

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 346 authorizes a levy of up to one cent for school districts to use for school security measures beginning in 2013. School districts may exceed the \$1.05 levy limit and the budget limit by the amount of proceeds from the \$.01 levy. The proceeds are excluded from general fund operating expenses for the purpose of calculating state aid pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA). The proceeds of the levy are to be placed in a separate school security fund.

State Department of Education (NDE) Expenditures: The department indicates a rule will have to be revised to accommodate the provisions of the bill. The estimated one time cost is \$600. It is assumed the department can handle the revision of rules with existing staff and resources.

Property Tax Receipts: The option to levy an additional \$.01 for school security measures may increase property tax receipts for school districts by up to \$17 million based upon the 2012 certificate of taxes levied. The actual increase in taxes levied beginning in 2013 depends upon the number of school districts opting to increase taxes for school security measures and the additional amount levied for this purpose.

TEEOSA Aid: Any spending by school districts for security measures from the property taxes levied will not increase state aid because the expenditures are excluded from general fund operating expenses in the calculation of state aid. NDE indicates school districts reported expenditures of about \$7 million on the annual finance report in FY2011-12 for support services pupils-safety and security.

The bill does not define school safety measures, so it assumed the expenditures made in FY12 for school safety could have been paid by the levy authorized in the bill. If that were to occur in the future, these expenses could be paid from the new fund and be excluded from general fund operating expenses which would decrease basic funding in the state aid formula beginning with state aid distributed in FY2015-16.

Under another scenario, expenditures for school safety measures could be paid from the new fund and school districts could increase spending by a like amount for other activities and state aid would not be impacted. It is unknown how state aid will be impacted because it is dependent upon decisions made by school districts in terms of levying the additional amount and the extent to which levy proceeds offset current expenditures for school safety measures.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 346	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Matthew Eash	DATE: 3/4/2013	PHONE: 402-471-4175
COMMENTS: LB 346 would exclude security expenditures from the calculation of TEEOSA State Aid only if they were expended from the proceeds of a levy also authorized by this Bill. It does not prohibit schools from continuing to expend their general funds for security measures, and such expenditures would not be excluded from the TEEOSA calculation. Future TEEOSA State Aid impact cannot be estimated because schools may fund none, some, or all of their security expenditures via general funds. Because no levy proceeds could be collected and expended until FY 2013-14, there could be no fiscal impact to TEEOSA until FY 2015-16. However, to show the potential for maximum fiscal impact: if all of the approximately \$7 million in security expenditures in FY 2011-12 had been funded by the new levy and not with schools' general funds, TEEOSA State Aid would have been reduced by approximately \$3.4 million for FY 2013-14.		

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**2013**

**LB<sup>(1)</sup> 346 FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) NDE/School Finance & Organization Services

Prepared by: (3) Inbody, Bergquist, Eret Date Prepared: (4) 1-29-2013 Phone: (5) 1-4320

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

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

**Explanation of Estimate:**

This bill would establish the School Security Fund (Fund). The School Security Fund would be a separate budgeted fund and would account for all receipts (including property tax dollars) and expenditures for the purposes of school security. The bill would allow a school district to levy an additional \$.01 for costs related to increased school security measures. (The current statutory maximum levy is \$1.05.) The board of education must approve the additional levy by a 2/3 majority vote (67%) of the elected board members.

As currently written, this bill provides that expenditures for the purpose of school security measures would qualify as an expenditure exclusion and these expenditures would not be part of the calculation of General Fund Operating Expenditures (GFOE). Since the School Security Fund is a separate budgeted fund and is not part of the General Fund, any expenditures for school security measures would not be a General Fund expense.

**MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

**Fiscal Impact for NDE:**

To NDE: There would be an estimated \$600 fiscal impact to the Department of Education for revising Rule 2.

To School Districts: With the approval of 2/3 of the board of education, a school district could levy an additional \$0.01 above the \$1.05 statutory maximum levy. This additional levy would increase the amount of property taxes generated by the school district. Using the 2012/13 statewide assessed valuation of \$169,958,762,719, as reported on the Certificate of Taxes Levied (CTL), \$0.01 would generate \$16,995,876 of additional revenue.

Based on the 2011/12 Annual Financial Report (AFR), school districts spent \$7,007,423 on Support Services Pupils- Safety & Security. If these expenditures are moved from the General Fund to the School Security Fund beginning with the 2013/14 reporting year, school districts may see a decrease the Basic Funding component of State Aid (TEEOSA) in the certification of 2015/16 State Aid. A decrease in Basic Funding for equalized school districts (those school districts who receive Equalization Aid), may generate a decrease in Total State Aid for those school districts.