

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			(\$500,000)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			(\$500,000)	

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

LB 1033 dissolves the learning community on July 1, 2019. The learning community includes eleven school districts in Douglas and Sarpy counties. The following provisions of the bill have a fiscal impact.

Aid to Learning Community: The bill repeals the requirement for the state to provide aid to the learning community. The repeal results in an annual savings of \$500,000 in general funds beginning in FY2019-20, based upon the amount of aid currently appropriated for FY2018-19.

Aid to Educational Service Units (ESU's): The current formula used to distribute aid to ESU's provides about \$742,000 of state aid to the learning community in FY2017-18 which is to be used for research and evaluation. The bill repeals the allocation of aid to the learning community. However, the overall amount of aid allocated to ESU's will remain unchanged. The elimination of aid for the learning community will result in an increase in aid for the ESU's receiving aid through the formula.

The bill requires ESU's which have school districts in the learning community to reserve a minimum of 10% of ESU aid to be used by joint entities with school districts if they are established pursuant to the bill. The entities may opt to operate elementary learning centers and provide early childhood education programs or services for children in poverty.

Learning Community of Douglas and Sarpy Counties: The dissolution of the learning community eliminates expenditures of the entity beginning in FY2019-20. The FY2017-18 budget for the learning community projects estimated expenditures of about \$9.8 million. The \$500,000 of general funds provided by the state are used to administer the learning community and pay expenses of the learning community coordinating council. Approximately \$7,740,000 of property tax receipts are used for early childhood education programs and elementary learning centers. State dollars received through the funding formula for aid to educational service units are used for research and evaluation of learning community projects. About \$860,000 is available for this purpose in FY18. The remainder of the budget from the property tax levy, about \$714,000, is used to pay facility leases for the elementary learning centers.

There may be funds remaining on the termination date of the learning community. Assets of the learning community are to be distributed to member school districts. Any remaining records, books, papers and personal property of the learning community are to be allocated to member districts by the State Board of Education. Any liabilities are to be divided proportionally among the member school districts based upon taxable valuation.

School Districts in the Learning Community: Current law allows the learning community to levy a maximum of one and one-half cents to provide early childhood education programs for children in poverty and for elementary learning center employees and programs and services. Learning communities are also authorized to levy a maximum of one-half cent for elementary learning center leases, remodeling of facilities, and for up to 50% of focus school or program capital projects. So, a maximum of \$.02 may currently be levied by the learning community. The learning community indicates that \$.015 is levied in the current year for programs and \$.00125 is levied for leases, so the current learning community levy of \$.01625 is not the maximum levy authorized by law. The bill repeals the levy authority for the learning community but transfers the authority to school districts.

LB 1033 allows two or more districts that were in the learning community to form a joint entity pursuant to the Interlocal Cooperation Act with an educational service unit that the district is a member of to create, implement, and operate early childhood education programs or services for children in poverty. Likewise, two or more districts that were part of the learning community and the corresponding ESU may form a joint entity to establish and operate elementary learning centers. The maximum property tax levy of \$.02 is authorized for these purposes. Based upon 2017 valuations, a \$.02 tax levy generates about \$11.3 million.

It is unknown whether school districts and ESU's will develop joint entities to provide early childhood programs and operate elementary learning centers and what will be levied in the future, if the joint entities are formed. It is possible that existing services and programs may continue and the amount of property taxes levied may remain unchanged or the joint entity may opt to increase or lower the amount currently levied by the learning community.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1033	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Gary Bush	DATE:	01/24/18	PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate of cost to the agency. The bill would likely increase TEEOSA aid and property taxes in the communities that adopted the new structure outlined in the bill where the school district is not at the maximum levy limit.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1033	AM:	AGENCY/POLT. SUB: Learning Community of Douglas & Sarpy Counties	
REVIEWED BY: Gary Bush	DATE:	02/20/18	PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1033	AM:	AGENCY/POLT. SUB: ESU Coordinating Council	
REVIEWED BY: Gary Bush	DATE:	01/29/18	PHONE: (402) 471-4161
COMMENTS: Unable to comment as no fiscal impact is indicated.			

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

2018

LB⁽¹⁾ 1033

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/23/17 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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:

LB 1033 eliminates learning communities and the corresponding Learning Community Coordinating Council and instead allows two or more districts that each have a principal office in a county where a city of the metropolitan class is located or that have a principle offices in a county that shares a contiguous border of at least five miles with metropolitan class cities to form joint entities, using interlocal agreements, with “every” ESU in which any such district is a member. These joint entities are to provide early childhood education programs or services for children in poverty, including establishing and operating one or more “elementary learning centers” as described in the bill. The bill provides taxing authority to the joint entities for that purpose. The bill also provides authority for the joint entities to operate focus schools and tax for those purposes in a similar manner as the Learning Community Coordinating Council taxed. Additionally, the Learning Community Aid distributed through the ESU Core Service formula would be shifted to allow the joint entities to use the funds for the early childhood learning centers. Also provides that the dissolved Learning Communities shall transfer all “assets” to member school districts and any remaining personal property, records, etc., are to be transferred to the State Board who in turn is to distribute those things to member school districts.

Fiscal impact cannot be determined at this time but it should not be significant to the State or Department of Education.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2018

LB⁽¹⁾ 1033

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Learning Community of Douglas & Sarpy Counties

Prepared by: ⁽³⁾ David Moon Date Prepared: ⁽⁴⁾ 02/18/2018 Phone: ⁽⁵⁾ (402) 964-2198

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>	<u>-\$ (552,460.00)</u>	<u>-\$ (500,750)</u>
CASH FUNDS	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>
FEDERAL FUNDS	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>
OTHER FUNDS	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>	<u>-\$ (9,372,265.00)</u>	<u>-\$ (10,162,250.00)</u>
TOTAL FUNDS	<u>No Fiscal Impact</u>	<u>No Fiscal Impact</u>	<u>-\$ (9,924,725.00)</u>	<u>-\$ (10,663,000.00)</u>

Explanation of Estimate: LB 1033 would clearly have a large impact on the budget of the Learning Community of Douglas and Sarpy Counties as the legislation calls for the dissolution of the Learning Community (LC) effective July 1, 2019. Although the bill sets a date of July 1, 2019, an assumption I used for estimating impact was the date of elimination would coincide with the end of the Learning Community fiscal year, which would set the date at August 31, 2019 as LC operations closely mirror the school year as far as activities & disbursements.

For FY 2019-20, the Learning Community would not receive nor spend any funds reflected in the negative expenditures and revenues in their respective fields.

While the above described the estimated direct fiscal impact to the budget of the Learning Community of Douglas and Sarpy Counties, there would also be fiscal impacts to each of the school districts comprising the Learning Community. The transfer of operations occurring prior to the end of the Fiscal Year and the submission of expenditure reports required of our school district and other partners for the final payment of the remaining 20% of the contract that usually occurs in the next Fiscal Year would need to be undertaken by the appropriate school districts after the dissolution which would necessitate additional expenditures not accounted for here.

Beyond the direct impact to the LC budget, this would also have significant and complicated effects on the individual school district funding & expenditures relating to early childhood education for children and families living in poverty. These impacts will affect the school districts disproportionately, similar to the affects which led to the creation of the LC.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
<u>Benefits.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Operating.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Travel.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Capital outlay.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Aid.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Capital improvements.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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2018

LB⁽¹⁾ 1033

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ ESUCC (Educational Service Unit Coordinating Council)

Prepared by: ⁽³⁾ David M. Ludwig Date Prepared: ⁽⁴⁾ 1-23-18 Phone: ⁽⁵⁾ 402-597-4915

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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 Learning Community calculated aide from the 2017/18 ESU Core Services & Technology Infrastructure Certification equals \$741,933.91. If the Learning Community and the Learning Community Coordinating Council no longer existed, the amount appropriated to the Learning Community (\$741,933.91) would provide funding for services as approved by member school districts of the Educational Service Unit.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____