

PREPARED BY: Bill Biven, Jr.  
 DATE PREPARED: February 15, 2023  
 PHONE: 402-471-0054

**LB 386**

Revision: 00

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

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |         |                   |         |
|---|-------------------|---------|-------------------|---------|
|   | <b>FY 2023-24</b> |         | <b>FY 2024-25</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.**

LB386 amends §77-3446 and §79-1015.01 to prohibit changes to the base limitation and the local effort rate calculation that is used in the Tax Equity and Educational Opportunities Support Act (TEEOSA).

The Base Limitation for school districts is two and one-half percent and will not be adjusted by the Legislature on or after the effective date of this act.

A school district's Local Effort Rate is set at \$.05 below the maximum levy (currently \$1.05) per §77-3442 and will not be adjusted by the Legislature on or after the effective date of this act.

Removing the Legislature's ability to adjust these two portions of the TEEOSA formula will make it difficult should the Legislature need to change the certified TEEOSA amount during a deficit year. The impact of the changes cannot be determined at this time.

|  |           |       |  |
|--|-----------|-------|--|
| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>   |           |       |  |
| LB:  | 386       | AM:   | AGENCY/POLT. SUB: Nebraska Department of Education |
| REVIEWED BY:   | Gary Bush | DATE: | 1/18/23 PHONE: (402) 471-4161                      |
| COMMENTS: Agree with the agency that limiting the ability of the Legislature to adjust TEEOSA is difficult to estimate but would be most costly in years where state resources are restricted. |           |       |  |

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

**2023**

**LB<sup>(1)</sup> 386**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/17/23 Phone: <sup>(5)</sup> 402-471-4320

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

|                    | <u>FY 2023-24</u>   |                | <u>FY 2024-25</u>   |                |
|--------------------|---------------------|----------------|---------------------|----------------|
|                    | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS      | _____               | _____          | _____               | _____          |
| CASH FUNDS         | _____               | _____          | _____               | _____          |
| FEDERAL FUNDS      | _____               | _____          | _____               | _____          |
| OTHER FUNDS        | _____               | _____          | _____               | _____          |
| <b>TOTAL FUNDS</b> | <b>=====</b>        | <b>=====</b>   | <b>=====</b>        | <b>=====</b>   |

**Explanation of Estimate:**

LB 386 prohibits the Legislature from changing the basic allowable growth rate and local effort rate used in the TEEOSA formula.

The Legislature has historically changed the basic allowable growth rate and the local effort rate to reduce the amount of TEEOSA State Aid certified to school districts in year's when the State had a budget deficit. The basic allowable growth rate is an inflationary number applied to past school district spending used to calculate TEEOSA to bring it up to the current year. The Local Effort Rate is a hypothetical tax rate applied to school district valuations to identify local resources available to each district. This change would make it harder for the Legislature to change the amount of TEEOSA certified in deficit years.

Fiscal impact cannot be determined at this time.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2023-24</u>      | <u>2024-25</u>      |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>23-24</u>               | <u>24-25</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____                     | _____                      | _____        | _____               | _____               |
| _____                     | _____                      | _____        | _____               | _____               |
| Benefits.....             | _____                      | _____        | _____               | _____               |
| Operating.....            | _____                      | _____        | _____               | _____               |
| Travel.....               | _____                      | _____        | _____               | _____               |
| Capital outlay.....       | _____                      | _____        | _____               | _____               |
| Aid.....                  | _____                      | _____        | _____               | _____               |
| Capital improvements..... | _____                      | _____        | _____               | _____               |
| <b>TOTAL.....</b>         | <b>_____</b>               | <b>_____</b> | <b>_____</b>        | <b>_____</b>        |