

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				(Up to \$1,212,000)
CASH FUNDS	\$200,000			Up to \$1,212,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$200,000			0

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

LB 656 provides temporary funding from the School District Reorganization Fund for aggregation routing equipment and network transport costs for Network Nebraska. Total temporary funding from the fund is limited to \$200,000 for 2007-08 through 2009-10. The Chief Information Officer (CIO) and the University of Nebraska are to submit applications to the State Department of Education (NDE) for the use of such funds. Applications are to include a timeline for repayment of the funds to the School District Reorganization Fund by June 30, 2010. Funds collected for the administration of Network Nebraska are to be used to repay the loans. Any money remaining in the School District Reorganization Fund on July 1, 2010 is transferred to the Education Innovation Fund.

The bill also changes the disposition of the proceeds of the School District Reorganization Fund. Current law requires all of the proceeds to be deposited in the General Fund on July 1, 2008. The bill provides for up to \$200,000 to be loaned for routing equipment and network transport costs and the remainder to be deposited in the Education Innovation Fund on such date.

Current law provided for \$1 million to be transferred in 2005-06 and 2006-07 from the Education Innovation Fund to the School District Reorganization Fund for the payment of base year incentives to Class II and Class III school districts which reorganize. Payments to school districts which reorganized in the initial year totaled \$646,505.

The School District Reorganization Fund had a balance of \$1,399,798 on 2/28/07. It is projected the fund will have a balance of \$1,412,000 on 6/30/07, if there are no other schools which qualify for base year fiscal incentives in the second year from the fund. Eligible Class II and Class III school districts have until June 1, 2007 to reorganize in order to receive base year incentives from the fund. NDE has not received any applications to date, but indicates there are a few schools considering reorganization. So, it appears the fund will have a sufficient balance available to loan up to \$200,000 to the CIO and University for routing equipment and network transport costs.

The change in disposition of the proceeds of the School District Reorganization Fund from the General Fund to the Education Innovation Fund will have a total estimated fiscal impact of \$1,412,000 of decreased revenue for the General Fund and increased revenue for the Education Innovation Fund, assuming no schools qualify for base year incentives in 2006-07. The majority (\$1,212,000) of the shift in fund proceeds will occur in 2008-09 and the remainder (\$200,000) in 2010-11. These amounts will be reduced by the amount of any base year incentives approved in 2006-07.