

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 634 defines virtual schools. The bill provides that virtual schools and virtual school programs must: be offered by a school district for credit; use primarily internet-based methods to deliver instruction; involve asynchronous instruction; require students to demonstrate subject matter competency and to progress toward the next grade level or high school graduation; and, require completion of state assessment tests. A virtual student is defined to be a student who is a resident of the state enrolled in and attending a virtual school on at least a part-time basis.

The bill provides for virtual students to be included in average daily membership and fall membership which are used to determine formula students for purposes of computing state aid to schools through the Tax Equity and Educational Opportunities Support Act (TEEOSA).

Many public schools provide asynchronous instruction to resident and non-resident students. Resident and tuitioned students in asynchronous programs are already included as formula students for state aid purposes, so the bill will not have any fiscal impact in terms of increased state aid for impacted districts if these students are considered to be virtual students.

The State Department of Education indicates there is currently one K-8 virtual school program in the state offered by the Omaha Public Schools. The bill will impact the calculation of state aid since full or part-time students in virtual schools will be counted for state aid purposes. It is unknown how many virtual schools will be created by school districts in the future.

It is assumed virtual schools will enroll exempt (home-school) students, or students who have been educated in private schools but opt to participate in virtual schools. Since the number of exempt school students in the state is currently about 2% of public school students and it is anticipated that a small number of students educated by non-public schools will enroll in virtual schools, the bill may only have a minimal impact in terms of increased formula students for state aid purposes. An increase in formula students may result in an increase in state aid for a district with virtual school students depending upon how an increase in formula students affects basic funding for a district and whether a district qualifies for equalization aid. However, the bill will not increase the overall amount of state aid allocated to school districts because other districts without virtual students may see a reduction in aid.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 634	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/20/17	PHONE: (402) 471-4179
COMMENTS: Agree with the Department of Education's statements. The fiscal impact of the bill depends on the number of virtual school students and district locations of virtual school students.			

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2017

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jen Utemark Date Prepared: ⁽⁴⁾ 1/19/17 Phone: ⁽⁵⁾ 402-471-3323

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</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 modifies reporting requirements and redefines TEOSSA terminology to include virtual school students in the calculation of aid under the Tax Equity and Educational Opportunities Support Act. The district submitted Annual Statistical Summary Report and Fall School District Membership Report are updated with the needed reporting requirements to calculate virtual school students in fall membership and average daily membership for the certification and recalculation of TEEOSA aid. Fall membership was redefined to include the proportionate share of students enrolled in a public school instructional program on less than a full-time basis. Included in this provision is the originating definition of a virtual school and virtual school student.

If LB634 is passed as introduced; this bill has the potential to result in flat statewide TEEOSA aid. Basic funding and the adjustments associated with basic funding per formula student will decrease due to the increase of formula students forcing the formula needs to stabilize within the equalization formula. At a district level, some districts will receive increased basic funding due to the configuration of their comparison group. Fiscal impact cannot be forecasted at this time for purposes of state aid pursuant to TEEOSA aid.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				