



Oregon

John A. Kitzhaber, MD, Governor

Teacher Standards and Practices Commission

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January 27, 2014

The Honorable Richard Devlin, Senator
The Honorable Peter Buckley, Representative
Joint Ways and Means Committee
900 Court St NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request:

The Oregon Teacher Standards and Practices Commission is requesting permission to submit reports on two budget notes related to agency data financial revenue and expenditure trends and data system replacement.

Agency Action:

The agency has prepared information to update the Joint Ways and Means Committee on the status of current funding trends. The agency will also present revenue and expenditure trends for this biennium and how they compare to previous biennia. Additionally, an update on the status of the agency's data system will also be provided.

Action Requested:

No action by the Committee is requested at this time.

Legislation Affected:

No legislation is affected by these reports.

Respectfully submitted by:

Victoria Chamberlain
Executive Director
Oregon Teacher Standards and Practices Commission





**Teacher Standards and Practices Commission
Budget Note Report to the Joint Ways and Means Commission
(Subcommittee on Education)
February 2014**

Budget Notes:

Revenue and Expenditure Projections

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 three months of the 2013-15 biennium, changes to expenditure, and whether any fees should be proposed for increases to balance revenues and expenditures.

Background Information on Revenue:

Since the 1999-2001 biennium, TSPC revenues raised steadily and consistently throughout Oregon's very strong economy. The mild recession in the early 2000's did not significantly impact TSPC revenue. The 2007-2009 recession did not manifest an impact on the Commission's revenue until early in the 2011 biennium. The lag in impact was due to the fact that districts delayed teacher layoffs for as long as possible until state and local funding did not allow them to sustain the educator employment numbers they had from 2000 through 2007.

The chart below tells the story:

School Year	Licensed Teachers (excluding ESD employees)	Licensed Administrators (excluding ESD employees)	Total (unduplicated)
2010-2011	29,266	1,970	31,194
2011-2012	27,788	1,904	29,652
2012-2013	27,398	1,887	29,247

Between 2004 and 2011, the state's K-12 student enrollment rose from 552,339 to 560,946 for an increase of 8607 students. Just between the 2010-2011 and 2012-2013 school years, there were 1849 fewer unduplicated licensed educators (not including charter school registered teachers) in the Oregon public schools.



Concomitantly, the number of unduplicated individuals licensed by TSPC fell from 63,993 to 61,776 for a total of 2,217 fewer licensed educators between 2010 and 2012. This reduction in licensed educators within just two years also does not encompass the number of new teachers who postponed applying for licensure due to the lack of jobs. Additionally, fewer out of state teachers have applied for licensure in the past five years, although that trend appears to be temporarily moving upward.

Reviewing employment patterns and numbers across the last five years, only about 30% of all newly prepared (and licensed) teachers obtained employment in Oregon public schools. This trend took its toll on enrollment in public and private higher education educator preparation programs. In 2010-2011, there were over 850 fewer new teachers prepared in Oregon licensure programs than in 2009-2010. Enrollment in teacher preparation programs generally have increased very little or remained flat from 2010-2011.

The impact on TSPC revenues was swift and dramatic. Below shows the revenue trends for the agency over the past three biennia as compared to current revenue trends.

Summary of Revenue Trends:

Revenue Projections: The LAB approved revenue for TSPC during the 2013-2015 biennium is: **\$4,476,282.**

Revenue Trend:

2009-2011 (actual)	\$5,117,817
2011-2013 (actual)	\$4,652,428
2013-2015 (July through December actual)	\$1,223,891
2013-2015 (projected as of January 15, 2014)	\$4,859,950
2011-2013 LAB	\$4,476,282

Background Information for Limiting Expenditures in a Reduced Revenue Environment:

The dramatic drop in biennial revenues did not become evident until about February 2012. Immediately, the agency began planning to reduce expenditures. The only way to significantly affect expenditures was to focus on agency layoffs. Staffing reductions began in January 2012 and continued through October 2012. The agency terminated two employees for cause (one management and one Office Specialist I position); then later laid off the following positions in July and October:

1. Director of Licensure (Principle Executive Management D)
2. Office Specialist I (temporary employee)*
3. Office Specialist I (permanent employee)
4. Public Service Representative (temporary position)*

*Temporary employees were a cost-saving measure when vacancies arose.

Additionally, the agency did not fill other vacancies for the remainder of the biennium.

The agency started the 2011-2013 biennium with 24 permanent positions and 2 limited duration positions. On July 1, 2013, the agency had 16 permanent FTE working. Since that time, we have filled two positions that were vacant at the beginning of the biennium. A comparison of monthly personal services (salaries, etc.) between 2011 and 2013 reveals that currently, even with cost of living raises, increased health care costs and increased PERS costs, the agency is spending ***approximately \$20,000 less per month*** than two years ago.

Other cost-reducing measures: In April 2012, the agency ceased printing licenses and mailing paper copies of renewal packages. We estimated that this allowed us to redirect 120+ person-hours (15+ full work days) of mail handling labor to other areas of the enterprise.

Monthly savings from going paperless:

Personnel person hours:	124 to 130 hrs
Paper Costs:	\$252 to \$315
Toner Costs:	\$150 to \$225
Postage:	\$4600
Monthly Savings:	<i>\$5,002-\$5,140</i>

Summary of Expenditure Trends:

Expenditure Projections: The LAB approved expenditures for the 2013-2015 biennium for the agency is: ***\$4,939,153***

Expenditure Trend:	
2009-2011 (actual)	\$5,307,332
2011-2013 (actual)	\$5,382,784
2013-2015 (July through December Actual)	\$1,213,512
2013-2015 (projected)	\$4,849,378
2013-2015 LAB	<i>\$4,939,153</i>

Replacement of TSPC's data information system:

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.

Background regarding TSPC's data system:

TSPC's licensure data system is a home-grown system that was constructed by a former WANG technician who first worked on the system under a TSPC contract, then later as an employee of TSPC working as an Information Specialist 8. The system was designed within an Microsoft Office Access software program and was created in stages. It became apparent in 2010 that the data system had outgrown the capacity needed to retain images, new licensees, licensee contacts, transcripts, correspondence and other data.

Beginning in 2009, information that was posted to the system internally, and visible to the public externally through the web, showed regular discrepancies including whole files "disappearing" externally (but not internally). This caused problems when educators and districts were depending on the web to determine whether a license was current, active and when it expired.

Additionally, a system designed to track licensure applications contained significant (still ongoing) glitches that require licensure evaluators to open accounts on the list for processing only to discover the accounts had already been processed, but were not remaining "closed" after the license was issued. Finally, for reasons that we have been unable to identify, applications that have been entered into the system are not always making it onto the electronic application processing lists.

Steps taken: TSPC requested a full audit of our system in 2010-2011 from DAS. It was through this audit that it was determined that the current system could not be fixed and needed to be replaced. Working with DAS, we explored other agency systems – the Nursing Board (homegrown with several on-hand IT staff to support); the Marine Board; and the Real Estate Board. As a result of this review, we followed steps other agencies were taking with help of DAS trained experts and designed a Request for Information to begin the process of determining the cost it would take to replace our system. (May 2011 to September 2011).

Change in DAS enterprises: Following the 2011 Legislative Session, DAS alerted the agency that future development of data information systems would be through the DAS contractor NIC. At that time, NIC still had not selected a subcontractor to work specifically with licensure agencies. Early in 2012, following the selection of IronData as the licensure system subcontractor for NIC, IronData and NIC staff spent nearly two weeks interviewing TSPC staff regarding agency systems requirements. The agency asked for two estimates: What it would take to do online payments only and what it would take to replace the decaying system.

The subsequent Statement of Work developed by IronData revealed:

1. If we did online payments only, they could only do renewals, but could not accommodate fingerprints, new licenses; adding endorsements and other licensure transactions. The cost for this system exceeded \$200,000;
2. A full data replacement system would take over \$650,000 (payable over three years) with a nine-month development period and \$60,000 a month (approximately) in ongoing maintenance fees.
3. Financing could include an ongoing transaction fee for each application; or could be imbedded into any new fee structure.

Considerable staff time is still being invested into work-arounds for system break-downs and is instrumental in the agency's inability to keep pace with the flood of incoming applications we received between July and November 2013.

Update on Progress:

The TSPC staff have met with DAS staff (Michelle Brady) and representatives from the state's contactor and subcontractor –NIC and IronData respectively regarding what immediate next steps might be available without fully-identified full funding.

An extensive Statement of Work (SOW) has been drafted based on over forty hours of interviews with staff regarding current licensure, accreditation and investigation processes conducted last winter. The SOW is in the process of being reviewed and finalized.

The next phase of the process will be reviewing possible financing options that will allow for work to begin. The next meeting with DAS, NIC and IronData will be in mid to late February due to a slight holiday delay.