

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 741 redefines general fund operating expenditures for the purposes of the Tax Equity and Educational Opportunities Support Act (state aid to schools) to exclude amounts paid by school districts for lobbyist fees and expenses beginning with state aid calculated for 2010-11. The bill has an emergency clause.

The exclusion of lobbyist fees and expenses from general fund operating expenses reduces the amount of “need” calculated for school districts in the formula by the amount of the fees and expenses. The report of lobbyist fees and expenses filed with the Clerk of the Legislature for the first three quarters of 2009, January through September, shows fifteen districts expended about \$375,000 for lobbyists. Assuming the average of the three quarters was expended in the last quarter; schools spent about \$500,000 for this purpose in CY2009.

A reduction of \$500,000 of “need” may reduce the amount of basic funding in the formula by an unknown amount. The bill will decrease the “need” for districts with lobbyist expenditures. It may also reduce basic funding for other school districts in the same comparison group which receive equalization aid. How the decrease in “need” is reflected in the determination of basic funding for the district with lobbyist expenses and the other districts in the same comparison group depends upon: whether the districts with lobbyist expenditures are the high or low in the comparison group, in which case they are excluded from the averaging mechanism to determine basic funding; and, how much the decrease in general fund operating expenditures changes the average for the comparison group. In addition, it is possible that a decrease in basic funding pursuant to the bill for a district may be offset by increases in the averaging adjustment or needs stabilization components of the formula. Based on these interactions, the actual fiscal impact of the bill is indeterminate.

Technical Note: State aid to schools for 2010-11 will be certified on March 1, 2010. The bill could pass and be in effect prior to March 1, 2010. In this case, the State Department of Education will have to do a supplemental data collection to obtain lobbyist expenditures for the 2008-09 fiscal year because general fund operating expenses are based upon two year old data, and then incorporate the data into the state aid run. If the bill passes after the certification date, then language would need to be added to recertify state aid for 2010-11 or delay the implementation of the bill until the 2011-12 certification of state aid.