

## LB 719 FISCAL NOTE

Revised on 4/10/92 based on amendments adopted through 4/8/92.

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

LB 719 contains the following provisions relating to school districts:

1) The bill extends the hold harmless provision for state aid to schools through 1994-95. The extension of the hold harmless provision for an additional two years has no fiscal impact for the state. However, it will affect the distribution of approximately \$3.66 million of General Funds for state aid to education in 1993-94 and 1994-95.

In the absence of the bill, \$3.66 million of state aid funds would be distributed to qualifying school districts through the "equalization" portion of the state aid formula rather than the via the hold harmless provision. The bill will result in the continuation of about \$3.66 million of state aid to "hold harmless districts." This will decrease the amount of aid that non-hold harmless districts would have received in 1993-94 and 1994-95

2) LB 719 provides that schools which have a growth in enrollment of more than 25 student, and of more than 1% of the district's average daily membership may have their state aid computed on the basis of students from the current year rather than the most recently available complete data year. This allows the inclusion of an increased number of student, in the formula need factor for growing school districts one year earlier than is permitted by current law. The change will increase the state aid received by the majority of school districts experiencing accelerated student growth. The increase in aid for the growth

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districts will be offset by a corresponding decrease in aid for non-growth districts. A hold harmless provision was also adopted to insure that large rapidly growing school districts will not receive less aid due to the way the enrollment growth provision interacts in the calculation of state aid.

3) The bill also permits the transfer of parcels of land up to 640 acres from Class I or school districts to other school districts upon the approval of at least 65% of each school board. Currently, these transfers must be approved by 65% of the legal voters of each school district or the board of education of each school district. Current statute also provides that transfers may only be made to school districts of a higher classification.

Any transfer of land that may occur pursuant to the bill that would not have occurred under current statute may have an impact on the property tax levies or revenues and expenditures affected school districts. Little, if any, fiscal impact for school districts should result.

4) LB 719 provides an exemption to the budget lid for school districts which can demonstrate to the State Board of Education that an order by the Commission of Industrial Relations on settled contract dispute or claim will cause the district to exceed its allowable growth rate. The Department of Education is responsible for computing the amount of the exemption and the State Board is required to approve the amount of increase allowed affected school districts.

Depending upon the number of school districts which are involved in CIR cases, the bill will result in an increased workload and increased expenditures for the State Department of Education and the Commission of Industrial Relations in the future. School districts involved in such cases outlined in the bill will have increased expenditures and revenues from property tax.