

Revised on 3/29/16 to reflect amendments adopted through 3/24/16.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1066, as amended, incorporates provisions of LB 1004 and LB 1065 pertaining to the federal Community Eligibility Provision. The bill redefines free lunch and free milk students for purposes of the Tax Equity and Educational Opportunities Support Act (TEEOSA) to include students who are provided free meals pursuant to the Community Eligibility Provision (CEP). This provision is an option in the federal National School Lunch and Breakfast Programs for school districts to offer free meals to all students in high poverty schools.

The bill provides for free lunch and free milk students to equal 110% of the students qualified for free meals in a district multiplied by the identified student percentage pursuant to the federal community eligibility provision. The identified federal percentage is the percentage of students that are eligible for free meals due to their participation in other programs such as Supplemental Nutrition Assistance, HeadStart, etc. LB 1066 provides that the calculated number of students shall not be less than that of the prior year when the school was not a CEP school. It also provides that the calculation for state aid purposes cannot exceed 100% of the students qualified for free meals in the district per the CEP. The number of free lunch and free milk students is used to calculate the poverty allowance in the TEEOSA formula. The new definition is effective beginning with aid distributed in FY2017-18.

Community Eligibility Provision: Schools eligible for the CEP must have at least 40% of the students identified as poverty students in order to participate. Some school districts in the state are currently weighing the possibility of applying for CEP. Four districts are currently in the program (Santee, Umo'ho' Nation, Walthill, Nelson-Mandela) and Omaha Public Schools is piloting the option in six elementary schools this semester according to the State Department of Education.

Poverty Allowance: LB 1066 increases by 10% the number of free lunch students which are used in to calculate the poverty allowance in the state aid formula for districts providing free meals to students pursuant to the CEP. NDE indicates the 10% increase to reflect students participating in the CEP should have minimal impact on the calculation of the poverty allowance in the formula because it appears to mirror the number of students who actually qualified for free lunch or milk programs in the past prior to the district transitioning to the community eligibility provision.

Promotion of the CEP: It is assumed that NDE has sufficient staff and resources to provide information and assistance to school districts regarding the option to provide free meals pursuant to the CEP, so, no fiscal impact is anticipated from this requirement in the bill.

LB 1066, as amended, also adds an exclusion to the budget limitation for federal impact aid received by a district due to children in a district residing on Indian lands. The exclusion to the budget limitation will allow four school districts in the state to increase spending by the amount of impact aid received in a fiscal year. It is assumed the change will not impact overall spending of these districts so that any fiscal impact in terms of increased TEEOSA aid in the future will be minimal.