

# California Department of Education

## Report to the Legislature and the Legislative Analyst's Office:

### Waiving of Testing Fees for Homeless Youths and Foster Youths Taking the Fee-based High School Proficiency and High School Equivalency Tests



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**Description:** Waiving of testing fees for homeless youths and foster youths taking the fee-based high school proficiency and high school equivalency tests

**Authority:** California *Education Code* sections 48412(f) and 51421.5(e)

**Recipient:** The Legislature, the Legislative Analyst's Office, and the appropriate policy and fiscal committees

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# Executive Summary

This report, *California Department of Education Report to the Governor, the Legislature, and the Legislative Analyst's Office: Waiving of Testing Fees for Homeless Youths and Foster Youths Taking the Fee-Based High School Proficiency and High School Equivalency Tests*, is required by California Education Code (EC) sections 48412(f) and 51421.5(e), which stipulate that the California Department of Education (CDE), on or before December 1, 2018, is to report to the appropriate policy and fiscal committees of the Legislature information related to the waiving of fees for homeless youths and foster youths taking the fee-based high school proficiency and high school equivalency tests, respectively. This report combines the required information per the two EC sections cited above, into a single report.

This report provides information regarding the following:

1. The number of homeless youths or foster youths who took a high school proficiency or equivalency test in each of the 2016, 2017, and 2018 calendar years
2. The impact of the opportunity to take a high school proficiency or equivalency test at no cost on the number and percentage of homeless youths and foster youths taking a high school proficiency or equivalency test
3. The estimated number of homeless youths and foster youths who may take a high school proficiency or equivalency test in future years
4. The CDE recommendations for a permanent funding source to cover the cost of the waived fees
5. The annual and projected reimbursements to the testing contractors for waived fees
6. The annual and projected administrative costs to the CDE to implement the fee waivers

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This report is available on the CDE High School Equivalency Test(s) web page at <https://www.cde.ca.gov/ta/tg/gd/>.

# Introduction

Senate Bill 252 (Leno), effective January 2016, prohibits the CDE, testing contractors, and testing centers from charging a testing fee to homeless youths who are under twenty-five years of age and can verify their status as a homeless youth who is taking a fee-based high school proficiency or high school equivalency (HSE) test. Assembly Bill 2656 (O'Donnell), effective January 2017, prohibits the CDE, testing contractors, and testing centers from charging a fee to foster youths who can provide documentation of their status from the county or state agency that serves them, who is taking a fee-based high school proficiency or HSE test. State law further provides that no additional state funds shall be appropriated for the purpose of implementing the homeless youth and foster youth fee waivers for the state HSE or proficiency tests. The law, however, acknowledges the need for a permanent funding source to cover the costs of the waived fees and requests that the CDE provide recommendations in this report. This report provides information related to the waiving of testing fees for foster youths and homeless youths taking the fee-based HSE and high school proficiency tests, respectively.

# Background

California's HSE test and high school proficiency test programs both provide paths to earn a certificate that is equivalent to a high school diploma. However, the two program structures vary in terms of test taker eligibility, tests used, subjects tested, fee authority structure, waiver reimbursement authority, and so forth. The HSE program currently uses three separate tests approved for use by the California State Board of Education (SBE): the General Education Development (GED) test, the High School Equivalency Test (HiSET), and the Test Assessing Secondary Completion (TASC). California's high school proficiency test is known as the California High School Proficiency Examination (CHSPE).

All HSE and CHSPE tests, including both paper-based and computer-based tests, must be administered at CDE-approved testing centers. HSE testing centers may charge a separate fee to test at their facility. The separate testing center fees are up to \$150, with no fee charged in some instances. State law prohibits testing centers from charging a separate fee for homeless youths or foster youths taking the HSE or CHSPE at their facility. However, unlike with testing contractors, the CDE does not have statutory authority to reimburse testing centers for the loss of fees resulting from the homeless youth or foster youth fee waivers.

All testing centers must be approved to administer the HSE or CHSPE by the CDE. A local educational agency (LEA) may be approved as a testing center provided it: (1) agrees to comply with all test security requirements provided by the CDE and to

maintain all required records; (2) agrees to provide each examinee with his or her test scores; and (3) agrees to inspections by authorized representatives of the CDE. The CDE may suspend, revoke, or deny the renewal approval of any center for failure to maintain any one or more of the agreements described above, including not waiving testing fees or testing center fees, for all eligible homeless youths or foster youths.

HSE test takers select a testing center when registering online—usually by selecting the county in which they live or by using their ZIP code. CHSPE test takers are assigned a testing center within the county they are located based on information a test taker provides when registering for the test. The HSE contractors use more than 300 testing centers throughout California to administer the HSE tests. HSE testing is available year-round, and the testing dates are set by each individual testing center. The CHSPE uses approximately 75 testing centers throughout California. Some testing centers administer both the HSE and CHSPE tests. State law stipulates that the CHSPE is to be administered once in the fall semester and once in the spring semester of every academic year on dates set by the CDE. The CDE may, at the discretion of the State Superintendent of Public Instruction (SSPI), administer the CHSPE once during each summer recess and may conduct testing at any other time the SSPI deems necessary to accommodate eligible persons whose religious convictions or physical disabilities prevent their attending one of the regular examinations. The CHSPE testing dates typically are set in the months of March, June, and October.

Both the HSE and CHSPE programs receive funding to support the contractor and vendor activities through fees paid by individuals taking the respective test. State law authorizes a portion of each HSE test fee collected to be deposited into a special deposit fund account (SDFA) to support the CDE’s administrative costs for the HSE. State regulations currently set the CDE portion of the testing fee at \$20 per first-time test taker. While the law pertaining to the CHSPE does not stipulate nor prohibit the CDE from collecting a portion of the test fee for the CDE state operations, the CDE has not collected a fee and has solely used General Funds to support administrative costs for the CHSPE. Additional information about these programs can be found in Appendix 1, “Side-by-Side Comparison of California’s High School Equivalency and High School Proficiency Testing,” and Appendix 2, “Testing Fee Structures as of January 2019.”

## **Implementation of Waivers**

Since 2016, the CDE has worked continuously to define, develop, and implement systems to ensure the consistent issuance of fee waivers for homeless youths and foster youths by testing contractors and to begin the collection of demographic data to track the waiving of fees. Work carried out by the CDE has included, but has not been limited to the following:

- Seeking legal advice regarding verification of eligibility for these two different demographic groups and to address the handling of any personal identifiable information that may be requested in regard to eligibility verification.
- Working collaboratively with multiple CDE units to address homeless youth and/or foster youth services to develop an estimated number of potential HSE or CHSPE test takers for this population.
- Developing regulatory guidance and program processes to address homeless youth fee waiver requirements upon the enactment of SB 252 in 2016 and, later, revising them mid-process to develop and incorporate the waiving of fees for foster youths upon enactment of AB 2656 in 2017.
- Negotiating and modifying each HSE testing vendor Memorandum of Understanding (MOU) to address the waiving of fees for homeless youths and foster youths and seeking the vendor agreement to do so without reimbursement if there are no surplus HSE funds.
- Negotiating and modifying the CHSPE contract to address the waiving of fees for homeless youths and foster youths and seeking the contractor's agreement to do so without reimbursement.
- Analyzing the process and structure that the California Longitudinal Pupil Achievement Data System (CALPADS) uses to collect K–12 student demographic data, specifically foster youth and homeless youth demographic data, to inform the development of CDE vendor requirements for the HSE and the CHSPE demographic data collection and reporting. The CALPADS began collecting foster youth data in the 2014–15 school year and homeless youth data in the 2016–17 school year.
- Working with CDE fiscal staff to identify the steps necessary to create a mechanism to reimburse HSE contractors for loss of fees, including identifying the necessity for the development of standard contract agreements for each HSE vendor reimbursement in addition to the MOUs that do not authorize payments or reimbursements. The HSE MOUs are written agreements between the CDE and each HSE vendor that outline the responsibilities of both the CDE and the respective vendor to administer HSE testing on behalf of California.

A timeline of implementation activities can be found in Appendix 3, “Timeline of Homeless Youth and Foster Youth Testing Fee Waiver Implementation Activities.”

### **Development of Regulations**

Upon enactment of both SB 252 and AB 2656, the CDE developed emergency regulations for the HSE and CHSPE programs to implement the changes to law by

providing direction to homeless youths and foster youths (up to twenty-five years of age), service providers, testing contractors, and testing centers about the documentation and processes that will be required for a homeless youth or foster youth to obtain the fee waiver. The regulations further clarify which fees will be waived, which fees will not be waived, how long certification of eligibility forms and fee waivers will be valid, and identify the documentation that must be maintained by the testing contractor.

The proposed regulations for the HSE and the CHSPE were adopted by the SBE in 2016 and readopted as necessary in 2017 and 2018. The final emergency regulations were adopted by the SBE in May 2017. These final emergency regulations were approved by the Office of Administrative Law in June 2017. Final regulations for both the equivalency test and the proficiency test were adopted in February 2018. The HSE and the CHSPE regulations are posted on the CDE Proposed Rulemaking & Regulations Web page at <https://www.cde.ca.gov/re/lr/rr/>.

### **Memorandum of Understanding and Contract Negotiations**

Upon the first adoption of emergency regulations in May 2017, the CDE entered into discussions with the three HSE contractors to negotiate changes necessary to the existing MOU for each vendor to implement the granting of waivers, including, but not limited to, the legislative requirement that all contractors agree that they will not receive reimbursement for the loss of fees waived if there are no surplus funds available and that the loss of such fees shall be absorbed by the contractor. State law stipulates that “surplus funds” are funds remaining after the costs of implementing the program are paid per *EC* Section 51421(a). After numerous discussions between the CDE and HSE contractors, all three of the HSE contractors agreed to this requirement.

The MOUs with the HSE contractors are negotiated and updated annually. During the 2018 MOU negotiations in fall 2017, it was determined that the development of new separate contracts for each vendor would be required in addition to the MOUs. These contracts provide the CDE with the authority and a fiscal mechanism to reimburse the contractors for waivers if surplus funds are available. Contract language was subsequently developed, with a contract start date of October 1, 2018, for all three contractors.

Similar negotiations also were entered into with the contractor for the CHSPE. The CHSPE contractor acknowledged the understanding that, unlike the HSE, there is no statutory authority to reimburse the CHSPE contractor for the loss of fees waived for homeless youths or foster youths. However, the statutory authority allows the contractor to deem the loss of fees to be a cost of administering the CHSPE when setting the overall test fee. Work then began on amending the contract. During negotiations, the CHSPE contractor proposed a \$20 increase to the test fee beginning in October 2017. The CDE approved this fee increase. As stipulated in *EC* Section 48412(c)(1), any reimbursements collected in excess of actual costs shall be transferred to the

unappropriated surplus of the General Fund by order of the Director of Finance. The contract was amended in summer 2017 and was approved by the Department of General Services in February 2018.

### **Collection of Demographic Data to Track Fees Waived**

The emergency, and subsequent permanent, regulations for the HSE and the CHSPE clarified the process for contractors and testing centers to use to identify homeless youths or foster youths as eligible for a fee waiver. While the HSE and CHSPE contractors and testing centers have assured the CDE they have been waiving fees for homeless youths and foster youths since the requirements were placed in state law, the HSE contractors have struggled to collect the specific demographic data required to track and report the waiving of fees for the two student groups.

The development and structure of the HSE and CHSPE testing programs differ from other mandated statewide assessments. As such, the CDE has struggled with new and unique issues and processes, complicating the accurate tracking and reporting of the number of homeless youths and foster youths who take the HSE and the CHSPE at no cost. The existing HSE and CHSPE test registration and data systems were not developed with state funding and are the sole property of the contractors. In addition, unlike most of the current statewide assessments, the HSE vendor systems were designed for test takers outside of the K–12 educational system and longitudinal data structure (e.g., adult test takers who do not release their results back to the California LEA that they last attended, adult test takers who are California residents but did not attend public school in California). Although the CHSPE was designed with test takers currently enrolled in a California public school within the K–12 structure as a base population, CHSPE test takers also include those outside of the K–12 system. It is each vendor's choice as to how to modify its registration and data systems on the basis of California's specific needs without reimbursement by the state.

Another complexity of tracking and reporting the numbers of fees waived specifically for homeless youths and foster youths has been the long-standing HSE voucher program. The voucher program was instituted decades before the homeless youth and foster youth fee waiver legislation. The GED and HiSET contractors both allow the purchase of testing vouchers. Vouchers can be redeemed as payment when scheduling a test by simply providing a prepaid voucher number. Any individual or organization can purchase vouchers to provide financial assistance to test takers, including, but not limited to, testing centers, charitable agencies, workforce services, family members or other individuals, test preparation programs, corporations, and academic institutions. In addition, correctional facilities or other third parties administering the HSE in a correctional facility may purchase HSE vouchers.

Testing contractors are able to track the number of vouchers purchased and redeemed at the various testing centers. However, without the collection of homeless youth or

foster youth subgroup demographic data for test takers, the contractors cannot identify and report what portion of the pre-paid fee vouchers were given to, and redeemed by, homeless youths or foster youths. The test registration system can track an individual who takes the HSE using a voucher for payment but cannot identify and report whether the individual was an eligible homeless youth or foster youth. For example, a homeless youth or foster youth may request a waiver of the fee, and the testing center may simply give the test taker a voucher number to use, thus meeting the intent of the law that the eligible homeless youth or foster youth not be charged a testing fee, but leaving no record that the test taker was a homeless youth or foster youth to aid in reporting purposes.

The CDE is continuing to work with the HSE testing contractors to adequately collect and report the participation of and the number of fees waived for homeless youths or foster youths through the development of homeless youth and foster youth waiver-specific contractual agreements. The contracts will provide a standardized process for contractors to submit documentation of the number of fees waived for homeless youths and foster youths in order to receive reimbursement from the CDE. However, it is unclear what portion of the actual number of fees being waived can be documented adequately for reimbursement. The contractor and the CDE must ensure that homeless youths or foster youths who used a pre-paid voucher (the vendor did receive payment, but the youth did not pay the registration him- or herself) are excluded from listings of homeless youths or foster youths that are submitted for reimbursement to the vendor by the CDE. The CDE is working toward executing these contractual agreements to address California's unique needs related to the waiving of fees that are outside the vendor's normal testing systems for their HSE tests in other states.

To date, the CHSPE and HSE contractors do not have a uniform process to collect and report to the CDE the demographic data necessary to adequately track the total number of fees waived by the separate categories of homeless youths and foster youths. Again, the voucher process also complicates the accurate reporting of the homeless youths and foster youths who take the HSE at no cost through the prepaid voucher process.

Contractual and MOU language were developed for homeless youth or foster youth demographic data requirements to begin reporting and tracking the waiving of testing fees in a uniform manner. The CHSPE contract was amended in 2017 (final approval in February 2018) to include the collection and reporting of homeless youth and foster youth registrant data to the CDE beginning in summer 2017 as part of the amended CHSPE contract. The HSE 2018 MOUs were modified to include stipulations that the collection of homeless youth and foster youth registrant data by the HSE contractors would be through separate contractual agreements to begin in October 2018, with data reporting to begin in 2019.

Reduced funding also has contributed to reduced CDE resources for staff dedicated to the administration of the HSE and CHSPE programs, including the tracking and

reporting of fee waivers. The funding for administering the HSE testing is derived solely from the test taker fees, an amount that has declined due to the reduced number of test takers. There has been a sharp decline in the amount of fees collected from HSE testing since 2015–16, after the suspension of the California High School Exit Examination (CAHSEE). During the years that passing the CAHSEE was a requirement for graduation, HSE testing increased as students used it as another means to receive the equivalent of a diploma. With the elimination of the CAHSEE requirement, the number of HSE test takers declined to the levels prior to CAHSEE and have remained consistent for the past few years. The legislature acknowledged the CDE’s funding and staff constraints and provided \$197,000 in one-time funding in 2018–19 for HSE and CHSPE administration issues. The CDE is using this one-time funding to increase existing staff work hours toward these programs to include the funding of a temporary help position to work to resolve the challenges of tracking and reporting homeless youths’ and foster youths’ participation in the HSE and CHSPE programs.

## **Impact of Fee Waivers**

The following information, related to the impact of the waivers, is required to be reported per *EC* sections 48412(f) and 51421.5(e). When the legislation was authored, it requested that the CDE report the number of homeless youth and foster youth waivers in the years 2016, 2017, and 2018. The CDE was also asked to review and report the impact of the opportunity to take a high school proficiency or equivalency test at no cost on the number and percentage of homeless youths and foster youths taking a high school proficiency or equivalency test. However, these statewide assessments differ from most of California’s assessments. The state does not own the assessments; instead, California enters into MOUs or contracts to use the contractor’s existing assessment and registration system. Prior to the implementation of homeless youth and foster youth waivers, these assessments gathered only very basic demographic data (gender, age, race, ethnicity, etc.) necessary for psychometric review of assessment performance. No homeless youth or foster youth demographic information was collected before the implementation of the revised MOUs and contracts in 2017 and 2018. At the time of this report, the HSE contractors have been able to gather very little data, and the CHSPE contractor has just over a year’s worth of homeless youth or foster youth participation data. With such a small amount of data, the CDE has strived to address the following report requirements addressed in *EC* sections 48412(f) and 51421.5(e) as follows:

- 1. The number of homeless youths or foster youths who took a high school proficiency or equivalency test in each of the 2016, 2017, and 2018 calendar years**

While the HSE and CHSPE contractors and testing centers have assured the CDE they have been waiving fees for homeless youth and foster youth since the

requirements were placed in state law, the HSE contractors have struggled to collect the specific demographic data required to track and report the waiving of fees in 2016, 2017, and 2018 for the two demographic groups. Table 1, below, provides the number of payment vouchers purchased and redeemed for HSE testing in 2016, 2017, and 2018.

**Table 1. High School Equivalency Vouchers in 2016, 2017, and 2018**

<b>Year</b>	<b>Number of Vouchers Purchased</b>	<b>Number of Vouchers Redeemed</b>	<b>Number of Vouchers Redeemed by Homeless Youths or Foster Youths</b>
2016	12,022	9,435	Unknown
2017	12,292	10,002	Unknown
2018	10,825	8,551	Unknown

The CHSPE contractor did not collect or report to the CDE the specific demographic data required to track the waiving of fees for 2016 nor for the first half of 2017. The CHSPE contractor began to collect and report numbers of fee waivers granted as of the June 2017 CHSPE administration. Table 2, below, provides the total number of test takers registered and number of homeless youth and foster youth waivers provided by the CHSPE contractor during the five test administrations occurring from June 2017 through October 2018.

**Table 2. CHSPE Registration Totals for June 2017 through October 2018**

<b>Administration</b>	<b>Homeless Youth Fee Waivers</b>	<b>Foster Youth Fee Waivers</b>	<b>Total Fee Waivers</b>	<b>Total Examinees Registered</b>
June 17, 2017	6	1	7	2,391
October 21, 2017	10	0	10	1,896
March 17, 2018	14	12	26	2,490
June 16, 2018	14	7	21	2,501
October 20, 2018	11	8	19	2,090

Ongoing collection of this new test taker demographic data from these testing programs will allow the CDE to provide more information in future years.

**2. The impact of the opportunity to take a high school proficiency or equivalency test at no cost on the number and percentage of homeless youths and foster youths taking a high school proficiency or equivalency test**

Because of the absence of comprehensive demographic test taker data from the testing contractors before 2018 to match with other CDE data projects, the CDE cannot determine the exact number of homeless youths or foster youths who participated in these fee-based testing programs over prior years of the programs based solely on testing results. As such, the CDE cannot identify or report whether the waiver of the fee has impacted participation numbers by these youth compared to previous years.

**3. The estimated number of homeless youths and foster youths who may take a high school proficiency or equivalency test in future years**

Participation in these voluntary testing programs is a personal decision by each test taker. It is very difficult to identify or estimate the number of foster youths and former foster youths who may participate in either testing program in future years. It is difficult even to identify the number of foster youths and former foster youths who might be identified as qualifying examinees for this waiver.

Therefore, the CDE cannot provide informed estimates of participation in future years at this time. The collection of a minimum of two years of demographic data for actual testing fee waivers granted by the HSE and CHSPE contractors for homeless youths and/or foster youths (through the 2019 calendar year for CHSPE and through the 2020 calendar year for HSE testing) will be necessary to provide informed estimates. Increased collection of this new test taker demographic data from these testing programs should allow the CDE to provide more information about homeless youth and foster youth participation in HSE and CHSPE testing in the future.

And while the CDE cannot provide an informed estimate at this time, Tables 3 and 4, below, provide a sampling of the homeless youth or foster youth population that took the HSE or CHSPE in the respective years shown. The data in the tables is taken from the CALPADS. The data is populated directly by the LEA and only for students currently in the K–12 data system. Again, this is only a sampling of data. It does not include all homeless youths or foster youths who may have taken an HSE or CHSPE test during those years nor can it be used to verify whether a waiver of the testing fee was granted during the 2016–17 or 2017–18 school years. It is provided solely for informational purposes to indicate that homeless youths and foster youths are participating in both the HSE and CHSPE testing.

The CALPADS uses an LEA-populated high school completion flag indicating whether a student passed a CHSPE or HSE to calculate graduation rates. The data provided in the following tables is taken from that completion flag demographic data. The CALPADS began housing foster youth demographic data in the 2014–15 school year. The demographic for homeless students was not collected for graduation outcomes before 2016–17. Table 3 provides the number of total graduates, total HSE completers, and the number of HSE completers by the student group of homeless youths and foster youths.

**Table 3. CALPADS Reported Number of Homeless Youth or Foster Youth High School Graduates Completing High School with High School Equivalency Certificate**

School Year	Total Graduates	Total HSE	Homeless HSE	Foster HSE
2014–15	488,612	439	Not collected	32
2015–16	486,126	615	Not collected	34
2016–17	493,795	564	72	40
2017–18	504,073	477	58	38

Table 4, below, provides the number of total graduates, total CHSPE completers, and the number of CHSPE completers by the subgroups of homeless youths and foster youths.

**Table 4. CALPADS Reported Number of Homeless Youth or Foster Youth High School Graduates Completing High School with a California High School Proficiency Certificate**

School Year	Total Graduates	Total CHSPE	Homeless CHSPE	Foster CHSPE
2016–17	493,795	1,243	55	13
2017–18	504,073	1,472	43	10

The data in Tables 3 and 4 can be found utilizing the CDE DataQuest page at <https://dq.cde.ca.gov/dataquest/page2.asp?level=State&subject=Coh&submit1=Submit>.

#### **4. The annual and projected administrative costs to the California Department of Education to implement the fee waivers**

The long-term ongoing CDE administrative costs will include contract monitoring, data review, and continued analysis of the impact of the fee waivers. On an ongoing basis, per legislative authority, \$20 from each HSE test fee collected is deposited into an SDFA to support the CDE's administrative costs. While the law pertaining to the CHSPE does not stipulate nor prohibit the CDE from collecting a portion of the test fee for CDE state operations, the CDE has used CDE General Funds to support administrative costs for the CHSPE since 2009. During those years, the CDE was able to absorb the administrative costs for the CHSPE program with existing resources. However, as of the 2018–19 fiscal year, the CDE was no longer able to absorb all state administrative costs, including the increase in tasks required by the fee waivers for both programs. In order to complete the above-stated activities, costs to the CDE far exceeded initial expectations. The CDE found that more staff (including CDE legal staff hours) were required in the process. A one-time appropriation of \$197,000 was made available to the CDE to cover the fiscal year 2018–19 costs of administering the HSE and CHSPE programs.

The CDE is estimating an ongoing annual cost of \$300,000 to fully fund and support the CDE state operations costs for the CHSPE. The CHSPE test fee is estimated to continue to cover the contractor costs of administering the tests, but not the CDE state operations costs. If an ongoing appropriation is not provided, the CDE may need to increase the overall test fee, an impact to future test takers, to collect a portion for CDE support. The CDE has been in discussions with the Department of Finance (DOF) on finding a solution to the CHSPE funding needs.

#### **5. The annual and projected reimbursements to the contractor for waived fees**

The individual cost for an HSE fee being waived is dependent on the test and the contractor. The overall test fee is set by the contractor to reimburse the costs of administering its particular test and the test components to administer, score, and report results and to provide applicable certificates. Again, state law prohibits the CHSPE contractor and HSE and CHSPE testing centers that charge a separate fee from receiving a reimbursement for the loss of fees.

Until the HSE contracts have invoiced for a full fiscal year of testing, the CDE will not be able to provide informed annual and projected reimbursements to the contractor for waived fees. While the HSE contractors have been waiving fees for homeless youths and foster youths since the requirements were placed in state law, prior to the development and execution of the HSE waiver contracts in 2018, there was not a mechanism to pay the contractors for invoiced loss of fees because of the waivers. The CDE has not received any invoice for reimbursement for waived fees as of the date of this report.

## **6. CDE recommendations for a permanent funding source to cover the cost of the waived fees**

The rules governing the setting of fees and the reimbursement of fees are very detailed in current law. The fee for each test is required by law not to exceed the cost of implementing each program. Upon verifying the eligibility of a homeless youth or foster youth, the contractor is required to administer, score, and report a test or tests for that youth at no cost. The state will not receive any revenue portion to support state administrative program costs related to either program. Further, state law prohibits the appropriation or use of any additional state funds for purposes of implementing the waivers. However, there is a provision in state law for the equivalency tests—but not the CHSPE—that surplus funds from the SDFFA that receives the state’s portion of a test fee may be used to reimburse the contractors for the services provided at no cost to a homeless youth or foster youth. This provision becomes inoperative as of July 1, 2019. The current fee is set at a rate not to exceed the cost for the program; therefore, historically, there have been no surplus funds. The possibility of future surplus funds is reduced or eliminated by the provision of waived fees since the SDFFA revenue is being reduced when no fee is collected for testing services provided to a homeless youth or foster youth.

The CDE recommends an increase of \$300,000 in General Fund state operations reimbursement authority; that will in turn allow the CDE the authority to recover the CDE administration costs. The CDE would begin collecting a state administrative fee in an amount sufficient to recover the state’s administrative costs, including staffing costs to support the administering of the CHSPE.

In a good faith effort, the CDE has encumbered a total of \$55,000 (distributed across the HSE contracts based on current volume of test takers selecting their test) in 2018–19 funds from the HSE SDFFA for the three HSE vendor contracts to reimburse for the loss of fees. These encumbered funds will be made available for reimbursements through June 30, 2021. The CDE has taken steps to strengthen the data collection related to the homeless youth and foster youth waiver fees as a requirement for reimbursement. The SDFFA funds set aside in this encumbrance were not identified as “surplus” funds and were budgeted to be utilized for ongoing CDE staff costs for fiscal year 2018–19. These staff costs will be offset by utilizing \$55,000 of the one-time funding provided for the administration of the HSE and CHSPE programs in the 2018 Budget Act.

Taking the above information into consideration, the CDE recommends that the discussion of a permanent funding source to cover the costs of the waived fees be continued as more information is collected. There are several pieces of information that are yet to be collected, including, but not limited to, the following:

- Impact of increased overall fee rates on surplus or reverting funds

- Impact of the pre-paid voucher system on the accurate reporting of homeless youth or foster youth participation in the HSE or CHSPE programs at no cost
- Impact of increased advertising of the waiver on the overall number of homeless youths or foster youths participating
- Impact of the waiving of fees on testing centers

Ongoing discussions between the DOF and the CDE on the funding of CDE administrative costs will impact any future recommendation as well. Any funding provided will allow for the oversight and efficient administration of the HSE and CHSPE waiver of test fees for homeless youths and foster youths and ensure that eligibility verification policies are consistent, data collection and reporting is adequate and accurate, state resources are not spent on ineligible individuals receiving testing fee waivers, and testing contractors are compensated in a timely manner.

The impact of the implementation of the waiving of fees is still developing and being analyzed by the CDE. The CDE will continue its ongoing discussions with the DOF regarding data and fiscal outcomes.

# Appendix 1

## Side-by-Side Comparison of California’s High School Equivalency and High School Proficiency Testing

Category	High School Equivalency	California High School Proficiency Examination
Purpose of program	To provide a pathway to earning a certificate equivalent to a high school diploma.	To provide a pathway to earning a certificate equivalent to a high school diploma and relieve test taker from further compulsory education attendance with written parent or guardian permission.
Certificate recognized by	A California high school equivalency certificate shall be deemed to be a high school diploma for the purpose of meeting the requirements of employment by all state and local public agencies in California. [California <i>Education Code (EC)</i> Section 51425]	The certificate of proficiency shall be equivalent to a high school diploma.  However, the certificate of proficiency is not equivalent to completing all course work required for graduation from high school. [EC Section 48412(a)(2)]
Test taker eligibility	Is a resident of California and  Is at least 18 years of age at the time of taking the test  or  Is at least 17 years of age and has accumulated fewer than 100 units of high school credit, and is either: (1) confined to a state or county hospital or to an institution maintained by a state or county correctional agency; or (2) has successfully completed an academic program offered by a dropout recovery high school.	Is at least sixteen (16) years of age or has been enrolled in grade ten for one academic year or longer at the time of taking the test.

Category	High School Equivalency	California High School Proficiency Examination
Parent or guardian permission	Not applicable.	Written parent or guardian approval required for those who pass the test to be excused from further compulsory attendance.
Test(s) used	<ol style="list-style-type: none"> <li>1) General Educational Development (GED)</li> <li>2) High School Equivalency Test (HiSET)</li> <li>3) Test Assessing Secondary Completion (TASC)</li> </ol>	Stanford Achievement Test Series, Tenth Edition (Stanford 10)
Subjects tested	<p>English language arts</p> <p>Mathematics</p> <p>History</p> <p>Science</p>	<p>English language arts</p> <p>Mathematics</p>
Setting of fee	<p>The California Department of Education (CDE) may charge a fee sufficient in an amount not greater than the amount required to pay the cost of administering the test and for the cost of providing all follow-up services.</p> <p>Statutory language stipulates that the fee structure may include a portion of the overall fee to be provided to the CDE for administrative costs of the program. The amount of each fee may not exceed \$20 per person. (EC Section 51421)</p>	<p>The CDE may charge a fee for each test in an amount sufficient to recover the costs of administering the requirements in law. However, the fee shall not exceed an amount equal to the cost of test renewal and administration per examination application.</p> <p>Statutory language neither stipulates nor prohibits the fee structure from including a portion of the overall fee to be used by the CDE for state administrative costs of the program in addition to contractor costs. [EC Section 48412(c)(1)]</p>

Category	High School Equivalency	California High School Proficiency Examination
Fee collection	State law authorizes a special deposit fund account for test fees collected. ( <i>EC</i> Section 51427)	All fees levied and collected shall be deposited in the State Treasury for remittance to the current support appropriation of the CDE as reimbursement for administration costs. Any reimbursements collected in excess of actual costs shall be transferred to the unappropriated surplus of the General Fund by order of the Director of Finance. [ <i>EC</i> Section 48412(c)(1)]
Homeless youth and foster youth fee waiver provision	The CDE, contractor, and testing center shall not charge the fee to an examinee who meets the criteria for designation as a homeless youth or foster youth.	The CDE, contractor, and testing center shall not charge the fee to an examinee who meets the criteria for designation as a homeless youth or foster youth.
Fee waiver reimbursement authority	State law authorizes the use of surplus funds, if available, from the special deposit fund account of HSE to reimburse contractors but not separate testing center fees. [ <i>EC</i> Section 51421.5(d)]	No statutory authority is in place to reimburse contractor or testing center for waived fees. Statutory language stipulates that the contractor may factor the cost of providing waivers into the overall administrative costs to be covered by the set fee charged to test takers.

# Appendix 2

## Testing Fee Structures as of January 2019

**Table 1. California High School Proficiency Examination (CHSPE) Fee Structure**

Test	Test Fee	State Collects	Contractor Receives
CHSPE	\$130 (2 subjects at \$65 each)	Not currently collected	\$130

**Table 2. High School Equivalency (HSE) Test Vendor Fee Structures**

Test	Test Fee	State Collects	Contractor Receives
High School Equivalency Test (HiSET)	\$75 test fee (5 subjects at \$15 each) plus separate testing center charge up to \$150	\$20 (\$5 per test with \$20 legislative and regulatory cap)	\$55
General Education Development (GED)	\$140 (4 subjects at \$35 per subject)	\$20 (\$5 per test with \$20 legislative and regulatory cap)	\$120
Test Assessing Secondary Completion (TASC)	\$74 (5 subjects at \$10.50 each) plus testing center charge up to \$150	\$20 (\$5 per test with \$20 legislative and regulatory cap)	\$54

# Appendix 3

## Timeline of Homeless Youth and Foster Youth Testing Fee Waiver Implementation Activities

### Legislative and State Board of Education (SBE) Activities

#### 2015 Activities

September 2015: Legislation waiving testing fees for homeless youths signed (Senate Bill 252).

#### 2016 Activities

May 2016: SBE approves assessment fee waiver emergency regulations for homeless youths.

July 2016: Annual Budget Act provides \$25,000 to the CDE to implement and report on the Homeless Youth Assessment Fee Waiver Program.

September 2016: Legislation waiving testing fees for foster youths signed (Assembly Bill 2656).

#### 2017 Activities

May 2017: SBE readopts assessment fee waiver emergency regulations to include foster youth.

July 2017: Annual Budget Act provides \$21,000 to the CDE to implement and report on the Homeless Youth Assessment Fee Waiver Program.

November 2017: The Office of Administrative Law approves readoption of assessment fee waiver emergency regulations to include foster youth.

#### 2018 Activities

January 2018 SBE approves second readoption of assessment fee waiver emergency regulations.

February 2018 the Department of General Services approves CHSPE contract amendment with assessment fee waiver provisions.

July 2018 State Budget Act provides the CDE \$197,000 in one-time funding for administration of the CHSPE and HSE; provides \$21,000 to implement and report on the Homeless Youth Assessment Fee Waiver Program.

### California Department of Education (CDE) Activities

#### 2015 Activities

October 2015: CDE staff develops a legislative budget change proposal; possible program impact analyzed and outreach efforts to homeless youth and foster youth program staff and state data project staff begins.

October through December 2015: Assessment fee waiver emergency regulations for homeless youths are drafted.

### **2016 Activities**

January through March 2016: Proposed emergency regulations for homeless youths undergo CDE and SBE administrative approval process.

March 2016: SBE agenda item submitted for consideration at May 2016 SBE meeting; assessment fee waiver information posted on CDE web page.

October through December 2016: Emergency regulations for assessment fee waiver for foster youths developed.

### **2017 Activities**

January to March 2017: Proposed foster youth fee waiver emergency regulations undergo CDE and SBE administrative approval process.

May 2017: SBE agenda item submitted for consideration at May 2017 SBE meeting; assessment fee waiver information for foster youth posted on CDE web page.

July through December 2017: California High School Proficiency (CHSPE) contract negotiated and scope of work amended to include homeless youth and foster youth waiver eligibility and data reporting provisions; homeless youth and foster youth waiver reporting to the state began.

### **2018 Activities**

October 2018 waiver reimbursement contracts were drafted and negotiated with the High School Equivalency (HSE) testing contractors; Memorandum of Understanding (MOU) for each HSE vendor were amended to include assessment fee waiver agreements in law.

November through December 2018: Scope of work for assessment fee reimbursement contracts finalized and submitted through CDE approval process.

November through December 2018: Legislative report drafted for internal CDE review.

### **2019 Activities**

January 2019: Negotiations continue to finalize 2019 MOUs and separate assessment fee waiver reimbursement contracts for each HSE vendor; homeless youth and foster youth data to begin being reported to the state by HSE contractors.