

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0952-01  
Bill No.: HB 405  
Subject: Elementary and Secondary Education Department; Education, Elementary and Secondary; Education, Higher  
Type: Original  
Date: February 6, 2015

---

Bill Summary: This proposal modifies provisions relating to high school equivalency examinations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$412,290)	(\$84,519)	(\$86,632)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$412,290)</b>	<b>(\$84,519)</b>	<b>(\$86,632)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials at the **Department of Elementary and Secondary Education (DESE)** assume implementing these changes would require a complete re-write of the High School Equivalency (HSE) system including design, development and implementation of new components for processing a new test in the system. In addition, a component to capture requests and tracking for lower test costs. There are zero requirements known as to how that will impact the system or current functionality. ITSD-DESE resources are not available. Additional ITSD-DESE resources would be needed to oversight and manage a project of this size. The implementation date to have the system functioning is January 1. Implementing a re-write with additional functionality in that time frame is a risk due to no known requirements.

IT Consultants	Rate	Hours	FY 2016	FY 2017	FY 2018
Requirements Gathering	\$75	650	\$48,750	\$0	\$0
Analysis	\$75	325	\$24,375	\$0	\$0
Design	\$75	650	\$48,750	\$0	\$0
Development	\$75	2,100	\$157,500	\$0	\$0
Test	\$75	1,300	\$97,500	\$0	\$0
Implementation	\$75	65	\$4,875	\$0	\$0
Project Management	\$75	407.20	\$30,540	\$0	\$0
On-going support	\$75			\$84,519	\$86,632
<b>TOTAL</b>			<b>\$412,290</b>	<b>\$84,519</b>	<b>\$86,632</b>

**DESE** assumptions and methodologies to determine fiscal impact were based off previous system re-writes of similar capacity.

**DESE** assumes this proposal allows DESE to create rules regarding the waiver of testing fees. DESE assumes creation of the rules would have no fiscal impact on DESE. Currently the fees go to the vendors who administer the tests to help recoup the cost of test administration. DESE assumes this would not fiscally impact the state.

ASSUMPTION (continued)

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Costs - DESE - computer upgrades</u>	<u>(\$412,290)</u>	<u>(\$84,519)</u>	<u>(\$86,632)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$412,290)</u></b>	<b><u>(\$84,519)</u></b>	<b><u>(\$86,632)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

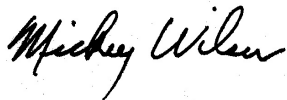
FISCAL DESCRIPTION

This legislation modifies provisions relating to high school equivalency examinations.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Joint Committee on Administrative Rules  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
February 6, 2015

Ross Strobe  
Assistant Director  
February 6, 2015