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LB 813

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised on 4/21/99 to reflect amendments adopted through 4/9/99.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 1999-2000		FY 2000-2001	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See Below	

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB 813 revises and repeals various sections of law relating to school districts. The bill does not appear to have a fiscal impact for the state. Several sections of the bill may have a fiscal impact for some school systems.

Section 17 changes some provisions relating to two of the primary quality factors that must be met in order for a school system to be eligible for quality incentive aid payments. The rewrite of the primary quality factors relating to testing of graduating seniors may result in additional schools becoming eligible for incentive aid. An increase in school systems eligible for aid will not increase the amount of aid allocated in 1999-00 because lottery proceeds will not be sufficient to fully fund all qualified schools. An increase in qualified schools will change the amount of aid distributed on a pro-rated basis.

This section also changes the date to apply for quality education incentive payments from July 1 of each fiscal year to November 1. The date change may alter the cash flow between fiscal years of lottery proceeds used for quality education incentives, but will not have an overall fiscal impact for the state. However, a change in total dollars allocated to eligible schools in any particular year may impact the amount of aid received by a specific school system.

Section 19 provides that reimbursements for wards of the court and short-term borrowings will be considered to be special grant funds. The inclusion of these items as special grant funds will allow schools to receive these funds outside of any expenditure lids.

Section 30 requires the State Department of Education (NDE) to make future adjustments in state aid for districts that received temporary mitigation aid in 1998-99 and failed to merge. These provisions may result in an adjustment in state aid for a small number of school districts.

Section 38 expands the definition of disability for special education purposes to include children who are developmentally delayed. It is possible that additional children may be classified as disabled based on this new category of disability. The bill requires NDE to establish eligibility criteria and age ranges for the new disability classification. NDE staffs working in the area of special education anticipate that most children who are classified as developmentally delayed in the future would have been placed in another existing classification under current law. Since NDE is to establish criteria for eligibility and identify age ranges pursuant to the bill, it is estimated there will be a minimal projected increase in students served in special education programs.

The bill, as amended on final reading, changes the definition of the sparse cost grouping for state aid purposes. The change in Section 20 of the bill will have an impact on determining the cost groupings of schools in the certification of state aid beginning in 2000-01. An analysis done by NDE using data from the 1999-00 state aid certification shows that if the provision had been in effect, then total state aid in 1999-00 would have decreased by \$579,231. Nine school systems would have moved from the standard cost group to the sparse cost group. School systems in the sparse cost group would have experienced a \$1,562,363 increase in state aid and school systems in the standard cost group would have experienced a \$2,141,594 decrease in state aid. However, it is not known what the actual fiscal impact of the redefinition of the sparse cost grouping will have on the amount of state aid distributed in 2000-01 and thereafter.