

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	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 604 changes the computation of the cost growth factor in the state aid formula pursuant to the Tax Equity and Educational Opportunities and Support Act (TEEOSA) beginning in FY2013-14.

The cost growth factor is the component in the formula which is used to inflate school expenditures for purposes of calculating aid. Currently, the cost growth factor is the sum of: the basic allowable growth rate for the school year in which the aid is distributed; plus, the basic allowable growth rate for the immediately preceding school year.

LB 604 provides for the cost growth factor to be the sum of: the lesser of the average annual increase in total adjusted general fund operating expenditures (GFOE) of the immediately preceding five years, or, the average annual increase in the Consumer Price Index (CPI) for the same five year period. This amount is added to 50% of the difference between the average annual increase GFOE and the average increase in the CPI for the five year period preceding the year in which aid is distributed.

The average growth in GFOE is 3.2% from FY2008-09 to FY2012-13 and the average annual growth in the CPI from 2008 to 2012 is 2.04%. So, using 2.04% plus half of the difference between the two averages, or 1.16%, provides a cost growth factor of 3.2% in FY2013-14. The current cost growth factor for FY 2013-14 is 3% and the cost growth factor for FY2014-15 is 5%. A .2% increase in the cost growth factor for FY14 increases state aid by a minimal amount. The fiscal impact for FY15 cannot be determined until data from the preceding year is known.

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2013

LB⁽¹⁾ 604 FISCAL NOTE

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

Prepared by: ⁽³⁾ Wilson/Inbody Date Prepared: ⁽⁴⁾ January 29, 2013 Phone: ⁽⁵⁾ 1-3323

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
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 would change the Cost Growth Factor used in the calculation of basic funding for state aid purposes. The cost growth factor calculation used in this bill could potentially increase basic funding and overall state aid as a result. NDE is not able to determine at this time the amount State Aid would increase under this bill.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____