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**FISCAL IMPACT STATEMENT**

**LS 7402**

**BILL NUMBER:** HB 1514

**NOTE PREPARED:** Apr 2, 2021

**BILL AMENDED:** Apr 1, 2021

**SUBJECT:** School Accountability.

**FIRST AUTHOR:** Rep. Cook

**FIRST SPONSOR:** Sen. Raatz

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *School Performance:* The bill requires the State Board of Education (State Board) to: (1) establish a compilation of longitudinal data indicating school performance success in various selected and enumerated program areas; and (2) present the data for each school in a manner that is commonly known as an Internet dashboard. It requires each school to post on a web page maintained on the school's Internet web site the exact same data and in a similar format as the data presented for the school on the State Board's Internet web site. It allows a school to include custom indicators on the school's web page.

The bill 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 (department) and approved by the State Board 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 and approved by the State Board are the primary and majority means of assessing a school's improvement.) It provides that the State Board may assign each domain, indicator, or measure used to assess school performance a separate and distinct category or designation.

The bill provides that the State Board shall assign to a school or school corporation (including adult high schools) a "null" or "no letter grade" for the 2020-2021 school year.

*Data Reporting:* The bill requires each governing body of a school corporation and the equivalent for each charter school to submit to the department a report that includes certain information regarding instruction during the 2020-2021 school year and the 2021-2022 school year. It requires the department to do the following: (1) Conduct, in collaboration with the State Board, a learning loss study regarding students in

kindergarten through grade 10. (2) Prepare a report regarding the 2020-2021 school year and a report regarding the 2021-2022 school year that includes the submitted information and the study by the department. (3) Not later than December 1, 2021, and not later than December 1, 2022, submit the applicable reports to the Governor, State Board, and Legislative Council. It urges the Legislative Council to assign to an appropriate study committee for the 2022 interim and the 2023 interim the task of studying the information in the reports.

*Virtual Education:* The bill provides that a school corporation may not enter into or renew a contract with an outside vendor to operate or manage a dedicated virtual education school of the school corporation unless the vendor is approved by the department.

*Assessments:* It amends requirements that a benchmark, formative, interim, or similar assessment must meet for approval by the State Board. The bill provides that before the State Board may approve a benchmark, formative, interim, or similar assessment, the assessment vendor must enter into a data share agreement with the department.

*School Improvement Requirements and Repealing of Provisions:* The 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:** Upon passage; July 1, 2020 (retroactive); July 1, 2021.

**Explanation of State Expenditures:** *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.

*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.

*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.

The SBOE also has to coordinate with the DOE in conducting a learning loss study regarding students in kindergarten through grade 10 for two school years (2020-2021 and 2021-2022), and adopt rules to establish requirements that a vendor of virtual education services must meet in order to be approved by the DOE.

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 bill requires the DOE to prepare an annual report containing: (1) data on virtual education for school years 2020-2021 and 2021-2022 submitted to it by school corporations and non-virtual charter schools that provided virtual instruction in these school years; and (2) the results of a learning loss study for school years 2020-2021 and 2021-2022 regarding students in kindergarten through grade 10. The annual report is to be submitted to the office of the Governor, the SBOE, and the Legislative Council, not later than December 1, 2021 and December 1, 2022.

The DOE must also recommend which criterion referenced benchmark assessments to use as the primary and majority means of assessing a school's improvement, negotiate a data share agreement with vendors that supply benchmark, formative, interim, and similar assessments. The DOE also has to approve the vendors that operate or manage a dedicated virtual education school before a school corporation can initiate or renew a contract with a vendor for services.

These requirements could represent an additional workload [and/or expenditure] on the DOE outside of its 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. In conducting the learning loss study, the DOE has to review the research methodology of the Indiana technical advisory committee; the DOE may also contract with a third

party vendor in conducting the study.

*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.

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.

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.

(Revised) *Study Committee-Data Reporting:* The Legislative Council could assign the study of information in the reports submitted by the DOE to an existing interim study committee or establish a new interim study committee for the 2022 interim and the 2023 interim. Interim study committees operate on budgets established by the Legislative Council based on committee size. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$13,500 per interim for committees with fewer than 16 members and \$17,500 for committees with 16 members or more. If the Legislative Council were to assign this topic to an existing committee and the committee were to have any extra meetings to address this topic, there would be additional expenditures for legislator per diem and travel reimbursement for the committee members. Any additional expenditures must be within the committee's budget.

### **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.

Regarding the dashboard that the SBOE has to establish, school corporations and charter schools, as applicable, would incur the cost of posting the exact same data on their Internet web site that is posted on the SBOE's web site. The school corporations and charter schools can also post their own custom data on their Internet web site.

*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.

(Revised) *Data Reporting:* School corporations and non-virtual charter schools would incur the additional cost of compiling and submitting to the DOE the data required for its reports. Using FY 2021 data from the Department of Education, there are 357 out of 383 school corporations and non-virtual charter schools that offer virtual instruction in school year 2020-2021; there are 94 school corporations and non-virtual charter schools with a virtual education program.

**Explanation of Local Revenues:**

**State Agencies Affected:** State Board of Education; Department of Education; Legislative Council

**Local Agencies Affected:** School corporations; Charter schools.

**Information Sources:** Indiana Dept of Education databases.

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