

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			Up to \$4,525,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			Up to \$4,525,000	

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

LB 49 requires that any school district in the state with fewer than 650 students in grades kindergarten through twelve for at least two consecutive school years that is not in an allied system shall: form an allied system with at least three other school districts or join an allied system; or form an allied system with one district having 650 or more students. The allied system shall be formed on or before July 1, 2016 and on or before July 1<sup>st</sup> each year thereafter. If the system is not formed by the required date, then the Commissioner of Education is required to form the system. School districts with 650 or more students may join an allied system.

School districts in an allied system are required to have the same daily schedule for the first three periods of the school day. Interlocal agreements may be negotiated to cooperate on other matters. Within one year after the formation of an allied system, the school districts shall create a common schedule that shall be implemented the following year. Districts are not required to combine or coordinate revenue, spending, taxation, state aid or any financial elements.

A school district that is a member of an allied system which purchases computer hardware or software to provide or maintain distance education courses is eligible to be reimbursed up to \$25,000 per school year by the State Department of Education (NDE) for the cost of the hardware or software and associated labor costs.

Operations Expenditures: It is assumed that NDE can handle the requirements of the bill with regard to forming and monitoring allied systems using existing staff and resources in FY2015-16 and beyond. NDE will have a workload increase to reimburse schools for hardware, software and labor costs for distance education programs, possibly beginning in FY2015-16, depending upon when allied systems are formed. It is assumed existing staff in the department can handle these responsibilities.

The bill applies to public school districts in the state. Seventy-four percent of the school districts (181 out of 245) in the state will be required to form allied systems. School personnel will experience a workload increase to develop like schedules and possibly some interlocal agreements. Changes to school schedules may have a fiscal impact for some school districts. It is unknown if interlocal agreements between districts in an allied system will result in any cooperative arrangements which will impact school expenditures and revenue.

Aid Expenditures: NDE will have increased aid expenditures to reimburse eligible member schools of allied systems up to \$25,000 per year for hardware, software and labor costs for distance education programs. It is assumed that very few, if any, reimbursements will be provided in FY2015-16. Assuming all of the districts required to be in allied systems request the maximum reimbursement in FY17, the general fund fiscal impact would be \$4,525,000. The only limitation on the aid reimbursement is that it may only be \$25,000 per year per district, so schools will be eligible for funding every year based upon eligible distance education expenses.

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

**2015**

**LB<sup>(1)</sup> 49**

**FISCAL NOTE**

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

Department of Education

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

Brent Gaswick

Date Prepared: <sup>(4)</sup>

1/13/2015

Phone: <sup>(5)</sup>

471-3353

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

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$4,554,642	0	\$4,550,783	0
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$4,554,642</b>		<b>\$4,550,783</b>	

Explanation of Estimate:

\$1500 for rule development: 2015-2016

\$3000 for committee work to develop the rule: 2015-2016

\$17,285 .25 fte of current NDE employee administering the distance education program who would be in charge of the new equipment reimbursement requests. In addition to salary you will need .25% of staff members benefits will be \$7,357 for a total of \$24,642

Not able to estimate the budget impact of the \$25,000 per district reimbursement, as this is subjective based on number of schools that participate and request reimbursement \$4,525,000 per year would be the total if all eligible school districts (2013-14 data) requested the full reimbursement.

(eligible School districts(13-14) X total possible reimbursement per year = total possible reimbursement)

181 districts x \$25,000 = \$4,525,000

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Lead Evaluator	.25 fte	.25 fte	\$17,285	\$17,717
Benefits.....			\$7,357	\$7,541
Operating.....			\$2000	\$525
Travel.....			\$3000	0
Capital outlay.....			0	0
Aid.....			\$4,525,000	\$4,525,000
Capital improvements.....				0
<b>TOTAL.....</b>			<b>\$4,554,642</b>	<b>\$4,550,783</b>