

LB 511 FISCAL NOTE

Revised on 6/10/91 based on amendments adopted through 6/3/91.

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FUND	EXPENDITURE	REVENUE
General	\$177,806	
Cash		
Federal		
Revolving		
TOTAL 1991-92	\$177,806	
TOTAL 1992-93	\$199,360	

LB 511 amends and repeals various statutes relating to school districts. The following sections of the bill may have a fiscal impact for the state or political subdivisions.

1) Section 3 requires the annual filing of a birth certificate with the Commissioner of Education for children educated in home schools. The Department of Education estimates an annual General Fund cost of \$200 to notify parents about the filing requirement.

2) Sections 4 & 5 correct a technical difficulty with the lid imposed on political subdivisions other than school districts in LB 1059 (1990). Some political subdivisions which had no property tax request in the base year were restricted from requesting property tax support for 1990-91 and 1991-92. LB 511 resets the base year which may have a fiscal impact for a small number of political subdivisions in 1991-92. Section 6 exempts property tax revenue collected for the purchase or repair of emergency equipment or vehicles from the lid in LB 1059 which may provide additional revenue for political subdivisions to cover these costs.

3) Section 24 extends the deadline for Class I school districts to affiliate with schools offering education in grades Kindergarten through twelve from July 1, 1992 to July 1, 1993. The Department of Education estimates that \$27,000 General Funds will be required in 1992-93 to provide consultative services to school districts regarding affiliation.

The agency also estimates that an additional \$15,656 of General Fund expenditures will occur in 1991-92 because of the affiliation and non-resident tuition provisions in the bill. The data systems maintained by the agency will need to be revised to reflect the affiliated, merged and freestanding valuations of each Class I school district on the State Aid Supplement and the Class I Valuation Report. The revisions in the data systems will enable

the department to calculate state aid and non-resident high school tuition charges. It is not possible to determine what affect the affiliation and nonresident tuition provisions in the bill will have on school district revenues and expenditures at this time.

4) Section 29 would allow the Department of Social Services to reimburse education costs for state wards placed in institutions in their resident school district if the institution maintains a special education program. Currently, the department only reimburses education costs when the state ward is attending a school outside of their resident school district. A survey of institutions which would be affected by this change was conducted. The estimates obtained from Uta Halee, Midlands Hospital and Immanuel Hospital indicate the cost in state General Funds would be \$160,000 in FY1992 and \$168,000 in FY1993. Additionally, the Department of Public Institutions receives approximately \$87,000 annually in revenue from the Lincoln Public Schools for their residents attending Morton School. Under this bill, these costs would be paid from state General Funds.

5) Section 31 changes the basis for tuition paid school districts by the Department of Aeronautics Cash Fund for children of parents residing on tax exempt state-owned airfields. Currently, the per pupil cost of the district for the current year is paid and the bill changes this to the preceding year's per pupil cost. This change will affect the annual payments made by the cash fund by an undeterminable amount.

6) Section 32 may increase the General Fund expenditures of the state. Current statute provides a maximum weekly amount which may be reimbursed by the state for the tuition of children of federal employees residing in national parks or national monuments. The bill eliminates the statutory weekly maximum and provides that the preceding year's per pupil cost will be paid. Assuming a statewide per pupil cost of \$4,015 in 1991-92 and \$4,236 in 1992-93, the maximum General Fund reimbursement could increase from \$25,200 in 1990-91, to \$40,150 in 1991-92 and \$42,360 in 1992-93. This could increase state General Fund expenditures by \$14,950 in 1991-92 and \$17,160 in 1992-93. The actual amount reimbursed depends upon the number of claims and average per pupil cost of the affected districts.

7) Sections 49-53 make the provision for Class II district Special Building Funds the same as for other K-12 school districts. These changes may reduce the amount of Special Building Fund revenues which may be received by Class II districts.

8) Section 57 provides that temporary teaching certificates and substitute teaching certificates may be issued in certain instances. These provisions should increase the cash fund revenue received by the Teacher Certification cash Fund and Professional Practices Cash Fund. The amount of revenue increase is not known. Section 58 provides that the \$25 teacher certificate fees may be waived in cases where there are reciprocal agreements with other states to do the same for individuals with out-of-state certificates. This may result in an unknown amount of reduced cash fund revenue for the Teacher Certification and Professional Practices Cash Funds.

9) Section 61 authorizes payment of state apportionment funds to school districts based on the census of school age children residing in the district even though the students may not be enrolled in the public school or may be contracted to another district. Past practice has not provided apportionment funds to these districts. The State Department of Education projects an insignificant shift in state apportionment funding between school districts due

to this provision. The shift is estimated to be \$4,000 of the approximate \$15,000,000 of state apportionment distributed annually.

10) Section 65 provides that Class I districts which are part of a Class VI district will be part of the educational service unit that the Class VI is a member of or removed from the ESU if the Class VI is not a member. Adjustments in boundaries may increase or decrease the taxable property of an ESU which may affect the revenues and expenditures of the service unit.

11) Sections 69 and 73 revise the financing method for the option enrollment program. Beginning in 1992-93 the enrollment option program will be funded through the state aid formula adopted in LB 1059 (1990). The payment amounts to school districts will be phased in during 1992-93 and 1993-94. In 1994-95, schools will receive their tiered cost per student for option students served in the 1992-93 school year because state aid is calculated based on two year old actual data.

These sections will not have a fiscal impact for the state because the total amount of state aid to be distributed will not change. However, the state aid revenue received by individual school districts will change. The impact by school district cannot be calculated at this time because it is dependent upon the degree of each district's involvement in the option enrollment program and how the district is affected by the equalization component of the state aid formula.

The State Department of Education will need to revise a rule to incorporate, the changes made. The agency estimates expenditures of \$845 in 1991-92 for printing and postage costs associated with the revision of a rule. This fiscal note assumes that existing budgetary resources of the department are adequate to cover the costs of any necessary rule revisions so no additional funds need to be appropriated for this purpose.

12) Section 71 provides that part-time students who are enrolled in a public school instructional program on less than a full-time basis will be counted on a proportionate basis for purposes of distributing state aid to education pursuant to LB 1059 (1990). This makes it necessary for the State Department of Education to collect data on the number of students affected by the legislation and use the information to compute state aid payments beginning in 1991-92. An existing form which has not yet been sent out to schools may have to be modified to collect the student data in 1991-92 or a separate form may have to be mailed. For 1992-93 and thereafter existing state aid forms can be modified to collect the data. It is assumed that the staff and budgetary resources provided through LB 1059A (1990) will be sufficient to implement these changes.

Section 71 has no fiscal impact for the State General Fund because no change is made in the total amount of state aid distributed. Aid is merely shifted between school districts. A School district may experience an increase or decrease in state aid depending upon whether the district can count additional students for purposes of state aid and if the district is eligible for equalization aid.

13) Several sections provide that state aid may be withheld until schools comply with certain statutory reporting requirements. The cash flow of some school districts may be affected by these provisions but no loss of revenue will occur if reporting requirements are met.

14) Section 96 repeals the Mathematics and Science Teacher Tuition Assistance Act. The repeal of this act will reduce annual General Fund expenditures by \$100,000.

In summary, the General Fund fiscal impact of LB 511 is calculated as follows:

	1991-92	1992-93
Department of Education		
Birth Certificates for Home School Children	\$200	\$200
Consultative Services on Affiliation		\$27,000
Revise Data Systems	15,656	
Children on Federal Land Reimbursement	14,950	17,160
Repeal Mathematics and Science Teacher Tuition Assistance Act	(100,000)	(100,000)
Department of Social Services		
Payments for wards in resident school district	\$247,000	\$255,000
Net Fiscal Impact	\$177,806	\$199,360