

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB1011 amends several sections related to the Tax Equity & Educational Opportunities Support Act (TEEOSA).

Beginning with the 2025-26 school year & each school year thereafter, the difference of the general fund operating expenditures (GFOE) increased by the cost growth factor, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency (LEP) allowance, distance education & telecommunications allowance, elementary site allowance, summer school allowance, early childhood education allowance, community achievement plan allowance, & focus school & program allowance.

Qualified early childhood education average daily membership (ADM) means for aid calculated for school years prior to the 2025-26 school year, the product of 60% of the ADM of students who will be eligible to attend kindergarten the following school year & are enrolled in an early childhood education program approved by the Nebraska Department of Education (NDE).

For the 2025-26 school year & each school year thereafter, the product of 100% of the ADM of students who will be eligible to attend kindergarten in one of the two immediately following school years & are enrolled in an early childhood education program approved by NDE for that school district for that school year multiplied by the ratio of the actual instructional hours of the program divided by 1,032 if:

- the program is receiving a grant pursuant to such section for the third year
- the program has already received grants pursuant to such section for three years
- the program has been approved for that school year & the two preceding school years, including any students in portions of any of those programs receiving an expansion grant

Qualified early childhood education fall membership means for aid calculated for school years prior to the 2025-26 school year, the product of 60% of the membership on October 1 of each school year of students who will be eligible to attend kindergarten the following school year & are enrolled in an early childhood education program approved by NDE.

For the 2025-26 school year & each school year thereafter, the product of 100% of the membership on October 1 of students who will be eligible to attend kindergarten in one of the two immediately following school years & are enrolled in an early childhood education program approved by NDE for that school district for that school year multiplied by the ratio of the planned instructional hours of the program divided by 1,032 if:

- the program is receiving a grant for the third year
- the program has already received grants for three years
- the program has been approved for that school year & the two preceding school years, including any students in portions of any of such programs receiving an expansion grant

For the 2025-26 school year & each school year thereafter, each district's formula need will equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, focus school & program allowance, summer school allowance, early childhood education allowance, special receipts allowance, transportation allowance, elementary site allowance, distance education & telecommunications allowance, community achievement plan allowance, averaging adjustment, new community achievement plan adjustment, student growth adjustment, any positive student growth adjustment correction, & new school adjustment minus the sum of the limited English proficiency allowance correction, poverty allowance correction, & any negative student growth adjustment correction.

For the 2025-26 school year & each school year thereafter, local system formula resources will include other actual receipts, net option funding, early childhood education aid, allocated income tax funds, community achievement plan aid, & a percentage of foundation aid, & is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds. For the purposes of TEEOSA, if an educational service unit (ESU) provides an early childhood education program approved by NDE for one or more school districts, the early childhood education students & the associated expenditures of a school district will continue to be attributable to that school district.

EXPENDITURES:

The overall impact to the school districts & the TEEOSA calculation cannot be determined at this time as there is no way to estimate the additional early childhood students that would attend early childhood programs once they would be allowed. There would be an increase to transportation costs related to the changes to early childhood but that increase cannot be estimated at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1011	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	2/22/24 PHONE: (402) 471-4161
COMMENTS: Unable to provide comment because the agency failed to provide an estimate using a reason set of assumptions. Agree with the agency that the provision of the bill would have a increase the TEEOSA school aid formula.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1011	AM:	AGENCY/POLT. SUB: Omaha Public Schools
REVIEWED BY:	Gary Bush	DATE:	1/19/24 PHONE: (402) 471-4161
COMMENTS: Disagree with the estimate provided. Because the proposed early childhood education allowance reduces basic funding, the impact for the district is limited. Any additional aid received would likely be offset with equalization aid. The bill does not provide that the increased early childhood allowance is paid out as calculated state aid like option enrollment or foundation aid. Not all pre-kindergarten students are included in the calculation. Only those students that are within 2 years of being kindergarten are included.			

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

2024

LB⁽¹⁾ 1011

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Department of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 2/21/23 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1011 increases the students that are counted in the formula student calculation by including all early childhood students within two years of entering kindergarten and increasing their weight in the formula to a full-time equivalent student instead of .6.

This bill also creates an early childhood allowance and requires transportation for early childhood students that meet the same requirements as other students. The additional early childhood transportation costs are included in the transportation allowance with half of the new early childhood allowance and additional early childhood transportation costs being paid to districts in aid.

The increase in formula students as a result of counting all early childhood students within two years of entering kindergarten at a full 1.0 FTE would likely reduce the total amount of TEEOSA paid out since the number of students being used to determine basic funding per formula student would increase while the expenses stay the same resulting in a smaller basic funding per formula student amount. The basic funding per formula student amount is used in several other TEEOSA components which would be reduced with the lower amount per student.

The increased allowance for early childhood transportation would have a similar impact to the statewide basic funding per formula student by reducing the expenses used to calculate basic funding. The addition of the aid component to the early childhood transportation costs would increase the total amount of TEEOSA.

Fiscal impact cannot be determined since we don't know how many additional early childhood students would attend early childhood programs if allowed. The increased transportation costs related to early childhood are also unknown at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____

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2024

LB⁽¹⁾ 1011

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Omaha Public Schools

Prepared by: ⁽³⁾ Bryan Kline Date Prepared: ⁽⁴⁾ 1/16/2024 Phone: ⁽⁵⁾ 531-299-8983

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	\$16,600,000
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Approximately 1,350 of full day Pre-Kindergarten students multiplied by the statewide average GFOE per formula student would equal an Early Childhood Education Allowance of about \$16,600,000. Multiplied by fifty percent, plus the estimated early childhood education transportation costs, estimated at \$300,000 equals an Early Childhood Education Aid total of \$8,600,000. This would increase equalization aid by \$8,000,000 as well as provide an additional \$8,600,000 of Early Childhood Education Aid.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____