

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2010-11</b>		<b>FY 2011-12</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$250,000		\$150,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$250,000</b>		<b>\$150,000</b>	

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

LB 1007 requires the State Board of Education, on or before December 1, 2010, to establish an index to measure the performance of public schools beginning in 2012-13. The index shall include, but not be limited to, graduation rates, student growth, performance on assessments and other school performance indicators selected by the board. The measures used in the index shall be combined into a school and district performance score. Schools not meeting performance levels established by the board are designated priority schools. An intervention team established by the Commissioner of Education will collaborate with a priority school to develop a progress plan 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 further steps shall be taken.

The bill will have a fiscal impact for the State Department of Education (NDE) to develop an index and compute and report data used in the index. There will also be increased expenditures for intervention teams that are established to work with priority schools in the development of progress plans. NDE intends to contract with a psychometrician for the development of the performance index. It is assumed the contractual costs will be incurred in 2010-11 because the index is required to be established on or before December 1, 2010. NDE estimates a one-time expense of \$100,000 general funds to develop the index and \$150,000 of one-time computer programming costs for the index calculations.

NDE assumes additional one-time expenses of \$150,000 general funds to incorporate the results of the new index into the State of the Schools report. It is assumed these expenditures will be incurred in 2011-12. On-going costs to run the index system and provide reports are estimated to be \$150,000 per year, beginning in 2012-13.

NDE also indicates the need to have a validation study of the growth model after it has been in use for one year. The validation study will determine if the index and criteria used by the board are appropriately identifying priority schools and whether assessment results are comparable across the state. The one-time cost for a contracted validation study is estimated to be \$100,000 in 2013-14.

The need for an intervention team or teams and the cost of such depends upon performance levels established by the board. There will be additional expenses for training intervention team members and for costs related to the preparation of progress plans. The actual fiscal impact for the intervention teams is unknown and could vary considerably from year to year depending upon the number of schools designated as priority schools by the state board. It is assumed expenses for intervention teams will begin in 2013-14.

The following table shows the estimated general fund fiscal impact of the bill. It is possible the state may receive federal funds (Race to the Top) which could be used to fund some components of the bill, but at this time the success of the grant application is not known.

<b>Activity</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Contract for Index	100,000	0	0	0
Programming for Index	150,000	0	0	0
Incorporate Index into				
State of Schools Report	0	150,000	0	0
Generate Annual Index				
Performance Reports	0	0	150,000	150,000
Validation Study	0	0	0	100,000
Intervention Teams	0	0	Unknown	Unknown
<b>Total</b>	<b>250,000</b>	<b>150,000</b>	<b>150,000+</b>	<b>250,000+</b>

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS			
<p>NEBRASKA DEPARTMENT OF EDUCATION: The Department of Education's estimate assumes that most requirements of LB 1007 would be performed via consulting contracts, but no analysis of these contract costs is available to validate the estimate. The creation of growth index calculations, design changes for the State of the School Report, commercially published progress reports and third-party validation studies are not specifically required by LB 1007, and the current cost of such functions of the Department possibly could be offset by realigning priorities to accommodate them.</p>			