

Updated for the 2018 Session - includes any amendments adopted to date.

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	See Below		See Below	\$6,380
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				\$6,380

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

LB 568 authorizes the State Board of Education to issue temporary teaching certificates beginning August 1, 2018. It is assumed the date will be changed to August 1, 2019 for purposes of this fiscal note. The certificates are valid for five years. Applicants must successfully complete a course on the U. S. Constitution and pass an examination administered by the State Department of Education (NDE) on the Constitution. Likewise, applicants must also successfully complete a course on the Nebraska Constitution and be tested by NDE on such. Criminal history record checks are required for applicants and the cost of the record check is borne by the individual. An application fee of up to \$80 is required for individuals who have resided in the state for the past two years or \$100 for other applicants. It is assumed the fees will be deposited into the Teacher Certification Cash Fund.

Expenditures: It is assumed that NDE will contract for a .5 Education Specialist in FY19 and a .25 Education Specialist in FY20 to implement the requirements of the bill. The department indicates that rules and regulations will need to be revised and tests secured to test applicants on the U. S. and Nebraska Constitutions. There will be computer programming expenses of \$4,800 each year to reflect the new certificates and testing requirements. The estimated costs for the department to implement the bill are \$77,063 of cash funds in FY19 and \$35,816 in FY20.

If NDE is unable to locate appropriate tests as required by the bill, then the agency will have to develop examinations. NDE indicates there may be a couple of tests available on the U. S. Constitution that could potentially be used to fulfil the requirements of the bill. However, the department is not aware of any course or test on the Nebraska Constitution that is appropriate for an adult seeking educator licensure. NDE estimates the cost of course and test development could be up to \$600,000. Additional funds will also be needed to create different forms of the test to increase test security and minimize cheating. Such forms could cost approximately \$150,000.

Revenues: NDE estimates there may be 75 individuals who will apply for temporary certificates each year pursuant to the bill. Assuming 75% of the applicants are residents of the state and 25% are from outside the state, there will be \$6,380 of cash fund revenue each year. Additional revenue could be raised if applicants are required to pay for the cost of tests. However, the bill does not authorize such fees.

Teacher Certification Cash Fund: The teacher certification cash fund is used to administer the certification of teachers and administrators in the state. The fund had a balance of about \$775,000 at the end of FY17. NDE anticipates using the majority of the balance of the fund to develop a new certification computer system. If this is authorized by the Legislature, then there will not be sufficient cash funds available to develop a course and test on the Nebraska Constitution.

LB<sup>(1)</sup> 568 REVISED

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

NE Department of Education – Adult Program Services

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Date Prepared: <sup>(4)</sup> 12.20.17

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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	<u>\$900,000</u>	<u>0</u>		
CASH FUNDS	<u>\$77,063</u>	<u>0</u>	<u>\$67,520</u>	<u>\$6,750</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$977,063</u>	<u>0</u>	<u>\$67,520</u>	

**Explanation of Estimate:**

LB 568 creates a new temporary substitute teacher’s certificate beginning August 1, 2018. Requirements of applicants for this new certificate include that the applicant must: be 21 years of age or older; possess a valid high school diploma; complete 24 hours of in-service training; complete a total of 30 hours of classroom observation; successfully complete a course and pass an examination administered by the Department with a score of at least 80% on the Constitution of the United States; successfully complete a course and pass an examination administered by the Department with a score of at least 80% on the Constitution of Nebraska; submit fingerprints for purposes of a search for criminal history record information pursuant to section 79-814.01, and complete an application and pay a nonrefundable fee determined by the State Board that shall not exceed \$80.00 for resident who has resided within the state for the past two years or \$100.00 for any other applicant.

Currently, all applicants for a certificate or permit valid in all schools pay a nonrefundable fee of \$55 with \$13 dollars going to the Professional Practices Commission Fund (PPCF) or \$40 for nonpublic school certificate or permit regardless of where the applicant resides and covers the Department’s costs for handling applications and issuing certificates. Those applicants required to submit fingerprints already pay for those costs and applicants for the new temporary substitute certificate also would pay those costs. Current applicants for any certificate or permit pay for courses taken, and pay the fee for any exams needed for an endorsement

The bill would create a new funding system where no amount for all school certificates or permits would go the PPCF even though that body may hold hearings on unethical conduct of such certificate holder brought by the Commissioner of Education.

The bill does not specify who is responsible for providing the inservice training nor oversight of the 10 hours of classroom observation at each level for elementary school, middle school and high school, but if this is to be the responsibility of the Department then those costs will exceed the fee paid for the new certificate and are therefore reflected in the Fiscal Note expenditures.

The Department is required to develop a course and test for the U.S. Constitution, along with a course and test for the Nebraska Constitution. Currently, two potential tests of the Constitution of the United States were located that would likely meet reliability, validity, fairness, and security considerations for a consequential/high-stakes licensure test. One of the existing options, the *U.S. Constitution Exam*, includes an online exam, test preparation materials (which would likely eliminate the need to develop a course), and a printable Certificate of Completion. This test is utilized by California to meet credentialing requirements in that state and the applicants pay\$85.00 for the course materials and test per attempt. <http://usconstitutionexam.com>. The second option is through the Educational Testing Service (ETS), which is the vendor used by Nebraska for content testing requirements. ETS’s Government/Political Science Test includes approximately 26 of 120 questions (22%) directly related to the Constitution of the United States. The cost for this test is \$120.00 per attempt which exceeds the fee that would be paid by any applicant for the temporary substitute certificate. Work would need to be done to set an appropriate pass rate to reflect 80% of the 22% of the US Constitution questions. <http://www.ets.org/s/praxis/pdf/5931.pdf>. It appears that the *US Constitution Exam* is the most viable option and this Fiscal Note is prepared accordingly. It is assumed the cost associated with taking the test would be at the expense of the certificate applicant.

We could not locate, nor are we aware of, a pre-developed course or test of the Nebraska Constitution appropriate for an adult seeking educator licensure. Therefore, the Fiscal Note includes cost estimates for development of a course and a valid and reliable test that is appropriate for consequential licensing decisions. Using previous NDE research regarding consequential test development, \$900,000 is included for purposes of developing the course and test for the Nebraska Constitution (\$600,000 for course development, test construction, reliability/validity studies) and \$150,000 to create two forms of the test to increase security (minimize cheating).

For both Fiscal Years, personnel/benefits/operating (except for test development), travel and capital outlay are attributed to Teacher Certification (TC) cash funds. The TC funds are not adequate to address the test development costs (\$900,000), particularly since reserves are already obligated for a much-needed system upgrade over the course of the next two years.

The Fiscal Note includes:

Staff: .5 FTE Education Specialist III for 2018-19 to manage course development for a Nebraska Constitution course; manage processes associated with contractual work for test development/selection/standards setting; develop criteria and processes for inservice and observation requirements, provide oversight for technology system integration, and Rule development/revision. In 2019-20, the staff request is .5 FTE Education Specialist III to finalize development work, provide inservice and oversight for observation components, and manage testing processes.

Contractual: Course and test development for the Constitution of Nebraska requirement - \$900,000 (2018-19).

Stakeholder engagement meetings to assist with course development, standards settings for tests, and input to inservice and monitoring protocols (\$5,000 for 2018-19).

Continuing implementation costs, such as public information/outreach, finalization for 8.1.19 implementation (\$5,000 for 2018-19).

Programming for the Teacher Certification System (60 hours x \$80.00/hour=\$4,800 for each year).

Operating for 2018-19 and 2019-20

Per NDE Costing Guidelines for basic operational costs. Includes office equipment, publishing/printing, communication, and travel.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2018-19	2019-20
	18-19	19-20	EXPENDITURES	EXPENDITURES
Education Specialist III	.5	.5	30,547	30,852
Benefits.....			17,167	17,339
Operating.....			915,524	15,524
Travel.....			3,675	3,675
Capital outlay.....			10,150	125
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$977,063</b>	<b>\$67,520</b>