

Revised to clarify fiscal impact

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	(\$4,000,000)		(\$4,000,000)	
CASH FUNDS	\$2,000,000		\$2,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>(\$2,000,000)</b>		<b>(\$2,000,000)</b>	

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

LB957 amends several sections relating to the Tax Equity & Educational Opportunities Support Act (TEEOSA).

Beginning with the 2024-25 school year & each school fiscal year thereafter, the Nebraska Department of Education (NDE) will determine the early childhood aid that is to be paid to each school district will equal \$1,500 multiplied by the qualified early childhood education average daily membership (ADM) for that school district.

Beginning with the 2024-25 school year & each school fiscal year thereafter, net option funding will be the product of the net number of option students multiplied by the difference of the statewide average basic funding per formula student minus \$3,000.

For state aid calculated for school year 2024-25 & each school fiscal year thereafter, local system formula resources will include other actual receipts, net option funding, allocated income tax funds, community achievement plan aid, a percentage of foundation aid, & a percentage of early childhood aid, & is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds.

24% of the total amount of early childhood aid paid each school year will be paid from money appropriated from the Education Future Fund.

For school years 2024-25 & 2025-26, 100% of early childhood aid will be included as a formula resource inside the TEEOSA calculation.

For school year 2026-27 & each school year thereafter, 60% of early childhood aid will be included as a formula resource inside the TEEOSA calculation.

**EXPENDITURES:**

By funding early childhood aid under TEEOSA, it would increase by approximately \$8,000,000 with approximately \$2,000,000 being funded by the Education Future Fund.

By reducing the net option funding by \$3,000 per positive option student will then reduce the TEEOSA calculation by approximately \$10,000,000.

The overall effect to the estimated TEEOSA calculation would be a reduction of approximately \$2,000,000 annually.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	957	AM:	AGENCY/POLT. SUB: Nebraska Department of Education	
REVIEWED BY:	Gary Bush	DATE:	1/17/24	PHONE: (402) 471-4161
COMMENTS: Agree with the estimate provided by the agency with the assumptions used.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	957	AM:	AGENCY/POLT. SUB: Omaha Public Schools		
REVIEWED BY:	Gary Bush	DATE:	1/17/24	PHONE:	(402) 471-4161
COMMENTS: Agree with Omaha Public Schools that the provisions of the bill would result in a reduction in equalization aid received from the TEEOSA school aid formula. However, the resources being provide to the district would increase as the state pays more of the early childhood program costs.					

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

**2024**

**LB<sup>(1)</sup> 957**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/8/24 Phone: <sup>(5)</sup> 402-471-4320

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(\$4,000,000)</u>	<u>                    </u>	<u>(\$4,000,000)</u>	<u>                    </u>
CASH FUNDS	<u>\$2,000,000</u>	<u>                    </u>	<u>\$2,000,000</u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUNDS	<u>(\$2,000,000)</u>	<u>                    </u>	<u>(\$2,000,000)</u>	<u>                    </u>

**Explanation of Estimate:**

LB 957 creates early childhood aid which is calculated as \$1,500 per early childhood average daily membership. Twenty-four percent of the early childhood aid is to be funded by the Education Future Fund. The new aid is completely included in the TEEOSA resource calculation for the first two years and then changes to sixty percent being part of the resource calculation.

This bill also reduces Net Option Funding by \$3,000 per student.

The creation of Early Childhood Foundation Aid increases the amount of TEEOSA by about \$8 million (\$2,000,000 of the total would be funded by the Education Future Fund) with the Net Option Funding reduction of \$3,000 per positive option student reducing the total TEEOSA amount by a little over \$10 million. The net effect of these changes is a decrease in TEEOSA by a little more than \$2 million.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Travel.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital outlay.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Aid.....	<u>                    </u>	<u>                    </u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
Capital improvements.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL.....	<u>                    </u>	<u>                    </u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>

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

**2024**

**LB<sup>(1)</sup> 957**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Omaha Public Schools

Prepared by: <sup>(3)</sup> Bryan Kline Date Prepared: <sup>(4)</sup> 1/10/2024 Phone: <sup>(5)</sup> 531-299-8983

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</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:

No fiscal impact expected due to the proposed new funding being offset by a reduction in Equalization Aid.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____