

Revised to reflect adoption of AM1350

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
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.

LB303 amends several sections concerning the Tax Equity & Educational Opportunities Support Act (TEEOSA) & also creates the School Finance Reform Commission.

School districts & multiple-district school systems can levy a maximum levy of:

- through FY2024-25, one dollar & five cents per one hundred dollars of taxable valuation of property subject to the levy
- for FY2025-26 & each fiscal year thereafter, one dollar & two cents per one hundred dollars of taxable valuation of property subject to the levy

The Nebraska Department of Education (NDE) will determine the foundation aid to be paid to each school district:

- through FY2024-24, foundation aid being paid to each school district will equal one thousand five hundred dollars multiplied by the number of formula students for that district
- for FY2025-26 & each school fiscal year thereafter, the foundation aid to be paid to each school district will be calculated as one thousand five hundred ninety dollars multiplied by the number of formula students for that district

Starting with the 2025-26 school year & each school fiscal year thereafter, NDE will calculate a base levy adjustment for each school district to adjust the calculated state aid amount for the ensuing school year prior to certification. The calculation of the base levy adjustment:

- the base levy will be equal to thirty cents per one hundred dollars of taxable valuation
- the potential general fund levy for the ensuing school year will equal the general fund levy for the school year immediately preceding the school year for which the aid is being calculated plus the potential general fund levy change calculated

If the potential general fund levy for the ensuing school year is less than the base levy, the difference between those amounts will be multiplied by the adjusted valuation & then divided by one hundred. That amount will then be subtracted from the state aid calculated for the upcoming school fiscal year to determine the adjusted amount of state aid to be distributed to the district in the upcoming school year.

The School Finance Reform Commission is created & will do as follows:

- evaluate the current formula under TEEOSA for funding education & make recommendations for adjustments or changes that may be necessary to help prevent the increase of local property taxes
- regularly review the resources side of the formula
- regularly review the needs side of the formula
- analyze options for how to minimize the negative impact on schools during times when the state may be unable to fully fund the formula

The commission will consist of eleven voting members & four consulting members for a total of fifteen members.

The eleven voting members will be:

- two members appointed to serve at the pleasure of the Governor
- the Chairperson of the Education Committee of the Legislature
- the Chairperson of the Revenue Committee of the Legislature

- the Chairperson of the Appropriations Committee of the Legislature
- a superintendent of a Class I school district appointed by the Governor
- a superintendent of a Class II school district appointed by the Governor
- two superintendents of a Class III school district appointed by the Governor • a superintendent of a Class IV school district appointed by the Governor
- a superintendent of a Class V school district appointed by the Governor

The four nonvoting members will be:

- the Commissioner of Education or their designee
- the finance officer of NDE or their designee
- the Legislative Fiscal Analyst or their designee
- the budget administrator of the budget division of the Department of Administrative Services (DAS) or their designee

The members of the commission will serve for a term of two years or until their successor is appointed & qualified. If at any point a member no longer meets the qualification for that position on the commission, that member will vacate membership on the commission. Any vacancy in the commission will be filled in the same manner or qualification as the original appointment.

The commission will annually elect a chairperson from among 20 its members. The commission will meet at the call of the chairperson or at the request of any five members & will meet as often as necessary to carry out its duties, but at least once per year.

By December 1 of each year, the commission will prepare & electronically deliver to the Clerk of the Legislature an annual report with the observations & recommendations developed for that year.

AM1350 eliminates the TEEOSA provisions in LB303 & updates the provisions of the School Finance Review Commission.

The School Finance Reform Commission will do as follows:

- evaluate the current formula under TEEOSA for funding education & make recommendations for adjustments or changes that may be necessary to help prevent the increase of local property taxes
- regularly review the resources side of the formula
- regularly review the needs side of the formula
- analyze options for how to minimize the negative impact on schools during times when the state may be unable to fully fund the formula
- analyze the impact of funding for education on student achievement & outcomes, focusing on, but not limited to:
 - access to early childhood education
 - student attendance
 - literacy
 - graduation rate
 - college-going rate
 - postsecondary workforce participation
- analyze the impact of funding for education on issues & resources impacting students with relatively high needs, including, but not limited to:
 - students who live in areas of high concentrations of poverty
 - students with an individualized education program
 - students with limited English proficiency

The commission shall consist of eighteen members, including:

- the Commissioner of Education or a designee of the Commissioner of Education
- the Property Tax Administrator or a designee of the Property Tax Administrator
- one representative of the Governor appointed by the Governor
- three members of the Legislature, who will be nonvoting members of the commission, one from each congressional district with no more than two from the same political party & with one being a member of the Education Committee of the Legislature & one being a member of the Revenue Committee of the Legislature
- one member who is a representative of postsecondary education with expertise in school finance
- four members who are superintendents or school board members representing a Class I, II, or III school district. There will be at least one member appointed that represents each class of school districts. Of the members appointed, no more than two members will represent the same class of school district, no more than three members can be superintendents, & no more than three members can be school board members
- one member that is a representative of a Class IV school district & one member that is a representative of a Class V school district. One member appointed will be a school board member of the school district being represented & the other member appointed will be a school administrator in the other school district being represented
- five members appointed from the state at large (members may be retired), which will include:
 - at least one individual having experience in business
 - at least one individual having experience in farming
 - at least one individual teaching as a certificated teacher in a public school
 - two other individuals

The three members of the Legislature will be appointed by the Executive Board of the Legislative Council in January of each odd-numbered year for two-year terms, except that the initial members will be appointed within thirty days after the effective date of this bill & will serve until their successors are appointed in January 2027.

The Governor will make their appointments within thirty days after the effective date of this bill.

The Commissioner of Education, the Property Tax Administrator, & the representative of the Governor will serve as ex officio members of the commission.

The Commissioner of Education or the designee of the Commissioner of Education will be the chairperson of the commission, & the commission will elect a vice-chairperson from among its members. The commission will be housed within NDE & will meet at least four times a year & at least once per calendar quarter. The commission can also obtain assistance from NDE, the Department of Revenue, & the Legislative Fiscal Analyst in acquiring the data needed to carry out its duties.

By December 1, 2025, & by November 1 of each year thereafter, the commission will prepare & electronically deliver to the Clerk of the Legislature an annual report with the observations & recommendations developed.

Since an emergency exists, this bill will take effect when passed & approved according to law.

FISCAL IMPACT:

The bill states that the twelve members appointed by the Governor will be reimbursed for expenses they've incurred as a member of the commission as provided in §81-1174 through §81-1177.

§81-1174(1) states that whenever any member of any commission is seeking reimbursement for expenses incurred in their line of duty, they'll be required to present a request for payment or reimbursement to the Director of Administrative Services (DAS) no later than sixty days after the final day on which expenses were incurred for which that reimbursement is being sought.

DAS estimates those expenses to be nominal & can be absorb at this time.

The Legislative Council estimates nominal expenses for the Senators on the committee, those expenses can be absorbed at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 303	AM: 1350	AGENCY/POLT. SUB: Legislative Council	
REVIEWED BY: Kimberly Burns		DATE: 05/16/2025	PHONE: (402) 471-4171
COMMENTS: The Legislative Council's assessment of fiscal impact resulting from LB 303, as amended by AM 1350, appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 303	AM: 1350	AGENCY/POLT. SUB: Nebraska Department of Education	
REVIEWED BY: Kimberly Burns		DATE: 05/21/2025	PHONE: (402) 471-4171
COMMENTS: The Nebraska Department of Education's estimate of fiscal impact from LB 303, as amended by AM 1350, may be overstated.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 303	AM: 1350	AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Education	
REVIEWED BY: Kimberly Burns		DATE: 05/16/2025	PHONE: (402) 471-4171
COMMENTS: Concur with the Coordinating Commission for Postsecondary Education's assessment of no fiscal impact from LB 303 as amended by AM 1350.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 303	AM: 1350	AGENCY/POLT. SUB: Nebraska State College System
REVIEWED BY: Kimberly Burns	DATE: 05/16/2025	PHONE: (402) 471-4171
COMMENTS: Concur with the Nebraska State College System's assessment of no fiscal impact from LB 303 as amended by AM 1350.		

2025

FISCAL NOTE

Prepared by: (3) Jennifer Sommars-Link Date Prepared: (4) 5/21/2025 Phone: (5) 402-471-1405

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
REVOLVING FUNDS				
TOTAL FUNDS				

LB 303 AM 1350 creates the School Financing Review Commission to consist of 18 members, with the Commissioner of Education serving as the chairperson. The Commission is to be housed within the State Department of Education.

If additional space or IT is needed for staff provided to the Commission by the State Dept. of Education, this could be met with current State Building Division and Office of the Chief Information Officer appropriation.

Any additional expenses to be reimbursed to the members for the commission can be accommodated using existing resources.

LB 303 AM 1350 has no fiscal impact on the Department of Administrative Services.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2025

LB ⁽¹⁾ 0303 Change provisions relating to foundation aid and certain certification
AM1350 dates and provide for base levy adjustments under the Tax Equity and
Educational Opportunities Support Act and create the School

FISCAL NOTE

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System
Prepared by:⁽³⁾ Anne Barnes Date Prepared:⁽⁴⁾ 05/20/2025 Phone:⁽⁵⁾ (402) 472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025 - 26		FY 2026 - 27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

LB 303, as amended by AM 1350, would have no fiscal impact on the University of Nebraska.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025 - 26</u>	<u>2026 - 27</u>
	<u>25 - 26</u>	<u>26 - 27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

Prepared by: ⁽³⁾ Bryce Wilson

Date Prepared: ⁽⁴⁾ 5/15/25

Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$15,000		\$15,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$15,000		\$15,000	

Explanation of Estimate:

AM 1350 creates a School Financing Review Commissioner consisting of 18 members, and for administrative purposes is made part of the NDE. The Commission is required to meet a minimum of four times in a calendar year, and members appointed in subsection 3 of section 1 shall be reimbursed for expenses as provided in sections 81-1174 to 81-1177. The cost of meeting four times each year, and reimbursement of expenses for members of the School Finance Review Commission is estimated to be \$15,000 per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			15,000	15,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			15,000	15,000

State Agency OR Political Subdivision Name: ⁽²⁾ Legislative Council

Prepared by: ⁽³⁾ Shelley Reed

Date Prepared: ⁽⁴⁾ 5/15/2025

Phone: ⁽⁵⁾ 402-471-2226

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,500		1,500	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,500		1,500	

Explanation of Estimate:

The only direct fiscal impact for the Legislative Council would be for potential travel expenses for the three Senators on the School Finance Reform Commission.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....			1,500	1,500
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			1,500	1,500

LB⁽¹⁾ 303 AM1350

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm

Date Prepared: ⁽⁴⁾ 5/15/25

Phone: ⁽⁵⁾ 402.471.0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State College System

Prepared by: ⁽³⁾ Brenda Owen

Date Prepared: ⁽⁴⁾ 5-16-2025

Phone: ⁽⁵⁾ 471-2507

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				