FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2680 – 2 REVISED**
Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Prohibits use of results of statewide summative assessment developed by state-led consortium to establish summative ratings of schools or to make summative evaluations of teachers or administrators.

Government Unit(s) Affected:
Department of Education, School Districts

Summary of Expenditure Impact:
See Analysis

Local Government Mandate:
This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

<REVISED to include more precise estimates regarding the potential impact to federal funding.>

Analysis:
At this time, the Legislative Fiscal Office (LFO) believes the ramifications of this measure are not fully understood due to the undetermined status of a federal U.S. Department of Education waiver that would grant the State of Oregon an allowable stay on 2014-15 school rating assessment results; therefore, the fiscal impact cannot be determined with certainty.

The bill, as amended, prevents the results of a statewide summative assessment, developed by a multistate consortium and administered during the 2014-2015 school year, from being used to establish summative ratings of schools or to make summative evaluations of teachers or administrators. The Superintendent of Public Instruction (Governor) is directed to convene a work group to determine how to implement the results of the assessment as well as evaluate the accuracy of the assessment, analyze student learning gaps, identify necessary adjustments in instruction, issue the work groups findings, and make recommendations for legislation in a report submitted to the State Board of Education and the interim committees of the Legislative Assembly. The staff time and other resources needed to support the work group are considered to be minimal costs and absorbable within the parameters of the Department of Education (Department) agency budget. Other costs for the work group are anticipated to include reimbursements for mileage, meals and catering, lodging, and substitute teacher reimbursements. Assuming the work group convenes four times, these ancillary reimbursement costs are estimated at $20,980 GF in the 2015-17 biennium.

To prevent federal non-compliance penalties, the State of Oregon will need to receive a waiver that grants the state permission to not use the 2014-15 data in the federally mandated accountability reports for schools and districts. The Department is currently working on the extension of the waiver that includes the necessary elements to stay compliant. According to Department staff, the federal government has indicated it should provide the waiver but will not make the final determination until this Summer. If the waiver request is not approved, the state will lose its ability to relieve districts from some of the provisions of the No Child Left Behind Act. This would mean these federal funds of approximately $42.24 million/year, which are being used for current educational services, would have to be diverted to services that are obligated under federal law. This could potentially mean an increase in costs to school districts and/or a decrease in the level of current services being provided under provisions of the current No Child Left Behind waiver. It is not clear if General Fund (GF) would be used to supplement the loss and diversion of these federal funds. In addition to the loss of flexibility for school districts, if the waiver is not granted, the State will lose up to roughly $1.4 million/year in Federal Funds. These Federal Funds are used to provide funding for Title 1 staff and related costs to provide technical assistance to school districts and oversight of the use of federal grant funds.