

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0270 **Date:** March 12, 2015
Prime Sponsor(s): Rep. Lundeen; Carver **Bill Status:** House Education
 Sen. Holbert **Fiscal Analyst:** Josh Abram (303-866-3561)

BILL TOPIC: CO STATE ACADEMIC STANDARDS & FLEXIBLE ASSESSMENTS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	\$9,697,028	(\$985,127)
General Fund	9,650,652	(\$1,068,404)
Centrally Appropriated Costs**	46,376	83,727
FTE Position Change	4.0 FTE	6.8 FTE
Appropriation Required: \$9,650,652 - 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.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

Academic content standards. Under current law, academic content standards for kindergarten through twelfth grade (K-12) public education are reviewed and re-adopted every six years beginning July 1, 2018. This bill creates a new process to review and adopt content standards.

Beginning no later than the 2015-16 school year, the State Board of Education (SBE) must annually review, revise, and re-adopt the content standards in at least two instructional areas, and ensure that all content areas are reviewed at least once every five years. As soon as possible following the effective date of the bill the SBE must terminate any existing contracts or agreements that restrict the board's ability to determine the substance of standards, and is prohibited from entering such agreements in the future. Each local education provider (LEP, i.e., school districts, charter schools, and Boards of Cooperative Educational Services) is also required to review, revise, and re-adopt standards on the same schedule as the SBE to ensure that the local standards continue to meet or exceed the standards adopted by the state.

Statewide testing. 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.

Beginning with the 2015-16 school year, the bill limits statewide testing in K-12 to the areas of mathematics, English language arts, science, social studies, a single curriculum-based college entrance exam in eleventh grade, and a postsecondary and workforce readiness assessment in high school. The bill repeals the authority of the SBE to adopt additional tests in other instructional areas.

No later than October 1, 2015, the Colorado Department of Education (CDE) is required to identify five test providers from which the SBE is required to select three potential tests for each instructional area and for each grade level assessed. If five test providers are not available for each instructional area and grade, the CDE must identify three providers. The tests selected by the SBE must generate results that can be used to internationally benchmark Colorado's public education system. The SBE may also authorize state participation as an individual education system in one or more international benchmarking tests.

Once the SBE selects tests, the CDE is required to norm-reference the test scores to enable a valid, cross-state comparison of student competency. A norm-referenced test compares and ranks test takers in relation to one another, usually by comparing scores against the performance results of a statistically selected group of test takers of the same age or grade level. Currently, statewide tests are criterion referenced, measuring performance against a fixed set of standards.

Each LEP is required to choose from among the tests selected by the SBE, and collaborate with the CDE to administer the tests locally. If a test is not selected by a sufficient number of LEPs to allow for the disaggregation of the test scores across student groups without identifying individual student scores, the LEP must select another available test for that instructional area and grade level.

Under current law, science and social studies tests must be administered to a single grade at each education level (i.e., elementary, middle, and high school), and a mathematics and English language arts test is given in grades three through eight, plus three times in high school (in addition to the ACT college entrance test in high school). The CDE determines which grades will be administered these tests. This bill permits each LEP to determine an assessment plan that describes the tests they will use, the schedule for administering the tests, and the grade in which they will test for each content area that tests only in a range of grades. LEPs must administer the college entrance exam in the eleventh grade on a date designated by the CDE, and new procedures are established for students who need to take the college entrance exam on an alternative date.

Colorado Department of Education. The CDE is required to review LEP assessment plans, determine how to norm reference the results, and, working with the Technical Advisory Panel, determine how to make necessary adjustments to the Colorado Growth Model to measure student longitudinal academic growth using multiple test results, regardless of which tests are selected by LEPs, or which grades LEPs chose to administer the tests. Based on the LEP assessment plans, norm-referencing, and adjustments to the growth model, the CDE must apply to the federal Department of Education (USDOE) for a waiver of the requirements of federal law to ensure that locally selected tests and testing schedules remain compliant with federal law. If the federal waiver is approved, LEPs may implement their assessment plans in lieu of statewide testing.

Other provisions. Finally, the bill repeals the existing statute that governs statewide testing. The statutory provisions related 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, are relocated to conform with the standards and assessment model created under the bill.

State Expenditures

This bill increases state expenditures by \$9.7 million and 4.0 FTE in FY 2015-16. The bill results in a net reduction of state expenses by (\$1.0 million) and increases FTE to 6.8 FTE in FY 2016-17. These costs are detailed in Table 1 and described below. The fiscal note will be revised as additional information becomes available.

Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$401,760	\$677,970
FTE	4.0 FTE	6.8 FTE
Operating Expenses and Capital Outlay	22,612	19,346
Standards Redesign	218,280	218,280
Information Technology	208,000	416,000
Consultant Services		500,000
New Assessment Contracts	8,800,000	
Reduced Assessments		(2,900,000)
Centrally Appropriated Costs*	46,376	83,277
TOTAL	\$9,697,028	(\$985,127)

* Centrally appropriated costs are not included in the bill's appropriation.

Staff. The CDE assessment office requires four FTE and associated costs to manage the RFP process to select test vendors, evaluate and select assessments for the new statewide system, manage information technology vendors, and provide technical assistance and data support to LEPs. The bill requires that the CDE select between three and five test vendors for each academic area, and separate tests for postsecondary workforce readiness. In addition to managing the proposal process, new staff will work to evaluate potential tests for inclusion in the statewide testing system, and provide technical assistance to schools and districts to explain the availability and applicability of the approved tests. In subsequent years, staff support is needed to coordinate local assessment plans, manage and implement a protocol to norm-reference and internationally benchmark student test scores, support new work-readiness tests, and to modify information management systems across multiple units in the CDE. Staffing costs, including standard operating expenses and capital outlay, are \$424,372 in FY 2015-16, and \$697,316 in FY 2016-17.

Standards redesign. The bill requires that the SBE review, revise, and re-adopt academic content standards in at least two instructional areas in FY 2015-16, and two more in FY 2016-17. The SBE must ensure that all content areas are reviewed at least once every five years. Consistent with the department's experience adopting standards pursuant to the Colorado Achievement Plan for Kids (CAP4K), re-adopting content standards includes assembling several standards review committees, creating multiple drafts of proposed standards, and engaging the public in review and comment of the documents. Travel, lodging, *per-diem*, facility rentals, printing, and other associated costs are estimated to total \$218,280 annually.

Information technology. Given the complex changes proposed by the bill, 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 norm-reference achievement scores, develop comparable growth metrics, and to analyze and validate growth calculations for multiple 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 multiple (3-5) tests in each content area; mapping and storing of data and data warehousing; and, modifying 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 2015-16, and 4,160 hours (the equivalent of 2.0 FTE), or \$416,000, in FY 2016-17; however, much of the department's information management costs will be determined by the standards adopted, the availability of tests aligned to those standards, and choices made by LEPs in their local assessment plans. Since these costs cannot be estimated in advance, the department will likely be required to seek additional funding for IT expenses through the annual budget setting process.

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

New and reduced testing. The bill requires that the CDE and LEPs select and administer multiple testing options in addition to the current testing products in use. 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 has worked to develop these tests jointly. Using consortium-developed tests reduced the cost the state would have otherwise had 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.

The bill requires that CDE contract for three alternative tests across four content areas. The state already has a single battery of tests (4) to include in these options; therefore, the CDE must contract to develop 8 additional tests. Assuming a single test for each academic content area costs about \$1.1 million for development only (not production, administration, scoring, etc.), state expenses increase by about \$8.8 million. Simultaneously, the bill reduces the total number of English language arts and mathematics tests in high schools beginning with FY 2016-17. The state will administer, score, and report about 240,000 fewer assessments annually at a per student cost saving of about \$12 per test, for a total cost saving of about \$2.9 million.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 15-1125*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$18,476	\$31,178
Supplemental Employee Retirement Payments	27,900	52,549
TOTAL	\$46,376	\$83,727

*More information is available at: <http://colorado.gov/fiscalnotes>

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, changing both the curriculum products schools will use and the staff development necessary to redirect instructional staff from teaching under the previous standards. Even if new standards do not change significantly from the existing standards, the bill both reduces the total number of statewide tests administered, and increases the choice of testing products across the state's 178 school districts. 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>

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

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>

State Appropriations

For FY 2015-16, this bill requires an appropriation of \$9,650,652 General Fund and 4.0 FTE to the Colorado Department of Education.

State and Local Government Contacts

Education

Higher Education

Law