

FISCAL NOTE

Requested by Legislative Council
01/23/2001

Bill/Resolution No.: SB 2324

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$13,516,890	\$0	\$0	\$11,549,902

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2324 defines an elementary and secondary school core curriculum and provides for a legislative council study. The bill outlines at both the elementary and secondary level grade-specific subjects to be taught. Costs associated with core subject areas are generally grouped by (1) impacts on the major/minor law within North Dakota; (2) costs associated with curriculum development; and (3) costs associated with procuring curricular materials.

Curriculum costs at the elementary level are relatively minor since SB 2324 provides for essentially compatible areas of study, although emphasis and focus are redirected from the current law. Because teacher licensure limitations are not encountered and curricular impacts are relatively minor, there is little anticipated fiscal impact at the elementary level.

The fiscal impact at the secondary level is influenced by the need to assure qualified teachers with a major/minor preparation within any new subject areas, the higher costs of developing new subject areas, and the costs of purchasing appropriate textbooks. As such the program requirements at the secondary level carry more likelihood of a significant fiscal impact. For the purposes of developing this fiscal note, attention has been placed on the associated impacts at

the secondary level.

I. New core subjects require assurances of properly licensed teachers.

North Dakota law requires teachers to teach in their area of major/minor training. SB 2324 requires schools, in order to be approved, to offer courses in economics, world languages, and philosophy/logic. These course offerings are now optional; SB 2324 makes them mandatory. Schools would need to staff teachers with sufficient skills to teach in these areas. It is assumed that not all schools can meet this requirement.

Of the 188 high schools in the state, it is assumed that only the top 15 high schools have the resources currently to offer the full extent of these courses. Therefore, 173 high schools would need to restructure their staffs to lessen the current optional course offerings and to realign them toward the subjects identified within SB 2324. Even with the need to offer economics, world languages, and philosophy, many schools could restructure their staffs to cover most of the new subjects; however, not all subjects, especially economics and philosophy could be covered easily with their current staffs.

It is assumed that the 173 high schools would need to hire an additional teacher to cover some or all of the newly required subjects. Assuming an average salary of \$25,000 plus approximately 25% benefits, a new teacher will cost approximately \$31,000 at each of the 173 high schools. This would amount to \$5,363,000 in the first year of the biennium and \$5,523,890 in the second year of the biennium, assuming a 3% increase in associated costs.

Therefore, the anticipated cost within the biennium for new teachers will total \$10,886,890. This would be a local expense.

II. New core subjects require additional curriculum development costs.

If economics, world languages, and philosophy are identified as new subject areas, their curriculum would require development. Again, it is assumed that the top 15 high schools can absorb this activity into their current offerings without inordinate costs.

During the interim Education Finance Committee hearings on curriculum development, three local curriculum development specialists testified that it costs approximately \$5000 per subject area to develop a general curriculum across all grades. It is assumed here that at the high school level this development cost would be approximately 40% of that figure, or \$2000. If 173 high schools develop five subject units (four in philosophy and one in economics—world languages are

anticipated to remain within their current forms), it would cost approximately \$10,000 per school to develop curriculum. Because these activities are development related and not sustained over time, these costs would be incurred in the first year of the biennium only.

Therefore, the anticipated cost within the biennium for curriculum development will total \$1,730,000. This would be a local expense.

III. New core subjects will require new textbooks.

It is assumed that in order to teach the new courses in economics, world languages, and philosophy, additional textbooks would be required. Estimating the impacts related to economics and philosophy throughout the four years of high school, philosophy will require four years of textbooks for all students (36,000 students per year) and one year of economics (9,000 students per year). It is anticipated that the cost of supplying 45,000 total textbooks at \$20/text will total \$900,000. This cost would be incurred during the first year of the biennium only.

Therefore, the cost of supplying textbooks to meet the economics and philosophy requirements will total \$900,000. This would be a local expense.

IV. Summary of fiscal impacts.

The combined total impact during the 2001-03 biennium to define core subjects as outlined in SB 2324 will amount to the following:

1. Salary and benefits:	\$10,886,890
2. Curriculum Development:	\$ 1,730,000
3. Textbooks:	\$ 900,000
Total:	\$13,516,890

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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Agency: Public Instruction
Date 01/29/2001
Prepared: