

Revised on 3/10/08 based on amendments adopted through 3/4/08.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2008-09</b>		<b>FY 2009-10</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB 1157 changes the statewide system for assessment of student learning. Current law requires the State Board of Education to select three grade levels for assessment and reporting. Assessments are developed by school districts and administered locally and results are reported to the state. The state currently has a statewide writing assessment which is given in three grades. LB 653 (2007) required a statewide reading assessment to be administered in three grades beginning in 2009-10 and a statewide mathematics assessment in three grades beginning in 2010-11.

The bill changes the current assessment system to provide for statewide assessments in reading and mathematics to be administered in seven grades, rather than three. The bill also establishes an additional statewide science assessment. The science assessment is to begin in 2011-12 and be given in at least three grades. LB 1157 provides that the State Board of Education shall not require school districts to administer assessments other than required state assessments. The bill also eliminates the requirement for educational service units to conduct an annual peer review of local assessments and for school districts to develop assessment portfolios. A technical advisory committee is established to review the statewide assessments plan and instruments.

The State Department of Education (NDE) estimates the need for \$3.5 million for assessments in reading, mathematics and science. Additional funds (\$225,000) will also be needed to revise standards and develop a special education alternate assessment (\$1.5 million). NDE indicates a new special education assessment will be required due to the required revision of standards in LB 1157.

The general fund fiscal impact of the bill is dependent upon the actual cost of assessments and the amount of federal funds that may be redirected from use for local assessments to use for state assessments. NDE indicates the state receives \$2,750,000 of federal funds from No Child Left Behind (NCLB) that are used for the current STARS assessment program. The use of these funds can be redirected to state assessments.

The following table shows estimated phased-in funding of LB 1157 based upon the estimates provided in LB 653 for state assessments in three grades. The chart shows funding for assessments in four additional grades in reading and mathematics, three grades in science and a special education assessment. It should be noted that general funds for reading and mathematics assessments in an additional three grades was provided in LB 653 (2007). No additional funds are included for the technical advisory committee required by the bill because NDE currently has a technical advisory committee which will be discontinued when the new advisory committee is established. The chart shows the shift in federal NCLB funds will be sufficient to fund the phased-in implementation cost of state assessments, so it is projected that no additional general funds will be required to implement LB 1157 until about 2012-13. There will be a need for an annual \$120,000 increase in salary limits to hire two additional assessment coordinators to develop and administer the required statewide assessments.

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	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Report Student Results on Nat'l Assessments		93,300	186,600	256,600	256,600	256,600
Standards Revision	225,000	225,000	225,000	225,000	225,000	225,000
Technical Advisory Committee	0	0	0	0	0	0
Special Education Assessment	500,000	500,000	500,000			
<b>Statewide Reading Assessment (4 add'l grades)</b>						
-Develop, revise, validate, field test, etc.	466,000	133,000	200,000	200,000	200,000	200,000
-Print, score, disseminate results	0	625,000	625,000	625,000	625,000	625,000
<b>Statewide Mathematics Assessment (4 add'l grades)</b>						
-Develop, revise, validate, field test, etc.	260,000	200,000	133,000	200,000	200,000	200,000
-Print, score, disseminate results	0	0	625,000	625,000	625,000	625,000
<b>Statewide Science Assessment (3 grades)</b>						
-Develop, revise, validate, field test, etc.		200,000	150,000	100,000	150,000	150,000
-Print, score, disseminate results		0	0	470,000	470,000	470,000
<b>Total LB 1157</b>	<b>1,451,000</b>	<b>1,976,300</b>	<b>2,644,600</b>	<b>2,701,600</b>	<b>2,751,600</b>	<b>2,751,600</b>
<b>NCLB Federal Funds</b>	<b>2,750,000</b>	<b>2,750,000</b>	<b>2,750,000</b>	<b>2,750,000</b>	<b>2,750,000</b>	<b>2,750,000</b>
Less: State Assessments (LB 1157)	1,451,000	1,976,300	2,644,600	2,701,600	2,751,600	2,751,600
Less: Local Assessments	<u>1,299,000</u>	<u>773,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Fiscal Impact</b>	<b>0</b>	<b>0</b>	<b>105,400</b>	<b>48,400</b>	<b>-1,600</b>	<b>-1,600</b>

It is assumed the state will continue to have local assessments in reading and mathematics until the year when a state assessment is required. The actual fiscal estimate of the change from local assessments (STARS) to state assessments is dependent upon additional general funds being provided for state assessments in 2009-10 and thereafter based upon the fiscal note estimates in LB 653 (2007). It is also dependent upon the continued receipt of NCLB federal funds for assessment. The following table shows the projected budget for state assessments. The budget includes general funds and estimated federal funds for assessments. The department also uses additional federal funds not shown on the chart for other assessment related activities.

LB 653 - General Funds for State Assessments	545,000	890,000	1,360,000	1,310,000	1,435,000	1,435,000
LB 1157 - Federal Funds for State Assessments	<u>1,451,000</u>	<u>1,976,300</u>	<u>2,644,600</u>	<u>2,701,600</u>	<u>2,751,600</u>	<u>2,751,600</u>
Total LB 653 (2007) & LB 1157 - State Assessments	1,996,000	2,866,300	4,004,600	4,011,600	4,186,600	4,186,600
General Fund Base for Assessments	1,607,000	1,607,000	1,607,000	1,607,000	1,607,000	1,607,000
Federal Funds for Local Assessments	<u>1,299,000</u>	<u>773,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessment Budget	4,902,000	5,247,000	5,611,600	5,618,600	5,793,600	5,793,600
General Funds	2,152,000	2,497,000	2,967,000	2,917,000	3,042,000	3,042,000
Federal Funds	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,750,000</u>
Total Funds	4,902,000	5,247,000	5,717,000	5,667,000	5,792,000	5,792,000

The repeal of requirements for educational service units to conduct peer reviews of local assessments and for school districts to conduct local assessments and develop assessment portfolios should decrease the workload and expenditures of these entities if local assessments currently being administered are eliminated. The amount of decreased expenditures is unknown but it is assumed the decrease in expenditures and workload may be more than minimal if local assessments are curtailed.