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Action

Fiscal Policy and Planning Committee

Establishment of the Fee Structure for Commission Examinations for 2012-13

Executive Summary: Per Education Code section 44235.1, staff will present a revised examination fee structure for Fiscal Year 2012-13.

Policy Question: Is the proposed fee structure consistent with the Commission's budgetary priorities?

Recommended Action: Staff recommends the approval of the 2012-13 examination fee structure as identified in the 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.

- ◆ Conduct periodic review of the efficiency of the day-to-day operations and financial accountability of the Commission

March 2012

Establishment of the Fee Structure for Commission Examinations for 2012-13

Introduction

The 2012-13 Governor's Budget released by Governor Jerry Brown on January 5, 2012 proposed an increase of \$500,000 in revenue received by the Commission for the Test Development and Administration Account effective FY 2012-13. This policy decision was based on the need to ensure that the Commission was fiscally solvent and that there is sufficient revenue to support operations of the educator examinations program administered by the Commission.

Education Code section 44235.1 provides the authority for the Commission to review and approve the examination fee structure, as needed, to ensure the current California examination program is self supporting. The examination programs include the California Basic Educational Skills Test (CBEST), Reading Instruction Competence Assessment (RICA), California Subject Examinations for the Teachers (CSET), California Teachers of English Learners (CTEL) and California Preliminary Administrative Credential Examination (CPACE). This item presents the proposed fee structure for the 2012-13 testing year.

Background

In operating the CBEST, RICA, CSET, CTEL and CPACE examination programs, the Commission bears costs in two major categories: contracted costs and non-contracted costs. (It is important to note that in FY 2005-06 the contracted costs were transitioned to what is known as "revenue only" contracts and as a result of this transition the costs are retained by the vendor when the fee is paid by the candidate.) Education Code sections 44252.5, 44253.8, and 44298 require that costs be covered through the fee examinees pay for administration of each examination. The fees include (a) a fee that registrants pay for each examination to cover the costs of administering the examination and that is retained by the contractor, and (b) a program management fee that registrants pay to cover the Commission's costs for operating the California examination programs. This fee is paid to the Commission by the contractor on a monthly basis.

To determine fees for these testing programs, Commission staff projects examinee volumes for each program based on a weighted average from past year actuals and compares this with the proposed non-contracted Commission costs for the testing year. From these projections Commission staff identifies a fee that is appropriate and necessary to ensure the program is self-supporting, as well as leaves a healthy reserve in the Test Development and Administration Account (0408), which the fees are deposited at the State level.

Revenue adjustments to the Test Development and Administration Account have been made over the years based on the demands for the various examinations. Provided below is a summary of the adjustments in the Commission's management fees since 2005-06.

| Summary of Fee Adjustments | | | | | |
|--|----------------|----------------|----------------|-----------------------------|---------------|
| Candidate Fee | 2005-06 | 2007-08 | 2011-12 | Proposed 2012-13 | Change |
| CBEST | | | | | |
| <i>CBEST – Paper Based Test</i> | -- | -\$10.00 | -- | -- | -\$10.00 |
| <i>CBEST – Computer Based Test</i> | -- | -- | -\$4.00 | +\$1.00 | -\$3.00 |
| RICA | | | | | |
| <i>RICA – Written Examination</i> | +\$6.00 | -\$10.00 | +\$35.00 | +\$6.00 | +\$37.00 |
| <i>RICA – Video Performance Assessment</i> | +\$6.00 | -\$10.00 | -- | +\$41.00 | +\$37.00 |
| CTEL | -- | | -\$65.00 | +\$22.00 | -\$43.00 |
| CSET | +\$6.00 | -\$12.00 | -\$12.00 | +\$9.00 | -\$9.00 |
| <i>CPACE (Replaces the SLLA)</i> | -- | -- | -\$102.00 | +\$44.00 | -\$58.00 |

Proposed Examination Fees For The 2012-13 Testing Year

Based on the current projections and the policy decision included in the 2012-13 Governor's Budget, it is appropriate for the Commission to establish the examination fees for the 2012-13 testing year. There are three purposes for bringing this issue to the Commission for review and approval: (1) The Governor's Budget proposes an increase of \$500,000 in revenues for the Test Development and Administration Account for FY 2012-13; (2) Commission staff needs to work with the vendor to prepare the registration bulletins for the next testing year; and (3) This coincides with update of the Fund Condition for the Test Development and Administration Account for discussion purposes with the Administration and the Legislature.

Anticipated Impact of New Fees on Candidates

The Commission staff ran several scenarios to determine the best solution. As reported in Fall of 2011, the Commission continues to experience a decline in the number of examinees for the entire examination program. The fees that are set by the Commission support the examinations program.

Provided in the following chart, is a summary of the current fees paid by candidates as they register for each of the examinations and the proposed fee structure for FY 2012-13. For testing year 2011-12 a new contract was awarded to NCS Pearson, Inc. for the administration of the RICA, CBEST, RICA, CTET and CSET. Some of the costs were adjusted to reflect the transition to computer based testing. This allows candidates the option of an on-demand ability to take examinations instead of waiting for a particular paper-based site administration. During the term of the contract, the Commission is transitioning two (2) CSET subtests per year to computer based testing.

| Candidate Fee | Current Fee 2011-12 | Proposed Fee Structure 2012-13 |
|--|------------------------|-----------------------------------|
| CBEST | | |
| <i>CBEST – Paper Based Test</i> | \$41.00 | \$41.00 |
| <i>CBEST – Computer Based Test</i> | \$101.00 | \$102.00 |
| RICA | | |
| <i>RICA – Written Examination</i> | \$165.00 ^{1/} | \$171.00 |
| <i>RICA – Video Performance Assessment</i> | \$130.00 | \$171.00 |
| CTEL | \$238.00 | \$260.00 |
| CSET | \$198.00 | \$207.00 |
| <i>CPACE (Replaces the SLLA)</i> | \$383.00 ^{2/} | \$427.00 |

^{1/} The increase in the examination is the result of the transition of this examination to a computer based examination only. The service fee charged to the candidate to administer this on-demand exam is similar to the fee charged for the CBEST computer based examination.

^{2/} The Commission did not receive any funds from the SLLA administered by the Educational Testing Services.

The following chart reflects the current and proposed fees for the Contractor and the Commission. The Contractor's fees are not subject to change as these are the costs identified under a competitively-bid multi-year contract.

| Examination Program | Current Fee Structure 2011-12 | | | Proposed Fee Structure 2012-13 | | | | Change |
|--|----------------------------------|------------|-------------|-----------------------------------|------------------------|------------|-------------|----------|
| | Candidate Fee | Vendor Fee | CTC Mgt Fee | Candidate Fee | Candidate Fee % Change | Vendor Fee | CTC Mgt Fee | |
| CBEST | | | | | | | | |
| <i>CBEST Paper Based Test</i> | \$41.00 | \$29.00 | \$12.00 | \$41.00 | 0% | \$29.00 | \$12.00 | -- |
| <i>CBEST Computer Based Test ^{1/}</i> | \$101.00 | \$89.00 | \$12.00 | \$102.00 | 10% | \$89.00 | \$13.00 | +\$1.00 |
| RICA | | | | | | | | |
| <i>RICA – Written Examination (Computer Based Test)</i> | \$165.00 | \$104.00 | \$61.00 | \$171.00 | 10% | \$104.00 | \$67.00 | +\$6.00 |
| <i>RICA – Video Performance Assessment ^{2/}</i> | \$130.00 | \$69.00 | \$61.00 | \$171.00 | 10% | \$69.00 | \$102.00 | +\$41.00 |
| CTEL | | | | | | | | |
| <i>CTEL Computer Based Test</i> | \$238.00 | \$190.00 | \$48.00 | \$260.00 | 45% | \$190.00 | \$70.00 | +\$22.00 |
| CSET | | | | | | | | |
| | \$198.00 | \$105.00 | \$93.00 | \$207.00 | 10% | \$105.00 | \$102.00 | +\$9.00 |
| CPACE (Previously SLLA) | | | | | | | | |
| | \$383.00 | \$285.00 | \$98.00 | \$427.00 | 45% | \$285.00 | \$142.00 | +\$44.00 |

^{1/} The current CBEST CBT examinee fee is \$41 + \$60 service fee; proposed CBEST CBT is \$41 + \$61 service fee.

^{2/} The significant increase for this exam is in an effort to align the overall costs for this exam with the computer based version.

Based on the proposed fee structure above and the projections for FY 2012-13 this would ensure fiscal solvency for activities related to the examination program administered by the Commission. Provided below is a summary of the impact of the proposed fee structure.

| Test Development Administration Account FY 2012-13 (Dollars in Thousands) | |
|--|--------|
| Beginning Balance | 1,941 |
| Projected Revenues | 4,211 |
| Projected Expenditures | -4,213 |
| Ending Balance | 1,939 |
| Reserve as a Percent of the Expenditure | 46.0% |

Recommendation

Commission staff recommends that the Commission adopt the 2012-13 examination fees as reflected in the chart below, in order to align with the policy decision included in the Governor’s Budget, and allow time for Commission staff to work with the testing contractor to update the testing bulletins for FY 2012-13.

| Candidate Fee | Proposed Fee Structure 2012-13 |
|--|---|
| CBEST | |
| <i>CBEST – Paper Based Test</i> | \$41.00 |
| <i>CBEST – Computer Based Test</i> | \$102.00 |
| RICA | |
| <i>RICA – Written Examination</i> | \$171.00 |
| <i>RICA – Video Performance Assessment</i> | \$171.00 |
| CTEL | \$260.00 |
| CSET | \$207.00 |
| <i>CPACE (Previously SLLA)</i> | \$427.00 |