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Action

Fiscal Policy and Planning Committee

Approval of a “Revenue Only” Agreement for Fiscal Year 2011-12

Executive Summary: Section 610 of the CTC Policy Manual (Contract Authority) requires that agreements or contracts be approved by the Commission on Teacher Credentialing if the value is over \$150,000. This item presents a “revenue only” agreement that requires approval.

Recommended Action: Staff seeks the approval for the Executive Director to execute the agreement as presented in this agenda item.

Presenter: Crista Hill, Division Director, Administrative Services Division - Fiscal and Business Services Section

Strategic Plan Goal: 6

Maximize the effectiveness of the agency and its staff through the optimal use of technology, ongoing staff development and maintenance of a positive work environment

- Use technologies to support both ongoing operations and innovations designed to increase efficiency
- Communicate effectively to share information and increase productivity

August 2011

Approval of a “Revenue Only” Agreement for Fiscal Year 2011-12

Introduction

Section 610 of the CTC Policy Manual (Contract Authority) requires that agreements or contracts of \$150,000 or more be approved by the Commission on Teacher Credentialing (Commission). This agenda item seeks the approval for the Executive Director to authorize the “revenue only” agreement noted in the agenda item below. While the contract being considered is a being awarded as a “revenue only” agreement and no expenditure will be authorized at the State level the overall contract value is above the threshold established in the Policy Manual for contract approval. As a result, the Executive Director chose to bring this before the Commission.

Background

As part of daily operations Commission staff has to work with various external vendors to complete some of the tasks in order to access needed expertise in the field. When an agreement, as specified in Section 610, exceeds \$150,000 Commission staff must seek approval from the Commission prior to entering into the agreement. This agreement has been previously considered by the Commission and as a result Commission staff felt it was important that the agreement be brought forward again for consideration. Agreements below \$150,000 are currently delegated to the Executive Director for approval.

Requested Action by the Commission

At this time, Commission staff seeks the Commission’s consideration and action on the one Information Technology agreement as follows:

Currently, LexisNexis hosts the Commission’s online Credential display, online renewal, the approved program Credential recommends and the online applications directly from the educator, as well as provides the necessary maintenance. LexisNexis, through a contract with IBM, developed these systems as part of the Teacher Credentialing Service Improvement Project (TCSIP). LexisNexis contracts with several third party companies (including Paymentech) for its payment processing.

As part of this new agreement with LexisNexis they will continue to host the payment processing and the Commission will add the newly developed proprietary identity authentication products that can verify the identity of individuals utilizing the system. This feature is important to the Commission in that it will help protect the personal information of individuals credentialed using the system and otherwise help prevent fraud. Consequently, LexisNexis is the only organization that has the ability to support the Commission's current online system, as well as providing payment processing for credit card transactions and authenticate the identity of individuals utilizing the system. Services provided by this vendor are essential to the daily operations of the Commission.

This agreement is proposed to be executed as a “revenue only” agreement. The “revenue only” agreement is such that the contractor charges a fee to the individual applying for each credential document. This fee is broken down into two parts, the amount that the contractor retains for services rendered as part of this agreement and the management fee that the Commission

receives. This is similar to the examination contracts that the Commission administers. Under this agreement the Contractor will charge the specific credential document fee and a processing fee. The processing fee under this agreement is proposed to be \$4.00 per transaction. Of this fee up to \$2.00 (depending on the credit card type) is paid to the credit card company for providing the credit card service and \$2.00 is retained by LexisNexis for the hosting and maintenance services under this agreement. This is the same amount charged under the previous agreement. During the term of the agreement Commission staff anticipates that the fee retained by LexisNexis for the hosting and maintenance will be reduced when the Credentialing Web Interface Project (CWIP) is completed. The remaining balance of the fee collected will be forwarded to the Commission to support the daily operations of the Commission.

The term of the agreement is proposed from September 1, 2011–June 30, 2016, given the nature of the services being provided.

Recommendation

Commission staff seeks the approval for the Executive Director to execute the agreement with LexisNexis for a contract term of September 1, 2011 – June 30, 2016.