

LB 1134 FISCAL NOTE

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	FY 1998-99		FY 1999-00	
	Expenditures	Revenue	Expenditures	-Revenue
GENERAL	\$1,015,000			
CASH				
FEDERAL				
OTHER				
TOTAL	\$1,015,000		\$0	\$0

LB 1134 changes provisions of the state aid to schools formula relating to reorganization incentives. Currently, up to 1% of the appropriation to the Tax Equity and Educational Opportunities Fund can be used for incentive payments for schools. The bill establishes a Reorganized School Assistance Fund from which reorganization Incentives are to be paid. The Legislature is required to appropriate \$1 million of general funds to the Reorganized School Assistance Fund in 1998-99. Beginning in 1999-00, the fund will consist of a transfer of 1% of the amount appropriated for the Tax Equity and Educational Opportunities Fund. Payments are to be prorated if funds are insufficient to provide reorganization incentives. The bill changes current law to allow incentive payments through July 1, 2004 rather than up to July 1, 2006. It also provides incentive payments a year earlier.

LB 1134 also expands the amount of reorganization incentives and state aid paid in certain Instances. Incentive payments are doubled when one or more Class VI districts and one or more Class I districts reorganize. It also provides that reorganized districts are guaranteed reorganization incentives plus the greater of 100% of the state aid the individual district would have received in the year prior to reorganization or the amount they would receive in state aid as a reorganized district. Payments for this provision also come from the Reorganized School Assistance Fund and are to be prorated if there are insufficient funds to provide the additional state aid needed under the bill.

The bill will have a \$1 million fiscal impact for the General Fund in 1998-99 to establish the Reorganized School Assistance Fund. The State Department of Education will have a one-time fiscal impact of \$15,000 general funds for computer programming to implement the bill.

The bill will increase state aid to reorganized school districts by at least \$1 million. It will also hold reorganized school systems harmless, so there is no net loss in aid to school districts which reorganize.