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LB 333

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$6,333,152)		(\$6,333,152)	
CASH FUNDS	\$5,515,966	\$135,000	\$5,132,561	\$135,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$817,186)	\$135,000	(\$1,200,591)	\$135,000

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

LB 333 amends and repeals various statutes pertaining to schools. The following provisions of the bill have a fiscal impact:

Multicultural Education: The bill repeals provisions requiring school districts to incorporate multicultural education into all phases the curriculum and present evidence of such to the State Department of Education (NDE) on an annual basis. The repeal of the these provisions eliminates 1.5 FTE at NDE who work in the multicultural program, which decreases general fund expenditures by \$114,629 in FY12 and FY13.

Student Achievement Coordinator: LB 333 repeals the section of statute requiring a student achievement coordinator at NDE. The general fund savings from eliminating the position will be \$103,420 in FY12 and FY13.

Teacher and Administrator Certificate Fees: Teacher and administrator certificate fees are increased from \$55 to \$70. The \$15 fee increase is deposited in the Certification Fund to provide for the expenses of 1.6 FTE at NDE who investigate alleged violations of professional ethics and practices by educators. The staff is currently funded by general funds.

The shift in funding for the staff from general to cash funds decreases general fund expenditures by \$123,468 in FY12 and FY13. The \$15 fee increase is projected to increase cash fund revenue for the Certification Fund by about \$135,000 in FY12 and FY13, assuming 9,000 applicants.

School District Reorganization Fund: The bill also transfers funds remaining in the School District Reorganization Fund on July 1, 2011 to the Education Innovation Fund. The balance of the reorganization fund was \$702,178 on December 31, 2010. NDE anticipates there will be an additional reorganization that will be eligible for reimbursement from the fund in the current year in the amount of \$425,915. So, the projected revenue that will be transferred to the Education Innovation Fund is estimated to be slightly in excess of \$276,300, depending upon the interest earned the remainder of the fiscal year.

Education Innovation Fund: The bill changes the allocation of the Education Innovation Fund beginning in FY2011-12 through FY2015-16. The fund is derived from lottery proceeds. Current law provides for the first \$1 million of the fund to be used for the Excellence in Teaching Act and the remainder to be allocated, after administrative expenses, for distance education equipment and incentives provided to school districts and educational service units.

LB 333 provides for the accumulated balance and annual revenue of the Education Innovation Fund to be used to fund a couple of existing state aid programs for high ability learners and early childhood education grants. The high ability learner program will be funded with lottery funds for five years and early childhood education grants will be shifted to this fund source for two years. The Center for Student Leadership and Extended Learning Act, a state funded program, is also switched to lottery funding for the next five years. A new request by NDE to fund an integrated student information system will also be funded by the Education Innovation Fund pursuant to the bill.

Funding for distance education equipment, incentives and administration continues under the bill. However, funding for the Excellence in Teaching Act is altered in FY12 and FY13. Instead of \$1 million being set aside for this program each fiscal year, the bill provides that only the amount necessary to fund loans for students who received a loan in the prior fiscal year through the Attracting Excellence to Teaching component of the program will be funded.

The following table shows the estimated increase in cash fund expenditures from the Education Innovation Fund and related decrease in general fund expenditures due to these changes from FY12 through FY16. It is estimated the existing balance and revenues to the Education Innovation Fund will be sufficient to cover increased expenditures required by the bill from the fund.

**Fiscal Impact for
Education Innovation Fund**

	2011-12 Est.	2012-13 Est.	2013-14 Est.	2014-15 Est.	2015-16 Est.
Current Law:					
Attracting Excell. To Teaching	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Administration	90,678	90,678	92,945	95,269	97,650
Incentives/Equipment	<u>3,320,000</u>	<u>2,142,000</u>	<u>2,249,100</u>	<u>2,361,555</u>	<u>2,479,633</u>
Total Expenditures	\$4,410,678	3,232,678	3,342,045	3,456,824	3,577,283
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Attracting Excell. To Teaching	225,000	45,000	1,000,000	1,000,000	1,000,000
Administration	64,800	64,800	92,945	95,269	97,650
Incentives/Equipment	3,320,000	2,142,000	2,249,100	2,361,555	2,479,633
High Ability Learner Aid	2,175,673	2,175,673	2,230,065	2,285,816	2,342,962
Career Ed. Student Leadership Ctr.	450,000	450,000	461,250	472,781	484,601
Early Childhood Grants	3,365,962	3,365,962	0	0	0
Student Info. System	<u>491,541</u>	<u>108,136</u>	<u>110,839</u>	<u>113,610</u>	<u>116,451</u>
Total Expenditures	9,803,176	8,241,771	5,051,254	5,233,763	5,423,646
Increase in Cash Fund Expenditures	\$5,392,498	5,009,093	1,709,209	1,776,940	1,846,363

Fiscal Impact for General Fund

	2011-12 Est.	2012-13 Est.	2013-14 Est.	2014-15 Est.	2015-16 Est.
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High Ability Learner Aid	(2,175,673)	(2,175,673)	(2,230,065)	(2,285,816)	(2,342,962)
Career Ed. Student Leadership Ctr.	(450,000)	(450,000)	(461,250)	(472,781)	(484,601)
Early Childhood Grants	<u>(3,365,962)</u>	<u>(3,365,962)</u>	0	0	0
Decrease in General Fund Expenditures	(\$5,991,635)	(5,991,635)	(2,691,315)	(2,758,598)	(2,827,563)

In summary, the bill has the following cumulative changes in expenditures for the General Fund and cash fund expenditures from the Education Innovation Fund and Certification Fund:

	Expenditures		
	FY2011-12	FY2012-13	FY2013-14
General Fund Reductions:			
Eliminate Multicultural Program	(114,629)	(114,629)	(114,629)
Eliminate Student Achieve. Coord.	(103,420)	(103,420)	(103,420)
Shift Ethics Investigations to Cash Funds	(123,468)	(123,468)	(123,468)
Shifts to Ed. Innovation Fund:			
- High Ability Learner Aid	(2,175,673)	(2,175,673)	(2,230,065)
- Career Ed. Student Leadership Ctr	(450,000)	(450,000)	(461,250)
- Early Childhood Ed. Grants	<u>(3,365,962)</u>	<u>(3,365,962)</u>	0
Total General Fund Reductions	(6,333,152)	(6,333,152)	(3,032,832)
Cash Fund Increases:			
Education Innovation Fund Increases	5,392,498	5,009,093	1,709,209
Teacher Certification Fund Increases	<u>123,468</u>	<u>123,468</u>	<u>123,468</u>
Total Cash Fund Increases	5,515,966	5,132,561	1,832,677