

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				
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 392 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. The bill also discontinues ESU core services aid which is provided to the learning community. A new .02 levy is authorized for the learning community to replace the loss in ESU aid.

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 \$470 million of property taxes in 2014. 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 392 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 \$9.9 million based upon 2014 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 2014.

Additional Levy Authority for the Learning Community: The bill authorizes a new \$.02 levy for the learning community to be used for evaluation and research pursuant to plans developed by the learning community coordinating council. A \$.02 levy would generate about \$9.9 million based upon 2014 valuations.

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 will reduce state aid to the learning community by \$540,237 and increase state aid to ESU's by a like amount.

Boundary Changes: The bill appears to allow 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 and to approve boundary changes for districts in a learning community. Currently, changes in boundaries can only be accomplished through the Learning Community Reorganization Act at the request of the learning community coordinating council. It is assumed these changes will lessen the workload of the learning community with regard to land transfers, but should not have any impact on expenditures. It is assumed that a different process to determine school district boundaries will not appreciably alter such changes.

Learning Community of Douglas and Sarpy Counties: 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. The elimination of ESU core service funding for the learning community will reduce resources by about \$540,000 but the new levy of up to \$.02 will allow the learning community to more than replace lost resources. 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:392	AM:	AGENCY/POLT. Educational Service Unit Coordinating Council
REVIEWED BY: James Van Bruggen	DATE: 1/26/2015	PHONE: 471-4179
COMMENTS: I concur with the Educational Service Unit Coordinating Council's assessment.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:392	AM:	AGENCY/POLT. Department of Education
REVIEWED BY: James Van Bruggen	DATE: 1/21/2015	PHONE: 471-4179
COMMENTS: The Department of Education's estimate is within range of the likely impact of LB392.		

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

2015

LB⁽¹⁾ 392

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⁾ 392

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Learning Community of Douglas and Sarpy Counties

Prepared by: ⁽³⁾ Brian Gabrial

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:

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 \$465M for 2014-15).

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 96, the additional cost to the state for 2014-15 would have been \$3.27M.

This bill would also eliminate and replace the Learning Community's source of funding for research and evaluation. It would replace a roughly \$500-\$600K source of funds from ESU Core Services with the ability to levy up to \$0.02 which would yield roughly \$9M.

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.....	_____	_____	_____	_____