

**LB 1001 FISCAL NOTE**

Revised on 4/9/92 based on amendments adopted through 4/9/92.

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FUND	EXPENDITURE	REVENUE
General		
Cash		
Federal		
Revolving		
TOTAL 1992-93	See Below	
TOTAL 1993-94	See Below	

LB 1001, as amended, includes provisions relating to the Omaha School Retirement System, the Nebraska School Retirement System, Public Schools, and the Nebraska Community Colleges. The bill includes the following provisions:

1. Increases benefits to members of the Omaha School Retirement System, including an increase in the formula annuity from 1.65% to 1.70%; cost of living increases of up to 9% for retirees; joint and survivor annuities for members with 20 or more years of service, and buyback and rollover provisions. The Omaha Retirement System would incur increased costs from these provisions. However, there are sufficient reserve funds in the system to provide these increased benefits. There is no fiscal impact to the state. See the original fiscal note to LB 1001 for agency responses.
2. Allows members of the Nebraska School Retirement System to receive up to 5 years of credit for military service if the member signed a contract to teach or provides documentation as to why a contract was not signed, and because of military intervention entered into and served in the Armed Forces during a declared emergency, or was inducted during a time of peace.

It is anticipated that there would be only a few School Retirement System members this provision would affect. The state would pay \$3.50 per month per year of service granted to each member. The school district would incur costs of adding additional years' service to the formula annuity, and these costs would be reflected in future years in potential higher contribution rates by both the school system and members. The annual actuarial valuations would reflect the additional service credits granted during the year and the corresponding costs. See the original fiscal note to LB 41 for agency responses.

3. Expands the definition of Nebraska Public Schools in the school retirement statutes to include “other entities” established, maintained and controlled by the School Board, State College Board, Board of Regents, or ESUs. It is unknown what impact this might have on the various school districts. It is likely that this will result in a large number of individuals eligible for membership in the retirement system. The state would pay \$3.50 per month per year of service for each new member upon their retirement, and also contribute 7/10 of 1% of salary to the school retirement system.

4. Amends Sections 79-3402, 79-3407 and 79-3409 relating to the enrollment option program and siblings. It provides a definition of siblings, and provides automatic admission of a sibling of an option student if the sibling makes application (during the first year the sibling is eligible) to the district in which the option student is enrolled. It also provides for automatic acceptance of a sibling (kindergarten or first grade) if the family has moved and the sibling wants to attend the same original resident school district the other member(s) are attending. There is no direct fiscal impact to the state of these provisions.

5. Clarifies existing statutory provisions related to the status of affiliation or Class VI membership for Class I school districts which dissolve. The bill also provides direction on what happens to Class I districts which are part of Class VI districts which dissolve after July 1, 1993.

This provision does not have a definite fiscal impact for school districts. As indicated by the State Department of Education, the clarification of existing statutory language may avoid legal expenses related to resolving dissolution situations in the future which are not currently clearly outlined in statute. See the original fiscal note to LB 1153 for agency responses.

6. Provides that school board members shall not receive a per diem. The bill will decrease expenditures of any school district that is currently paying board member per diems. The State Department of Education indicates that most schools are reimbursing board member actual costs rather than per diems, so the bill will have little, if any, fiscal impact for school districts. See the original fiscal note to LB 1071 for agency responses.

7. Expands the usage of an authorized tax levy by school districts. The bill authorizes school districts to levy up to 5 1/5¢ per one hundred dollars valuation for purposes of accessibility barrier elimination projects and environmental hazard abatement projects only.

This provision will allow school districts to increase tax levies to fund the cost of accessibility barrier elimination projects if their levies are not currently at the maximum to fund environmental hazard abatement projects. If additional projects are undertaken by schools pursuant to LB 1072, then school district revenues and expenditures will increase by the amount of the projects. The State Department of Education reimburses school districts for minor building modifications under special education statutes to meet standards of the federal Architectural Building Act. It is possible that the additional levy authority established for accessibility barrier elimination projects may be used for minor building modifications which are eligible for state reimbursement. Any fiscal impact for the state cannot be determined. See the original fiscal note to LB 1072 for agency responses.

8. Provides that Community Colleges may increase anticipated receipts from property taxes

by the amount necessary to pay for accessibility barrier elimination project costs and for abatement of environmental hazards, upon the vote of a majority of the Board. The provision also allows the boards to issue bonds for these projects, and also provides that the Board may certify an additional levy only in an amount necessary to pay for such project costs, and only after a majority vote of the Board at a public meeting.

This provision will allow Community College Boards to increase tax levies as specified. There is no direct fiscal impact to the state.

9) The following sections may have a fiscal impact for school districts:

See the fiscal note for LB 1125, AM3208, for agency responses to certain of the changes.

a) Section 31 enables school districts to accept state interest-free or low interest loans and allows schools to borrow money in any fund. These provisions may result in cost savings for schools electing to use these financing methods.

b) Section 38 allows parents under the option enrollment program to appeal rejections of students made by resident school districts. This provision will increase expenditures by resident school districts and the State Board of Education for appeal hearings if hearings are required.

c) Section 40 provides that school districts rather than parents will be reimbursed for transportation expenses of option enrollment students in cases where the districts actually transport the students. A minimal decrease in state reimbursement may result due to the requirement to pay districts for miles actually traveled beyond the normal route rather than to pay parents for every mile in excess of three miles traveled.

d) Section 41 harmonizes the treatment of students residing on "Indian Land" in the Budget Limitation and State Aid provisions of the Tax Equity and Educational Opportunities Support Act with the provisions contained in federal regulation. Generally, school districts with more than 75% but less than 100% of their students residing on Indian land (Macy, Winnebago, and Santee) will receive less budget authority and might see reductions in their state aid. The aid shift, however, would likely be slight because these districts tend to currently have some aid withheld under the "minimum effort" provisions of the Act. Any reductions in aid to these districts would result in increases in aid to other districts receiving equalization aid. Districts which do have students residing on Indian Land, but not 75% doing so, will tend to see an increase in both their budget authority and in their state aid (again, with resulting shifts in aid from other districts).

e) Section 42 provides that revenues from the Textbook Loan program will not be considered accountable receipts for purposes of state aid payments. It also provides that pre-school Part H special education funds will be accountable for state aid purposes only to the extent that special education funds would be. These provisions may result in a small increase in state aid for school districts receiving these funds.