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FISCAL IMPACT STATEMENT

LS 7073
BILL NUMBER: HB 1005

NOTE PREPARED: May 4, 2013
BILL AMENDED: Apr 26, 2013

SUBJECT: Education.

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

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Remediation: The bill provides that, not later than July 1, 2013, the State Board, in consultation with the Department of Education (DOE), the Education Roundtable, the Commission for Higher Education (CHE), and the Department of Workforce Development (DWD), 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 in determining whether a student may be in need of supplemental instruction or remediation; and (2) standards and guidelines for secondary school personnel to use in determining when a student is required to be assessed using a 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.

The bill provides that if the appropriate school official determines, using the indicators established in the guidelines, that a student before the spring semester, or the equivalent, of 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 in a particular subject matter contained in the exam. 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 also provides that a school official may establish a remediation or supplemental instruction plan with the student's parent.

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.

It 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.

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.

Eligibility for State Scholarship: The bill provides that, after June 30, 2014, certain students who receive a graduation waiver, other than the work readiness waiver, and who obtain a general curriculum diploma are disqualified from receiving any state scholarships, grants, or assistance administered by the commission for higher education unless the students pass a career and college readiness exam.

Dual Credit: The bill provides that, beginning after June 30, 2014, a student must achieve at least the 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 taught in a high school setting.

Graduation Waiver Rate: 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. It requires the state board, in consultation with the department, to develop criteria to be used by the department to identify secondary schools with the highest graduation waiver rate percentages in the state that may require the establishment of a school wide remediation plan. It provides that the State Board shall place the school and the school corporation on notice that the school has exceeded the percentage of graduation waivers under the criteria established by the state board and require the school to develop a school-wide remediation plan.

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.

Effective Date: Upon passage; July 1, 2013.

Explanation of State Expenditures: Summary:

(1) *Remediation, Graduation Waiver Rate:* The bill could reduce the state's 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 would probably be higher if remedial programs at other state institutions 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.

With respect to the remediation guidelines and the approval of the career and readiness exam, the State Board, DOE, the Education Roundtable, the CHE, and the DWD should be able to complete these tasks within existing resources. With respect to the graduation waiver rate, DOE and the State Board should be able to complete these tasks within existing resources.

According to one estimate, the annual cost of the college and career readiness exam would be approximately \$137,460. Under the bill, DOE would assume the cost of exams either through existing resources or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

(2) *Education Roundtable:* Under current law, the Education Roundtable uses the ISTEP test as the primary means of assessing school improvement. This bill authorizes the agency to recommend other means of gauging improvement such as the remedial needs of students. The agency should be able to do this within existing resources.

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

(4) *Eligibility for State Scholarship:* This provision applies to non-special education student with graduation waiver who is considering enrolling in a non-credit bearing course at a state educational institution. The student would probably delay enrolling at the state institution until all academic deficiencies requiring remedial courses have been resolved. As a result, the remediation costs at state educational institutions would probably decrease. The institutions may incur some administrative costs in determining whether a student is eligible to enroll in a course using a state scholarship, grant or assistance. If the student does decide to take the college and career readiness exam at the secondary school, the cost of the exam would be borne by the DOE. The cost of any additional remediation classes the student has to take would be borne by the school corporation.

The student in question could still enroll at the state institution but the student would not be permitted to use state scholarship, grant, or assistance money for remedial classes; however, the student would be permitted to use state scholarship, grant, or assistance money for credit bearing degree seeking courses. In this case, the impact on the remediation costs at the state institution would be minimal.

Additional Information:

Remediation, Graduation Waiver Rate : No later than July 1, 2013, the State Board, in consultation with the DOE, the Education Roundtable, the CHE, and the DWD, would have to develop remediation guidelines to assist secondary schools in identifying students who are likely to require remedial work in a post-secondary

educational environment. The State Board would also consult with these agencies to approve the college and career readiness exam to be administered to students.

DOE and the State Board also have to develop criteria with which to evaluate schools concerning their graduation waiver rate. Beginning in the 2013-14 school year, if a school's waiver rate is too high, DOE would have to review the remediation plan of the school and, if necessary, revise the school's plan.

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 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 the test to 22,910 students would be about \$137,460.

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

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.

Explanation of State Revenues:

Explanation of Local Expenditures: *Remediation, Graduation Waiver Rate:* 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.

Ideally, schools would be able to identify those students with academic deficiencies in the 11th grade, and together with appropriate school personnel and the student's parents, design a remedial program to resolve the deficiency. The evaluation might include administering a college career readiness exam to the student, the results of which may indicate what further remedial actions (including retaking the exam) the school would have to take. Additionally, the student must pass the exam before being allowed 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.

The student may need a graduation waiver but, in the long term, the graduation waiver rate is expected to decrease. In cases where the waiver rate for a school is higher than the limit set by DOE and the State Board, schools would be required to develop a remediation plan; if the waiver does not decrease the school and DOE would collaborate to implement a revised remediation plan.

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.

Eligibility for State Scholarship: 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.

Explanation of Local Revenues:

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

Local Agencies Affected: School corporations

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/;

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