PREPARED BY: DATE PREPARED: PHONE: Bill Biven, Jr. February 17, 2023 402-471-0054

LB 583

Revision: 01

FISCAL NOTE

Updated to reflect Legislative Fiscal Office's estimations.

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 202	3-24	FY 2024-25						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS	\$111,867,502		\$434,511,215						
CASH FUNDS									
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	\$111,867,502	_	\$434,511,215						

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

LB583 amends several sections to provide Foundation Aid & Special Education Supplemental Aid under the Tax Equity & Educational Opportunities Support Act (TEEOSA).

Starting in FY2023-24, school districts will receive foundation aid equal to \$1,500 for each formula student in that district. Districts will also get special education supplemental aid that will equal eighty percent of the actual anticipated expenditures of the district for their special education minus the total amount of state & federal funds that will be provided to the district for their special education, excluding this special education supplemental aid & will not be factored as a formula resource into the district's TEEOSA calculation.

Starting in FY2023-24, the resources used in the local system formula will include:

- Other actual receipts
- Net option funding
- Allocated income taxes
- Community achievement plan aid
- Foundation aid

The total of the above resources will be reduced by the amount of property tax refunds paid by the district in the most recent available complete data year.

The Special Education Supplemental Aid will be 80% of the actual anticipated special education costs minus the State & Federal funds provided excluding the Special Education Supplemental Aid.

EXPENDITURES:

The Nebraska Department of Education (NDE) estimates that \$113,000,000 for Foundation Aid based off of FY2022-23 State Aid Certification numbers. The estimate for the Special Education Supplemental Aid is based off of the FY2021-22 budgeted & FY2021-22 State & Federal special education funds received & is estimated to be \$253,000,000 per year with the distribution of funds starting in FY2024-25. The increase is the net increase, accounting for the reduction in General Fund expenditures for TEEOSA.

Foundation Aid will factor into a district's aid calculation & could reduce their equalization aid if they are an equalized district. The impact of this change will vary by school district. Special Education Supplemental Aid will not factor into a district's aid calculation. Equalized districts will be reimbursed twice for the same expense since non-special education expenditures are part of General Fund Operating Expenditures (GFOE) & would be included in the calculation of TEEOSA.

REVISION:

The Legislative Fiscal Office (LFO) estimates that 80% of the difference in Special Education expenditures & revenues to be \$297,285,888. LFO estimates the net impact of the Foundation Aid calculation to be \$111,867,502 for FY23-24 & \$137,225,327 for FY24-25.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB:	583	AM:	AGENCY/POLT. SUB: Nebraska Department of Education				
REVI	EWED BY:	Gary Bush	DATE: 2	2/3/23	PHONE: (402) 471-4161		
COMMENTS: The estimate provide by the agency appears to high in the estimated impact in special education funding. The estimated impact of the foundation aid appears to be reasonable.							

Aid.....

Capital improvements.....

TOTAL.....

LB ⁽¹⁾ 583						FISCAL NOTE			
State Agency OR Political Subdivision Name: (2) Prepared by: (3) Bryce Wilson		NE Dept of Education							
		Date	Prepared: (4)	1/19/23	Phone: ⁽⁵⁾	402-471-4320			
	ESTIMATE PROVI	DED BY S	STATE AGEN	CY OR POLITIC	AL SUBDIVI	SION			
	FY 2023-24 FY 2024-25								
	EXPENDITURES			EXPENDI	·	REVENUE			
GENERAL FUNDS	\$113,000,000			\$366,000	0,000_				
CASH FUNDS									
FEDERAL FUNDS									
OTHER FUNDS				-		· · · · · · · · · · · · · · · · · · ·			
TOTAL FUNDS	\$113,000,000			\$366,000	0,000				
Explanation of Estimate LB 583 provides addit First, this bill creates a Foundation aid is consolid The Foundation aid conumbers. The second funding material education costs aid. The Special Education costs aid. The Special Education supposed and Special education supposed are part of General Fut TEEOSA.	foundation aid comsidered an accountal component would acceptanism created is a minus the State and action Supplemental 121/22 State and Feblemental aid is not acts will be reimburse	aponent the ple receipted around special ed Federal aid would ederal special accounted twice for the plant accounted	hat allocates \$ t so it will red \$113 million ducation supp funds provide I have a fiscal cial education table receipt in or the same ex	1,500 per formulate equalization using the 2022/2 elemental aid while ed excluding the cost of almost \$ funds received. In the TEEOSA expense since non	la student to aid for district 23 State Aid of ch is 80% of special educa 253 million value formula whice	each district. cts that are equalized. Certification the actual anticipated ation supplemental when using the character a situation ration expenditures			
D 10 '	BREAKDOW	'N BY MA	JOR OBJECT	S OF EXPENDIT	<u>'URE</u>				
Personal Services: POSITION T		UMBER O <u>23-24</u>	F POSITIONS <u>24-25</u>	S 2023- EXPENDI		2024-25 EXPENDITURES			
Benefits									
Operating									
Travel									
Capital outlay									

\$113,000,000

\$113,000,000

\$366,000,000

\$366,000,000