

Revised on 5/22/07 based on amendments adopted through 5/18/07.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$395,000		\$545,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$395,000</b>		<b>\$545,000</b>	

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

LB 653 changes the statewide system for the assessment of student learning and reporting the performance of school districts and learning communities beginning in 2009-10. School districts currently use locally developed assessments to measure performance based on content standards for six subject areas of reading, writing, math, science, social studies and history. The state is responsible for a statewide writing assessment. The estimated total budget for the current assessment and reporting system is \$7,827,490 in 2007-08 and \$7,135,390 in 2008-09. The majority of funds used for assessment and reporting are federal funds from various grants. Estimated general funds total \$1,836,570 in 2007-08 and \$2,059,990 in 2008-09.

The primary change in the bill is a requirement for a statewide assessment of reading beginning in 2009-10 and a statewide assessment of mathematics beginning in 2010-11. The currently administered statewide assessment of writing is retained. The State Department of Education (NDE) estimates an annual general fund cost of \$470,000 to print, score and disseminate the results for each statewide assessment. Initially, for the reading and writing assessments there will be an estimated \$350,000 of expenditures over a two year period for the development and/or revision of current assessments, validation of assessments to standards, bias review and the determination of state level reliability. On-going maintenance and revision expenses for each assessment will be \$100,000 in the year in which the assessment is first administered and \$150,000 each year thereafter.

The State Board of Education is also required to review and update standards in the subject areas of reading, writing, math, science and social studies. The standards are to be updated beginning with reading in 2009-10, mathematics in 2010-11 and all other subject areas by July 1, 2013. It is assumed that funds are currently budgeted to update writing standards. The estimated cost for standards development in each of the other four subject matter areas is \$100,000 of general funds. It is also assumed that standards development will occur two years prior to the year in which the reading and mathematics assessments are required.

The bill also requires NDE to establish statewide minimum proficiency levels for local assessments. The estimated cost to develop proficiency levels for reading and mathematics is \$25,000 in 2007-08 and \$25,000 in 2008-09.

The bill, as amended, includes provisions from LB 615 requiring a statewide system for tracking individual student achievement by NDE. The department is to use the student identifier system to track student progress, by demographic characteristics identified in the bill, on national and state assessments and other similar measures. Student data shall be aggregated by educational input characteristics including class size, teacher education, teacher experience, special education, early childhood and federal programs, and other targeted education programs. The department is to annually analyze and report student achievement for the state, school districts and learning communities. The analysis is to include data that indicates differences in achievement due to educational input characteristics.

NDE has recently assigned a student identifier number to all students. The identifier will be used to track student progress by the demographic characteristics identified in the bill. It is assumed the intent of the bill is not to link student achievement of individual students to individual teachers. If this assumption is incorrect, the bill will have a significant fiscal impact.

NDE projects an annual \$70,000 increase in general fund expenditures to report the results of individual students on national assessments. NDE is proposing to acquire data on assessment results directly from the vendors of six national standardized tests rather than have school districts report the data. The estimated expenditures will be incurred to work with vendors regarding the inclusion of all records and to prepare the information for publication in the State of the Schools Report or a separate report card.

In summary, the estimated general fund fiscal impact of the bill for the state is as follows:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Report Student Results on National Assessments	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Standards Revision	100,000	100,000	100,000	100,000	0	100,000	100,000
Statewide Proficiency Levels	25,000	25,000	0	0	0	0	0
<b>Statewide Reading Assessment</b>							
-Develop, revise, validate, field test, etc.	200,000	150,000	100,000	150,000	150,000	150,000	150,000
-Print, score, disseminate results	0	0	470,000	470,000	470,000	470,000	470,000
<b>Statewide Mathematics Assessment</b>							
-Develop, revise, validate, field test, etc.	0	200,000	150,000	100,000	150,000	150,000	150,000
-Print, score, disseminate results	0	0	0	470,000	470,000	470,000	470,000
Total	395,000	545,000	890,000	1,360,000	1,310,000	1,435,000	1,435,000

The bill also provides responsibilities for educational service units (ESU's) related to assessments. ESU's may assist school districts in the development and adoption of assessment portfolios. The ESU's are currently involved in these activities. There is a new requirement for ESU's to conduct an annual peer review of local district assessments and submit documentation to the State Department of Education (NDE) once every three years. ESU's which are part of a learning community are to establish standards and assess students in grades kindergarten through three. It is assumed that ESU's will use existing resources to accomplish the added responsibilities of the bill.

This fiscal note assumes a single statewide assessment instrument will not be purchased for the required reading and mathematics assessments. If the intent of the bill is to purchase a single instrument, then the fiscal impact may be more significant, if funds are not reallocated for this purpose within the existing budget for the current assessment and reporting system.