

SUBCOMMITTEE NO. 1

Agenda

Senator Anthony J. Portantino, Chair
Senator Hannah-Beth Jackson
Senator John M. W. Moorlach



Thursday, March 30, 2017
9:30 a.m. or upon adjournment of session
State Capitol - Room 3191

Consultant: Elisa Wynne

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Public Comment

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6100 DEPARTMENT OF EDUCATION**Item 1: Uniform Complaint Procedures Audit (Information Only)****Description:**

In January 2017, the California State Auditor (auditor) presented an audit report on the Uniform Complaint Procedures, as requested by the Joint Legislative Audit Committee. For the purposes of this hearing the auditor will focus primarily on the role of the California Department of Education (CDE) in this process.

Panel:

- Ryan Anderson, Legislative Analyst's Office
- Tammy Lozano, California State Auditor's Office
- Kris Patel, California State Auditor's Office
- Debra Brown, California Department of Education
- Ed Hanson, Department of Finance

Background:

The Uniform Complaint Procedures (UCP) was established in 1991 to provide a standard process for investigating complaints that schools or school districts have violated federal or state laws and regulations. Generally, local educational agencies (LEAs) are required to investigate UCP complaints; however, complainants may appeal a decision to the CDE. The areas covered under the UCP have changed over time and are handled by a variety of different offices within the CDE.

CDE Programs Covered Under the UCP as of June 30, 2016

CDE Office or Division that Processes UCP	Education Program or Subject Area	First Covered Under the UCP
Career and Transition Division	Agricultural Vocational Education	1991
Career Tech Ed Leadership and Instructional Support Office	Adult Education and Regional Occupation Centers and Programs	1991
Categorical Program Complaints Management Office	No Child Left Behind Act (2001) Programs (Titles I-VII)	2005
	Pupil Instruction: Course Periods Without Educational Content or Previously Completed Courses	2016
	Unlawful Pupil Fees	2013
Coordinated School Health and Safety Office	Education Rights of Foster and Homeless Students	2016
	Tobacco-Use Prevention Education	2002
Coordinated Student Support Division	American Indian Education Centers and Early Childhood Education Program Assessments	2007
Early Education and Support Division	Child Care and Development	1991
Educational Equity UCP Appeals Office	Discrimination; harassment; intimidation; bullying; student lactation accommodations; and lesbian, gay, bisexual, transgender, and questioning resources	1991 (Lactation 2016)
Expanded Learning Division	After School Education and Safety	1998
Local Agency Systems Support Office and School Fiscal Services Division	Local Control Funding Formula (LCFF)	2013
	Local Control and Accountability Plans (LCAP)	2013
Nutrition Services Division	Child Nutrition	1991
School Facilities and Transportation Division	School Facilities (Williams Complaints)	2004
Science, Technology, Engineering, and Mathematics Office	Physical Education: Instructional Minutes	2015
Special Education Division	Special Education	1991

Source: California State Auditor

LEAs are required to follow all state and federal laws, and generally UCP complaints are required through regulation to be first filed with the LEA. LEAs are required to adopt policies and procedures to process UCP complaints and ensure staff take appropriate actions. For most complaints, LEAs have 60 days to complete an investigation and issue a decision; however some complaints have shorter time frames.

A complainant has the option of appealing to the CDE within 15 days of receiving a decision, identifying for the CDE whether they are alleging the facts were incorrect or the law was misapplied. When the CDE receives an appeal, it requests the related files from the LEA. The CDE reviews whether the LEA followed UCP procedures, the evidence supports the fact finding for the decision, and the LEA applied the law correctly. If the CDE determines an appeal has merit, it may issue a decision, require the LEA to investigate further, or conduct its own investigation. The CDE may also deny appeals, return the decision to the LEA for the correction of deficiencies, and forward any new issue back to the LEA for investigation. Each of these actions, requires the CDE and the LEA to respond according to regulations and may have its own set of requirements and timelines. In addition, both LEAs and complainants may request reconsideration of the CDE's decision.

To further add to the complexity, both state and federal law govern the UCP process and generally one or the other specifies the timelines for the CDE in responding to appeals (often the requirement is 60 days), although in some subject areas there are no timelines. Finally, there are some areas and circumstances in which the CDE must directly intervene or investigate the complaint itself, rather than serving as the appeal body. These direct intervention areas include subjects such as special education and nutrition services, and when a complainant requests anonymity because they fear retaliation or other harm if they file a UCP complaint with the LEA.

The CDE is also required to monitor LEAs to ensure compliance with the UCP as part of their federal compliance monitoring. As part of this monitoring, the CDE samples LEAs from different areas of the state for on-site or desk reviews, rotating the sample and the type of review each year.

Auditor's Findings. The auditor's report found that the UCP process within CDE is in itself complex; fourteen different divisions or offices within the CDE handle UCP issues. The CDE does not have department-wide policies and procedures in place; when the wrong division receives a complaint, this can impede the identification and passage of the complaint to an appropriate division in a timely manner. The CDE does not track UCP appeals and complaints centrally, instead each division or office receives UCP workload and follows its own process. While in some cases this may be appropriate, in others it has led to delay of claims being resolved or being resolved inconsistently. This process can also be difficult for LEAs and claimants who may be dealing with different rules and different offices or divisions when trying to utilize the UCP process.

The auditor recommends that the Legislature codify UCP regulations and prescribe consistent timelines for filing, investigation, and reviewing of UCP complaints and appeals.

The auditor specifically recommends that the CDE should designate a central office to receive complaints and appeals with the following duties:

- Distribute complaints and appeals to the appropriate division as soon as they are received.
- Establish a single database for tracking purposes.
- Track progress of divisions in meeting UCP procedures and timelines.
- Work with divisions to establish and align department policies and procedures for UCP.
- Establish a standard investigation report format for division use.
- Monitor divisions' decisions and reports to ensure compliance with requirements.

The auditor also recommends that:

- CDE initiate regulations to include a 60-day timeline for investigation of complaints and reviews of appeals, unless otherwise specified in statute or federal regulations.
- Allow the Nutrition Services division to investigate all complaints as direct intervention and that Nutrition Services should provide complainants with investigation reports, even when the complainant requests anonymity from the LEA.

The auditor made some additional recommendations around the extension of investigations when necessary and additional oversight of charter school UCP complaints as well as recommendations specific to LEAs local processes.

The CDE responded to the auditor's recommendations and concurred with recommendations to provide UCP information to complainant if the issue is confidential, include charter schools in UCP reviews under federal monitoring, and revise UCP monitoring criteria. The CDE partially concurred with recommendations to allow direct intervention of all Nutrition Services-related complaints, revise regulations around extending UCP investigations if warranted, review LEA extensions for investigations as part of federal program monitoring, and establish in regulations a uniform timeline for filing all complaints. The CDE did not concur with the recommendations to establish a central office and align regulations with state and federal programs.

Staff Comments:

Staff notes the UCP system is complex for all involved: individuals filing complaints and appeals, LEAs processing complaints and the CDE as the appeal and oversight body, and sometimes the investigator of complaints. The UCP system was created by layers of federal and state law that were not aligned in their conception and no major system alignment has taken place since it was introduced. The auditor's report has revealed shortcomings in the current system; the Legislature may wish to monitor efforts to ensure a more efficient process for agencies involved and their stakeholders.

Suggested Questions:

- Does the CDE have any recommendations for alignment of timelines for UCP complaints and appeals?
- How is the CDE working to ensure that UCP complaints and appeals are appropriately tracked and assigned?

Staff Recommendation: Information only.

Item 2: K-12 School Facilities

Panel:

- Dan Kaplan, Legislative Analyst’s Office
- Cheryl Ide, Department of Finance
- Juan Mireles, Department of Education
- Lisa Silverman, Office of Public School Construction

Background:

The State Facilities Program was created in 1998 for the purpose of allowing the state and school districts to share the costs of building new school facilities and modernizing existing facilities. Between 1998 and 2006 there were four-voter approved bonds for the school facilities program (totaling \$35.4 billion) which funded the program through 2012.

Key Components of School Facilities Program

- ***New Construction Eligibility Based on Enrollment Projections.*** Districts submit specific new construction projects for approval and receive a grant based on their number of current and projected unhoused students. The state awards funding on a first–come, first–served basis. The state and school districts share project costs on a 50–50 basis. Districts are required to submit progress reports, expenditure reports, and project information worksheets. Districts that receive grants also are required to set aside three percent of their annual budget for routine maintenance.
- ***Modernization Eligibility Based on Age of Building.*** Districts submit specific modernization projects for approval and receive a grant based on the number of students housed in buildings that are at least 25 years old. The state awards funding on a first–come, first–served basis. The state and school districts share costs on a 60–40 basis. Districts are required to submit progress reports and expenditure reports. Districts that receive grants also are required to set aside three percent of their annual budget for routine maintenance.
- ***Financial Hardship Program Targeted to School Districts With Inadequate Local Resources.*** The state covers part or all of project costs for districts unable to meet the local match requirement for new construction and modernization projects. Districts have to levy the maximum developer fee allowed (typically 50 percent of project costs), demonstrate local effort (typically through placing a bond measure on the ballot), and certify they are unable to contribute the full match.
- ***Several Categorical Programs Targeted to Specific State Priorities.*** The four state bond measures enacted since 1998 have authorized various categorical facility programs. These have included programs for reducing class sizes; alleviating overcrowding; building and renovating charter schools; integrating career technical education into high schools; mitigating seismic safety issues; and promoting projects with “high performance attributes” such as energy efficiency, enhanced natural lighting, and use of recycled materials.

Source: Legislative Analyst’s Office

In 2016, voters passed Proposition 51, which authorized the state to sell \$7 billion in general obligation bonds to fund the existing school facilities program (the bond total was \$9 billion, with \$2 billion designated for community colleges facilities.) Of this total, \$3 billion is for new construction projects, \$3 billion is for modernization projects, and the remaining \$1 billion is split between charter school and career technical education projects. After bond funds are approved by the voters, the State Treasurer sells the bonds and the state repays the general obligation bonds using General Fund dollars. The state generally times the sale of bonds to coincide with the amount of shovel-ready projects to avoid paying interest on funds that are not immediately used.

LEAs have other options for financing school facilities related projects, the most common of which are local general obligation bonds, which can be passed with 55 percent of voter approval and are repaid by increasing local property tax rates. LEAs can also levy developer fees that may cover up to a portion of the cost to build a new school, or use other local funding sources.

Project Funding and Accountability.

The process for an LEA to apply for funding through the school facilities program is complex and involves multiple state agencies. LEAs building new schools must work with CDE on selecting an appropriate site. LEAs who are building new schools or modernizing old schools must also have their plans approved by the Division of the State Architect (DSA) to ensure they are field act compliant and meet all other required standards. These steps must be done whether or not a LEA is applying for state funding. With approved plans, a LEA can apply to the Office of Public School Construction (OPSC) who will calculate the LEA's eligibility and check approvals, including certifying local matching funds are available and the project is shovel ready, before moving the project to the State Allocation Board (SAB) for approval and a release of cash. Currently there are approximately \$370 million in unfunded projects (have already been through the approval process and are waiting for state financing) at the SAB. In addition, there are \$2 billion worth of projects that are on an acknowledged list (have not gone through the approval process with OPSC). This backlog accumulated as funding from prior bond sales was exhausted in 2012.

Accountability for projects funded under the school facilities program also lies with the OPSC. LEAs must submit annual summary reports of state facilities expenditures to OPSC, which audits a sample of the reports based on risk factors and project size, but does not do site based audits. LEAs that are found to have misspent funds are required to repay funds to the state or have future apportionments of funds reduced. In 2015, the Office of State Audits and Evaluations (OSAE) audited funding provided to LEAs under the 2006 bond and found that 41 percent had not been audited, and when sampling those expenditures found that one percent was spent on ineligible items.

As workload at OPSC reduced when bond funding was exhausted, the state reduced staffing at the OPSC. OPSC historically has averaged around 130 staff, and today, is at a low point of approximately 50 staff.

Governor's Proposal:

The Governor's budget includes the assumption that the state will issue approximately \$655 million in school bonds in 2017-18 (\$594 million from the 2016 bond and \$61 million from prior bonds.) This amount would cover the unfunded list (\$370 million) and the remaining \$285 million could be used to process applications on the acknowledged list based on the capacity of OPSC staff. The Administration

has also noted that they are timing the sale of bonds to manage debt service payments over the coming years. The Governor did not provide a schedule of bond sales in the out years.

The Governor has also proposed to add state facility bond expenditures to the local school audit requirement that already exists for most LEA expenditures. The proposal has two parts: first, LEAs would complete front-end grant agreements that outline the terms, conditions, and accountability requirements of the school facilities program; second, expenditures would be audited through the annual local audit process. The new grant agreements would be put into place through regulations by the State Allocation Board and the Administration has proposed trailer bill language to add school facilities funding to the audit guide. The audit trailer bill language would apply to all LEAs that receive funding going forward.

The Governor also proposes other technical trailer bill changes to ensure remaining unencumbered funds in the State School Deferred Maintenance Fund are transferred to the State School Site Utilization Fund and that balances from the School Facilities Emergency Repair Account are transferred to the General Fund, as of July 1, 2018.

Legislative Analyst's Office Analysis:

The Legislative Analyst's Office (LAO) reviewed the Governor's facility proposals in their publication, *The 2017-18 Budget: Proposition 98 Education Analysis*. The LAO notes that the Governor's planned bond sale in 2017-18 will only cover a small portion of projects on the acknowledged list and OPSC is likely to receive more projects in response to the new bond sale (in the first two months after the approval of Proposition 51, OPSC reported receiving \$158 million in project requests.) The LAO recommends the Legislature ask the Administration to provide information on how the backlog of projects will be handled, as well as to provide information on the size and timing for future bond sales. The LAO also recommends the Legislature ask the OPSC to report on how many applications they are able to process on an annual basis, given current staff levels, to inform a decision on staffing OPSC going forward.

The LAO analysis recommends adopting the Administration's proposals related to accountability, the proposals would ensure each LEA was subject to audit for the state facilities program, rather than a sample of LEAs, shift accountability to the local level and treats facility expenditures similar to other LEA expenditures. The LAO also recommends the Legislature determine whether this change in OPSC audit workload will free up positions that may be used to process LEA funding applications.

Staff Comments:

Many LEAs are operating with aging infrastructure, and the list of projects waiting for OPSC review and fund approval provides an indication that there is real need in the state for facilities funding. The Legislature should continue to monitor the plan to sell and allocate bond funds to meet state needs over the next few years and adjust staffing at the OPSC appropriately. The Legislature should also work with the Administration to determine the appropriate level of debt service the state should bear each year from the sale of Proposition 51 bonds as part of determining an annual state budget.

Suggested Questions:

- When will the Administration provide an estimate of planned bond sales in future years?

- Has the Administration considered increasing staffing at the OPSC considering the impending bond sales?
- How many applications does the OPSC estimate it can annually process with current staffing levels? Will a reduction in workload based on audit changes create additional staff capacity to process applications?
- What resources or assistance does the CDE and OPSC provide for LEAs as they apply for funding from the school facilities program?

Staff Recommendation: Hold open.

6360 COMMISSION ON TEACHER CREDENTIALING**Item 3: Commission Budget Overview (Vote)****Description:**

The Commission on Teacher Credentialing (CTC) will provide background information for the agency, including an update on major activities and workload.

Panel:

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

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.
- Developing and administering competency exams and performance assessments.

Major Activities. In 2015-16, the CTC processed approximately 250,522 candidate applications for credential and waiver documents, a 5.6 percent increase over the prior year. 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.

The CTC is also responsible for misconduct cases involving credential holders and applicants resulting from criminal charges, reports of misconduct by local educational agencies, and misconduct disclosed on applications. This workload will be examined more fully in Item 4 of this agenda.

Lastly, the CTC is responsible for accrediting 254 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; 166 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 and the Teacher Credentials Fund. Of the CTC's \$26 million state operations budget proposed for 2017-18, about \$22 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 one-time General Fund (both Proposition 98 and non-Proposition 98) in 2015-16 and 2016-17 for some one-time activities and grant programs.

- 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 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 the 2015-16 budget trailer bill, AB 104 (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2015, the credential fee, paid every five years, was increased from \$70 to \$100 per applicant, with the additional revenue generated intended to support processing of teacher misconduct caseload. In addition to credential application fees, the CTC assesses fees on teacher preparation programs to cover the cost of accrediting these programs. As of the Governor's budget, it is projected that the Teacher Credentials fund will have a balance of \$9 million at the end of 2017-18. Much of this is anticipated to be used as the misconduct backlog caseload backlog is addressed.
- 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 for reviewing and approving the examination fee structure, as needed, to ensure that the examination program is self-supporting.

Commission on Teacher Credentialing Expenditures and Positions
(Dollars in thousands)

Fund Source	2015-16	2016-17	2017-18 Proposed
General Fund (non-Proposition 98)	\$6,757	\$12,533	\$0
General Fund (Proposition 98)	20,000	0	0
Teacher Credentials Fund	18,555	23,496	21,745
Test Development and Administration Account	4,665	4,168	4,316
Reimbursements	788	458	308
Total Expenditures (All Funds)	\$50,765	\$40,655	\$26,369
Positions	141.3	139.6	141.6

Source: Commission on Teacher Credentialing

One-Time Activities

The CTC has been funded for a variety of one-time activities in the past few budget acts, including:

- **Teacher and Administrator Test Development.** The 2015 Budget Act provided \$5 million over two years (\$4 million in 2015-16 and \$1 million in 2016-17) in non-Proposition 98 General Fund for the CTC to update the California Teacher Performance Assessment and develop an Administrator Performance Assessment aligned to the new state standards.
- **Accreditation Data System.** The 2015 Budget Act included \$5 million over two years (\$3.5 million in 2015-16 and \$1.5 million in 2016-17) in non-Proposition 98 General Fund for the development of a new accreditation data system. The CTC continues to work on this project, it is currently on time and on budget. On the CTC website there are five data dashboards currently available (more under development) that provide information in institutions offering credentialing programs, teacher shortage, and assignment of teachers. The CTC anticipates that dashboards will be available in 2017-18. The CTC will also use this data system to streamline the accrediting system for institutions.
- **Align Assessments with New Science Standards.** The 2015 Budget Act also included \$600,000 from the Test Development and Administration Account to align the California Subject Examinations for Teachers (CSET) with the Next Generation Science Standards (NGSS).

The CTC was also provided funding for a variety of teacher shortage initiatives; these will be discussed later in this agenda.

Governor's Proposal:

In addition to technical workload adjustments, the Governor's budget proposes to fund three state operations proposals in 2017-18:

- Provides ongoing expenditure authority of \$310,000 (\$256,000 Teacher Credentials Fund and \$54,000 Test Development and Administration Account) to provide ongoing support for the data warehouse and dashboard system that enables and tracks teacher preparation program accreditation. This accreditation system was recently rebuilt (as discussed above) and will require ongoing funding for new system software, data services, and web hosting beyond what was required to support the previous data system.
- Provides additional expenditure authority of \$509,000 (Teacher Credentials Fund) for two permanent special investigator positions, two temporary special investigator positions, and a temporary retired annuitant attorney. This proposal is included in Issue 4 of this agenda for discussion.
- Provides additional expenditure authority of \$277,000 (Teacher Credentials Fund and the Test Development and Administration Account) to address an increase in rent with the signing of a new building lease and to address ongoing increases in costs charged to the CTC from the Department of General Services (DGS) for contracted fiscal services. While the CTC does not currently have a final cost for the lease renewal, DGS has indicated that the cost per square foot could rise from the current \$1.70 per square foot to as high as \$2.20 per square foot. The total square footage of the building is 36,800 square feet. Assuming the lease cost increases to \$2.20 per square foot, facility costs would increase by \$220,800 per year. Additionally, DGS has increased their contracted fiscal services by \$56,000 ongoing.

Legislative Analyst's Office Analysis:

The LAO has no concerns with the Governor's proposals to provide additional expenditure authority for additional teacher misconduct investigators and for higher rent and accounting costs. However, the LAO has concerns regarding the Governor's accreditation data system proposal. The LAO notes that the state provided \$5 million in one-time funding for the CTC to develop an online dashboard to monitor outcomes of teacher preparation programs, the CTC identified increased costs associated with this new data system, but also asserted the new dashboard would streamline its program monitoring and reduce associated accreditation workload. The CTC has indicated that it has not yet achieved saving from streamlining this process. However, the LAO recommends providing the \$310,000 in one-time funding to cover the year-one costs, and believes the CTC should start realizing savings to cover these costs in the out-years.

Staff Comments:

Staff notes that the new accreditation data system is currently on time and on budget and provides useful data for state administrators and policymakers, institutions that provide teacher credentials, teachers and potential teachers, LEAs, and the public. This project has been rolled out in phases and the cost and funding for ongoing support of the system should be monitored by the Legislature in determining an appropriate level of funding, including potential savings from streamlining of processes within the CTC as a result of the new system.

Suggested Questions:

- How have stakeholders been utilizing the new accreditation data systems? What feedback has the CTC received on their development of the dashboards?

Staff Recommendation: Approve the following proposals as budgeted:

- \$310,000 to provide ongoing support for the data warehouse and dashboard system.
- \$277,000 to address an increase in rent and an increase in DGS's contracted fiscal services.

Vote:

6360 COMMISSION ON TEACHER CREDENTIALING**Item 4: Teacher Misconduct Workload (Vote)****Description:**

The Commission on Teacher Credentialing (CTC) is charged with enforcing professional conduct standards and monitors the conduct of credential applicants and holders. The CTC has the authority to discipline applicants or holders for misconduct; and cases that are not resolved at the CTC may be referred to the Office of the Attorney General for an administrative hearing. This issue covers the process for reviewing teacher misconduct, the existing caseload and the use of additional funding resources provided for these purposes.

Panel:

- Kimberly Leahy, Department of Finance
- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing
- Robert Sumner, Director of Legislative Affairs, Office of the Attorney General
- Dan Kaplan, Legislative Analyst's Office

Background:

Role of the CTC. The CTC is charged with monitoring the moral fitness and professional conduct of teacher credential holders and applicants. The CTC may take disciplinary action based on immoral or unprofessional conduct, evident unfitness for service, refusal to obey laws regulating certified duties, unjustified refusal to perform under an employment contract, addiction to intoxicating beverages or controlled substances, commission of any act of moral turpitude, or intentional fraud or deceit in an application.

Under the direction of the CTC, the Committee of Credentials (COC) meets monthly to review misconduct cases. The COC is made up of seven members, three credential holders employed in public schools, one school board member, and one public member. Within the CTC, the Division of Professional Practices investigates alleged misconduct and presents the information to the COC. The COC may close an investigation based on the evidence or recommend disciplinary action. Actions by the COC are subject to final approval by the CTC. A credential holder or applicant may challenge and appeal any disciplinary action. Generally the process begins when the Division of Professional Practices receives a report from an employing school district, complaint from knowledgeable source, report of criminal conviction from the Department of Justice, or self-disclosure on a credential application.

As a result of CTC changes in procedure, the number of open cases has remained fairly consistent over the past three years, at about 2,300 – 2,600 at any given time, down from a high of 3,374 in October of 2011. The Division on Professional Practices has increased the number of cases it moves to the COC, and is now stable at around 90 per month. In addition, the division was able to increase the number of cases placed on the COC's consent calendar due to CTC policy changes,

Role of the Attorney General. A credential holder or applicant may challenge a disciplinary action and request an administrative hearing. The Attorney General’s Office then represents the CTC before an administrative law judge, who issues a proposed decision to the CTC. The CTC can then adopt the decision, reduce the penalty, or reject the proposed decision, review the transcript and issue a CTC decision.

Remaining Backlog. Despite continuing efforts by the CTC, there continues to be a backlog of cases, however this backlog is in open cases at the Office of the Attorney General. The CTC has been seeing an increase in caseload due to high profile incidents that have increased district vigilance in reporting. The CTC noted in June 2014, that the caseload of those seeking an administrative hearing has been steadily increasing since 2011-12.

In order to address this backlog, the 2015-16 budget act included an increase in credentialing fees. The revenue generated by this is used to support additional legal staff, with approximately \$5.1 million budgeted annually for the commission’s costs for the Attorney General and the Office of Administrative Hearing. The 2016 Budget Act included \$8.5 million to address this backlog, including \$2.4 million in carryover from the 2015 Budget Act. In addition in September of 2016, the CTC submitted a budget revision request that was approved by the Department of Finance, and provided to the Joint Legislative Budget Committee, that requested \$650,000 in funding designated for the Office of the Attorney General, be instead retained at the CTC for purposes on investigation and completion of files to a higher standard before they are provided to the Office of the Attorney General. With additional “front end” work, the CTC is helping to prevent the backlog at the Office of the Attorney General from increasing. However, although in 2016-17, \$7.8 million was available for Office of the Attorney General workload, the misconduct caseload backlog has yet to decrease.

Open Cases Assigned to the Attorney General												
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
2011-12	114	110	107	106	106	110	102	100	95	90	86	89
2012-13	82	81	82	82	85	87	91	92	97	97	104	127
2013-14	126	134	141	145	147	147	151	156	159	166	169	179
2014-15	182	185	194	215	210	223	215	230	228	219	228	229
2015-16	238	238	244	249	250	254	266	265	280	281	279	278
2016-17	282	283	283	287	290	286	297					

Source: Commission on Teacher Credentialing

The Office of the Attorney General reports that they are in the process of hiring additional staff attorneys who are dedicated to teacher misconduct caseload and that caseload has been transferred to a division within the Office of the Attorney General that specializes in credentialing issues and is better suited to this type of caseload.

Governor’s Proposal:

The Governor’s budget provides additional expenditure authority of \$509,000 (Teacher Credentials Fund) for two permanent special investigator positions, two temporary special investigator positions, and a temporary retired annuitant attorney. These staff will assist the Office of the Attorney General and the CTC’s existing investigative staff in investigating and preparing educator discipline cases for

administrative hearing. This is a continuation of the system created under through the budget revision approved in 2016.

Legislative Analyst's Office Analysis:

The LAO has no concerns with the Governor's proposal; however, the LAO recently completed an analysis of staffing at the Office of the Attorney General for these activities. The LAO notes that based on their review, the credential fee increase enacted in 2015-16 will likely generate more revenue than is needed for workload in this area. As a result, the LAO recommends the Legislature monitor the issue and revisit it during the 2018-19 budget process to determine whether any available funding could be used for other CTC activities or whether the credentialing fee should be lowered.

Staff Comments:

The CTC and the Office of the Attorney General have seen increasing teacher misconduct caseload for multiple years and continue to struggle to ensure cases are closed in a timely manner. The monitoring of teacher misconduct is vitally important to ensuring students have competent, appropriate staff in their classrooms. The Legislature and Governor have been monitoring this important function of the CTC for several years, resulting in a BSA audit in 2011. The Legislature may wish to continue to monitor the ability of the CTC and the Office of the Attorney General to prioritize the closure of these cases and may wish to request additional reporting. With the increase in resources budgeted over the past few years, the Legislature should expect to see results in the next year.

Suggested Questions:

- When does the Office of the Attorney General estimate that teacher misconduct caseload will return to a "normal" level? What can the subcommittee expect to see in terms of progress at this time next year?
- Does the Administration or CTC have an estimate of whether the funds generated from the credentialing fee will be sufficient to cover teacher misconduct workload?

Staff Recommendation: Approve the following proposal as budgeted:

- \$509,000 (Teacher Credentials Fund) for two permanent and two temporary special investigator positions and a temporary retired annuitant attorney to assist in investigating and preparing educator discipline cases for administrative hearing.

Vote:

Item 5: Teacher Workforce Supply and Demand (Information Only)**Description:**

This item will examine current trends in the state's teacher workforce, including areas of potential shortage and possible solutions.

Panel:

- Dan Kaplan, Legislative Analyst's Office
- Dr. Mary Sandy, Executive Director, Commission on Teacher Credentialing

Background:

California currently has approximately 295,000 teachers, about half in elementary schools, 40 percent in middle and high schools, and almost 10 percent in alternative schools, adult schools or other education settings. Many of California's teachers have been in the classroom a long time, on average they have 14 years of experience, with almost one-third of teachers over the age of 50.

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:

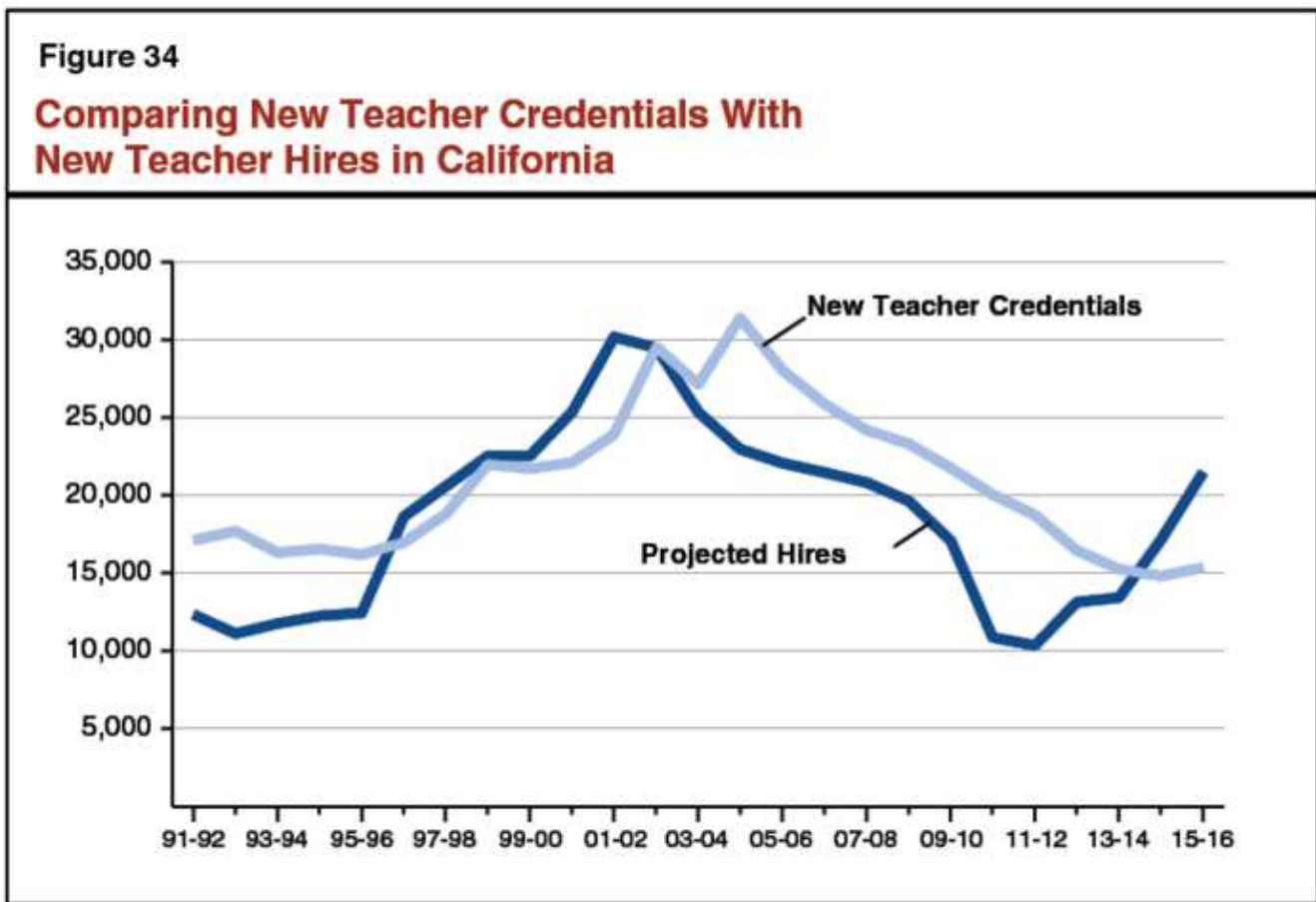
For a preliminary credential, applicants must satisfy all of the following:

- 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 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.

Teachers may also hold internship credentials, valid for two years, or one-year permits under certain circumstances.

Teacher Supply and Demand Data. According to the LAO, the supply of, and demand for, new teachers is driven by a variety of factors, including changes in credentialing requirements, Proposition 98 school funding, state policies regarding class sizes, and teacher pay among other things. There are a variety of data sources that may be considered when determining whether the supply of teachers is adequate to meet demand. New teacher credentials are one indicator, but generally lag behind hiring trends as shown in the chart below. The teacher workforce is also made up of former teachers re-entering the profession, and some new credential holders do not enter the profession.



Source: Legislative Analyst’s Office

Teacher Shortage. LEA’s have experienced an influx of funding as the state has recovered from the last recession, teacher hiring and compensation has increased, and policies have been put in place to ensure small class sizes and the posting of available teacher jobs on EdJoin (the statewide educator job portal).

During the economic recession, LEA's laid-off significant numbers of teachers, deferred providing raises, and often left teachers uncertain, for months at a time, of having a job the following year. The effects of the economic recession contribute towards the enrollment trends in teacher preparation programs, restricting the future pipeline of teachers.

The LAO notes that statewide trends in credentialing and teacher preparation programs only provide some of the data on what is happening statewide. The LAO finds that the statewide market for teachers appears to be in the process of correcting itself, though persistent shortage areas remain. The more common shortage areas in California are science, bilingual education, special education, and math. Low-income and urban schools often face higher rates of turnover and difficulty filling positions, although some rural areas may also face difficulties filling positions for a variety of reasons. Also with the passage of Proposition 58, which repealed an English-only immersion requirement, California will likely see an increase in bilingual education programs and a growing demand for bilingual education teachers.

Another area of concern related to the current teacher shortage is the number of underprepared teachers in the classroom. In 2015-16, California issued more than 10,000 substandard credentials and permits, more than double the number issued in 2012-13. The greatest growth has been in emergency permits known as Provisional Intern Permits (PIPs) and Short-Term Staff Permits (STSPs). Other factors that affect the teacher workforce include: teacher turnover rates, class size reduction efforts, credentialing requirements, the overall desirability of the teaching profession, and the availability of state funding, among other factors.

Reducing the Teacher Shortage. Efforts have been made by the state in the past two years to increase the quality and availability of teachers in the state, including the following:

- **Educator Effectiveness.** The 2015 Budget Act provided \$500 million in one-time Proposition 98 funding to enhance educator effectiveness. Of this amount, \$490 million was provided to school districts, county offices of education and charter schools in an equal amount, per certificated staff. The funding could be used for the following purposes:
 - Beginning teacher and administrator support and mentoring.
 - Professional development, coaching, and support services for teachers who have been identified as needing improvement or additional support.
 - Professional development for teachers and administrators that is aligned to the state academic content standards.
 - Promote educator quality and effectiveness, including, but not limited to, training on mentoring and coaching certificated staff and training certificated staff to support effective teaching and learning.

As a condition of receiving funds, local educational agencies must develop and adopt a plan for expenditure of funds. Funds may be expended through the 2017-18 fiscal year. Local educational agencies must also report to the CDE on how the funds were used on, or before July 1, 2018, and the CDE must submit a report to the Legislature detailing these expenditures by January 1, 2019.

- **California Classified School Employee Teacher Credentialing Program.** The 2016 Budget Act provided \$20 million in Proposition 98 funding (to be used over five years) to create the California Classified School Employee Teacher Credentialing Program. School districts, county offices of education and charter schools are eligible to apply for funding to recruit classified employees to become credentialed teachers in their district. The funding allocated provides 1,000 grants, over five years, of up to \$4,000 per year for applicants that meet certain

criteria. The CTC received 61 proposals requesting a total of 5,582 slots for classified employees under the grant program. The CTC awarded all 1,000 slots to 24 local educational agencies.

- **Integrated Teacher Preparation Program Grant.** The 2016 Budget Act provided \$10 million in one-time non-Proposition 98 General Fund for the CTC to award one or two year grants of up to \$250,000 to postsecondary institutions to create or improve existing four-year integrated teacher preparation programs. In December, the CTC awarded a total of 34 grants, totaling \$7.8 million to institutions and then re-released the request for proposals and identified six additional institutions for grants, bringing the total to \$9.735 million in grant funding.
- **California Center on Teaching Careers.** The 2016 Budget Act provided \$5 million in one-time Proposition 98 funding for the CTC to award a local educational agency to establish and implement the California Center on Teaching Careers, in order to recruit individuals into the teaching profession. The CTC awarded this grant in December to the Tulare County Office of Education (COE). The Tulare COE proposal includes establishing and supporting six collaborating regional centers at COEs across the state (Los Angeles, Riverside, Shasta, San Diego, Sonoma and Ventura), as well as an online presence.

Suggested Questions:

- What statewide data is available currently, or is needed to inform the discussion of teacher shortage?
- How will the CTC's new accreditation data system as discussed in Issue 2 of this agenda, provide additional insight into the teacher workforce pipeline and future trends?
- When will information on the success of the efforts made in last year's budget to decrease the teacher shortage be available?

Staff Recommendation: Information only.