

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			\$5,357,500	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>			\$5,357,500	

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

LB 967 pertains to the learning community, which includes eleven school districts in Douglas and Sarpy counties. The bill repeals the common levy and special building fund levy authorized for school districts in the learning community. The calculation of state aid (TEEOSA) on a collective basis for school districts in the learning community is eliminated. The bill also eliminates the open enrollment program for students in the learning community and eliminates the requirement for districts to transport open enrollment students.

Repeal of Common Levy: The bill repeals the common \$.95 levy for school districts which are members of a learning community on July 1, 2017. The levy generates about \$492.5 million of property taxes in 2015. The common levy is currently allocated among member districts proportionally based upon the difference of the district’s formula need less the sum of state aid and other actual receipts. The repeal allows each district to levy an individual levy and receive the amount of property taxes collected per the valuation of the district. Some districts in the learning community will have decreased property tax receipts and others will have increased receipts pursuant to the repeal.

Repeal of Special Building Fund Levy: LB 967 also repeals the authorization for a special building funds levy for the learning community on July 1, 2017. The levy is a maximum of \$.02 and would generate about \$10.4 million based upon 2015 valuations. Taxes received from the levy are distributed proportionately to member school districts based on formula students. The learning community schools did not utilize the levy in 2015.

Change in Calculation of State Aid (TEEOSA): Currently, state aid for the eleven school districts in Sarpy/Douglas counties in the learning community is calculated collectively. The combined formula needs of all the districts in the learning community are compared to the combined formula resources of all districts in the learning community to determine the amount of equalization aid for the school districts in the learning community. Each school district receives a proportional share of equalization aid based upon its share of total formula needs. Assuming the bill takes effect for the state aid allocation beginning in FY2017-18, the repeal of the pooling concept for state aid for the learning community will increase state aid to schools by about \$5,357,500, based upon state aid calculated for FY17.

Conversion of the Open Enrollment Program in the Learning Community: The bill provides that students in the learning community who are enrolled outside their resident district through the open enrollment program will become option enrollment students in FY17. It is assumed the change will not have a fiscal impact other than the elimination of required transportation for these students.

Elimination of Required Transportation for Students in the Open Enrollment Program: The bill repeals current law requiring school districts in the learning community to transport students participating in open enrollment in member districts. The repeal of the transportation requirement reduces school district expenditures by an estimated \$4.6 million beginning in FY17. Any change in school spending impacts the amount of state aid distributed two years later. So, the fiscal impact of decreased transportation expenditures by members of the learning community will impact state aid beginning in FY19.

Any change in state aid is dependent upon how decreased spending for transportation impacts the calculation of basic funding for districts and whether the needs stabilization offsets decreases in basic funding. Since the majority of the districts in the learning community are in the same comparison group in terms of computing basic funding and most are equalized, these provisions of the bill will likely reduce state aid in the future.

Learning Community of Douglas and Sarpy Counties: The repeal of the common levy, special building fund levy and the change in the calculation of state aid impacts the school districts in the learning community, but not the learning community itself. The learning community will have a minimal reduction in the duties with respect to preparing and submitting a budget for the common levy.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:967	AM:	AGENCY/POLT. Department of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/20/16	PHONE: 471-4179
COMMENTS: There is no basis to disagree with the Department of Education.			

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

**2016**

**LB<sup>(1)</sup> 967**

**FISCAL NOTE**

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

Department of Education

Prepared by: <sup>(3)</sup> Bryce Wilson

Date Prepared: <sup>(4)</sup> 1/15/16

Phone: <sup>(5)</sup> 402-471-4320

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

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$5,000,000		\$5,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$5,000,000</b>		<b>\$5,000,000</b>	

**Explanation of Estimate:**

LB 967 will result in an additional \$5 million of TEEOSA aid. The increase is due to the non-equalized districts currently in the Learning Community lowering the whole Learning Community State aid amount by the amount their resources are in excess of their needs.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$5,000,000	\$5,000,000
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$5,000,000</b>	<b>\$5,000,000</b>