

**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>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 904 allows a school district with a population of 12,000 or fewer residents that is in a learning community to opt out of membership by a majority vote of members of the board of education of the district. If a school district votes to opt out, the district must notify the learning community and Commissioner of Education not less than six months before the effective date of the district opting out. It is assumed the first year that a district could opt out pursuant to the bill will be FY2017-18.

Change in the Calculation of State Aid (TEEOSA): It appears the bill allows two school districts, South Sarpy and Douglas County West, to opt out of the learning community beginning in FY18. It is unknown whether the districts will opt to leave the learning community. If school districts opt out of the learning community, there will be a change in the calculation of state aid.

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.

If South Sarpy and Douglas County West opt out of the learning community beginning in FY2017-18, it is estimated that state aid to schools will increase by about \$5,357,500, based upon state aid calculated for FY17. The increase occurs because state aid paid to the learning community was lower due to these two districts being non-equalized (had resources in excess of formula needs). Eliminating these districts from the pooled concept of determining aid for the learning community restores about \$5.4 million in aid to the other districts in the learning community.

Property Taxes: A decision by one or both of the school districts to opt out will impact the amount of property taxes collected and redistributed per the \$.95 common levy for schools that are members of the learning community. The total amount of property taxes that can be collected from member districts and expended by the learning community for special building funds (\$.02 levy), for elementary learning center facilities (\$.005 levy) or early childhood education programs (\$.015) will also be reduced if districts opt out of the learning community. However, the learning community did not utilize all of the levy authority available in 2015. It levied \$.95 for the common levy, \$.015 for early childhood education programs and \$.00125 for elementary learning center facilities. The amount that will be levied by individual school districts and the learning community in the future, if two districts opt out, is not able to be determined.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB:904	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> 904**

**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> 1/13/16

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	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	=====	=====	\$5,000,000	=====

Explanation of Estimate: LB 904 allows districts with populations under 12,000 to opt out of the Learning Community. This bill would allow 3 districts within the Learning Community to potentially withdraw. The two non-equalized districts in the Learning Community would most likely withdraw from the Learning Community under this bill which would result in an additional \$5 million of aid going to the remaining Learning Community schools.

**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
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	\$5,000,000