

Revised on 4/5/16 based on amendments adopted through 4/4/16.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			See Below	
CASH FUNDS			See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 930 changes the state assessment system beginning in FY2017-18. The bill requires the State Department of Education (NDE) to pay the costs of administering a standard college admission test to students in the 11th grade who attend a public school. The test is to be administered in place of the current assessment administered to students in the 11th grade. LB 930 provides that a portion of the lottery funds allocated to NDE for competitive grants may be used to pay for the costs of the college admission test in FY2017-18 only. The bill also eliminates the current statewide writing assessment which is given in three grades and requires that the statewide reading assessment include a component of writing beginning in FY2017-18.

11th Grade College Admission Test/Allocation of the NDE Innovative Grant Fund: NDE indicates the cost of a standard college admission test ranges from \$46 to \$54 per student, depending upon the test selected. Assuming 25,000 eleventh grade students are tested annually, the cost of the college admission test will be \$1,150,000 to \$1,350,000 per year. It is assumed the costs to administer the current statewide assessment and the college admission test will be similar.

In FY2017-18, it is estimated about \$2.9 million of lottery proceeds will flow to the NDE Innovative Grant Fund. The bill has no net fiscal impact on the total amount of lottery funds allocated but it may decrease the amount of lottery funds available for competitive grants from \$2.9 million to \$1,750,000 to \$1,550,000 in FY2017-18, if NDE opts to use lottery funds for this purpose. Thereafter, general funds or federal funds will be used to cover the costs of the college admission test.

State Assessment Costs: It is assumed the vendor contract for the state assessment system will decrease by some amount if the assessment for students in the eleventh grade is eliminated. The total vendor contract is \$7.2 million which applies to assessments given in grades 3 to 8 and 11. If costs per grade for the current assessment are fairly equivalent, the contract may decrease by up to \$1 million per year. The state pays for the assessment system with general and federal funds. It is assumed other costs related to the assessment such as reporting and data gathering will be similar for either type of assessment.

Writing Assessment: The writing assessment which is currently given in three grades is also included in the vendor contract for the state assessment system. The costs for these assessments will be eliminated by the bill. The scoring and on-line administration costs for the writing assessment in FY15 were close to \$700,000. LB 930 provides for a component of writing to be included in the reading test beginning in FY2017-18 which will impact the cost of the reading assessments. The fiscal impact of the change in the assessment of writing is not able to be determined at this point in time. It is assumed the fiscal impact will not be significant to add a writing component in the reading test in conjunction with eliminating the current writing assessment.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 930	AM: 2280	AGENCY/POLT. Department of Education	
REVIEWED BY: James Van Bruggen		DATE: 3/7/16	PHONE: 471-4179
COMMENTS: The amendment does require the Department of Education to administer a college entrance exam. The cost will depend on the test selected.			

Please complete ALL (5) blanks in the first three lines.

2016

LB⁽¹⁾ # 930

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Education

Prepared by: ⁽³⁾ Valorie Foy, Brian Halstead

Date Prepared: ⁽⁴⁾ 3/4/2016

Phone: ⁽⁵⁾ (402) 471-2495
(402) 471-0732

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Amendment

- A college entrance exam would be selected by the State Board to replace the assessment used for state testing (NeSA) in reading, math, science, and writing at the 11th grade and the expenses for this assessment would be paid by NDE.
- The assessment of writing as a separate assessment will not be required after 2016-2017.
- The assessment of reading will be expanded to include a writing component as determined by the State Board beginning in the 2017-18 school year.
- The state board will be allowed to select additional assessment instruments for statewide assessment consistent with federal requirements
- “Reviewing the “accountability system” will be added to the purview of the state assessment Technical Advisory Committee.

Fiscal Impact

- The cost of administering a standard college admission test depends in part on the test that is selected by the State Board. NDE has been in conversation with two well-known companies about potential pricing including a writing component, and the companies informally gave an estimate of between \$45 to \$55 per student, which utilizing current high grade enrollment numbers would indicate an estimated costs of approximately \$1,200,000-1,400,000 a year. However, NDE will be required by other state statutes to request bids from vendors for this college admission test with a writing component and therefore NDE cannot provide a cost at this time. NDE currently does not pay the costs of national assessment instruments under the Act and using the same college admission test for national comparison may reduce school district expenditures at the high school level, but NDE cannot estimate what savings at the school district level would be.
- The Congress recently enacted the Every Student Succeeds Act (ESSA) to replace No Child Left Behind. The 2017-18 school year is the first year when federal requirements will take place under ESSA for testing which mirror current language in Section 79-760.03. Until the United States Department of Education promulgates the regulations for ESSA which are not anticipated to be completed until the end of calendar year 2016, NDE cannot estimate any costs for assessment to meet any new federal requirements at this time.

- The cost reduction of ending the writing requirement after 2016-2017 is unknown. A component of writing will be included in the reading test starting in 2017-2018, therefore, affecting the cost of the current reading assessments. The college admission test with writing will replace the NeSA tests at high schools which may reduce the costs for NeSA testing, but the contract with the current vendor does not include costs per grade level for these tests. Having writing during the reading test window will eliminate the current window of time set aside each year for the writing test and would free up schools to spend time for instruction, but it is not possible to calculate any cost savings at this time. Adding a writing component to the reading test may take more time for students to complete, but NDE is unable at this time to indicate whether there will be any fiscal impact for this change.
- The other changes in the amendment do not appear to add costs to NDE.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				