

PREPARED BY: Sandy Sostad
 DATE PREPARED: February 02, 2017
 PHONE: 471-0054

LB 457

Revision: 01

Revised on 2/2/17 to reflect correct dollar amount of voluntary terminations

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	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 457 changes the calculation of state aid to schools pursuant to the Tax Equity and Educational Opportunities Support Act beginning in FY2018-19. The bill changes the definition of general fund operating expenditures (GFOE) in the school aid formula and also changes levy and budget limitations with regard to voluntary termination agreements.

General Fund Operating Expenditures: The bill redefines general fund operating expenditures for purposes of calculating school aid. Current law provides that GFOE does not include expenditures for voluntary termination agreements paid by a school district to certificated employees to the extent that a district can demonstrate that an agreement will result in a net savings in salaries and benefits over a five year period, occurring on or after the first day of the 2013-14 school year.

LB 457 continues the exclusion for voluntary termination agreements from the calculation of GFOE beginning with aid calculated in FY2018-19 but does not require that savings over a five year period need to be documented. The exclusion of these expenditures from general fund operating expenditures continues the current policy with regard to these expenditures so the amount of general fund operating expenditures will not change in the calculation of state aid.

Budget Limitations: The bill eliminates the exclusion of sums paid to certificated employees in voluntary termination agreements from the levy limit and the budget limitation. The State Department of Education indicates that 40 school districts were approved for voluntary termination expenditure exclusions of about \$11.4 million for the FY2016-17 school year. Thirty-five of the districts estimated total savings of about \$26.5 million over a five year period.

If the bill had been in effect for the FY2016-17 school year, then the repeal of the levy and budget lid exclusions for these payments would impact the ability of schools at the \$1.05 levy lid or those without sufficient spending authority to provide voluntary termination agreements. The fiscal impact of the bill is unknown. It is likely that property taxes levied may be lower, if the levy exclusion is repealed. However, school district spending over a period of time may be higher if the use of voluntary termination agreements for some school districts is precluded by the bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 457	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: James Van Bruggen	DATE: 2/1/17	PHONE: (402) 471-4179
COMMENTS: Agree with the revised fiscal note.		

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

2017

LB⁽¹⁾ 457 REVISED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Dept of Education

Prepared by: ⁽³⁾ Wilson, Eret, Biven

Date Prepared: ⁽⁴⁾ 1/20/17

Phone: ⁽⁵⁾ 471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Schools: For the 2016/17 school year, forty districts requested state board approval for voluntary termination agreements in total for \$11,396,083. Thirty-five of those forty districts requested \$11,114,379 and identified estimated a total 5-year savings of \$26,463,770 that would result from these voluntary termination agreements. If these same agreements are payable by those districts during the 2017/18 school year and if this bill passes, some districts may not have adequate spending authority to honor these contracts. Removing the levy exclusion would impact those schools that are at the \$1.05 levy limit.

State: There is no fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____