

1/17/12

PREPARED BY: Sandy Sostad
DATE PREPARED: January 12, 2012
PHONE: 471-0054

LB 717

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|--|--------------|---------|--------------|---------|
| | FY 2012-13 | | FY 2013-14 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

LB 717 changes the number of members of school board in all classes of school districts beginning January 1, 2013. The bill provides that all school boards will be composed of three or five members. The school board for the Class V (Omaha) district is reduced from twelve to five members and the Class IV (Lincoln) district is reduced from seven to five members. The boards for the other classes of districts are reduced from six or nine members to three or five members. LB 717 also provides for an annual salary of \$20,000 for each school board member beginning in 2013.

The bill will increase the expenditures of school districts to provide salary payments to board members beginning in 2013. The amount of increase cannot be determined because the number of board members for each district is unknown. The State Department of Education indicates there are currently 249 school boards in the state. If each school board consisted of the maximum five board members, then annual salary payments would total \$24.9 million. If Class II and Class III schools opted for three member boards and Class IV and V districts had the required five member boards, then increased annual costs for salaries would be \$15.02 million. So, annual expenditures for board member salaries will range from \$15.02 million to \$24.9 million.

Districts which decrease the number of board members pursuant to the bill may experience a minimal decrease in expenditures associated with the elimination of board members. The net fiscal impact of the bill for school districts is unknown. Assuming overall district expenditures increase pursuant to the bill, the increase in spending may result in increased state aid, two years after the spending increase occurs.

DEPARTMENT OF ADMINISTRATIVE SERVICES

| REVIEWED BY | Matt Eash | DATE | 1/17/12 | PHONE | 471-2526 |
|--|-----------|------|---------|-------|----------|
| COMMENTS | | | | | |
| NEBRASKA DEPARTMENT OF EDUCATION: Generally concur with the Department of Education's analysis that it is impossible to predict how many school districts would increase relative spending by an amount up to \$100,000 per year to pay school board member salaries. However, if in the last Annual Financial Report (school year 2010-11) all 249 school districts were to have elected five board members and paid them each \$20,000 in addition to the total school expenditures already reported for 2010-11, then TEEOSA equalization aid to schools for the 2012-13 school year would be estimated to be approximately \$10,000,000 more than the current TEEOSA aid estimate. The maximum possible statewide total of school district expenditures for school board salaries in the amount of \$24,900,000 would not be entirely offset by TEEOSA equalization aid because the System Averaging Adjustment and Needs Stabilization would decrease and most non-equalized school districts would remain non-equalized. | | | | | |
| SECRETARY OF STATE: Concur. | | | | | |

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

LB(1) 717 FISCAL NOTE

LEGISLATIVE FISCAL

State Agency OR Political Subdivision Name: (2)

Secretary of State

Prepared by: (3) Suzanne Hinzman

Date Prepared: (4) 1/6/2012

Phone: (5) 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2012-2013 | | FY 2013-2014 | |
|---------------|--------------|----------|--------------|----------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

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

Explanation of Estimate:

This bill has no fiscal impact for the Secretary of State.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2012-2013 EXPENDITURES | 2013-2014 EXPENDITURES |
|---------------------------|---------------------|-------|---------------------------|---------------------------|
| | 12-13 | 13-14 | | |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

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LEGISLATIVE FISCAL

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

LB⁽¹⁾ 717 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) NDE/School Finance & Organization Services

Prepared by: (3) Russ Inbody Date Prepared: (4) 1-6-12 Phone: (5) (402) 471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2012-2013 | | FY 2013-2014 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

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

Explanation of Estimate:

This bill appears to require all school boards, effective on January 1, 2013, to consist of three to five members. Class IV (Lincoln) and Class V (Omaha) would have five school board members. The bill also calls for school board members taking office after January 1, 2013 to receive twenty thousand dollars per year. The bill also limits terms on the school board after January 1, 2013 to eight years total.

As the cost of paying board members may increase costs for school districts TEEOSA Aid may also increase two years later. So TEEOSA Aid may increase more than inflationary increases due to increased general fund operating costs in the 2015-16 school year.

The amount of the increase cannot be determined although costs may increase by as much as \$15 to \$25 million per year. There are 249 school boards in 2011/12 An estimated impact for school districts may be \$15 to \$25 million per year (see below).

(249 * 5) * 20000 = 24,900,000.

((247 * 3) + (2 * 5)) * 20000 = 15,020,000

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2012-2013 EXPENDITURES | 2013-2014 EXPENDITURES |
|---------------------------|---------------------|-------|------------------------|------------------------|
| | 12-13 | 13-14 | | |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |