



Legislative Fiscal Bureau

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May 3, 2007

Joint Committee on Finance

Paper #660

Knowledge and Concepts Exam (DPI -- Administrative and Other Funding)

Bill Agency

[LFB 2007-09 Budget Summary: Page 475, #5]

CURRENT LAW

State law requires that the Wisconsin knowledge and concepts exam (WKCE) be administered in the 4th, 8th, and 10th grades in all public and charter schools in the state, to evaluate the level of proficiency attained by pupils in the areas of mathematics, science, social studies, reading, and language arts/writing. State law also requires a 3rd grade reading assessment, which is also tested with the WKCE.

Beginning in 2005-06, federal law under the reauthorized Elementary and Secondary Education Act, also known as No Child Left Behind, requires states to administer exams in reading and mathematics in 3rd through 8th grades, and once in high school. Beginning in 2007-08, federal law will also require states to assess science proficiency once each in the elementary, middle, and high school grades. These requirements are likewise met by the WKCE.

GOVERNOR

Provide \$1,400,000 GPR annually above base level funding of \$3,110,700 for pupil assessment to continue to contract for, and administer, the components of the WKCE required by state law.

DISCUSSION POINTS

1. Beginning in 2005-06, the WKCE has been administered to approximately 500,000 pupils annually, in order to comply with assessment requirements of No Child Left Behind (NCLB). NCLB requires that states select and design their own assessments, but the tests must be aligned with the state's academic standards. The Department of Public Instruction (DPI) entered a 10-year contract with testing vendor CTB/McGraw-Hill after the passage of NCLB. During the first two years of the contract, CTB and DPI worked to develop and customize a criterion-referenced test that would align with state model academic standards for grades three through eight and 10, as required under NCLB. Beginning in 2005-06, the contract covers printing, scoring, and reporting the exams, as well as continuing development of test questions.

2. When DPI accepted its contract bid, CTB estimated its charges would be approximately \$7.6 million annually to administer the new exams. In 2005-06, CTB revised its earlier estimate to \$15 million annually. There were several changes during development of the exams, resulting in higher costs than had been anticipated in the original bid. DPI negotiated an agreement that reduced the charges to \$10 million in 2005-06, and to \$8 million in 2006-07. DPI has also sought to economize by decreasing the number of expensive hand-scored test items and reducing production costs. Negotiations are ongoing to determine the contract payment amount for 2007-08, although DPI's goal is to cap payments at \$8 million annually for the remaining years of the contract.

3. In addition to the WKCE contract, DPI is also responsible for determining adequate yearly progress for each district and school, reporting summaries of that data and making it available to the public, and supporting the individual student enrollment tracking system, which are all required by NCLB. DPI must develop translations and other materials for students taking the WKCE who have limited English proficiency. NCLB likewise requires that DPI develop and administer an alternate assessment for severely disabled pupils, beginning in 2007-08.

4. DPI expended a total of \$12,144,300 in 2005-06 for pupil assessment activities, including \$3,110,700 GPR to partially fund the contract with CTB, and an additional \$223,300 GPR reallocated from the agency's general program operations appropriation. The remaining contract costs, salary, fringe, supplies, and services were funded with \$7,523,700 FED provided under NCLB for state assessment programs. Federal funding has declined to \$6,873,800 for 2006-07. Due to the lower contract payment amount, total pupil assessment expenditures are an estimated \$10.0 million for 2006-07.

5. In developing its 2007-09 agency budget request, the Department requested that CTB provide an estimate of costs for the state-mandated portions of the WKCE. CTB estimated at that time that these costs would total \$4.5 million annually, although CTB did not provide documentation of their estimate. The annual state appropriation for pupil assessment is \$3,110,700 GPR. Therefore, DPI requested an increase of \$1,400,000 GPR annually for the 2007-09 biennial state budget, to provide sufficient GPR to fund the state-mandated test portions.

6. In April, 2007, CTB was asked to provide documentation of its earlier cost estimates. This information is provided in the table below, including services and materials costs to DPI for the WKCE content areas and grade levels required by state statute, as well as overall totals.

2006-07 Contract Costs to DPI for WKCE

	Costs for Tests Required <u>by State Law</u>	Total Cost for All <u>Grades Tested</u>
Mathematics	\$1,092,800	\$2,550,000
Reading	1,628,600	2,850,000
Science	975,000	975,000
Social Studies	975,000	975,000
Language Arts/Writing	<u>650,000</u>	<u>650,000</u>
Totals	\$5,321,400	\$8,000,000

7. According to CTB, these revised figures are a more accurate reflection of the costs related to the state-mandated tests for grades 3, 4, 8 and 10. Using these estimates, it appears that the proposed \$1.4 million increase in the assessment appropriation would be needed in order to fund the state portion of the knowledge and concepts exams. If the proposed increase would be denied, it does not appear that the Department would have sufficient resources to test all subjects required by state law.

8. Given the fluctuation in cost information provided by CTB, and the ongoing contract negotiations between DPI and CTB for 2007-08, it might be desirable to gather more information before providing this funding to DPI. The Committee could consider transferring the increase for pupil assessments to the Committee's appropriation. Upon receipt of documentation from CTB of itemized costs for the state's testing program in each year of the biennium, DPI could submit that information to the Committee and request release of the funds. This option would allow time for negotiations to be resolved and would provide the Committee with more information on which to base its decision.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$1,400,000 annually above base level funding of \$3,110,700 for pupil assessments to continue to contract for the Wisconsin knowledge and concepts exams.

ALT 1	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$2,800,000

2. Modify the Governor's recommendation to transfer \$1,400,000 annually to the Committee's appropriation. Under this alternative, DPI could request the release of these funds under s. 13.10 of the statutes following the resolution of contract negotiations with CTB/McGraw-Hill.

ALT 2	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$2,800,000

3. Delete provision.

ALT 3	Change to Bill Funding	Change to Base Funding
GPR	-\$2,800,000	\$0

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