

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				
CASH FUNDS	\$1,000,000		\$1,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,000,000		\$1,000,000	

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

LB 496 establishes reorganization support payments for Class II and III school districts which reorganize beginning in FY2013-14. The bill changes the allocation of the Education Innovation Fund (lottery proceeds) to provide a \$1 million appropriation from the fund to School District Reorganization Fund in FY14, FY15 and FY16.

Class II and III school districts which consolidate are eligible for a total of \$125,000 of aid, to be paid over a two-year period, 50% in each fiscal year. If the proceeds of the fund are not sufficient to pay the second year support payment, then payments are proportionately reduced. The aid funds are not considered to be accountable receipts for state aid purposes (TEEOSA) and schools granted the aid funds are allowed to exceed the budget limit by the amount received.

Education Innovation Fund: The Education Innovation Fund is currently earmarked per statute for various education programs and initiatives through FY2015-16. Beginning in FY2016-17, current law removes the earmarking of lottery funds for the various programs and provides that the Legislature will determine the use of the fund for education purposes.

LB 496 increases expenditures from the fund by \$1 million in FY14 through FY16. A cash flow analysis of the Education Innovation Fund shows the increased cash fund expenditures pursuant to the bill decrease the projected cash fund balance from an estimated \$8,780,000 to about \$5,530,000 at the end of FY2015-16.

School District Reorganization Fund: The fund will receive \$1 million of lottery proceeds in FY14, FY15, and FY16. The number of schools which may consolidate and be eligible for reorganization support is unknown. The \$1 million appropriation allows reorganization support to be provided to up to 16 schools in FY14, assuming \$62,500 is paid to each school. Any dollars that are not expended will be available as aid in subsequent years.

State Department of Education (NDE): NDE can administer the distribution of reorganization support with existing staff. The exclusion of the receipts from formula resources and the budget limitation means the bill has no fiscal impact in terms of the amount of TEEOSA aid distributed to schools.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 496	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Matthew Eash		DATE: 3/14/2013	PHONE: 402-471-4175
COMMENTS: Concur with Department's analysis. Maximum expenditures from the Education Innovation Cash Fund could total the new \$1,000,000 Cash Fund appropriation per year through FY 2015-16, but expenditures depend on the number of school districts who may seek reorganization, which cannot be predicted.			

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2013

LB⁽¹⁾ 496 FISCAL NOTE

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

Prepared by: ⁽³⁾ Russ Inbody Date Prepared: ⁽⁴⁾ 1-31-13 Phone: ⁽⁵⁾ (402) 471-4320

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	_____	\$1,000,000	_____	\$1,000,000
TOTAL FUNDS	<u>_____</u>	<u>\$1,000,000</u>	<u>_____</u>	<u>\$1,000,000</u>

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

Explanation of Estimate:

This bill would establish a School District Reorganization Fund and would be funded with Education Innovation Funds to provide support to school districts that reorganize. Each school district participating in the reorganization would generate \$125,000 in support payments.

As we do not know how many districts will reorganize each year the amount of support payments cannot be determined at this time.

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.....	_____	_____	_____	_____