

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * |                       |         |              |         |
|--|-----------------------|---------|--------------|---------|
|  | FY 2007-08            |         | FY 2008-09   |         |
|  | EXPENDITURES          | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS                                | \$250,000 - \$350,000 |         |              |         |
| CASH FUNDS                                   |                       |         |              |         |
| FEDERAL FUNDS                                |                       |         |              |         |
| OTHER FUNDS                                  |                       |         |              |         |
| TOTAL FUNDS                                  | \$250,000 - \$350,000 |         |              |         |

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

LB 30 requires that Class I and VI school districts which were reorganized pursuant to LB 126 (2005) are to be reorganized on the effective date of the bill according to boundaries as of November 30, 2005. The school board of the reorganized district is to hold a special election within two months to decide if the district should remain a Class I or VI district. The State Department of Education (NDE) is to pay the costs of the special election.

If patrons decide to retain the new district, then property, assets and liabilities of the districts are returned. Staff who were formally employed by a Class I or VI district have the first opportunity for employment at the salary earned on November 30, 2005. Districts are to receive state aid based on the average daily membership of the district of the most recently available complete data year on November 30, 2005. If patrons vote to dissolve the districts then the districts remain as they were reorganized pursuant to LB 126.

Data compiled by NDE shows the attendance sites for 25% of the Class I districts, or 53 of the 215 Class I districts which were dissolved pursuant to LB 126, have closed in the 2006-07 school year. It is possible some of these Class I districts may reopen pursuant to the bill. Some of the remaining 162 former Class I districts that have been reopened as an attendance center in 2007-08 and Class VI districts may be reestablished as separate districts. It is not possible to project a fiscal impact because it is not known which attendance sites will operate in the future and what changes may occur in students, staffing and staff related costs in the reestablished school districts.

The bill also restores language contained in LB 126 which prohibited the closing of elementary attendance centers unless certain conditions were met. If voters decide not to reinstate a Class I district, then it is assumed the bill will prevent the closing of some of the 162 attendance centers in 2007-08 and thereafter which meet the criteria established in the bill. It is assumed that school districts decide to close a school primarily for financial reasons. If so, the requirement to maintain attendance centers may result in higher spending by school districts than would have occurred in the absence of the requirements. Higher school spending translates into increased state aid (TEEOSA), two years after the spending occurs.

The requirement for NDE to pay the costs of the special election will increase expenditures of the department in 2007-08. Special election expenses are estimated to range from \$250,000 - \$350,000 of general funds in 2007-08.

DEPARTMENT OF ADMINISTRATIVE SERVICES

|  |                    |      |         |       |          |
|--|--------------------|------|---------|-------|----------|
| REVIEWED BY  | William Scheideler | DATE | 2/16/07 | PHONE | 471-2526 |
| COMMENTS   |                    |      |         |       |          |
| Generally agree with NDE analysis. However, Section 4 makes "reconstituted" districts eligible for state aid based on November 2005 ADM, despite the fact that TEEOSA aid has already been certified and budgeted for the current fiscal year. |                    |      |         |       |          |