

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			\$140,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$140,000	

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

LB 966 changes the calculation of the averaging adjustment in the Tax Equity and Educational Opportunities Support Act (TEEOSA) which is the formula used to allocate state aid to schools. The bill changes the averaging adjustment beginning in FY2015-16.

Currently, schools are eligible for the averaging adjustment if the basic funding per formula student is less than an averaging adjustment threshold and the general fund levy for the prior school year is at least \$1.00. The threshold is the total basic funding for all districts with 900 or more formula students divided by the total formula students in these districts. Currently, the percentage used to calculate the averaging adjustment varies from 50% to 90% depending upon the amount levied in excess of \$1.00 by a school district in the preceding year. The bill provides for the percentage to be 90% as long as the amount levied is at least \$1.00. In FY2014-15, twelve school districts with 900 or more formula students will qualify for the averaging adjustment in the formula.

The bill will have a minimal fiscal impact in terms of increased state aid of approximately \$140,000 general funds based upon data for the FY2014-15 state aid certification. It is assumed the impact will be similar in FY2015-16 when the bill is implemented.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 966	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Matthew Eash	DATE: 1/24/2014	PHONE: 402-471-4175
<p>COMMENTS: 11 of the 12 school districts that are currently eligible for the Averaging Adjustment charge a general fund property tax levy of at least \$1.04, which under current law already entitles them to the maximum factor of 90% (and a maximum possible Averaging Adjustment).</p> <p>It is important to note that 127 school districts charge a general fund property tax levy between \$1.00 and \$1.04; and some or all of them might qualify for the Averaging Adjustment if the Averaging Adjustment Threshold were sufficiently raised by subsequent legislation (as it was by LB 407, 2013 Session). If the Threshold were raised again, each of these school districts that were resultantly made eligible for the Averaging Adjustment would receive a larger increase in TEEOSA State Aid as a result of LB 966's flat 90% factor than each would receive under their currently eligible factor range of 50% to 80%.</p> <p>It is not possible, yet, to predict the exact fiscal impact to FY 2015-16 TEEOSA State Aid, but if LB 966 were implemented in FY 2014-15--barring any other legislation to increase the Averaging Adjustment Threshold--it would change only one district from a factor of 70% to a factor of 90%, increasing this district's total TEEOSA State Aid by approximately \$47,000.</p>		

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2014

LB⁽¹⁾ 966

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

NDE/School Finance & Organization Services

Prepared by: ⁽³⁾ Wilson/Inbody

Date Prepared: ⁽⁴⁾ January 17, 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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: LB 966 eliminates the minimum levy requirements which was one of the factors used to determine if a school district qualifies for the averaging adjustment. This bill may cause a small increase to state aid beginning in 2015/16 but since most of the districts receiving this allowance already levy at the max of \$1.04 there will be very little if any impact. The exact amount of the increase 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.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____