



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #1224

High School Graduation Test (DPI)

[LFB Summary of the Governor's Budget Reform Bill: Page 73, #5]

CURRENT LAW

Under current law, by September 1, 2002, school boards operating high schools must adopt a written policy for granting a high school diploma. The criteria must include: (a) the pupil's score on a high school graduation test (HSGT) adopted by the board; (b) the pupil's academic performance; and (c) the recommendations of teachers. These criteria are in addition to credit requirements.

A school board must adopt a high school graduation exam that measures whether pupils meet pupil academic standards adopted by the board. If the board adopts the statewide standards in mathematics, science, social studies and English language arts as issued and adopted under Executive Order 326, the board could adopt the HSGT developed by DPI. If a school board develops and adopts its own high school graduation exam, it is required to notify DPI.

Beginning in 2003-04, a high school diploma cannot be granted to any pupil unless the pupil has satisfied the school board's written criteria. The test may be administered only in grades 11 and 12, and must be offered twice each year. In addition, a board must excuse a pupil from the exam upon the request of a parent or guardian.

These provisions apply to charter schools operating high schools as well.

Under the provisions of 1999 Act 9 (the 1999-01 budget act), 2.0 permanent positions beginning in 1999-00 and 4.0 two-year project positions beginning January 1, 2000, were provided specifically for DPI's development and administration of the HSGT. The project positions were scheduled to expire at the end of December 2001.

Under 2001 Act 16, base funding of \$2.5 million annually was provided to DPI to finish development and to implement the exam beginning in school year 2002-03, including funding for the 4.0 project positions for two more years.

GOVERNOR

Delay by two years, until 2004-05, the current law requirement that beginning in 2002-03, a school board or charter school operating high school grades must administer a high school graduation test. Also delay by two years, until September 1, 2004, the current law requirement that by September 1, 2002, a school board or charter school that operates a high school must adopt a written policy specifying criteria for granting a high school diploma, which must include a pupil's score on a graduation test. Delay by two years, until September 1, 2005, the current law requirement that beginning September 1, 2003, a high school diploma cannot be granted to any pupil unless the pupil has satisfied the school board's or charter school's criteria.

DISCUSSION POINTS

1. Under 1997 Act 27, DPI was required to design a state high school graduation test that local school districts could use if they adopted the model academic standards of Executive Order 326. Act 27 provided that, starting September 1, 2002, a pupil would be required to pass either the state HSGT or an alternative test adopted by the school board to be granted a high school diploma. Act 9 changed the HSGT law to make a passing score on the test one criterion for graduation, rather than a requirement. Act 9 also specified that the test could be administered only in grades 11 and 12, and must be offered at least twice each year. Further, Act 9 provided that, starting September 1, 2003, a pupil would be required to satisfy a school board's or charter school's criteria for graduation in order to receive a diploma. Finally, Act 9 applied the requirements to charter schools.

2. As part of its 2001-03 agency budget request, the Department requested \$4,623,800 GPR in 2001-02 and \$4,651,800 GPR in 2002-03 above the base level of \$2,500,000 GPR, as well as the extension of the 4.0 project positions for another two years. The Governor's 2001-03 budget recommendation provided \$4,599,800 GPR in 2001-02 and \$4,651,700 GPR in 2002-03, including funding for the 4.0 project positions. DPI requested \$24,000 GPR in each year for the estimated cost of administering the HSGT to MPCP pupils. The Governor included this funding only in 2002-03.

3. During its 2001-03 budget deliberations, the Committee deleted the Governor's increase in funding for the HSGT, but retained base funding for the exam and left the statutory requirements related to the HSGT unchanged. Subsequently, the Legislature delayed the requirements by two years, but the Governor vetoed the two-year delays and restored the current law requirements. In his veto message, the Governor stated that it was not possible to restore the funding originally included in his budget request through veto, but indicated that federal funding could become available for pupil assessment costs, allowing DPI to reallocate existing state support for testing in the elementary grades to the HSGT. The Governor also stated that if federal funding

were not forthcoming, then he would propose separate legislation to address implementation of the HSGT.

4. Proponents of the HSGT have contended that in order for Wisconsin to remain competitive in the 21st century, Wisconsin high school graduates must be able to demonstrate their knowledge and skills based on high standards across core academic subjects. A high school graduation test would establish that a Wisconsin high school diploma would ensure a high quality graduate that is prepared for higher education, a competitive job market or community service. The Wisconsin HSGT has been designed to be a reliable, valid assessment, aligned with state academic standards and meeting other legal criteria for "high stakes" exams.

5. In addition, accountability measures in the form of pupil assessments aligned with academic standards continue to gain popularity as educational reforms in response to reports in recent years that the academic performance of U.S. pupils has fallen behind that of other countries, as well as evidence of gaps in performance between whites and minorities and economically advantaged and disadvantaged pupils. Under the reauthorization of the Elementary and Secondary Education Act (ESEA), signed into law by President Bush on January 8, 2002, beginning in 2005-06 states must implement state standards-based annual reading and mathematics tests in grades three through eight. According to *Education Week*, the number of states that administer student assessments that are explicitly aligned with state standards in at least one subject climbed from 35 in 1997-98 to 41 in 2000. According to the National Conference of State Legislatures, twenty-eight states have in place or are considering high school exit exams.

6. Opponents of a high stakes high school examination requirement argue that such an exam would provide little specific information about the skills or knowledge of a high school graduate in Wisconsin. Further, they contend that a high stakes examination may encourage marginal pupils to drop out of high school, rather than fail an examination and be denied a high school diploma. Partly in response to such concerns, Act 9 changed the high stakes nature of the HSGT, so that the exam is now only one criterion for graduation and parents may choose to opt out their children. Based on these provisions, one could call into question the exam's value as an accurate indicator of aggregate student performance or for any individual pupil.

7. Development of the HSGT was completed this winter; therefore, no savings for development costs can be realized at this time. DPI is currently finalizing the copyright process with CTB/McGraw-Hill, the testing vendor, so that the state will retain exclusive rights to the test. A standards-setting administration of the HSGT was scheduled for April 8-11, 2002, to be given to this year's sophomore class, the first cohort of students to be affected by the test under current law. However, DPI cancelled that administration upon the public release of the details of the Governor's budget reform bill that would delay the requirements by two years. By canceling this preliminary administration and delaying the exam for two years, substantial cost savings can be realized in this biennium in areas such as printing, distributing and scoring the exams.

8. Because the state will own the copyright for the HSGT, it would be possible to set aside the instrument that has been developed and implement the test in two years, when full funding

might be more feasible. DOA budget staff indicate that base funding and 6.0 positions were not removed so that work could continue on preparation for administration of the exam in two years. DOA staff remain hopeful that federal assessment funds could be used to fund current state assessments under the new ESEA, and that GPR within the pupil assessment appropriation could then be redirected to partially offset the cost of implementing the HSGT. It is not clear at this time whether it will be possible to use federal assessment funds in this manner.

9. To date, DPI has expended \$1.12 million for HSGT development costs from the pupil assessment appropriation for 2001-02. It is possible that additional billing statements from CTB/McGraw-Hill will be forthcoming, and there may be costs associated with currently required changes to the 10th grade test. If the Committee would approve the Governor's recommendation to delay the HSGT for two years, then the Committee could remove the remainder of the HSGT base funding. After consideration of the above factors and the \$87,500 in 2001-02 and \$125,000 in 2002-03 already deleted in the bill from this \$2.5 million of base level funding, an estimated \$0.9 million in 2001-02 and \$2.375 million in 2002-03 would be available to be removed. Since test development is complete at this point, DPI will not incur additional costs related to the HSGT until test administration. Under the proposed law change, test administration would be delayed until 2004-05, with a standard-setting administration likely given in 2003-04. In that case, funding for the HSGT could be addressed as part of the 2003-05 state budget process. The Committee could leave in place position authorization under the pupil assessment appropriation so that if funding for the positions can be identified, then these positions would remain available to work on the HSGT or on the new federal assessments.

10. On the other hand, the Committee could consider retaining current law, providing additional GPR and requiring DPI to move forward with implementation of the HSGT as scheduled. Some argue that the expenditure to date of over \$6.7 million GPR by the state to complete the development of the test, in addition to the significant investments for curricular overhauls made by school districts statewide in anticipation of the test, warrants implementation of the HSGT as planned. It is estimated that an additional \$7.1 million GPR in 2002-03 would be necessary to fully fund the HSGT. No additional funding would be necessary in 2001-02, because, due to the relatively short timeframe, it would not be possible to reinstate the April standard-setting administration as originally scheduled.

11. Finally, the Committee could consider eliminating the HSGT entirely. Given the state's limited resources, some argue that implementation of the exam would not be a prudent investment of state funds. Additionally, given the impending federal requirement of annual elementary and middle school assessments, an additional exam so late in the educational process, which is also significantly more expensive to administer than the current 10th grade exam, could be viewed as superfluous. Delaying the HSGT would require school districts to continue to invest in preparation for the exam. As a result, it may be desirable to eliminate the HSGT. Under this alternative, the Committee could eliminate the HSGT requirements and remove base level funding for the HSGT, but allow the position authorization to remain in place so that if funding for the positions can be identified, then work on the new federal assessments can begin.

ALTERNATIVES TO BILL

1. Approve the Governor’s recommendation to delay by two years the statutory requirements related to the high school graduation test and retain base level funding.

2. Approve the Governor’s recommendation to delay by two years the statutory requirements related to the high school graduation test. Delete \$900,000 GPR in 2001-02 and \$2,375,000 GPR in 2002-03 from the assessments appropriation.

Alternative 2	GPR
2001-03 FUNDING	- \$3,275,000

3. Maintain current law. Provide \$7,100,000 GPR in 2002-03 in the assessments appropriation to fully fund implementation of the high school graduation test.

Alternative 3	GPR
2001-03 FUNDING	\$7,100,000

4. Eliminate the high school graduation test. Delete \$900,000 GPR in 2001-02 and \$2,375,000 GPR in 2002-03 from the assessments appropriation.

Alternative 4	GPR
2001-03 FUNDING	- \$3,275,000

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