

Updated to reflect Legislative Fiscal Office's estimations.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$111,867,502		\$434,511,215	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$111,867,502</b>		<b>\$434,511,215</b>	

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

LB583 amends several sections to provide Foundation Aid & Special Education Supplemental Aid under the Tax Equity & Educational Opportunities Support Act (TEEOSA).

Starting in FY2023-24, school districts will receive foundation aid equal to \$1,500 for each formula student in that district. Districts will also get special education supplemental aid that will equal eighty percent of the actual anticipated expenditures of the district for their special education minus the total amount of state & federal funds that will be provided to the district for their special education, excluding this special education supplemental aid & will not be factored as a formula resource into the district's TEEOSA calculation.

Starting in FY2023-24, the resources used in the local system formula will include:

- Other actual receipts
- Net option funding
- Allocated income taxes
- Community achievement plan aid
- Foundation aid

The total of the above resources will be reduced by the amount of property tax refunds paid by the district in the most recent available complete data year.

The Special Education Supplemental Aid will be 80% of the actual anticipated special education costs minus the State & Federal funds provided excluding the Special Education Supplemental Aid.

**EXPENDITURES:**

The Nebraska Department of Education (NDE) estimates that \$113,000,000 for Foundation Aid based off of FY2022-23 State Aid Certification numbers. The estimate for the Special Education Supplemental Aid is based off of the FY2021-22 budgeted & FY2021-22 State & Federal special education funds received & is estimated to be \$253,000,000 per year with the distribution of funds starting in FY2024-25. The increase is the net increase, accounting for the reduction in General Fund expenditures for TEEOSA.

Foundation Aid will factor into a district's aid calculation & could reduce their equalization aid if they are an equalized district. The impact of this change will vary by school district. Special Education Supplemental Aid will not factor into a district's aid calculation. Equalized districts will be reimbursed twice for the same expense since non-special education expenditures are part of General Fund Operating Expenditures (GFOE) & would be included in the calculation of TEEOSA.

**REVISION:**

The Legislative Fiscal Office (LFO) estimates that 80% of the difference in Special Education expenditures & revenues to be \$297,285,888. LFO estimates the net impact of the Foundation Aid calculation to be \$111,867,502 for FY23-24 & \$137,225,327 for FY24-25.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 583 AM: AGENCY/POLT. SUB: Nebraska Department of Education

REVIEWED BY: Gary Bush DATE: 2/3/23 PHONE: (402) 471-4161

COMMENTS: The estimate provide by the agency appears to high in the estimated impact in special education funding.  
The estimated impact of the foundation aid appears to be reasonable.

