

Analysis

Teacher Standards and Practices Commission

Fee Related Revenue Trends and Information System Replacement Report

Analyst: Doug Wilson

Request: Acknowledge receipt of a report on Fee Related Revenue Trends and Information System Replacement.

Recommendation: Acknowledge receipt of the report.

Analysis:

Fee Related Revenue Trends

The budget report for HB 5046, the primary funding bill for the Teachers Standards and Practices Commission (TSPC), included the following 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.

Since 2009-11, the fee revenue from teachers and other licensees of TSPC has fallen – from \$5.12 million in 2009-11 to \$4.65 million for 2011-13. Current projected revenues for 2013-15 are \$4.86 million, which is a slight increase from the amount assumed in finalizing the 2013-15 budget during the 2013 session. The primary reason is the drop in the number of licensees where the number of unduplicated individuals licensed by TSPC decreased by over 2,200 between 2010 and 2012 -- from 63,993 to 61,776. This reduction was primarily due to fewer employed teachers and administrators resulting from district cuts, fewer license renewals of non-employed educators, and fewer graduates of educator preparation programs. For the 2010-11 school year, there were 31,194 unduplicated licensed teachers and administrators (not including ESD employees) and by 2012-13 this number had decreased by almost 2,000 to 29,247. The falling revenues resulted in layoffs, forced vacancies, and other spending reductions made by the Commission. Of the 24 permanent authorized positions for the 2011-13 biennium, only 16 were filled at the end of the biennium. These reductions have generally continued in the current biennium, although the agency did fill two of the vacant positions. During the 2013 legislative session, Joint Ways and Means Committee members expressed concern about the impact of these staffing reductions, especially as they relate to investigations of complaints regarding TSPC licensees.

As noted above, revenues for the first few months are up, and if the trend continues, they will be roughly \$385,000 more in licensing revenues than anticipated at the end of the 2013 session. The budget note also included the instruction to TSPC to report on the Commission's work on an updated

fee structure. The Commission has not completed its work on this, but will provide an update as part of its presentation to the subcommittee. The agency will need to return to the Emergency Board or to the 2015 Legislature when the work is complete.

Information System Replacement

Another budget note for TSPC required the Department of Administrative Services (DAS) to work with TSPC in exploring alternatives for replacement of the current information system for the agency. This system tracks licensing and other agency activities and is “homegrown,” out of date, and requires manual “work-arounds.” The Commission’s fiscal situation has constrained the ability of the agency to replace it. This budget note also required the agency to report to the Legislature during the 2014 session or to the interim Ways and Means Committee on the alternatives explored for the replacement and for alternatives for financing its replacement. The steps taken so far by TSPC include:

- 1) A full audit of the system was completed by DAS and it was determined the current system could not be fixed and needed to be replaced.
- 2) A Request for Information was released in 2011 to ascertain what the cost of replacing the system would be.
- 3) DAS instructed the agency to work with its contractor to determine the cost of replacing the licensure system which resulted in an estimate of \$650,000 for full replacement and an ongoing \$60,000 monthly maintenance cost. A much more limited system that would only meet a portion of the Commission’s needs was estimated to cost roughly \$200,000. Financing this could be in the form of an ongoing transaction fee paid by licensees.
- 4) More recently, TSPC and DAS staff, as well as the contractor, has prepared a Statement of Work for further work on the system.
- 5) The next step, which should happen in the next few weeks, will be further meetings with the contractor to map out potential financing options.

The Legislative Fiscal Office recommends acknowledging receipt of the report, with the understanding that TSPC will return to the Emergency Board or to the Joint Committee on Ways and Means during the 2015 session prior to making final decisions in determining how the replacement of the information system will be financed. Any change in the fee structure would take legislative action.