

LB 348 FISCAL NOTE

Revised based on amendments adopted through 6/3/93.

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June 7, 1993

	FY 1993-94		FY 1994-95	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL				
CASH	742,559	785,000	742,599	785,000
FEDERAL				
OTHER (Revolving)	27,943	27,943	30,141	30,141
TOTAL,	770,502	812,943	772,740	815,141

LB 348, as amended, has the following fiscal impact:

Section 1 clarifies the responsibility for funding non-high school facilities through bonding agreements which will enable affected districts to receive financing and shift the burden of payment to taxpayers in K-12 districts.

Sections 7-9 change provisions relating to year-round operation of school districts. School districts examining the possibility of year-round operation may have less expenditures under the provisions of the bill than current law because the State Board of Education no longer has to approve a plan of operation. Expenditures may also be less because the issue of year-round operation need not be presented to the voters at a general or special election, but can be instituted by a 752 affirmative vote of a school board after a public hearing.

Sections 4, 49 and 50 require educational service units (ESUs), in cooperation with the State Department of Education, to provide access to telecomputing resources for all school districts in their geographical area. The bill provides a half cent increase in property tax levy authority for ESUs to install necessary equipment and provide training support to schools. The bill allows an exemption from the political subdivision budget limitation for the increased receipts pursuant to the additional levy.

According to the Department of Revenue, total property tax valuation for ESUs in 1992 was \$54,677,514,770. Based on 1992 valuations, if a half-cent levy was applied to this valuation, the maximum increase in property tax revenue for ESUs pursuant to LB 348 would be \$2,733,876. Counties would share in the revenue increase in an amount up to \$27,339, from the 12 property tax collection fee. It is assumed that ESUs would have to provide telecomputing services to schools within their area which have opted out of ESU membership and for which there is no authority to levy a property tax pursuant to the bill. The expenditures of ESUs should show a corresponding increase to provide schools access to telecomputing resources.

Section 22 provides a method to allocate the levy for environmental hazard abatement projects in affiliated school systems and establishes a limitation on the rate. A fiscal

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impact may be incurred for affected school districts.

Sections 30-41 change provisions related to the Professional Practices Commission (PPC). Section 26 deletes the provision allowing an executive director and other staff for the PPC and requires the appointment of a clerk. Section 32 requires the appointment of a court reporter to transcribe testimony and Section 35 authorizes the PPC to retain legal counsel on a case-by-case basis. The bill also requires that a hearing panel of at least seven members hear all cases.

This fiscal note estimate assumes: 1) The current staff of the PPC will be terminated and a clerk will be employed by the PPC to carry out all administrative and support functions; 2) the same number of cases (10) as projected in the PPC budget request; 3) the Commission meeting six times per year; and 4) hearing officer and attorney support on contract. The following table shows the estimated decrease in expenditures for the PPC from the current preliminary recommendation of the Appropriations Committee:

Personal Services:	1993-94	1994-95
Clerk position	\$34,300	\$36,020
Benefits	8,575	9,005
Total Personal Services:	\$42,875	\$45,025
Operating expenses	20,000	20,400
Travel	10,000	10,200
Aid - Substitute pay	2,000	2,000
Total	\$74,875	\$77,625
	1993-94	1994-95
Preliminary Appropriations Committee recommendation for funding PPC	\$117,316	\$120,026
Decrease in PPC funding per LB 348	(\$42,441)	(\$42,401)

Section 43 eliminates unconstitutional language pertaining to the distribution of in-lieu-of school land tax payments which is currently not being followed. The requirement for schools to file budget documents in only one county (Section 17) may minimally decrease expenditures.

Sections 52-61 establish the Tuition Recovery Cash Fund to be administered by the State Board of Education and an advisory committee composed of the State Treasurer and the Commissioner of Education (or their representatives) as well as, three administrators of private postsecondary career schools. In order to receive/maintain authorization to operate in Nebraska, private postsecondary career schools would be required to pay assessments to the fund.

Assessments accruing to the Tuition Recovery Cash Fund would become available for payment of claims made by career school students for tuition and fees paid to a school for which classes were not offered and no refunds were paid. The State Board of Education is to promulgate rules and regulations concerning administration of the fund. For purposes of this fiscal note, it is assumed the Board could, by rule, authorize payments of amounts

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from the fund for costs incident to its administration. Expenses estimated by the Department of Education to be incurred in original promulgation of rules and regulations (\$11,819) appear high, particularly in terms of staff costs. Payment of any costs incident to administration of the newly created fund would presumably be subject to approval by the State Board of Education with input from the advisory committee created by the bill. Costs to be incurred by the State Treasurer would apparently relate to attendance at meetings of the advisory committee and are therefore estimated to be minimal.

Estimates are that assessment revenue accruing to the Tuition Recovery Cash Fund may approximate \$35,000 to \$38,000 annually. Payments to students making claims against the fund will be dependent upon the number and amount of such claims and may vary significantly over time. Given this potential variability, no specific estimate of claim payments can be made. However, in order for authority to exist to pay claims to the extent of assessment revenue flowing to the fund, appropriation of amounts comparable to estimates of revenue for the FY 1993-95 biennium would be required.

Section 72 requires that repayments of state aid to school funds (LB 1059) to the state General Fund from an earlier appropriation will be reappropriated as state aid to schools. This has been the policy followed by the Legislature since LB 1059 was enacted, however there is nothing in current statute requiring a reappropriation. The bill makes this mandatory.

Sections 74-77 allow the State Department of Education (NDE) to sponsor and direct the activities of school organizations. The bill permits the department to manage the finances of such organizations.

NDE estimates increased cash fund receipts and expenditures of \$750,000 annually from the State Department of Education Cash Fund to provide for the sponsorship of student organizations. Cash fund revenue will be received from dues and fees, contributions, sponsorships and interest. Expenditures will be made for conferences, scholarships, training, publications and other related activities.

NDE will need an additional accounting clerk to administer the bill. It is estimated that the clerk will spend up to 90% of his or her time managing the funds of the student organizations. The cost of the clerk will be charged back as an offset to the cash fund revenue received on behalf of student organizations. This will be done through a revolving fund. Any remaining time of the accounting clerk which is not used to manage student organization funds will be charged back to existing state or federal funded activities. The increased revolving fund authority necessary in 1993-94 to fund the accounting clerk is \$27,943 and in 1994-95 is \$30,141.

Sections 79-92 transfer the Fire Service and Safety Training Program from the State Department of Education to the State Fire Marshal, effective July 1, 1993. All furniture, equipment and records are required to be transferred as are cash fund proceeds. It is assumed that no additional funds will be required by the Fire Marshal to administer the Fire Service. The Appropriations Committee recommendation for Fire Service funding is \$477,504 General, and \$31,500 cash funds in 1993-94 and \$488,734 General and \$33,075 cash funds in 1994-95. This appropriation will be transferred to the Fire Marshal from the State Department of Education.