

Revised on 4/9/18 based on amendments adopted through 4/9/18.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$20,000)		(\$20,000)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$20,000)		(\$20,000)	

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

1081 changes and eliminates several provisions relating to schools. The following provisions will have an impact on workload and/or funding.

Learning Community: The bill requires a learning community coordinating council to submit an annual financial report to the State Department of Education (NDE) on or before January 31 of each year. The bill requires a learning community to have an annual audit but authorizes the Auditor of Public Accounts to determine if a less frequent audit is appropriate, but not less than once every three years. The learning community may contract with the State Auditor to perform the audit. Funds may be withheld from the learning community for failure to submit an annual financial report.

It is assumed the learning community in Douglas/Sarpy counties can prepare and submit an annual financial report to the state using existing staff. The learning community currently complies with the requirement to have an annual audit. There may be a savings in audit costs for the learning community if the Auditor of Public Accounts determines that a less frequent audit is appropriate.

Poverty and Limited English Proficiency Plans: The bill eliminates requirements for schools to submit poverty and limited English proficiency plans beginning in FY2018-19. Elimination of the plans decreases the workload of NDE and school districts. The Legislature has earmarked \$75,000 of general funds in FY2018-19 for the review of poverty and limited English proficiency plans. The elimination of the requirement to submit the poverty and limited English proficiency plans will result in an annual savings of these general funds.

School districts will also have a decreased workload relative to preparing the plans. It is assumed the decrease in workload will not be significant enough to impact staffing.

Priority Schools: The bill eliminates the cap on the number of priority schools which may be designated by the State Board of Education at any one time. Current law allows no more than three schools to be designated as priority schools at one time. The bill removes the cap and states that no less than three schools may be designated at any one time. The change does not have a fiscal impact for the department unless additional state funds are appropriated for this purpose or federal funds are available to provide assistance to more than three schools.

LB 1081, as amended, includes some provisions of **LB 651** which is the Nebraska Reading Improvement Act. The bill provides requirements for school districts and the State Department of Education (NDE) as follows:

Reading Assessments: Beginning in FY2019-20, each school district is required to administer an approved reading assessment three times during a school year to all students in kindergarten through grade three. Several exemptions for students meeting certain criteria are provided in the bill. The assessments to be used are to be commercially available.

The reading assessments must be approved by NDE in accordance with requirements in the bill. Beginning March 1, 2019, and each year thereafter, NDE must publish a list of approved reading assessments and identify threshold levels for performance below which a student will be identified as having a reading deficiency.

The state assessment program does not currently assess children in grades kindergarten, one or two. State approved local or statewide reading proficiency assessments would be needed for these grades. NDE indicates that most districts use a local formative assessment to determine reading proficiency. It is unknown how frequently reading assessments are currently administered by school districts. The requirement to administer an approved reading assessment three times per year in four grades will have an unknown fiscal impact for school districts in terms of costs related to test acquisition, administration and reporting.

Supplemental Reading Intervention Programs: Beginning in FY2019-20, each school district is required to provide a supplemental reading intervention program to ensure that students can read at or above grade level at the end of third grade. The program is to be provided for any student identified as having a reading deficiency. School districts are required to develop individual reading improvement plans for students with a reading deficiency who are in kindergarten through grade three no later than 30 days after a deficiency in reading is identified based upon reading assessments. The plan is to be created by the teacher, principal, other pertinent school personnel and the parents of the student. Students with a plan are to receive supplemental reading intervention services until a student no longer has a reading deficiency.

School districts may work collaboratively with a reading specialist at NDE, with educational service units, learning communities or intergovernmental agreements to develop and provide supplemental reading programs. The bill also indicates that NDE may provide technical assistance as needed by school boards.

Reading programs are to be administered during regular school hours in addition to regularly scheduled reading instruction. Schools are required to make summer reading programs available for students with reading deficiencies who are enrolled in grade one or higher. The programs may be provided in conjunction with existing summer programs in the district or community, or may be offered online. The bill also identifies other components of a reading program that may be adopted by a district to address reading needs of students.

The bill will have an unknown fiscal impact for school districts to develop and implement individual reading improvement plans and make summer school reading programs available. The fiscal impact will vary by school district depending upon reading programs currently in place and resources currently offered to students and families.

NDE indicates the department does not currently have a reading specialist. The department estimates a general fund fiscal impact of \$116,960 in FY19 and \$120,210 in FY20 to hire a reading specialist. This fiscal note assumes that \$55,000 of general funds will be allocated each fiscal year to contract for reading assistance for districts and identify approved assessments and threshold levels for performance.

In summary, the estimated fiscal impact of the bill for the state is as follows in FY2018-19, FY2019-20 and thereafter. The bill will also have an unknown fiscal impact for school districts.

	FY 2018-19	FY 2019-20
Repeal Review of Poverty/LEP Plans	-75,000	-75,000
Contract for Reading Specialist/Technical Assistance	<u>55,000</u>	<u>55,000</u>
Total General Fund Fiscal Impact	-\$20,000	-\$20,000

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2018

LB⁽¹⁾ 1081, AM 2823

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$116,960		\$120,210	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$116,960</u>		<u>\$120,210</u>	

Explanation of Estimate:

LB 1081A correctly strikes specific language on page 3, lines 8 through 12 which directed NDE to spend general funds in FY18-19 on activities LB 1081 eliminates. However the new language on page 2, lines 5 and 10 of LB 1081A should be stricken as LB 944 already incorporates those changes for NDE to receive a 2% cut to general funds like all other state agencies.

The bill indicates districts may “work collaboratively with a reading specialist at NDE.” Currently, NDE does not have a reading specialist. In order to carry out the requirements of the legislation, NDE would need to hire a reading specialist. This fiscal note provides the estimate for hiring a 1.0 FTE Reading Specialist.

The 244 school districts would be required to follow the specific requirements in the Act that will require an undeterminable number of school districts to utilize resources to accomplish. Current financial data available to NDE indicates that 102 school districts are providing some summer school program although more may be doing so. In addition, school districts will need to revise policies and procedures currently in place to ensure compliance with the Act that will require time and resources that are undeterminable, but may be significant and may include hiring of additional district staff and providing additional school programs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Education Specialist III	1.0	1.0	\$59,086	\$60,268
Benefits.....			\$42,988	\$45,056
Operating.....			\$14,886	\$14,886
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$116,960</u>	<u>\$120,210</u>

