

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

House Bill 762
 Ways and Means

(Delegate Owings, *et al.*)

Education – Public Schools – Evaluation and Graduation

This bill requires local boards of education to develop and implement written tests and assessments to be administered at the local level. The State Board of Education (SBE) may only administer multiple choice tests and must administer a different test each year. SBE must make specific test information available on request and must make a student’s scored test available to the student’s parent or guardian upon written request. A parent or guardian who receives a student’s test may not be required to sign a nondisclosure document. Test scores may not be recorded on a student’s transcript or be used to evaluate attitudes, values, or beliefs of students for research purposes. SBE may not require passage of a test in order to obtain a diploma or certificate.

Fiscal Summary

State Effect: Federal funds could decrease by approximately \$284 million in FY 2005 if the State must eliminate statewide testing or a statewide accountability system. General fund expenditures would increase by an estimated \$25 million annually for the redevelopment of tests or the purchase of new test items each year.

(\$ in millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
FF Revenue	(-)	(-)	(-)	(-)	(-)
GF Expenditure	25.0	25.0	25.0	25.0	25.0
Net Effect	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local school revenues from federal aid could decrease by approximately \$284 million in FY 2005. Local school expenditures for development of additional locally-administered assessments could total at least \$11 million per year.

Small Business Effect: None.

Analysis

Current Law: The federal No Child Left Behind Act requires states to administer a uniform system of assessment and accountability for public schools. State assessments must be taken annually in grades three through eight and again in high school.

The promotion and graduation of public school students are in accordance with policies established by the local boards of education and the rules and regulations of SBE. Students must pass functional tests in reading, mathematics, and writing in order to graduate from a public high school in Maryland. Each student who graduates from a public high school must receive the same type of diploma or certificate, regardless of the high school attended or the courses taken.

Background: Over the past several years SBE has been contemplating the possibility of using passage of the Maryland High School Assessments (HSAs) as a graduation requirement. The most recent round of considerations began in December 2003 when the State board was presented with a proposal to have students in the class of 2009 be the first who would be required to pass the tests in order to obtain a diploma. The proposal also provides other paths to high school completion, including a less prestigious local high school diploma, a diploma for certain students with disabilities, and a certificate of program completion. HSAs, which have been administered for the last two years, are composed of tests in algebra/data analysis, biology, English I, and government. The tests are considered more difficult than the Maryland functional tests that are currently used to determine eligibility for graduation.

Students in Maryland public schools are now in their second year of taking the Maryland School Assessments (MSAs). MSAs were established to take the place of the former Maryland School Performance Assessment Program tests, which were eliminated with the enactment of the federal No Child Left Behind Act. MSAs include multiple choice and written response items.

State Revenues: If the State is forced to eliminate its statewide system of assessment and accountability or is forced to eliminate statewide testing altogether, approximately \$284 million in federal funds provided under No Child Left Behind would be lost. The bill could be implemented without losing the federal funds, but it would require the State to develop brand new multiple choice tests each year that comply with strict federal standards.

State Expenditures: General fund expenditures could increase by an estimated \$25 million or more annually beginning in fiscal 2005 to develop new tests or purchase new test items that have not been copyrighted. Alternatively, the State could stop administering statewide tests. This could save the State an estimated \$11 million annually but would ensure the forfeit of approximately \$284 million in federal funds under No Child Left Behind.

Local Fiscal Effect: Local school systems could lose approximately \$284 million in federal aid under No Child Left Behind if the State is not able to concurrently meet the demands of this legislation and the federal legislation.

Local school systems would also incur costs associated with the development of local assessments. These costs, approximately \$11 million per year, are currently incurred at the State level, but would be considerably more at the local level.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Department of Legislative Services

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