



NOVEMBER 2003 AGENDA

SUBJECT Standardized Testing and Reporting (STAR) Program: Release of 10 percent of Contract Costs to Educational Testing Service (ETS) for the 2002–2003 Content Standards Test (CST) and California Achievement Test, Sixth Edition, (CAT/6) STAR Contract.	X	Action
	X	Information
	<input type="checkbox"/>	Public Hearing

Recommendation:

It is recommended that State Board of Education (SBE) approve the release of the 10 percent withheld from ETS 2002-2003 CST and CAT/6 STAR contract.

Summary of Previous State Board of Education Discussion and Action

SBE approved a three-year contract with ETS at its June 2002 meeting.

Summary of Key Issue(s)

- *California Education Code*, section 60643(e)(4) requires that, “not less than 10 percent of the amount budget for each separate and district component task provided for in each contract shall be withheld pending final completion of all component tasks by that publisher,” for STAR Program contracts.
- California Department of Education (CDE) authorized payment for 90 percent of the costs on each invoice submitted by ETS for work completed on the 2002-2003 contract and withheld 10 percent as required by the *California Education Code*. The 10 percent is withheld until all contract work is completed. If a contract is not completed satisfactorily, CDE may recommend that SBE penalize the contractor by withholding all or part of the 10 percent from the contractor’s final payment.
- CDE staff monitored the contractor’s completion of the terms specified within the *California Education Code* and the 2002-2003 contract.
- ETS completed all 2002-2003 contract work with no time lapses that resulted in schools or districts testing outside of the regulatory window. The contractor corrected any omissions or errors made during the first-year of the contract in a timely manner; therefore, the 10 percent withheld on each invoice for the 2002-2003 contract should be released to the company.

Fiscal Analysis (as appropriate)

None

Attachment(s)

None