

FISCAL NOTE
Requested by Legislative Council
01/17/2017

Revised
 Bill/Resolution No.: HB 1432

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$24,974,000	\$0	\$24,974,000	\$0
Appropriations	\$0	\$0	\$24,974,000	\$(182,684,000)	\$24,974,000	\$(182,684,000)

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$16,050,000	\$5,350,000
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1432 restricts the authority of the state superintendent regarding the development of state content standards and defines the terms of their adoption; defines terms for the adoption and implementation of state assessments, establishing new annual assessment.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 requires the state superintendent, and any other state agency or employee “to terminate areas of federal control over the North Dakota educational process.” Such language implies the state’s removal from any federal programming, and assumingly, the state’s rejection of all federal funding supporting such activities. This requirement would eliminate any federal Elementary and Secondary Education Act funds managed by the terms of the state ESEA Consolidated State Application Plan, filed with the U.S. Department of Education, constituting a total annual allocation of \$91,342,000, or a biennial allocation of \$182,684,000. Section 4 places a directive to the state superintendent and other parties to implement this provision.

Section 5 directs the adoption of Massachusetts state course content standards and local curriculum that introduce several critical cost impacts.

A. **State Content Standards.** Sections 5.1.b., 5.1.c, and 5.1.d.4 direct the adoption and implementation of Massachusetts state course content standards. The state superintendent could not initiate any content standards development activities until approximately 2022, at which time new content standards might be initiated. There is no fiscal impact for these provisions for the 2017-2019 biennium.

B. **Local Curriculum Development.** Section 5.2 requires school districts to establish and implement academic curriculum objectives and plans through a consultation process involving teachers, administrators and local community members. Each of the state’s 428 schools plants, including schools and special services centers, will encounter average projected planning and implementation costs of \$25,000, totaling approximately \$16,050,000 during the 2017-2019 biennium. It further is assumed that some of these costs, projected at a 50% reduction from the 2017-2018 annual base, will extend into the 2019-2021 biennium, totaling approximately \$5,350,000 statewide.

C. **State Assessments.** Section 5.1.d directs the adoption of state assessments, based on prescribed Massachusetts

content constraints, including a restricted assessment source and the annual administration of new assessments. This section requires the release of all test items at the close of an assessment administration, revealing all items to the public, and effectively invalidating each test item from future use. This public release and item invalidation requires the development of entirely new assessments, including new test items for each of the state's 17 general grade- and subject-level tests and the state's 17 alternate grade- and subject-level tests, totaling 34 new individual tests. The projected costs for the state's 17 general and 17 alternate assessments are specified below.

1. State General Assessment Costs. The provisions of Section 5.1.d. require annual development activities, critical to the design and construction of valid and reliable assessments. Combined 2017-2019 biennium costs are projected to total \$15,755,000. Combined 2019-2021 biennium costs similarly will approximate \$15,755,000, given Section 5.1.d provisions.

2. State Alternate Assessment Costs. Combined 2017-2019 biennium costs are projected to total \$9,219,000. Combined 2019-2021 biennium costs similarly will approximate \$9,219,000, given Section 5.1.d provisions.

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.*

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.*

Expenditures are explained in 2.B. above. The Department projects combined expenditures of \$24,974,000 in general funds during the 2017-2019 and 2019-2021 biennia respectively. The provisions of HB 1432 would have no effect on FTE levels for the Department. Costs incurred would affect service contracts.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The cost increases required by the enactment of HB 1432 would require a supplemental general fund appropriation of \$22,774,000 for both the 2017-2019 and 2019-2021 biennia respectively. This appropriation level assumes that the Department would retain the current \$2,200,000 biennial support of general funds for both biennia. This increased appropriation for assessment implementation reflects a loss of all federal funding specified in HB 1432.

Any costs associated with HB 1432, above the current levels, will require a supplemental appropriation.

The Department anticipates maintaining the 2015-2017 general fund appropriation (\$2,200,000) during both the 2017-2019 and 2019-2021 biennia. With the state terminating federally funded programs, specified in HB 1432, the state would lose annual federal appropriations for all Elementary and Secondary Education Act programs, totaling \$182,684,000, including any previous federal funds for assessments.

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