

LB 840 FISCAL NOTE

Revised on 5/2/95 based on amendments adopted through 4/27/95.

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May 2, 1995

	FY 1995-96		FY 1996-97	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	\$4,250		\$3,750	
CASH				
FEDERAL				
OTHER				
TOTAL	\$4,250		\$3,750	

LB 840 provides a phased-in formula to distribute state aid to reorganized school districts. The bill provides that in the base year of reorganization state aid will be calculated so the reorganized district receives the greater of 100% of the state aid the districts involved in the reorganization would have received in the prior year or the amount the reorganized district would be entitled to receive. The guaranteed percentage decreases to 66% in the second year and 33% in the third year. The total amount of aid distributed to reorganized districts per these incentive payments is limited to the amount of hold-harmless aid distributed in 1994-95. This limits the additional aid to reorganized districts under the bill to \$2.9 million. Payments are to be prorated if total payments would be greater than \$2.9 million. The act only applies to districts which reorganize on or before June 30,2005.

The bill may shift state aid between school districts when reorganizations occur. The bill will remove a disincentive to reorganization that currently exists due to a loss of state aid by districts that reorganize. The removal of the disincentive may encourage school district reorganizations which could result in a long-run savings of resources at the local level.

The State Department of Education will have an estimated increase in General Fund expenditures of \$4,250 in 1995-96 and \$3,750 in 1996-97 to contract for analyst time to reprogram the state aid distribution and to provide for additional data storage.