

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	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.

LB 558 requires that funds provided to school districts from the Temporary School Fund (state apportionment) be expended for the enhancement of salaries of certificated teachers under contract with school districts. The funds are to be paid in addition to compensation agreed upon between teachers and districts in contracts of employment.\*

State apportionment paid to school districts in 2007-08 totaled \$32 million. The funds are a resource for school districts and are not earmarked to be expended for a particular purpose. If the funds are used for salaries, in addition to normal compensation, it is assumed school spending will increase by a like amount and/or non-salary expenditures will decrease in some amount to offset higher spending on salaries.

An increase in school spending for teacher compensation increases the general fund operating expenses of school districts which will increase the amount of state aid provided, two years after the spending increase occurs. Assuming there would be some mechanism established to identify compensation paid to teachers in addition to “normal compensation”, the estimated fiscal impact of the bill in 2011-12, is a one-time cost of \$32 million of increased state aid. This also assumes school districts do not decrease spending in non-salary categories to offset increased spending for salaries. It is assumed school districts will obtain the resources to pay higher salaries in 2009-10 and 2010-11 from local property taxes and/or utilization of reserves.

\*Technical difficulty to identify on-going “normal compensation” versus increased compensation required by the bill.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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<b>COMMENTS</b>					
DEPT. OF EDUCATION - No fiscal impact on school districts or the TEEOSA K-12 aid formula.					
LB 558 directs the use of apportionment funds exclusively “. . . for enhancement of the salaries of certificated teachers” “. . . in addition to the compensation agreed upon between teachers and the district . . . “					
However, the bill provides no net increase in school district operating funds. Apportionment funds are already distributed annually to schools and already budgeted in each school’s general fund operating budget. In essence, the bill would require schools to redirect apportionment resources from other general operating categories to certificated teacher salaries.					
LB 558 would have no impact on the TEEOSA K-12 aid formula.					