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PREPARED BY:
DATE PREPARED:
PHONE:

Sandy Sostad
January 25, 2011
471-0054

LB 273

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 273 changes provisions of the Tax Equity and Educational Opportunities Support Act. The bill makes changes in the option enrollment provisions of the state aid formula and the computation of local formula resources. The bill provides that tuition receipts from districts where nonresident students have been converted from being contracted students to option students will not be included as a local formula resource. The converted contract must be an expired contract that was in effect for at least 15 years.

Districts having converted contract option students must apply to the State Department of Education (NDE) on or before March 1 for converted contract option students for FY2011-12 and on or before November 1st thereafter. NDE is to determine the amount of tuition receipts from converted contracts to be excluded from the calculation of formula resources for each of the first two years for which the converted contract is not in effect and determine the number of converted contract option students attributed to the receiving district and a like number is attributed to the resident district as students optioning out.

NDE indicates there has been an agreement between two school districts (Grand Island and Grand Island Northwest) which provides that if Grand Island annexes land in the G.I. Northwest district, and children desire to remain at Northwest, then G.I. pays tuition to Northwest for the students. This agreement ends after the FY2010-11 school year.

State aid payments are based on data elements from the annual financial report of the second preceding school year and the number of option students in the preceding year. In the absence of the bill, in the determination of state aid for FY2011-12, Northwest would have tuition received from Grand Island in FY2009-10 showing as a resource for state aid purposes, but would no longer actually be receiving the tuition payment. The resource would offset the equalization aid that the district would receive by including the students in membership for purposes of the needs calculation.

The bill provides that tuition receipts will not be counted as a formula resource for Northwest, so state aid for Northwest will not be reduced in FY2011-12 by the amount of tuition that Grand Island paid in FY2009-10. The students attending Northwest will become option students and the state aid for Grand Island will decrease by a like amount, so it is assumed the bill will have no net fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	william Scheideler	DATE	1/28/11	PHONE	471-2526
COMMENTS					
NEBRASKA DEPARTMENT OF EDUCATION: Concur.					

LB 273 FISCAL NOTE

RECEIVED
 JAN 18 2011
 LEGISLATIVE FISCAL

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

Prepared by: Inbody, Wilson

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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

Explanation of Estimate:

The bill would provide an adjustment to a school district's Tax Equity and Educational Opportunities Support Act (TBEOSA state aid to schools) for converted contract option students. A converted contract is an expired contract that was in effect for at least 15 years for educating students in a nonresident district in exchange for tuition from the resident district. A converted contract option student is a student who would have been covered by a converted contract and is now considered an option student. A school district must apply to the Department of Education on or before March 1, 2011 to access this adjustment; and a school district must apply to the Department of on or before November 1 each year thereafter for this adjustment.

A school district that qualifies for this adjustment will have the tuition receipts from a converted contract excluded from the calculation of formula resources (through the other receipts component) for the first two fiscal years the converted contract will not be in effect.

Fiscal Impact – Cannot be determined at this time.

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	_____	_____	<u>0</u>	<u>0</u>