

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	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 647 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 also changes the definition of fall membership to include the proportionate share of students enrolled in a public school program on less than a full-time basis. The bill provides that virtual students and students who are not virtual students that are enrolled on less than a full-time basis will 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 tuition 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 School (OPS). The department also indicates that fall membership currently includes all students, even those in the OPS virtual school, with an FTE greater than .5. These students are counted as a 1.0 FTE for state aid purposes. The students that are a .5 FTE or less are not counted in the initial certification of state aid, but are counted in the final calculation of aid.

The bill may have a minimal impact on the calculation of state aid since full or part-time students in virtual schools or non-virtual school students will be counted on a proportional basis for state aid purposes. So, some students which are not currently counted will be included on a proportional basis and some students who are counted as 1.0 FTE will be counted as a proportional student. It is assumed the bill will have a minimal impact in terms of the total number of virtual and non-virtual students used in the aid calculation.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	647	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY:	Gary Bush	DATE:	02/06/19 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate to TEEOSA state aid on the provisions of LB647.			

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

2019

LB⁽¹⁾ 647

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/25/19 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</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 647 changes the calculation of fall membership used in the TEEOSA formula to include students less than 50% full time equivalent (FTE). Fall membership currently only includes students with an FTE greater than .5. Average Daily Membership which is used for the re-calculation of TEEOSA already includes all students. The change proposed in this bill would cause the TEEOSA formula to recognize the students with a .5 FTE or less in the first calculation of TEEOSA. Virtual students that have an FTE greater than .5 are already recognized in the initial certification of TEEOSA.

The fiscal impact cannot be determined at this time. Currently, any student with greater than a .5 FTE is counted as a full 1 FTE with any student at .5 or less FTE not being included in the original certification. This bill would require all students under 1 FTE to be counted at their proportional FTE so some students FTE would be reduced while others would be increased.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____