

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

ASSEMBLYMEMBER KEVIN McCARTY, CHAIR

APRIL 28, 2015

9:00 AM - STATE CAPITOL, ROOM 444

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## ISSUES TO BE HEARD

### 6100 DEPARTMENT OF EDUCATION

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#### ISSUE 1: FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM UPDATE

The Fiscal Crisis and Management Assistance Team (FCMAT) provides a statewide resource to help monitoring agencies in providing fiscal and management guidance. The purpose of the FCMAT is to help local education agencies (LEAs) - school districts and county offices of education (COEs) - fulfill their financial and management responsibilities. Joel Montero, Chief Executive Officer of FCMAT, will provide a presentation on the financial status of local education agencies, including an update on the number of these agencies with negative and qualified certifications on the latest financial status reports and the status of state emergency loans.

#### PANEL

- Joel Montero, Chief Executive Officer, FCMAT
- Edgar Cabral, Legislative Analyst's Office
- Aaron Heredia, Department of Finance

#### BACKGROUND

**Budget Overview.** The Governor's 2015-16 budget provides the same operational support for FCMAT as provided in the current year. Specifically, the budget proposes to provide \$5.3 million Proposition 98 General Fund for FCMAT functions and oversight activities related to K-12 schools. The Governor's budget also includes \$570,000 Proposition 98 General Fund for FCMAT to provide support to community colleges.

Beginning in 2013-14, funding for county fiscal oversight was consolidated into the Local Control Funding Formula (LCFF) for COEs. County offices are still required to review, examine, and audit district budgets as well as annually notify districts of qualified or negative budget certifications, however, the state no longer provides a dedicated funding source for this purpose.

Legislation adopted through AB 1200 (Eastin), Chapter 1213, Statutes of 1991, created an early warning system to help local education agencies (LEAs) avoid fiscal crisis, such as bankruptcy or the need for an emergency loan from the state. The measure expanded the role of COEs in monitoring school districts and required that they intervene, under certain circumstances, to ensure districts can meet their financial obligations. The bill was largely in response to the bankruptcy of the Richmond School District, and the fiscal troubles of a few other districts that were seeking emergency loans from the state. The formal review and oversight process requires that the county superintendent approve the budget and monitor the financial status of each school district in its jurisdiction. COEs perform a similar function

for charter schools, and the California Department of Education (CDE) oversees the finances of COEs.

AB 1200 also created FCMAT, recognizing the need for a statewide resource to help monitoring agencies in providing fiscal and management guidance. The purpose of FCMAT is to help LEAs fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training, and other related services. The bill specified that one county office of education would be selected to administer the assistance team. Through a competitive process, the office of the Kern County Superintendent of Schools was selected to administer FCMAT in June 1992. There are several defined "fiscal crises" that can prompt a COE to intervene in a district: a disapproved budget, a qualified or negative interim report, or recent actions by a district that could lead to not meeting its financial obligations.

Statute added by AB 1200 states the intent that the legislative budget subcommittees annually conduct a review of each qualifying school district (those that are rated as unlikely to meet their fiscal operations for the current and two subsequent years), as follows: "It is the intent of the Legislature that the legislative budget subcommittees annually conduct a review of each qualifying school district that includes an evaluation of the financial condition of the district, the impact of the recovery plans upon the district's educational program, and the efforts made by the state-appointed administrator to obtain input from the community and the governing board of the district."

**Interim Financial Status Reports.** Current law requires LEAs to file two interim reports annually on their financial status with the CDE. First interim reports are due to the state by December 15 of each fiscal year; Second interim reports are due by March 17 each year. Additional time is needed by the CDE to certify these reports.

As a part of these reports, LEAs must certify whether they are able to meet their financial obligations. The certifications are classified as positive, qualified, or negative.

- A positive certification is assigned when an LEA will meet its financial obligations for the current and two subsequent fiscal years.
- A qualified certification is assigned when an LEA may not meet its financial obligations for the current and two subsequent fiscal years.
- A negative certification is assigned when an LEA will be unable to meet their financial obligations in the current year or in the subsequent fiscal year.

**First Interim Report.** The first interim report was published by CDE in February 2015 and identified five LEAs with negative certifications. These LEAs will not be able to meet their financial obligations for 2014-15 or 2015-16. The first interim report reflects data generated by LEAs in Fall 2014, prior to release of the Governor's January 2015-16 budget. The first interim report also identified 38 LEAs with qualified certifications. LEAs with qualified certifications may not be able to meet their financial obligations for 2014-15, 2015-16 or 2016-17.

**Second Interim Report.** The second interim report, which covers the period ending January 31, 2014, has not been released by CDE yet. Based on preliminary information provided by FCMAT, it is estimated that four LEAs will have negative certifications based on second

interim reporting and 27 LEAs will have qualified certifications. This data has not yet been verified by CDE.

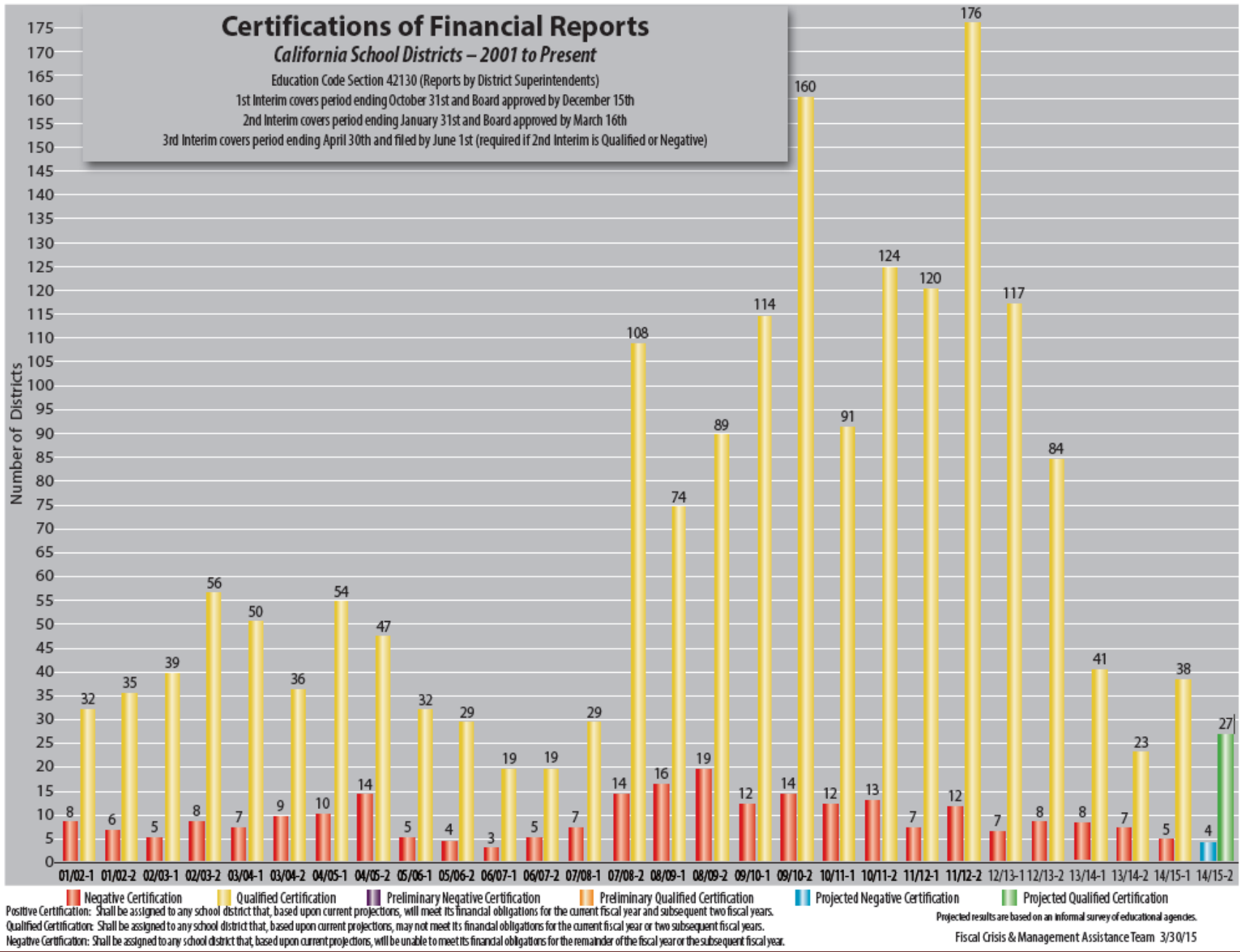
<b>Negative Certification</b>	
<b>Second Interim Budget Certifications - Projected</b>	
County:	District:
Los Angeles	Castaic Union
Los Angeles	Inglewood Unified
Riverside	Lake Elsinore Unified
Sonoma	Kashia Elementary

Source: Fiscal Crisis and Management Assistance Team

<b>Qualified Certification</b>			
<b>Second Interim Budget Certifications - Projected</b>			
County:	District:	County:	District:
Alameda	Emery Unified	Placer	Placer Hills Union Elementary
Alameda	Oakland Unified	San Benito	Bitterwater-Tully Elementary
Butte	Bangor Union Elementary	San Benito	Panoche Elementary
Butte	Pioneer Union Elementary	San Benito	Southside Elementary
Calaveras	Calaveras Unified	San Bernardino	Adelante Elementary
El Dorado	Black Oak Mine Unified	San Diego	Coronado Unified
Glenn	Stony Creek Joint Unified	San Diego	San Diego Unified
Los Angeles	Glendale Unified	San Diego	Warner Unified
Los Angeles	Los Angeles Unified	San Luis Obispo	Shandon Jt. Unified
Madera	Chawanakee Unified	San Mateo	San Bruno Park Elementary
Madera	Yosemite Unified	Santa Cruz	Pajaro Valley Unified
Marin	Lagunitas Elementary	Shasta	Junction Elementary
Nevada	Penn Valley Union Elementary	Sonoma	Cotati-Rohnert Park Unified
Orange	Ocean View Elementary		

Source: Fiscal Crisis and Management Assistance Team

Looking back to 2001-02, the number of negative certifications in the second interim peaked in 2008-09 at 19, while the number of qualified certifications peaked in 2011-12 at 176.



**State Emergency Loans.** A school district governing board may request an emergency apportionment loan from the state if the board has determined the district has insufficient funds to meet its current fiscal obligations. Existing law states the intent that emergency apportionment loans be appropriated through legislation, not through the budget. The conditions for accepting loans are specified in statute, depending on the size of the loan. For loans that exceed 200 percent of the district's recommended reserve, the following conditions apply:

- The State Superintendent of Public Instruction (SPI) shall assume all the legal rights, duties, and powers of the governing board of the district.
- The SPI shall appoint an administrator to act on behalf of the SPI.
- The school district governing board shall be advisory only and report to the state Administrator.
- The authority of the SPI and state administrator shall continue until certain conditions are met. At that time, the SPI shall appoint a trustee to replace the administrator.

For loans equal to or less than 200 percent of the district's recommended reserve, the following conditions apply:

- The SPI shall appoint a trustee to monitor and review the operation of the district.
- The school district governing board shall retain governing authority, but the trustee shall have the authority to stay and rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district.
- The authority of the SPI and the state-appointed trustee shall continue until the loan has been repaid, the district has adequate fiscal systems and controls in place, and the SPI has determined that the district's future compliance with the fiscal plan approved for the district is probable.

**State Emergency Loan Recipients.** Nine school districts have sought emergency loans from the state since 1991. The table below summarizes the amounts of these emergency loans, interest rates on loans, and the status of repayments. Five of these districts: Coachella Valley Unified, Compton Unified, Emery Unified, West Fresno Elementary, and Richmond/West Contra Costa Unified have paid off their loans. Four districts have continuing state emergency loans: Oakland Unified, South Monterey County Joint Union High (formerly King City Joint Union High), Vallejo City Unified, and Inglewood Unified School District. The most recently authorized loan was to Inglewood Unified School District in 2012 in the amount of \$55 million from the General Fund and the California Infrastructure and Economic Development Bank (I-Bank). Of the four districts with continuing emergency loans from the state, Inglewood Unified School District is projected to remain on the negative certification list in the second interim report in 2015-16.

## Emergency Loans to School Districts

1990 through 2014

District	State Role	Date of Issue	Amount of State Loan	Interest Rate	Amount Paid	Pay Off Date
Inglewood Unified	Administrator	11/15/12 11/30/12 02/13/13	\$7,000,000 \$12,000,000 <u>\$10,000,000</u> \$29,000,000 (\$55 million authorized)	2.307%	\$0	11/01/33 GF
South Monterey County Joint Union High (formerly King City Joint Union High)	Administrator	07/22/09 03/11/10 04/14/10	\$2,000,000 \$3,000,000 <u>\$8,000,000</u> \$13,000,000	2.307%	\$4,749,848	October 2028 I-bank
Vallejo City Unified	Administrator Trustee	06/23/04 08/13/07	\$50,000,000 <u>\$10,000,000</u> \$60,000,000	1.5%	\$33,147,652	January 2024 I-bank 08/13/24 GF
Oakland Unified	Administrator Trustee	06/04/03 06/28/06	\$65,000,000 <u>\$35,000,000</u> \$100,000,000	1.778%	\$59,555,098	January 2023 I-bank 6/29/26 GF
West Fresno Elementary	Administrator Trustee	12/29/03	\$1,300,000 (\$2,000,000 authorized)	1.93%	\$1,425,773	12/31/10 GF
Emery Unified	Administrator Trustee	09/21/01	\$1,300,000 (\$2,300,000 authorized)	4.19%	\$1,742,501	06/20/11 GF
Compton Unified	Administrators Trustee	07/19/93 10/14/93 06/29/94	\$3,500,000 \$7,000,000 <u>\$9,451,259</u> \$19,951,259	4.40% 4.313% 4.387%	\$24,358,061	06/30/01 GF
Coachella Valley Unified	Administrators Trustee	06/16/92 01/26/93	\$5,130,708 <u>\$2,169,292</u> \$7,300,000	5.338% 4.493%	\$9,271,830	12/20/01 GF
West Contra Costa Unified (formerly Richmond Unified)	Trustee Administrator Trustee	08/1/90 01/1/91 07/1/91	\$2,000,000 \$7,525,000 <u>19,000,000</u> \$28,525,000	1.532% 2004 refi rate	\$47,688,620	05/30/12 I-bank

Source: California Department of Education

**Staff Comments.** Based on the projected second interim reporting, negative and qualified certifications of LEAs are down significantly from their peak numbers in 2008-09 and 2011-12. Over the past few years, LEAs have seen significant increases in Proposition 98 General Fund as the economy rebounded from the recession. Additionally, the Legislature and Governor have enacted policy changes that have begun to pay down education debt, such as mandates, or will retire debt, in the case of the policy of deferring payments to LEAs that, under current law, will be completely paid off in 2015-16. These policies, along with changes to ongoing education funding under the Local Control Funding Formula, have resulted in an influx of funding to LEAs over the past few years with fewer restrictions for use than under the past system of categorical funds and revenue limits. Both the Department of Finance and the LAO have projected that the Proposition 98 guarantee is unlikely to continue growing at the rate of the past few years and shows a potential for more modest growth beginning in 2016-17. At the same time, LEAs may be using current funding levels to build back from the deep cuts to education since 2006-07, provide increased services to their neediest students, and absorb new costs, such as contributions to the State Teachers Retirement System and rising healthcare and minimum wage costs. The Legislature should continue to closely monitor reporting on the fiscal health of LEAs as these new policies continue to roll out over the next few years with slowing Proposition 98 growth.

Finally, the Legislature should also closely monitor the ongoing work at Inglewood Unified School District which, despite being under the purview of a state administrator and receiving an emergency loan, continues to struggle and remains on the negative certification list for 2015-16.

#### STAFF COMMENTS/QUESTIONS

This is an information item for the Subcommittee.

#### Possible Questions.

1. How have recent policy changes, such as the enactment of the Local Control Funding Formula, the continuing pay down of debt (deferrals and mandates), and elimination of categoricals, impacted LEAs' financial operations?
2. How has the work of FCMAT changed to align with these recent policy changes?
3. What are the common trends for LEAs in negative certification and those in qualified certification? What is being done to mitigate these problems going forward?
4. What other state or national policies are impacting LEAs' fiscal health?
5. How has the traditional work of FCMAT, related to AB 1200 and fiscal oversight, changed to align with new related demands of LEAs under the new Local Control and Accountability Plans?

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**Staff Recommendation: Information Only**

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**6360 COMMISSION ON TEACHER CREDENTIALING****ISSUE 1: COMMISSION ON TEACHER CREDENTIALING OVERVIEW (INFORMATION ONLY)**

The Commission on Teacher Credentialing (CTC) will provide background information for the agency, including: (1) an update on major activities and workload; (2) conclusion of the 2011 Bureau of State Audit review; and (3) a status report on the special funds administered by the CTC.

**PANEL**

- Dr. Mary Sandy, Executive Director
- Philip Chen, Director, Fiscal and Business Services

**BACKGROUND**

**Major Responsibilities.** The CTC is responsible for the following major state operations activities, which are 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.

**Major Activities.** In 2013-14, the CTC processed approximately 235,000 candidate applications for credential and waiver documents. In addition, the CTC currently administers, largely through contract, a total of six different educator exams annually. The CTC also monitors the assignments of educators and reports the findings to the Legislature.

In addition, the CTC 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 2013-14, the CTC averaged 2,382 open cases per month, with a total of 5,514 new cases opened in 2013-14.

Lastly, the CTC is responsible for accrediting 253 approved sponsors of educator preparation programs, including public and private institutions of higher education and, local educational agencies in California. (Of this total, there are 23 California State University campuses; eight University of California campuses; 56 private colleges and universities; 165 local educational agencies; and one other sponsor.)

**Revenues.** The CTC is a “special fund” agency whose state operations are largely supported by two special funds -- the Test Development and Administration Account (0408) and the Teacher Credentials Fund (0407). Of the CTC’s \$20.6 million state operations budget in

2014-15, about \$16 million is from credential and accreditation fees, which are revenue sources for the Teacher Credentials Fund and \$4 million is from educator exam fees, which fund the Test Development and Administration Account. The CTC also received a small amount in reimbursement revenue.

Commission on Teacher Credentialing 2014-15 Projected Revenue				
Teacher Credentialing Fees	Accreditation/ Other Fees	Assessment Related Fees	Reimbursements	Total
\$15.3 Million	\$850,000	\$4.1 Million	\$483,000	\$20.8 Million

Source: Commission on Teacher Credentialing

- 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 CTC plus a prudent reserve of not more than 10 percent. In 2012-13, the credential fee, paid every five years, 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). Since 1998-99, credential fees had been below the statutory maximum, reaching a low of \$55 in 2001-02 based on high demand for applications. However demand for applications has generally tracked with changes in the economy and began decreasing in 2007-08 as the state economy slowed. In addition to credential application fees, the Budget Act of 2014 and related trailer bill legislation included authority for the CTC to begin assessing fees on teacher preparation programs to cover the cost of accrediting these programs. These fees were established through regulations and the CTC began assessing fees in 2013-14.
- 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), the California Subject Examinations 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 approving 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. Similar to demand for credential applications, the number of examinations has fallen in over past years. The CTC has made a number of adjustments in recent years based upon the demand for the various exams. Most recently, in 2012-13, the CTC increased fees for most exams. No exam fee adjustments were implemented for 2014-15 and none are anticipated for 2015-16.

**2015-16 Expenditure Authority.** The Governor’s budget includes the following changes to the CTC budget for 2015-16:

- \$270,000 in workload adjustments (\$217,000 Teacher Credentials Fund and \$53,000 Test Development and Administration Fund)
- \$4 million in one-time General Fund for the development and revision of teacher preparation assessments, including the Teacher Performance Assessment and the Administrator Performance Assessment. (See Item 3)
- \$3.467 million in one-time General Fund to develop a data system to house accreditation-related data. (See Item 4)
- \$600,000 from the Test Development and Administration Account reserve to align the CSET with the Next Generation Science Standards. (See Item 5)

Commission on Teacher Credentialing Proposed Expenditure Authority Changes					
Budget Year	General Fund	Teacher Credentials Fund	Test Development and Administration Account	Reimbursements	Total
2014-15 Budget Act	\$0	\$15,919,000	\$4,218,000	\$483,000	\$20,620,000
2015-16 Governor's Budget	\$7,467,000	\$16,136,000	\$4,871,000	\$308,000	\$28,782,000
Difference	\$7,467,000	\$217,000	\$653,000	(\$175,000)	\$8,162,000

Source: Commission on Teacher Credentialing

**Credential Processing within Statutory Timeframes.** Provisional language in the annual budget act requires the CTC to submit biannual reports to the Legislature, the Legislative Analyst’s Office and the Department of Finance on the minimum, maximum, and average number of days taken to process the following:

- Renewal and university-recommended credentials;
- Out-of-state and special education credentials;
- Service credentials and supplemental authorizations;
- Adult and career technical education certificates and child center permits;
- Substitute, intern, and short-term staff permits; and,
- Percentage of renewals and new applications completed online

This provisional language was added to the budget in 2004-05 in order to provide updates to the Legislature, the Legislative Analyst’s Office, and the Department of Finance on the credential processing time workload and efforts to address a significant backlog of credential applications. AB 469 (Horton), Chapter 133, Statutes of 2007, revised the application processing time from 75-working days to 50-working days, effective January 1, 2008. Based on the most recent CTC report, released March 1, 2015, covering September 2014 through January 2015, approximately 83 percent of applications are being processed within 10 working days with over 97 percent of applications processed within the required 50-working day processing time requirement.

**Teacher Misconduct Workload.** The Division of Professional Practices conducts investigations of misconduct on behalf of the Committee of Credentials – a commission-appointed body. The committee meets monthly to review allegations of misconduct and,

when appropriate, recommends that the commission discipline credential holders or applicants, including revoking or denying credentials when the committee determines holders or applicants are unfit for the duties authorized by the credential. Provisional language in the annual budget act requires the CTC to submit biannual reports to the Legislature, the Legislative Analyst's Office and the Department of Finance on the workload of the Division of Professional Practices and the status of the teacher misconduct caseload. This report is required to include the number of cases opened by type, and average number of days and targets for each key step in reviewing teacher misconduct cases. Based on the most recent CTC report, released March 1, 2015, the total number of open cases at the end of January 2015 was 2,488, significantly reduced from 4,629 in January 2010. Recently the normal range has been to open 400-500 cases per month, in January 2015, the CTC opened 443 cases and closed 530.

**Follow-Up Review of Commission on the CTC response to the Bureau of State Audits (BSA) Recommendations.** On April 7, 2011 the California State Auditor issued a report entitled "*Despite Delays in Discipline of Teacher Misconduct, the Division of Professional Practices has not Developed an Adequate Strategy or Implemented Processes That Will Safeguard Against Future Backlogs*".

Overall, the BSA audit found that the CTC revealed weaknesses in the educator discipline process and in hiring policies and practices. **Key findings** from the audit include the following:

1. As of summer of 2009, according to the commission's management, the Division of Professional Practices had accumulated a backlog of 12,600 unprocessed reports of arrest and prosecution (RAP sheets) - almost three times a typical annual workload.
2. The large backlog of unprocessed reports appears to have significantly delayed processing of alleged misconduct by the Division of Professional Practices and potentially allowed educators of questionable character to retain a credential.
3. The Division of Professional Practices has not effectively processed all the reports of arrest and prosecution that it receives. A review of randomly selected reports could not be located within the CTC's database. Further, the division processes reports it no longer needs.
4. To streamline the committee's processing of pending cases, the Division of Professional Practices uses its discretion to close cases or not open cases for which it believes the committee would choose not to recommend disciplinary action against the credential holder. However, the BSA did not believe the committee can lawfully delegate this discretion to the division.
5. The Division of Professional Practices lacks comprehensive written procedures for reviewing reported misconduct and the database it uses for tracking cases of reported misconduct does not always contain complete and accurate information.

- 6. Familial relationships among commission employees may have a negative impact on employees' perceptions and without a complete set of approved and consistently applied hiring practices, the CTC is vulnerable to allegations of unfair hiring and employment practices.

The BSA audit made numerous recommendations to the CTC including that it develop and formalize comprehensive procedures for reviews of misconduct and for hiring and employment practices to ensure consistency. The audit also recommended that the CTC provide training and oversight to ensure that case information on its database is complete, accurate, and consistent. Moreover, the BSA audit provided specific recommendations for the CTC to revisit its processes for overseeing investigations to adequately address the weaknesses in its processing of reports of misconduct and reduce the time elapsed to perform critical steps in the review process. The CTC has addressed the findings and recommendations of the 2011 BSA audit and provided progress updates to the BSA and Legislature, as required. At the September 2012 CTC meeting, the State Auditor announced that the commission had fully addressed all of the findings and recommendations of the 2011 BSA review.

In June 2014, the BSA returned to the CTC to do a follow-up review of the actions taken in response to the 2011 BSA audit. The BSA found that the CTC had followed up and fully implemented all of the BSA's recommendations or taken alternative actions to appropriately resolve concerns raised by the BSA. The final recommendation made by the BSA in this follow-up review was that the CTC update its strategic plan to include measurable goals and timelines that are evaluated on an ongoing basis. The CTC began the development of a new strategic plan in August 2014 that will meet these objectives.

**STAFF COMMENTS/QUESTIONS**

This issue is informational. The next four issues draw out subjects covered briefly in this overview section.

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**Staff Recommendation: Information Only**

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**ISSUE 2: TEACHER AND ADMINISTRATOR PERFORMANCE ASSESSMENTS**

The Governor proposes to provide \$5 million in non-Proposition 98 General Fund to the CTC for the update and development of teacher and administrator performance assessments.

**PANEL**

- Kimberly Leahy, Department of Finance
- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Jameel Naqvi, Legislative Analyst's Office

**BACKGROUND**

There are a variety of paths to becoming a teacher in California, however, most new teachers first obtain a preliminary credential, which is issued for up to a five year period, and then meet the requirements for a clear credential. The general requirements are as follows:

For a **preliminary credential**, applicants must satisfy all of the following:

- Complete a baccalaureate or higher degree, except in professional education, from an accredited college or university.
- Satisfy the basic skills requirement.
- Complete a teacher preparation program including successful student teaching, and obtain a formal recommendation for the credential by the California college or university where the program was completed. The Teacher Performance Assessment (TPA) is a required indicator of recommendation for a credential.
- Verify subject matter competence through achieving a passing score on the appropriate subject matter examination(s).
- Pass the Reading Instruction Competence Assessment (RICA), or satisfy this requirement through a teacher preparation program.
- Satisfy the Developing English Language Skills requirement.
- Complete a course on the U.S. Constitution or pass an examination given by an accredited college or university.
- Complete basic computer technology course work, that includes the use of technology in educational settings.

For a **clear credential**, new teachers generally must complete a CTC-approved General Education Induction Program. Induction programs are most often sponsored by, or in partnership with, the school district or county office of education who is employing the teacher, however colleges and universities, and other school districts and county offices of education may also provide these programs. The induction program is intended to provide support to a new teacher and should be tailored to his or her needs and the needs of the employer.

Legislation passed in 2006 (SB 1209, [Scott] Chapter 517, Statutes of 2006) required that as of July 1, 2008, all new teacher candidates take a Teaching Performance Assessment (TPA) as part of the teacher preparation program. Prior to this legislation, the TPA requirement was dependent on an appropriation in the annual budget act. The TPA is intended to measure the mastery of California's Teaching Performance Expectations for beginning teachers and consists of four performance tasks: (1) Subject-specific pedagogy (single or multiple subject), (2) designing instruction, (3) assessing learning, and (4) a culminating teaching experience. The TPA is administered by teacher preparation programs. There are currently four versions of the TPA used in California, including the CTC-developed TPA or "CalTPA". Teacher preparation programs may use any of the four commission-approved TPA models. Each teacher preparation program locally scores the TPA using trained assessors. The results of the TPA are included in the recommendation of a new teacher candidate for a credential and may inform the new teacher candidate's areas of focus in a beginning teacher induction program.

The CTC has heard multiple agenda items over the past few years on improving the TPA. One of the largest concerns with the current TPA is that scoring is done locally, although trained assessors are used. The CTC noted that the recognized way to assure scoring reliability and consistency, in accordance with the Joint National Standards for Educational and Psychological Testing, is to use a centrally scored model in which a scoring entity (typically a contractor) oversees scorer training, calibration, reliability during the scoring process, and recalibration over time. The commission took action in December 2014 to adopt TPA Design Principles and TPA Assessment Design Standards for the next generation of TPA models that both specify the use of a centralized scoring model.

At the same time, the CTC has recently approved new program standards for the Preliminary Administrative Services Credential Program and voted to require the passage of an Administrative Performance Assessment (APA) for preliminary licensure once one has been developed for this purpose. Currently, candidates who are seeking an Administrative Services Credential can qualify by taking the CPACE in addition to meeting other requirements, or through a CTC-approved preparation program or intern program.

**Governor's Proposal.** The Governor proposes to provide \$5 million in non-Proposition 98 General Fund to the CTC to update the Cal TPA and develop an Administrator Performance Assessment (APA). The funding would be provided over a two-year period, with \$4 million appropriated in the 2015-16 budget. The Governor proposes accompanying budget bill language as follows:

Item 6360-001-0001, Provision 1:

"Of the funds appropriated in Schedule (1), \$4,000,000 in one-time General Fund is provided to support development of an administrator performance assessment and revise Commission-owned and Commission-approved teacher performance assessments."

**LAO Analysis and Recommendations.** The LAO notes that the Governor's proposal to spend \$5 million General Fund over two years for various TPA and APA purposes is reasonable in light of the state's new content standards, the commission's plan to use TPA and APA results as part of a new accreditation data system, and the CTC's recent adoption of the APA requirement for administrator credential programs. The LAO agrees that these

improvements could help enhance the quality of teacher and administrator candidates and ensure that data on teacher candidates is more reliable across the various teacher preparation programs.

<b>STAFF COMMENTS/QUESTIONS</b>
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The Governor's proposal would bring to fruition much of the work already begun by the CTC to ensure that new teacher candidates are adequately trained and that this training is aligned with related state policies and standards. In addition, based on the CTC's recent meetings on this topic, enacting centralized scoring will facilitate consistency across teacher preparation programs and make the comparison of programs easier for potential teachers, education stakeholders, and policymakers.

The CTC would be required to put the assessment contract(s) out to bid (request for proposals) to solicit applications from testing experts for the activities outlined and the associated costs. The CTC staff has recommended, and the Department of Finance agrees, that \$5 million is a reasonable estimate based on the cost of developing assessments in the past. CTC staff have noted that the process of securing an assessment contract could take up to six months to complete and that if this proposal is approved, they anticipate a contract in place by the end of 2015 or early 2016. The estimated time to fully operational assessments is two years. Staff believes that the estimates and timelines are reasonable, however recommends that the Legislature consider additional reporting language to ensure that when a contract(s) is in place, the Legislature is updated on the actual costs and the timeline for the development of these assessments.

**Possible Questions:**

- 1) Does the CTC estimate that these new assessments will result in increased costs for teacher preparation programs?
- 2) How many teacher preparation programs use the CTC-owned CalTPA and how many use other teacher performance assessments?
- 3) Are there ongoing costs to the state associated with an updated Teacher Performance Assessment or the proposed Administrator Performance Assessment?
- 4) How will these changes improve the quality of teacher preparation programs in the state?

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**Staff Recommendation: Hold open pending May Revision estimates of total available non-Proposition 98 General Fund.**

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**ISSUE 3: ACCREDITATION**

The Governor proposes to provide \$5 million in non-Proposition 98 General Fund to the CTC to develop a data system for accreditation, with \$3.467 million appropriated in the 2015-16 budget.

**PANEL**

- Kimberly Leahy, Department of Finance
- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Jameel Naqvi, Legislative Analyst's Office

**BACKGROUND**

The CTC is responsible for accrediting approved sponsors of educator preparation programs, including public and private institutions of higher education and, local educational agencies in California. In order to conduct this work, the CTC appoints a Committee on Accreditation (COA) that includes six representatives from K-12 and six from postsecondary education. An institution must first be approved by the CTC and then the teacher preparation program must be approved by the COA. Once the program is approved, it enters a seven year accreditation cycle that includes the following:

- Biennial reports that provide data on candidate competence
- A site visit by a trained team of evaluators that conduct interviews of graduates, candidates, employers, program faculty, and administrators.
- A program assessment that provides data on assessment performance, employer feedback, program updates, and changes.

This accreditation cycle is meant to ensure continuous outcome accountability, consistent adherence to the CTC standards for teacher preparation programs, and alignment with the state's academic content standards.

The CTC currently has been consistently working towards streamlining the accreditation system, requiring fewer inputs into the system and relying more on output measures. This includes a plan for the following:

- 1) Develop and implement candidate, employer, and other surveys regarding preparation program effectiveness
- 2) Develop reporting mechanisms so sponsors can improve or expand existing practices
- 3) Develop data dashboards to inform decision making, provide transparency, and provide reliable data for other public uses.

The CTC has a completed Feasibility Study Report (FSR) approved by the California Department of Technology that details these activities and supports the cost estimate

provided and funded in the Governor's budget. The CTC also notes that they have moved forward on some of these activities using existing resources, including development of surveys to inform program effectiveness; preliminary teacher and leader surveys have been piloted and additional (employer, master teacher, supervisor) pilots are in development for implementation in Spring-Summer 2015. The FSR also includes security enhancements for existing and newly updated online pieces of the plan. If funded in the 2015-16 budget, the project should be largely completed in 2017.

**Governor's Budget Proposal.** The Governor proposes to provide \$5 million in non-Proposition 98 General Fund to the CTC to fund a data system for accreditation, with \$3.467 million appropriated in the 2015-16 budget. This is aligned with the CTC's approved FSR. The Governor proposes accompanying budget bill language as follows:

Item 6360-001-0001, Provision 2:

"Of the funds appropriated in Schedule (1), \$3,467,000 in one-time General Fund is provided to support streamlining the Accreditation System."

**Legislative Analyst's Office Analysis and Recommendations.** The LAO agrees that the CTC's data system proposal would help to reduce the accreditation system's heavy reliance on program inputs, especially extensive documentation, as well as reduce associated staff time and costs. They also note that the proposal is consistent with their past recommendations to shift from an input to an outcome-oriented accreditation system. However, they note that several critical features of the data system remain unclear. Most notably, the CTC has yet to identify what specific data elements will be collected and housed in the system. Also lacking at this time is a specific plan to collect those data elements, including any agreements or regulatory changes necessary to obtain the data from other state or local agencies. Moreover, the commission has not yet presented a specific plan for how it will use the new data system to streamline accreditation. The LAO is also concerned about the possibility that CTC could actually increase accreditation-related costs and staff time by adding a new data system without significantly reducing existing burdens on teacher preparation programs and CTC staff. If the accreditation system were to become even more costly, the CTC likely would begin charging programs even higher accreditation fees.

The LAO recommends requiring the CTC to report to the Legislature by January 1, 2016 with answers to several key questions. Specifically, in the report, the CTC should (1) identify the data it plans to include in the new data system; (2) explain how it will use the data to streamline the accreditation process and reduce the associated administrative burden for teacher preparation programs and CTC staff; and (3) provide an analysis of the ongoing fiscal effect of the new data and accreditation system. This report should also describe what modifications the CTC plans to make to its accreditation fees to reflect changes to the accreditation system. Once the CTC has provided this information, the LAO recommends the Legislature reconsider funding the data proposal in 2016-17.

**STAFF COMMENTS/QUESTIONS**

Staff notes that the current CTC accreditation system is complex and cumbersome. Over the past year, the CTC and the CTC-appointed COA have included and publicly discussed a new framework for a streamlined accreditation system. These discussions have resulted in agreement among stakeholders for some key guiding principles – the system should emphasize reliable outcome data, increase efficiency of site visits, and identify promising practices as well as target poor performers for review and support. In addition, the discussion emphasized increasing transparency within the system for teachers, employers, program sponsors, and the public. These goals are aligned with other recent policy changes, such as the Local Control Funding Formula, and would also support high quality teacher preparation going forward. Staff notes that the CTC is planning on redirecting current staff and resources to support the proposal, however, the CTC has already made significant cuts and enacted efficiencies to bring expenditure in line with revenues over the past few years. The Legislature should ensure that a new system is supportable within the proposed resources, and to that effect may wish to direct staff to work with the CTC to add budget bill language to specify the planned redirection of funds to ensure General Fund resources for this project are indeed one-time.

**Possible Questions:**

- 1) What are the ongoing costs and staffing support needed for this project?
- 2) What tangible results will teachers, employers, and preparation program sponsors see from this project?
- 3) If this project is not funded, are there other ways the CTC can move to streamline the accreditation system within existing resources?

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**Staff Recommendation: Hold open pending May Revision estimates of total available non-Proposition 98 General Fund.**

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**ISSUE 4: SCIENCE TEACHER PREPARATION AND ASSESSMENT**

The Governor proposes to provide \$600,000 in additional expenditure authority from the Test Development and Administration Account in 2015-16 to align teacher preparation programs and the CSET with the Next Generation Science Standards (NGSS).

**PANEL**

- Kimberly Leahy, Department of Finance
- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Jameel Naqvi, Legislative Analyst's Office

**BACKGROUND**

The CSET is used to verify subject matter competence for both single and multiple subject teaching credentials and, as noted in Item 3 of this agenda, passage of the appropriate exam(s) is one of the requirements for a preliminary credential. Science is included in both the multiple subject subtests and in stand-alone single subject competence exams. The CSET is periodically updated to comply with state academic content standards through augmentations to the assessment contract. In addition, the required content of the state's teacher preparation programs is specified by CTC adopted standards that are updated to align with state academic content standards.

The NGSS were adopted by the State Board of Education in September of 2013, pursuant to SB 300 (Hancock), Chapter 625, Statutes of 2011. The NGSS describe the key scientific ideas and practices that all students should learn by the time they graduate from high school. The NGSS detail performance expectations for kindergarten through grades 8 and high school.

The development of the NGSS started with the development of the *Framework for K–12 Science Education* by the National Research Council the staff arm of the National Academy of Sciences. After the framework was in place, the standards were developed collaboratively with states and other stakeholders in science, science education, higher education and industry, including extensive public review. This process produced a set of high quality, college- and career-ready K–12 *Next Generation Science Standards* ready for state adoption. The standards were completed in April 2013. Full implementation of NGSS for California is planned to occur over several years and in the context of a continuous learning process, likely not fully operational until 2016-17. In addition, a statewide student assessment for the NGSS has not yet been developed.

**Governor's Budget Proposal.** The Governor proposes to provide \$600,000 in additional expenditure authority from the Test Development and Administration Account in 2015-16 to align the CSET with the Next Generation Science Standards (NGSS).

The Governor proposes accompanying budget bill language as follows:

Item 6360-001-0408, Provision 5:

“Of the funds appropriated in Schedule (2), \$600,000 in one-time Test Development and Administration Account funds is provided to align teacher standards and science examinations with the Next Generation Science Standards”

**Legislative Analyst’s Office Analysis and Recommendations.** The LAO believes that the Governor’s proposal to allow the CTC to spend \$600,000 from the Test Development and Administration Account to update science-related assessments is reasonable given the state’s new science standards and the projected budget reserve of \$2.3 million in the account at the end of 2014-15. At the end of 2015-16, the administration projects the Test Development and Administration Account will have a reserve of \$1.6 million, 37 percent of ongoing annual expenditures from the account. The LAO notes, even with this proposal, they believe the reserve levels are adequate to cover the CTC’s cash flow needs in 2015-16.

#### STAFF COMMENTS/QUESTIONS

The Next Generation Science Standards for grades kindergarten through 12 were adopted by the State Board of Education in September of 2013. Since this time, the California Department of Education and the State Board of Education have continued to work towards completing an implementation plan for the NGSS. This CTC workload is a key step to supporting the preparation of teachers for teaching the NGSS. Funds in the Test Development and Administration Account may be appropriately used for this purpose and the CTC may revise the current assessment contract for these changes.

#### Possible Questions:

- 1) How much is the current reserve level of the Test Development and Administration Account?
- 2) When does the CTC anticipate the assessment update will be complete?

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**Staff Recommendation: Staff recommends approval of this item.**

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**ISSUE 5: DEPARTMENT OF FINANCE APRIL LETTER – COMMISSION ON TEACHER CREDENTIALING**

This is a technical budget proposal to provide reimbursement authority for expenditure of carryover funds for the Collaboration for Effective Educator Development, Accountability, and Reform project.

**PANEL**

- Kimberly Leahy, Department of Finance
- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Jameel Naqvi, Legislative Analyst's Office
- Public Comment (on all issues for the Commission on Teacher Credentialing)

**BACKGROUND**

The Department of Finance proposes a technical adjustment to increase reimbursement authority for CTC to reflect available carryover for the Collaboration for Effective Educator Development, Accountability, and Reform project as follows:

Amendment to Budget Bill Item 6360-001-0407 and Reimbursements, Support, Commission on Teacher Credentialing

It is requested that Item 6360-001-0407 be amended by increasing reimbursements by \$80,000 to provide one-time reimbursement carryover for the Collaboration for Effective Educator Development, Accountability, and Reform project. This project, which began in late 2013 and will be completed in fiscal year 2015-16, is convening field experts to develop a credential program to prepare a teacher candidate concurrently for a special education and general education credential to address the needs of students with disabilities in achieving the Common Core State Standards.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), \$80,000 is one-time reimbursement carryover funding for convening field experts to develop a dual credential program model that will allow educators to concurrently earn a special education credential and general education credential.

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**Staff Recommendation: Staff recommends approval of this technical item.**

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