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MEMORANDUM

DATE: April 3, 2003
TO: Senator William J. Raggio, Chairman
 Senate Committee on Finance
FROM: Mindy Braun, Education Program Analyst *MB*
 Fiscal Analysis Division
SUBJECT: Senate Bill 191 - Fiscal Note

During the March 20, 2003 hearing on Senate Bill 191, the Committee requested that school districts review submitted fiscal notes for accuracy; it appeared that the school districts did not utilize a consistent formula in generating the fiscal notes and included costs that were specifically associated with the implementation of the federal No Child Left Behind Act (NCLBA) and not attributable to the state's response to the NCLBA through Senate Bill 191. In response to the Committee's request, representatives of the school districts met to generate common formulas to estimate the costs of SB 191 and provide a revised fiscal note. To date, staff has received two revised statewide level fiscal notes from the school districts; no back-up information for either submission has been received. **NOTE: According to the fiscal notes, the calculations represent actual anticipated costs for Clark and Washoe County School Districts; calculations for the other 15 school districts are projected on a per pupil basis.** The following table summarizes total statewide costs of SB 191, as provided by school districts and staff:

**School District Estimates
Statewide Costs for Implementing SB 191**

Original Fiscal Note By School Districts		First Revised Fiscal Note By School Districts		Second Revised Fiscal Note By School Districts		Third Revised Fiscal Note By Staff	
FY 04	FY 05	FY 04	FY 05	FY 04	FY 05	FY 04	FY 05
\$86,684,755	\$95,798,269	\$59,618,897	\$72,640,577	\$43,976,192	\$49,052,567	\$27,000	\$95,500

EXHIBIT H Senate Committee on Finance
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Summary of Findings and Concerns

1. On Tuesday, April 1, 2003, staff received the first revised fiscal note (see Attachment I). Upon review of the fiscal note, staff noted several costs that were:
 - a) Already state-funded (i.e., remediation programs for low-performing schools, professional development for teachers and administrators, and technology data collection (SMART));
 - b) Already required under the current Nevada Education Reform Act (NERA) (i.e., school and district improvement plans); and
 - c) A specific requirement under the NCLBA, not Senate Bill 191.

During a meeting on April 1, 2003 with Dr. Jim Hager, Washoe County School District, Randy Robison, Nevada School Boards Association, and Carleen Lee, Clark County School District, staff noted concerns that the above costs should not be included in the fiscal note for SB 191 and asked that another revised fiscal note be provided.

2. On Wednesday, April 2, 2003, staff received the second revised fiscal note (see Attachment II). Review of this fiscal note shows that although some of the costs discussed on April 1 were appropriately removed, other costs remain that appear to be inappropriate. The following summarizes the remaining fiscal costs of SB 191, as presented by school districts, and includes staff concerns with each item.

- Assessments, Accountability and Reporting: The school districts indicate costs of \$14.2 million in FY 2003-04 and \$17.6 million in FY 2004-05 for staff, photocopying and mailing costs. Although back-up information has not been received, staffs' understanding of this cost category is that it is for 17.0 FTE district-level positions to assist school districts with disaggregating assessment data and developing the already NERA-required accountability report cards.

Concerns: Because the disaggregation of assessment data for all schools is a requirement of the NCLBA and is not increased under SB 191, and because it is staffs' understanding that the department will be completing the disaggregation of assessment data for the school districts, it is unclear why the additional costs for district-level staff are associated with SB 191. In addition, because Accountability Report Cards have always been required under NERA, it is unclear why there would be additional costs for the development of accountability report cards under SB 191. NOTE: During the meeting on April 1, these issues were discussed and staff asked Dr. Hager to identify sections of SB 191 that would need to be removed in order to eliminate the fiscal impact. Dr. Hager noted that no sections included in SB 191 could be removed to eliminate the fiscal impact.

Conclusion: It appears that the fiscal impact of SB 191 for Assessments, Accountability and Reporting should be minimal or \$0.

- Technology Data Collection: The school districts indicate costs of \$25.6 million in FY 2003-04 and \$9.2 million in FY 2004-05 for technology data collection. Although back-up information has not been received, staffs' understanding of this cost category is that it is for 1.0 FTE data entry positions at each elementary school in Clark and Washoe County School Districts; a system such as the Grow Network for integration of assessment data into the classroom; and a data warehousing system to be implemented in Clark County School District.

Concerns: First, it does not appear that any section in SB 191 would require the school districts to hire one data entry position for each elementary school in Clark and Washoe County School Districts. Under the NCLBA-only requirements, the school districts may believe they need these positions, but the costs should appropriately be directed to federal funding made available through the NCLBA, and not appear as a fiscal effect of SB 191.

Second, although a system such as the Grow Network would be useful to classroom teachers to develop curriculum, based upon the needs of pupils, there are no sections in SB 191 that would require such a system to be implemented statewide.

Third, there appears to be no need for a district-level data warehousing system if the state's System for Accountability Information (previous SMART) was implemented appropriately by the department. According to Dr. Hager, this cost was included only because the school districts have no faith in the current SMART system having the capacity to provide the data needed at the district level.

Conclusion: It appears that the fiscal impact of SB 191 for Technology Data Collection should be minimal or \$0.

- School Improvement Plan Development/Support and Implementation: The school districts indicate costs of \$1.9 million in FY 2003-04 and \$6.7 million in FY 2004-05 for the development and implementation of school improvement plans in the state. According to the revised fiscal note, these costs are based upon the cost of developing a school improvement plan at \$5,000 per school and implementation costs of \$30,000 per school. At this time, it is not clear if a portion of these costs are attributable to implementation of school support teams.

Concerns: Because the development and implementation of school-level improvement plans is currently a requirement under NERA, it is not clear why school districts are estimating increased costs due to SB 191. During the meeting with Dr. Hager, it was explained that SB 191 does not add a peer review process for school improvement plans for non-Title I schools, as is required under the NCLBA for Title I schools. If a portion of these costs is attributable to the implementation of school support teams for all low-performing schools (both non-Title I and Title I schools) minimal costs for substitute pay and costs to develop a standard form would be justified.

Senator William J. Raggio
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Conclusion: It appears that the fiscal impact of SB 191 for Assessments, Accountability and Reporting should be minimal (i.e., \$500 per school) or a total of \$27,000 in FY 2003-04 and \$95,500 in FY 2004-05. NOTE: These costs are based upon the school districts' estimates of 54 non-Title I schools designated as demonstrating need for improvement in FY 2003-04 and 191 schools in FY 2004-05.

- District Improvement Plan: The school districts indicate costs of \$255,000 in each fiscal year of the 2003-05 biennium for the development of district improvement plans. According to the revised fiscal note, the development of district-level improvement plans will cost \$15,000 for each school district, except Clark County School District; Clark County is estimating \$30,000 for the development of a district improvement plan.

Concerns: Because the development and implementation of district-level improvement plans is currently a requirement under NERA, it is not clear why school districts are estimating increased costs due to SB 191.

Conclusion: It appears that the fiscal impact of SB 191 for District Improvement Plans should be minimal or \$0.

- Higher Quality Teachers: The school districts estimate costs of \$2.1 million in FY 2003-04 and \$15.4 million in FY 2004-05 for high quality teachers. Section 85 of SB 191 requires the board of trustees of each school district to ensure that the percentage of experienced teachers who teach in schools (both Title I and non-Title I) that are designated as demonstrating need for improvement is the same or higher as the percentage of experienced teachers who teach in schools that are not designated as demonstrating need for improvement. The estimated costs are based upon NRS 391.165, which requires school districts to purchase 1/5 of retirement credits (PERS) for licensed teachers in schools designated as demonstrating need for improvement. With the estimated increase in the number of schools designated as demonstrating need for improvement under the NCLBA, costs to school districts and the state (through the Distributive School Account (DSA)) would substantially increase.

Concerns: This cost is justified and amendments have been proposed that would repeal NRS 391.165 and remove Section 85 from SB 191; if eliminated, the fiscal impact would be reduced to \$0. (NOTE: Repealing NRS 391.165 may be controversial.)

I hope this information is helpful. If you have any questions, or need additional information, please do not hesitate to contact me at 684-6841.

Attachments

cc: Gary Ghiggeri, LCB Fiscal
Bob Atkinson, LCB Fiscal
Pepper Sturm, LCB Research
Carol Stonefield, LCB Research
Kristin Roberts, LCB Legal

ATTACHMENT I

Provided
April 1, 2003

ALL SCHOOL DISTRICTS COMBINED—Summary
Revised Estimated Fiscal Note BDR 34-635 aka SB 191

FISCAL IMPACT OF IMPLEMENTATION OF SB 191 as written

Category	2003-04	2004-05	Total Next Biennia	
Assessments, Accountability and Reporting	14,184,545	17,555,536	31,740,081	Staff, photocopying, mailing costs
Technology Data Collection	25,569,360	9,194,410	34,763,770	Upgrd infrastructure incl integrating data to classm
School Improvement Plan Development and Support	1,080,000	3,795,000	4,875,000	Each SIP estimated at \$20,000 per school
School Improvement Plan Implementation	1,620,000	5,744,000	7,364,000	Each SIP implementation estimated at \$30,000 per school
Higher Quality Teachers	2,077,267	15,393,621	17,470,888	1/5 PERS contribution as required by NRS for schools in need of improvement
Higher Quality Paraprofessionals	4,089,705	7,652,672	11,742,377	Training and increased salaries for paraprofessionals
Supplementary Services	605,500	678,000	1,283,500	Before school, after school, tutorial programs at schools in need of improvement
Research-Based Programs	3,140,000	3,808,000	6,948,000	Estimated at \$10,000 per school in need of improvement
Professional Development Content and Performance	1,084,500	2,569,338	3,653,838	As estimated by each school district
Other - describe [District Improvement Plan]	361,000	452,000	813,000	As estimated by each school district
Other - describe [School Choice]	5,787,000	5,787,000	11,574,000	Includes facilities in CCSD not elsewhere
Estimated Annual Totals	59,918,897	72,640,577	132,299,474	

FISCAL IMPACT OF IMPLEMENTATION OF SB 191 using NCLB MANDATES

Category	2003-04	2004-05	Total Next Biennia	
Assessments, Accountability and Reporting	14,184,545	17,555,536	31,740,081	Staff, photocopying, mailing costs
Technology Data Collection	25,202,776	7,627,652	32,830,428	Upgrd infrastructure incl integrating data to classm
School Improvement Plan Development and Support	1,950,000	2,058,000	3,128,000	Each SIP estimated at \$20,000 per school
School Improvement Plan Implementation	1,620,000	3,002,000	4,622,000	Each SIP implementation estimated at \$30,000 per school
Higher Quality Teachers	1,805,416	7,842,389	9,647,805	1/5 PERS contribution as required by NRS for schools in need of improvement
Higher Quality Paraprofessional	0	0	0	Training and increased salaries for paraprofessionals
Supplementary Services	0	0	0	Before school, after school, tutorial programs at schools in need of improvement
Research-Based Programs	0	0	0	Estimated at \$10,000 per school in need of improvement
Professional Development Content and Performance	0	0	0	As estimated by each school district
Other - describe [District Improvement Plan]	0	0	0	As estimated by each school district
Other - describe [School Choice]	5,787,000	5,787,000	11,574,000	Includes facilities in CCSD not elsewhere
Estimated Annual Totals	49,869,737	43,832,577	93,542,314	

NOTE: The above calculations include charter schools. None of these calculations include Title I schools.

NOTE: The calculations in the first chart represent the costs as included in the existing SB 191, whereas, the second

chart reflects costs as required by NCLB. For example, SB 191 designates schools & districts in need of improvement after year. By contrast, NCLB designates schools and districts

after the second year. Further, by contrast, SB 191 applies to ALL paraprofessionals. NCLB mandates that only Title I paraprofessionals meet the "higher quality" standards.

NOTE: Calculations for Washoe & Clark represent actual anticipated costs. Calculations for the other 15 school districts are projected on a per pupil basis.

ATTACHMENT II

ALL SCHOOL DISTRICTS COMBINED - Summary
Revised Estimated Fiscal Note BDR 34-635 aka SB 191

FISCAL IMPACT OF IMPLEMENTATION OF SB 191 as written

Category	2003-04	2004-05	Total Next Biennia
Assessments, Accountability and Reporting	14,184,545	17,555,536	31,740,081
Technology Data Collection	25,599,380	9,194,410	34,793,790
School Improvement Plan Development and Support	270,000	820,000	1,190,000
School Improvement Plan Implementation	1,620,000	5,744,000	7,364,000
Higher Quality Teachers	2,077,267	15,393,621	17,470,888
Higher Quality Paraprofessional	0	0	0
Supplementary Services	0	0	0
Research-based Programs	0	0	0
Professional Development Content and Performance	0	0	0
Other - describe (District Improvement Plan)	255,000	255,000	510,000
Other - describe (School Choice)	0	0	0
Estimated Annual Totals	43,976,192	49,082,567	93,058,759

Staff, photocopying, mailing costs
Upgrd infrastructure incl integrating data to classm
Each SIP estimated at \$5,000 per school
Each SIP implementation estimated at \$30,000 per school
1/5 PERS contribution as required by NRS for schools in need of improvement

Estimated at \$15,000 per school district; Clark CSD estimated at \$30,000.

Original school district estimations of the fiscal impact of SB 191 totalled \$180,445,524. These revised estimates reflect the discussions which have occurred with LCB staff, NASS, and NASS since the first hearing.

FISCAL IMPACT OF IMPLEMENTATION OF SB 191 using NCLB MANDATES

Category	2003-04	2004-05	Total Next Biennia
Assessments, Accountability and Reporting	14,184,545	17,555,536	31,740,081
Technology Data Collection	25,202,775	7,627,652	32,830,428
School Improvement Plan Development and Support	265,000	515,000	780,000
School Improvement Plan Implementation	1,620,000	3,002,000	4,622,000
Higher Quality Teachers	1,805,415	7,842,309	9,647,805
Higher Quality Paraprofessional	0	0	0
Supplementary Services	0	0	0
Research-based Programs	0	0	0
Professional Development Content and Performance	0	0	0
Other - describe (District Improvement Plan)	0	0	0
Other - describe (School Choice)	0	0	0
Estimated Annual Totals	43,877,737	36,542,577	79,520,314

Staff, photocopying, mailing costs
Upgrd infrastructure incl integrating data
Each SIP estimated at \$5,000 per school
Each SIP implementation estimated at \$30,000 per school
1/5 PERS contribution as required by NRS for schools in need of improvement

NOTE: The above calculations include charter schools. None of these calculations include Title I schools.
NOTE: The above calculations now reflect amending SB 191 to require higher quality paraprofessionals only at Title I schools and amending SB 191 provisions regarding the responsibilities of school support teams for the School Improvement Plan Development and Support.
NOTE: The calculations in the first chart represent the costs as included in the existing SB 191, whereas, the second chart reflects costs as required by NCLB. For example, SB 191 designates schools & districts "in need of improvement" after the first year. By contrast, NCLB designates schools and districts after the second year.
NOTE: Calculations for Washoe & Clark represent actual anticipated costs. Calculations for the other 15 school districts are projected on a per pupil basis