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**FISCAL IMPACT STATEMENT**

**LS 7307**

**BILL NUMBER:** HB 1427

**NOTE PREPARED:** Apr 9, 2013

**BILL AMENDED:** Apr 9, 2013

**SUBJECT:** Various Education Matters.

**FIRST AUTHOR:** Rep. Rhoads

**FIRST SPONSOR:** Sen. Kruse

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) The bill does the following.

*Buddy System Project:* The bill eliminates references to the "*Buddy System Project*:" in provisions relating to an income tax credit for computer equipment donations.

*School Bus Inspection & Registration:* The bill changes the registration deadline for school bus owners that are not school corporations from July 29 to September 28. It requires school bus inspectors to attach to the bus a certificate of inspection and document the certification in the School Bus Inspection Data Base

*Common Core:* The bill provides that the State Board of Education (State Board), after June 30, 2013, may not continue to implement the Common Core Standards or require the use of the Partnership for Assessment of Readiness for College and Careers assessment or the Smarter Balanced assessment by schools until the State Board receives and considers a report from a legislative committee and a report from the Office of Management and Budget (OMB) concerning the costs of implementing Common Core Standards. It provides that after receiving the reports, the State Board will implement educational standards that would qualify for a flexibility waiver because the educational standards are either the Common Core Standards or meet flexibility waiver requirements that ensure college and career readiness of students.

*Education Service Centers:* The bill provides that the geographic boundary of an educational service center's region must, to the extent possible, be aligned with the boundary of a regional works council's region.

*Textbooks:* The bill replaces the definition of "textbook" with a definition of "curricular materials". It provides

that the Indiana Department of Education (Department) shall determine the process for evaluating the curricular materials' alignment to academic standards and the appropriateness of the reading level of the curricular materials. The bill requires the Department to describe the method used to evaluate curricular materials. The bill makes changes to the type of curricular subject matter that the Department must review to show that the curricular material is aligned to academic standards. The bill also repeals the requirement that a superintendent of a school corporation forward a list of the curricular materials selected by the superintendent.

*Obsolete Programs:* The bill abolishes the following programs and entities concerning various education matters:

1. Technology Apprenticeship Grant Program.
2. Education Consultant for Health and Physical Education.
3. Corporation for Educational Technology.
4. Principal Leadership Academy.
5. School Grant Writing and Fund Raising Assistance Program.
6. School Intervention and Career Counseling Development Program Advisory Board.
7. Technology Preparation Task Force.
8. Research and Development Program Concerning Various Studies and Evaluations.
9. Department of Education Review of Professional Development Programs.
10. Readiness Testing.
11. Student Services Programs.
12. Teacher Quality and Professional Improvement Program.
13. Projects on Innovative Education.
14. Committee on Educational Attitudes, Motivation, and Parental Involvement.
15. ISTEP Program Citizens' Review Committee.
16. Twenty-First Century Schools Pilot Program.
17. Anti-gang Counseling Pilot Program and Fund.

*ISTEP Review:*-The bill requires the State Board to provide for reviews to ensure the validity and reliability of the ISTEP program.

*Teacher of the Year:* The bill replaces the Ambassador for Education Program with provisions that allow a Teacher of the Year to serve one year of professional leave with the Department of Education or a postsecondary educational institution.

*Conflicts:* The bill resolves conflict in IC 20-28-9-1, which was amended in P.L.229-2011, SEC. 175 (HEA 1001-2011) and repealed by P.L.48-2011, SEC. 39 (SEA 575-2011).

*Primetime:* This bill repeals a provision that requires a school corporation to compile class size data for kindergarten through grade 3 and report the data to the Department for purposes of maintaining the Primetime Program.

*K-3 Reporting Requirements:* The bill requires a school corporation to annually compile class size data for kindergarten through Grade 3 and report the date to the Department by a date established by the Department.

*Innovative Testing Methods Pilot Program:* The bill repeals the Innovative Testing Methods Pilot Program.

*School Recognition:* The bill provides that the Department may not establish criteria for a nonpublic school

to be eligible for recognition for the school's performance that are different from criteria used for a public school of the same grade levels.

*Academic Standards:* The bill provides that academic standards are adopted in a six year cycle, beginning in 2013. It adds parent members to an Academic Standards Committee. (Currently, the committee is made up of educators in the subject area that is being revised.)

*Performance Designation:* The bill voids the administrative rule that establishes the current A through F designations of school performance. It requires the State Board to establish new designations of school improvement that include: (1) a letter score (A through F) to measure absolute individual student academic achievement in each school, aggregated at the school level; and (2) a second letter score (A through F) to measure individual academic growth, aggregated at the school level. The bill provides that if a school has appealed the school's performance designation and the school's designation changes, the Department must change the designation in the Department's records, notify the school, and disseminate information concerning the change in the same manner as the information concerning the school's designation was disseminated.

*Reading Plan:* The bill provides that a school's reading plan must include an emphasis on a growth model measure and must include two or more assessments throughout the school year. The bill provides that a school's reading plan must include an emphasis on a home and school reading initiative with appropriate consultation with parents to accelerate the reading improvement of the student.

*ISTEP Rescore:* The bill provides that a parent may request a rescoring of a student's responses on any statewide assessment that the student is required to complete.

*Additional Assessments:* The bill provides that the State Board may require assessments in addition to ISTEP assessments for secondary students.

The bill makes conforming changes and makes technical corrections.

**Effective Date:** Upon Passage; July 1, 2011 (retroactive); January 1, 2013 (retroactive); July 1, 2013.

**Explanation of State Expenditures:** *Common Core:* The bill delays the adoption of Common Core Standards and tests until the State Board receives and considers the reports of: (1) a legislative study committee established under the bill to study issues relating to the common core standards; and (2) the Office of Management and Budget which is required under the bill to complete a fiscal analysis of the costs to the state and school corporations of implementing the common core standards. If the State Board approves the common core standards then the increased cost relating to the standards would be delayed at least until after March 31, 2014. However, if the State Board does not approve the common core standards then there could be some saving depending on the standards the State Board adopts. In addition, the bill could impact how future state ISTEP tests are developed and administered depending on action by the State Board.

*Background:* The Department of Education adopted the common core standards for English/Language Arts, Literacy, and Mathematics on August 3, 2010, following approval by the State Board of Education and Indiana's Education Roundtable. The state spent about \$29 M on the ISTEP test for FY 2012.

*Common Core Study Committee:* The bill requires the Legislative Council to establish a legislative study committee to study issues relating to common core standards or other standards and certain specified

assessments. The bill requires the study committee to submit a final report to the Legislative Council and the State Board of Education no later than November 1, 2013. The legislative study committee must operate under the policies governing study committees adopted by the Legislative Council. Interim study committees operate on budgets established by the Legislative Council based on committee size. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members, and \$16,500 for committees with 16 members or more.

*Common Core Fiscal Analysis:* The Office of Management and Budget is to perform a fiscal analysis of the projected cost to the state and to school corporations for the first 3-years of implementation of the common core standards. The analysis must include the cost of materials, equipment, technology, and training as well as savings that may be realized. The Office of Management and Budget should be able to do the fiscal analysis within existing resources.

*Education Service Center* - Requiring the geographic boundary of an educational service center's region to be aligned with the boundary of a regional works council's region should have no fiscal impact.

*Textbooks* - The change definition of textbooks with a definition of curricular materials should not have an impact on the Department. The Department would still have similar responsibilities in regard to curricular material as they do for textbooks.

*Teacher of the Year:* Replacing the Ambassador for Education Program with provisions which allow a Teacher of the Year to serve one year of professional leave with the Department of Education or a postsecondary educational institution should have no additional fiscal impact.

*ISTEP Review* - The review of the ISTEP test for validity and reliability could be done with the current appropriation. For FY 2012, the Department of Education spent about \$29 M on testing.

*Primetime and K-3 Reporting Requirements.* The elimination of the reporting requirement for the Primetime Program should have little fiscal impact. Schools would still be required to report class size information for Grades K-3 to the Department, similar to the current class size reporting requirements.

*Performance Designation:* The State Board is to establish new performance categories or designations of school performance based on academic growth using the A-F grading scale. Under the bill, a school would receive two letter grades:

1. One to measure absolute individual student academic achievement in each school, aggregated at the school level; and
2. A second letter score (A through F) to measure individual academic growth, aggregated at the school level

The State Board should be able to adopt the new performance designations within its current resources

*ISTEP Rescore:* Allowing a parent to request a rescoring of a student's responses on any statewide assessment that the student is required to complete could increase test costs. The increase is probably minor. (Current law allows a rescoring of the state ISTEP test.)

*Additional Assessments:* Any additional assessment would have to be funded within the current Testing and Remediation appropriation. The Department might request additional funding in the future to pay for the additional assessments.

**Explanation of State Revenues:** *Buddy System Project:* The Buddy System Project was terminated several years ago so the elimination of provisions relating to an income tax credit for computer equipment donations should have no fiscal impact.

**Explanation of Local Expenditures:** *Obsolete Programs:* According to the Department, the 17 programs listed for elimination have had no staff or activity associated with the programs for the last few years. The elimination of the programs should have no fiscal impact.

*School Bus Inspection & Registration:* The bill changes the deadline for registration of a school bus that is not owned by a school corporation from July 29 to September 29 of each year. The same number of buses would be inspected but the State Police would have an additional month to do the inspection and document the certification in the State Police's School Bus Inspection Data Base for school buses that are not owned by a school corporation. The provision should have no fiscal impact. Approximately 14,000 school buses are inspected each year.

*Education Service Centers:* There are currently nine education service centers that cover the state of Indiana. Education Service Centers operate in a specific geographic region, and schools have to use the center in their region. The bill would allow schools to create additional centers to serve their common needs. The impact would depend on the education service centers created and the services they provide. Schools pay for the services obtained from their current revenue streams.

*Primetime and K-3 Reporting Requirements.* The elimination of the reporting requirement for the Primetime Program should have little fiscal impact. Schools would still be required to report class size information for Grades K-3 to the Department, similar to the current class size reporting requirements.

*Innovative Testing Methods Pilot Program:* The elimination of the pilot should have no fiscal impact it was not funded for FY 2012 or 2013.

*Reading Plan:* Schools should be able to modify reading plans to include two or more assessments and include an emphasis on a home and school reading initiative within their current budgets for early reading.

**Explanation of Local Revenues:**

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

**Local Agencies Affected:** Schools.

**Information Sources:** Department of Education.

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