

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0591-01
Bill No.: SB 171
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Department; Boards, Commissions, Committees, Councils
Type: Original
Date: January 22, 2015

Bill Summary: This proposal modifies provisions relating to high school equivalency degree testing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$412,290)	(\$84,519)	(\$86,632)
Total Estimated Net Effect on General Revenue	(\$412,290)	(\$84,519)	(\$86,632)

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

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 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

Officials at the **Department of Elementary and Secondary Education (DESE)** assume implementing these changes would require a complete re-write of the High School Equivalency (HSE) system including design, development and implementation of new components for processing a new test in the system. In addition, a component to capture requests and tracking for lower test costs. There are zero requirements known as to how that will impact the system or current functionality. ITSD-DESE resources are not available. Additional ITSD-DESE resources would be needed to oversight and manage a project of this size. The implementation date to have the system functioning is January 1. Implementing a re-write with additional functionality in that time frame is a risk due to no known requirements.

IT Consultants	Rate	Hours	FY 2016	FY 2017	FY 2018
Requirements Gathering	\$75	650	\$48,750	\$0	\$0
Analysis	\$75	325	\$24,375	\$0	\$0
Design	\$75	650	\$48,750	\$0	\$0
Development	\$75	2,100	\$157,500	\$0	\$0
Test	\$75	1,300	\$97,500	\$0	\$0
Implementation	\$75	65	\$4,875	\$0	\$0
Project Management	\$75	407.20	\$30,540	\$0	\$0
On-going support	\$75			\$84,519	\$86,632
TOTAL			\$412,290	\$84,519	\$86,632

DESE assumptions and methodologies to determine fiscal impact were based off previous system re-writes of similar capacity.

DESE assumes this proposal allows DESE to create rules regarding the waiver of testing fees. DESE assumes creation of the rules would have no fiscal impact on DESE. Currently the fees go to the vendors who administer the tests to help recoup the cost of test administration. DESE assumes this would not fiscally impact the state.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Costs - DESE - computer upgrades</u>	<u>(\$412,290)</u>	<u>(\$84,519)</u>	<u>(\$86,632)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$412,290)</u>	<u>(\$84,519)</u>	<u>(\$86,632)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 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

This act modifies the laws governing high school equivalency tests.

The Department of Elementary and Secondary Education must ensure that any high school equivalency test be administered in a manner that does not discriminate against students with a diagnosis of a mental health condition that affects learning or students with learning disabilities, as described in the act. If an applicant possesses such a condition or disability, the Department must administer an individualized test to accommodate the applicant.

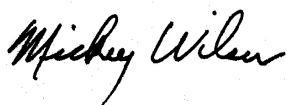
Beginning January 1, 2016, the Department must offer applicants at least one additional high school equivalency testing option selected by the State Board of Education as an alternative to the HiSET testing program and the Iowa Testing Program. When selecting the additional test option, the State Board of Education must consider the following factors: substantial equivalency of test scope and rigor with a comprehensive high school course of study leading to a diploma; the recognition of the test by other states; the test's portability; the cost to test takers, with priority given to achieving the lowest cost; and other criteria that meet the needs of individual test takers.

The State Board of Education must adopt rules for a waiver of the fees for the high school equivalency examination. The Department must establish a sliding-fee scale. To be eligible for a financial hardship fee waiver, the applicant must demonstrate that he or she has achieved a minimum passing score on a high school equivalency practice test.

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
Joint Committee on Administrative Rules
Office of the Secretary of State



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