

LB 1175 FISCAL NOTE
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 April 6, 1998

Revised on 4/6/98 to include additional agency response.

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

LB 1175 is the “clean-up” bill for statutes pertaining to schools and the State Department of Education (NDE). The bill appears to have no fiscal impact for NDE because the majority of the changes are to conform to current practices and eliminate obsolete references.

Several sections of the bill may impact the amount of state aid received by individual school districts. Section 12 changes the calculation of the special education allowance in the state aid formula to include receipts for wards of the state as part of the special education allowance. The inclusion of these receipts as part of the special education allowance will increase the formula need for some districts which will result in a shift in state aid between school districts receiving equalization aid.

The bill changes the calculation of the amount of lop-off in the state aid formula. The change in this section will mean some districts may not have as much state aid “lopped-off”. This will also result in a shift in state aid between school districts.

The repealer sections of the bill eliminate statutory references to the Nebraska School for the Deaf. The School for the Deaf Cash Fund is eliminated on September 30, 1998. The Appropriations Committee is structuring its budget recommendation for funding services for deaf and hard of hearing students in 1998-99 so the balance in the cash fund will be expended prior to the termination dates in the bill.

The repealer sections also eliminate the requirement for a new funding system for special education programs which was required beginning in 1998-99. The bill continues the current reimbursement formulas and the 3% cap on the growth in state reimbursement for special education programs.

LB 1175, as amended, incorporates the provisions of several other bills which have a fiscal impact for school districts. It includes the provisions of LB 1159 to change the calculation of total adjusted formula students for local school systems qualifying for the extreme remoteness factor in the state aid formula. The bill provides that local systems which qualify for the extreme remoteness factor (fewer than 200 formula students, more than 600 square miles, less than 3/10th formula student per square mile and more than 25 miles to the next high school) will have adjusted formula students of at least 160 students for purposes of determining local system formula need. However, this change in formula students will no longer be used to calculate average formula cost per student in the cost grouping.

The change in adjusted formula students for school systems qualifying for the extreme remoteness factor will increase the formula need of only one school system with less than 150 students at the present time. The change will allow the school system to qualify for additional equalization aid which will be shifted from other school systems.

The change to no longer use the extreme remoteness, factor in the calculation of average formula cost per student in the cost groupings will result in an increase in the very sparse cost grouping in the state aid formula. In the 1998-99 state aid distribution there were 16 schools in this cost grouping, although only five local systems qualified for the extreme remoteness factor. The removal of the extreme remoteness factor from adjusted formula students used to calculate the cost grouping would have increased the total formula needs of school systems in this category by \$524,373 in 1998-99. The change in needs would have increased state aid to eleven school systems in the very sparse cost grouping by \$427,900. This aid will be shifted from other school systems which qualify for equalization aid.

The bill also includes the provisions of LB 1197 which amend the portion of the state aid formula pertaining to the determination of schools which fit into the very sparse cost grouping. Current law has several criteria which must be met for a school to be considered to be very sparse. An additional criteria is established which can be met to qualify as very sparse rather than meeting the criteria currently in law. A school system will qualify as very sparse if there are more that 45 square miles in the system, less than a .5 student per square mile and more than 15 miles between the high school and the next closest high school on paved roads.

NDE indicates the inclusion of additional school systems in the very sparse cost grouping will increase the very sparse grouping cost and decrease the sparse grouping cost. School systems in the very sparse grouping will have more formula need and school systems in the sparse cost grouping will have less formula need. This will result in a shift in equalization aid among school systems. Very sparse schools which are equalized will receive more aid and equalized schools in the sparse cost grouping will receive less aid. Four school systems would change from the sparse cost grouping to the very sparse cost grouping pursuant to the bill using the 1998-99 state aid certification.

LB 1133 is also included in the amended bill. It allows a school district whose state aid was to be calculated based upon sections 77-1343 to 77-1348 (greenbelt land) to apply to NDE for a lump-sum payment of state aid which was postponed from the 1997-98 fiscal year. The amount of the lump-sum payment will reduce the remaining monthly payments.

NDE indicates approximately \$233,000 of state aid is eligible to be paid out to a school district as postponed state aid. It is assumed the lump-sum payment will reduce the total amount of state aid allocated for the affected district in 1998-99 and will not require an additional General Fund appropriation of state aid.