

FISCAL NOTE

Requested by Legislative Council
02/07/2003

Amendment to: SB 2065

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$3,690,000	\$0	\$6,935,000	\$0	\$7,300,000
Expenditures	\$1,200,000	\$2,050,000	\$6,690,000	\$6,935,000	\$9,900,000	\$7,300,000
Appropriations	\$1,200,000	\$0	\$6,690,000	\$0	\$9,900,000	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2065 requires the State to develop and implement State assessments in reading/English language arts, mathematics, and science in identified grades as established by a specified schedule. Engrossed SB 2065 also requires the administration of a second tier of nationally norm-referenced student evaluations with proficiency standards in the identified grade levels. This inclusion of an additional tier of testing has effectively doubled the fiscal note for Engrossed SB 2065 over the original fiscal note for SB 2065.

The State assumes the full fiscal impact from Engrossed SB 2065. School districts are responsible for the administration of the State assessments within their proscribed instructional periods; therefore, there are no additional costs that impact local schools.

Costs associated with the development and implementation of the State assessments include: the development of State content standards, the development of State achievement standards, the alignment of State content standards with test items; the development of future test items, the administration of the actual assessments to students; the scoring of student tests; the establishment of achievement cut scores related to the State achievement standards; the printing and dissemination of reports to students, schools, districts, and the State; the development of school and district Report Cards and Profiles; the use of student data analysis and reporting applications, and associated professional development and technical assistance to schools. A State advisory committee has concurred with the Department of Public Instruction's identification of these development and administration activities. The cost estimates for each of these identified activities are included within this fiscal note.

Engrossed SB 2065 identifies an implementation schedule for various assessments. This schedule requires the State to fund certain development activities prior to the eventual administration activities. Additionally, all standards and assessments must be maintained in order to assure the validity and reliability of the assessment instruments. All development, administration, and maintenance costs are included within this fiscal note. This fiscal note also includes the costs associated with the development and implementation of a second tier of nationally norm-referenced assessments with proficiency standards.

An outline of each activity category is provided in section 3B of this fiscal note. The overall cost impact of Engrossed SB 2065 surrounds assessment development and implementation activities. As required within the bill, a second tier of

testing must be provided. A second tier of testing requires the same activities as the first tier of testing. This effectively doubles the cost of testing. Engrossed SB 2065 does not impact activities related to standards development or accountability.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The Department of Public Instruction has included within its 2003-05 operational budget (SB 2013) all general funds required to administer the State assessment program. The Department has proposed a maintenance budget of \$1.2 million for the 2003-05 biennium within the Department's operational budget. There are no proposed increases in general funds for the State assessment program above the 2001-03 biennium within SB 2013. The State must maintain its appropriation of \$1.2 million in general funds during the 2003-05 biennium in order to meet its maintenance-of-effort commitment with the U.S. Department of Education. This maintenance-of-effort commitment covers the costs of administering the State reading/English language arts and mathematics assessments in grades 4, 8, and 12.

The Department of Public Instruction has also included within its operational budget (SB 2013) an authority request to cover \$6,935,000 in allocated federal funds that are earmarked for the State assessment program. These federal funds, supported through Title VI of the Elementary and Secondary Education Act, cover any approved development and implementation costs associated with the extension of the State's assessment program. The activities identified within Engrossed SB 2065, subsection 4, lie outside the approved activities of ESEA Title VI; therefore, Title VI cannot be used to support the activities of subsection 4. These activities must be supported entirely with State funds.

Engrossed SB 2065 requires an additional appropriation above the appropriation request within SB 2013. Engrossed SB 2065 requires an additional appropriation of State funds, beyond the current request, totaling \$5,490,000 for the 2003-05 biennium and \$8,100,000 for the 2005-07 biennium.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Listed below is an outline of the projected costs associated with the State assessment program. These activities are identified in the narrative section above.

Activity Expenditures: 2002-03/2003-04/2004-05/2005-06/2006-07

Standards Development Activities:350,000/275,000/50,000/50,000/350,000

Assessment Development Activities:
800,000/4,680,000/6,620,000/8,300,000/7,900,000

StateAccountabilityInitiatives:
1,500,000/1,050,000/950,000/300,000/300,000

Total Annual Expenditures:
2,650,000/6,005,000/7,620,000/8,650,000/8,550,000

Total Biennium Expenditures:\$13,625,000/\$17,200,000/

These projections may vary depending on the final determination of contract negotiations, unanticipated costs or savings, schedule delays or postponements, or other associated project activities.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget.*

Indicate the relationship between the amounts shown for expenditures and appropriations.

As identified within the Revenue section above (3A), Engrossed SB 2065 will require an additional appropriation of State funds, above the amount requested within SB 2013, totaling \$5,490,000 for the 2003-05 biennium and \$8,100,000 for the 2005-07 biennium.

The effect of Engrossed SB 2065 will be to double the cost of the State's academic assessment program beyond that proposed within the original SB 2065 and that supported within SB 2013.

Name: Greg Gallagher
Phone Number: 328-1838

Agency: Public Instruction
Date Prepared: 02/11/2003