

PREPARED BY: Sandy Sostad
 DATE PREPARED: January 24, 2011
 PHONE: 471-0054

LB 148

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 148 redefines general fund operating expenditures for the purposes of the Tax Equity and Educational Opportunities Support Act (state aid to schools) to exclude amounts paid by school districts for lobbyist fees and expenses, beginning with state aid calculated for 2010-11. The bill has an emergency clause.

The exclusion of lobbyist fees and expenses from general fund operating expenses reduces the amount of need calculated for school districts in the formula by the amount of the fees and expenses. The report of lobbyist fees and expenses filed with the Nebraska Accountability Disclosure Commission for 2010 (as of January 24, 2011), shows fourteen school districts expended about \$410,000 for lobbyists. Assuming a few more 4th quarter reports will be filed, it is estimated schools spent about \$475,000 for this purpose in CY2010.

A reduction of \$475,000 of need may reduce the amount of basic funding in the formula by an unknown amount. The bill will decrease the need for districts with lobbyist expenditures. It may also reduce basic funding for other school districts in the same comparison group which receive equalization aid. How the decrease in need is reflected in the determination of basic funding for the district with lobbyist expenses and the other districts in the same comparison group depends upon: whether the districts with lobbyist expenditures are the high or low in the comparison group, in which case they are excluded from the averaging mechanism to determine basic funding; and, how much the decrease in general fund operating expenditures changes the average for the comparison group. In addition, it is possible that a decrease in basic funding pursuant to the bill for a district may be offset by increases in the averaging adjustment or needs stabilization components of the formula. Based on these interactions, the actual fiscal impact of the bill is indeterminate.

Technical Note: State aid to schools for FY 2010-11 was certified on March 1, 2010. The State Department of Education will have to do a supplemental data collection to obtain lobbyist expenditures for the 2008-09 fiscal year because general fund operating expenses are based upon two year old data, and then incorporate the data into the state aid respin or language would need to be added to recertify state aid for 2010-11.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	William Scheideler	1/27/11	PHONE 471-2526
-------------	--------------------	---------	----------------

<p>COMMENTS</p> <p>DEPT. OF EDUCATION - LB 148 reduces General Fund Operating Expenditures (GFOE) for “any amounts paid by the district for lobbyist fees and expenses.” At present, total expenditures for lobbying is not collected for all public school districts. While lobbying expenses are reported under the Nebraska Accountability and Disclosure Act (Neb Rev Stat 49-1401 to 49-14.141). Section 49-1434 (3) (f) of the act specifically excludes:</p> <p style="margin-left: 40px;">An employee of a political subdivision whose regular employment duties do not ordinarily include lobbying activities as long as such employee is not additionally compensated for such lobbying activities, other than his or her regular salary, and is not reimbursed for any lobbying expenditures except his or her travel, lodging, and meal expenses and the meal expenses for members of the Legislature.</p>

DAS comments, continued

Sixteen public school districts reported a total of \$526,910 in calendar year 2009 and \$460,939 in calendar year 2010 to the Nebraska Accountability and Disclosure Commission. Although these reports clearly understate the total lobbying expenditures of public schools, the TEEOSA impact was examined to provide some relative impact on TEEOSA's General Fund requirements. Based on projected formula need and resources, reducing GFOE for these sixteen districts by the average amounts reported over the past two years would reduce General Fund TEEOSA school aid by about \$109,000 in FY2011-12 (or nearly 23% of the excluded amounts).

LB 148 FISCAL NOTE

RECEIVED
 JAN 19 2011
 LEGISLATIVE

State Agency OR Political Subdivision Name: NDE/School Finance & Organization Services

Prepared by: Inbody, Bergquist, Eret Date Prepared: 1-19-2011 Phone: 1-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2011-12</u>		<u>FY 2012-13</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	0	0	0	0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The bill redefines general fund operating expenditures (GFOE) for purposes of the Tax Equity and Educational Support Act (TEEOSA state aid to schools) to exclude amounts paid by school districts for lobbyist fees and expenses beginning with school fiscal year 2010/11. Excluding lobbyist fees and expenses will reduce the amount of formula need calculated for school districts that hire a lobbyist. A reduction in a school district's need may also reduce basic funding for the other school districts in its comparison group. How this decrease in basic funding will be reflected will depend on: (a) if the school district with the lobbying fees is the high or low spender in the array, (the expenditures are excluded from the average mechanism that determines basic funding); and (b) the size of the decrease will change the average for the comparison group if the school district is not the high or low spender. An individual school district may also have its reduction in needs offset by the needs stabilization component or the average adjustment component.

MAJOR OBJECTS OF EXPENDITURES

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2011-12</u>	<u>2012-13</u>
	<u>11-12</u>	<u>12-13</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefit	_____	_____	_____	_____
Operating	_____	_____	_____	_____
Travel	_____	_____	_____	_____
Capital outlay	_____	_____	_____	_____
Aid	_____	_____	_____	_____
Capital improvements	_____	_____	_____	_____
TOTAL	_____	_____	0	0

2010/11 State Aid was certified on March 1, 2010. The bill does not contain a provision or a date for a recertification of 2010/11 State Aid. The 2009/10 Annual Financial Report did not collect specific expenditures for lobbyist fees and expenditures. NDE would be required to do two supplemental data collections for these expenditures to use in a recertification of 2010/11 State Aid (2008/09 AFR) and for use in the calculation of 2011/12 State Aid (2009/10 AFR).

The bill has the emergency clause.

Fiscal Impact:

To the State of Nebraska: There may be a reduction in State General Funds needed to fund TEEOSA state aid to schools if formula needs are reduced. However, the interaction of needs stabilization and averaging adjustment may offset the reduction in formula needs.

To NDE: There would be no fiscal impact to the Department of Education.

To Political Subdivisions: Based on the interactions of the components listed above, a specific dollar amount is unknown at this time. Generally speaking, reducing GFOE would reduce Basic Funding. Reducing Basic Funding would reduce formula needs. Reduced formula needs would reduce the amount of equalization aid for equalized systems.