

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7725**

**BILL NUMBER: HB 2134**

**DATE PREPARED:** Jan 26, 2001

**BILL AMENDED:**

**SUBJECT:** ISTEP Diploma Certification.

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**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (1) This bill provides that a student is not required to pass the criterion-referenced grade 10 Indiana Statewide Testing for Educational Progress (ISTEP+) examination (the Examination) in order to graduate from high school. (2) It provides for the placement of an ISTEP+ diploma seal on the high school diploma of a graduate who passes the Examination. (3) It provides that a student who does not pass the Examination may be retested in any school year with the consent of the student's parent. (4) It repeals references to the Examination and the obsolete grade 12 examination.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (1 & 3) *Summary:* This bill would remove the requirement that a student pass the Examination in order to graduate from high school and would allow a student to retest in any school year with the consent of the student's parents. This could result in a possible savings to the State in certain situations as described below.

If students falling below the Indiana Academic Standard choose not to retake the Examination, the State could experience a possible savings with regard to administering the Examination. This scenario might be possible since a passing grade would no longer be necessary in order to graduate. However, it is more likely that students would continue to retest in order to receive the ISTEP+ diploma seal. These figures are currently indeterminable.

*Background:* ISTEP+ is Indiana's statewide student assessment program which is currently given in grades 3, 6, 8, and 10. ISTEP+ includes both norm- and criterion-referenced components, is administered in the fall, and is based upon proficiencies from the previous year.

The norm-referenced component of ISTEP+ compares a student's performance to the performance of a statistically representative sampling of U.S. students. The criterion component of ISTEP+ (which includes English/Language Arts and Mathematics subject areas) measures student performance against the Indiana

Academic Standard (an expectation of student achievement developed by the State Standards Task Force).

Beginning with the graduating class of the 1999-2000 school year, students who expected to graduate with a diploma were required to either: 1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the Examination; 2) successfully complete all components of the CORE 40 curriculum; or 3) successfully appeal the Examination test results in accordance with current law. A student who does not receive a score at or above the Indiana Academic Standard may retake the Examination during each semester of each grade following the grade in which the student is initially tested.

Of the students in the graduating class of the 1999-2000 school year, 86% received a score at or above the Indiana Academic Standard on the Examination. Currently, over 73% of the 2000-2001 graduating class have met or exceeded this standard.

For FY 2001, \$37,715,197 were appropriated from the state General Fund and state dedicated funds for ISTEP+ testing and remediation (grades 3, 6, 8, and 10). Of this amount, approximately \$25 M were distributed to eligible school corporations for preventative and regular remediation, while approximately \$12 M were distributed for test development and test administration.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (2) This bill would require that seals be imprinted or affixed on the graduating student's regular high school diploma recognizing a passing score on the Examination (public and nonpublic high schools do not currently offer ISTEP+ seals to graduating students who receive a passing score on the Examination). This provision would likely result in an increase of administrative time. In addition, schools would likely experience a minimal cost relating to the purchase of an instrument to imprint the required seals, or to the purchase of the seals themselves.

The specific effects of this portion of the bill would vary across high schools and would depend upon local action.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** School Corporations.

**Information Sources:** State of Indiana, List of Appropriations (July 1, 1999, to June 30, 2001); Department of Education Internet Site: <http://www.doe.state.in.us/>.