

Certification Fee Increase – O2

Agency: 350 Office of Superintendent of Public Instruction
Budget Period: 2015

Recommendation Summary Text (Short Description):

Superintendent Dorn requests \$1,787,000 in additional biennial expenditure authority from the non-appropriated Educator Certification Processing Account (Fund 18E). The increase would result in an accurate reflection of the resources need to maintain OSPI's Teacher Certification office, which is funded by fees on certification transactions; and the amount to be used by the Professional Educator Standards Board for activities authorized by RCW 28A.10.060. Superintendent Dorn is also requesting a \$6 per action increase in the fee OSPI charges for teacher certification in order to continue maintenance level program expenditures. The fee would increase from \$33 to \$39 per action.

Fiscal Detail

Operating Expenditures		FY 2016	FY 2017	Total
Ed Cert Acct For OSPI	18E-6	394,000	393,000	787,000
Ed Cert Acct For PESB	18E-6	500,000	500,000	1,000,000
Total 18E Exp		894,000	893,000	1,787,000

Operating Revenues		FY 2016	FY 2017	Total
Ed Cert Acct For OSPI 02-99	18E-6	189,000	189,000	378,000
Ed Cert Acct PESB 02-99	18E-6	500,000	500,000	1,000,000
Total 18E Rev		626,000	626,000	1,252,000

Staffing	FY 2016	FY 2017	Annual Avg.
OPSI FTEs	1.5	1.5	1.5
PESB FTEs	1	1	1
Total FTEs Requested	2.5	2.5	2.5

Package Description

Background

- The Legislature created the Educator Certification Processing Account in the 2011 session (ESHB 1449) at Superintendent Dorn's request. The bill created a dedicated account (Fund 18E) and a fee to fund the costs of issuing educator certificates and the development and maintenance of an online teacher certification process. Prior to the creation of the dedicated account and fee, GFS funds were used to pay for Teacher Certification activities. OSPI's GFS

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appropriations for the activities were eliminated in the year the fee was implemented.

- OSPI began collecting fees in SFY12. The original, and current, fee amount is \$33 per certification action.
- In the fiscal note for ESHB 1449, OSPI estimated first biennium 11-13 expenditures of \$1,795,428, 13-15 expenditures of \$2,273,166, and 15-17 expenditures of \$1,798,766.
- The Professional Educator Standards Board is authorized by RCW 28A.410.060 to collect fees for precertification activities. Puget Sound ESD acted as the PESB agent for collecting their fees and disbursing funds to authorized recipients.

Current Situation

- OSPI's Fund 18E Carry-Forward-Level expenditure authority is based on the amount of GFS expenditures reduced in the original decision package. The CFL is not a reflection of our current Fund 18E expenditure needs.
- The certification office has a peak period of business each year (April-August). The program needs ongoing sufficient resources to hire temporary staff to handle the workload. Our request assumes 1.5 FTE for 3-4 temporary staff during the peak workload period.
- With implementation of the online Teacher Certification processing funded by OSPI's fee, all certification fee activity is now processed by OSPI and Puget Sound ESD is no longer acting as the fiscal agent on behalf of the PESB.
- The number of certification actions (and resulting fee revenue) is significantly lower than originally projected. The \$33 per action fee was set with the expectation of 34,935 annual actions. During the past four years the average number of actions has been closer to 30,000. OSPI is currently projecting 31,500 annual actions.

Proposed Solution

- OSPI currently projects 31,500 transactions per year. In order to fund the teacher certification office at maintenance level, including temporary staffing for peak workload periods, the fee will need to increase \$6 per action, from the current \$33 to the proposed \$39 per action.
- The expenditure authority needs to increase \$1,787,000 per biennium to reflect the true costs to OSPI issuing teaching certificates within two weeks of complete paperwork being submitted, and to reflect the PESB expenditures of the fees previously authorized in RCW 28A.410.060.

Contact person

Mike Woods, Director of Agency Financial Services 360 725-6283

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Timely processing of Teacher Certification requests.

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Performance Measure Detail

- No measures submitted for package.

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes, to support a college and career ready education system for students in the state of Washington.

Reason for change:

Does this decision package provide essential support to one of the Governor's priorities?

The Governor places a high priority on education. This request assures properly certified teachers will be available in classrooms.

Does this decision package provide essential support to one or more of the Governor's Results Washington priorities? If so, describe.

This work supports the Results Washington goal of providing a world class education for every child by assuring properly certified teachers will be available in classrooms.

What are the other important connections or impacts related to this proposal?

Without approval of the fee increase, OSPI would need to reduce service in the Teacher Certification office. This could result in teacher shortages at the beginning of school years.

Impact on Other State Programs

What alternatives were explored by the agency, and why was this alternative chosen?

None. Cutting cost would require reducing the number of certification staff. The resulting certification delay and the impacts on schools, particularly at the beginning of school years is not an acceptable option.

What are the consequences of not funding this package?

Without approval of the fee increase, OSPI would need to reduce service in the Teacher Certification office. This could result in teacher shortages at the beginning of school years.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Please indicate any proposed agency request legislation that is related to this decision package.

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Expenditure and revenue calculations and assumptions:

Revenue Calculations and Assumptions:

Expenditure Calculations and Assumptions:

See attached.

Please describe the classification and numbers of staff assumed in the calculations.

Object Detail

		FY 2016	FY 2017	Total
A	Salary and Wages	\$111,458	\$111,458	\$222,916
B	Employee Benefits	\$41,126	\$41,126	\$82,252
C	Contracts	\$160,000	\$160,000	\$320,000
E	Goods/Services	\$185,878	\$184,878	\$370,756
G	Travel	\$54,591	\$54,591	\$109,182
J	Equipment	\$0	\$0	\$0
N	Grants	\$340,947	\$340,947	\$681,894
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$894,000	\$893,000	\$1,787,000

Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2016	FY 2017	Avg	FY 2016	FY 2017	Total
A002 Administration	010	1.5	1.5	1.5	\$394,000	\$393,000	\$787,000
A021 PESB	010	1	1	1	\$500,000	\$500,000	\$1,000,000
Total Activities		2.5	2.5	2.5	\$894,000	\$893,000	\$1,787,000

Six-Year Expenditure Estimates

Fund	15-17 Total	17-19 Total	19-21 Total
Educator Certification Processing Account 18E-6	\$1,787,000	\$1,787,000	\$1,787,000

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Expenditure Total	\$1,787,000	\$1,787,000	\$1,787,000
FTEs	2.5	2.5	2.5

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing.

Justification For Increased Fee

Fee name: Certification Application Processing Fee, Fee Code 350B

Current fee rate (FY15): \$33 per teacher certification action.

Proposed fee rate:

FY 2016: \$39 per teacher certification action.

FY 2017: \$39 per teacher certification action.

Incremental rate change for each year:

FY 2016: \$6 (compared to FY15 rate) per teacher certification action.

FY 2017: \$6 (compared to FY15 rate) per teacher certification action.

Expected implementation date: July 1, 2015.

Estimated additional revenue generated by the increase:

Assumption – 31,500 actions at \$39 per action, compared to 31,500 actions at \$33 per action.

FY 2016: \$189,000

FY 2017: \$189,000

Justification for the increase and discussion of consequences of not increasing the fee:

Fee revenue has been lower than expected. The fee, established in FY 2012 (implemented October 1, 2011), was intended to “eliminate state-funded support of the cost to issue educator certificates” (ESHB 1449, Section 1(1), 2011 session). At implementation, the fee amount was based on a projection of 91,797 actions for fiscal years 12-14. Because of the October 1, 2011 implementation date, the actual number of actions with fees was 73,000 for the FY12-14 period, resulting in significantly lower than projected revenue.

In addition, we originally projected 35,000 actions per year. The actual number of yearly actions for FY13-14 averaged 29,634. We are projecting 31,500 actions per year starting in FY15.

Costs are higher than expected. Now that we’ve developed and implemented an online certification system, we can more accurately project costs. Costs of maintaining the online system are known, and we need capacity to hire temporary staff during the crucial April – August period when the number of actions are at their highest.

Operating costs are projected to be \$1,260,000 per year. At the current fee rate, revenues would be \$1,039,000 per year, for a deficit of \$221,000 per year. The \$6 per action fee increase would cover \$189,000 of that deficit. Fund 18E balance is sufficient to cover deficits for a few years.

Cutting costs would require reducing the number certification staff. The resulting certification delay and impacts on schools, particularly at the beginning of school years is not an acceptable option.

Indication of any changes in who pays: No change.

Indication of any changes in the methodology for determining the fee: No change.

Recommendation Summary code for the related expenditure request: O2

Alternatives considered to an increase: None. Cutting costs would require reducing the number certification staff. The resulting certification delay and impacts on schools, particularly at the beginning of school years is not an acceptable option.

Indication of whether the fee increase requires a statutory change. We don't believe it requires a statutory change. Current law, RCW 28A.410.062(2) states "The superintendent of public instruction shall establish the amount of fee by rule under chapter 34.05 RCW. The superintendent shall set the fee at a sufficient level to defray the costs of administering the educator certification program under RCW 28A.300.040(9). Revenue generated through the processing fee shall be deposited in the educator certification processing account."

