

LOCAL GOVERNMENT  
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 4, 2015

Agency Submitting: Local Government

| Items of Revenue or<br>Expense, or Both | Fiscal Year<br>2014-15 | Fiscal Year<br>2015-16 | Fiscal Year<br>2016-17 | Effect on Future<br>Biennia |
|---|------------------------|------------------------|------------------------|-----------------------------|
|   |                        |                        |                        |                             |
| Total                                   | 0                      | 0                      | 0                      | 0                           |

Explanation

(Use Additional Sheets of Attachments, if required)

See attached.

Name Michael Nakamoto

Title Deputy Fiscal Analyst

The following responses from local governments were compiled by the Fiscal Analysis Division. The Fiscal Analysis Division can neither verify nor comment on the figures provided by the individual local governments.

Local Government Responses  
**A.B. 448 / BDR 34 - 746**

| School District: <b>Carson City School District</b><br>Approved by: Andrew J Feuling, Director of Fiscal Services<br>Comment: If we were to have a school taken over as an Achievement Charter School, I would assume we would lose the per pupil revenues for those students, while still being responsible for capital expenditures and not being able to charge rent to the Charter school. Overall the financial impact would be bad, if this happened to one of our schools, but I can't tell what the impact would actually be nor can I say for sure one of our schools would end up in this state. |                   |                   |                   |                       |
|--|-------------------|-------------------|-------------------|-----------------------|
| <b>Impact</b>  | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Future Biennia</b> |
| Cannot Be Determined   | \$0               | \$0               | \$0               | \$0                   |

| School District: <b>Clark County School District</b><br>Approved by: Nikki Thorn, Deputy CFO<br>Comment: CCSD expects impact in several ways. First, in the event the bill were to pass and every school on the January 2015 list of underperforming schools were to be selected, CCSD would lose \$5,520 per student. Estimated loss for 24,400 students is approximately \$134.7 million. The other area of impact would be in the area of the Achievement School District being able to choose their staff and any employee not selected or who chooses not to take a position has to be reassigned within CCSD. Assuming that all staff are not chosen since these are underperforming schools, CCSD would need to reassign all of those employees somewhere else in the district. So in essence the revenue would be lost however, the expenditures would still exist. CCSD used 2014 In\$ite reporting to calculate the related salaries and benefits associated with the schools. |                   |                   |                   |                       |
|--|-------------------|-------------------|-------------------|-----------------------|
| <b>Impact</b>  | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Future Biennia</b> |
| Has Impact   | \$0               | (\$261,021,622)   | (\$261,021,622)   | (\$522,043,244)       |

| School District: <b>Douglas County School District</b><br>Approved by: HOLLY LUNA, CFO, BUSINESS SERVICES<br>Comment: Based on the list of schools released by NDE, Douglas County School District would not have any sites involved in this project during the initial years of roll out. However, it could potentially be something that impacts DCSD in future years, and if so, would have fiscal impact in future bienniums. |                   |                   |                   |                       |
|---|-------------------|-------------------|-------------------|-----------------------|
| <b>Impact</b>   | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Future Biennia</b> |
| No Impact   | \$0               | \$0               | \$0               | \$0                   |

School District: **Lincoln County School District**

Approved by: Steve Hansen, Superintendent

Comment: Regarding underperforming schools and the conversion to an achievement charter school, there will be no room to absorb employee from an underperforming school into another school in our small district. There will be displacement or RIF. In my opinion, this will result in a grievance process to reduce school district employees not chosen to stay in the achievement charter school. I'm estimating about \$10,000 a year in legal fees.

Enrollment goes down, but employee salaries go away so it all mostly balances out.

| <b>Impact</b> | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Future Biennia</b> |
|---------------|-------------------|-------------------|-------------------|-----------------------|
| Has Impact    | \$0               | \$10,000          | \$10,000          | \$0                   |

School District: **Lyon County School District**

Approved by: Philip Cowee, Director of Finance

Comment: BDR 34-746 has fiscal impacts that cannot be determined. Currently the district doesn't have any schools that would meet the requirements of the achievement school. Under the bills definition the district would be required to pay all the capital expenses of the achievement school. The capital expenses would vary greatly depending on the school campus configuration. If a achievement school was established in the district it would require unknown resources to stay in compliance with the law.

| <b>Impact</b>        | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Future Biennia</b> |
|----------------------|-------------------|-------------------|-------------------|-----------------------|
| Cannot Be Determined | \$0               | \$0               | \$0               | \$0                   |

School District: **Pershing County School District**

Approved by: Dan Fox, Superintendent

Comment: This would certainly have a negative fiscal impact on the district, however, it's impossible to estimate it due to the vast number of variables associated with it, such as, section 20 "...as determined by the department..." not knowing what the criteria is, high schools could be arbitrarily converted which will result in a loss of revenue for the district which has to maintain employment of teachers not selected to work in the charter school (section 22) and the district must offer facilities and operations and maintenance of such without compensation (section 22) and if an employee in the charter school wishes to return to the normal/traditional public school, he/she must be allowed to return and work there, regardless if there is a vacancy or not (section 29).

| <b>Impact</b> | <b>FY 2014-15</b> | <b>FY 2015-16</b> | <b>FY 2016-17</b> | <b>Future Biennia</b> |
|---------------|-------------------|-------------------|-------------------|-----------------------|
| Has Impact    | \$0               | \$0               | \$0               | \$0                   |

| School District: <b>Washoe County School District</b><br>Approved by: Lindsay E. Anderson, Director of Government Affairs<br>Comment: Without knowing how many schools would be included in the Achievement School District, the Washoe County School District cannot determine the impact on our capital or operating budgets. |            |            |            |                |
|---|------------|------------|------------|----------------|
| Impact  | FY 2014-15 | FY 2015-16 | FY 2016-17 | Future Biennia |
| Cannot Be Determined  | \$0        | \$0        | \$0        | \$0            |

| School District: <b>White Pine County School District</b><br>Approved by: Paul Johnson, CFO<br>Comment: From a business perspective, I am curious to understand why charter schools are perceived as better solutions compared to traditional schools when I have been unable to find compelling evidence to support the notion that charter schools are better. What factors, characteristics, etc., make charters a perceived better option. Whatever those factors are, it would be better to apply those factors to the existing public school system instead of perpetuating a separate and different system. Separate, similar systems create redundant administrative burden, dilutes funding and redundant governance. In the last two years, one charter school opened in White Pine and shifted 10% of student population forcing the school district to make budget cuts that have been among the most significant in the past 17 years. Removing another school from a small District and placing it within the charter school auspices would significantly, adversely alter the District's financial landscape. The scenario in this fiscal note assumes that a school the size of the White Pine Middle School were converted to a charter school. In this scenarios, the District would lose state and local revenue on approximately 236 students or 20% of the student population. This school combined with the existing charter would mean approximately 30% of the District's student population attend charter schools. This creates a mass exodus of financial resources of approximately \$648,000 in local sources outside the DSA formula. In addition, the District would lose approximately \$1.7 million in State revenue. The combined impact is a net loss of approximately \$2.3 million which is approximately 20% of the District's total general fund. This would absolutely cripple the District and threaten its ability to offer equitable services. These charter school options may be better suited for larger school districts. |            |               |               |                |
|--|------------|---------------|---------------|----------------|
| Impact   | FY 2014-15 | FY 2015-16    | FY 2016-17    | Future Biennia |
| Has Impact   | \$0        | (\$2,348,000) | (\$2,348,000) | (\$4,694,000)  |

**The following school districts did not provide a response:** Churchill County School District, Elko County School District, Esmeralda County School District, Humboldt County School District, Eureka County School District, Lander County School District, Nye County School District, Mineral County School District, and Storey County School District.