

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,584,067		\$1,123,914	
CASH FUNDS	220,431	\$5,500	195,097	\$11,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,804,498	\$5,500	\$1,319,011	\$11,000

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

LB 617 is the Working to Improve Nebraska Schools Act. The bill changes requirements for school districts and the State Department of Education (NDE) as follows:

Reading Intervention Programs: The bill requires school districts to develop individual reading improvement plans for students in kindergarten through grade three no later than 30 days after a deficiency in reading is identified based upon state-approved local or statewide 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 be screened and their progress monitored no fewer than three times per year until there is no longer a reading deficiency.

The state assessment program does not currently test children in grades kindergarten, one or two. Statewide reading proficiency tests would be needed for these grades. If NDE is responsible for a statewide assessment, the department will review available commercial tests for their quality and if they are not appropriate then tests will be developed. The department estimates a general fund cost of about \$7,400 to review available tests and \$846,000 to develop assessments for three grades (\$282,000 per grade). It is assumed this will occur in FY2015-16.

Beginning in 2016-17, if a student's reading deficiency is not remedied by the end of grade three, the student must be retained in that grade. Several exemptions for students meeting certain criteria are provided in the bill. Schools are required to provide summer reading camps for all grade three students scoring below grade level on the grade three statewide reading assessment. Camps are to be staffed by teachers who have attained master teacher status.

Schools also must provide retained students with intensive reading intervention programs as outlined in the bill that are staffed by reading teachers who are master teachers. Intensive acceleration classes must also be provided to increase a child's reading level at least two grade levels in one year. School districts must provide prescribed data on the reading programs and participants on an annual basis to NDE.

The bill may have a significant fiscal impact for school districts to administer assessments, develop and implement individual reading improvement plans, and provide summer reading camps for students with reading deficiencies. The bill also will have an unknown fiscal impact for schools to obtain teachers with master teacher status to staff summer camps and provide reading intervention programs.

Annual Report of Student Achievement: The bill requires NDE to prepare an annual report showing student achievement in the state. The state already has an annual report of student achievement. The bill expands the annual report to include a grade for each public school. NDE is to develop school awards for schools improving at least one grade level over the previous reporting period or for those that maintain an A. The bill prescribes how the school grade is to be determined by NDE.

LB 617 also requires NDE to annually develop a school report card to be delivered to parents of students in each school district. The report card of each district is required to be published on the NDE website each year. The Legislature may use the performance of schools as determined by their grade as a factor in calculating any performance-based funding.

NDE estimates a one-time cost of \$606,000 of general funds to establish standards for the determination of a school district performance grade in FY2015-16. There would also be on-going costs of \$24,000 of general funds for an independent external verification of scores of school districts each year.

The department will need an additional 1.0 FTE Database Analyst to manage, collect, analyze, and report the new data requirements of the bill. The estimated general fund costs for the position are \$100,667 in FY2015-16 and \$99,914 in FY2016-17 and thereafter.

Issuance of Teacher Certificates: LB 617 allows additional persons to qualify for teacher certificates in the state. Persons may qualify based upon the passage of an examination or by holding a valid doctoral degree from a postsecondary education institution. They also may qualify if they hold a valid teacher certificate from a national or regional credentialing agency, a valid certificate from another state or have two years of teaching experience in postsecondary education. The bill provides for the issuance of adjunct teaching certificates to applicants with expertise in a subject area. These applicants must pass a subject area examination and the certificate may only be used for part-time teaching.

NDE indicates there may be an additional 100 teacher certificates issued in FY2015-16 and 200 certificates issued in FY2016-17 pursuant to the bill. Revenue will increase by \$55 per certificate issued and be deposited in the Certification Fund (\$42) and Professional Practices Cash Fund (\$13). Increased cash fund revenue is estimated to total \$5,500 in FY16 and \$11,000 in FY17.

NDE projects the need for 2.0 FTE Education Specialists for the alternative certification programs required by the bill. The estimated increase in cash fund expenditures for the staff and operating expenses is \$220,431 in FY16 and \$195,097 in FY17 and thereafter.

School Recognition Program: The bill creates a School Recognition Program to provide financial awards to public schools. The bill provides that the Legislature may use the performance of schools as determined by their grade as a factor in calculating any performance-based funding. Any funds awarded pursuant to the program must be used for nonrecurring bonuses to faculty and staff; nonrecurring expenditures for educational equipment or materials to maintain or improve student performance; or, temporary personnel to maintain or improve student performance.

The fiscal impact of the program is undetermined and depends upon the amount of funds appropriated by the Legislature for this purpose. The fiscal impact is estimated to be \$1,000,000 of general funds for purposes of this fiscal note. It is assumed the school recognition program will begin in FY2016-17.

Summary: The bill requires a reading assessment for children in kindergarten and grades one and two. If the state is to develop the assessment, the one-time cost will be \$853,400 of general funds in FY2015-16. On-going costs to administer the tests are unknown. NDE will need to develop a rating system for school districts at an estimated cost of \$630,000 of general funds in FY16 and \$24,000 in FY17. It is assumed a school recognition program will provide state aid to schools in the amount of \$1 million general funds beginning in FY17 for purposes of this fiscal note.

An additional database analyst will also be needed by the department at a cost of \$100,667 general funds in FY16 and \$99,914 in FY17. Two staff will be hired by NDE to implement alternative teacher certification programs as required by the bill at a cost of \$220,431 cash funds in FY16 and \$195,097 in FY17. Cash fund revenue of \$5,500 is projected in FY16 and \$11,000 in FY17 from additional teacher certificates being issued.

School districts may incur significant increased expenditures to administer assessments, develop and implement individual reading improvement plans, provide summer reading camps for students with reading deficiencies and employ teachers with master teacher status to staff summer camps and provide reading intervention programs. Additional data will also be required to be collected and submitted to NDE.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:617	AM:	AGENCY/POLT. Education	
REVIEWED BY: James Van Bruggen		DATE: 2/3/2015	PHONE: 471-4179
COMMENTS: There could be some utilization of existing staff to fulfil the requirements of the bill.			

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2015

LB⁽¹⁾ 617 Working to Improve Nebraska Schools **FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Donlynn Rice Date Prepared: ⁽⁴⁾ Feb 2, 2015 Phone: ⁽⁵⁾ 471-3240

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$100,000		\$1,583,314	
CASH FUNDS	\$220,431	\$5,500	\$195,697	\$11,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$321,088</u>	<u>\$5,500</u>	<u>\$1,779,011</u>	<u>\$11,000</u>

Explanation of Estimate:

Rule development costs (Rule 21) are included for 2014-15

It is expected that full implementation of LB617 would require the addition of two professional staff members. The nature of the work required by the proposed certificates would require a much higher level of independent decision-making; understanding of educator certification; and ability to communicate effectively with applicants, institutions and districts on more complex processes than is currently required of existing Teacher Certification section staff.

Contractual Services are included to provide for revision/expansion of the Teacher Certification System to incorporate new certificates and processes.

Two statewide advisory committee meetings to inform rule development and implementation are included for 2014-15 (2 meetings x 20 participants)

Revenue estimate is an additional 100 certificates in 2014-15 and 200 additional certificates in 2015-16 @\$55.00 per certificate application.

With the enactment of LB 617 would come standard setting for the determination of schools' and districts' performance grade.

Reading screeners/reading proficiency tests would have to be identified or developed for kindergarten, grade 1 and grade 2.

New data calculations required for the changes in reporting call for independent verification.

Support for the management, collection, and reporting of the new data sources in addition to the new types of data analysis and evaluation require an additional data/database analyst dedicated to the work identified within the LB617. The interface with district, school, teacher certification and assessment data sources requires a competent data analyst to create and publish reports that depend on valid and reliable data calculations and integration of systems.

The data analyst position would provide this support

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>2</u>	<u>2</u>	<u>\$110,095</u>	<u>\$112,572</u>
	<u>1</u>	<u>1</u>	<u>\$55,050</u>	<u>\$56,286</u>
Benefits.....			<u>\$95,029</u>	<u>\$102,499</u>
Operating.....			<u>\$45,560</u>	<u>\$1,501,200</u>
Travel.....			<u>\$15,354</u>	<u>\$6454</u>
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$321,088</u>	<u>\$1,779,011</u>