

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$18,967,242		(\$30,603,167)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$18,967,242		(\$30,603,167)	

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

LB 913 changes the formula which provides state aid to schools pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA).

Base Limitation/Cost Growth Factor: The base limitation rate or basic allowable growth rate in the aid formula is increased from .5% to 1% for FY2012-13. An increase in the base limitation rate increases the cost growth factor in the formula which is used to inflate school district expenditures for purposes of calculating aid. The increase in the cost growth factor increases the amount of state aid that is provided as basic funding. The estimated state aid increase is \$7,416,789 of general funds in FY2012-13.

The base limitation rate or basic allowable growth rate in the formula is decreased from 2.5% to 2% for FY2013-14. A decrease in the base limitation rate decreases the cost growth factor in the formula which is used to inflate school district expenditures for purposes of calculating aid. The decrease in the cost growth factor decreases the amount of state aid that is provided as basic funding. The estimated state aid decrease is \$5,179,021 of general funds in FY2013-14 and \$20,095,306 of general funds in FY2014-15.

Local Effort Rate: The local effort rate is decreased from \$1.0395 to \$1.03 for the calculation of aid in FY2012-13. A decrease in the local effort rate increases the amount of state aid provided to school districts. The estimated state aid increase is \$11,550,453 of general funds in FY2012-13.

The local effort rate is increased from \$1.00 to \$1.015 for the calculation of aid in FY2013-14. An increase in the local effort rate decreases the amount of state aid provided to school districts by the amount of additional resources that can be raised from the increased rate. The estimated general fund savings is \$25,424,145 in FY2013-14.

State Aid Certification Date Change: The bill, as amended, changes the certification date for FY2012-13 TEEOSA state aid to schools from on or before March 1, 2012 to on or before May 1, 2012.

Summary: The bill increases state aid by an estimated \$18,967,242 of general funds in FY2012-13 and decreases state aid by an estimated \$30,603,167 in FY2013-14 and \$22,715,259 of general funds in FY2014-15.

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LB(1) 913 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Department of Education

Prepared by: (3) Russ Inbody Date Prepared: (4) January 11, 2012 Phone: (5) (402) 471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$28,000,000</u>	<u> </u>	<u>(\$23,000,000)</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>\$28,000,000</u>	<u> </u>	<u>(\$23,000,000)</u>	<u> </u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The bill appears to increase the budget growth for school districts from .5% in 2012-13 to 1% and sets the growth to 2% for 2013-14 which is .5% decrease.

For school fiscal year 2012-13 the local effort rate will be the maximum levy (\$1.05) minus two cents or \$1.03 per \$100 of valuation. Current statute sets the local effort rate for 2012-13 at \$1.035 per \$100.

For school fiscal year 2013-14 the local effort rate will be the maximum levy minus three and one-half cents or \$1.015 per \$100 of valuation. Current statute sets the local effort rate for 2013-14 at \$1.00 per \$100.

The certification date for State Aid and budgeting factors for the 2012-13 fiscal year would move from March 1, 2012 to May 1, 2012.

For fiscal year 2012-13 school districts would receive additional spending authority and State Aid to school districts would increase with these changes.

For fiscal year 2013-14 school districts would receive less spending authority and State Aid to school districts may be less than estimated with these changes.

Current projections for State Aid in 2012-13, from the Legislative Fiscal Office, are about \$845 million. Again based on estimates from the Legislative Fiscal Office this bill may add an additional \$28 million to the 2012-13 State Aid Estimate (to about \$872 million).

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>