

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	Up to \$402,000		Up to \$670,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	Up to \$402,000		Up to \$670,000	

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

LB 987 changes provisions of the Quality Education Accountability Act. The bill provides for a new eight member Quality Education Accountability Commission to be responsible for student assessment standards and procedures. Currently, the State Board of Education is charged with the responsibility to carry out the act. The bill creates a Quality Education Accountability Office. The office is a state agency. It may be a separate division within an existing department of the executive branch. It appears the bill specifically requires the hiring of a Director of Quality Education Accountability and a director of statewide assessment. The director may employ staff as deemed necessary to carry out the provisions of the Quality Education Accountability Act. The bill requires a statewide assessment of mathematics in 2009-10, rather than in 2010-11. The bill also requires the Commission to prescribe statewide assessments in science and social studies.

It is assumed the bill will have a fiscal impact in terms of increased expenditures for the newly established Commission and Accountability Office. It is also assumed the Commission will commence operation in 2008-09. The fiscal note prepared by the State Department of Education (NDE) appears reasonable in terms of the assumption that two new staff identified in the bill will be hired as support for the new commission. The estimated general fund fiscal impact for the staff and related operating expenses is \$247,000 in 2008-09 and \$245,000 in 2009-10. An additional expenditure of \$5,000 of general funds is projected each fiscal year to reimburse commission members for expenses and to pay for commission meetings. It is unknown where the Commission will be housed.

It is assumed some existing staff and funding in NDE may be transferred to the new Commission. The division of responsibility for the two entities does not appear to be clearly defined. It is unknown whether the expenditures estimated for the new Commission and Accountability Office will be absorbed within the existing budget for assessment and reporting or will be new expenditures. The estimated total budget for the current assessment and reporting system is \$7,813,351 in 2008-09 and \$8,385,378 in 2009-10. The majority of funds used for assessment and reporting are federal funds from various grants. Estimated general funds total \$2,081,770 in 2008-09 and \$2,372,990 in 2009-10.

LB 653A (2007) provides general funds for a statewide reading assessment in 2009-10 and a statewide assessment of mathematics in 2010-11. LB 987 changes the mathematics assessment to 2009-10. If the same process is used to develop an assessment as was approved in LB 653, then an expedited process to develop the assessment will be needed. This will require an additional \$150,000 of general funds in 2008-09 and \$420,000 in 2009-10. A fiscal impact occurs for the state because the assessment is administered one year earlier.

The bill also requires the Commission to prescribe statewide assessments in science and social studies. No timeline is identified in the bill. If the assessments are developed in the same manner as the reading and math assessments, there will be one-time expenses of \$350,000 to develop, revise, validate and field test each assessment and \$620,000 to continue these activities each year the assessment is administered as well as print, score and disseminate the results.

This fiscal note assumes a single statewide assessment will not be purchased for the required mathematics, science and social studies assessments. If the Commission opts to prescribe a single instrument and the state is responsible to pay the cost of the assessment, then the fiscal impact may be more significant, if funds are not reallocated for this purpose from the existing budget of the assessment and reporting system.

The bill eliminates the requirement for NDE to identify criteria for rating assessment instruments, establish minimum proficiency levels for local assessments and contract with assessment experts to review local assessment instruments in regard to meeting the criteria and proficiency levels. The elimination of this requirement will result in a savings for the State Department of Education. The amount of savings is unknown.

The bill eliminates the requirement for school districts to develop assessment portfolios. The impact of the elimination of the requirement is unknown. The bill also eliminates the requirement for educational service units to conduct annual peer reviews of local assessments. The elimination of the requirement will reduce the workload of ESU's and may result in an unknown decrease in expenditures.