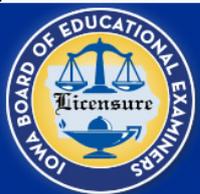


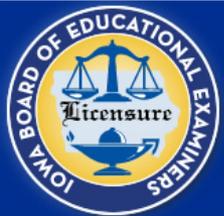
**Iowa Board of Educational Examiners  
Joint Education  
Appropriations Subcommittee  
Presentation  
1/26/2016 at 10:00 AM**

**D.T. Magee, Executive Director  
Darcy Hathaway, Attorney  
Phil Wise, Legislative Liaison**



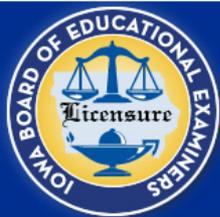
# What is the Board of Educational Examiners (BoEE)?

- Iowa's independent licensing board for PK-12 educators
- The board is comprised of twelve members appointed by the Governor and confirmed by the Senate (five teachers, four administrators, two public members and the DE Director or designee)
- The BoEE has 16 employees (15.20 FTEs)
- The BoEE Executive Director is appointed by the Governor and confirmed by the Senate
- The BoEE is not part of the Department of Education



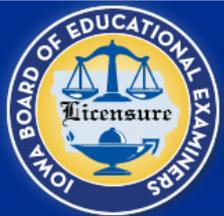
# What Functions Does the BoEE Perform?

- Processes licensing applications (28,319 transactions in FY 2015)
- Performs background checks on applicants
- Processes ethics complaints (198 in 2015)
- Writes administrative rules
- Communicates with licensees and stakeholder groups
- Works closely with the Iowa Department of Education, Governor's office and the General Assembly
- Stays current on relevant education topics and research



# What You Should Know About the BoEE: Results Since July 2, 2012

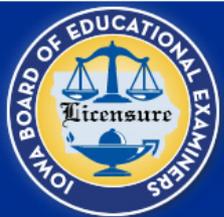
- Reduced the average time needed to process an ethics complaint by over 80 days
- Eliminated a two year backlog of final board orders that needed to be displayed on the BoEE's web site
- Processed the 1<sup>st</sup> (FY 13), 2<sup>nd</sup> (FY 14) and 4<sup>th</sup> (FY 15) most annual transactions in BoEE history
- Decreased the amount of time required to process applications
- Doubled the number of annual licensure and ethics presentations
- Launched a new completely online licensing system
- Assisted the Iowa Department of Education with the launch of the TeachIowa.gov applicant recruiting and applicant tracking system
- Set an expectation that emails and phone calls be returned within 1 business day



# What You Should Know About the BoEE: Finances

- The BoEE does not receive an appropriation from the General Assembly
- \*The BoEE is funded by licensure fees and background check fees

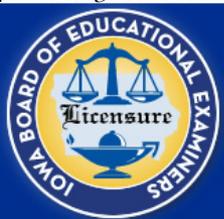
*\*Iowa Code 272.10 Fees. 1. It is the intent of the general assembly that licensing fees established by the board of educational examiners be sufficient to finance the activities of the board under this chapter.*



# What You Should Know About the BoEE: Licensure Fees and Cash Reserves

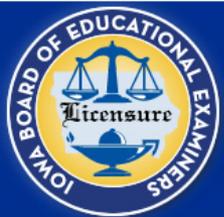
- \*75% of all licensure fees are retained by the BoEE (\$1,775,259 in FY 2015)
- \*25% of all licensure fees are deposited to the state's general fund (\$587,182 in FY 2015)
- The BoEE is allowed to maintain cash reserves (\$570,693.41 at the end of FY 2015)

*\*Iowa Code 272.10 Fees. 2. Licensing fees are payable to the treasurer of state and shall be deposited with the executive director of the board. The executive director shall deposit twenty-five percent of the fees collected annually with the treasurer of state and the fees shall be credited to the general fund of the state. The remaining licensing fees collected during the fiscal year shall be retained by and are appropriated to the board for the purposes related to the board's duties. Notwithstanding section 8.33, licensing fees retained by and appropriated to the board pursuant to this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the activities of the board as provided in this chapter until the close of the succeeding fiscal year.*



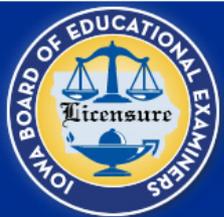
# What You Should Know About the BoEE: Licensure Fees

- The last time the BoEE raised licensure fees was in 2005 when a typical licensure fee increased from \$60 to \$85.
- BoEE licensure fees have increased 0% since 2005
- \*In FY 2005, Iowa State and local governments collected \$9.611 billion in taxes (58.1% State, 41.9% local). By FY 2015, the total had grown to \$13.963 billion (56.3% State, 43.7% local), an increase of \$4.352 billion (45.3%) and an average annual increase rate of 3.8%.
- \*Source - *ISSUE REVIEW, Fiscal Services Division, January 6, 2016: State and Local Tax Revenue FY 2005 to FY 2015* - <https://www.legis.iowa.gov/docs/publications/IR/698824.pdf>



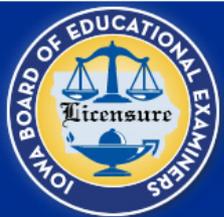
# What You Should Know About the BoEE: Previous Appropriations of BoEE Cash Reserves

- During the 2008 Session of the 82<sup>nd</sup> General Assembly, House File 2679 was passed.
- The BoEE was required to transfer \$300,000 to the Department of Education for early head start projects involving children aged birth to year three.



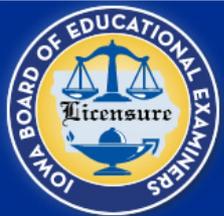
# What You Should Know About the BoEE: Previous Appropriations of BoEE Cash Reserves

- During the 2009 Session of the 83<sup>rd</sup> General Assembly, Senate File 470 was passed.
- The BoEE was required to transfer \$454,000 to the Department of Education for the beginning teacher mentoring and induction program.



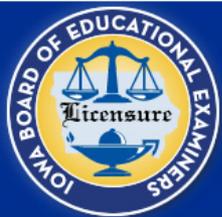
# What You Should Know About the BoEE: Previous Appropriations of BoEE Cash Reserves

- During the 2015 Session of the 86<sup>th</sup> General Assembly, House File 658 was passed.
- Section 52 of HF 658 required the BoEE to transfer \$600,000 to the Department of Education. Moneys transferred to the Department of Education were then appropriated for purposes of continuing the career planning required under section 279.61.

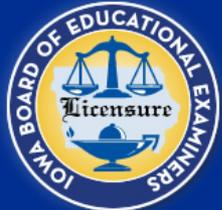
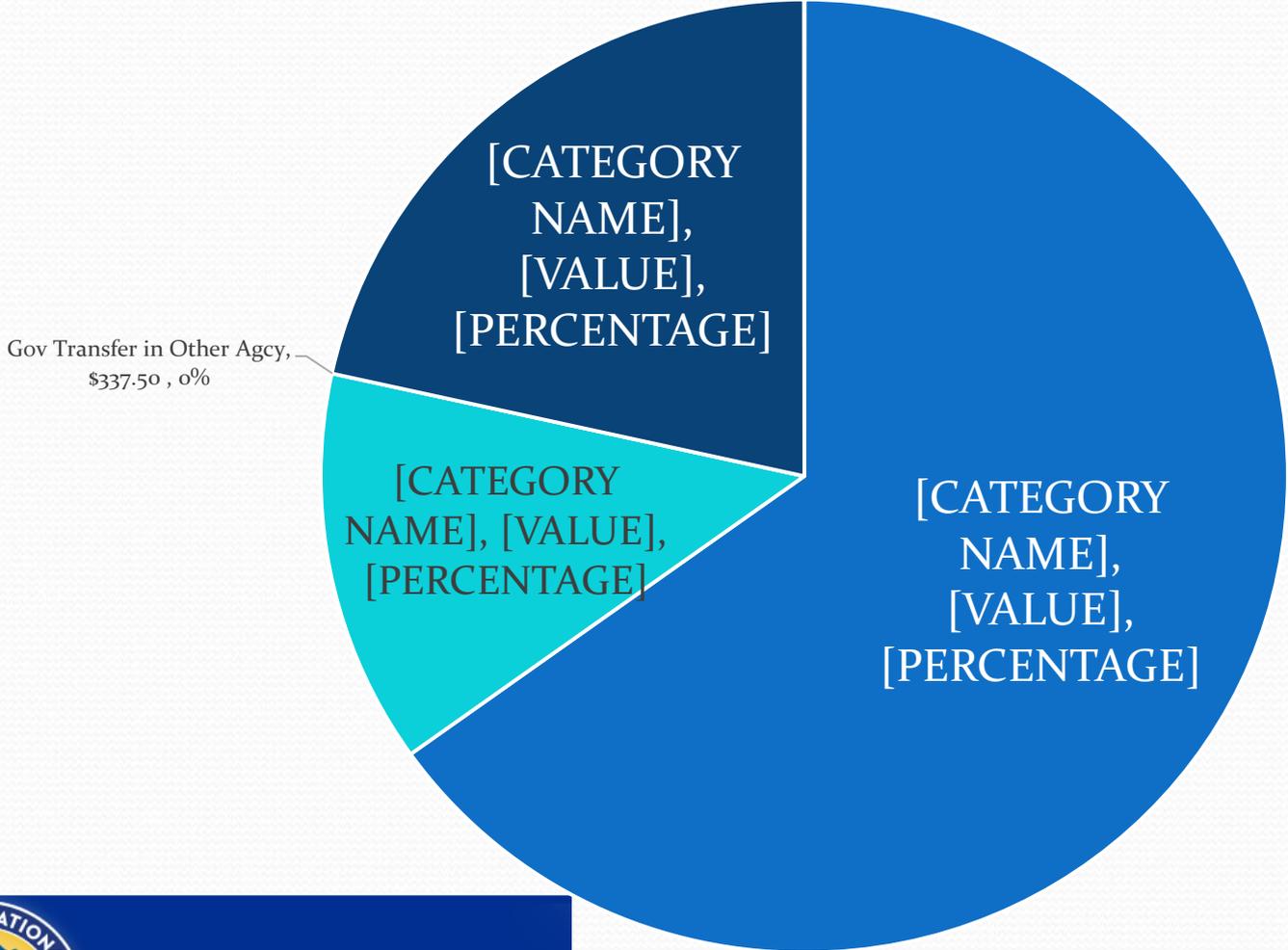


# What You Should Know About the BoEE: Revenues, Expenses and Cash Reserves

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
BOEE Beginning Cash Balance	1,176,209	1,156,232	1,047,214	923,038	695,115	465,146	999,099	751,217	186,971	5,130	-	34,116
State Appropriation												40,974
Total Revenues	2,139,088	2,151,248	2,165,193	2,102,941	2,072,492	2,026,630	2,066,128	1,919,330	1,882,229	1,672,430	860,357	846,559
Total Expenditures	2,744,602	2,131,271	2,056,175	1,978,765	1,844,569	1,796,661	2,600,081	1,671,448	1,317,983	1,418,113	855,227	880,675
Surplus (Shortage)	(605,515)	19,977	109,018	124,176	227,923	229,969	(533,953)	247,882	564,246	254,317	5,130	40,974
BOEE Ending Cash Balance	570,694	1,176,209	1,156,232	1,047,214	923,038	695,115	465,146	999,099	751,217	186,971	5,130	-
Percentage Change	-51%	2%	10%	13%	33%	49%	-53%	33%	302%	3545%		

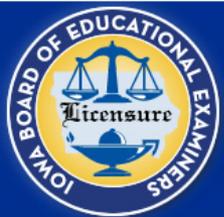


# BoEE Revenues FY 2015

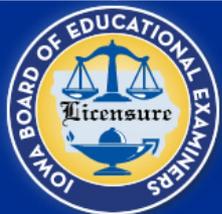
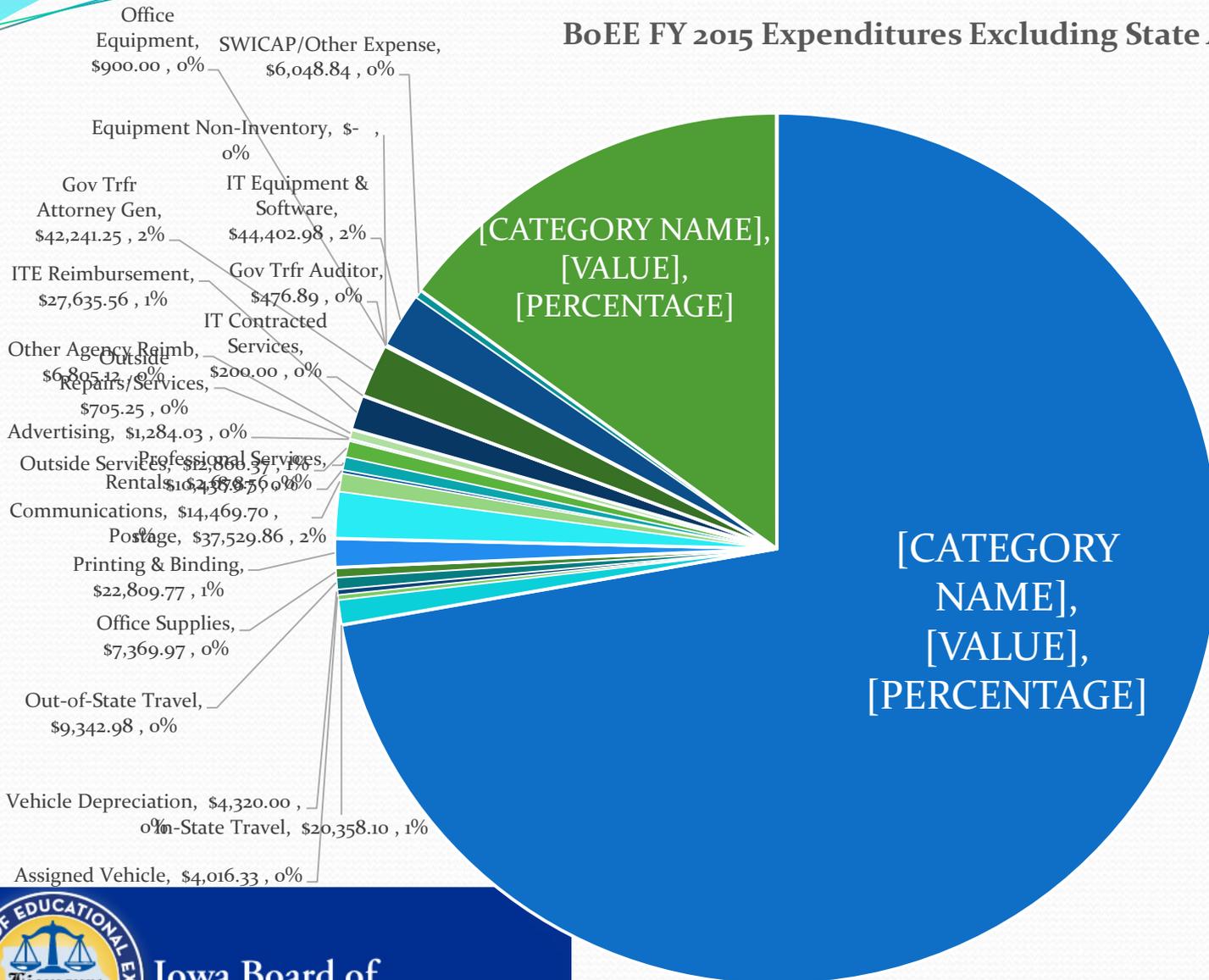


# What You Should Know About the BoEE: How is BoEE Revenue Spent?

- 72% of BoEE budgeted expenditures for FY 2015 went to staffing (personal services) costs
- 15% of BoEE budgeted expenditures for FY 2015 were paid to other state and federal agencies (DCI, DHS and FBI) for background registry checks
- The remaining 13% of BoEE budgeted expenditures went to all other expenditure categories
- The unknown factor each year for the BoEE is the amount of cash reserves that will be appropriated by the General Assembly (an average of \$169,250 per year since FY 2008)

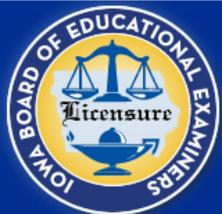
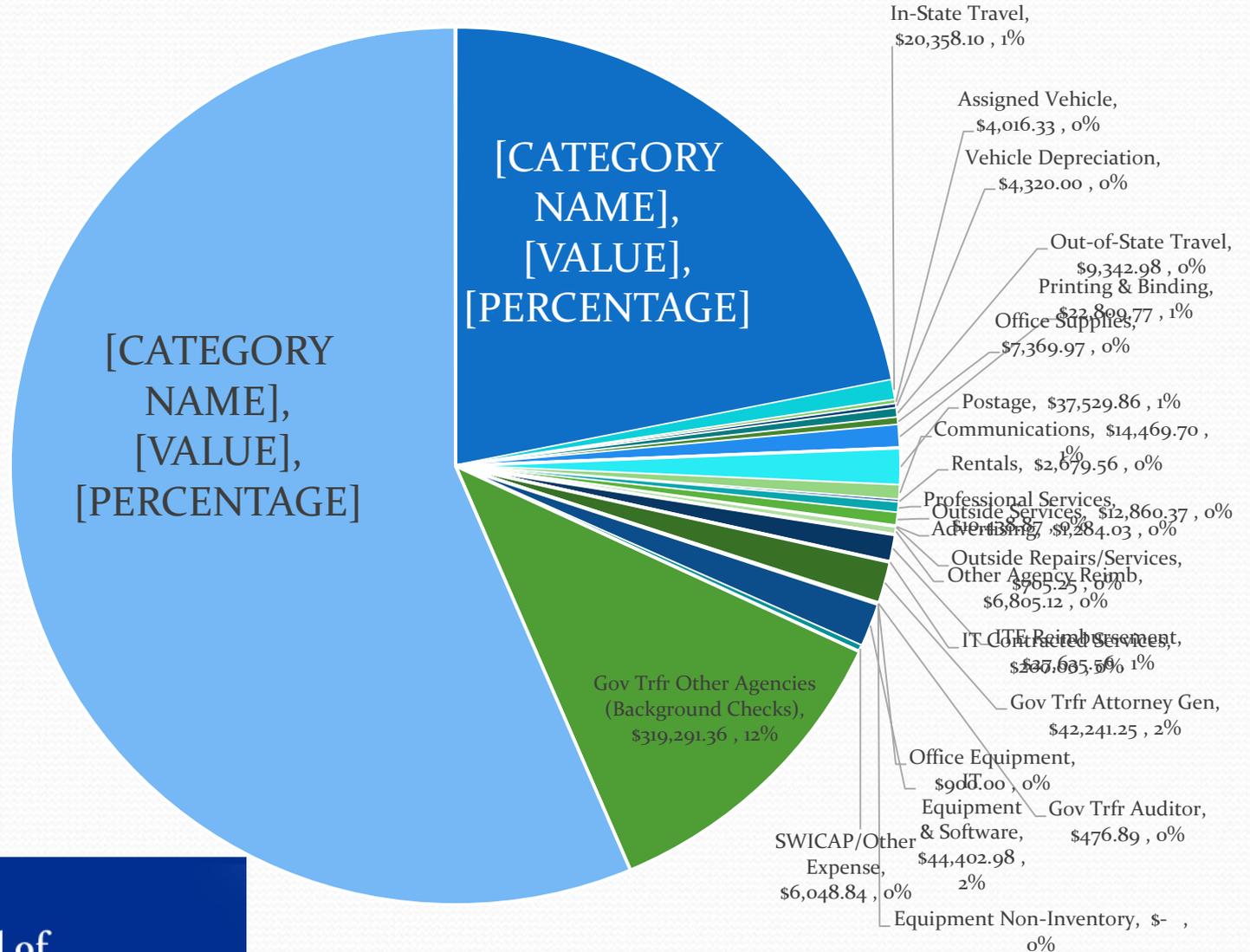


## BoEE FY 2015 Expenditures Excluding State Appropriation



**Iowa Board of Educational Examiners**

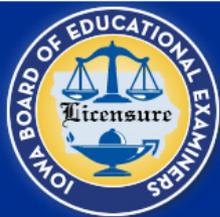
# BoEE FY 2015 Expenditures Including State Appropriation



# What You Should Know About the BoEE:

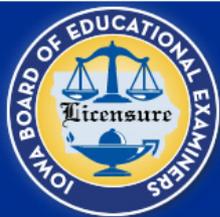
## BoEE fee increase

- The twelve member board has voted to increase BoEE fees by \$4
- Total anticipated revenue generated: \$122,773 (An estimated number of transactions of 30,693 multiplied by \$4)
- \$92,080 will remain with the BoEE (75% of licensure fees remain with the agency)
- \$30,693 will flow to the state's general fund (25% of licensure fees are deposited to the state's general fund)



## What You Should Know About the BoEE: What will the BoEE do with a fee increase?

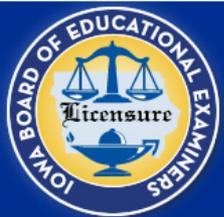
- Continue to offer tremendous customer service
- Avoid staff layoffs and a reduction in services offered to BoEE customers
- Use cash reserves for one time expenditures (ex. replace aging fingerprinting equipment)
- Investigate providing mandatory child and dependent adult abuse training to licensees as part of the licensing fee
- Investigate providing ongoing ethics training to all licensees as part of the licensing fee



# What You Should Know About the BoEE:

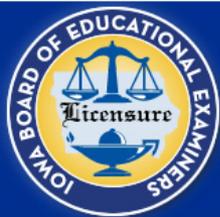
## Why does the BoEE need cash reserves?

- The BoEE does not receive a state appropriation
- The BoEE must carry forward a minimum of \$100,000 at the end of each fiscal year to cover payroll costs for the next fiscal year.
- Cash reserves are also used for larger one-time expenditures that do not occur on a yearly basis and require advanced planning (an example is the BoEE's new online licensure system).



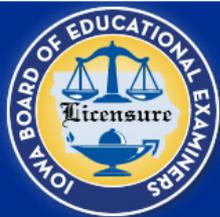
# What You Should Know About the BoEE: Why does the BoEE need cash reserves?

- \*The BoEE believes it should not ask for an appropriation from the General Assembly and must operate within the confines of revenues generated through licensure fees and background check fees based on Iowa Code 272.10  
*\*Iowa Code 272.10 Fees. 1. It is the intent of the general assembly that licensing fees established by the board of educational examiners be sufficient to finance the activities of the board under this chapter.*



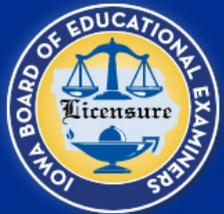
## What You Should Know About the BoEE: Background Check Fees and Expenditures

- During FY 2015 the BoEE received \$363,491 in background check fees
- During FY 2015 the BoEE paid \$319,291 to the FBI, DCI and DHS for criminal, child and dependent adult abuse, and sex offender registry checks
- The difference between background check fees and revenues, \$44,200, does not cover the BoEE's costs to evaluate and conduct background checks



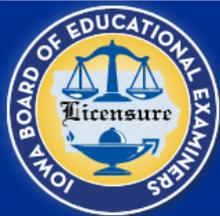
# What You Should Know About the BoEE: Current BoEE Budget Adjustments

- Support staff position vacated due to retirement has not been filled
- The purchase of two remote fingerprinting systems due for replacement has been deferred
- Budgeted office upgrades have been canceled



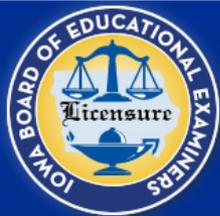
# What You Should Know About the BoEE: Proposed BoEE Expenditure Reductions

- Do not fill current support staff vacancy
  - Potential annual cost savings - \$69,895
- Stop printing and mailing paper licenses
  - Potential annual cost savings – \$38,681 (\$6,814 for paper licenses, \$3,367 for envelopes, and \$28,500 for postage)



# What You Should Know About the BoEE: Proposed BoEE Expenditure Reductions

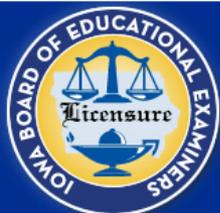
- Stop remote fingerprinting of Iowa teacher preparation program students
  - Potential annual cost savings \$13,088 – \$(12,002 for temporary fingerprinters' pay and \$1,086 for temporary fingerprinters' travel expense reimbursement)
  - Potential one-time savings - \$40,817 (elimination of two digital fingerprinting systems)



# What You Should Know About the BoEE: Fiscal Outlook

	*Projected Expenditures (with no large one-time expenditures, appropriations, or current expenditure reductions)	Projected Revenues (with no changes to BoEE fees or % of licensure fees retained)	Projected Revenues less Projected Expenditures	Estimated Starting BoEE Cash Reserves	Estimated Ending Cash Reserves
FY 2016	\$2,254,621.13	\$2,151,843.00	\$(102,778.13)	\$ 570,693.41	\$467,915.28
FY 2017	\$2,370,283.20	\$2,151,843.00	\$(218,440.20)	\$467,915.28	\$249,475.08
FY 2018	\$2,491,878.73	\$2,151,843.00	\$(340,035.73)	\$249,475.08	\$(90,560.65)
FY 2019	\$2,619,712.10	\$2,151,843.00	\$(467,869.10)	\$(90,560.65)	\$(558,429.75)
FY 2020	\$2,754,103.34	\$2,151,843.00	\$(602,260.34)	\$(558,429.75)	\$(1,160,690.09)

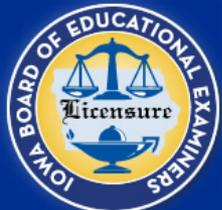
\*Based on a 5.13% average expenditure increase per year starting with FY15 expenditures of \$2,144,603 (which excludes the FY15 \$600,000 appropriation for I Have a Plan Iowa Software)



# What You Should Know About the BoEE: Fiscal Outlook

	*Projected Expenditures (with no large one-time expenditures, appropriations, or current expenditure reductions)	Projected Revenues (with 75% of \$4 fee increase retained and no change to % of licensure fees retained)	Difference	Estimated Starting BoEE Cash Reserves	Estimated Ending Cash Reserves
FY 2016	\$2,254,621.13	\$2,243,923.00	\$(10,698.13)	\$570,693.41	\$559,995.28
FY 2017	\$2,370,283.20	\$2,243,923.00	\$(126,360.20)	\$559,995.28	\$433,635.08
FY 2018	\$2,491,878.73	\$2,243,923.00	\$(247,955.73)	\$433,635.08	\$185,679.35
FY 2019	\$2,619,712.10	\$2,243,923.00	\$(375,789.10)	\$185,679.35	\$(190,109.75)
FY 2020	\$2,754,103.34	\$2,243,923.00	\$(510,180.34)	\$(190,109.75)	\$(700,290.09)

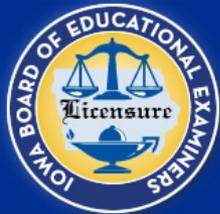
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# What You Should Know About the BoEE: Fiscal Outlook

	*Projected Expenditures (with no large one-time expenditures, appropriations, or current expenditure reductions)	Projected Revenues (with 100% of \$4 fee increase retained and no change to % of licensure fees retained)	Difference	Estimated Starting BoEE Cash Reserves	Estimated Ending Cash Reserves
FY 2016	\$2,254,621.13	\$2,274,576.00	\$19,954.87	\$570,693.41	\$590,648.28
FY 2017	\$2,370,283.20	\$2,274,576.00	\$(95,707.20)	\$590,648.28	\$494,941.08
FY 2018	\$2,491,878.73	\$2,274,576.00	\$(217,302.73)	\$494,941.08	\$277,638.35
FY 2019	\$2,619,712.10	\$2,274,576.00	\$(345,136.10)	\$277,638.35	\$(67,497.75)
FY 2020	\$2,754,103.34	\$2,274,576.00	\$(479,527.34)	\$(67,497.75)	\$(547,025.09)

\*Based on a 5.13% average expenditure increase per year starting with FY15 expenditures of \$2,144,603 (which excludes the FY15 \$600,000 appropriation for I Have a Plan Iowa Software)



**Questions**  
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**[Duane.magee@iowa.gov](mailto:Duane.magee@iowa.gov)**  
**(515) 281.4810**

