

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 506 changes the calculation of state aid to schools through the Tax Equity and Educational Opportunities Support Act (TEEOSA). The bill continues the elementary class size allowance through FY2015-16. Currently, the calculation of an elementary class size allowance is eliminated from the formula after FY2012-13. The bill also changes how the allowance is calculated for the three year period. The bill has an operative date of July 1, 2013.

The State Department of Education (NDE) is required to collect additional information on the fall personnel report to include salaries, years of experience, benefits, certificate levels, degree levels, and hours of postsecondary education for certificated employees. The salary, benefits, years of experience and education level of paraprofessionals is also required to be collected by the bill.

Elementary Class Size Allowance: The bill provides for the elementary class size allowance for each school district to equal: the statewide average general fund expenditures per formula student times 20% of the children in kindergarten through grade three, who spend at least 50% of the school day, in classrooms of 10 to 20 students that are taught by a certified teacher or in classrooms of 21 to 28 students taught by a certified teacher and instructional paraprofessional. The language providing for the allowance to include classrooms with 21 to 28 students is new.

Data on certificated employees and paraprofessionals needed to calculate the elementary class size allowance for a district is not currently collected by NDE, so the actual fiscal impact of the bill cannot be determined. If the elementary class size allowance was reinstated as it existed in current law without the changes in the bill, the fiscal impact would be decreased state aid of \$1.6 million in FY14 and \$5 million in FY15.

Since the bill includes the number of students in classrooms with 21 to 28 students as being counted in the new teacher education allowance, it is assumed the allowance will increase in the future. As an example, if it is assumed the new calculation in the bill increases the allowance by 10% per year, the fiscal impact would be an additional \$3.6 million of state aid in FY14. Under this scenario, the impact in FY15 would be decreased state aid of \$5.9 million because the cost growth factor increases to a level where the averaging adjustment in the formula would no longer be relevant.

Data Collection: NDE indicates there will be increased expenditures of an unknown amount to collect the required information on certificated staff and paraprofessionals.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 506	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Matthew Eash	DATE: 2/8/2013	PHONE: 402-471-4175
<p>COMMENTS: While allowances are often assumed merely to redistribute a fixed amount of TEEOSA State Aid, they do not necessarily result in a net zero fiscal impact. In this case, reinstating the Elementary Class Size Allowance would result in a net decrease to the Department's January-2013 preliminary calculation for TEEOSA State Aid by approximately \$1.5 million for FY 2013-14 and a total 2013-15 biennial decrease of \$4.3 million. The net General Fund increase from base (FY 2012-13) would then be approximately \$93 million for FY 2013-14 and \$208 million cumulatively for the 2013-15 biennium. This phenomenon would occur because the decrease in the TEEOSA component "Basic Funding" would exceed the Allowance, although most of the decrease would be offset by a resurgent Averaging Adjustment (which based on current law, would otherwise be \$0). Subsequent years of TEEOSA Aid cannot be definitively calculated at the school district level, so biennial impacts are derived from DAS-Budget Division statewide modeling.</p> <p>Generally concur that NDE would incur some nominal operational costs to make changes to its NSSRS database.</p>		

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2013

LB⁽¹⁾ 506 FISCAL NOTE

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

Prepared by: (3) Wilson/Inbody Date Prepared: (4) January 25, 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 reinstate the class size allowance and change the qualifications for 2013/14 through 2015/16. As the proposal is an allowance there would be little to no effect on the total state aid calculated. Allowances subtract from Basic funding so it would just cause a reallocation of funds within the state aid formula. NDE does not have the required information to complete this calculation for the 2013/14 certification.

There would be an additional cost to NDE to add components to the NSSRS to obtain the additional information for teachers and paraprofessionals. The cost is unknown 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.....	_____	_____	_____	_____