

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2011-12</b>		<b>FY 2012-13</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 18 amends the Tax Equity and Educational Opportunities Support Act (TEEOSA) which is the formula used to distribute state aid to education. The bill increases the needs calculated for school systems from 100% to 102.23% in the current school year, FY2010-11. The amount of aid received by a school is the difference between calculated needs and formula resources. The formula is changed to increase state aid to include one-time allocations from the federal Education Jobs Fund in FY2010-11.

Federal funds expended pursuant to the bill are considered to be general fund operating expenditures for purposes of state aid. The funds are to be allocated to schools on the last business day of April. School districts are not required to revise previously adopted budgets for FY2010-11 unless expenditures are increased in FY2010-11 with the additional state aid received per LB 18.

The bill also changes the certification date for state aid for two fiscal years. The aid certification date for aid distributed in the current fiscal year is changed to on or before March 1, 2011. The subsequent year's state aid for FY2011-12 is to be certified on or before July 1, 2011.

The State Department of Education estimates the formula change will increase state aid to schools by \$58,610,740 in FY2010-11. Increased expenditures by school districts result in increased state aid two years later per the state aid formula. However, any future general fund fiscal impact of the one-time allocation of federal funds is dependent upon whether increased funds are used by schools to spend at a higher level or are used to offset revenue shortfalls. This fiscal note assumes the majority of schools will be using the proceeds to offset decreases in other resources, so no future fiscal impact is projected.