

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 5046

Carrier – House: Rep. Komp

Carrier – Senate: Sen. Monroe

Action: Do Pass

Vote: 17 – 9 – 1

House

Yeas: Barker, Buckley, Frederick, Hanna, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson

Nays: Freeman, Huffman, McLane, Richardson

Exc:

Senate

Yeas: Burdick, Devlin, Edwards, Rosenbaum, Steiner Hayward, President Courtney

Nays: Girod, Hansell, Thomsen, Whitsett, Winters

Exc: Johnson

Prepared By: Dustin Ball, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Meeting Date: May 17, 2013

Agency

Teacher Standards and Practices Commission

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 5,444,612	\$ 5,442,725	\$ 4,951,441	(493,171)	-9.1%
Federal Funds	\$ 85,455	\$ 35,000	\$ 35,000	(50,455)	-59.0%
Total	\$ 5,530,067	\$ 5,477,725	\$ 4,986,441	(543,626)	-9.8%

Position Summary

Authorized Positions	24	22	20	-4
Full-time Equivalent (FTE) positions	24.00	22.00	20.00	-4.00

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Teacher Standards and Practices Commission is entirely supported by Other Funds from licensing and other fees paid by the regulated professionals. There are no changes in revenue sources or fees in the recommended budget. With the adoption of the Subcommittee recommendation, the Agency’s estimated 2013-15 ending balance is \$0.6 million, or the equivalent of approximately 2.8 months of operating expenditures.

Summary of Education Subcommittee Action

The Teacher Standards and Practices Commission ensures that public school students’ education is delivered by qualified competent professional educators, that accredited universities and colleges are held to high educator preparation standards, and that students are protected from educators who engage in misconduct.

The Subcommittee recommended \$4,951,411 Other Funds and \$35,000 Federal Funds for 2013-15, is 9.8 percent lower than the legislatively approved spending level for the 2011-13 biennium.

The Subcommittee approved the following recommendations:

- Package 070, Revenue Shortfalls, reduces by \$411,336 the Other Funds expenditure limitation for the agency. This Package eliminates two positions (2.00 FTE) due to declining fee related revenues.
- Package 091, Statewide Administrative Savings, reduces by \$13,537 the Other Funds expenditure limitation for the agency. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.
- Package 092, PERS Tax Policy, reduces by \$7,387 the Other Funds expenditure limitation for the agency. 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 percent.
- Package 093, Other PERS Adjustments, reduces by \$59,024 Other Funds expenditure limitation for the agency. 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 percent.

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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

The Commission's revenues have declined by approximately 12 percent 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 following Budget Note was recommended by the Subcommittee.

Budget Note:

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 revenues trends for the first three months of the 2013-15 biennium, changes to expenditure, 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.

The existing data information system for the Commission 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 following Budget Note was recommended by the Subcommittee.

Budget Note:

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.

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5046

**Teacher Standards and Practices Commission
Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 * \$	0 \$	0 \$	5,444,612 \$	0 \$	85,455 \$	0 \$	5,530,067	24	24.00
2013-15 ORBITS printed Current Service Level (CSL)\$	0 \$	0 \$	5,442,725 \$	0 \$	35,000 \$	0 \$	5,477,725	22	22.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 - General Program									
Package 070: Revenue Shortfall									
Personal Services	\$ 0	\$ 0	\$(411,336)	\$ 0	\$ 0	\$ 0	\$(411,336)	-2	-2.00
SCR 001 - General Program									
Package 091: Statewide Administrative Savings									
Personal Services	\$ 0	\$ 0	\$(8,135)	\$ 0	\$ 0	\$ 0	\$(8,135)	0	0.00
Services and Supplies	\$ 0	\$ 0	\$(5,402)	\$ 0	\$ 0	\$ 0	\$(5,402)	0	0.00
SCR 001 - General Program									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$(7,387)	\$ 0	\$ 0	\$ 0	\$(7,387)	0	0.00
SCR 001 - General Program									
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$(59,024)	\$ 0	\$ 0	\$ 0	\$(59,024)	0	0.00
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$(491,284)	\$ 0	\$ 0	\$ 0	\$(491,284)	-2	-2.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 4,951,441	\$ -	\$ 35,000	\$ -	\$ 4,986,441	20	20.00
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	-9.1%	0.0%	-59.0%	0.0%	-9.8%	-16.7%	-16.7%
% Change from 2013-15 Current Service Level	0.0%	0.0%	-9.0%	0.0%	0.0%	0.0%	-9.0%	-9.1%	-9.1%

Legislatively Approved 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:

The Education Subcommittee adopted the LFO recommendation.