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FISCAL IMPACT STATEMENT

LS 6687

BILL NUMBER: HB 1240

NOTE PREPARED: Jan 17, 2006

BILL AMENDED:

SUBJECT: ISTEP.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Spring ISTEP:* The bill provides that the ISTEP test must be administered during the spring semester for school years beginning after June 30, 2007.

Spring Pilot Test: The bill provides for a pilot test of spring ISTEP testing in May 2007.

Diagnostic Assessment: The bill requires the Department of Education to develop a ten-year plan for student diagnostic and summative achievement assessment before August 1, 2006.

Effective Date: Upon passage; July 1, 2006.

Explanation of State Expenditures: *Spring ISTEP:* Under the bill, the Department of Education would be required to administer ISTEP examinations during the spring instead of the fall for Grades 3 thru 10. The first spring ISTEP examinations would occur in May of the 2007-2008 school year.

Spring Pilot Test: Under the bill, a piloting phase would be implemented in May of 2007. The Department would likely incur additional administrative expenses to pilot new ISTEP examinations for Grades 3 thru 10. Current assessments are based on proficiencies from the preceding grades (Grades 2 thru 9). New assessments given in spring would need to be based on current grade proficiencies. The development of a new test typically involves the following determinations when establishing alignment with a set of state standards: (1) the number of questions; (2) the length of each question; (3) cutoff scores; and (4) test validity and reliability.

Diagnostic Assessment: The Department would be required to develop a plan to assist teachers to diagnose

educational needs of students in English, Math, Science, and Social Studies. The plan would have to include assessments for grades K-12, which for Grades 3-12 would have to be online. Also, included in the plan would be a new graduate examination and written essay examinations. The plan would designate that assessments and graduate examinations would be administered annually during two weeks in May. The Department estimates the start-up cost of a diagnostic assessment to be \$7.5 M over three years.

Additionally, before October 1, 2006, the Department would be required to develop a plan to establish a long-term contract with a vendor to implement the assessment proposed by the bill. The bid process must be completed by December 31, 2006. A selected vendor would develop the proposed spring pilot test.

The funds and resources required above could be supplied through a variety of sources. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

Fiscal Information Background: CTB McGraw-Hill, the current vendor of the ISTEP examination, estimates the cost of a spring pilot examination in May 2007 would be \$11.1 M for English/Language Arts, Math, and Science. Additionally, the state will receive federal dollars in future years under the No Child Left Behind Act for Grades 4, 5, 7, and 9 ISTEP+ testing, a portion of which could help offset the costs associated with this proposal. (Note: This fiscal impact statement will be updated if more recent cost estimates become available.)

In FY 2006, \$45,368,114 was appropriated from the state General Fund and from federal funds for ISTEP+ testing and remediation, including the GQE. Of the state General Fund amount (\$31.4 M), approximately \$8.2 M was distributed to eligible school corporations for preventive and regular remediation (not including the GQE which has a separate budget line item), and approximately \$23.2 M was distributed for test development and administration.

ISTEP Background: ISTEP+ is Indiana's statewide student assessment program, which is administered to Grades 3 thru 10. ISTEP+ is a criterion-referenced test and administered in the fall based upon proficiencies from the previous year.

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).

A 10th-grade student who does not receive a score at or above the Indiana Academic Standard on the GQE may retake the examination during each semester of each grade following the grade in which the student is initially tested.

Approximately 58.4% of the tenth grade class in the 2004-2005 school year received a score above the Indiana Academic Standard on both the English/Language Arts and Mathematics portions of the examination.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: School corporations.

Information Sources: Wes Bruce, Department of Education; CTB McGraw-Hill; State of Indiana, *List of Appropriations* (July 1, 2005, to June 30, 2007); *ISTEP+ Program Manual 2004-2005*; Department of Education Internet site: <http://ideanet.doe.state.in.us>.

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