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FISCAL IMPACT STATEMENT

LS 7956

BILL NUMBER: HB 1794

NOTE PREPARED: Apr 29, 2005

BILL AMENDED: Apr 28, 2005

SUBJECT: Various Education Matters.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR: Sen. Lubbers

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

(A) The bill requires schools to report the reasons for student suspensions and expulsions to the Department of Education, and to categorize suspended and expelled students by gender, ethnicity, and disability status. The bill includes certain additional groups of students in the determination of a school's graduation rate. The bill establishes certain procedures concerning a student who has left school and whose location is unknown to the school.

(B) The bill authorizes an agreement for court assisted resolution of suspension and expulsion cases between a court having juvenile jurisdiction and a public school corporation. The bill provides that the court shall either supervise the student or order the supervision of the student. The bill provides that the court and the school corporation may jointly determine which violations leading to suspension or expulsion are eligible for referral to the court. The bill provides that the school corporation and the court shall determine how the costs of supervising a student under the agreement shall be paid. The bill allows the school corporation to disclose the education records of a student who has been suspended or expelled to a court. The bill provides that a parent or guardian has the right to be present during the student's appearance, and may be required to be present during the student's appearance.

(C) The bill requires that the discipline rules adopted by a school's governing body define "habitual truant" to include, at a minimum, a student who has more than ten unexcused absences in a school year. The bill permits a public school student who is at least 16 years of age and less than 18 years of age to withdraw from school by: (1) attending an exit interview; (2) obtaining the consent of the student's parent; and (3) obtaining the

consent of the school principal. The bill requires that the school principal provide the student and the student's parent with information concerning the consequences of dropping out of school during the exit interview, and to provide the Department of Education with the number of students who withdraw from school.

(D) The bill allows a school to establish a flexible instruction program for certain high school students.

(E) The bill makes technical corrections to conform with the Title 20 recodification.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: **(A) Summary:** The State Attendance Officer (SAO) would be required to attempt to find a student that has not been located by the student's last attended school. If found, the SAO would be required to report the student's whereabouts and new school to the student's previous attended school.

The Department would also be required to calculate an estimated graduation rate based on the number of graduates in a reporting year divided by the total number of students enrolled in the 9th grade three years before the reporting year. The Department may need to request data regarding missing students from local school corporations when making some of their calculations.

The Department of Education's resources should be sufficient to carry out these provisions.

Background: As of September 7, 2004, the Department of Education had 263 full-time staff members. For FY 2005, the Department has 272 budgeted full-time positions, 10 budgeted temporary positions, and 36 budgeted intermittent positions. The Department reverted \$4.3 M in FY 2004.

(C) The DOE could incur some additional expense to develop the consent to withdraw form and to collect information on the number of students who withdraw from school. The increased costs would probably be minor, and DOE's current level of resources should be sufficient to implement these changes.

A student who withdraws from school could have their driver's license and student's employment certificate revoked if they drop out of school without attending an exit interview, obtaining the parents consent, and obtaining the principal's consent.

The impact of increasing the drop out age to 18 would also impact the school funding formula and would depend on the number of students who would now remain in school. According to DOE, about 4,000 students drop out of school each year during the school year, approximately 2,000 juniors and 2,000 seniors. Raising the dropout age to 18 would increase the number of students attending school by an average of about 4,000 the second year and 6,000 for the third year. The impact is delayed one year since the students are counted in the September student count in the year they withdraw. Some estimates by the Higher Education Commission are as many as 20,000 students drop out. The increase in state funding would depend on the school formula, the calendar year cap on appropriations, and the number of additional students enrolled in schools if they could not withdraw. It is unknown how many of the 4,000 drop outs would remain in school under the provisions in the bill. For each additional student remaining in school, the impact on state funding would range from \$4,564 to \$7,936 per student depending on what school the student attended. The statewide average for 2005 is \$5,353 per student.

(D) This provision would likely minimally affect the school funding formula with respect to school ADM

counts for students that may qualify for participation in a flexible instructional program. *See: Explanation of Local Expenditures.*

Explanation of State Revenues:

Explanation of Local Expenditures: (A) *Summary:* Under the bill, school corporations could require additional administrative time to track missing students. School corporations would have to track students who attended school in Indiana for less than a year and cannot be located, children reported on the Indiana Clearinghouse for Information on Missing Children (the Clearinghouse) and high ability students that withdrew from high school prior to graduation and attend college full-time.

Under current law, the Indiana State Police must distribute a quarterly report to schools of missing children on the Clearinghouse.

School corporations with missing students would need to note any missing students from the Clearinghouse report. School corporations would then need to forward that information to the Department of Education for the calculation of the graduation rate.

In the case of a student that cannot be tracked under the provisions of the bill and current law, schools would require minimal expenditure to send a certified letter to the last known address of the student. If the letter fails to locate the student or goes unanswered, the principal of the school would be allowed to submit the student's information (including last known address) to the State Attendance Officer.

Background: The cost to send a certified standard business letter of one ounce weight or less is \$0.37 for first class postage, \$2.30 to send certified, and \$1.75 for a return receipt.

(B) *Summary:* The impact of this provision to local expenditures is indeterminable and would vary by county depending on local action.

Under the bill, courts having juvenile jurisdiction and school corporations would have the option to enter into an agreement to place students that have been either suspended or expelled into a supervisory program, devised by either the court or the school. Under the bill, a school corporation may not be required to expend more than the target revenue per adjusted ADM (average daily membership) for each student referred to the program. The FY 2005 statewide average target revenue per adjusted ADM is approximately \$5,353. A typical school corporation's target revenue per adjusted ADM varies from approximately \$4,564 to \$7,936 in FY 2005. If an agreement were entered into between a school corporation and a court, the school corporation's disciplinary rules would have to specify when the student would be referred to the court.

Parents of students would have the right to and may be required to be present at a court hearing involving their child. Hearings would be conducted in an informal setting as determined by the court and the school.

Supervisory programs could include an alternative school and could require additional education and/or court personnel to staff the alternative school. Additional expenditure may be required for the rental of a facility to house an alternative school. However, the school corporation and the juvenile court would have the option to determine the type of supervisory program and the funding of the expenses for a program.

Background Information: Currently, a few school corporations have cooperative agreements with the courts

for alternative programs. Western Boone Community School Corporation in cooperation with the Lebanon School Corporation already have an established program with the Boone County Circuit Court. Both school corporations expend approximately \$48,000 plus minimal materials cost per school year to fund the alternative school that operates within Boone County. Expenditures include the salary and benefits of one additional staff member and photocopies of instructional materials. The Boone County program is designed for students who have been suspended for ten days or less. These school corporations, combined, had 202 separate incidents of out-of-school suspension in the 2003-2004 school year. The duration of each suspension is not known. Western Boone had funded their share of the program with some of their at-risk grant. However, given the restructuring of school funding, the school corporation currently funds the program through their general fund, which includes state school formula dollars and property tax revenue.

For the 2003-2004 school year, Indiana's average daily membership (ADM) consisted of 974,723 students, and public school enrollment totaled 1,010,688. Approximately 2,000 public schools were in operation within Indiana's 294 school corporations during that time.

The following table illustrates the number of suspensions and expulsions from school year 2000 to 2004.

Suspensions and Expulsions for School Years 2000-2004		
YEAR	SUSPENSIONS	EXPULSIONS
2004*	296,918	6,744
2003	267,724	5,795
2002	308,605	6,095
2001	287,804	6,781
2000	295,099	7,307
* Data available as of January 2005		

Report of Student Expulsion/Suspension Reasons: Under the bill, schools would be required to report to the Department the total number of expulsions and suspensions for the following categories: Alcohol, Drugs, Deadly Weapons (not firearms), Handguns, Rifles/Shotguns, Other Firearms, Tobacco, Attendance, Destruction of Property, Legal Settlement, Fighting, Battery, Intimidation, Verbal Aggression or Profanity, Defiance, and Other. School officials may require additional administrative time to compile and send the required data. Schools should be able to comply with this provision within existing resources.

Adoption of Discipline Rules: Local school boards would likely be able to amend their written discipline rules to include court-assisted resolution of suspensions and expulsions within regularly scheduled business meetings.

(C) Schools could have additional expenses with providing educational programs for the 16- to 18-year-olds who would have dropped out of schools. The additional costs would depend on the programs schools provide.

The school could incur some additional expense in reporting the number of students who withdraw or fail to return to school. The increased costs would probably be minor. The exit interview should not increase expenses

since an exit interview is required under current law.

The bill defines a student as habitually truant as someone missing more than ten unexcused days in a school year. Habitually truant students may not be issued an operator's or learners's permit until age 16.

(D) Under the bill, 11th or 12th grade students that meet several criteria would be allowed to participate in a school flexible instruction program. The criteria includes:

- (1) two or more failures of the ISTEP GQE;
- (2) chronic absence (more than 10 unexcused absences in a school year);
- (3) habitually truant;
- (4) significantly behind in class credits for graduation ;
- (5) undergone more than one suspension or expulsion for certain reasons;
- (6) determined by school principal and parents that the program would benefit the student.

Students under the program would have to meet the following:

- (1) attend school for at least three hours of instructional time daily;
- (2) work towards a timely graduation;
- (3) give evidence that the student has enrolled in college or technical career education enrollment/attendance or proof of employment under the student's career academic sequence;
- (4) no expulsion or suspension while in a school flexible program;
- (5) work for a general diploma;
- (6) maintain a 95% attendance.

The bill would allow a qualifying student to complete an instructional day of three hours instruction, instead of the five-hour day under current law.

It is likely that the number of students meeting the above criteria is small, although the actual number of students meeting the criteria is unknown. However, these provisions could convince students that may have otherwise dropped out to return to school and complete their diploma. The additional students would likely minimally affect a school's ADM count. Although, if a student were expelled or dropped out after the ADM count day in September of each school year, the school retains the funding for that student.

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected: Department of Education; Office of Family and Children; Indiana Bureau of Child Labor; Bureau of Motor Vehicles.

Local Agencies Affected: Local courts and school corporations; Local Prosecutors.

Information Sources: State of Indiana *HRM Detail Staffing Report 9/07/2004*; Indiana State Budget Agency BUDSTARS; United States Postal Service; DOE SAS and ORACLE DATABASES; Mr. Ken Hull, Superintendent, Western Boone Community School Corporation.

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