

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated April 6, 2015)

Drafting Number: LLS 15-0849 **Date:** April 15, 2015
Prime Sponsor(s): Rep. Buckner; Wilson **Bill Status:** House Appropriations
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: CHANGES TO ASSESSMENTS IN PUBLIC SCHOOLS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	(\$104,907)	(144,907)
General Fund	40,000	
State Education Fund	(\$144,907)	(\$144,907)
FTE Position Change		
Appropriation Required: (\$104,907 reduction) - Colorado Department of Education (FY 2015-16)		

* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

Summary of Legislation

The bill, *as amended by the House Education Committee*, modifies the system of statewide assessments in English language arts (ELA), math, science, and social studies. The Colorado Department of Education (CDE) is restricted to administering tests in ELA and math to students enrolled in grades 3 through 10, science tests one time in elementary, middle, and high schools, and social studies tests only if requested by a local education provider (LEP, i.e., school districts, charter schools, Boards of Cooperative Educational Services).

Among the other testing provisions, this bill:

- prohibits the CDE from requiring a LEP to administer a state test to students in eleventh or twelfth grade, but permits a LEP to chose to do so, in which case the CDE must pay for the test(s);
- requires that the CDE continue to administer the curriculum-based college entrance exam to students in eleventh grade, and to administer the writing portion of the exam when requested to do so by students;
- requires that the CDE request various waivers of federal law;
- requires that the CDE make tests in any format available as a pencil and paper test if requested by a LEP and requires that each LEP adopt a written policy by which the LEP decides, in consultation with schools and parents, whether to request pencil and paper state tests;

- provides some flexibility to LEPs in the number, frequency, timing, and administration of early reading and school readiness tests;
- requires that the CDE create a pilot program through which a limited number of volunteer LEPs may jointly develop or select a test in ELA, math, science, or social studies that are supported by a waiver of federal testing requirements, and establishes an alternative state and nationally norm-referenced assessment that LEPs may choose to administer. LEPs that participate in the pilot project are required to pay the cost to do so;
- requires that LEPs annually distribute to parents an assessment calendar specifying the estimated hours of testing each day for specific classes or grades and identify if the test is required by federal or state law, among other required testing notifications;
- prohibits the CDE from assigning an accreditation rating to school districts or the state Charter School Institute for the 2015-16 school year; and
- prohibits a LEP from using student growth calculations from state testing during the 2014-15 school year when determining educator effectiveness.

The bill repeals the existing statute that governs state testing and recreates the statutory provisions that relate to testing in languages other than English, testing children with disabilities, exempting from testing the children that participate in nonpublic, home-based educational programs and nonpublic schools, disseminating and using test results, allowing nonpublic schools to administer the state tests, and appropriating moneys to fund the state tests.

The bill repeals references to the postsecondary and workforce planning, preparation, and readiness tests and clarifies that students' demonstration of postsecondary and workforce readiness is determined in part by scores on the state tests administered in high school.

Background

Under existing law, the CDE is required to administer a statewide test in:

- ELA to students enrolled in grades 3 through 10;
- math to students enrolled in grades 3 through 8 plus 3 additional math tests in high school;
- science to students once in elementary school, once in middle school, and once in high school; and
- social studies to students once in elementary school, once in middle school, and once in high school.

State Expenditures

This bill reduces state expenditures by \$104,907 in FY 2015-16 and by \$144,907 in FY 2016-17. Reduced expenses are a result of eliminating the number of statewide tests in public schools. Reduced costs are offset by increasing costs to provide any test in a paper and pencil format, to pay for the written portion of the ACT, and to modify information systems at the CDE. Total (net) reductions in state expenditures are displayed in Table 1 and described below.

Table 1. Net Expenditures Under HB 15-1323		
Cost Components	FY 2015-16	FY 2016-17
Reduced testing	(\$1,266,527)	(\$1,266,527)
Paper and pencil test options	689,620	689,620
ACT writing exam	432,000	432,000
Information management systems	40,000	0
TOTAL	(\$104,907)	(\$144,907)

Reduced testing. The bill results in the administration of one fewer math test in public high schools. Based on student enrollment numbers, the CDE will administer approximately 40,430 fewer math tests. Current administration costs are \$17.97 per math test. Total costs savings from reduced testing is estimated at \$726,527 in both FY 2015-16 and FY 2016-17.

The bill will also reduce state expenditures by eliminating social studies tests unless a LEP requests that the CDE administer the social studies test in that district or school. The specific reduction in state expenditures will depend on decisions made by LEPs following the effective date of this bill.

Creating and administering statewide assessments in social studies has both fixed and variable costs. For example, developing content for the tests and conducting the necessary psychometric evaluation of the test for validity and reliability are fixed costs which are unchanged by the amount of tests administered. Assuming that test delivery, test administration, scanning, scoring, and reporting costs are all reduced by two-thirds, General Fund expenditures will decrease by about \$0.5 million annually.

Most of the cost savings from reducing the number of social studies assessments is a result of eliminating the need for hand scoring. That expenditure savings is estimated at \$4.50 per test. Assuming the CDE assesses only one-third of students in each of the required grades, test administration is reduced by about 40,000 students per grade, or by 120,000 administrations for all grades. Therefore, the cost savings is about \$540,000 in both FY 2015-16 and FY 2016-17 (120,000 X \$4.50 = \$540,000)

Paper and pencil options. The bill permits a LEP to request tests using paper and pencil administration. Currently, the CDE budget request for science and social studies tests assumes almost 100 percent of test administrations will be accomplished online. For ELA and math, the current request assumes one half the tests are administered online and one half using pencil and paper formats.

The bill is anticipated to increase the number of science and social studies test administrations requiring pencil and paper. The assumed number of ELA and math tests given in pencil and paper format are unchanged. Costs increase for pencil and paper administration as a result of printing costs, transportation costs, and scoring costs. Assuming that 20 percent of science and social studies tests will be requested in a pencil and paper format, state expenses increase by about \$689,620.

ACT written exam. If requested by a student, LEPs must administer the written portion of the ACT exam and the state must reimburse the cost. Assuming that 40 percent of eleventh grade students, or about 24,000 students, choose to take the written ACT exam at a per test cost of about \$18, state expenditures increase by \$432,000 annually.

Information management systems. The bill permits a LEP to choose to administer additional tests in high school for which the state must pay the cost. The CDE will have increased costs to track and facilitate testing and data collection that exceeds the statewide minimum in some districts. Modifying information management systems is estimated to increase costs by \$40,000 in FY 2015-16 only.

School District Impact

Statewide testing at the local level creates both direct and indirect costs for school districts. As part of the House Bill 14-1202 Standards and Assessment Task Force, the consulting firm of Augenblick, Palich, and Associates (APA) prepared a study of test use in Colorado and identified three categories of costs for school districts.¹ These costs include one-time expenses to ensure a school district has the capacity to administer tests, such as the cost to purchase needed technology if it is not already owned by the school district; ongoing opportunity costs as a result of student and staff time spent administering and taking tests that could have otherwise been spent on instruction or other functions; and ongoing direct costs incurred to prepare for and administer tests, including the direct cost to purchase testing materials, the cost of hiring additional test proctors and classroom substitutes during test days, and any material management costs.

In conducting their study, APA discovered that direct costs range dramatically between districts and represent different resource starting points and capacity capabilities. Though not a perfect correlation, APA found that smaller districts tend to have higher per-student cost than larger districts.

This bill reduces the total number of statewide tests administered by the state in school districts. Therefore, schedule, workload and administrative costs related to statewide testing are also reduced at the school and district level.

Pursuant to Section 22-32-143, C.R.S., school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

¹ Study of Assessment Use in Colorado Districts and Schools. November 2014. Augenblick, Paliach and Associates. Retrieved from <http://www.cde.state.co.us/cdedepcom/finalapareport>

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2015-16, this bill reduces State Education Fund appropriations to the CDE by \$144,907 and increases General Fund appropriations to the CDE by \$40,000.

State and Local Government Contacts

Education