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MEMORANDUM

DATE: April 23, 2003

TO: Gary Ghiggeri, Senate Fiscal Analyst
Fiscal Analysis Division

FROM: Mindy Braun, Education Program Analyst *mb*
Fiscal Analysis Division

SUBJECT: Senate Bill 340 – Revised Fiscal Note

Senate Bill 340 would allow parents of special education students who are dissatisfied with the progress their child is making in a public school to receive a scholarship to attend a private school. Based upon testimony during the hearing on S.B. 340 on April 10, 2003, the Senate Committee on Finance asked the State Department of Education to review the fiscal note submitted for the bill and revise the fiscal note, as appropriate. Staff has received a copy of the revised fiscal note (see attached). The following table summarizes the revised fiscal impact of this bill. **Please note that the expense shown is the loss in revenues projected for school districts in the form of scholarships to private schools.**

FY 2003-04					FY 2004-05				
Estimated # of Private Schools	Estimated # of Pupils	Estimated Per Pupil Cost	Requested DOE FTEs	Total Cost	Estimated # of Private Schools	Estimated # of Pupils	Estimated Per Pupil Cost	Requested DOE FTEs	Total Cost
1	50*	\$5,125	0	\$256,250	3	150*	\$5,279	0**	\$791,850

* Per the department, these figures may be high because private school tuition is normally higher than the per pupil amount the school would receive for the scholarship (e.g., tuition for the school that may have available openings in FY 2003-04 is \$8,800; the estimated statewide payment per student in FY 2003-04 is \$5,125).

**The department is estimating the need for a part-time accounting position in FY 2004-05 to handle the additional workload of providing individual payment through warrants issued by the department on a quarterly basis. Because the additional workload is unknown at this time, the department is not including the cost of positions for the 2003-05 biennium; however, additional staff would be included in any future biennium budgets, as appropriate.

Attachment

cc: Bob Guernsey

EXHIBIT H Senate Committee on Finance
Date: 4/24/03 Page 1 of 2

DEPARTMENT OF EDUCATION**REVISED FISCAL NOTE – Completed April 15, 2003****BDR 34 – 45, Senate Bill 340**

Based upon the testimony provided to the Senate Finance Committee during the April 10, 2003 hearing on S.B. 340, the Department of Education is revising the original fiscal note provided for BDR 34-45 to reflect the information presented during the hearing. The Bill's intent has remained the same which is to allow parents of special education students who are dissatisfied with the progress their child is making in a public school to receive a scholarship to attend a private school. The funding formula provided for the scholarship is the same formula used to determine the funds provided to charter school students. For FY03, the state average for all school districts using the formula to determine the scholarships described in the Bill equals \$4,976 per pupil. For the purposes of this fiscal note, the expense shown is the loss in revenues projected for school districts in the form of scholarships to private schools. The revised fiscal note primarily reflects the change in the estimated number of students who may receive the scholarship due to capacity limitations of private schools within the state who could accommodate special education students.

FY04

Of the approximately 160 private schools authorized to operate within the state, it is believed that only one private school would have the capacity to meet the requirements of special education students who would receive a scholarship through S.B. 340 beginning in FY04. It was reported during the hearing that the private school in question currently has an enrollment of approximately 110 students and the tuition charged to students who attend the school was in the range of about \$8,800. Since the Bill would require the private school that accepts the scholarship not to charge more than the funding provided through the scholarship or the tuition charged by the school, whichever is less, it is not 100% certain as to the number of students that would be admitted based on the estimated statewide payment of only \$5,125 per student. With these factors in mind, the revised fiscal note for FY04 is as follows: Best case scenario-estimated 50 students who may be accepted into private school X \$5,125 per student paid by state = **\$256,250 loss in revenue to school districts in FY04**. The accounting position requested by the Department in the original fiscal note for FY04 would not be required based on the limited number of estimated scholarship recipients in the revised fiscal note.

FY05

With the incentive to qualify for and accept special education students with scholarships, the best case scenario in FY05 would be that one or two additional private schools within the state would revise their programs to accommodate special education students. The estimated statewide payment per student in FY05 is \$5,279. With these factors in mind, the revised fiscal note for FY05 is as follows: Best case scenario-estimated 150 students who may be accepted into private schools (one continuing school from FY04 and two new qualifying schools each accepting 50 students) X \$5,279 per student paid by state = **\$791,850 loss in revenue to school districts in FY05**. If the number of scholarships reaches 150 students that would require individual payment through warrants issued by the Department on a quarterly basis, it would approach the need for a part-time accounting position to handle the additional workload, however, the Department would be willing to determine the staff workload during the biennium caused by the scholarship without additional fiscal staff added to the Department. The Department's FY06-07 budget would reflect the need for additional staff, if any, based on the workload requirements to issue and monitor scholarships during the current biennium.

Kurt R. Rhoads
4/15/03

2