

**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	\$59,955		\$56,360	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$59,955</b>		<b>\$56,360</b>	

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

LB 593 is the Charter School Act. A charter school is deemed to be a political subdivision which operates under a charter granted by the State Board of Education (NDE). Persons or entities eligible to operate a charter include, but are not limited to, a business, corporate entity, two or more certified teachers, or ten or more parents. NDE is to establish rules and regulations pertaining to the requirements to receive a charter. An initial charter is for five years and may be renewed for successive five-year periods.

The bill provides for a maximum of five charter schools to be operated in a city of the metropolitan class (Omaha) each year. Charter schools may not serve a total of more than 1,000 students in the state each year. The Class V School Employees Retirement Act shall apply to employees of a charter school. The Class V school district (Omaha Public Schools) in which a charter school is located shall provide transportation to the charter school for students living in the school district on the same terms as is provided to students attending school in the district. Students not living in the district are eligible for transportation as provided for students in the option enrollment program.

The school district of residence of students attending a charter school is to annually pay the charter school the school district's actual per pupil cost for the preceding year for the number of students attending the charter school. No admission fee or tuition may be charged to attend a charter school.

NDE Expenditures: The department projects the need for an additional 1.25 FTE to develop the rules and regulations for charter schools, assist in the approval of charter schools, monitor accreditation and approval of the schools and conduct on-site visits of the schools. This fiscal note assumes the addition of a .5 Education Specialist to work with charter schools at a cost of \$59,955 of general funds in FY14 and \$56,360 in FY15.

School District Expenditures: There may be increased transportation expenditures for school districts to transport students to charter schools or pay parents for the cost of transportation. The change in transportation costs will depend upon what is currently spent to transport the children versus the cost to transport them to the charter school.

School districts which have students residing in the district who opt to attend a charter school will be required to pay the actual per pupil cost of the district for the preceding year to the charter school. If the decreased membership in a particular school is very few, then the sending district may not be able to decrease expenditures by the amount of the per pupil cost that is reimbursed to a charter school. In other words, a small change in the number of students for a school does not necessarily decrease the cost of teachers, etc.

TEEOSA Aid: The bill may change the amount of state aid provided to school districts beginning in FY16. Currently, basic funding in the state aid formula for a district with 900 or more students is equal to the number of formula students times the average of the adjusted general fund operating expenditures (GFOE) per formula student for districts in each comparison group. A comparison group is the ten smaller and ten larger districts nearest in student size to a district. The two largest and smallest districts as measured by GFOE are not included in the comparison group.

If charter students leave a district and total expenditures are not reduced by the amount of the average per pupil cost, then the average spending per student increases for the district. The increase may impact the needs for the comparison group which can result in changes in state aid for districts in the same comparison group as the district that loses students. Any change in state aid will occur two years after the change in spending occurs.

Retirement: The bill will have an unknown fiscal impact for the Class V school district retirement system to enroll charter teachers in the system. A fiscal impact cannot be determined because the number of employees that may receive benefits is unknown.

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**2013**

**LB<sup>(1)</sup> 593 FISCAL NOTE**

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

Prepared by: (3) Freida Lange Date Prepared: (4) 2/8/2013 Phone: (5) 402-471-2444

**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>122,953.00</u>	<u>0.00</u>	<u>123,033.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL FUNDS</b>	<u><b>122953.00</b></u>	<u><b>0.00</b></u>	<u><b>123,033.00</b></u>	<u><b>0.00</b></u>

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

Explanation of Estimate:

NDE Staff would be needed for initial rule development specific to charter schools, followed by the review and monitoring of accreditation or approval requirements for any entity submitting an application to open a charter school. If the applicant is approved by the State Board of Education to function as a charter school, annual review of reports and accreditation/approval requirements would be conducted, as well as onsite visits.

The cost for local subdivisions/LEAs cannot be determined, but could potentially impact an LEA an amount equal to the state aid for 1000 students based on the loss of average daily membership. In addition, the resident district would be required to provide transportation or cover transportation costs for students attending the charter school(s), rather than their district of residence.

**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>
Education Specialist IV	<u>1</u>	<u>1</u>	<u>59191.00</u>	<u>60523.00</u>
Office Associate III	<u>.25</u>	<u>.25</u>	<u>7920.00</u>	<u>8098.00</u>
Benefits.....			<u>395340.00</u>	<u>44068.00</u>
Operating.....			<u>5368.00</u>	<u>5529.00</u>
Travel.....			<u>4654.00</u>	<u>4815.00</u>
Capital outlay.....			<u>6280.00</u>	<u>0.00</u>
Aid.....			<u>0.00</u>	<u>0.00</u>
Capital improvements.....			<u>0.00</u>	<u>0.00</u>
<b>TOTAL.....</b>			<u><b>122,953.00</b></u>	<u><b>123,033.00</b></u>