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FISCAL IMPACT STATEMENT

LS 7004

BILL NUMBER: HB 1243

NOTE PREPARED: Mar 4, 2024

BILL AMENDED: Mar 4, 2024

SUBJECT: Various Education Matters.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR: Sen. Raatz

BILL STATUS: 2nd Reading - 2nd 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.

It also requires the following:

- (1) 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.
- (2) The Department of Education (DOE), in revising and updating academic standards, to consider integrating:
 - (A) Computer science;
 - (B) Data literacy and data science;standards into a subject area being revised.
- (3) 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.

- (4) 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.
- (5) The DOE to develop proposals to align diploma waiver statutes with new diploma requirements.
- (6) Charter schools to post certain information.

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

Teacher Compensation: The bill establishes notice and posting requirements regarding school corporations that fail to meet:

- (1) Certain expenditure requirements regarding full-time teacher salaries; or
- (2) The percentage of state tuition support that must be expended on teacher compensation.

The bill also removes provisions regarding the application and waiver of requirements concerning:

- (1) Certain expenditure requirements regarding full-time teacher salaries; and
- (2) The percentage of state tuition support that must be used for teacher compensation.

Expired Statute: This bill removes provisions that have expired concerning high school graduation requirements and graduation waivers.

CHE: The 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.

High School Equivalency Pilot Program: This bill amends the expiration date for the High School Equivalency Pilot Program to June 30, 2026. (The current expiration date is June 30, 2024.)

Email: The bill allows school corporations to provide certain notices regarding expulsion meetings by electronic mail.

Personal Financial Responsibility: This bill provides each school corporation, charter school, and state accredited nonpublic school shall include in its curriculum for students enrolled in grade 8, 9, 10, 11, or 12 (instead of all high school students) instruction concerning personal financial responsibility.

Solar Eclipse: The bill provides that the DOE may authorize school corporations or charter schools to cancel school on April 8, 2024, or use the day as a virtual student instructional day for the observance of the solar eclipse occurring on that date.

Effective Date: Upon passage; June 29, 2024; July 1, 2024.

Explanation of State Expenditures: (Revised) *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, data literacy, and data 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.

High School Equivalency Pilot Program: The High School Equivalency (HSE) Pilot Program is currently set to expire at the end of FY 2024. This bill extends the HSE Pilot Program for an additional two years. This represents a minor workload increase for DWD related to administrative oversight of the program and to facilitate annual reporting requirements.

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.

(Revised) 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 or funding floor 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 – 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: (Revised) The following provisions may increase the workload and/or expenditures of public schools dependent on state and local action:

- (1) A requirement to adhere to new graduating requirements;
- (2) A requirement for public schools to complete and submit to DOE a survey regarding the fees they charge to students;
- (3) A two year extension for the HSE Pilot Program;
- (4) A requirement for charter schools to post onto their website if there is a relationship between the owner of the charter school building and the charter school's organizer, owner, or operator.

Other provisions in the bill may partially offset workload or expenditure increases for school corporations including:

- (1) School corporations are no longer required to apply for a waiver from DOE if they do not meet minimum teacher compensation or funding floor requirements;
- (2) School corporations may inform students and parents of their right to attend an expulsion meeting through email in certain situations; and

(3) If authorized by DOE, public schools may elect to cancel school on April 8, 2024, or to use the day as a virtual instructional day, for the observation of the solar eclipse. The school would not be penalized if the school elects to cancel or convert the day into a virtual instructional day.

Additional Information - Graduation Requirements: Current statute requires high school students beginning with the 2028 graduation cohort to receive instruction in personal financial responsibility. This bill allows students to fulfill this graduation requirement if they receive instruction in personal financial responsibility in the 8th grade. To the extent this occurs, public schools may have a short-term workload increase to shift when and how this curriculum is taught.

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 new graduating requirements for the 2029 graduating cohort, including a requirement 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.] From 2021 to 2023, 375 out of 450 public high schools taught a computer science course.

HSE Pilot Program: The HSE Pilot Program is extended through FY 2026. Under the program, participating school corporations fund all costs associated with the pilot program out of state tuition support for the students in the program and other sources of revenue outlined in the bill such as any gifts, donations, bequests, federal and private grants, and other funds. Annual costs for the school corporations currently participating in the program ranged from \$410 to \$2,250 per student in FY 2021 and FY 2022. This program is limited to Richmond Community Schools, MSD Washington Township Schools, and MSD Warren Township Schools. Participating school corporations are required to submit a report regarding the program to the General Assembly no later than July 1 of each year.

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: Department of Workforce Development; Department of Education; Commission for Higher Education; State Board of Education; State educational institutions; State Advisory Council on the Education of Children with Disabilities.

Local Agencies Affected: Public schools.

Information Sources: Department of Education; LSA Education Database.

State Budget Agency, <https://www.in.gov/sba/files/Operating-Budget-Instructions-FY24-and-FY25.pdf>

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