

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$100,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$100,000	

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

LB 662 requires the State Board of Education to establish an accountability system with a scale from A to F measuring performance for schools and districts. The rating system shall be established on or before August 1, 2020.

The bill requires the State Department of Education (NDE) to develop school awards for schools which improve at least one grade level or earn a grade of A. NDE is required to prepare annual reports of the results of the accountability system which describe student achievement in schools and districts. The department shall annually publish each school’s report on its web site.

Each school earning a grade of A or having improved at least two grade levels shall have greater authority over the allocation of the school’s total budget, state categorical funds, grants and local funds as specified by NDE.

NDE Expenditures: The bill requires the State Board of Education to redesign the current accountability system (AQuESTT) which was implemented in 2015. The current accountability system combines test scores, participation rates in state assessments, and graduation rates to assign a rating to schools. The system also shows growth and improvement on a year to year basis. Schools are annually classified to be excellent, great, good, or needs improvement. The bill provides for schools to be rated on an A to F performance scale.

NDE estimates an additional one-time appropriation of \$40,000 of general funds will be needed in FY19 for psychometric support to establish the distribution percentages for the A to F classifications. Another \$60,000 of general funds will be used for meetings of stakeholders to reestablish the rating classifications.

The department also indicates an additional Data Analyst would be necessary to handle the responsibilities of the bill at an annual cost of \$125,000. It appears the reporting requirements of the bill will not change appreciably due to a new rating system, so this fiscal note assumes existing staff in the accountability office can handle on-going activities pursuant to the bill.

The requirement for NDE to develop school awards for A rated schools or for schools which improve at least one grade level may have a fiscal impact depending upon whether the awards are monetary in nature. This fiscal note does not assume any increase in funding for school awards.

School Districts: It is assumed the bill will have no additional fiscal impact for school districts. It is unknown how the language in the bill allowing greater control over budgets and funding for schools with an A rating or schools having improved at least two grades will be implemented and specified by NDE. It is possible the provision could have some fiscal impact for impacted schools.

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2017

LB⁽¹⁾ 662

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Education

Prepared by: ⁽³⁾ Brian Halstead

Date Prepared: ⁽⁴⁾ 3/2/17

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$225,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>\$225,000</u>	<u>_____</u>

Explanation of Estimate: The bill would amend the Nebraska Quality Accountability Act would require the State Board by August 1, 2020, establish an accountability system measuring the performance of schools and school districts on an A-F grading system as specified in the bill. In addition, the bill also requires the Department to prepare annual reports of the results of the new state accountability system with districts being required to provide school report cards to parents no later than 1 month prior to the beginning of the next school year.

The State Board of Education and NDE created Accountability for a Quality Educational System, Today and Tomorrow (AQuESTT) in 2015 pursuant to LB 438 enacted in 2014 which currently has a "raw classification" component that combines test scores, participation in state tests, and graduation rates which LB 662 would change. NDE estimates it would need \$40,000 in funding psychometric support, \$60,000 for expenses such as meetings, travel, rental for rooms to re-create the "raw classification" as specified in LB 662. In addition, \$125,000 beginning in 2018-19 for 1 FTE to handle the new duties required in LB 662.

It is presumed the reports to parents 1 month prior to the start of the new school year would require reports in July of each year which would have an impact on when state summative tests would need to be administered and may require those tests to be administered in the first semester of the school year instead of the second semester as has always been done since 2009 which may have impacts on NDE, school districts. Every Student Succeeds Act requires reports by December 31 of the school year following the school year being reported.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
Data Analyst	_____	1.0	_____	\$85,125
Benefits.....	_____	_____	_____	\$39,875
Operating.....	_____	_____	_____	\$40,000
Travel.....	_____	_____	_____	\$60,000
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>\$225,000</u>

