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FISCAL IMPACT STATEMENT

LS 7119

BILL NUMBER: SB 414

NOTE PREPARED: Apr 9, 2021

BILL AMENDED: Apr 8, 2021

SUBJECT: Various Education Matters.

FIRST AUTHOR: Sen. Raatz

FIRST SPONSOR: Rep. Behning

BILL STATUS: 2nd Reading - 2nd House

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: *(Amended)* This bill contains the following provisions:

Early Warning System: This bill provides that the Department of Education (DOE) may adopt and provide to schools an early warning system that provides actionable data on students as early as elementary school. It provides that, not later than August 1, 2021, the DOE may contract with one or more vendors to provide an early warning system.

Internet Use Policy: The bill provides that, not later than January 1, 2022, each school corporation and charter school shall: (1) adopt and implement an Internet use policy; and (2) use hardware or install software on computers and other technology related devices owned by the school corporation or charter school to filter or block Internet access to materials that are harmful to minors. It requires each school corporation and charter school to post the Internet use policy on the school corporation's or charter school's Internet web site.

CTE Count: The bill requires pupil enrollment for the Career and Technical Education enrollment grant to, for informational purposes only, be determined at the same time that a school corporation's spring count of ADM is determined.

Child Care Centers: The bill exempts an educational program: (1) consisting of a group of students who attend the educational program in lieu of attending a public or private school; (2) whose students meet in a single classroom in person or outside a classroom and which may include mixed age level groupings; and (3) that is under the supervision of a teacher or tutor; from licensure requirements for child care centers.

Teacher Salaries: The bill provides that a school corporation may differentiate the amount of salary increases

or increments determined for teachers for reasons the school corporation determines are appropriate. (Current law provides that a school corporation may differentiate the amount of salary increases or increments determined for teachers on any academic needs the school corporation determines are appropriate.)

Curricular Materials: The bill provides that a superintendent, after approval from the governing body, shall establish procedures for adoption of curricular materials. (Current law provides that the superintendent shall establish procedures for adoption of curricular materials.)

School Transportation: The bill relocates the definition of "appropriate vehicle" to provide that the same definition applies throughout Title 20 of the Indiana Code. It provides that the governing body of a school corporation may enter into a transportation agreement with a Transportation Network Company (TNC), or a fleet agreement with a transportation network company, to transport students of the school corporation if the school corporation conducts an expanded criminal history check and expanded child protection index check on every TNC driver.

Data Share Agreement: 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 DOE in the manner prescribed by the DOE.

Graduate Income Data: The bill requires the Management Performance Hub (MPH) to collect certain income data. It provides that, beginning with students who graduated during the 2017-2018 school year and not later than January 1, 2022, the DOE, in collaboration with the MPH, shall report on the DOE's Internet web site the median earned income of graduates of a particular school year, for each school corporation, charter high school, or state accredited nonpublic school. It provides that the median earned income for a particular graduating class shall be available on the DOE's Internet web site for a period of 10 years beginning with the school year in which the median earned income for a particular graduating class is initially reported. It provides that the median earned income of a particular graduating class for a school corporation, charter school, or state accredited nonpublic school shall be updated annually.

Charter School Advance: The bill provides that a charter school that has received an advance from the charter and innovation school advance program may submit an application to the Treasurer of State to renegotiate the terms of an advance.

Choice Scholarships: The bill provides that a choice scholarship may be used for tuition and fees required for enrollment and attendance and any fees required for an eligible choice scholarship student's enrollment in a particular course at the eligible school.

Commission and Reports: The bill provides that, not later than November 1, 2021, the Commission for Higher Education (CHE) shall prepare a: (1) higher education business model transformation report; (2) free speech on college campus report; and (3) protection from foreign malfeasance report.

Nursing Instruction: The bill changes the expiration date, from June 30, 2021, to June 30, 2023, of a provision that allows an individual with a bachelor of science in nursing to teach clinical courses for an associate degree program if the individual enrolls in a nurse educator certificate program and, within two years of the individual's hire date, enrolls in a master's degree program.

Learning Loss Study: The bill provides that the DOE shall, in collaboration with the State Board, conduct a learning loss study regarding students in kindergarten through grade 10 for the 2020-2021 school year and

the 2021-2022 school year. It provides that the Legislative Council is urged to assign to an appropriate study committee for the 2022 interim and the 2023 interim the task of studying the information in the reports submitted by the DOE.

Graduation Examinations: The bill provides that a student who does not achieve a passing score on the graduation examination and who does not meet the graduation requirements is not required to take the graduation examination in each subject area in which the student did not achieve a passing score during the 2020-2021 school year if the student could not take the graduation examination due to the coronavirus disease (COVID-19).

Complexity Funding Study: The bill provides that the DOE shall conduct a study to examine what constitutes adequate funding for kindergarten through grade 12 education in Indiana for students who, as a class, meet the eligibility requirements for the complexity index.

The bill also makes conforming changes.

Effective Date: Upon passage; July 1, 2021.

Explanation of State Expenditures: *Choice Scholarships:* This provision could lead to an increase in state tuition support expenditures for choice scholarships in certain circumstances. Under current law, the choice scholarship for a student is the minimum of tuition and fees required for enrollment in the choice scholarship school and an amount based on the student's household income (90%, 70%, or 50% of the applicable state tuition support).

If the amount of tuition and fees for a student under current law exceeds the choice scholarship based on the student's income category, then the fiscal impact under this provision would be minimal; the student is currently receiving the maximum choice scholarship for the student's income category. However, if the amount of tuition and fees under current law is less than the choice scholarship based on the student's income category, then the choice scholarship for this student under this provision can be increased by an amount up to the limit based on the student's income category. This amount can be applied to the cost of attendance and fees of the additional course in which the student has elected to enroll, thereby increasing the choice scholarship for the student.

If the total state tuition support distribution for a particular fiscal year were to exceed the state tuition support appropriation because of this provision, the state tuition support distribution could be augmented by up to \$25 M from the state Tuition Reserve Account. If the augmented state tuition support distribution were to still exceed the appropriation, the distribution to each recipient would be proportionately reduced until the total distribution is equal to the appropriation.

Study Committee-Learning Loss Study: 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. 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. Any additional expenditures must be within the committee's budget.

(Revised) DOE: The following requirements for DOE will result in additional workload and potential increases in expenditures.

(1) *Early Warning System*: The DOE may adopt and provide to schools an early warning system (EWS) that provides actionable data on students as early as elementary school. The DOE may contract with one or more vendors by August 1, 2021. The Legislative Services Agency's Office of Technology Services estimates the development cost of such a project at \$850,000. Legislative and administrative decisions regarding the EWS could increase the cost of the project. Furthermore, there may be ongoing costs in administering and maintaining the EWS over time.

(2) *Complexity Funding Study*: The DOE has to conduct a study to examine what constitutes adequate funding for kindergarten through grade 12 education in Indiana for students who, as a class, meet the eligibility requirements for the complexity index. The DOE has to submit a report to the Legislative Council by December 1, 2021.

(3) *Learning Loss Study*: The DOE, in collaboration with the State Board, will conduct a learning loss study regarding students in kindergarten through grade 10 for the 2020-2021 school year and the 2021-2022 school year. Additionally, the DOE will report the benchmark assessment data results from all providers in the state three times annually to the Governor, the State Board, and the Legislative Council. The reports will be submitted by December 1, 2021, and December 1, 2022. The first benchmark assessment report will be submitted by July 1, 2021.

(4) *Data Share Agreement*: The DOE would have to negotiate a data share agreement with vendors that supply benchmark, formative, interim, and similar assessments.

(5) *Choice Scholarships*: The DOE would incur administrative costs in incorporating the cost of additional courses in the amount of funding distributed to choice scholarship schools.

(6) *Graduate Income Data*: The DOE is to collaborate with MPH to post graduate income data on its Internet web site. It also has to ensure that the data is secure.

CHE and SEIs-Reports: The bill outlines three reports the CHE would have to prepare for the General Assembly. The associated cost and staff time required to compile the information would depend on the scope of the reports, whether the SEIs already collect some of this information, and the survey instrument to be used. The impact is indeterminate yet could be significant.

Management Performance Hub (MPH): The MPH would incur ongoing additional costs in obtaining income data of students who graduate, verifying the integrity of the data, complying with state and federal confidentiality laws, and annually updating the data.

State Board of Education: The bill's requirements on the State Board to: (1) Adopt rules governing student transportation by an appropriate vehicle as defined in the bill; and (2) Collaborate with DOE in the learning loss study; are within the agency's routine administrative functions and should be able to be implemented within its current resources.

If the State Board were to pay for the transportation of a special education student, the cost would be reduced if the use of an appropriate vehicle proves to be less costly than a standard school bus. Under the bill, an appropriate vehicle could be a car, sports utility vehicle, minivan, or truck that seats a maximum of seven passengers.

Nursing Instruction: The current resources allocated to administering this initiative would be continued an

additional two years.

Treasurer of State: The workload of the Treasurer of State in renegotiating the terms of an advance with a charter school would increase. The amount of the increase would depend on the number of charter schools that request a renegotiation and the scope of the renegotiation. The bill outlines the procedures and criteria the Treasurer of State could use in determining whether to renegotiate the terms of the advance.

Child Care Centers: Exempting child care centers as defined in the bill from licensure could minimally decrease the workload of the Division of Family Resources.

Explanation of State Revenues:

Explanation of Local Expenditures: *Early Warning System:* Should an EWS be pursued, schools may be required to provide data based on the contract with the EWS vendor. Schools may also need to implement student intervention plans for students found by the EWS to not be on track to graduate on time. These duties could result in an increase in workload, but fall under the typical administrative duties of schools and may be satisfied using existing staff and resources.

Internet Use Policy: School corporations and charter schools (schools) with an existing Internet use policy will need to verify that their policy meets the requirements of this bill and make updates to their policy accordingly. Schools without an existing Internet use policy will need to adopt a policy meeting the requirements of this bill. Schools will also need to post the policy on their website, as well as identify and install appropriate hardware or software technology on Internet-enabled devices to provide Internet filtering as required in this bill.

These administrative duties will result in an increase in workload for schools; however, these requirements may be fulfilled using existing staff and resources. Additionally, schools will incur costs related to the hardware or software filtering technology required under this bill. These costs will vary based on the number of devices protected and the type of technology chosen by the school.

CTE Count: Currently, schools are required to submit Career and Technical Education (CTE) count data to the Governor's Workforce Cabinet in the Fall for CTE funding purposes and schools have the option to submit information only count data in the Spring. This bill requires an information only CTE count to occur in the Spring of each school year, which will result in a small workload increase for any schools not already submitting Spring CTE data. This increase is within a school's routine administrative functions and may be satisfied using existing staff and resources.

Teacher Salaries: The fiscal impact would depend on local action. If expenditures for teacher salaries for some school corporations were to increase because of this provision, the additional expenditures would be funded from local budgets. Additionally, school corporations must ensure that implementing this provision does not lead to deficit financing.

(Revised) School Transportation: The fiscal impact of a school corporation entering into a transportation agreement with a TNC, or a fleet agreement with a transportation network company, to transport students of the school corporation would depend on whether such an agreement would be less costly than with a non-transportation network company or a non-transportation network company driver. If a school corporation were to enter into such an agreement, the school must conduct an expanded criminal history check and expanded child protection index check on every TNC driver. This requirement is within a school's routine

administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Additionally, in cases where the school corporation would pay for the transportation of a special education student, the cost would be reduced if the use of an appropriate vehicle proves to be less costly than a standard school bus. [*See Explanation of State Expenditures.*]

Curricular Materials: If extra board meetings are required to discuss this issue, it could increase administrative costs to the school corporation.

Charter School Advance: The net fiscal impact would depend on whether the overall cost of servicing the advance is reduced as a result of the renegotiation.

Graduation Examinations: This could increase the graduation rate of applicable high schools and could improve the academic accountability grade of the school.

Explanation of Local Revenues: *Early Warning System:* If an EWS is pursued, and the EWS results in an increase in on-time graduation rates and a decrease in dropouts, then schools may experience higher graduation rates and ADM counts. [Increased ADM and graduation rates will result in a school receiving additional funds based on the state's tuition support formula and would occur beyond this biennium.]

State Agencies Affected: Department of Education; Governor's Workforce Cabinet; State Board of Education; Treasurer of State; State Educational Institutions; Commission for Higher Education; Division of Family Resources; Management Performance Hub; General Assembly.

Local Agencies Affected: School corporations; Charter schools.

Information Sources: Legislative Services Agency's Office of Technology Services; Governor's Workforce Cabinet, National Conference of State Legislators: Laws Relating to Filtering, Blocking, and Usage Policies in Schools and Libraries, July 2020; The American Institute for Research; The Institute of Education Science.

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