEs already charge participating teachers tuition.

According to the report, the current outlook for local induction programs in 2014-15 reflects a range of plans to:

- Continue to operate programs as in the past without charging participating teachers
- Continue to operate but planning to charge participating teachers
- Continue to operate consortium programs but not serve all the same district partners
- Close programs

The report highlights the following options as being presently available to teachers whose employers are not sponsoring or partnering to offer an induction program:

- Enroll in an induction program offered by a college or university
- Enroll in an induction program sponsored by a neighboring district or a county office of education if the program accepts such participants
- Enroll in an on-line induction program
- Complete a Clear Credential program, if the teacher's employer verifies that induction is not available to that teacher or the teacher must satisfy certain requirements under the federal No Child Left Behind Act of 2001 (Currently there are 21 CTC-approved clear credential programs that are operated by universities, not LEAs)

The report identifies both (a) short-term actions the CTC could take to help inform teachers about their options for earning a clear credential and (b) long-term options the CTC could consider to reform components of teacher preparation in order to ensure the quality of teacher induction.

Superintendent's Educator Excellence Task Force

In September 2012, the Educator Excellence Task Force, which was convened by Superintendent of Public Instruction Tom Torlakson, issued a report entitled "Greatness by Design: Supporting Outstanding Teaching to Sustain a Golden State." In that report, the task force indicated the following:

"Mentoring for beginners is decreasing. California once led the nation in the design and funding of beginning teacher induction through the Beginning Teacher Support and Assessment (BTSA) program. Its early successes demonstrated that attrition can be reduced and competence increased for novices who receive skillful mentoring in their first years on the job. However, these funds are no longer protected for this mission. As a result, fewer and fewer teachers receive the benefits of high-quality mentoring in the state. Novice school leaders rarely receive mentoring in California, unlike states that have developed policies to provide it."

Among the task force's recommendations is that the state strengthen and reinvest in BTSA programs.

Staff Comments. In light of this information, the Legislature may want to consider legislative options (such as dedicated funding for teacher induction and other approaches) to support teachers' access to high-quality teacher induction programs.

Subcommittee Questions

1. Program Quality.

- a. At one time California was considered a leader for its high-quality teacher induction programs, is that still the case today?

2. **Program Access.**

- a. Are there areas of the state where BTSA Induction programs are not available? If so, what options are available to teachers in those areas to clear their credentials?

3. **Program Fees.**

- a. How widespread is the intention of LEAs to charge fees for teacher induction programs?

4. **Meeting Local Needs.**

- a. What, if any, are the differences between induction programs sponsored by LEAs versus programs sponsored by colleges and universities?

5. **Alternatives to Induction Programs.** Is the contingency option that allows teachers to complete a Clear Credential program a realistic alternative to an induction program for most teachers? Are the Clear Credential programs widely available across the state?

6. **Program Infrastructure.**

- a. How has the state and regional infrastructure for the BTSA program been impacted by changes in state funding for the program?
- b. What infrastructure is critical to supporting high quality induction programs? What would it take to create and maintain this infrastructure?

Staff Recommendation. Staff recommends the subcommittee request that the CTC continue to update the Legislature about significant developments or changes affecting the status of teacher induction programs.