

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0194-01
Bill No.: HB 43
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department
Type: Original
Date: December 24, 2014

Bill Summary: This proposal establishes guidelines for statewide student assessments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$79,490,580 to Unknown greater than \$92,942,832)	(\$79,490,580 to Unknown greater than \$92,942,832)	(Unknown greater than \$1,000,000)
Total Estimated Net Effect on General Revenue	(\$79,490,580 to Unknown greater than \$92,942,832)	(\$79,490,580 to Unknown greater than \$92,942,832)	(Unknown greater than \$1,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§ 160.517 and 160.518 Implementation of a Statewide Assessment

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the following assumptions were made when calculating costs for the re-development and implementation of the entire Missouri Assessment Program.

1. DESE assumed the new development, pilot testing, field testing, and operational implementation of all the assessments contained within the Missouri Assessment Program in both paper and pencil and online formats.
 - a. English Language Proficiency assessment for grades K-12.
 - b. English language arts and mathematics grade-level assessments for grades 3-8.
 - c. English language arts and mathematics grade-level alternate assessments for grades 3-8, and high school.
 - d. Science grade-level assessments for grades 5 and 8.
 - e. Algebra I, Algebra II, English II, biology, government, and personal finance end-of-course assessment.
 - f. Science grade-level alternate assessments for grades 5, 8, and high school.
 - g. College and Career Readiness assessment for grade 11.
2. DESE assumed a computer adaptive assessment platform for the online assessments and a fixed form assessment for the paper assessments.
3. DESE assumed technology enhanced item types, open response item types, constructed response items, performance tasks, and selected response items as appropriate to the assessment content and in line with historical practices in Missouri.
4. DESE assumed human hand scoring of open response item types, constructed response, and performance tasks.
5. DESE assumed the production of Braille and large print versions of assessments as appropriate.
6. DESE assumed a five business day score turnaround for end-of-course assessments and the college readiness assessments.

ASSUMPTION (continued)

7. DESE assumed a ten business day score turn around for grade-level assessments and alternate assessments.
8. DESE assumed a twenty business day score turn around for the English Language Proficiency assessment.
9. DESE assumed a state university will need to procure appropriate infrastructure, equipment, and staff (development, technology, scoring, research, program management, security, customer service help desk (technology and operations)) along with the development of a computer adaptive testing platform, item authoring tool, registration tool, item banking and a scoring/scanning/scoring/reporting system.
10. DESE assumed the cost of printing paper tests was assumed to be the same as the online administration at the per-student cost. This may not be a correct assumption and the cost may be higher if the number of paper tests ordered is low.
11. DESE assumed data forensics for all assessments.
12. DESE assumed all necessary support needed to provide the necessary evidence to comply with all federal requirements under NCLB for state assessment programs.
13. DESE assumed an indirect cost of 5.4%.

The following items were not able to be priced and were not included.

1. The cost of optical scanner paper due to the unknown usage of paper assessments.
2. The cost of shipping and return of paper assessments from the university to school districts and from school districts to the university due to the unknown usage of paper assessments.
3. Warehouse space needed to maintain paper tests for three years due to unknown usage of paper assessments.
4. Optional end-of-course assessments currently supported by the department English I, geometry, American history, and physical science are not included in the pricing, but may be expected by some school districts.

ASSUMPTION (continued)

DESE assumes the direct cost of this proposal based on the above assumptions would be \$122,293,200. However, the University has an indirect rate that ranges between 30% and 52%. DESE cannot estimate where the indirect rate will fall within that range. Therefore, DESE has computed the totals based on the 30% and the 52% indirect rate. The indirect rate of 30% is \$36,687,960 and the indirect rate of 52% is \$63,592,464. This brings the total costs to DESE of \$158,981,160 to \$185,885,664.

DESE assumes this proposal calls for implementation by June 30, 2017. DESE assume these costs will be incurred over the period of time from passage until implementation. Therefore DESE has divided the initial costs among FY 2016 and FY 2017. The cost will range from \$79,490,580 to \$92,942,832 each of these fiscal years.

DESE assumes there will be significant unknown costs in FY 2018 and in future fiscal years but has no way to accurately predict the impact at this time.

Oversight will show the fiscal impact as being greater than the estimate provided by DESE due to the unknown costs that DESE was not able to estimate. Additionally, Oversight will show the cost in FY 2018 as Unknown greater than \$1 million.

Last year HB 1250, proposed the creation of a new assessment system by the Department of Elementary and Secondary Education. This year's proposal is estimated to cost more than last year's proposal. **Oversight** confirmed with the DESE that the reason for the increase in costs is that this bill requires the University of Missouri to create a new system while the previous proposal allow DESE to use existing nationally approved tests as a guide to creating a new assessment system.

Officials at the **University of Missouri** assume contracts are typically issued for three years with the possibility of annual renewals beyond the initial contract period. A ballpark estimate for a three year contract to develop and administer a Missouri state-wide assessment would be \$48 million. We anticipate the following breakdown: Development would be approximately 30% of contract at \$10 to \$15 million, and administration would be approximately 70% of contract at \$30 to \$35 million. This estimate could change substantially depending on the specific language, difficulties and complexities of the request for new assessments and these details will only become known when an official RFP is issued by the state. By comparison, In 2010, the U.S. Department of Education awarded \$330 million to two groups of states-the Partnership for Assessment of Readiness for College and Careers (PARCC) and the Smarter Balanced Assessment Consortium - to develop a valid, reliable, and fair system of next-generation assessments. The new tests will assess students' knowledge of mathematics and English language arts/literacy from third grade through high school.

FISCAL IMPACT - State Government FY 2016 FY 2017 FY 2018

GENERAL REVENUE

	(\$79,490,580 to Unknown greater than <u>\$92,942,832</u>)	(\$79,490,580 to Unknown greater than <u>\$92,942,832</u>)	(Unknown greater than <u>\$1,000,000</u>)
<u>Cost</u> - DESE - development and implementation of statewide assessment			
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$79,490,580 to Unknown greater than <u>\$92,942,832</u>)	(\$79,490,580 to Unknown greater than <u>\$92,942,832</u>)	(Unknown greater than <u>\$1,000,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

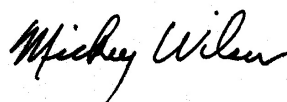
FISCAL DESCRIPTION

The proposal establishes guidelines for statewide student assessments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
 University of Missouri



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 JH:LR:OD

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