



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 216 (Substitute S-4 as passed by the Senate)
Sponsor: Senator Dave Robertson
Committee: Education

Date Completed: 2-23-16

RATIONALE

The State School Aid Act allocates money from certain appropriations for adult education programs. The funding is available to individuals who enroll in an adult education program listed in the Act. The list of eligible programs includes a General Education Development (GED) test preparation program. The GED test is a set of four subject tests that assess proficiency in high school science, mathematics, social studies, and language arts (reading and writing). An individual who passes the GED test is awarded a certificate that confirms that he or she has high school-level academic skills. For an individual who did not complete high school, the GED certificate serves as an alternative to a high school diploma for employment or subsequent educational opportunities.

In 2014, the GED test was modified in order to measure career- and college-readiness skills, in addition to allowing an individual to earn a high school credential. Apparently, these changes to the GED curriculum have resulted in a reduction in passage rates among test-takers. Some states have reportedly switched to alternative high school equivalency tests, such as the High School Equivalency Test (HiSET) or the Test Assessing Secondary Completion (TASC). Some claim that the School Aid Act should allow Michigan to adopt a test (or tests) that would improve the provision of adult education and high school equivalency opportunities. Accordingly, it has been suggested that the references to the General Education Development tests and certificate should be removed.

CONTENT

The bill would amend the State School Aid Act to do the following:

- Replace references to the General Educational Development (GED) test and certificate with references to the high school equivalency test and certificate.**
- Require the Department of Talent and Economic Development to approve at least one high school equivalency test and determine whether a high school equivalency certificate met State standards.**

Where the Act refers to GED, the bill would refer to high school equivalency. "High school equivalency certificate" would mean a certificate granted for the successful completion of a high school equivalency test. "High school equivalency test" would mean a high school equivalency test approved by the Department under Section 107. (Section 107 allocates an amount not to exceed \$25.0 million from public schools and education appropriations for authorized adult education programs, including a GED test preparation program.)

Also, the bill would require the Department to approve at least one high school equivalency test and determine whether a high school equivalency certificate met the requisite standards for high school equivalency in this State.

The bill would take effect 90 days after its enactment.

MCL 388.1604 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill would give Michigan the flexibility to choose an alternative high school equivalency test. The GED test has been administered by the American Council on Education since the 1940s. Several years ago, a company named Pearson partnered with the Council to develop an updated version of the test, which was launched in 2014. According to GED Testing Centers, the updates were in response to test-takers' poor performance in subsequent academic studies. Specifically, 70% of GED test-takers indicated a desire to continue their education, but less than 12% earned additional certifications or degrees.

The new GED test is based on Common Core standards and has been developed to test preparation for skilled jobs or higher education. According to the Capital Area Literacy Coalition, however, failure rates for students taking the new GED test have increased significantly. On February 22, 2016, the Talent Investment Agency, in the Department of Talent and Economic Development, announced that Michigan will join 32 other states in adopting changes to GED test scoring, based on recommendations from GED Testing Services. The update, which will be retroactive to January 1, 2014, will grant passing scores to approximately 700 Michigan test-takers.

While this change may improve the overall passage rate to an extent, the new GED still tests for college or skilled job readiness, and many people interested in taking the GED test are concerned only with obtaining the high school equivalency certificate. Under the bill, at least one test, but perhaps more, could be approved so an adult education participant could take a test that accommodated his or her particular objective.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have a fiscal impact on the State and on local units (schools) that currently help pay the cost of a student's General Educational Development test, if a different test/program were chosen and had a different cost structure than the GED. According to the Department of Talent and Economic Development, GED Testing Service charges test-takers \$37.50 per test (that is, per component of the test, as discussed below). Of this amount, GED Testing Service pays the State \$7.50 per test, generating roughly \$150,000 per year that the State uses for oversight and general administration. If a test/program other than the GED were chosen as the bill would allow, the fiscal impact on the State would depend upon whether the other provider paid the State more, less, or the same as the current \$7.50 per test and upon the associated State costs for administration and oversight of the new test.

School districts or other local providers of adult education sometimes use some of their State adult education funding to pay the GED costs as an incentive to keep participants in the program, and to remove barriers for those who cannot afford the test. Local providers can pay the entire GED cost or a portion of it, or require the participant to pay the entire cost of the GED test. Therefore, the fiscal impact on local units of government that currently pay at least a portion of the GED test costs would depend on whether a different vendor were chosen, and how the program costs compared to those of the GED.

The entire GED test has four components; at a cost of \$37.50 each, the test costs \$150, which includes \$40 paid to the testing center(s) and \$30 paid to the State. Retakes for the GED cost \$10. According to the Workforce Development Agency, the High School Equivalency Test (HiSET) costs \$50 for the complete test series (five tests) and includes two retakes per test. The HiSET costs up to \$75 if tests are taken individually and not bundled, with retake costs of \$15. The Test Assessing Secondary Completion (TASC) costs \$52 for the test series. (No information is readily available on the cost or provision of TASC retakes.) It is unknown how much would be charged and remitted to the State for oversight of the HiSET or TASC, or how much would be charged for testing centers,

as those costs (if any) do not appear to be reflected in the prices shown here, although it is likely that the State could include those provisions in a request for proposal during a competitive bidding process. Therefore, any fiscal impact from this bill would depend upon whether a vendor other than GED Testing Service were chosen, and upon the terms of the agreement with a different vendor.

Fiscal Analyst: Kathryn Summers

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.