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FISCAL IMPACT STATEMENT

LS 7004

BILL NUMBER: HB 1243

NOTE PREPARED: Jan 30, 2024

BILL AMENDED: Jan 30, 2024

SUBJECT: Various Education and Workforce Related Matters.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Changes in Education Law*: This bill makes various changes to the education law concerning the following:

- (1) Indiana diploma requirements and designations and satisfying certain course requirements by obtaining a diploma.
- (2) The criteria to receive a waiver from postsecondary readiness competency requirements.
- (3) The minimum number of alternate diplomas that may be counted in determining a school's or school corporation's graduation rate.
- (4) Use of the terms "statewide assessment program" and "statewide summative assessment".
- (5) The responsibilities of the state advisory council on the education of children with disabilities.
- (6) The criteria an individual must meet to participate in the Indiana high school equivalency diploma program.

The bill also requires the following:

- (1) The Department of Education (DOE) to send a notice to a school corporation that fails to meet the percentage of state tuition support that must be expended on teacher compensation.
- (2) A school corporation that receives a notice to meet certain requirements and post the notice and any relevant individual reports on the school corporation's website until the school corporation has met the expenditure requirements.
- (3) Each public high school to offer, after June 30, 2028, at least once each school year at least one computer science course as a separate subject in the public high school's curriculum.
- (4) The DOE, in revising and updating academic standards, to consider integrating computer science standards into a subject area being revised.
- (5) Beginning with the cohort of students who are expected to graduate from a public school or a

state accredited nonpublic school in 2029, a student to successfully complete instruction on computer science as a separate subject before the student may graduate.

(6) Each public school to participate in an annual statewide survey concerning school fees charged to students or parents to be eligible to receive a distribution from the curricular materials fund.

(7) The DOE to develop proposals to align diploma waiver statutes with new diploma requirements.

(8) Charter schools to post certain information.

It also provides that the State Board of Education may allow a computer science course to satisfy one or more diploma course requirements.

Department of Workforce Development (DWD): This bill requires employers to provide an employee's current standardized occupational classification code and starting compensation on the employee's withholding allowance certificate or an equivalent form.

Workforce Data: The bill requires certain state providers to deliver to the Management Performance Hub (MPH) a workforce related program submission. Sets out the information to be included in the workforce related program submission. It requires MPH to:

(1) Compile the workforce related program submissions into an annual data product; and

(2) Make the data product available to the Department of Workforce Development and the Governor's Workforce Cabinet.

Teacher Compensation: This bill removes provisions regarding the application and waiver of requirements concerning the percentage of state tuition support that must be used for teacher compensation. The bill also provides that the amount a school corporation expends on teacher compensation shall also include amounts the school corporation expends on certain dropout recovery education services and third party virtual providers. It also includes a school social worker and a school psychologist in the definition of "teacher" for purposes of requirements regarding the percentage of state tuition support required to be expended on teacher compensation.

Expired Statute: The bill removes provisions that have expired concerning high school graduation requirements and graduation waivers. It makes conforming changes regarding the removal of these provisions.

CHE: This bill removes language concerning the disqualification of certain students for state scholarships, grants, or assistance administered by the Commission for Higher Education (CHE) and provides that a student may not receive or use any state scholarships, grants, or assistance administered by CHE for certain noncredit-bearing, nondegree seeking courses.

Effective Date: July 1, 2024.

Explanation of State Expenditures: *Workforce Data:* Collecting data from state providers in a secure manner and compiling the data into a data product would increase workload and/or expenditures for the Management Performance Hub (MPH). The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

State agencies and state educational institutions (SEIs) who are state providers of workforce programs would

have increased workload and/or expenditures to collect and submit workforce data submissions to the MPH.

Department of Workforce Development (DWD): The bill adds information about SOC codes and starting compensation to the reporting requirements for employers in the Indiana new-hire directory. This will require changes to the forms collected from employers and to computer systems. Since 2017, DWD has contracted with the Stellarware Corporation to develop, administer, and maintain the Indiana new-hire directory. The current 12-month extension of the contract is for \$268,616 and goes through April 2024. Changing the data collected may require an amendment to the existing contract and may increase the cost of the contract. The costs of the new-hire directory are split evenly by DWD from federal funds and the Department of Child Services.

Indiana Diploma: Beginning with the 2029 graduation cohort, provisions in the bill establish the Indiana Diploma that will replace diplomas currently in use. The Indiana Diploma must include a requirement for students to successfully complete a computer science course to graduate. DOE is also required to develop certain proposals to align diploma waiver statutes with any new diploma requirements by November 1, 2026, and the department must also consider integrating computer science into certain academic standards. These provisions represent a workload increase for the State Board of Education and DOE to revise current graduation policies. The bill also represents a minor workload increase for CHE and SEIs who will provide input.

State Advisory Council on the Education of Children with Disabilities (State Advisory Council): The bill will reduce the workload for the state advisory council by no longer requiring the state advisory council to recommend whether completed comprehensive plans for special education students should be approved or rejected.

DOE: Provisions in the bill may have various impacts for DOE including:

- (1) Provisions in the bill removing a requirement for schools unable to meet minimum teacher compensation thresholds to apply for a waiver from DOE will reduce the agency's workload; and
- (2) A requirement for DOE to conduct a survey regarding the fees public schools charge to students represents a minor workload increase.

CHE: The bill prohibits students pursuing noncredit-bearing, nondegree seeking courses from receiving scholarships, grants, or assistance money from CHE. To the extent that this reduces the amount of scholarships awarded by CHE, this provision represents an expenditure decrease.

Additional Information – Workforce Data: State providers, as defined in IC 22-4.1-1-5.5, refers to state agencies, SEIs, public schools, and bodies corporate and politic created by statute.

Indiana Diploma: The 2029 graduation cohort consists of Indiana high school students who enter grade 9 beginning with the 2025-2026 school year. These students are expected to graduate at the end of the 2028-2029 school year.

Explanation of State Revenues: *Eligible Testing Center:* Students attempting the high school equivalency (HSE) exam may be required to pay a testing fee of up to \$120 and may pay \$10 for optional tests or readiness assessments. Beginning in FY 2025, provisions in this bill could increase the number of tests taken at eligible testing centers. SEIs that are considered eligible testing centers will experience a revenue increase to the extent that they administer additional HSE exams.

Explanation of Local Expenditures: *Indiana Diploma:* Provisions in the bill may cause a short-term workload increase for public schools. They will need to adhere to new graduating requirements for their 2029 graduating cohort. Public schools may also need to adjust the amount of time spent on other areas of instruction and making changes to curricula to be compliant with the bill's provisions requiring public high schools to offer at least one computer science course per year by FY 2029. Schools that do not currently offer a computer science course or that do not currently have the capacity to offer a computer science course to an entire graduation cohort may also increase expenditures related to hiring additional instructors or purchasing computers and programming licenses. Schools who hire additional instructors are estimated to increase salary and fringe benefit expenditures by about \$72,000 per teacher. [This does not account for health insurance costs.]

If existing staffing and resources are insufficient to implement the requirements of this bill, additional funds and resources could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on state and local action.

(Revised) *Public Schools:* Public schools may have increased workload [and/or] expenditures to:

- (1) Collect and submit workforce program data; and
- (2) Complete and submit to DOE a survey regarding the fees they charge to students.

Charter schools may also experience a workload increase to post certain information onto their website if there is a familial or business relationship between the organizer, owner, or operator of a charter school and the owner of the charter school's building. School corporations that do not meet minimum teacher compensation requirements will no longer be required to apply for a waiver from DOE, which may partially offset any workload or expenditure increases.

Additional Information - From 2021 to 2023, 375 out of 450 public high schools taught a computer science course.

Explanation of Local Revenues: *Eligible Testing Center:* Public schools that are considered eligible testing centers will experience a revenue increase to the extent that they administer additional HSE exams. [See *Explanation of State Revenues* for more information.]

Survey of Student Fees: Public schools who do not complete and submit to DOE a survey regarding the fees they charge students would not be eligible to receive curricular material reimbursement. This represents a potential revenue decrease for impacted public schools. Dependent on DOE actions, these funds may shift to other public schools and accredited nonpublic schools who are eligible for reimbursement. [\$160 M was annually appropriated to the Curricular Material Reimbursement Fund for the FY 2024-FY2025 biennium in HEA 1001-2023.]

State Agencies Affected: Management Performance Hub; Department of Workforce Development; Governor's Workforce Cabinet; Department of Education; Commission for Higher Education; Family and Social Services Agency; State Board of Education; other agencies that are state providers of workforce programs; State educational institutions; State Advisory Council on the Education of Children with Disabilities.

Local Agencies Affected: Public schools.

Information Sources: DWD. Frequently Asked Questions on New Hire Reporting.

