

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$3,800,000	
CASH FUNDS			\$1,100,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$4,900,000	

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

LB 528 pertains to the learning community, which includes eleven school districts in Douglas and Sarpy counties. The following provisions of the bill have a fiscal impact.

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 FY2016-17, 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 FY16.

Reduction in Aid for the Learning Community/Increase for Educational Service Units: The bill eliminates ESU core service funding for the learning community and restores the funding to ESU's #19 and #3. Based upon FY2014-15 aid allocations, the change reduces state aid to the learning community by \$540,237 and increases state aid to ESU's by a like amount beginning in FY17. The aid to the learning community is currently required to be used for evaluation and research.

Lottery Funds: LB 528 allows the State Board of Education (NDE) to allocate up to \$600,000 of lottery funds from the Nebraska Education Improvement Fund to each learning community annually for evaluation and research purposes beginning in FY2016-17 through FY2021-22. It is assumed this new source of aid will replace the aid lost by the learning community from ESU core service funding.

The bill also requires that up to \$500,000 of lottery funds be appropriated to NDE on an annual basis for allocation to school districts that are members of a learning community for focus school start-up grants. The grant applications must be approved by the learning community coordinating council and grant funds must be matched by at least the same amount of funds from the school district or learning community. NDE is to adopt rules and regulations to implement and administer the grants. It is assumed that NDE can handle the allocation of lottery funds with existing staff and resources of the department beginning in FY17.

Learning Community: The bill eliminates the requirement for a learning community to have an advisory council of school superintendents of member districts. The elimination of this requirement may result in a minimal decrease in expenditures of the learning community for meetings.

LB 528 also eliminates the requirements for a learning community to approve poverty and limited English proficiency plans of member school districts. The elimination of these requirements will impact the workload of the learning community but will have little, if any, fiscal impact for the learning community.

Boundary Changes: The bill allows the State Committee for the Reorganization of School Districts to approve petition requests to transfer parcels of land up to 640 acres between school districts in a learning community. Currently, these transfers can only be accomplished through the Learning Community Reorganization Act at the request of the learning community coordinating council. The bill also requires a public hearing by school boards affected by reorganizations of school districts in a learning community.

It is assumed these changes will impact the workload of the learning community and school boards in regard to boundary changes, but should not have any impact on expenditures. It is assumed that a different process for transferring parcels of land up to 640 acres will not appreciably change such transfers.

Transportation of Students in the Learning Community: The bill changes transportation requirements for school districts in a learning community beginning in FY2016-17. It appears that open enrollment transportation requirements for districts in a learning community will be changed to mirror transportation requirements for option enrollment students, except students in a learning community who are provided transportation per open enrollment prior to July 1, 2016 will continue to receive such in the future.

School districts in a learning community may experience a decrease in transportation expenses for children who attend a focus school or magnet school or who are currently provided free transportation because the student contributes to the socioeconomic diversity of the school building. The districts may have increased transportation expenses for children who qualify for free lunches who transfer to school districts that do not share a common border with the child's home district. The actual change in transportation expenditures for school districts in a learning community is unknown but not expected to be significant. Increases or decreases in transportation expenditures will impact the amount of TEEOSA aid received two years after the spending change occurs.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:528	AM:	AGENCY/POLT. Dept of Education	
REVIEWED BY: James Van Bruggen		DATE: 2/3/2015	PHONE: 471-4179
COMMENTS: I concur with the Department of Education's assessment.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:528	AM:	AGENCY/POLT. Educational Service Unit Coordinating Council	
REVIEWED BY: James Van Bruggen		DATE: 1/29/2015	PHONE: 471-4179
COMMENTS: There would be a shift in how the ESU's would receive funding.			

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

2015

LB⁽¹⁾ 528

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson

Date Prepared: ⁽⁴⁾ 2/3/15

Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,800,000		\$3,800,000	
CASH FUNDS			\$600,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$3,800,000</u>		<u>\$4,400,000</u>	

Explanation of Estimate:

Total TEEOSA aid paid to the Learning Community was lowered by the amount the two non-equalized districts in the Learning Community had resources in excess of needs. When the Learning Community calculation is eliminated from TEEOSA the non-equalized amount would be restored to the other districts in the Learning Community.

Nebraska Education Improvement Funds are allocated to the Learning Community Coordinating Council for each year through 2021-2022.

There will be additional cost to the state for the start-up focus school grants but the amount cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$3,800,000	\$4,400,000
Capital improvements.....				
TOTAL.....			<u>\$3,800,000</u>	<u>\$4,400,000</u>

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

2015

LB⁽¹⁾ 528

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Educational Service Unit Coordinating Council

Prepared by: ⁽³⁾ David M. Ludwig

Date Prepared: ⁽⁴⁾ 1-23-15

Phone: ⁽⁵⁾ 402-597-4915

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

Within the financial structure of the Learning Community, ESU's 3 and 19 will continue to be impacted with the loss of 10% of ESU Core Service Funds for each fiscal year. The fiscal impact of any legislation that removes the transfer of 10% of Core Service Funds to the Learning Community Coordinating Council would increase the amount of Core Services Funding to ESU's 3 and 19 due to the reinstatement of the 10% Core Services Funds.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....	0.00	0.00	<u>0.00</u>	<u>0.00</u>

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

2015

LB⁽¹⁾ 528

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Learning Community of Douglas and Sarpy Counties

Prepared by: ⁽³⁾

Brian Gabriel

Date Prepared: ⁽⁴⁾

1/28/15

Phone: ⁽⁵⁾

402-964-2198

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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:

The only direct impact to the LC budget of LB 528 is the elimination of the ESU funds to the LC but in the bill they are replaced by another source of funding at a similar level. Therefore this bill would have little to no direct impact to the LC budget. Unpooling state aid would have an effect on the Common Levy distribution formula.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____