

*Colorado Legislative Council Staff Fiscal Note*

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0584  
**Prime Sponsor(s):** Rep. Tate

**Date:** February 17, 2015  
**Bill Status:** House Education  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**BILL TOPIC:** FED TEST REQMNTS OPTION FOR LOCAL ED PROVIDERS

| <b>Fiscal Impact Summary*</b>   | <b>FY 2015-2016</b>        | <b>FY 2016-2017</b>        |
|---|----------------------------|----------------------------|
| <b>State Revenue</b>  |                            |                            |
| <b>State Expenditures</b>   | <b>up to (\$5,157,197)</b> | <b>up to (\$6,893,197)</b> |
| General Fund-reduction  | (\$6,030,473)              | (\$6,996,973)              |
| General Fund-increase   | \$873,276                  | \$106,776                  |
| Federal Funds   | (\$803,617)                | (\$803,617)                |
| <b>FTE Position Change</b>  | 0.4 FTE                    | 0.4 FTE                    |
| <b>Appropriation Required:</b> Reduction of \$5.1 million - Colorado Department of Education (FY201-16) |                            |                            |

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

**Summary of Legislation**

This bill permits the governing board of local education providers (i.e., school districts, Boards of Cooperative Educational Services, charter schools) to adopt a resolution stating the board's intention to administer statewide tests only to the extent required by federal law (the federal minimum). A governing board that adopts such a resolution is not required to administer the college entrance exam currently administered to all 11th grade students.

A governing board may also adopt a resolution stating the board's intention to determine the reading competency of students in kindergarten through second grade, and to address any deficiencies identified in those students, in a manner other than as prescribed in current law. The local education provider must still ensure that these students are tested for reading deficiencies and appropriate interventions are provided such that these students achieve reading competency no later than third grade.

Finally, a governing board may adopt a resolution stating the board's intention to measure each student's progress toward demonstrating school readiness in a manner other than administering the school readiness assessment; however, the board must ensure that schools implement methods to measure each student's progress toward demonstrating school readiness.

The Colorado Department of Education (CDE) is required to adjust the Colorado Growth Model and the measures for the accreditation performance indicators as necessary to take into account those local education providers who (a) test to the federal minimum, (b) assess reading competency in a way other than as required in current law, or (c) assess school readiness in a way other than as required in current law.

**Background**

Table 1 compares statewide testing under current law with the testing required under the federal minimum.

| Table 1. Statewide Testing and Federal Minimum |                           |                              |
|--|---------------------------|------------------------------|
| Grade  | State Law                 | Federal Minimum (HB 15-1123) |
| 3  | ELA, math                 | ELA, math                    |
| 4  | ELA, math, social studies | ELA, math,                   |
| 5  | ELA, math, science        | ELA, math, science           |
| 6  | ELA, math                 | ELA, math                    |
| 7  | ELA, math, social studies | ELA, math,                   |
| 8  | ELA, math, science        | ELA, math, science           |
| 9  | ELA, math                 | -                            |
| 10   | ELA, math                 | ELA, math, science           |
| 11   | ELA, math, ACT            | -                            |
| 12   | social studies, science   | -                            |

\* The actual grades for science and high school testing under HB 15-1123 may vary from Table 1.

**State Expenditures**

**By reducing state testing requirements, this bill may reduce state expenditures in the CDE by up to \$6.8 million in FY 2015-16.** This impact includes both a reduction in testing costs (Table 2), and an increase in other administrative costs (Table 3). These savings and costs are discussed below.

**Reduced costs.** Limiting required testing to the federal minimum reduces state expenditures for the statewide system of student assessment program by up to \$7.7 million annually. The exact cost savings for the bill will depend on the number of LEPs that decide to opt out of currently required testing. Of these potential cost savings, the state portion is about \$6.9 million and federal funds account for about \$800,000. While it is unknown how many school districts will chose to test to the federal minimum, the fiscal note estimated costs assuming that 100 percent of districts choose to exercise the authority permitted in the bill. If a lesser proportion of school districts decide to test to the federal minimum, the reduced costs will be lower than this estimate. A summary of the total potential cost savings is displayed in Table 2.

| <b>Table 2. Cost Savings Under HB 15-1123</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.

**Increased costs.** For FY 2015-16, this bill increases state expenditures by \$873,276 and 0.4 FTE. In addition to the savings discussed above, the CDE will have increased costs to adjust information management systems to harmonize the new testing regime with state requirements for accountability and the accreditation of public schools. These increased costs are displayed in Table 3 and described below.

| <b>Table 3. Increased Expenditures Under HB 15-1123</b> |                   |                   |
|---|-------------------|-------------------|
| <b>Cost Components</b>                                  | <b>FY 2015-16</b> | <b>FY 2016-17</b> |
| Personal Services                                       | \$40,176          | \$40,176          |
| FTE   | 0.4 FTE           | 0.4 FTE           |
| Accountability Adjustments                              | 21,600            | 21,600            |
| Accountability Adjustments for READ Act*                | 225,000           | 45,000            |
| Information Management Systems                          | 586,500           |                   |
| <b>TOTAL</b>  | <b>\$873,276</b>  | <b>\$106,776</b>  |

\*Reading to Ensure Academic Development Act.

**Adjusting accountability measures.** Testing changes authorized by the bill impact the way the CDE calculates growth metrics for high schools and could compromise comparability across school districts. Since local education providers may choose different grade levels for certain tests, chose to not administer some tests, and/or chose to not administer the college entrance test, the CDE requires technical assistance from national measurement experts to advise the department on maintaining valid measures of growth across multiple testing scenarios. The CDE will require twelve days of consultation annually at a contracted rate of \$1800 per day.

**Adjusting growth model for variable READ assessments.** Permitting local education providers to select other READ Act assessments will impact the way the CDE compares students with significant reading deficiencies (SRD). If a local education provider chooses to use a different assessment for SRD identification, the results may not be comparable with the rest of the state's definition. The 3rd and 4th grade English language arts achievement results for students identified with an SRD are included in the school and district performance frameworks. CDE will need to work with technical experts to validate the local assessments/identifications and determine if and how to include the results in a comparable way. The CDE requires technical assistance from national measurement experts on how to comparably use different methods for identifying students with significant reading deficiencies, and incorporating achievement results in the performance frameworks.

For each different assessment used, the CDE can anticipate 5 days of required consultation at a rate of \$1,800 per day. Assuming 25 different assessments, state costs increase by \$225,000 in the first year. Assuming that five new assessments are added by districts each year, state costs increase annually by \$45,000.

**Information management systems.** The department must modify information management systems to permit data analysis and to redesign a method to map and store information in the department data warehouse from multiple assessments. Total one-time contract services are estimated at \$586,500 (5,865 hours at \$100 per hour).

**Staff.** The CDE will require additional staff on an ongoing basis to manage the varied collection of data from multiple assessments and to ensure appropriate analysis and validation. This is an ongoing cost due to the potential variability of changing assessments each year.

### **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; 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 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 if a local education provider chooses to reduce testing to the federal minimum.

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<sup>1</sup> 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>

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 upon signature of the Governor, or upon becoming law without his signature.

### **State Appropriations**

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;
- a reduction of \$803,617 federal funds; and
- an increase of \$873,276 General Fund and 0.4 FTE.

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

Education

Higher Education

Law