

Revised to reflect updated financial information from NDE.

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			\$22,800,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>			\$22,800,000	

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

LB640 amends several sections concerning Tax Equity and Educational Opportunities Support Act (TEEOSA) to provide for early childhood education aid starting in FY 2022-23.

LB640 adjusts or adds the following calculations within the TEEOSA formula:

- Early Childhood Membership
- Early Childhood Education Allowance
- Early Childhood Transportation
- Early Childhood Education Aid

The Nebraska Department of Education (NDE) estimates that LB640 would increase the total aid for non-equalized school districts that have qualified early childhood education programs while decreasing equalization aid and aid for the non-equalized school districts who are only receiving net option funding, therefore creating a net increase in TEEOSA aid of approximately \$22,800,000.

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

2021

LB<sup>(1)</sup> 640 Revised

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> NE Dept. of Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 2/26/21 Phone: <sup>(5)</sup> 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	\$22,800,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$22,800,000	=====

Explanation of Estimate:

LB 640 changes the Tax Equity and Educational Opportunities Support Act (TEEOSA) beginning in FY2022-23.

Early Childhood Membership: The bill changes the calculation of qualified early childhood education membership for purposes of the formula. Currently, early childhood membership is calculated based upon 60% of the students who are enrolled in an approved early childhood education grant program and who are eligible to attend kindergarten in the following school year. The bill changes the percentage to 100% of the students who are enrolled in an approved early childhood education grant program and who are eligible to attend kindergarten in one of the two immediately following school years.

Early Childhood Education Allowance: The bill includes an early childhood education allowance in the school aid formula. The allowance equals eighty percent of the qualified early childhood fall membership times the statewide average general fund operating expenditures per formula student. The amount of the early childhood education allowance is included in formula needs. An allowance in the formula attributes expenditures for a specific purpose, in this case, early childhood education, to school districts incurring the expenditure. This reduces the amount of basic funding available in the formula which impacts school districts in the same comparison group.

Early Childhood Transportation Costs: LB 640 also includes transportation costs for early childhood education. The costs are equal to the miles included in the current transportation allowance that were traveled to transport early childhood education students taken times 400% of the mileage rate established by the Department of Administrative Services plus in lieu of transportation expenditures paid exclusively to transport early childhood education students pursuant to section 79-611.

Early Childhood Education Aid: Fifty percent of the sum of the early childhood education allowance plus early childhood education transportation

costs as calculated pursuant to the bill are to be paid to school districts as early childhood education aid. The amount of early childhood education aid is included as a local resource in the formula.

If LB 640 is passed as introduced, this bill would increase total aid for non-equalized districts having qualified early childhood education programs while decreasing equalization aid and aid for non-equalized districts receiving only net option funding, establishing a net increase to TEEOSA aid.

Early childhood transportation costs equal to the miles included in the current transportation allowance that were traveled to transport early childhood education students were unable to be determined. Regular route miles are currently reported to the Department of Education as an aggregated total for early childhood students and K-12 combined.

Early childhood transportation costs equal to in lieu of transportation expenditures paid exclusively to transport early childhood education students pursuant to section 79-611 included in the calculation for the transportation allowance were not included for purposes of calculating fiscal impact. Section 79-611, assists with transportation of students who are of compulsory attendance age who are required to travel more than miles to attend school. Early childhood education is voluntary nor is an elementary school required to have an early childhood education program, therefore no travel is required.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				\$22,800,000
Capital improvements.....				
<b>TOTAL.....</b>				<b>\$22,800,000</b>