

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0572  
**Prime Sponsor(s):** Sen. Merrifield

**Date:** February 5, 2015  
**Bill Status:** Senate Education  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**BILL TOPIC:** RESTRICT STATEWIDE TESTS TO FEDERAL REQUIREMENTS

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>		
<b>State Expenditures</b>	<b>(\$7,707,366)</b>	<b>(\$7,707,366)</b>
General Fund	(\$6,903,749)	(\$6,903,749)
Federal Funds	(\$803,617)	(\$803,617)
<b>Appropriation Required:</b> (\$6,903,749) General Fund - 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. In addition to the direct impacts above, the bill also has **conditional impacts**. See State Expenditures section.

**Summary of Legislation**

This bill reduces the amount of statewide testing administered in kindergarten through twelfth grade public education (K-12). The bill requires that school districts and charter schools collaborate with the CDE to administer statewide testing only at the minimum amount required under federal law.

Under state law, and in addition to other required tests, the Colorado Department of Education (CDE) administers statewide tests in English language arts (ELA) and mathematics in grades 3 through 11, social studies in grades 4, 7, and 12, and science in grades 5, 8, and 12. Under the federal minimum, the statewide system of K-12 testing is limited to ELA and math in grades 3 through 8 and once in high school, and science one time in a selected grade in elementary, middle, and high school (see Table 1).

Local education providers (LEPs) including school districts, charter schools, and Boards of Cooperative Educational Services (BOCES), may decide the grade level within the required range to administer the science test, but may not administer any statewide tests in the senior year of high school. The bill also gives LEPs flexibility in the administration of school readiness tests and reading tests in early grades. LEPs must maintain appropriate staff within schools to meet with and explain test results with students' parents or legal guardians. If there is sufficient time following the release of statewide testing scores, LEPs must include the scores on students' final report cards.

Each school year, the CDE administers a college entrance exam to students in eleventh grade. This bill requires the CDE to apply to the United States Department of Education (USDOE) for a waiver from federal law to allow the state to administer the college entrance exam as the sole statewide test in high school in lieu of the statewide tests required for high school under the federal minimum. The bill permits the CDE to apply for waivers from other provisions of federal law. The CDE must notify the education committees of the General Assembly of the waiver request, and the reply received from USDOE.

Under current law, the CDE was required to create a pilot project to research and select postsecondary and workforce planning tests (8th or 9th grade), preparation tests (10th grade), and readiness tests (11th grade). The project is currently scheduled to continue until the State Board of Education (BOE) adopts planning, preparation, and readiness tests. This bill repeals the pilot project and limits the SBE to adopting only the postsecondary and workforce readiness tests.

Finally, this bill repeals the existing statute governing statewide testing, which includes repealing the provision that LEPs administer a college entrance exam in 11th grade. Other repealed provisions in this statute related to testing in foreign languages, testing of students with disabilities, and testing of students in non-public schools are relocated.

**Background**

Table 1 compares statewide testing under current law with the testing required under the federal minimum and Senate Bill 15-073.

<b>Table 1. Statewide Testing and Federal Minimum</b>		
<b>Grade</b>	<b>State Law</b>	<b>SB 15-073*</b>
3	ELA, math	ELA, math
4	ELA, math, social studies	ELA, math, <del>social studies</del>
5	ELA, math, science	ELA, math, science
6	ELA, math	ELA, math
7	ELA, math, social studies	ELA, math, <del>social studies</del>
8	ELA, math, science	ELA, math, science
9	ELA, math	<del>ELA, math</del>
10	ELA, math	ELA, math, science
11	ELA, math, ACT	<del>ELA, math, ACT</del>
12	social studies, science	<del>social studies, science</del>

\* The actual grades for science and high school testing under SB 15-073 may vary from Table 1. Strike type indicates tests eliminated under the bill.

**State Expenditures**

**Limiting required testing to the federal minimum reduces total expenditures for the statewide student assessment program by about \$7.7 million annually beginning in FY 2015-16.** Of these cost savings, the state portion is about \$6.9 million and federal funds account for about \$800,000. A summary of the cost savings is displayed in Table 2.

<b>Table 2. Cost Savings SB 15-073</b>				
<b>Test</b>	<b>Grades Eliminated</b>	<b>Total tests (enrollment)</b>	<b>Cost per Test/ Test Contract</b>	<b>Total Saved</b>
math	9, 11	130,231	\$17.97	(\$2,340,251)
ELA	9, 11	130,231	\$12.47	(\$1,623,980)
social studies/science	4,7,12	256,062	**	(\$1,597,135)
ACT	11	61,298	***	(\$2,146,000)
<b>TOTAL</b>				<b>(\$7,707,366)</b>

\*\* The state contracts with Pearson to prepare both the social studies and science tests. Eliminating the social studies component of the contract and administering one less science test results in a contract savings of about \$1.6 million. Costs for the social studies tests, science tests, and ACT are fixed rather than based on per student calculation; therefore, a cost per test is not applicable.

\*\*\* The CDE is appropriated about \$2.1 million in state funds annually to administer the ACT; there are no federal funds to assist with administering this test.

The bill reduces costs by eliminating two high school tests in English language arts, two high school tests in math, one high school test in science, three social studies tests (one each in elementary, middle, and high school) and the college entrance exam in high school (the ACT).

The cost savings to the state from eliminating high school tests in English language arts and math is estimated at about \$4.0 million. The cost savings to the state from eliminating social studies tests in all grades and by reducing one high school science assessment is estimated at \$1.6 million. The cost savings from eliminating the ACT is estimated at \$2.1 million.

**Conditional fiscal impacts.** If the state is given approval by the USDOE, further reducing the number of high school tests and administering a college entrance exam as the single high school test increases state expenditures by about \$3.4 million. This increase is conditional, dependent on a future action of the federal government.

The bill requires that the CDE request a waiver from federal law to permit the state to administer a single college entrance exam as the only high school test, in lieu of testing all high school students in separate English language arts, math, and science tests. If the USDOE grants such a waiver, the state will have additional cost savings from further eliminating some tests, and increased costs as a result of augmenting a college entrance exam to align with state standards.

Eliminating the additional tests in high school is estimated to save the state \$1.8 million. In order to use a college entrance exam as the only high school test, the CDE will incur costs to augment a college entrance exam to align the test with state standards, and so that test data are compatible with the longitudinal growth model used in public school accountability. This cost is estimated at \$5.3 million, mostly for one-time contractor and vendor services. Therefore, the conditional net increase in state expenditures is \$3.4 million (\$5.4 million - \$1.8 million = \$3.4 million). In subsequent years the conditional impact following an approved waiver will be cost savings of about \$1.8 million annually.

### **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.<sup>1</sup> 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; on-going 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 on going 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 costs 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.

### **Effective Date**

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

### **State Appropriations**

The state cost ratio for most testing is about 86 percent, with the federal government providing about 14 percent, except for the ACT, which is paid solely from state funds. For this reason, cost savings are shown as a combination of state and federal funds.

For FY 2015-16, the bill requires the following changes in appropriations to the Colorado Department of Education:

- a reduction of \$6,903,749 General Fund; and
- a reduction of \$803,617 Federal funds.

### **State and Local Government Contacts**

Education

Higher Education

Law

---

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