

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			See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See Below	

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

LB 509 changes provisions relating to the poverty allowance in the Tax Equity and Educational Opportunities Support Act (TEEOSA). The bill eliminates provisions which currently disqualify a district from receiving the poverty allowance in an ensuing year when poverty expenditures do not equal 50% or more of the allowance. It also decreases the required amount that a district must spend on poverty expenditures in order to avoid having a poverty allowance correction. Poverty expenditures must equal 105.26% rather than 117.65% of the poverty allowance. It also increases the allowance correction from 85% to 95%. Another penalty which provides a poverty allowance correction of 50% when a district does not meet the required elements of a poverty plan is reduced to a 5% correction. It is assumed the changes will be implemented beginning in FY2016-17.

The changes in the penalties will increase needs in the TEEOSA formula for school districts that would have been penalized pursuant to current law. Higher needs for school districts receiving equalization aid will likely increase state aid by the amount of increased needs. School districts which do not receive equalization aid will not receive any additional state aid due to the changes in the poverty allowance penalties.

The amount of reductions in TEEOSA aid due to the poverty allowance penalties totaled \$1,565,743 for FY2013-14 state aid. The majority of the reduction in aid was for one school district (\$970,169). The amount of reductions in TEEOSA aid due to poverty allowance penalties totaled \$387,247 for FY2014-15 state aid. The poverty allowance penalties will result in \$147,809 of reduced aid in FY2015-16, based upon the preliminary certification. It is unknown which districts may incur a poverty penalty in the future, so no fiscal impact for the bill can be determined. Based upon the most recent years, it appears the fiscal impact in terms of increased TEEOSA aid will be minimal.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:509	AM:	AGENCY/POLT. Dept of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/28/2015	PHONE: 471-4179
COMMENTS: I concur with the Department of Education's assessment.			

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

2015

LB⁽¹⁾ 509

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Dept of Education

Prepared by: ⁽³⁾ Jen Utemark Date Prepared: ⁽⁴⁾ 1/23/15 Phone: ⁽⁵⁾ 402-471-3323

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:

This bill reduces the poverty allowance expenditure limits from 117.65 to 105.26 percent, increases the allowance correction from 85 to 95 percent of the allowance expenditures, and eliminates the non-qualified provision. Under current statute, state aid would likely increase because more districts would be able to attain the reduced allowance expenditure limit, less penalties would occur along with no disqualification penalties. Exact fiscal impact 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</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.....	_____	_____	_____	_____