



# Oregon Department of Education

John A. Kitzhaber, MD, Governor

REPLACEMENT LETTER  
(submitted 2/12/14)

Office of the  
Deputy Superintendent  
255 Capitol Street St NE  
Salem, OR 97301  
Phone: 503-947-5600  
Fax: 503-378-5156

January 24, 2014

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Peter Buckley, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

**Nature of the Request:**

Senate Bill 5518 (2013) included \$16 million in the Oregon Department of Education's (ODE's) 2013-15 Legislatively Adopted Budget (LAB) for the state and federally required statewide student assessment system. However, as ODE shared with the 2013 Legislative Assembly, this amount was not sufficient to cover an expected increase in costs due to the new Smarter Balanced student assessment system the State plans to use to measure student progress against the Common Core State Standards adopted by Oregon. During the 2013 session, ODE anticipated costs would increase in 2014-15 by as much as \$4.9 million for a total of \$20.9 million for the 2013-15 biennium.

As a result, in House Bill 5008 (2013), the 2013 Legislative Assembly created a special purpose appropriation of \$4.6 million for ODE to cover all but \$300,000 of the estimated additional costs. The Legislature directed ODE, when making the request for the special purpose appropriation, to "...report on what assessments it plans to implement and on the most current estimates of the costs for each component of the assessment[s] when making the request for this special purpose appropriation."

ODE is submitting information on what assessments it plans to implement and the most current estimates of the costs for each component of the assessments. In summary, ODE has found cost reductions of \$500,000, bringing the current estimates to \$20.4 million. This closes not only the \$300,000 gap in funding noted above; it also means ODE will not be requesting \$200,000 of the \$4.6 million special purpose appropriation.

ODE respectfully requests the Joint Committee on Ways and Means acknowledge receipt of this report and allocate \$4.4 million General Fund from the special purpose appropriation established by the 2013 Legislative Assembly for costs related to Oregon's statewide student assessment system.

**Agency Action:**

Since the conclusion of the 2013 legislative session, ODE has refined and clarified the costs for the new statewide assessment system. This includes consulting with other states and education organizations to ensure the costs we are incurring are comparable. The table below presents an update of the costs presented during the 2013 legislative session.

The column labeled “2013-15 Estimates - Current” represents the latest information the ODE has obtained for these costs, while the last column of the table represents the difference from the 2013 session estimate.

Description	2013-15 Estimates – 2013 Session	2013-15 Estimates - Current	Difference – Savings/ (Deficit)
2013-14 OAKS Summative Assessment Administration – AIR	\$4.9m	\$4.5m	\$0.4m
2014-15 OAKS and Smarter Balanced Assessment Consortium (SBAC) Summative Assessment Administration – AIR	\$8.4m	\$8.4m	\$0
Writing Scoring - Summative	\$0.5m	\$0.5m	\$0
SBAC Membership Fees (\$6.20*280k) – Summative Assessments*	\$2.0m	\$1.7m	\$0.3m
SBAC Membership Fees – Formative and Interim Assessments*	\$1.1m	\$0m	\$1.1m
Vendor Test Hosting Costs – Formative and Interim Assessments	\$0.4m	\$0m	\$0.4m
District Pass-through – Formative and Interim	\$0	\$1.3m	(\$1.3m)
Other ODE Costs – (Staffing, Kindergarten Assessment, QA Vendor)	\$3.6m	\$4.0m	(\$0.4m)
<b>Total</b>	<b>\$20.9m</b>	<b>\$20.4m</b>	<b>\$0.5m</b>

\* The SBAC estimates were based on information states received from the Smarter Balanced Assessment Consortium. SBAC membership fees include but are not limited to the development and management of quality items, test blueprint, scale, research studies and membership support.

ODE is currently in negotiations with the successful bidder on the Request for Proposal (RFP) related to a new assessment contract and expects to finalize the contract soon. With an allocation of \$4.4 million, ODE’s resources for the assessment system will equal the current estimated costs of \$20.4 million (\$4.4 million plus \$16 million included in ODE’s 2013-15 LAB).

Although ODE does not expect the 2014-15 estimated costs to change materially, some of the costs shown in the table above are still estimates and could increase. Therefore, ODE is committed to considering and investigating the following steps:

- negotiating with the Smarter Balanced Assessment Consortium to determine if there is any room to negotiate lower membership fees and reduce costs, assuming current ODE staff could fulfill some of the services;
- continuing to consult with other states and education organizations to ensure the costs we are incurring are comparable; and
- entering into a cooperative agreement with another state(s) to benefit from economies of scale.

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Peter Buckley, Co-Chair  
January 24, 2014  
Page 3

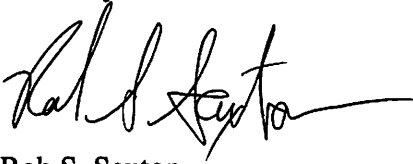
**Action Requested:**

The Oregon Department of Education (ODE) respectfully requests the Joint Committee on Ways and Means acknowledge receipt of this report and allocate \$4.4 million General Fund from the special purpose appropriation established by the 2013 Legislative Assembly for costs related to Oregon's statewide student assessment system.

**Legislation Affected:**

Chapter 635, Section 1(1), Oregon Laws 2013 and Chapter 723, Section 20(1), Oregon Laws 2013

Sincerely,

A handwritten signature in black ink, appearing to read "Rob S. Saxton", with a long horizontal flourish extending to the right.

Rob S. Saxton  
Deputy Superintendent of Public Instruction

Cc:

Tomas Flores, ODE  
Doug Kosty, ODE  
Sue MacGlashan, ODE  
Lisa Pearson, Department of Administrative Services – Chief Financial Office  
Sarah Pope, ODE  
Doug Wilson, Legislative Fiscal Office