Bill Biven, Jr. February 16, 2024 402-471-0054

LB 1348

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 202	24-25	FY 20	25-26					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS			(\$2,500,000)						
CASH FUNDS									
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS			(\$2,500,000)						

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

LB1348 amends §79-1007.16 to change provisions relating to comparison groups for purposes of calculating basic funding under the Tax Equity and Educational Opportunities Support Act (TEEOSA).

Beginning with the 2025-26 school year & each school year thereafter, as part of establishing comparison groups for purposes of determining basic funding, in addition to the size comparison measured by formula students, comparable district assessed property valuations will be considered in the formula for establishing comparison groups. The comparison groups will not include districts that have more than double or less than one-half the assessed property valuations of the district for which the basic funding is being calculated.

EXPENDITURES:

Based off of the data for the FY2024-25 TEEOSA estimate, the changes will leave some districts without a comparison group & will reduce the amounts for both net option funding & equalization aid of approximately \$2,500,000.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE								
LB: 1348 AM: AGENCY/POLT. SUB: Nebraska Department of Education								
REVI	EWED BY:	Gary Bush	DATE:	2/15/24	PHONE: (402) 471-4161			
COM	COMMENTS: The agencies estimate of the impact to TEEOSA appears to be reasonable.							

	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE								
LB:	LB: 1348 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue								
REVIEWED BY: Gary Bush DATE: 2/15/24 PHONE: (402) 471-4161									
COMMENTS: Agree with the agency's estimate that there is no fiscal impact to the agency.									

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 1348				I	FISCAL NOTE
State Agency OR Poli	tical Subdivision Name: ⁽²⁾	NE Department of	Education		
Prepared by: ⁽³⁾ E	Bryce Wilson	Date Prepared: ⁽⁴⁾	1/22/24	Phone: (5)	402-471-4320
	ESTIMATE PROVI	DED BY STATE AGEN	NCY OR POLITICAL	SUBDIVIS	ION
	DV/				22
	<u>EXPENDITURES</u>	<u>2024-25</u> <u>REVENUE</u>	EXPENDITU	<u>FY 2025-</u> <u>RES</u>	<u>REVENUE</u>
GENERAL FUNDS			(\$2,500,000))	
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS			(\$2,500,000))	

Explanation of Estimate:

LB 1348 changes the Basic Funding calculation which is a component of formula needs in the TEEOSA state aid calculation. This bill would require that any district with two times the assessed valuation or half of the assessed valuation of the district Basic Funding is being calculated for be removed from the basic funding comparison group.

LB 1348 would reduce the size of the comparison groups for basic funding which likely would create more fluctuations in the amount of state aid received by districts. There are some districts that would be left with no comparison group if this bill was passed as currently drafted.

NDE modeled this change using the 2024/25 TEEOSA information with the change causing a reduction of almost \$2.5 million. The reduction in total aid was a combination of net option funding and equalization aid both being reduced.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE										
Personal Services:										
	NUMBER OF	POSITIONS	2024-25	2025-26						
POSITION TITLE	<u>24-25</u>	<u>25-26</u>	EXPENDITURES	EXPENDITURES						
		<u> </u>								
Benefits										
Operating										
Travel										
Capital outlay										
Aid				(\$2,500,000)						
Capital improvements										
TOTAL				(\$2,500,000)						

LB 1348

Fiscal Note 2024

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFO:								
Approved by: James R. Kamm		Date Prepared:	02/14/2024		Phone: 471-5896			
	<u>FY 202</u>	4-2025	FY 202	5-2026	<u>FY 202</u>	6-2027		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$ 0		\$ 0		\$ 0		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0		\$ 0		\$ 0		
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LB 1348 modifies the Tax Equity and Educational Opportunities Support Act (TEEOSA). LB 1348 creates a requirement beginning with school fiscal years 2025-2026 and each school fiscal year thereafter, as part of establishing comparison groups for purposes of determining basic funding, comparable district assessed property valuations will be considered in the formula for establishing comparison groups. The comparison groups will not include districts that have more than double or less than one-half the assessed property valuations of the district for which the basic funding is being calculated.

LB 1348 will affect TEEOSA, this will have a corresponding impact on General Fund expenditures.

It is estimated that there will be no costs to the Department of Revenue to implement this bill.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure									
<u>Class Code</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>			
Benefits									
Operating Costs									
	Travel								
Capital Outlay									
Capital Improvemen	ıts								
Total									