

And ATE OF TEXAS §
COUNTY OF TRAVIS §

| | | | |
|------------------|-----------------------------|--------------------------|--------------------|
| Org. Code: | 212 | Program Name: | Student Assessment |
| Speed Chart: | multiple | Legal/Funding Authority: | |
| Payee Name: | Educational Testing Service | Payee ID: | 1210634479 |
| ISAS Contract #: | 3317 | PO #: | |

Amendment No. 2

**AMENDMENT TO
STANDARD CONTRACT
BETWEEN
TEXAS EDUCATION AGENCY
AND**

EDUCATIONAL TESTING SERVICE ("ETS"),

a nonprofit, non-stock corporation organized and existing under the Education Law of the State of New York, with principal offices located at Carter and Rosedale Roads, Princeton, New Jersey, 08541.

CONTRACTOR

It is mutually understood and agreed by and between the undersigned contracting parties of the above numbered contract to amend said Contract effective January 20, 2017 as follows:

ARTICLE III. PURPOSE OF CONTRACT

Contractor shall continue to perform all of the functions and duties in the Contract and changes to work functions described in the Narrative for ETS Contract Amendment 2, dated January 13, 2017, labeled Exhibit 1, attached herein and incorporated by reference. Contractor shall administer the STAAR® assessments from September 1, 2016 through August 31, 2019. The Contract may be extended for one (1) additional fiscal year under the same or different terms subject to appropriation of funds by the Texas Legislature for this project. The renewal period shall be from September 1, 2019 through August 3, 2020.

ARTICLE IV. PAYMENT UNDER CONTRACT

| | |
|----------------------|-----------------|
| Contract Amount FY17 | \$68,662,198.00 |
| Amendment 2 | \$ 2,171,173.00 |
| Total | \$70,833,371.00 |

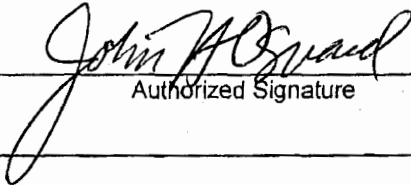
Subject to the availability to TEA of funds for the purposes of this contract, TEA shall pay to Contractor by State of Texas warrant(s) for performance, satisfactory to the TEA, of Contractor's functions and duties under this Contract.

Total contract amount is increased and estimated at \$280,344,023.00 based on the revised deliverables identified in this Amendment. The revised deliverables and associated Texas Financial Summary, labeled Exhibit 2, is attached and hereby incorporated by reference in the Amendment.

Effective 01/01/17, the mileage reimbursement rate is 53.5¢. The Comptroller's website for travel rules and regulations – textravel: <https://fm.xcpa.state.tx.us/fmx/travel/textravel/index.php>. Receipts must be made available for programmatic or financial audit, by TEA and by others authorized by law or regulation to make such an audit, for a period of not less than seven (7) years.

It is agreed and accepted by a person authorized to bind Contractor that all Terms and Conditions of this Amendment are effective commencing on the above date.

Typed Name: John H. Oswald
Typed Title: VP and COO K12 Student
Assessment Programs


Authorized Signature

This section reserved for Agency use:

I, an authorized official of Agency, hereby certify that this contract is in compliance with the authorizing program statute and applicable regulations and authorize the services to be performed as written above.

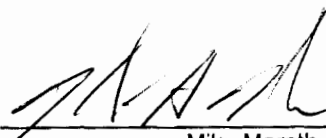
AGREED and accepted on behalf of Agency this 14 day of February 2017
(month/year) by a person authorized to bind Agency.

Please submit electronic copy to:

TEAContracts@tea.texas.gov

Or by mail to:

Norma Barrera, Purchasing and Contracts
Texas Education Agency
1701 North Congress Avenue, Room 2-125
Austin, Texas 78701-1494



Mike Morath
Commissioner

Narrative for ETS Contract Amendment 2

1/13/2017 FINAL

1. Additional 360 forms for HB 743: The current contract accounts for eight item field-test sets. If TEA would like to test all eligible field-test items based on the new six item field-test sets in spring 2017, ETS would need to develop an additional 360 forms. ETS worked with TEA to review the rules for developing test matrices so that all the items could be used at least once. The result of that work yielded the 360 form number used in Table 1. TEA Content Directors provided approval of the final numbers before ETS created the table. The price for developing, publishing, printing, scoring, and reporting these additional forms would be \$2,171,173. Table 1 provides a breakdown by grade and subject as well as those costs not specifically identifiable to grade or subject. Those include activities like system updates to include the additional forms in our ETS systems.

Table 1. Price Breakdown for Additional 360 Forms

| Test | 2015 Items to be FTed | # 2017 Forms with 8 FT slots* | # 2017 Forms with 6 FT slots* | Change in # of Forms | Price per Grade/Content |
|--|-----------------------------|--|--|-------------------------|----------------------------|
| Grade 3 Math | 304 | 38 | 57 | 19 | \$ 97,608 |
| Grade 3 Reading | 300 | 38 | 57 | 19 | \$ 97,608 |
| Grade 4 Math | 303 | 38 | 58 | 20 | \$ 102,746 |
| Grade 4 Reading | 337 | 43 | 60 | 17 | \$ 87,334 |
| Grade 4 Writing | 220 | 28 | 45 | 17 | \$ 87,334 |
| Grade 5 Math | 503 | 63 | 94 | 31 | \$ 159,256 |
| Grade 5 Reading | 522 | 66 | 94 | 28 | \$ 143,844 |
| Grade 5 Science | 293 | 37 | 45 | 8 | \$ 41,098 |
| Grade 6 Math | 305 | 39 | 57 | 18 | \$ 92,471 |
| Grade 6 Reading | 322 | 41 | 57 | 16 | \$ 82,197 |
| Grade 7 Math | 305 | 39 | 57 | 18 | \$ 92,471 |
| Grade 7 Reading | 312 | 39 | 57 | 18 | \$ 92,471 |
| Grade 7 Writing | 265 | 34 | 47 | 13 | \$ 66,785 |
| Grade 8 Math | 488 | 61 | 91 | 30 | \$ 154,119 |
| Grade 8 Reading | 522 | 66 | 91 | 25 | \$ 128,432 |
| Grade 8 Social Studies | 284 | 36 | 51 | 15 | \$ 77,059 |
| Grade 8 Science | 289 | 37 | 47 | 10 | \$ 51,373 |
| Spanish Grade 3 Reading | 300 | 38 | 48 | 10 | \$ 51,373 |
| Spanish Grade 4 Reading | 227 | 29 | 39 | 10 | \$ 51,373 |
| Spanish Grade 4 Writing | 143 | 18 | 23 | 5 | \$ 25,686 |
| Spanish Grade 5 Reading | 256 | 32 | 45 | 13 | \$ 66,785 |
| TOTALS | 6800 | 860 | 1220 | 360 | \$ 1,849,423 |
| Costs not specifically identifiable to Grade/Content | | | | | \$ 321,750 |
| | | | | | \$ 2,171,173 |
| Average Cost per Form | | | | \$5,137.29 | |

Texas STAAR Program Summary

| | 2016 | 2017 | 2018 | 2019 | 4 yr total | 2020 | 5 yr total |
|--------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|
| Grand Total Components 1 | \$ 70,087,864 | \$ 69,994,855 | \$ 68,451,783 | \$ 69,203,229 | \$ 277,737,681 | \$ 71,384,948 | \$ 349,122,629 |

HB 743 ADJUSTMENTS

| | | | | | | | |
|------------------|------|--------------|--------------|--------------|----------------|--------------|----------------|
| Writing, Grade 4 | \$ - | \$ (435,834) | \$ (435,834) | \$ (435,834) | \$ (1,307,502) | \$ (435,834) | \$ (1,743,336) |
| Writing, Grade 7 | \$ - | \$ (508,149) | \$ (508,149) | \$ (508,149) | \$ (1,524,447) | \$ (508,149) | \$ (2,032,596) |

| | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|
| Grand Total Components 1 | \$ 70,087,864 | \$ 69,050,872 | \$ 67,507,750 | \$ 68,259,246 | \$ 274,905,732 | \$ 70,440,965 | \$ 345,346,697 |
|--------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|

2. Lexiles and Quantiles

STAAR 3-8

| | | | | | | | |
|------------------|------------|------------|------------|------------|------------|------------|------------|
| Reading, Grade 3 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 400,000 | \$ 100,000 | \$ 500,000 |
| Reading, Grade 4 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 400,000 | \$ 100,000 | \$ 500,000 |
| Reading, Grade 5 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 400,000 | \$ 100,000 | \$ 500,000 |

| | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|
| Grand Total Components 1 | \$ 70,387,864 | \$ 69,350,872 | \$ 67,807,750 | \$ 68,559,246 | \$ 276,105,732 | \$ 70,740,965 | \$ 346,846,697 |
|--------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|

Amendment 1

Grades 3-8 STAAR

| | | | | | | |
|--|----------------|----------------|------------|------------|----------------|----------------|
| 1 Lexile Reporting(SP) | \$ 138,717 | \$ 127,068 | \$ 130,885 | \$ 134,811 | \$ 531,482 | \$ 531,482 |
| 2 HB 743 Reduction in Testing time | \$ (3,599,847) | \$ (1,371,293) | \$ - | \$ - | \$ (4,971,140) | \$ (4,971,140) |
| 3 HB 1164 Writing Assessment Pilot program | \$ 124,421 | \$ 435,502 | \$ 616,561 | \$ - | \$ 1,176,484 | \$ 1,176,484 |
| 4 Score Report Redesign | \$ 134,002 | \$ - | \$ - | \$ - | \$ 134,002 | \$ 134,002 |
| 5 External Committee Meetings | \$ (597,600) | \$ 597,600 | \$ - | \$ - | \$ 0 | \$ 0 |

6 Annual Release of Test

| | | | | | | | | | | | | |
|-----------------------------|----|-----------|----|-------------|----|-----------|----|---------|----|-----------|----|-----------|
| Forms | \$ | 1,218,320 | \$ | 944,588 | \$ | 778,709 | \$ | 787,224 | \$ | 3,728,841 | \$ | 3,728,841 |
| 7 June Admin. CR | \$ | (302,996) | \$ | - | \$ | - | \$ | - | \$ | (302,996) | \$ | (302,996) |
| 8 APIP | \$ | (40,983) | \$ | 40,983 | \$ | - | \$ | - | \$ | - | \$ | - |
| 9 LD - CR | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| 10 Stand Alone Prompt Study | \$ | - | \$ | (1,036,124) | \$ | 1,036,124 | \$ | - | \$ | 0 | \$ | 0 |
| EOC | | | | | | | | | \$ | - | \$ | - |

3 HB 1164 Writing

| | | | | | | | | | | | | |
|--------------------------------|----|----------|----|-----------|----|---------|----|---------|----|-----------|----|-----------|
| Assessment Pilot program | \$ | 41,474 | \$ | 145,168 | \$ | 205,520 | \$ | - | \$ | 392,162 | \$ | 392,162 |
| 4 Score Report Redesign | \$ | 134,002 | \$ | - | \$ | - | \$ | - | \$ | 134,002 | \$ | 134,002 |
| 6 Annual Release of Test Forms | \$ | 407,440 | \$ | 314,863 | \$ | 259,570 | \$ | 262,408 | \$ | 1,244,280 | \$ | 1,244,280 |
| 8 APIP | \$ | (26,599) | \$ | 26,599 | \$ | - | \$ | - | \$ | - | \$ | - |
| 10 Stand Alone Prompt Study | \$ | - | \$ | (913,628) | \$ | 913,628 | \$ | - | \$ | - | \$ | - |

| | | | | | | | | | | | | |
|------------------------|----|------------|----|------------|----|------------|----|------------|----|-------------|----|------------|
| Grand Total Components | | | | | | | | | | | | |
| 1-3 Combined | \$ | 68,018,215 | \$ | 68,662,198 | \$ | 71,748,747 | \$ | 69,743,690 | \$ | 278,172,850 | \$ | 70,740,965 |

\$ 144,913,815

Amendment 2

Grades 3-8 STAAR

| | | | | | | | | |
|--------------------|----|-----------|----|-----------|----|---|----|-----------|
| 1 HB 743 360 Items | \$ | 2,171,173 | \$ | 2,171,173 | \$ | - | \$ | 2,171,173 |
|--------------------|----|-----------|----|-----------|----|---|----|-----------|

| | | | | | | | | | | | | |
|------------------------|----|------------|----|------------|----|------------|----|------------|----|-------------|----|------------|
| Grand Total Components | | | | | | | | | | | | |
| 1-3 Combined | \$ | 68,018,215 | \$ | 70,833,371 | \$ | 71,748,747 | \$ | 69,743,690 | \$ | 280,344,023 | \$ | 70,740,965 |

\$ 351,084,988