

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7777

BILL NUMBER: SB 577

NOTE PREPARED: Jan 13, 2005

BILL AMENDED:

SUBJECT: ISTEP Graduation Examination.

FIRST AUTHOR: Sen. Waterman

BILL STATUS: As Introduced

FIRST SPONSOR:

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill provides that a student is not required to pass the grade 10 ISTEP examination (Graduate Qualification Examination or GQE) in order to receive a high school diploma and graduate from high school. The bill provides for the placement of an ISTEP+ diploma seal on the high school diploma of a graduate who passes the grade 10 ISTEP examination. The bill provides that a student who does not pass the grade 10 ISTEP examination may be retested in any school year with the consent of the student's parent. The bill repeals references to the graduation examination and the obsolete grade 12 examination.

Effective Date: Upon passage.

Explanation of State Expenditures: *Summary:* The Department of Education would see a reduction of ISTEP expenditures in FY 2006 if the successful completion of the GQE were no longer a requirement for graduation.

Under current law, if a student does not pass the GQE in the fall of their 10th grade year, the student has the option to re-take the test up to three more times. The state would likely save test administration and remediation costs, particularly with respect to multiple re-takes of the GQE.

Expenditures required for the proposed diploma seal would be minor.

Background: In FY 2005, \$39,210,450 was appropriated from the state General Fund and state Dedicated Funds for ISTEP+ testing and remediation. The appropriation also includes approximately \$7.9 M from the federal government under the No Child Left Behind Act. Of the total appropriation, approximately \$17 M was distributed to eligible school corporations for preventative and regular remediation and approximately \$22.4

M was distributed for test development and administration.

Explanation of State Revenues:

Explanation of Local Expenditures: Local schools would see a reduction in state dollars for ISTEP testing and remediation expenditure if the GQE were reduced or eliminated under the bill.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: Local School Corporations.

Information Sources: State of Indiana, *List of Appropriations (July 1, 2003, to June 30, 2005)*; Indiana State Budget Agency BUDSTARS system.

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