

Revised on 4/8/10 based on amendments adopted through 4/7/10.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	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 1014 provides for the rental income from solar and wind leases on school lands to be used for teacher performance pay beginning in 2016-17. The Board of Educational Lands and Funds (BELF) is to provide a separate accounting of state apportionment which shows the income from solar or wind energy leases on school lands up to an amount of \$10 million, which is the maximum amount that may be allocated for teacher performance pay.

Beginning in 2016, the funds shall be distributed to school districts on or before February 25 by the State Department of Education (NDE) if the Commissioner of Education has determined that at least 75% of the school districts have included teacher performance pay in collective-bargaining agreements. The funds are allocated to schools based upon the pro rata enumeration of children who are age five through eighteen in each district and are to be used for teacher performance pay. If a school district does not include performance pay in the collective-bargaining agreement, then the district is to return the funds received pursuant to the bill within one month to the temporary school fund. The provisions of the bill sunset in 2019, if the 75% requirement has not been met in 2016, 2017 or 2018.

LB 235 passed in 2010 authorizes BELF to issue leases for the production of solar or wind energy on school lands. Under LB 235, rental income from solar or wind energy is deposited in the Temporary School Fund and is allocated to school districts as state apportionment (pro rata based on children ages five through eighteen) on an annual basis.

Currently, state apportionment is a resource for state aid purposes, so funds received by school districts as apportionment reduces state aid by a like amount, two years later. Revenue received by school districts pursuant to the bill from solar and wind leases will be treated likewise in the aid formula.

LB 1014 does not change the total amount of revenue allocated to school districts from solar and wind leases nor does it change the amount received by each individual school district, because the apportionment of funds to districts is made on the same basis. However, if a school district does not adopt a performance pay plan then the funds are returned to the temporary school fund for allocation in the following year as state apportionment, not as income from solar or wind energy leases on school lands. The amount of revenue to be received from solar and wind leases is unknown, but there is the potential for hundreds of thousands of income which may not be realized for two to five years.

It is assumed that the fiscal impact of the bill may be a change in how revenue from solar and wind leases is expended by school districts. The use of the revenue by school districts is unrestricted pursuant to LB 235. LB 1014 requires that the revenue be used for a specific purpose, teacher performance pay. The bill has no fiscal impact for the state if school spending for teacher performance pay is limited to the resources received from solar and wind energy leases. School districts which opt not to have a teacher performance pay plan will receive decreased revenue pursuant to the bill.

The bill allows school districts to expend the additional revenue received from the solar or wind leases by increasing the budget lid in 2016-17 and 2017-18 by the amounts used for teacher performance pay.

It is assumed that any workload increase for BELF to administer the provisions of the bill can be handled with existing resources of the agency. It is assumed that NDE will incur additional expenses beginning in 2015-16 to collect data from school districts to determine if 75% of the districts have a teacher performance pay plan. The fiscal impact of the increased workload for NDE to collect data and determine if schools have a teacher performance pay plan is unknown but not anticipated to be significant for the department.