

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7073

BILL NUMBER: HB 1005

NOTE PREPARED: Jan 29, 2013

BILL AMENDED: Jan 28, 2013

SUBJECT: Remediation.

FIRST AUTHOR: Rep. Clere

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Continuous School Improvement Plan: The bill requires a secondary school's strategic and continuous school improvement and achievement plan to include a provision to reduce the number of graduation waivers.

Education Roundtable: The bill provides that the Education Roundtable, when making recommendations to the State Board regarding the methods of measuring school improvement, may consider the remedial needs of students who are likely to fail a graduation exam or require remedial work while attending a post-secondary educational institution or workforce training program.

Remediation Grant Program: The bill provides that the remediation grant program may provide grants to school corporations to prevent the need for post-secondary or workforce training remediation or to decrease the likelihood that a student may fail a graduation examination.

Guidelines: The bill provides that, not later than July 1, 2013, the State Board, in consultation with the Department of Education, Education Roundtable, the Commission for Higher Education, and the Department of Workforce Development, shall develop guidelines to assist secondary schools in identifying a student who is likely to: (1) fail a graduation examination; or (2) require remedial work at a post-secondary educational institution or workforce training program if the student subsequently attends a post-secondary educational institution or workforce training program upon graduation.

It provides that the guidelines must include: (1) indicators to assist school personnel to determine whether a student may be in need of supplemental instruction or remediation; and (2) standards and guidelines for

secondary school personnel to determine when a student is required to be assessed using college and career readiness exam.

It also provides that the guidelines may provide best practices and strategies for improving services and support provided by a school to assist a student in achieving the level of academic performance that is appropriate for the student's grade level to minimize: (1) the likelihood that a student may fail a graduation exam; or (2) the necessity for post-secondary remedial course work by the student.

School Officials: The bill provides that if the appropriate school official determines, using the indicators established in the guidelines, that a student in Grade 11 will likely require remedial work at a post-secondary educational institution or workforce training program or fail a graduation examination, the school official shall require the student to take a college and career readiness exam. It provides that a school official shall, based on the results of the exam, determine if the student is in need of additional remediation or instruction.

It provides that a student who has been identified to need additional remedial work must pass a college and career readiness exam before the student may enroll in a dual credit course in a subject matter related to the subject matter in which the student has been identified to need additional remedial work.

It provides that a school official shall inform the student's parent of the likelihood that the student will require remedial work while the student attends a post-secondary educational institution or workforce development program. It provides that a school official may establish a remediation or supplemental instruction plan with the student's parent.

Graduation Waiver: The bill provides that, after June 30, 2014, a student who receives a graduation waiver, other than the work readiness waiver, and obtains a general curriculum diploma is disqualified from receiving any state scholarships, grants, or assistance administered by the Commission for Higher Education unless the student passes a career and college readiness exam.

Post-Secondary Credit: The bill provides that, beginning after June 30, 2014, a student must achieve an equivalent of a 2.0 on a 4.0 unweighted grading scale in order for the student to receive post-secondary credit on a dual credit course or double-up program course.

School Guidance Counselor: The bill provides that if a student is not progressing toward fulfillment of the student's graduation plan due to not achieving a passing score on the graduation examination, the school counselor shall meet with the: (1) student; (2) student's parent; and (3) student's teacher in the subject matter in which the student has not received a passing score on the graduation examination; to discuss available remediation and to plan to meet the requirements necessary for a graduation waiver.

Home-schooling: The bill requires the principal of a public school to inform a student and a parent of the student transferring to a nonaccredited nonpublic school of the legal responsibilities of transferring to a nonaccredited nonpublic school. It provides that the principal and the parent must sign a form to acknowledge that the parent understands the legal requirements of transferring to a nonaccredited nonpublic school. It also provides that if the parent refuses to sign the form, the student is considered a dropout and shall be: (1) reported to the Bureau of Motor Vehicles to revoke the student's driver's license or learner's permit; and (2) considered a dropout for purposes of calculating the high school's dropout rate.

Effective Date: Upon passage; July 1, 2013.

Explanation of State Expenditures: (Revised) *Summary:*

(1) *Education Roundtable:* The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations.

(2) *Guidelines; Graduation Waiver:* The Department of Education (DOE) would have to assume the cost of college and career readiness exams (see *Background on Exams*). This may represent an additional expenditure on the agency outside of its routine administrative functions. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend on legislative and administrative actions.

(3) *Remediation Grant Program:* If the student population that is currently funded from this grant under current law is different from the population that would be funded under this bill, then the requirements of this bill may require additional appropriations for the grant program. DOE may have to develop a new formula to distribute grant money, and may have to change the focus of the program to minimizing the need for post-secondary or workforce training remediation and to reducing the likelihood that a student may fail a graduation examination. In 2011, approximately \$3.5 M was distributed to school corporations under this program, and a little over \$3.0 M was distributed in 2012. An additional \$4.9 M was distributed under the Graduation Qualifying Examination grant.

(4) *Home-schooling:* The Department of Education would have to develop a form outlining the legal requirements of attending a nonaccredited nonpublic school. The department should be able to do this within existing resources.

(Revised) *Additional Information:*

Education Roundtable: Under current law, the Education Roundtable uses the ISTEP test as the primary means of assessing school improvement. This bill encourages the Roundtable to recommend other means of gauging improvement such as the number of students granted graduation waivers and the number of students who are likely to require remedial work in college or in a workforce training program.

Guidelines: In addition to developing guidelines to assist secondary schools in identifying a student who is likely to require remedial work in a post-secondary educational environment, the State Board, the DOE, the Education Roundtable, the Commission for Higher Education, and the Department for Workforce Development would also have to approve the college and career readiness exam to be administered to students. Under the bill, the DOE would assume the cost of the exams.

Remediation Grant Program: Under current law, this program provides grants to school corporations (including freeway school corporations) for the remediation of students who score below academic standards, and for preventive remediation for students who are at risk of falling below academic standards. Under this bill, funding would also be specifically tailored to minimize the need for post-secondary or workforce training remediation or to decrease the likelihood that a student may fail a graduation examination.

Under the current statute, funds are distributed to school corporations according to a formula developed by the DOE and approved by the State Board. The remediation programs must give priority in the allocation of resources to students who are deficient in reading skills in Grade 1 through Grade 3. Students who score at or above the passing score do not generate funds.

The 2012 formula included three tiers based on the test scores. In Tier 1 were students whose ISTEP+ scores were farthest below the passing score. These students generated the largest amount per pupil per subject (English/Language arts, Mathematics, Science, and Social Studies). The per-pupil funding for Tier 1 students was \$15.50; for Tier 2 students, \$7.70; and for Tier 3 students, \$3.84. DOE distributed approximately \$3 M to school corporations and charter schools in 2012. Students in Tier 1 received approximately \$2.2 M; in Tier 2, \$512,000; and in Tier 3, \$335,000.

In addition to the Remediation Grant program, the DOE administers the Graduation Qualifying Examination (GQE) Grant program. The GQE distribution is based on scores from the GQE End-of-Course Assessments. The grant funds remediation for students who did not pass Algebra 1 and/or English 10. In 2012, approximately \$119.09 per content area was distributed for each first-time test taker that did not pass either or both of these subjects in 2011. Approximately 41,640 grants were awarded. The number of distinct students served is probably less because a student may have failed both subjects.

In the 2011-2013 state budget, the following four programs are consolidated into a single line item: Testing and Remediation, Graduation Exam Remediation, PSAT Program, and Advanced Placement Program. The total appropriation was approximately \$46.2 M for each of FY 2012 and FY 2013.

(Revised) *Background on College Readiness:* According to a report issued by American College Testing (ACT), in 2012, 25% of ACT-tested high school graduates met all four College Readiness Benchmarks (English, Mathematics, Reading, Science). Approximately 15% met one benchmark, 17% met two, and 15% met three benchmarks. Fully 28% did not meet any of the benchmarks. The organization suggests that key practices for increasing readiness should be implemented: Curriculum and Academic Goals; Staff Selection, Leadership, and Capacity Building; Instructional Tools: Programs and Strategies; Monitoring Performance and Progress; and Intervention and Adjustment.

According to a report by the Commission for Higher Education, less than a third of Indiana's four-year college students graduate on time and just over half graduate after six years. Only 4% of the state's two-year college students graduate on time, and 12% graduate within three years. According to the report, about 31% of all first-time Indiana public college students are not college-ready when they arrive on campus. The majority of college students who enroll in remedial education never earn a degree. Only one in four college students in remediation today will graduate within six years. Remedial education also has significant costs to students, taxpayers, and institutions, with estimated annual costs exceeding \$35 M at Indiana's community college alone.

(Revised) *Background on Exams:* There are several exams available from testing institutions. For example, Ivy Tech is currently using the College Board's ACCUPLACER exam for three new computer adaptive assessments (Mathematics, Algebra, Reading and English). This testing system would enable students to complete the assessment outside of campus testing centers, as well as provide customized assessments, including on-line intervention and preparation tools for students. It will also provide on-demand diagnostic and placement information, which will allow educators to plan classroom instruction according to student strengths and weaknesses. The cost for each test is about \$2, so the battery of three tests would cost \$6 per student.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Summary: Continuous School Improvement Plan:* School corporations should be able to implement these requirements within existing resources.

(Revised) *School Officials; School Guidance Counselor*: Under the bill, school corporations would implement initiatives to reduce or eliminate the need for remedial instruction at the post-secondary level (either in college or in a workforce training program). The bill's requirements may represent an additional workload or expenditure on school corporations outside of their routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend on legislative and administrative actions.

(Revised) *Graduation Waiver*: This provision does not apply to students in special education. In the short term, the number of students applying for these scholarships may decrease depending on the number of students with graduation waivers that continue on to college. In the long run, this may result in an increase in the demand for remedial instruction as students try to ensure that they are not disqualified from grants and scholarships. In 2011, about 7% (5,064) of the students graduating from public noncharter school corporations were granted waivers. It is unknown how many of these were work readiness waivers.

Post-Secondary Credit: The impact would depend on the number of students who could not meet the minimum grade set by this bill. The current statute does not indicate what the grading scale should be. Under this bill, the minimum grade could be used as an indicator for college or workforce readiness, and therefore one of the tools used to determine the amount and scope of remedial training that would be needed.

(Revised) *Home-schooling*: The impact on a school corporation's graduation rate, if any, is unknown at this time and would depend on the number of students whose parents failed to sign the acknowledgment form. Under current law, these students would be excluded from the computation. The graduation rate accounts for 30% of the corporation's overall academic performance grade. According to estimates from DOE, between 5,015 and 5,085 students were removed from school by their parents during the 2011 school year. It is unknown how many of these students would be considered a dropout under this provision.

Explanation of Local Revenues:

State Agencies Affected: Department of Education; State Board of Education; Education Roundtable; Commission of Higher Education; Department of Workforce Development; Bureau of Motor Vehicles.

Local Agencies Affected: School Corporations.

Information Sources: The Condition of College & Career Readiness Report, 2012, Act Inc: www.act.org/research-policy/;
State Budget Agency: 2011-2013 As-Passed Budget: www.in.gov/sba/2558.htm;
Department of Education website: www.doe.in.gov/improvement/accountability/data-center;
Commission for Higher Education website; Ivy Tech website: www.ivytech.edu/assessment/

Fiscal Analyst: David Lusan, 317-232-9592.