

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB 438 amends the Quality Education Accountability Act. The bill requires the State Board of Education to designate priority schools based upon school and district performance scores beginning with data from the 2013-14 school year. Priority schools are to be in the lowest performance category. No more than five schools may be designated priority schools at one time. The State Board is to appoint an intervention team of up to five members to collaborate with a priority school to develop a progress plan to be approved by the State Board. The plan is to include actions to remove the school's designation as a priority school. After the fifth year a school has been deemed a priority school, the state board is to determine whether plan revisions are necessary. An annual report is required by the State Department of Education (NDE) identifying priority schools and the progress made.

The bill also provides that any public school may become a community school through the formation of an operating council. Upon receiving a request to become a community school, the school board shall hold an operating council meeting. The operating council consists of three to six members and is advisory to the superintendent, school board, and principal of the community school. The operating council is to have an opportunity to meet with the principal of the school at least once each month.

NDE Operating Expenses: NDE indicates the need for 4.0 FTE to oversee the priority schools in the state. This fiscal note assumes NDE will add one Education Specialist to oversee the program and be a part of intervention teams in the state at an estimated cost of \$109,990 of general funds in FY14 and \$114,300 in FY15.

Intervention Teams: The bill does not specify whether a school district or the state is to fund the cost of intervention teams. It is assumed the state will incur the expenses for intervention teams appointed to assist priority schools. There will be a maximum of five teams each year. The cost of the teams will depend upon the plan developed to assist a priority school district. NDE indicates the plans may call for teams to contract with education specialists for activities such as curriculum alignment, professional development, instructional strategies, and interventions for at-risk students. NDE estimates about \$200,000 per year for contracts pursuant to progress plans. It is assumed there will be other costs for team members of at least \$100,000 per year for expenses.

The bill does not provide for aid to be given to priority schools. The fiscal note prepared by NDE projects the need for \$700,000 of aid to be given annually to each of the five schools designated as a priority school. This fiscal note does not assume aid is provided to priority schools.

Operating Councils: The bill allows schools to become community schools through the formation of an operating council. It is assumed the cost of operating councils will not be significant and will be funded by school districts. An increase in expenditures by districts for operating councils may increase the amount of state aid distributed, two years after the spending increase occurs.

Summary: It is assumed the bill will have a general fund fiscal impact of at least \$409,990 in FY14 and \$414,300 in FY15 to fund one FTE at NDE, the costs of intervention teams and contractual services to improve the performance of five priority schools. Since the bill does not specifically provide for aid to priority schools, this was not included in the fiscal impact of the bill.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES

LB: 438	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Matthew Eash		DATE: 2/20/2013	PHONE: <a href="tel:402-471-4175">402-471-4175</a>
<p>COMMENTS: LB 438 implements new school accountability requirements, beginning in FY 2014-15. The Department's estimate of salary and benefits costs to employ 4.0 FTEs in FY 2014-15 appear reasonable; but these new positions would be needed for only a portion of FY 2013-14 to prepare for FY 2014-15 implementation. Annual travel costs should be significantly less than the Department's estimate. Its estimate of \$132,607 could likely pay for 180 days of intrastate travel for each of the four new personnel. There is insufficient information to analyze the Department's annual estimates for other general operating costs. There is no fiscal impact with regard to state aid. LB 438 does not indicate intent nor authorize a new state aid program for schools impacted by the legislation. The Department's estimate of \$3,500,000 in annual aid seems to be based on what it believes the additional cost would be for "priority schools" to implement new "progress plans." Even if aid were authorized, LB 438's provisions rely on data collected after the conclusion of FY 2013-14, so no grants could be made until FY 2014-15.</p>			

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**2013**

**LB<sup>(1)</sup> 438 FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Department of Education

Prepared by: (3) Valorie Foy Date Prepared: (4) 2/1/2013 Phone: (5) 402 471-2495

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>4,200,746.00</u>	<u>                    </u>	<u>4,193,482.00</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUNDS</b>	<u><b>4,200,746.00</b></u>	<u><b>                    </b></u>	<u><b>4,193,482.00</b></u>	<u><b>                    </b></u>

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

Explanation of Estimate:

Fiscal Impact on NDE: Fiscal impact for four positions: one Educational Specialist IV, two Educational Specialists III, and one Office Associate III to oversee the process, monitor funds, and provide expertise in content and school improvement processes. Fiscal impact to NDE would also include grants (aid) to be provided to the schools for operational costs of a community council and an intervention plan, which could include consulting services, professional development, travel and other costs. To determine the amount to make available to districts through the application process, NDE based its estimate on the average amount granted by the Federal School Improvement Grants under No Child Left Behind.

Cost to Political Subdivisions: Costs to districts would be partially funded by grants provided in the Expenditure section below as "Aid."

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
<u>Educ. Spec IV</u>	<u>1.0 FTE</u>	<u>1.0 FTE</u>	<u>59,191.00</u>	<u>60,523.00</u>
<u>Educ. Spec. III</u>	<u>2.0 FTE</u>	<u>2.0 FTE</u>	<u>107,672.00</u>	<u>110,095.00</u>
<u>Office Associate III</u>	<u>1.0 FTE</u>	<u>1.0 FTE</u>	<u>31,680.00</u>	<u>32,392.00</u>
<u>Benefits.....</u>			<u>122,683.00</u>	<u>132,607.00</u>
<u>Operating.....</u>			<u>256,977.00</u>	<u>231,646.00</u>
<u>Travel.....</u>			<u>122,543.00</u>	<u>126,219.00</u>
<u>Capital outlay.....</u>			<u>                    </u>	<u>                    </u>
<u>Aid.....</u>			<u>3,500,000.00</u>	<u>3,500,000.00</u>
<u>Capital improvements.....</u>			<u>                    </u>	<u>                    </u>
<b><u>TOTAL.....</u></b>			<u><b>\$4,200,746.00</b></u>	<u><b>\$4,193,482.00</b></u>