

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$3,800,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$3,800,000	

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

LB 865 pertains to the learning community, which includes eleven school districts in Douglas and Sarpy counties. The bill repeals the common levy and special building fund levy authorized for school districts in the learning community. The calculation of state aid (TEEOSA) on a collective basis for school districts in the learning community is eliminated.

Repeal of Common Levy: The bill repeals the common \$.95 levy for school districts which are members of a learning community. The levy generates about \$460.6 million of property taxes in 2013. The common levy is currently allocated among member districts proportionally based upon the difference of the district's formula need less the sum of state aid and other actual receipts. The repeal allows each district to levy an individual levy and receive the amount of property taxes collected per the valuation of the district. Some districts in the learning community will have decreased property tax receipts and others will have increased receipts pursuant to the repeal.

Repeal of Special Building Fund Levy: LB 865 also repeals the authorization for a special building funds levy for the learning community. The levy is a maximum of \$.02 and would generate about \$9.7 million based upon 2013 valuations. Taxes received from the levy are distributed proportionately to member school districts based on formula students. The learning community schools did not utilize the levy in 2013.

Change in Calculation of State Aid (TEEOSA): Currently, state aid for the eleven school districts in Sarpy/Douglas counties in the learning community is calculated collectively. The combined formula needs of all the districts in the learning community are compared to the combined formula resources of all districts in the learning community to determine the amount of equalization aid for the school districts in the learning community. Each school district receives a proportional share of equalization aid based upon its share of total formula needs. Assuming the bill takes effect for the state aid allocation beginning in FY2015-16, the repeal of the pooling concept for state aid for the learning community will increase state aid to schools by about \$3.8 million, based upon state aid calculated for FY15.

Learning Community of Douglas and Sarpy Counties: The bill has no fiscal impact for the learning community. The repeal of the common levy, special building fund levy and the change in the calculation of state aid impacts the school districts in the learning community, but not the learning community itself. There will be a minimal reduction in the duties of the learning community with respect to preparing and submitting a budget for the common levy.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 865	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Matthew Eash		DATE: 2/9/2014	PHONE: 402-471-4175
COMMENTS: LB 865 does not contain the Emergency Clause, so it would not take effect until three months after adjournment of the 2014 Legislative Session. Because FY 2014-15 TEEOSA State Aid will be computed and certified pursuant to the statutes in force prior to this, there would be no fiscal impact in FY 2014-15. It is not possible, yet, to predict the exact fiscal impact to FY 2015-16, but total TEEOSA State Aid would likely increase by \$3 - 4 million, with all of the increase being distributed amongst the 11 Learning Community (LC) districts.			

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

2014

LB⁽¹⁾ 865

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

NDE/School Finance & Organization Services

Prepared by: ⁽³⁾ Wilson/Inbody

Date Prepared: ⁽⁴⁾ January 21, 2014

Phone: ⁽⁵⁾ 1-3323

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,108,513			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$3,108,513			

Explanation of Estimate: LB 865 eliminates the Learning Community calculation included in the calculation of TEEOSA funds. As the current calculation for the Learning Community includes two districts that are non-equalized and reduces the overall funds that go to the Learning Community by their non-equalized amount the total amount of State Aid to fund the formula would increase with this bill. The amount of the increase would be the total amount of non-equalization by the two districts included in the learning community. The fiscal impact for 2015-16 cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$3,108,513	
Capital improvements.....				
TOTAL.....				

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

2014

LB⁽¹⁾ 865

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Learning Community of Douglas and Sarpy Counties

Prepared by: ⁽³⁾ Brian Gabriel

Date Prepared: ⁽⁴⁾ 1/21/14

Phone: ⁽⁵⁾ 402-964-2198

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Elimination of the common levy and reverting back to individual school district state aid calculations would have no direct fiscal impact to the activities of the Learning Community of Douglas and Sarpy Counties as 100% of Common Levy funds are disbursed to the member districts of the Learning Community. However, there would be a nominal effect on the LC budget as it would no longer prepare and submit a budget for the common levy (an amount of \$456M for 2013-14).

There would, however, be a major impact to the distribution of levy funds and distribution of state aid funds. Additionally, with respect to the state aid funds, because there would no longer be a pooling of needs and resources, at least two districts would have calculated resources larger than needs. Under the current system these excess resources are absorbed by the overall system but reverting back to calculating aid individually would result in additional aid needing to be sent to LC districts. Had the aid distributed to the LC districts been calculated as set forth in LB 865, the additional cost to the state for 2013-14 would have been \$3.58M.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____