

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			\$17,314,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$17,314,000	

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

LB 1067 pertains to the learning community, which includes eleven school districts in Douglas and Sarpy counties. The bill repeals the common levy and special building fund levy authorized for school districts in the learning community. The calculation of state aid to schools (TEEOSA) on a collective basis for school districts in the learning community is eliminated. The TEEOSA formula is modified to include a new community achievement plan aid and learning community transition aid in addition to other changes shown below.

Repeal of Common Levy: The bill repeals the common \$.95 levy for school districts which are members of a learning community effective July 1, 2017. The levy generates about \$492.5 million of property taxes in 2015. The common levy is currently allocated among member districts proportionally based upon the difference of the district's formula need less the sum of state aid and other actual receipts. The repeal allows each district to levy an individual levy and receive the amount of property taxes collected per the valuation of the district. Some districts in the learning community will have decreased property tax receipts and others will have increased receipts pursuant to the repeal.

Repeal of Special Building Fund Levy: LB 1067 also repeals the authorization for a special building funds levy for the learning community on July 1, 2017. The levy is a maximum of \$.02 and would generate about \$10.4 million based upon 2015 valuations. Taxes received from the levy are distributed proportionately to member school districts based on formula students. The learning community schools did not utilize the levy in 2015.

Change in Calculation of State Aid (TEEOSA):

Repeal of Shared Aid in the Learning Community: Currently, state aid for the eleven school districts in Sarpy/Douglas counties in the learning community is calculated collectively. The combined formula needs of all the districts in the learning community are compared to the combined formula resources of all districts in the learning community to determine the amount of equalization aid for the school districts in the learning community. Each school district receives a proportional share of equalization aid based upon its share of total formula needs. Beginning in FY2017-18, the repeal of the pooling concept for state aid for the learning community will increase state aid to schools by about \$5,357,500, based upon state aid calculated for FY17.

Community Achievement Plan Aid: LB 1067 adds a community achievement plan adjustment in the state aid formula for school districts which are members of the learning community beginning in FY2017-18. The adjustment is equal to 5% of the poverty allowance calculated for a district. The adjustment is provided for the first two fiscal years of the achievement plan. Thereafter the adjustment becomes an allowance in the formula. School districts receive community achievement plan aid in the amount of the adjustment and such aid is considered to be a resource for state aid purposes.

Districts must have their community achievement plans approved by the State Board of Education. If the plan is not approved for schools in the learning community prior to September 1, 2017, then the aid will be removed for the final calculation of state aid for the fiscal year. It is estimated the addition of community achievement plan aid to the formula increases state aid by \$3,164,600 in FY18.

The bill also provides for multidistrict educational service units to submit community achievement plans. If such plans are submitted and approved, then additional schools will qualify for state aid for community achievement plans equal to 5% of the poverty allowance of such districts. It is unknown how many school districts will submit community achievement plans in the future and qualify for aid. If every school district outside of the learning community was involved in a community achievement plan in FY18, it is estimated that state aid would increase by an additional \$3,407,500.

Learning Community Transition Aid: School districts which are members of a learning community will receive learning community transition aid in FY2017-18 through FY2019-20. The aid calculation required by the bill is phased-in over the three period at 75% in the first year, 50% in the second year and 25% in the third year. Learning community transition aid is not a resource for state aid purposes. It is estimated TEEOSA aid will increase by \$8,791,900 in FY18, \$5,861,300 in FY19, and \$2,930,700 in FY20 to provide transition aid.

Conversion of the Open Enrollment Program in the Learning Community: The bill provides that students in the learning community who are enrolled outside their resident district through the open enrollment program will become option enrollment students in FY17. It is assumed the change will not have a fiscal impact.

Required Transportation for Open Enrollment Students: The bill requires option school districts to continue to provide free transportation for a student in the open enrollment program until the student leaves the school building. At some point in the future, as students currently enrolled in the open enrollment program graduate or move to different school buildings, transportation for schools in the learning community will be reduced. Transportation costs for open enrollment students are estimated to total about \$4.6 million beginning in FY17. Any changes in school spending impact the amount of state aid distributed two years later. So, decreased transportation expenditures by members of the learning community may impact state aid beginning in FY19.

NDE Responsibilities: The bill requires the student achievement coordinator in the State Department of Education (NDE) or other department staff to review community achievement plans. Plans are required to be submitted by school districts that are members of the learning community on or before January 1, 2017 for school fiscal year 2017-18. Plans may also be submitted by multidistrict ESU's. Plans are to be reviewed by February 15th so they can be revised prior to submission to the State Board of Education for approval at the board's April meeting. Approved plans are in effect for three years. Reports are to be submitted regarding the success of the plans after the first two years and every three years thereafter. NDE is to adopt rules and regulations. NDE does not indicate the need for any additional staff or resources to implement these provisions of the bill.

ESU Coordinating Council: Membership on the ESU Coordinating Council is increased to include one non-voting administrator from each learning community beginning July 1, 2017. The expansion of membership should have a minimal fiscal impact to reimburse expenses, if member expenses are paid.

Learning Community of Douglas and Sarpy Counties: The repeal of the common levy, special building fund levy and the change in the calculation of state aid impacts the school districts in the learning community, but not the learning community itself.

The learning community will have a minimal reduction in the duties with respect to preparing and submitting a budget for the common levy. The provisions of the bill which reduce the number of members on the learning community coordinating council from 18 to 12 will likely result in a small decrease in expenditures, if the expenses of these members are being paid. The workload of the learning community will increase to develop, submit, administer and evaluate community achievement plans in collaboration with school districts and other entities. It is assumed these duties can be handled with existing staff and resources.

Summary: The estimated fiscal impact of the bill in terms of increased TEEOSA aid is as follows for FY18 through FY20.

TEEOSA Impact	FY2017-18	FY2018-19	FY2019-20
Eliminate the Common Levy	5,357,500	5,357,500	5,357,500
Community Achievement Plan Adjustment & Aid*	3,164,600	3,164,600	
Community Achievement Plan Allowance & Aid*			1,869,600
Learning Community Transition Aid	8,791,900	5,861,300	2,930,700
Total Est. Required Increase in TEEOSA Aid	17,314,000	14,383,400	10,157,800

*Required for Schools in the Learning Community

PLUS: (if all other school districts adopt Comm. Achieve. Plans)			
Comm. Achieve. Plan Adjust. & Aid- Other Districts	3,407,500	3,407,500	
Comm. Achieve. Plan Allow. & Aid- Other Districts			175,500
Total Est. Potential TEEOSA Aid Increase	20,721,500	17,790,900	10,333,300

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1067	AM:	AGENCY/POLT. Department of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/25/16	PHONE: 471-4179
COMMENTS: There is no basis to disagree with the Department of Education.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1067	AM:	AGENCY/POLT. Educational Service Unit Coordinating Council	
REVIEWED BY: James Van Bruggen		DATE: 1/29/16	PHONE: 471-4179
COMMENTS: The Educational Service Unit Coordinating Council is correct that there would be a financial impact to ESU's if any new Learning Communities are formed, however, their estimate assumes a learning community would form within every ESU.			

Please complete ALL (5) blanks in the first three lines.

2016

LB⁽¹⁾ 1067

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Education

Prepared by: ⁽³⁾ Bryce Wilson

Date Prepared: ⁽⁴⁾ 1/21/16

Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$21,000,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$21,000,000	=====

Explanation of Estimate:

LB 1067 creates the new community achievement plan adjustment which is equal to 5% of the poverty allowance for the first year (\$3 million) and an allowance of 5% for every year after the initial year. In addition, the school participating in the community achievement plan will also receive a community achievement plan aid amount which is to be counted as a formula resource. The community achievement plans are to be reviewed by NDE staff and approved by the State Board of Education. NDE must adopt and promulgate rules and regulations establishing procedures for plan approval.

Learning Community transition aid is created as part of this bill for years 17/18 through 19/20 to help schools losing resources to transition to the new funding system. The transition aid for 17/18 will result in about \$13 million.

Eliminating the Learning Community calculation will also increase the total amount of TEEOSA aid by about \$5 million which is the difference between needs and resources for the two districts that would become non-equalized under this change.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	\$21,000,000
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	\$21,000,000

Please complete ALL (5) blanks in the first three lines.

2016

LB⁽¹⁾ 1067

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Educational Service Unit Coordinating Council

Prepared by: ⁽³⁾

David Ludwig

Date Prepared: ⁽⁴⁾

1-28-16

Phone: ⁽⁵⁾

402-597-4915

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	-\$1,348,600
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-\$1,348,600</u>

Explanation of Estimate:

Within the financial structure of the Learning Community, ESU's 3 and 19 will continue to be impacted with the loss of 10% of ESU Core Service Funds for each fiscal year. The fiscal impact of any legislation that allows the transfer of 10% of Core Service Funds to any newly formed Learning Community Coordinating Council would decrease the amount of Core Services Funding to the respective ESU's due to the loss of the 10% Core Services Funds.

If a Learning Community were formed in each ESU, the projected loss of the total appropriated Core Funding would equal \$1,348,600.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2016

LB1067⁽¹⁾ Change provisions relating to learning communities

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ MARCOS SAN MARTIN, DOUGLAS COUNTY ADMINISTRATION Date Prepared: ⁽⁴⁾ 2/8/16 Phone: ⁽⁵⁾ 402.444.5116

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Explanation of Estimate:

NEGLIGIBLE OR NO FISCAL IMPACT TO COUNTY

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____