

Revised based on amendments adopted through 3/28/08 and to update estimated 2008-09 state aid distribution under current law.

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

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

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

LB973 changes provisions governing distribution of state aid among Nebraska's six community college areas. The total level of state aid appropriated for community college area aid would not be directly impacted. Such appropriations would remain at the discretion of the Legislature. Distribution of aid among the six areas would be affected as the result of changes proposed in the bill. Estimates of the impact of the bill on 2008-09 distribution of aid among the community college areas (with comparisons to actual aid distributions for 2006-07 and 2007-08) can be summarized as follows:

Community College Area	Actual Aid Distribution Former Law 2006-07	Actual Aid Distribution Current Law 2007-08	Estimated Aid Distribution Current Law 2008-09	Estimated Aid Distribution LB 973 2008-09
CENTRAL	9,890,242	12,163,410	11,964,474	11,882,058
METRO	17,707,102	20,416,272	22,240,936	23,531,997
MID-PLAINS	5,738,476	8,179,541	8,711,462	8,369,668
NORTHEAST	8,067,823	11,719,071	12,500,251	11,899,505
SOUTHEAST	17,245,732	19,102,936	18,301,119	18,897,855
WESTERN	<u>9,917,102</u>	<u>12,485,245</u>	<u>13,548,233</u>	<u>12,685,393</u>
TOTAL	68,566,476	84,066,476	87,266,476	87,266,476

% of Total Aid	Actual Aid Distribution Former Law 2006-07	Actual Aid Distribution Current Law 2007-08	Estimated Aid Distribution Current Law 2008-09	Estimated Aid Distribution LB973 2008-09
CENTRAL	14.4%	14.5%	13.7%	13.6%
METRO	25.8%	24.3%	25.5%	27.0%
MID-PLAINS	8.4%	9.7%	10.0%	9.6%
NORTHEAST	11.8%	13.9%	14.3%	13.6%
SOUTHEAST	25.2%	22.7%	21.0%	21.7%
WESTERN	<u>14.5%</u>	<u>14.9%</u>	<u>15.5%</u>	<u>14.5%</u>
TOTAL	100.0%	100.0%	100.0%	100.0%

Proportional shares of total state aid distributed among the six community college areas will vary over time as values for factors incorporated in the statutory aid distribution formula change over time. While estimates of aid distribution for fiscal years beyond 2008-09 can be generated, state aid appropriations for 2009-10 and future years are unknown. Additionally, assumptions required with respect to factors that influence state aid distribution for future years are numerous. State aid distribution estimates for future years would be relatively speculative.

To the extent provisions of the bill result in lower levels of state aid for community college areas as compared to that which would be the case under current law, the bill may generally result in greater reliance on local resources (i.e. property taxes, tuition and fee revenue) to support operating budgets of affected areas. To the extent provisions of the bill result in greater levels of state aid for other community college areas as compared to that which would be the case under current law, the bill may generally result in lesser reliance on local resources to support operating budgets for such areas.

Under provisions of current law, community college area property tax levy rates to support operations are generally restricted to range from 20% below to 15% above a statutorily computed local effort rate. LB973 would amend this range so as to authorize a maximum levy rate of 20% above the local effort rate. See table below for an illustration of this change.

		2007-08
		Property Tax
		<u>Levy Rates</u> ¢ per \$100 valuation to support community college area <u>operations</u>
Current Law Minimum		5.033 = 20% below Local Effort Rate
Current Law Local Effort Rate		6.291
Current Law Maximum		7.235 = 15% above Local Effort Rate
<i>LB973 Proposed Maximum</i>		<i>7.550 = 20% above Local Effort Rate = maximum had LB973 been in effect for 2007-08</i>
Central Area	Actual	6.793
Metro Area	Actual	6.740
Mid-Plains Area	Actual	7.235
Northeast Area	Actual	7.230
Southeast Area	Actual	6.890
Western Area	Actual	7.235