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FISCAL IMPACT STATEMENT

LS 7073
BILL NUMBER: HB 1005

NOTE PREPARED: Apr 8, 2013
BILL AMENDED: Apr 4, 2013

SUBJECT: Remediation.

FIRST AUTHOR: Rep. Clere
FIRST SPONSOR: Sen. Yoder

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

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

Remediation: The bill provides that, not later than July 1, 2014, the Department of Education (DOE), in consultation with the Education Roundtable and the Department of Workforce Development, shall develop, and the State Board of Education (State Board) shall approve, 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.

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.

It provides that if a student is not progressing toward fulfillment of the student's graduation plan because the student did not achieve a passing score on the graduation examination, the school counselor shall communicate 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 develop an individual remediation plan for the student.

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.

State Scholarships: The bill provides that effective July 1, 2014, in the case of a student who: (1) receives a

graduation waiver that includes a written recommendation from a teacher in each subject area in which the student has not achieved a passing score on the graduation examination; and (2) does not have an individualized education program; the student may not receive state scholarships, grants, or assistance administered by the commission for higher education while enrolled exclusively in courses at a post-secondary educational institution that are not credit bearing degree seeking courses.

Dual Credit: It 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 taken in a high school setting.

Graduation Waiver Rate: It requires a secondary school's strategic and continuous school improvement and achievement plan to include a provision to reduce the number of graduation waivers. It provides that, beginning with the 2016-2017 school year, the Department must identify secondary schools that have a three year graduation waiver rate higher than the state average by a certain percentage, and that the State Board must put those schools on notice.

It requires a school to develop a school-wide remediation plan and submit the plan to the department the first year a school is identified. It requires a school to collaborate with the educational service center serving the region in which the school is located to develop and implement a revised school-wide plan the second and any subsequent year after the school has been initially identified.

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 if the parent refuses to sign a form acknowledging that the parent understands the legal responsibilities, 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.

ISTEP Rescore Request: The bill allows a school corporation to request a rescoring of a student's responses on an ISTEP test in the same manner as a student's parent may request a rescoring.

Qualified Foundation: The bill reenacts the statute authorizing the governing body of a school corporation to annually donate an amount not to exceed \$25,000 from the general fund of the school corporation to a qualified foundation under certain conditions (this statute expired June 30, 2012). It requires the qualified foundation to distribute the principal and income from the donation only to the school corporation as directed by resolution of the governing body of the school corporation.

Effective Date: Upon passage; July 1, 2013; July 1, 2014.

Explanation of State Expenditures: Summary:

(1) *Remediation:* The bill could reduce the state cost of testing and providing remediation at the post-secondary level by requiring the testing and remediation be done at high schools. The state educational institutions might be able to reduce their testing and remediation costs. However, their overall expenditures would probably not decrease since students would take the same number of courses per year, but fewer remediation courses. It is estimated that the annual costs of remedial education is about \$40 M at Indiana's community college (the costs are probably higher if remedial initiatives at other state institutions of higher

learning are included). The latest estimates from the CHE indicate that approximately 31% (10,200 in 2010) of the students entering college directly from high school need some remedial education, primarily in math.

(2) *Education Roundtable*: The agency should be able to do this within existing resources.

(3) *Home Schooling*: The DOE would have to develop a form outlining the legal requirements of attending a nonaccredited nonpublic school. The DOE should be able to do this within existing resources.

(4) *State Scholarships*: State educational institutions may incur some administrative costs in implementing this provision but the impact on remediation costs is indeterminable. This provision applies to non-special education students with graduation waivers who are only enrolled in non-credit bearing degree seeking courses. These students may be ineligible for a state scholarship. If the students decide to fund remediation courses using other funds or enroll in just one credit bearing degree seeking course, the impact on the institutions' remediation costs would be limited. On the other hand, if these students withdraw from the institution or decide not to enroll, the institutions' remediation costs may decrease.

(Revised) (5) *ISTEP Rescore Request*: Under current law, the parent of a student may request that the student's ISTEP test be rescored. This bill permits a school corporation to also request a rescore. Rescore requests are covered under the ISTEP contract (there is no cost to the parent for requesting a rescore). There would be no additional cost to the state because of this provision.

(Revised) (6) *Qualified Foundation*: If necessary, the State Board of Accounts may have to review the financial reports of the qualified foundation. The agency should be able to accomplish this within existing resources.

Additional Information:

Remediation: The DOE, the Education Roundtable, and the Department of Workforce Development would have to develop remediation guidelines by July 1, 2014. The State Board would have to approve the guidelines by July 1, 2015.

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. Funds are currently distributed to school corporations according to a formula developed by the DOE and approved by the State Board.

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 remedial needs of students.

(Revised) *ISTEP Rescore Request* According to DOE, for students taking the ISTEP, the local school submits the items to be rescored on behalf of the parent. For End-of-Course Assessments (ECAs), the Graduation Qualifying Exam for seniors, the school forwards to parents a login and password to a secure site. A parent can then login and request a rescore. Only questions in the Applied Skills portion of the test are eligible for rescore.

Parents are not charged for these requests, and there is no limit to the number of requests. In 2011, approximately 36,000 rescore requests on the ISTEP were submitted; about 1,500 ECA requests were

submitted. Results are usually available within six weeks.

Explanation of State Revenues:

Explanation of Local Expenditures: *Remediation:* According to a report from Ivy Tech Community College, the annual costs of remedial education for the 2011-12 school year was about \$40 M for about 36,190 students, or about \$1,105 per student. This amount is an indication of how much it would potentially cost school corporations to provide remedial services to students. The overall cost of providing remediation to the students (22,910) who failed the end-of-course assessment would be about \$25.3 M if the cost were similar to that at Ivy Tech. The cost would be greatly reduced if the remediation can be done during the normal school day, but might require schools to modify course offerings to provide more remediation courses instead of elective courses.

In 2012, approximately \$7.9 M was specifically allocated to remediation activities through the Remediation Grant program and the Graduation Qualifying Examination grant. DOE may also have to develop a new formula to distribute funds from the Remediation Grant, and may have to change the focus of the program to minimizing the need for post-secondary or workforce training remediation.

Testing Costs: The testing cost would depend on the number of students tested and the cost of the test. There are about 79,000 students in Grades 9-12. Not all students would be to be tested to identify specific areas of needed remediation. On average about 29% of the students fail the end-of-course assessment, so approximately 22,910 students might need to be tested. 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. The cost for each test is about \$2, so the battery of three tests would cost \$6 per student. The cost to administer that test to 22,910 students would be about \$137,460.

Graduation Waiver Rate: The impact of this provision would depend on local action. A successful remediation program would probably reduce the waiver rate, but a low waiver rate by itself does not necessarily imply that the remediation has been successful. Some corporations may have to become a member of an education service center and pay membership dues.

The potential impact on education service centers is unknown at this time, and it would depend on the scope of their collaboration with the school in question. These centers (nine in all) provide Indiana's school corporations access to services such as cooperative purchasing, professional development programs, and the repair of audio/visual equipment and computers.

Dual 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.

State Scholarships: This provision does not apply to students in special education. In general, in the short term, the number of students applying for these scholarships may decrease depending on the number of students with graduation waivers who 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. It is possible that the students impacted by this provision would also be in the number of students already requiring remediation and so the likely impact of this specific provision on local schools would be minimal.

In 2011, about 7% (5,064) of the students graduating from public non-charter school corporations were granted waivers. It is unknown how many of these were work readiness waivers or how many of these students went on to college.

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.

(Revised) *ISTEP Rescore Request:* Refer to *Explanation of State Expenditures-ISTEP Rescore Request*.

Explanation of Local Revenues: (Revised) *Qualified Foundation:* The fiscal impact would depend on local action. School corporations that elect to implement this provision would receive the required matching money that must be donated by a private individual to the qualified foundation as well as interest income earned on the funds donated by the school corporation and the private individual.

Under the terms of the resolution, for every dollar that the corporation donates to the qualified foundation (up to \$25,000 annually), a private individual or entity must donate at least one dollar to the qualified foundation. The qualified foundation must agree to distribute the principal and income from the donation only to the school corporation. It must also agree to open its books for inspection by the State Board of Accounts, and return the donation to the school corporation if it ceases to operate as a qualified foundation.

State Agencies Affected: Department of Education; State Board of Education; Education Roundtable; Department of Workforce Development; Bureau of Motor Vehicles, State Educational Institutions of Higher Learning; State Board of Accounts.

Local Agencies Affected: School corporations; Education Service Centers.

Information Sources: Commission for Higher Education website; Handout, Ivy Tech; Department of Education website: www.doe.in.gov/improvement/accountability/data-center; Ivy Tech website: www.ivytech.edu/assessment/; Brandon R. Dickinson, Deputy Director of Legislative and Intergovernmental Affairs, Department of Education, 317-234-6014; ISTEP+ Program Manual.

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