

ANALYSIS

Teacher Standards and Practices Commission Revenue Increase

Analyst: Wendy Gibson

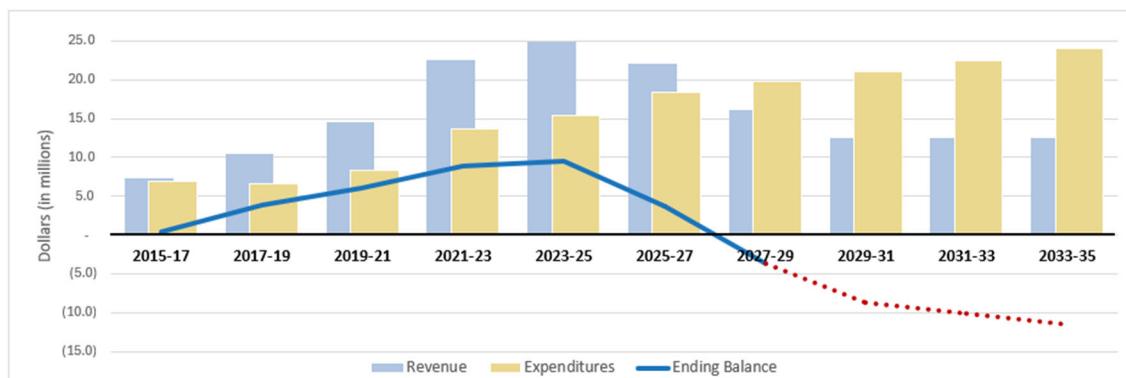
Request: Acknowledge receipt of a report from the Teacher Standards and Practices Commission on revenue and fees.

Analysis: The Teacher Standards and Practices Commission (TSPC) submitted a report to the Legislature detailing the agency's current and projected revenue. The report is in response to a budget note within HB 5037 (2025), TSPC's appropriation bill, which directed the agency to undertake a comprehensive review of all fee-generated revenue and propose a new fee structure and alternative options to maintain solvency and ensure financial stability into the foreseeable future.

As with most licensing agencies, there is a balance between service demand and licensing cost. TSPC has struggled to find this balance over the past few biennia. A rapid increase in licensing applications during the COVID-19 pandemic increased the volume of work from 21,700 licenses processed in a year to over 34,400. This 59% increase in workload resulted in significant backlogs, with application processing times increased to over 60 days, and the backlog of investigations reached over 600 cases.

SB 5701 (2024) provided five limited-duration positions to address the backlogs of applications for licensure and investigations into complaints of educator misconduct. In 2025, HB 5037 provided nine positions as part of a permanent solution to address the growing investigations backlog and ensure student safety. However, TSPC's projected revenue cannot sustain the increased operational investment beyond the 2025-27 biennium, as shown in Figure 1.

Figure 1. Teacher Standards and Practices Commission Licensing Revenue Compared to Expenditures from 2015 to 2035



Data: ORBITS data (2015-17 through 2023-25 actuals and 2025-27 legislatively adopted budget)

Source: Legislative Fiscal Office

TSPC's report details the complex history of workload increases, assesses the impact revenue has on operations, and evaluates potential solutions.

The first proposed solution is to increase licensing fees to generate more revenue. TSPC would stage these increases over three biennia. A 71% increase would occur in 2025-27, followed by a 50% increase in 2029-31 and a 10% increase in 2031-33. This approach would result in the teaching license fee increasing from its current \$182 to \$311, \$467, and \$514, respectively.

The second proposed and TSPC-recommended solution is a hybrid approach to increasing revenue. Under this scenario, the Legislature identifies an additional revenue source to supplant the cost of licensing and increase fees. The base teaching license would rise from the current price of \$182 to \$200 in 2026, followed by a tiered increase in 2027, which will mitigate high increases for licenses in lower-salary positions.

TSPC will need to determine a sustainable funding solution as part of its 2027-29 budget development and budget presentation to the Joint Committee on Ways and Means during the 2027 legislative session.

Recommendation: The Legislative Fiscal Office recommends the Joint Committee on Ways and Means acknowledge receipt of the report.

Teacher Standards and Practices Commission DeYoung

Request: Report on a recommended solution to a nearing revenue shortfall, as required by the budget note in the House Bill 5037 (2025) budget report by the Teacher Standards and Practices Commission.

Recommendation: Acknowledge receipt of the report.

Discussion: A budget note accompanied House Bill 5037 (2025) requiring the Teacher Standards and Practices Commission (TSPC) to undertake a comprehensive review of the Commission's fee amounts and schedules and to submit a report with a recommended solution to a nearing revenue shortfall.

TSPC is responsible for regulating the preparation, licensure, and professional conduct of Oregon's educators. The agency has three core functions:

1. License teachers, administrators, and other licensed school personnel employed in Oregon's public and private schools;
2. Approve and oversee educator preparation programs offered by Oregon colleges and universities to ensure alignment with state standards and statutory requirements; and
3. Conduct investigations and take disciplinary action when educators commit crimes or violate the Standards for Competent and Ethical Performance.

TSPC's primary revenue source to support these functions is fees the agency collects from educator licensure, registration, and certification. The current base application fee for a teaching license is \$182, which is collected every 3-5 years. Additional fees TSPC collects include out-of-state licenses (\$247), fingerprinting and background clearances (\$61), and late fees (\$40-\$200).

The base licensing fee was raised from \$100 to \$140 in 2015, and from \$140 to the current \$182 in 2019. The license validity period (3-5 years) has remained unchanged during this time period. The volume of licensing applications has fluctuated since 2019, rising significantly due to COVID and labor market volatility between 2020-2023. Application volume stabilized in 2024 and TSPC projects that volume will decrease in future years due to declining student enrollment.

According to TSPC's analysis, the current licensing fee structure is insufficient to sustain ongoing operations. Without additional revenue, the agency faces risks such as licensure processing delays and growing investigation backlogs at a time when the agency is already managing more than 600 active cases as of January 2026. In response, TSPC evaluated three scenarios for addressing its revenue shortfall and provided a recommended solution from among these scenarios.

- 1. Maintain current fee levels with no revenue increase.** Without increasing revenues, TSPC projects it would have a \$5.9 million revenue shortfall by the end of the 2027-29 biennium, which would continue to grow in future biennia. To address this shortfall, the agency would be required to reduce staffing or curtail services to remain solvent, directly impacting licensure processing capacity, increasing investigative timelines related to allegations of misconduct, and reducing the scope of educator preparation program oversight.
- 2. Address projected shortfalls through licensure fee increases alone.** Under this scenario, TSPC projects licensure fees would need to be sharply increased over the next three biennia to restore solvency and maintain acceptable ending fund balances. Specifically, fees would need to be increased by over 70 percent in the 2027-29 biennium (from \$182 to \$311), followed by an additional 50 percent increase in 2029-31 (\$466) and 10 percent in 2031-33 (\$513).
- 3. TSPC Recommended Solution: Hybrid solution combining a phased fee increase with supplemental revenue.**
 - This scenario would include a two-phase licensing fee increase:
 - Phase 1 (Effective July 1, 2026): Increase the base licensing fee from \$182 to \$200.
 - Phase 2: Tiered Fee Structure (Effective July 1, 2027): Implement a tiered licensing fee structure that aligns fee amounts with teacher pay and experience levels following deployment of the agency's Educator Data System, which will enable technical capacity for differentiated fees. TSPC received \$1.5 million in one-time Other Funds expenditure limitation for the Educator Data System in its 2025-27 Legislatively Adopted Budget.
 - Proposed fee levels under the tiered structure would range from \$200 for first-time teachers to \$350 for district-level administrators.
 - Additionally, the hybrid scenario proposes supplementing licensing fee revenues by redirecting a portion of State School Fund carve out funding to TSPC. The amount of supplemental funding required would be dependent on the percentage increase in licensure fees approved by the Legislature and the targeted ending fund balance.



Oregon

Tina Kotek, Governor

TEACHER STANDARDS AND PRACTICES COMMISSION

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January 16, 2026

The Honorable Kate Lieber, Co-Chair
The Honorable Tawna Sanchez, Co-Chair
Joint Committee on Ways & Means
H-178 State Capitol
Salem, OR 97310

Dear Co-Chairs Lieber and Sanchez:

Nature of the Request

House Bill 5037 (2025) included a budget note directing the agency to undertake a comprehensive review of the Commission's fee amounts and schedules and to submit a report with a recommended solution to a nearing revenue shortfall.

Agency Action

TSPC has developed a report to respond to the budget note from House Bill 5037 (2025). Our report includes the following sections:

1. A list of all fees collected by the Commission;
2. Current financial information, including 3 biennia of expenditure and revenue estimates;
3. History of licensing fee amounts and schedules;
4. History of revenue collection and licensure volumes;
5. Assessment of how different funding levels affect customer service, licensure processing, and investigation backlogs;
6. Proposed fee structures and renewal timelines that both increase revenue and streamline licensure fees;
7. Evaluation of any alternative revenue streams or solutions to provide a more stable funding model; and
8. Any other considerations that support improvements toward a more stable and functional fee model.

Executive Summary

House Bill 5037 (2025) directed the Teacher Standards and Practices Commission (TSPC) to review its licensure fee amounts and schedules and to report to the Interim Joint Committee on Ways and Means with a recommended solution to an emerging revenue shortfall. Licensure fees are the Commission's primary source of operating revenue and support all core statutory functions, including educator licensure, professional discipline, and accreditation and oversight of educator preparation programs.

This review finds that TSPC's fee structure has changed infrequently over the past two decades and reflects incremental legislative actions rather than a comprehensive recalibration aligned with current operational demands. During the same period, the Commission's statutory responsibilities have expanded significantly. New requirements related to nontraditional licensure pathways, educator workforce data collection and reporting, early literacy preparation standards, and increased professional practices activity have materially increased workload. Many of these responsibilities are fixed in nature and do not scale down when licensure volume declines.

Licensure volume and revenue trends indicate that recent revenue growth was driven largely by temporary, pandemic-related conditions. Licensure activity peaked during the 2022–2023 period and is projected to stabilize at lower levels in the near term, with longer-term declines anticipated as statewide student enrollment continues to decline. Because TSPC is funded entirely through Other Funds, declining licensure volume is expected to result in corresponding revenue decline under the current fee-based model.

The analysis further demonstrates that addressing the projected revenue shortfall through licensure fee increases alone would require fees to more than double to achieve short-term budget stabilization, with additional increases likely required in future biennia. Reliance on fee increases as the sole solution would place increasing financial pressure on educators while failing to establish a durable or predictable funding structure, underscoring the structural limitations of a fee-only funding model.

In addition to revenue constraints, the Commission faces increasing operational risk related to aging information systems. The current licensure and case management systems were not designed to support the scale, complexity, or statutory data requirements now placed on the agency, limiting operational flexibility and increasing reliance on manual processes. The Commission is currently reviewing proposals for the Educator Data System.

The Commission is also experiencing sustained growth in investigative workload within its Professional Practices unit. Reports of alleged educator misconduct continue to increase, and Oregon takes licensure action in a relatively high proportion of cases compared to many other states. This reflects a statutory

framework that requires review and potential action across a broad range of conduct concerns, not solely those involving criminal convictions. While this approach supports early intervention, professional accountability, and public protection, it also generates higher investigative volume and resource demands. Maintaining timely investigations and appropriate disciplinary outcomes will require stable funding to avoid extended case timelines, increased district costs, and impacts to public trust.

Similarly, the Educator Preparation and Pathways unit has experienced significant expansion in scope. Legislative actions and executive directives—including HB 2166 (2021), SB 283 (2023), and Executive Order 23-12 (2023)—have added new preparation standards, licensure pathways, data reporting requirements, interagency coordination responsibilities, and ongoing program monitoring obligations. These responsibilities extend beyond baseline accreditation functions and require sustained staffing capacity and system support.

To inform legislative consideration, the report situates Oregon's funding structure within a broader national context. Most states fund teacher licensing agencies primarily through the State General Fund, treating licensure and oversight as public responsibilities, with educator fees used secondarily to offset administrative costs. A smaller number of states operate hybrid models that combine fees with limited public funding. Oregon is distinct in operating a fee-only system in which educator-paid fees fund licensure, investigations into educator misconduct, and educator preparation program accreditation. Oregon also does not rely on a robust institution-paid accreditation fee structure, resulting in costs that are commonly borne by colleges and universities in other states being borne by individual educators. Federal Title II-A funds play a limited and restricted role across all states and cannot be used for routine licensure operations, enforcement, or staffing.

To support legislative decision-making, the report evaluates three funding scenarios: no revenue increase, fee increases alone, and a hybrid approach combining targeted fee adjustments with an additional revenue source.

The agency submits this report in response to the HB 5037 budget note and respectfully requests input and guidance from the Interim Joint Committee on Ways and Means regarding potential funding approaches to ensure the continued stability, effectiveness, and long-term sustainability of Oregon's educator preparation, licensing, and oversight system.

Action Requested

Acknowledge receipt of report and provide recommendations on funding options.

Legislation Affected

None.

Sincerely,

A handwritten signature in blue ink that reads "Rachel Alpert".

Rachel Alpert
Executive Director
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Teacher Standards & Practices Commission

House Bill 5037 (2025) Budget Note Report

February 2026



Rachel Alpert
Executive Director
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AGENCY BACKGROUND

TSPC is the state agency responsible for regulating the preparation, licensure, and professional conduct of Oregon's educators. Established in 1965, the Commission was created to maintain and improve performance in the education profession in service of Oregon students and communities.

TSPC carries out this responsibility through three core functions. First, the agency approves and oversees educator preparation programs offered by Oregon colleges and universities to ensure alignment with state standards and statutory requirements.

Second, the Commission licenses teachers, administrators, and other licensed school personnel employed in Oregon's public and private schools, ensuring that individuals entering and remaining in the profession meet established qualifications. Third, TSPC conducts investigations and takes disciplinary action when educators commit crimes or violate the Standards for Competent and Ethical Performance, fulfilling its public-protection role.

TSPC's mission is to ensure Oregon schools have access to well-trained, effective, and accountable education professionals so that all students have the opportunity to reach their full potential. Through its licensure, program approval, and professional practices functions, the Commission supports educator quality statewide while safeguarding student safety and public trust in the education profession.

ANALYSIS/CONCLUSION

The analysis conducted in response to the House Bill 5037 (2025) budget note demonstrates that the Teacher Standards and Practices Commission's current funding structure is not sufficient to maintain acceptable ending fund balances or support ongoing operations on a sustainable basis. Financial projections show that, absent intervention, the Commission will experience declining and ultimately negative ending fund balances in upcoming biennia, creating significant fiscal and operational risk.

While licensure fees have historically supported the Commission's core functions, the existing fee-only model does not provide the revenue stability necessary to support the Commission's fixed statutory responsibilities—particularly the investigation and adjudication of allegations of educator misconduct. Investigative workload has increased in both volume and complexity, and the Commission must maintain sufficient staffing to manage active cases, reduce case backlogs, and ensure timely, fair, and consistent licensure action in the interest of student safety and public trust. These responsibilities do not scale down when revenues are constrained, and projected negative ending fund balances directly threaten the Commission's ability to sustain timely investigations and avoid prolonged case timelines that carry financial and operational consequences for school districts and educators alike.

The scenarios evaluated in this report illustrate that maintaining current fee levels would result in ending fund balances falling below minimum reserve thresholds, requiring service reductions or staffing cuts to maintain solvency. Conversely, addressing projected deficits through licensure fee increases alone would require substantial and recurring fee escalations over multiple biennia to restore acceptable ending fund balances. Even under those conditions, long-term fiscal stability would remain uncertain, and the financial burden would be borne almost entirely by individual educators.

In contrast, a hybrid funding approach that combines measured licensure fee adjustments with supplemental revenue sources provides a more balanced and sustainable path forward. This approach stabilizes ending fund balances at prudent reserve levels, supports continuity of core regulatory functions, and reduces reliance on repeated fee increases as the primary mechanism for fiscal correction.

FULL REPORT

Section 1. Inventory of Fees Collected by the Commission

This section is intended to establish a clear baseline of existing fee authority and collections to support legislative review of the Commission's funding model and future fee policy considerations.

Pursuant to ORS 342.127, the Commission is authorized to establish and collect fees¹ related to educator licensure, registration, certification, and associated services, subject to a statutory cap of \$350 per fee, unless otherwise specified in rule.

All licensure fees collected by the Commission are used to support all three units within the agency:

1. **Educator Preparation and Pathways** - accreditation of all Oregon college and university educator preparation programs and alternative pathways to licensure
2. **Licensing** – review of applications for licensure and issuance of a license for which applicants are best qualified
3. **Professional Practices** - investigations and enforcement of professional standards

Fee Category	Fee Type	Amount (\$)	What the Fee Covers / How It's Applied
Base Application & Evaluation Fees	Evaluation – In-State	\$182	Standard evaluation for most non-provisional licenses; primary revenue source
	Evaluation – Out-of-State / International	\$247	Includes \$65 additional evaluation cost
	Administrator License Increment	\$189	\$182 base fee + \$7 added administrator fee
Renewal & Ongoing Licensure	Renewal / Reissue / Reauthorization	\$182	Same base fee as initial evaluation
Endorsements & Modifications	Adding Endorsement or Specialization	\$182	Separate transaction unless done with initial license or renewal

¹ ORS 342.127 – Authorizes the Commission to establish and collect licensure fees and establishes statutory fee caps
 OAR 584-200-0050 through 584-200-0060 – Establishes licensure fees and related charges by rule

Late Fees (Additive)	Late Fee – 1 Month	\$40	Added to base fee
	Late Fee – 2 Months	\$80	Added to base fee
	Late Fee – 3 Months	\$120	Added to base fee
	Late Fee – 4 Months	\$160	Added to base fee
	Late Fee – 5+ Months	\$200	Maximum late fee
Reinstatements	Reinstatement of Suspended or Expired License	\$382	\$182 base fee + \$200 reinstatement fee
	Reinstatement of Revoked License	\$442	\$182 base fee + \$260 reinstatement fee
Optional / Expedited Services	Expedite Application Fee	\$194	Available only to districts and military spouses
Required Transaction Fees	Fingerprint / Background Clearance	\$61	Includes TSPC processing and OSP check; interacts with statutory cap
	License System Fee (eLicensing)	\$10	Portion retained by TSPC for system development (Tyler settlement)
	Portal Provider Fee	\$5	Portion retained by Tyler Technologies
Legacy / Optional	Gold-Seal Paper License	\$50	Current system cannot assess this fee

This inventory of fees provides the baseline reference point for the analyses that follow in response to the HB 5037 budget note, specifically:

- Section 3 (History of Licensing Fee Amounts and Schedules) builds from this inventory to document how current fee levels were established over time, including prior statutory changes, rulemaking actions, and historical policy decisions that have shaped today's fee structure.
- Section 6 (Proposed Fee Structures and Renewal Timelines) uses this inventory as the starting point for evaluating potential adjustments to fee levels, fee differentiation, and renewal timelines intended to improve revenue adequacy, equity, and administrative efficiency while remaining within statutory authority.

Section 2: Current Financial and Historical Data Biennia Expenditure and Revenue Estimates

Current Biennium Expenditure and Revenue Projections Compared
to Last Three Biennia Expenditure and Revenue

	2019-21	2021-23	2023-25	2025-27
	ACTUALS	ACTUALS	ACTUALS	Projected
Beginning Cash Balance	\$ 3,800,631	\$ 6,111,530	\$ 8,834,825	\$ 9,564,605
REVENUE	\$ 8,198,530	\$ 12,505,214	\$ 11,112,472	\$ 10,659,220
TOTAL TRANSFER IN	\$ 2,518,552	\$ 5,360,304	\$ 4,988,702	\$ 1,792,240
TOTAL REVENUES	\$ 10,717,082	\$ 17,865,518	\$ 16,101,174	\$ 12,451,460
TOTAL TRANSFER OUT intra fund		\$ (1,500,670)	\$ -	
TOTAL AVAILABLE REVENUE	\$ 14,517,713	\$ 22,476,378	\$ 24,935,999	\$ 22,016,065
TOTAL PERSONAL SERVICES	\$ 5,066,268	\$ 6,227,157	\$ 7,554,685	\$ 9,468,077
TOTAL SERVICES & SUPPLIES	\$ 2,097,516	\$ 2,868,340	\$ 4,620,419	\$ 6,815,397
Total Special Payments	\$ 1,242,399	\$ 4,546,058	\$ 3,172,447	\$ 976,339
TOTAL EXPENDITURES	\$ 8,406,183	\$ 13,641,555	\$ 15,347,551	\$ 17,259,813
Ending Cash Balance	\$ 6,111,530	\$ 8,834,823	\$ 9,564,605	\$ 4,756,252

Section 3: History of Licensing Fee Amounts and Schedules

The Commission has made relatively few changes to its licensure fee structure over time. Fee adjustments have occurred only periodically and generally in response to discrete legislative actions. As a result, current fee levels reflect incremental decisions made across multiple biennia rather than a comprehensive recalibration of the fee model. This approach has limited the agency's ability to systematically align fees with contemporary service demands, licensure volume trends, investigation and enforcement responsibilities, expanded accreditation requirements, and additional programmatic work streams.

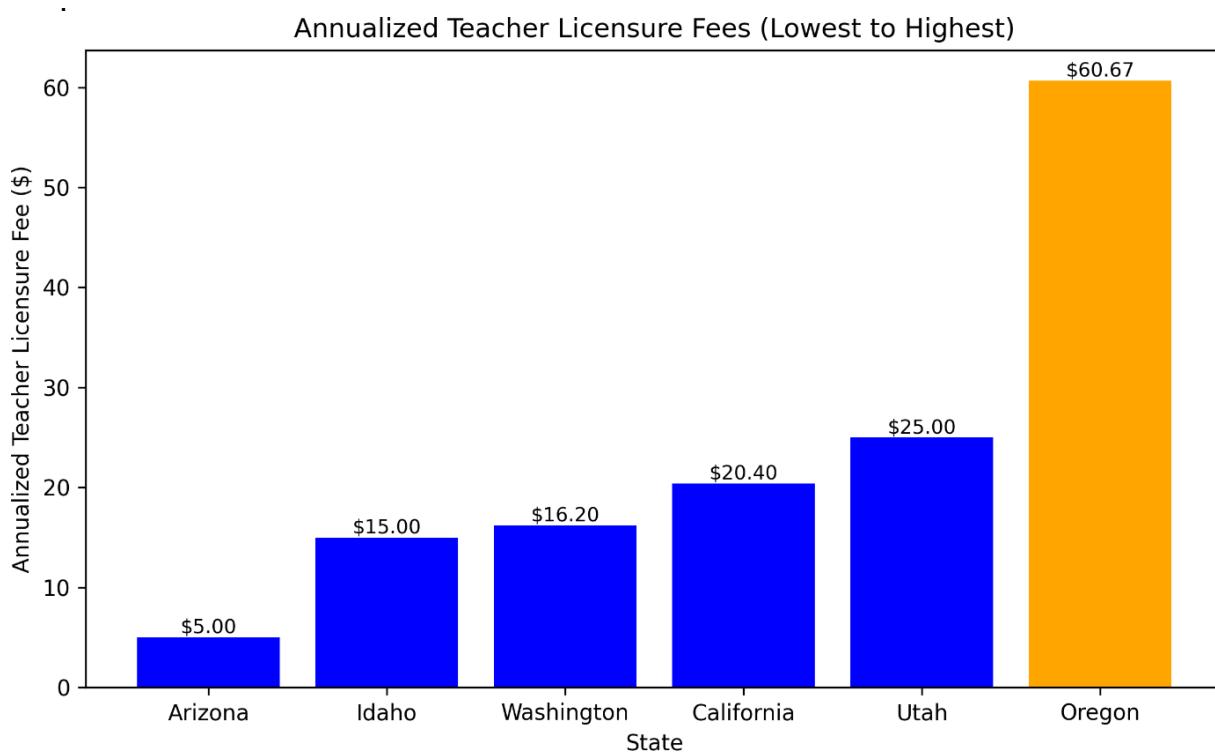
Licensing Fee Schedules

Year/Legislation	Base License Fee (Approx.)	Change Driver/Context
Prior to 2015	\$100	Statutory authority set caps
2015	\$140	Fee increase implemented
Post-2019	\$182	Legislative action and rule change Projected revenue insufficient to maintain services

- Limited differentiation across license types**
 The current fee schedule applies a largely uniform base fee across license types, renewals, endorsements, and reissuances, with limited differentiation based on role, earning capacity, or relative workload. As a result, fee levels do not consistently reflect differences in regulatory oversight or administrative effort. In addition, the existing eLicensing system limits the agency's ability to implement significant structural changes to the fee model.
- Static renewal timelines**
 License validity periods (e.g., three-year and five-year licenses) have remained largely unchanged and have not been systematically evaluated in relation to revenue stability or workload distribution. System limitations further constrain the agency's ability to modify renewal timelines.
- Incremental additive fees**
 Additive fees for services such as reinstatement, late renewal, and expedited processing were implemented incrementally to address specific cost pressures. While these fees provide limited cost recovery, they were not designed as part of a comprehensive fee strategy and do not address broader structural funding needs.

To facilitate a clear and consistent comparison across states, the figure below presents annualized teacher licensure fees for selected Western

states, converting total licensure costs to an equivalent annual amount to account for differences in license duration. This normalization allows for a meaningful comparison of fee structures and provides important context for evaluating Oregon's licensure fees relative to neighboring states. As shown, Oregon emerges as a clear outlier in terms of annualized cost, underscoring the limits of relying further on teacher licensure fees and reinforcing the need to identify alternative revenue sources to address the agency's projected budget shortfall



Section 4: History of Revenue Collection and Licensure Volumes

Because the Commission is historically funded through Other Funds, its revenue has been directly dependent on licensure activity. As licensure volume increases or decreases, fee revenue rises or falls accordingly. Given the anticipated stabilization—and longer-term decline—of licensure volume due to continuing declines in student enrollment, the agency expects to experience a parallel decline in revenue over time. This section therefore examines the implications of these trends for revenue sustainability and the agency's ability to maintain core college and university accreditation, licensing, oversight, and public-protection functions.

Fiscal Year (Approx.)	Total Licenses Issued (New/Renewal)	Trend	Revenue Implication
2019-2020	17,300	Pre-COVID stable volume.	Stable, but insufficient funding for full operations
2020-2021	21,700	Rise due to COVID-emergency licenses.	Temporary revenue increase
2022-2023	34,400	Peak volume due to continued labor market crisis and substitute licenses.	Temporary spike in revenue
Post-2024 (Projection)	24,000	Anticipated return to a stable, elevated volume.	Insufficient to cover permanent, increased operating costs.

Current Licensure Volume: Licenses in status Active and Active Grace Period

License Type	License Count
Administrator License for Conditional Assignment	68
American Indian Languages Teacher	14
Charter School Registry - Administrator	120
Charter School Registry - Teaching	718
District Substitute Teaching	889
Emergency Administrator	15
Emergency School Counselor	17
Emergency School Nurse	3
Emergency School Social Worker	1
Emergency Teaching	311
Five-Year Career and Technical Teaching	39
International Visiting Teacher	52

Legacy Administrator	3
Legacy School Counselor	6
Legacy Teaching	430
License for Conditional Assignment	525
Limited Student Services	120
Limited Teaching	95
Preliminary Administrator	2
Preliminary CTE Teaching	427
Preliminary School Counselor	1,895
Preliminary School Psychologist	620
Preliminary School Social Worker	284
Preliminary Teaching	23,947
Principal	3,297
Professional Administrator	2,311
Professional CTE Teaching	24
Professional School Counselor	211
Professional School Nurse	26
Professional School Psychologist	359
Professional School Social Worker	5
Professional Teaching	29,831
Reciprocal Administrator	138
Reciprocal School Counselor	1
Reciprocal Teaching	532
Restricted Administrator	84
Restricted CTE	179
Restricted School Counselor	156
Restricted School Social Worker	22
Restricted Substitute Teaching	5,157
Restricted Teaching	913
Substitute Teaching	2,260
Teacher Leader	20
Total	76,127

Section 5: Assessment of Funding Effects on Operations

Fluctuations in licensure activity have direct operational implications for the Commission. As licensure volume stabilizes in the near term and is expected to decline over time, available resources to support agency operations are increasingly constrained. This section examines how these conditions affect the Commission's capacity to carry out core accreditation, licensing, oversight, and public-protection responsibilities, particularly in areas where workload demand is high and service expectations are time-sensitive.

Customer Service and Licensure Processing

- Understaffing Impact: The TSPC licensure team operates with a low number of staff handling tens of thousands of applications annually. When license volume increased significantly (2021-2023), processing times experienced a proportional increase.
- Processing Backlogs: Processing times rose from an average of 48 days to over 60 days during peak periods. This delay can cause significant staffing disruptions for school districts with direct student/classroom impact.
- Mitigation: Despite backlogs, the agency has improved response times to a three-day email target and a yearly average of meeting the 30-day processing time Key Performance Measure (KPM), demonstrating efficient use of limited resources; however, the licensing system itself does not have the capacity to manage the typical spikes in application numbers during the summer months, giving the appearance of backlogs but averaging out over the course of the year.

Investigation Backlogs (Professional Practices)

- Case Backlog: TSPC is currently managing more than 600 active investigative cases - per investigator, caseloads are roughly 1:150.
- Consequences of Delay: Extended investigation timelines have measurable consequences. Educators under investigation are frequently placed on paid administrative leave, resulting in substantial costs to school districts. Delays also affect public protection and educator fairness: when allegations are substantiated, prolonged timelines may allow continued employment; when allegations are unfounded, extended investigations can cause unnecessary reputational and professional harm.
- Funding Solution Impact: The expenditure limitation included in the 2025–2027 biennium to hire additional positions to address the backlog of cases has enabled progress to address case backlogs. However, without a sustainable, ongoing funding model, the ability to fund the additional expenditure limitation is unlikely to be maintained as licensure-driven revenue declines.

Educator Preparation and Pathways (Accreditation, Education Initiatives)

- Scope of responsibility and workload growth: The Educator Preparation and Pathways unit is responsible for accrediting and monitoring all Oregon educator preparation programs across traditional, nontraditional, and apprenticeship pathways. Over the past several biennia, legislative actions and executive directives—including HB 2166 (2021)¹, SB 283 (2023)², and Executive Order 23-12 (2023)³—have substantially expanded this work through new preparation standards, rulemaking and rule revisions, interagency coordination, workforce data reporting, and the development, implementation, and monitoring of early literacy educator preparation standards. These responsibilities extend beyond baseline accreditation activities and require sustained staffing capacity and specialized expertise.
- Fixed workload and funding constraints: Unlike licensure processing, accreditation and program oversight workloads do not scale down as licensure volume declines. Program review cycles, compliance monitoring, rule-based enforcement, and technical assistance to preparation providers remain largely fixed and, in several areas, have increased due to new statutory and policy requirements. As Other Funds revenue becomes constrained, the unit has limited flexibility to absorb reductions without affecting the timeliness, consistency, or depth of accreditation and monitoring activities.
- Operational and system impacts: Sustained resource constraints may require prioritization among accreditation and oversight activities, potentially delaying program reviews, limiting proactive monitoring, or reducing support for implementation of new preparation standards,

¹ HB 2166 (2021): Nontraditional Pathways and Oregon Registered Apprenticeship in Teaching (ORAT) HB 2166 required TSPC to establish and maintain standards for nontraditional educator preparation pathways, including district-based, partnership-based, and apprenticeship models. This work included extensive rule writing and revision, interagency coordination with BOLI, expansion of program approval and monitoring processes, and development of quality assurance systems to ensure nontraditional pathways meet licensure, preparation, and educator equity expectations.

² SB 283 (2023): Workforce Data, Licensure Operations, and Pathway Tracking SB 283 expanded TSPC's role in statewide educator workforce data collection and reporting, requiring changes to internal systems, licensure workflows, and data management practices. Additional responsibilities included implementing expedited licensure processes, maintaining new registries, aligning licensure operations to statutory timelines, and supporting data reporting related to nontraditional pathways and apprenticeship outcomes.

³ Governor's Executive Order 23-12 (2023): Early Literacy Educator Preparation Executive Order 23-12 established the Early Literacy Educator Preparation Council and directed the development of new early literacy preparation standards aligned to the Science of Reading and Oregon's Early Literacy Framework. TSPC provided staff leadership and technical expertise, led rulemaking to adopt Division 420 standards, guided educator preparation providers through implementation, and integrated early literacy and culturally responsive teaching expectations into program approval, monitoring, and improvement processes.

including early literacy requirements. Over time, these pressures may affect the state's ability to ensure educator preparation programs remain aligned with statutory expectations, Commission standards, and statewide workforce and student outcome priorities.

Section 6: Current Fee Structure and Renewal Timelines

License Type	Application Fee	Term (Years)	Notes
Preliminary Teaching License	\$182	3	Standard educator license; requires PDUs for renewal.
Professional Teaching License	\$182	5	Requires advanced competencies; 125 PDUs for renewal.
Reciprocal Teaching License (Out-of-State)	\$247	1	One-time license for educators from out of state.
Emergency Teaching License	\$182	1	Issued for shortage/emergency staffing situations.
Legacy Teaching License	\$182	3	Renewable; used for certain legacy situations.
Substitute Teaching License	\$182	3	Allows substitute teaching; requires background check.
Restricted Substitute License	\$182	1	District-sponsored; restricted to that district.
Administrator License (Principal)	\$182	3	For school administrators; higher requirements.
Administrator License (Professional Administrator)	\$182	5	Advanced administrator credential.
School Counselor License	\$182	3	Requires approved counseling program.

Section 7: Evaluation of Alternative Revenue Streams

This section evaluates alternative revenue approaches developed in response to projected negative ending fund balances and the increasing misalignment between the Commission's statutory responsibilities and its exclusive reliance on educator-paid licensure fees. Financial projections demonstrate that, absent corrective action, the Commission's current funding structure will not sustain ongoing operations or maintain an acceptable ending fund balance⁴.

The Commission's funding challenge is not solely the result of near-term revenue fluctuations, but rather reflects a structural limitation inherent in a fee-only model. Licensure fees are the agency's sole ongoing revenue source, yet they are required to support a broad range of fixed public functions, including licensure, investigations into allegations of educator misconduct and subsequent licensure sanctions, and educator preparation program oversight. These functions do not scale proportionally with fee revenue and must be maintained regardless of external conditions. As a result, projected ending fund balances turn negative in future biennia under the status quo, signaling an unsustainable trajectory that requires policy intervention.

To inform legislative consideration, we present three funding scenarios that illustrate the fiscal and service-level implications of different approaches to addressing projected shortfalls. Together, these scenarios highlight the limitations of continued reliance on licensure fees alone and the potential benefits of diversifying revenue sources in alignment with national funding practices.

While all three scenarios are presented for comparison, the Commission recommends **Scenario C**, a hybrid approach combining targeted licensure fee adjustments with additional revenue sources. This approach most effectively stabilizes ending fund balances, moderates the financial burden placed on educators, and aligns Oregon's funding model more closely with those used in most other states.

The scenarios are summarized as follows:

- **Scenario A** examines the impacts of maintaining current fee levels with no revenue increase
- **Scenario B** evaluates addressing projected shortfalls through licensure fee increases alone

⁴ For purposes of this analysis, an acceptable ending fund balance is defined as a minimum of three months of operating expenditures, with a desired target of six months to provide sufficient capacity to manage revenue volatility, workload fluctuations, system investments, and unforeseen operational demands.

- **Scenario C** evaluates a hybrid approach that combines measured fee adjustments with additional revenue sources to support long-term operational sustainability

Scenario A: No Revenue Increase

Scenario A assumes no changes to the Commission's current fee structure and no introduction of alternative revenue sources. Under this scenario, projected expenditures exceed revenues in upcoming biennia, resulting in ending fund balances that fall below acceptable levels and ultimately become negative.

As ending fund balances decline below the minimum three-month threshold, the Commission would be required to reduce staffing or curtail services to remain solvent. Such reductions would directly affect licensure processing capacity, investigative timelines related to allegations of educator misconduct and subsequent licensure sanctions, and the scope and consistency of educator preparation program oversight. These outcomes would increase operational risk, shift costs to school districts through delays and extended investigations, and impair the Commission's ability to meet statutory obligations.

Scenario A does not provide a viable or sustainable path forward and would leave the Commission unable to maintain acceptable ending fund balances necessary for stable operations.

The biennial projections chart below illustrates the agency's negative ending cash balances beginning in the next biennium:

- 2027-2029: **-\$5,920,710.75**
- 2029-2031: **-\$16,966,604.50**
- 2031-2033: **-\$30,234,711.48**

	2021-23	2023-25 LAB	2025-27 LAB	2027-29	2029-31	2031-33
Beginning Cash	6,111,530.00	8,834,823.00	9,570,886.00	3,138,662.00	(5,920,710.75)	(16,966,604.50)
Revenue	16,364,848.00	9,985,148.00	9,264,602.00	9,264,602.00	9,264,602.00	9,264,602.00
Transfer In ODE		4,300,000.00	1,792,240.00			
Fee Increase						
Sub Total Revenue		23,119,971.00	20,627,728.00	12,403,264.00	3,343,891.25	(7,702,002.50)
PS Expenditures	6,227,157.00	7,885,956.00	9,354,725.00	10,570,839.25	11,945,048.35	13,497,904.64
S&S	2,575,972.00	4,496,850.00	2,105,297.00	2,191,614.18	2,281,470.36	2,375,010.64
SFS Charges			1,901,760.00	2,091,936.00	2,301,129.60	2,531,242.56
SGSC			563,630.00	619,993.00	681,992.30	750,191.53
AG			882,109.00	1,014,425.35	1,166,589.15	1,341,577.53
Prof Svcs including IT	292,368.00	207,439.00	1,721,545.00	1,835,166.97	1,934,265.99	2,036,782.08
Special Payments	4,546,058.00	5,682,799.00	960,000.00		-	-
Sub Total Expenditures			17,489,066.00	18,323,974.75	20,310,495.75	22,532,708.98
Ending Cash	8,834,823.00	4,846,927.00	3,138,662.00	(5,920,710.75)	(16,966,604.50)	(30,234,711.48)
Avg Month Exp		761,376.83	688,711.08	763,498.95	846,270.66	938,862.87
Months of Cash		6.37	4.56	(7.75)	(20.05)	(32.20)
Total Expenditures			17,489,066.00	18,323,974.75	20,310,495.75	22,532,708.98
Total Revenue			11,056,842.00	9,264,602.00	9,264,602.00	9,264,602.00
Difference			(6,432,224.00)	(9,059,372.75)	(11,045,893.75)	(13,268,106.98)

Scenario B: Fee Increase Only

Scenario B assumes that projected negative ending fund balances are addressed exclusively through increases to educator licensure fees. Financial projections indicate that under this approach, licensure fees would need to increase by more than 100 percent over the next several biennia to restore solvency and maintain acceptable ending fund balances, defined as at least three months of operating expenditures.

While Scenario B could temporarily achieve acceptable ending fund balances, it would do so by placing the entire cost of statewide licensure, investigations into allegations of educator misconduct and subsequent licensure sanctions, and oversight functions, on individual educators. Even at these increased levels, maintaining the desired six-month ending fund balance would require additional future fee increases as operating costs continue to rise.

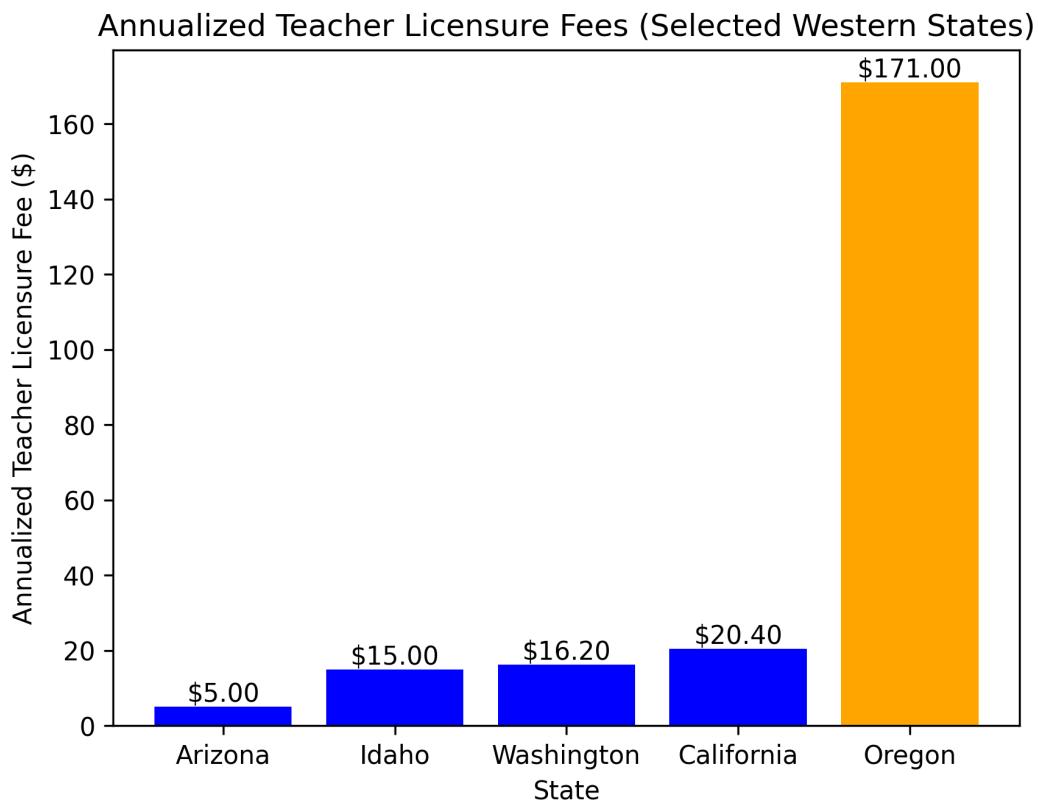
This approach would significantly increase the financial burden on educators, push Oregon further outside national norms, and perpetuate a structurally unstable funding model that relies on repeated fee increases to sustain fixed public responsibilities. For these reasons, Scenario B is not recommended as a standalone solution.

The projections chart below illustrates the required percentage increases to licensure

fees in upcoming biennia and their complementary ending fund balances:

- 2027-2029: 71% fee increase is projected to yield 0.11 months of ending fund balance
- 2029-2031: *An additional* 50% fee increase is projected to yield 3.17 months of ending fund balance (total fee increase of 121%)
- 2031-2033: *An additional* 10% fee increase is projected to yield 5.7 months of ending fund balance (total fee increase of 131%)

2027-29	Revenue Calculator	71% Fee Increase	# of fees	Total Revenue Estimate
	New Fee	311.22	24,000	7,469,280.00
	Out of State Fee	422.37	3,000	1,267,110.00
	Renewal Fee	311.22	21,000	6,535,620.00
	Estimated Revenue	1,044.81	48,000	15,272,010
2029-31	Revenue Calculator	50% Fee Increase	# of fees	Total Revenue Estimate
	New Fee	466.83	24,000	11,203,920.00
	Out of State Fee	633.56	3,000	1,900,665.00
	Renewal Fee	466.83	21,000	9,803,430.00
	Estimated Revenue	1,567.22	48,000	22,908,015
2031-33	Revenue Calculator	10% Fee Increase	# of fees	Total Revenue Estimate
	New Fee	513.51	24,000	12,324,312.00
	Out of State Fee	696.91	3,000	2,090,731.50
	Renewal Fee	513.51	21,000	10,783,773.00
	Estimated Revenue	1,723.94	48,000	25,198,817
	Total Fee Increase =	131%		



This graph illustrates the consequences of addressing projected revenue needs exclusively through licensure fee increases, showing that Oregon's annualized teacher licensure fee would significantly exceed those of neighboring Western states.

Scenario C: Hybrid Two-Part Solution (Recommended)

Scenario C proposes a hybrid funding model that combines moderate, targeted increases to educator licensure fees with supplemental revenue from broader education funding sources to support the Commission's core regulatory functions. This approach reflects the understanding that educator licensure and investigations into allegations of educator misconduct and resulting sanctions serve a statewide public interest and should not be funded exclusively by individual educators through licensure fees.

Across the nation, states fund teacher licensure agencies using a mix of State General Fund appropriations, educator-paid fees, and limited supplemental revenue sources. Funding approaches vary based on policy choices about whether licensure and enforcement activities are treated primarily as public responsibilities or user-funded services. Most states—including Montana, North Carolina, Texas, Utah, and Washington—rely primarily on State General Fund support, with educator fees used to offset administrative costs rather than sustain core operations. Other states, such as Arizona, California, and Idaho, employ hybrid models that combine educator fees with limited public funding, resulting in a greater share of costs borne by educators.

Oregon currently operates a fee-only funding model, under which educator-paid fees fully support licensure operations and misconduct investigations. Unlike most states, Oregon does not rely on significant General Fund support, concentrating regulatory costs on individual educators and teacher candidates. Fee-heavy models such as this can affect workforce entry costs, equity, and the long-term sustainability of the educator workforce.

Under Scenario C, licensure fees would continue to play a role in supporting agency operations but would be calibrated to avoid the large, recurring increases required under a fee-only approach. Supplemental revenue would allow the Commission to stabilize ending fund balances at or above the minimum three-month operating threshold while working toward a prudent six-month ending fund balance. This structure provides the fiscal capacity needed to maintain core services, fund legislatively authorized increases to address case backlogs, and manage operational risk without imposing disproportionate cost increases on educators alone.

By aligning Oregon's funding approach more closely with national norms and distributing regulatory costs more equitably across the public beneficiaries of educator oversight, Scenario C represents the most balanced and sustainable option for maintaining acceptable ending fund balances while ensuring the continued effectiveness, equity, and stability of Oregon's educator licensure and oversight system.

How Selected States Fund Teacher Licensing Agencies

Primary Funding Sources with Federal Title II-A Noted (Alphabetical by State)

State	Licensing Authority	Primary Funding Source	Secondary / Supplemental Sources	Overall Model
Arizona	Arizona State Board of Education	Educator fees	State General Fund	Hybrid
California	California Commission on Teacher Credentialing	Educator & program fees	Limited State General Fund; Federal Title II-A	Hybrid
Idaho	Idaho State Department of Education	Educator fees	State General Fund	Hybrid
Montana	Montana Board of Public Education	State General Fund	Minimal educator fees; Federal Title II-A	Primarily General Fund
North Carolina	North Carolina State Board of Education	State General Fund	Educator fees; Federal Title II-A	Primarily General Fund
Oregon	Teacher Standards and Practices Commission	Educator & program fees	None	Fee-only
Texas	Texas Education Agency	State General Fund	Certification fees; Federal Title II-A	Primarily General Fund (embedded)
Utah	Utah State Board of Education	State General Fund	Educator fees; Federal Title II-A	Primarily General Fund
Washington	Washington Professional Educator Standards Board	State General Fund	Educator fees; Federal Title II-A	Primarily General Fund

Notation on Federal Title II-A Funds:

- Title II-A (Supporting Effective Instruction) funds are federal formula grants received by all states.
- These funds may support educator preparation, mentoring, induction, and standards-related work.
- Title II-A funds do NOT pay for routine licensure operations such as application processing, enforcement, or staffing.
- States must rely on State General Fund appropriations and/or educator fees to operate licensing systems.

Sample Scenario C Hybrid Funding Model: Phased Fee Increases with Supplemental Revenue

Under Scenario C, the Commission would implement a two-part, phased-in licensure fee adjustment combined with a supplemental revenue source to stabilize funding, maintain acceptable ending fund balances, and reduce reliance on educator-paid fees alone. This model is designed to address near-term fiscal pressures while enabling longer-term structural improvements following implementation of the Educator Data System (EDS).

Phased Fee Increases

- **Phase 1: Interim Fee Increase (Effective July 1, 2026)**
Establish an immediate, uniform increase to the base licensure fee, raising standard licensure fees from **\$182 to \$200** effective July 1, 2026. This adjustment would provide near-term revenue relief, slow the erosion of ending fund balances, and reduce the magnitude of future increases required to maintain operations. This interim phase reflects the operational limitations of the current eLicensing system, which cannot support a comprehensive overhaul of the fee structure.
- **Phase 2: Tiered Fee Structure Following EDS Implementation (Effective July 1, 2027)**
This tiered fee structure is designed to reflect relative pay differences among first-time licensed educators, experienced educators, school principals, and district-level administrators. By aligning fees more closely with earning capacity, the model improves equity, moderates impacts on early-career educators, and more appropriately distributes regulatory costs. Phase 2 would be implemented effective July 1, 2027, following deployment of the Educator Data System (EDS), which would provide the technical capacity to support a more refined, tiered licensure fee structure aligned with license type, professional role, and relative earning capacity.

Under Phase 2, licensure fees could be structured as follows:

- \$200** — First-time teacher license
- \$250** — Renewals for teacher license
- \$300** — Principal license
- \$350** — Professional (district-level) administrator license

Supplemental Revenue

Reroute a portion of other education agency funding to TSPC through the State School Fund Carve Out. The amount of supplemental revenue needed is dependent upon:

1. The percentage increase in licensure fees recommended by the legislature
2. Target ending fund balance recommended by the legislature

Section 8: Other Considerations and Conclusion

The analysis conducted in response to the House Bill 5037 (2025) budget note demonstrates that the Teacher Standards and Practices Commission's current funding structure is not sufficient to maintain acceptable ending fund balances or support ongoing operations on a sustainable basis. Financial projections show that, absent intervention, the Commission will experience declining and ultimately negative ending fund balances in upcoming biennia, creating significant fiscal and operational risk.

While licensure fees have historically supported the Commission's core functions, the existing fee-only model does not provide the revenue stability necessary to support the Commission's fixed statutory responsibilities—particularly the investigation and adjudication of allegations of educator misconduct. Investigative workload has increased in both volume and complexity, and the Commission must maintain sufficient staffing to manage active cases, reduce case backlogs, and ensure timely, fair, and consistent licensure action in the interest of student safety and public trust. These responsibilities do not scale down when revenues are constrained, and projected negative ending fund balances directly threaten the Commission's ability to sustain timely investigations and avoid prolonged case timelines that carry financial and operational consequences for school districts and educators alike.

The scenarios evaluated in this report illustrate that maintaining current fee levels would result in ending fund balances falling below minimum reserve thresholds, requiring service reductions or staffing cuts to maintain solvency. Conversely, addressing projected deficits through licensure fee increases alone would require substantial and recurring fee escalations over multiple biennia to restore acceptable ending fund balances. Even under those conditions, long-term fiscal stability would remain uncertain, and the financial burden would be borne almost entirely by individual educators.

In contrast, a hybrid funding approach that combines measured licensure fee adjustments with supplemental revenue sources provides a more balanced and sustainable path forward. This approach stabilizes ending fund balances at prudent reserve levels, supports continuity of core regulatory functions, and reduces reliance on repeated fee increases as the primary mechanism for fiscal correction.

The agency submits this report to inform legislative deliberations and respectfully requests guidance from the Interim Joint Committee on Ways and Means regarding funding options that will ensure stable ending fund balances and the long-term sustainability of Oregon's educator licensure, preparation, and professional accountability system.