
MEMORANDUM

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To: Members of the Education Subcommittee

From: Doug Wilson, Legislative Fiscal Office
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Date: April 30, 2013

Subject: Teacher Standards and Practices Commission – HB 5046
Work Session Recommendations

Teacher Standards and Practices – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	0	0	0	0
Lottery Funds	0	0	0	0
Other Funds	5,311,522	5,444,612	5,442,725	4,951,441
Federal Funds	0	85,455	35,000	35,000
Total Funds	\$5,311,522	\$5,530,067	\$5,477,725	\$4,986,441
Positions	25	24	22	19
FTE	25.00	24.00	22.00	19.25

Background Information

Agency Mission: *To establish, uphold and enforce professional standards of excellence and communicate those standards to the public and educators for the benefit of Oregon's students.*

The primary functions of the Teacher Standards and Practices Commission (TSPC) include:

- Licenses teachers, school administrators, and other educational professionals;
- Sets the standards for these licenses;
- Sets the standards and performs accreditation visits for teacher training programs; and
- Investigates, and where merited, takes disciplinary actions regarding TSPC licensees;

Budget and Other Issues

1. The Commission is facing significant declining revenues which are generated almost entirely from license fees. The basic teacher license fees are \$100 for either three or five year licenses. The 2011-13 budget for TSPC was passed

based on the assumption that total revenues would be \$5.2 million Other Funds but it appears that revenues will be more in the range of \$4.6 million. The 2013-15 budget is based on revenues of under \$4.5 million which is a 12% drop since 2009-11. These declining revenues are due to fewer individuals applying for new licenses or renewing licenses. Applications received have dropped from over 27,750 in 2009-10 to just over 22,600 for 2011-12.

2. The Commission has reduced expenditures to react to the declining revenues, but have also had to use their "ending balances" or reserves to match resources with spending. The 2011-13 ending balance is now estimated at \$985,000 which represents roughly 4.5 months of spending. With the proposed budget and the assumed 2013-15 revenues, the estimated ending balance at the end of 2013-15 will be just over \$500,000 which represents just 2.5 months of spending. This will likely not meet the agency's cash flow needs during the entire biennium.
3. Facing the declining revenues during 2011-13, the Commission took steps by leaving positions vacant and reducing other spending where possible. Of the 24 permanent authorized positions for 2011-13 biennium, only 17 are currently filled. The proposed budget for 2013-15 eliminates 4 positions. The licensing related staff has been reduced in part to adjust to the workload, but the staff related to investigations could not be reduced to keep pace with the number of potential disciplinary actions. New cases in this area have grown from 200 in 2007 to over 350 for 2012.
4. The core information system for the agency which tracks licensing and other agency activities is out of date and requires manual "work-arounds". Currently the Commission does not have sufficient revenues to begin replacing the system, but this issue will have to be addressed in the future. The most recent estimate for replacing the system is roughly \$650,000.
5. Other issues facing the agency or have been brought up during this Subcommittee's hearings on this budget include;(1) the number of disciplinary actions taken by the Commission, (2) payment of legal costs during disciplinary actions, (3) need for restructuring of the type of licenses issued, (4) the Commission's efforts to promote diversity, (5) importance of teacher mentoring for newer teachers, (6) response time for email and phone contacts with the agency, (7) time to complete investigations, and (8) the Commission's role in overall education reform.

Attached are the recommendations from the Legislative Fiscal Office for the Teacher Standards and Practices Commission. It contains the following:

- Work Session Presentation Report – LFO Analyst Recommended
- Legislatively Proposed 2013-15 Key Performance Measures

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 4/19/13.

There are four adjustments to the Current Service Level all of which are outlined in more detailed in the attached Work Session Presentation Report. Briefly, the four packages are:

- **Package 070 – Revenue Shortfalls:** Eliminates three positions (2.75 FTE) and reduces the Other Funds expenditure limitation by \$411,336 due to declining fee related revenues.
- **Package 091 – Statewide Administrative Savings:** Reduces the Other Funds expenditure limitation by \$13,537 as a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll and procurement expenditures.
- **Packages 092 and 093 – PERS Adjustments:** Reduces the Other Funds expenditure limitation by a total of \$66,411 for changes in PERS Taxation Policy (package 092) and other PERS adjustments (package 093).

There are no other proposed policy packages for this agency's budget.

Accept LFO Recommendation

Sen./Rep. _____ moves the LFO recommendation to HB 5046.

Performance Measures

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form.

Accept LFO Recommendation

Sen./Rep. _____ moves the LFO recommendation on Key Performance Measures.

Budget Notes

LFO is recommending two Budget Notes for the Teacher Standards and Practices Commission (TSPC) as follows.

1. TSPC's revenues have declined by approximately 12% from 2009-11 levels. The agency has reduced spending as well as used resources from its "ending balance" reserves. The Commission will have difficulty continuing these practices if fee revenues continue to decline. It is hoped that the downward trend may reverse as more teachers and educational professionals may be hired due to the improving economy and the proposed increases in school funding. The Commission is also

beginning to examine the existing fee structure (e.g. type and length of license period) for proposing changes in a future Legislative Session.

The Teacher Standards and Practices Commission is instructed to report to the Joint Committee on Ways and Means during the 2014 Legislative Session or to the Interim Joint Committee on Ways and Means on the fee related revenue trends for the first months of the 2013-15 biennium, changes to expenditures, and whether any fees should be proposed for increases to balance revenues and expenditures. The report must include an update on the Commission's work on an updated fee structure and any proposed fee increase must take into account a new fee structure.

2. TSPC's existing data information system is out-of-date and involves regular staff "work-arounds". The Commission has taken some initial steps in looking at alternatives but has been limited due to the lack of available revenues. A recent rough estimate for a replacement system was estimated at \$650,000.

The Department of Administrative Services (DAS) is instructed to assist the Teacher Standards and Practices Commission in exploring alternatives for replacement of the Commission's information system. Alternatives may include a stand-alone system, modifying another agency's system, or accessing DAS's e-Portal contractor to develop a system. DAS and the Commission will report to the Joint Committee on Ways and Means during the 2014 Legislative Session or to the Interim Joint Committee on Ways and Means on the alternatives explored for the information system replacement as well as alternatives for financing its replacement.

Accept LFO Recommendation

Sen./Rep. _____ moves the LFO recommended budget notes.

Recommended Changes to Appropriation Bill:

There are no changes recommended to HB 5046.

HB 5046 Final Subcommittee Action:

Final Motion:

Sen./Rep. _____ move HB5046 to the full committee with a "do pass" recommendation

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	100,000	-	5,444,612	-	-	-	5,544,612	24	24.00
2011-13 Ebds, SS & Admin Act	(100,000)	-	-	85,455	-	-	(14,545)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	5,444,612	85,455	-	-	5,530,067	24	24.00
2011-13 Leg Approved Budget (Base)	-	-	5,444,612	85,455	-	-	5,530,067	24	24.00
Summary of Base Adjustments	-	-	(148,557)	-	-	-	(148,557)	(2)	(2.00)
2013-15 Base Budget	-	-	5,296,055	85,455	-	-	5,381,510	22	22.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(4,022)	-	-	-	(4,022)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	-	(50,455)	-	-	(50,455)	-	-
030: Inflation & Price List Adjustments	-	-	150,692	-	-	-	150,692	-	-
2013-15 Current Service Level	-	-	5,442,725	35,000	-	-	5,477,725	22	22.00
070: Revenue Reductions/Shortfall	-	-	(411,336)	-	-	-	(411,336)	(3)	(2.75)
Adjusted 2013-15 Current Service Level	-	-	5,031,389	35,000	-	-	5,066,389	19	19.25
Total LFO Recommended Packages	-	-	(79,948)	-	-	-	(79,948)	-	-
2013-15 Legislative Actions	-	-	4,951,441	35,000	-	-	4,986,441	19	19.25
Net change from 2011-13 Leg Approved Budget	-	-	(493,171)	(50,455)	-	-	(543,626)	(5)	(4.75)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	(9.1%)	(59.0%)	0.0%	0.0%	(9.8%)	(20.8%)	(19.8%)
Net change from 2013-15 Current Service Level	-	-	(79,948)	-	-	-	(79,948)	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	(1.6%)	0.0%	0.0%	0.0%	(1.6%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 070 Revenue Shortfalls

Package Description Due to a significant shortfall in revenues over the past two years, this package reduces expenditures by \$411,336 Other Funds and by two positions (2.75 FTE). The two positions are an Intake Clerk (Office Specialist 1) and the director of Licensure (PEM D). In addition, the FTE on another Office Specialist position is reduced by 0.75 FTE. All positions are vacant -- The Licensure Director and Intake Clerk were laid off last July. The package has been adjusted to reflect the assumed PERS changes.

LFO Recommendation LFO recommends the approval of the package with the following change. Three positions are eliminated instead of two to match the FTE reduction and the actual plans of the agency.

LFO Recommended	-	-	(411,336)	-	-	-	(411,336)	(3)	(2.75)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 091 Statewide Administrative Savings

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation LFO recommends approval of the package.

LFO Recommended	-	-	(13,537)	-	-	-	(13,537)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation LFO recommends approval of the package.

LFO Recommended	-	-	(7,387)	-	-	-	(7,387)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation LFO recommends approval of the package.

LFO Recommended	-	-	(59,024)	-	-	-	(59,024)	-	-
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Legislatively Proposed 2013-2015 Key Performance Measures

Agency: TEACHER STANDARDS and PRACTICES COMMISSION

Mission: To establish, uphold and enforce professional standards of excellence and communicate those standards to the public and educators for the benefit of Oregon's students.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - PHONE/EMAIL CUSTOMER SERVICE – Percent of phone calls and email responded to within 3 days.		Approved KPM	20.00	60.00	60.00
2 - APPLICANT CUSTOMER SERVICE – Percent of completed applications processed in 20 days.		Approved KPM	31.00	50.00	50.00
3 - INVESTIGATION SPEED – Percent of investigated cases resolved in 180 days (unless pending in another forum).		Approved KPM	63.00	75.00	75.00
6 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	51.00	80.00	80.00

LFO Recommendation:

Performance on KPMS could be significantly better across the board. Given that each of the four KPMS is customer satisfaction oriented or that each is dependent in large part to staffing levels, it is not surprising for the lackluster performance. At the same time, LFO does not recommend any reduction in the targets based on the chance that revenues may recover and additional staff may be hired back into vacant positions and the need to have high standards for the agency to strive for. More specific comments follow:

KPM #1 -- phone and email response within 3 days: While 2011 and 2012 continue the downward trend in the meeting the KPM, it is understandable. Just a few years ago there were 6 people handling this function, at present there are two as positions are vacant or have moved to more important functions. A new computer system may decrease the number of inquiries as information may be found on-line.

KPM #2 -- Percent of completed applications processed within 20 days: As with KPM#1, staffing levels have affected this KPM's performance. Recently, staffing levels have been restored but a portion of the staff is relatively new and still working into the job. Application processing time now is closer to 30 to 35 days except at the busiest time of the year. As with KPM #1, a new information system may assist in having this process more timely and effectively.

KPM #3 -- Percent of investigated cases resolved within 180 days: The number of new cases continues to grow and the agency has concentrated more resources in this function but not necessarily at the same rate as the growth in total cases. Performance for this measure also is in part based on the annual set of cases' complexities and not just the number. Based on the most recent years' of data, LFO recommends a new target of 75% for KPM #3.

KPM #4 -- Standard Customer Satisfaction: Since so many of the functions of this agency are based on processing and investigating cases -- functions that are heavily staff reliant -- it is not surprising to see that performance has suffered.

LFO recommends that the Commission explore finding a measure that examines the quality of licensee instead of just meeting processing goals and customer satisfaction. LFO notes that educator quality depends on a number of actors and factors and the Commission is only one of these. Even so, KPMS should address the actual outcome -- teacher performance or quality -- not just the timeliness of the TSPC staff and functions.

Sub-Committee Action:

House Bill 5046

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by Teacher Standards and Practices Commission.

Limits biennial expenditures by commission from federal funds for Project Alder.

Declares emergency, effective July 1, 2013.

A BILL FOR AN ACT

1
2 Relating to the financial administration of the Teacher Standards and Practices Commission; limiting
3 expenditures; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Notwithstanding any other law limiting expenditures, the amount of**
6 **\$4,951,441 is established for the biennium beginning July 1, 2013, as the maximum limit for**
7 **payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts,**
8 **but excluding lottery funds and federal funds, collected or received by the Teacher Standards**
9 **and Practices Commission.**

10 **SECTION 2. Notwithstanding any other law limiting expenditures, the amount of \$35,000**
11 **is established for the biennium beginning July 1, 2013, as the maximum limit for payment of**
12 **expenses from federal funds for Project Alder, collected or received by the Teacher Stan-**
13 **dards and Practices Commission.**

14 **SECTION 3. This 2013 Act being necessary for the immediate preservation of the public**
15 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
16 **on July 1, 2013.**

17

Note: For budget, see 2013-2015 Biennial Budget

NOTE: Matter in boldfaced type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in boldfaced type.