

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 781 requires school districts to estimate the cost per student to absorb students enrolled in nonpublic schools in the event of the closure of such nonpublic schools. The estimate shall be provided every three years beginning in 2016.

The bill also requires public schools to prepare for the closure of a nonpublic school in one of three ways: add capacity to facilities to absorb students; place sufficient funds in reserve to cover 75% of the estimated cost to absorb the nonpublic students for a three year period; or, contract with the nonpublic school and pay 10% of the cost of absorbing the nonpublic students to the nonpublic school for each year of the three year period. If the contract option is chosen then a financial institution, person or benefactor must pledge assets or guarantees to pay for 75% of the estimated cost to continue the nonpublic school in operation for three years. The bill requires the State Department of Education (NDE) to reimburse public school districts for 50% of the costs incurred if the contract option is chosen. The costs are not included for state aid purposes.

The bill will have an unknown fiscal impact for school districts and the state. The fiscal impact will depend upon the size of the nonpublic school to be absorbed relative to the size of the public school. In instances where nonpublic schools are small relative to the public school that would absorb them, the fiscal impact in terms of absorbing additional students would be very small and could be handled with very little increase in cost for the public school district. If there is a significant nonpublic school presence in a district, then the cost of the bill could be significant to prepare to absorb nonpublic students.

School Districts: Additional costs for public school districts pursuant to the bill will depend upon the option chosen to prepare to absorb nonpublic students. There may be increased expenditures and/or a need for increased revenue to add capacity to facilities, increase reserves or to annually contract with nonpublic schools for 10% of the estimated cost to absorb their students.

NDE: If option three is chosen to contract with a nonpublic school for 10% of the estimated cost for a public school to absorb nonpublic students, then the state will reimburse public school districts for 50% of the contract costs.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:781	AM:	AGENCY/POLT. Department of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/11/16	PHONE: 471-4179
COMMENTS: The various scenarios and options public schools would confront would make calculating an estimate difficult.			

Please complete ALL (5) blanks in the first three lines.

2016

LB⁽¹⁾ 781

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Education

Prepared by: ⁽³⁾ Bryce Wilson

Date Prepared: ⁽⁴⁾ 1/8/16

Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: LB 781 requires public schools to prepare for the closure of any nonpublic school within their district's boundaries. Public districts may prepare by meeting one of the following three criteria.

1. Add sufficient capacity to its physical facilities to immediately absorb the students enrolled in nonpublic schools.
2. Place in reserves sufficient funds to cover 75% of the anticipated operating cost of absorbing such student for the following three years.
3. Contract with the operating entity of the nonpublic school to have the nonpublic continue for the next 3 years and pay the operating entity 10% of the cost per year of absorbing the nonpublic school's students. The nonpublic entity must pledge sufficient assets or guarantees from financial institutions to pay for 75% of the estimated cost of nonpublic school continuing operation for the next 3 years. The department of education is to reimburse the public districts for 50% of option 3. Such costs shall not be considered when calculating TEEOSA.

This bill would have significant costs to the State as well as all public school districts with nonpublic districts within their border. 50% of the additional cost of the third option would be covered by the State with the remaining 50% coming out of public schools budgets. Options one and two would also result in significant costs to the public schools. Actual costs cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____