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FISCAL IMPACT STATEMENT

LS 7402
BILL NUMBER: HB 1514

NOTE PREPARED: Feb 5, 2021
BILL AMENDED: Feb 4, 2021

SUBJECT: School Accountability.

FIRST AUTHOR: Rep. Cook
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *School Performance:* This bill provides that, before July 1, 2024, the State Board of Education (SBOE) shall establish a compilation of longitudinal data, which shall be known as a "dashboard", indicating school performance success in various selected and enumerated program areas. It provides that the performance of a school's students on the statewide assessment program test and other criterion referenced benchmark assessments recommended by the Department of Education and approved by the SBOE are the primary and majority means of assessing a school's improvement. (Current law provides that the performance of a school's students on the statewide assessment program test and other assessments recommended by the Department of Education and approved by the SBOE are the primary and majority means of assessing a school's improvement.) This bill provides that the SBOE may assign each domain, indicator, or measure used to assess school performance a separate and distinct category or designation. It provides that the SBOE shall assign to a school or school corporation (including adult high schools) a "null" or "no letter grade" for the 2020-2021 school year. This bill also makes conforming and technical amendments.

School Improvement Requirements and Repealing of Provisions: This bill repeals provisions that: (1) provide consequences for failing schools; (2) provide consequences for failing charter schools or choice scholarship schools; and (3) authorize the establishment of turnaround academies.

Effective Date: (Amended) Upon passage; July 1, 2020 (retroactive); July 1, 2021.

Explanation of State Expenditures: (Revised) *School Performance:* This bill requires the Department of Education (DOE) to recommend, and the State Board of Education (SBOE) to approve, criterion referenced benchmark assessments as the primary and majority means of assessing a school's improvement. The SBOE

may include social studies and science as school improvement indicators. The SBOE may also assign a separate and distinct category or designation for each domain, indicator, or measure used to assess school performance.

(Revised) *Charter and Innovation Network School Grants*: Under current law, nonvirtual charter schools that receive a “D” or “F” grade are not eligible for the Charter and Innovation Network School Grant unless one of the following applies:

1. the school has been operating for fewer than three years,
2. a majority of the school's students have developmental, intellectual, or behavioral challenges, or
3. the school receives the same or better accountability grade as the nearest non-charter public school that teaches the same grades of students as the charter school.

The grant amount is \$750 per student. Any fiscal impact related to this grant would depend upon the grades that would be assigned under the updated accountability system. Lower school grades would result in a potential state expenditure decrease related to Charter and Innovation Network School Grants, but any such impact would not take place until after the hold harmless period has expired.

(Revised) *Choice Scholarship*: This bill eliminates performance-based consequences, and makes changes to the accountability grading system, for eligible nonpublic schools accepting choice scholarships. Under current law, the eligibility of a choice scholarship school to receive choice funding for new students depends on the school’s academic performance category. This bill eliminates this provision, which may lead to an increase in choice scholarship expenditures. [In FY 2021, the estimated statewide average cost of a choice scholarship is \$4,807 per student.]

(Revised) *SBOE*: This bill requires that the SBOE establish a longitudinal data dashboard, by July 1, 2024, used to indicate school performance in various program areas. The dashboard must include state, national, and international comparisons for all required indicators, if applicable, and may include additional indicators.

This bill also requires the SBOE to approve criterion referenced benchmark assessments, as recommended by the DOE, as the primary and majority means of assessing a school's improvement. The SBOE may also include social studies and science as school improvement indicators, and may assign a separate and distinct category or designation for each domain, indicator, or measure used to assess school performance. Any fiscal impact resulting from this change to school performance grading will depend on which assessments and indicators are used, the weighting applied, and whether this will cause more or fewer schools to require remedial actions or programs.

Additionally, the SBOE has various tasks it must complete when a school corporation receives an "F" grade. The number of tasks and the administrative burden of those tasks depends on how many consecutive years the school receives an "F" grade. Any change to the accountability grading system could impact the SBOE's workload depending on whether more or fewer schools receive a grade in the lowest designation.

These requirements represent an additional workload [and/or expenditure] on the SBOE which are in addition to the SBOE’s 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 will depend on legislative and administrative actions.

(Revised) *DOE*: The DOE must recommend which criterion referenced benchmark assessments to use as the primary and majority means of assessing a school's improvement. If any assessments or indicators under the updated accountability system fall outside of the current duties and data collection performed by the DOE, this may result in a workload increase requiring additional funds or resources beyond existing levels. If the DOE staff and resources are currently being used to capacity, they may be insufficient for full implementation of these requirements. 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 will depend on legislative and administrative actions.

School Improvement Requirements and Repealing of Provisions: This bill repeals the requirement that a charter school, after four consecutive years of being in the lowest grade designation, would have to close. It enables all charter schools to remain open regardless of their current performance grade designation. As a result, the charter school authorizer and the SBOE will not need to complete the required petitions and other actions, or hold hearings, which would otherwise be required when a charter school would close due to its performance grade.

(Revised) This bill repeals the interventions for public school corporations and eligible nonpublic schools based on their school performance grade. Repealing such requirements will eliminate the need for the SBOE to approve contracts necessary to implement such actions and will result in less administrative duties for the DOE regarding such actions.

(Revised) This bill holds schools harmless for accountability grades during the 2020-2021 school year and will assign schools a grade of either "null" or "no letter grade". The SBOE has various tasks it must complete when a school corporation receives an "F" accountability grade. As a result, the SBOE's workload could decrease. This provision could also lead to more nonvirtual charter schools being eligible for the Charter and Innovation Network School Grant.

This bill also repeals the authorization of turnaround academies. Indiana currently has no schools classified as a turnaround academy and will experience no fiscal impact regarding this repeal.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *School Performance*: Under current law, school corporations that receive "F" accountability grades have certain tasks they must complete, such as holding public hearings, issuing public notices, and revising school plans. The number of tasks that must be completed, and the administrative burden of those tasks, depends on the number of consecutive years the school corporation received an "F" accountability grade. Once any hold harmless period is complete, a school's workload could increase if that school were to receive a grade in the lowest designation. Any impact to schools after the hold harmless period would be dependent upon the grades received by the schools under the updated accountability grading system.

School Improvement Requirements and Repealing of Provisions: Repealing the interventions for school corporations receiving an "F" grade will result in less administrative work for any school that would otherwise be required to complete such actions.

This bill prohibits the SBOE from using transformation zones as an intervention resulting from school performance but still allows schools to opt into doing so, meaning that any work or costs a school may incur

for establishing a transformation zone would depend on local action. If a school is no longer mandated to establish a transformation zone as part of their performance improvement plan, the school would no longer need to complete the associated administrative work.

Additionally, without charter schools being required to close, the charter school authorizer and the SBOE will not need to complete the required petitions and other actions, or hold hearings, which would otherwise be required when a charter school closes due to school performance.

Explanation of Local Revenues:

State Agencies Affected: State Board of Education; Department of Education.

Local Agencies Affected: School corporations; Charter schools.

Information Sources:

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