

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1151 allows a school district to exceed its allowable growth rate by the amount of estimated increased expenditures for telecommunication services and access to and transmission of data on networks in the initial year that a district participates in Network Nebraska, or in 2008-09, if the district participated in 2007-08. Districts are to estimate expenditures on forms prescribed by the State Department of Education (NDE). The expenditures are to be as defined by NDE for purposes of the distance and telecommunications allowance in the state aid formula less expenditures in the prior year. The department is to approve, deny or modify the estimated expenditures.

School districts are joining Network Nebraska on a phased-in basis to deliver distance education courses pursuant to LB 1208 (2006). In the initial year, 2007-08, schools in northeast Nebraska are participating in Network Nebraska. The bill allows a budget lid exception in 2008-09 for telecommunications expenses incurred by these districts in 2007-08. A lid exception will also be allowed for other districts as they join the Network, in the initial year in which the district participates. The plan calls for districts to be phased-into the Network through 2009-10.

The annual amount of the budget exception is unknown and depends upon increased telecommunications expenses of the school districts joining the Network each year. There is a distance education and telecommunications allowance in the TEEOSA formula. The allowance for the 2008-09 certification of state aid totals \$3,785,000. The allowance is 85% of the expenditures for distance education less receipts from the Universal Service Fee Fund. If the bill had been in effect for 2007-08, then no more than \$4.5 million could have been excluded from the budget lid pursuant to the bill, based upon the allowance. This estimate is assumed to be high because the allowance includes telecommunications expenses for all school districts, not just the districts that are initially participating in the Network. The allowance also does not reflect the net increase in expenditures. The amount of spending excluded from the lid by eligible school districts will increase the amount of state aid paid two years later by a like amount.

The bill also clarifies that schools must offer distance education courses for four consecutive years in order to be eligible for distance education incentives and clarifies the payment dates for incentives. It is assumed NDE can handle any increase in workload pursuant to the bill with existing staff and resources.