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PREPARED BY:
DATE PREPARED:
PHONE:

Sandy Sostad
January 20, 2011
471-0054

LB 247

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 247 is the Classrooms First Act. The bill provides that no public school district shall spend less than 65% of its total operating expenditures on direct classroom instruction in any fiscal year, beginning in FY 2012-13. The bill defines direct classroom instruction and total operating expenditures.* (See technical note).

The Commissioner of Education is to establish an intervention team to be assigned to a school district that spends less than 65% of its total operating expenditures on classroom instruction. The team is appointed within two months after the completion of the school year and charged with assisting the district to meet the requirements in the ensuing fiscal year. Schools not meeting the requirements for three consecutive fiscal years are not eligible for accreditation unless a plan is approved by the Commissioner of Education to bring the district back into compliance in the ensuing fiscal year. The Department of Education (NDE) is to adopt rules to carry out the act.

65% Requirement: Using the Annual Financial Report (AFR) of school districts, the following table shows cumulative instructional expenses for all school districts in the state, as defined in the bill, divided by total disbursements for all schools. Based upon cumulative school expenditures, the requirement for schools to spend 65% or more on direct classroom instruction was not met in FY 2008-09 and FY2009-10.

	2008-09	2009-10
Direct Classroom Instruction	1,763,583,758	1,773,596,781
Total Operating Expenditures	2,915,923,466	3,076,668,387
Instruction as % of Operating Expenditures	60.48%	57.65%

The following table shows the number of districts based upon enrollment size that meet the 65% threshold in FY2009-10. The table shows that 241 of 253 districts, or 95% of the districts in the state, are spending less than 65% on instruction, when instruction as defined in the bill is compared to total disbursements.

Enrollment Size of Districts	Total # of Districts	Instruction as % of Oper. Exps.	# of Districts < 65%
< 250	90	56.53%	87
250-500	80	57.44%	78
500-1,000	45	59.00%	42
1,000-2,000	16	60.23%	14
2,000-5,000	15	59.11%	14
>5,000	7	56.62%	6
Total	253	57.65%	241

NDE Expenses for Intervention Teams: The bill will have a fiscal impact for NDE to establish and fund school intervention teams beginning in FY2013-14, for school districts not spending 65% on instruction. The intervention teams are to consist of NDE staff, representatives of the educational service unit serving the public school district and any other individuals appointed by the Commissioner of Education.

NDE projects the need for an additional 1.0 Management Consultant to monitor funds expended by school districts on direct classroom instruction and to work with intervention teams. The estimated annual cost for a consultant and related operating expenses is \$94,100 of general funds. There will likely be additional expenses incurred for travel of persons selected for intervention teams. The amount of travel expense is unknown. It is assumed the expenses will be incurred beginning in FY2013-14.

Technical Note: The definition in the bill for direct classroom instruction excludes federal programs while the definition of total operating expenditures includes federal programs. The inclusion of federal programs in total operating expenditures and the exclusion of federal instructional expenditures from instructional costs appears to skew the results of the ratio.

It is difficult to identify federal instructional expenditures because federal categorical expenditures are not separated into instructional and non-instructional costs on the AFR. If 85% of federal categorical expenditures are assumed to be instructional costs and are compared to total disbursements, then 95 of 253 districts, or 37.5% of the districts in the state, are spending less than 65% on instruction in FY2009-10.

	Total # of Districts	Instruction as % of Oper. Exps.	# of Districts < 65%
Enrollment Size of Districts			
< 250	90	63.13%	51
250-500	80	65.39%	28
500-1,000	45	67.00%	11
1,000-2,000	16	68.88%	1
2,000-5,000	15	69.43%	2
>5,000	7	68.28%	2
Total	253	67.63%	95

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Matthew Eash	DATE	1/21/11	PHONE	471-2526
COMMENTS					
NEBRASKA DEPARTMENT OF EDUCATION:					
<u>School Districts:</u> No fiscal impact. School Districts need not incur additional costs to commit 65% of total expenditures to classroom instruction.					
<u>Department of Education:</u> No fiscal impact. According to school expenditure data for the 2008-09 school year, no school districts fell below 61% in classroom expenditures. It is likely that all schools will be able to shift resources to meet the 65% threshold without measurable intervention by the Department, therefore requiring no additional resources.					

JAN 20 2011

LB 247 FISCAL NOTE

LEGISLATIVE FISCAL

2011

State Agency OR Political Subdivision Name: Nebraska Department of Education

Prepared by: Lange/Inbody Date Prepared: 1/18/2011 Phone: 1-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	0	0	94099.00	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	0	0	94099.00	0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Fiscal Impact on NDE – would involve the need for an FTE to monitor funds expended by school district on “direct classroom instruction” and to facilitate “intervention teams” that are required to work with district school boards, superintendents, and other employees of the districts to help them meet the requirements of this bill. Travel incurred by “intervention teams” cannot be determined at this time.

Cost to Political Subdivisions: Unable to determine, until districts not meeting this requirement are identified. At this point, the required “intervention teams” consisting of “NDE staff, representative of ESUs and other individuals appointed by the Commissioner” will be established, resulting in an increase of expenditures to cover contractual obligations and travel expenses.

MAJOR OBJECTS OF EXPENDITURES

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2011-12	2012-13
	11-12	12-13	EXPENDITURES	EXPENDITURES
Management Consultant	0	1	0	55689.00
Benefit			0	28230.00
Operating			0	5620.00
Travel			0	4560.00
Capital outlay			0	Unknown
Aid			0	0
Capital improvements			0	Unknown
TOTAL			0	94099.00+