

PREPARED BY: Sandy Sostad
 DATE PREPARED: February 22, 2011
 PHONE: 471-0054

LB 520

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 520 changes transportation requirements for students in a learning community. Current law requires school districts in a learning community to provide free transportation to students residing in a learning community who transfer pursuant to open enrollment provisions, qualify for free or reduced-price lunches or add to the socioeconomic diversity of the building attended and live more than one mile from the school of transfer. Free transportation is also to be provided to students who attend a focus or magnet school or program and live more than one mile from the school. The bill changes current law to make it permissive for a school district to provide the free transportation for these students.

An adjustment in the state aid formula (TEEOSA) currently allocates state aid for students provided free transportation pursuant to open enrollment in the learning community. The adjustment is provided for state aid calculated in the second and third year of a new learning community. Schools in the learning community estimate a total of \$3,670,000 of free transportation, in the second year of the learning community, pursuant to open enrollment for purposes of the transportation adjustment for FY2011-12 state aid. Based on this estimate there will be decreased expenditures for school districts of about \$3.67 million in FY2011-12, if school districts in the learning community opt to eliminate free transportation for students participating in open enrollment.

It is unknown how decreased transportation expenditures by school districts in the learning community will impact future state aid payments beginning in FY2013-14. Any change in state aid is dependent upon how decreased spending for transportation impacts the calculation of basic funding for districts and whether the averaging adjustment and/or needs stabilization offset decreases in basic funding.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Matthew Eash	2/24/11	PHONE 471-2526
COMMENTS			
<p>DEPT. OF EDUCATION – The Learning Community Transportation Adjustment is designed to credit 100% of a Learning Community district’s estimated open-enrollment transportation costs. The Adjustment increased TEEOSA Aid by \$1,482,000 for FY 2010-11. Current TEEOSA modeling predicts \$3,700,000 for FY 2011-12. The Adjustment is scheduled for elimination as of FY 2012-13, and all transportation costs will instead be attributable only to the Transportation Allowance. Regardless of passage of LB 520, this planned shift in the TEEOSA formula should reduce state aid due to a district’s incentive to adopt more cost-efficient transportation methods in order to compete within its array for Basic Funding. Because the Transportation Allowance offers less than the 100% cost reimbursement of the Transportation Adjustment, qualifying districts will also be less likely to offer transportation if given the option not to. However, any measurable overall savings in TEEOSA as a direct result of this bill would depend on the Learning Community schools’ decisions to provide or not provide open enrollment transportation.</p>			