

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2008-09</b>		<b>FY 2009-10</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			Unknown	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			Unknown	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 879 changes the computation of formula need in the state aid formula (TEEOSA) beginning in 2009-10. The bill allows school districts to apply for a construction, expansion, or alteration adjustment before October 15 of the school year immediately preceding the school year which the aid is being calculated. The adjustment shall equal the statewide average general fund operating expenditures (GFOE) per formula student multiplied by: 20% of the architectural capacity of the construction, expansion or alteration based on 25 students per classroom for the first year of the facility expansion or alteration; and by 10% for the second year of the facility expansion or alteration, based on 25 students per classroom.

The bill increases state aid provided to equalized school districts by the amount of the construction, expansion or alteration adjustments approved. It is possible the additional adjustment may allow some non-equalized districts to become equalized. The actual amount of increased state aid cannot be estimated because future capital construction needs for schools are unknown.

It is assumed the intent of the bill is to increase state aid in the first year as follows\*: 20% x (# of students in expanded or remodeled facilities x GFOE per formula student). The amount of aid in the second year for a school district will be half of the first year. As an example, if 1% of the students in the state were educated in facilities approved for the adjustment, increased state aid would be approximately \$4.9 million, based upon the GFOE per formula student in the 2008-09 certification of state aid.

\*Technical Note: The bill is unclear as to the definition of architectural capacity of the construction, expansion or alteration.