

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0993
Prime Sponsor(s): Sen. Marble; Woods
 Rep. Everett

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Bill Status: Senate Education
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: REVISING CO ED ACCOUNTABILITY MEASURES

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		
General Fund	\$8,480,590	\$8,958,000
FTE Position Change	2.5 FTE	
Appropriation Required: \$8,480,590 General Fund (FY 2015-16).		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

Current law requires that the State Board of Education (SBE) adopt academic content standards and aligned assessments for students in kindergarten through twelfth grade (K-12) public education. Standards and testing have been used in Colorado accountability laws since 1997. Legislation passed in 2008 required the SBE to adopt new standards and tests for English language arts (ELA), mathematics, science, and social studies. Beginning July 1, 2015, this bill repeals those standards and aligned tests, temporarily reinstates the standards and tests in place prior to 2008, and creates a new process to adopt standards and tests.

Adopting new content standards. The bill creates a series of committees to recommend new standards and tests to the SBE. The Preschool Through Elementary and Secondary Education Academic Standards Steering Committee (steering committee) is created to oversee the work of four standards committees, one for each academic content area. The new standards recommended by the steering committee must be adopted by the SBE no later than November 18, 2015.

The bill sets the conditions for the selection and composition of the steering and standards committees. The steering committee consists of legislators, the president of the University of Colorado, the chancellor of the Colorado State University System, and the president of the Colorado School of Mines. These members appoint the rest of the steering committee, which then appoints the members of the standards committees. Members on all committees serve without compensation and without reimbursement for expenses.

The steering committee must appoint the chairs of the standards committees, an executive director to serve as a liaison, and administrative assistants to assist the work of each standards committee. The standards committees must prepare multiple drafts of new standards, using as a foundation the standards in use by specific states in specific years. Drafts are submitted for review and comment to multiple interested parties from higher education, education associations, and business and industry.

All committees are disbanded effective November 1, 2015, reconvened on July 1, 2018, and reconvened on July 1 every six years thereafter to review, revise, and recommend new standards which the SBE must adopt no later than December 1 in those years.

Adopting new tests. As soon as possible following adoption of new standards, the Colorado Department of Education (CDE) is required to develop new statewide tests in ELA, mathematics, and science, which must be administered no later than the 2016-17 school year. Until the new tests are developed, the CDE is required to use the tests that were aligned to Colorado's content standards in effect as of the 2006-07 school year.

Under current law, Colorado is required to participate as a governing board member in a consortium of states engaged in creating and implementing a common set of tests for use across consortium state members. This bill repeals this requirement and pulls Colorado out of participation in the consortium. The bill prohibits entering new agreements that restrict the board's ability to determine the substance of standards and tests.

Local education providers. Beginning with the 2015-16 school year, the CDE must collaborate with local education providers (LEP) to administer only tests in ELA, mathematics, and science, a reduction in the number of tests taken under current law. LEPs are given flexibility to decide the grade level in which to test science and in which to test high school students. Each LEP must adopt a policy to allow any parent to excuse his or her child from participation in statewide tests.

Educator effectiveness. The bill repeals the State Council for Educator Effectiveness in the Governor's Office and assigns the council's duties to the steering committee described above. Under current law, every licensed educator is evaluated using multiple methods, including the requirement that at least 50 percent of the evaluation be determined by the academic growth of students. This bill reduces this requirement to 15 percent.

State Expenditures

This bill increases state expenditures by about \$8.4 million and 2.5 FTE in FY 2015-16, and by about \$9.0 million in FY 2016-17. New costs are detailed in Table 1 and described below.

Table 1. Expenditures Under SB 15-233		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$122,590	\$0
FTE*	2.5 FTE	0.0 FTE
Operating Expenses, Travel, Etc.	8,000	0
New Assessments	8,250,000	8,250,000
Information Technology	0	208,000
Consultant Services	0	500,000
Educator Effectiveness	100,000	0
TOTAL	\$8,480,590	\$8,958,000

* FTE are temporary and one-time only.

Adopting new content standards. The bill requires the creation of several committees to adopt new content standards in a short period of time. This effort includes staff support and other expenses such as travel, meeting facilities, and printing. Assuming a six month time frame for adopting standards, expenses include 0.5 FTE executive assistant to the steering committee and 0.5 FTE coordinating assistants for each of four standards committees, for a total of 2.5 FTE in FY 2015-16. Staff expenses are considered temporary, existing only until the committees complete their work. These staff and associated operational expenses are estimated at \$130,590.

Adopting new tests. The bill requires that the CDE adopt new tests for ELA and math. Pursuant to Colorado's Achievement Plan for Kids (CAP4K), the SBE was required to adopt aligned tests for new academic standards. Instead of state-developed assessments for ELA and math, Colorado joined a consortium of states that developed these tests jointly. Using consortium-developed tests reduced the state's cost that otherwise would have been incurred to develop these test through a separate vendor contract. For this reason, the costs for developing aligned ELA and math tests outside the consortium are difficult to estimate.

For FY 2011-12, the state appropriated about \$16.5 million for the vendor contract to develop, produce, administer, score, and report the Colorado Student Assessment Program (CSAP) test (aligned to the original Colorado standards for reading, writing, math, and science). For FY 2012-13, the legislature appropriated \$6.4 million for vendor contracts to develop new social studies tests and science tests aligned to the new standards. Assuming similar vendor contracts, the cost to develop new assessments for ELA, math, science, and social studies (4 content areas across multiple grades) is estimated at about \$12.8 million, which includes costs for development, production, printing, administration, scoring, reporting, and post test management. In addition to the tests given to the general student population, the state must also develop alternative tests for students with learning disabilities, and for students still acquiring English language skills. Including these additional test products increases the total estimated expense of adopting new tests by \$3.7 million, for a combined total of \$16.5 million, spread across two fiscal years.

Information technology. Beginning with FY 2016-17, the CDE will require contracted services for information technology upgrades, and to assist with modifications to the department's information management systems. IT contracts will be used to assist the department to develop comparable growth metrics and to analyze and validate growth calculations for new assessments.

The CDE will also contract for additional IT services to assist in creating new data pipeline protocols for LEPs; refine student biographical demographic records to account for new tests in each content area; map and store data and establish data warehousing; and modify data displays and reports. A preliminary estimate of these contract hours is 2,080 hours at \$100 per hour (the equivalent of 1.0 FTE), or \$208,000 in FY 2016-17; however, much of the department's information management costs will be determined by the standards adopted and the availability of tests aligned to those standards. Since these costs cannot be estimated in advance, the department will be required to seek funding changes for IT expenses through the annual budget setting process.

Consultant Services. The CDE will engage technical consultants to assist the department to determine appropriate methodology for establishing achievement scores; create a valid, cross-state comparison of test results; generate comparable growth metrics between tests; validate results for distribution to schools and districts to inform accountability and improvement planning; and assist making structural changes to the state's online Unified Improvement System (UIP). A preliminary estimate of these contracted services is \$500,000 for FY 2016-17.

Educator effectiveness. The bill requires a workload increase for the CDE to update existing guidance documents and other technical support to reflect changing the 50 percent student academic growth requirement. Workload includes rewriting approximately 15 guidance documents, recreating graphics to explain the system, and updating fact sheets. Workload increase for the CDE is estimated at 150 hours, or about \$7,500; however, no additional appropriations are required to support this workload.

The CDE has created an online performance management system that many school districts, charter schools, and Boards of Cooperative Educational Services (BOCES) use to collect data and manage the evaluation process for educators. This online performance management system will require reprogramming to calculate evaluation ratings based solely on the professional practice rating, and not the combination of professional practice and student academic growth. The redesign of this system requires a one-time expenditure of \$100,000.

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 costs than larger districts.

This bill potentially changes the academic standards used by schools and the assessments used to measure student growth and educator effectiveness. Standards changes affect both the curriculum products schools will use and the staff development necessary to assist instructional staff's transition from previous standards. Therefore, schedule, workload, and administrative costs related to adopting standards and statewide testing are expected to increase at both the school and district levels.

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>

Technical Issues

The steering and standards committees created by the bill are not established in any agency of state government. This fiscal note assumes that the effort to convene the committees and support their work is not placed with the CDE; however, the bill does not name another agency to take responsibility to implement these provisions. As such, the portion of state appropriations necessary for the operational expenses of the committees (\$130,590 and 2.5 FTE) is not made to the CDE, and amendments should be considered to clarify which department of state government will implement this portion of the bill. The remaining expenses require an appropriation to the CDE.

Effective Date

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

State Appropriations

For FY 2015-16, the bill requires an appropriation of \$8,350,000 General Fund to the Colorado Department of Education.

As described in the Technical Issues section, the bill also requires a FY 2015-16 appropriation of \$130,590 General Fund and 2.5 FTE.

State and Local Government Contacts

Education

Higher Education

Law