

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			\$4,541,737	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$4,541,737	

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

LB 521 changes the Tax Equity and Educational Opportunities Support Act (TEEOSA) beginning in FY2018-19.

Early Childhood Membership: The bill changes the calculation of qualified early childhood education membership for purposes of the formula. Currently, early childhood membership is calculated based upon 60% of the students who are enrolled in an approved early childhood education grant program and who are eligible to attend kindergarten in the following school year. The bill changes the percentage to 80% of the early childhood membership.

Early Childhood Education Allowance: The bill includes an early childhood education allowance in the school aid formula. The allowance equals the qualified early childhood fall membership times the statewide average general fund operating expenditures per formula student. The amount of the early childhood education allowance is included in formula needs. An allowance in the formula attributes expenditures for a specific purpose, in this case, early childhood education, to school districts incurring the expenditure. This reduces the amount of basic funding available in the formula which impacts school districts in the same comparison group.

Early Childhood Transportation Costs: LB 521 also includes transportation costs for early childhood education. The costs are equal to the miles included in the current transportation allowance that were traveled to transport early childhood education students taken times 400% of the mileage rate established by the Department of Administrative Services plus in lieu of transportation expenditures paid exclusively to transport early childhood education students.

Early Childhood Education Aid: Fifty percent of the sum of the early childhood education allowance plus early childhood education transportation costs as calculated pursuant to the bill are to be paid to school districts as early childhood aid. The amount of early childhood education aid is included as a local resource in the formula.

Fiscal Impact: The use of a higher membership percentage for early childhood education students and the inclusion of an early childhood education allowance increases formula need for districts with early childhood education programs and reduces basic funding per student for school districts in a comparison group with districts having early childhood education programs. These changes result in an overall decrease in equalization aid allocated to school districts, however, some school districts with early childhood education programs may see an increase in aid.

The early childhood aid provisions of the bill increase aid through the formula only for non-equalized school districts because the early childhood aid is recognized as a resource state aid purposes. The State Department of Education estimates the changes to the formula pursuant to the bill will result in an increase of \$4,541,737 of general funds needed for TEEOSA aid beginning in FY2018-19.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 521	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: James Van Bruggen	DATE: 1/20/17	PHONE: (402) 471-4179	
COMMENTS: The estimate provided by the Department of Education appears within range. There are variables and assumptions which can change the fiscal impact.			

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

2017

LB⁽¹⁾ 521

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	_____	_____	<u>\$4,541,737</u>	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	<u>\$4,541,737</u>	_____

Explanation of Estimate:

This bill modifies the calculation of TEEOSA aid to include qualified early childhood education students in membership at an eighty percent rate for the calculation of formula students at certification and recalculation of aid for school fiscal years 2018/19 and each school fiscal year thereafter. Provisions also provide for: a new early childhood allowance, for early childhood education students to be included in regular route transportation for the inclusion in the transportation allowance calculation and an aid equal to fifty percent of the early childhood education allowance plus early childhood education transportation costs calculated. Under current statute, TEEOSA includes qualified early childhood education students in membership at a sixty percent rate for the calculation of formula students for determining TEEOSA funding formula needs at certification and recalculation.

If LB521 is passed as introduced, this bill may increase formulas needs for districts with early childhood education students while reducing basic funding per formula students and all components utilizing the per student rate for all districts resulting in a minimal increase to TEEOSA aid. Fiscal impact is forecasted at this time for purposes of state aid pursuant to TEEOSA an increase over the prior year of \$4,541,737.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	<u>\$4,541,737</u>
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	<u>\$4,541,737</u>