

Revised to clarify current and adopted amendments on General File.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			1,500,000	
CASH FUNDS			See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See Below	See Below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

Revised to clarify the transition of \$1,500,000 of expenses that are used to cover the cost of the annual ACT testing currently being paid for with State Lottery Funds and move those expenses to the General Fund starting with the 2021-22 fiscal year.

LB 920 changes how the lottery funds used for education are distributed, transfers the powers and duties concerning the Excellence in Teaching Act from the Nebraska Department of Education to the Coordinating Commission for Postsecondary Education, and creates the Access College Early Scholarship Cash Fund and the Career-Readiness & Dual Credit Education Cash Fund which will be administered by the Coordinating Commission for Postsecondary Education and the Behavioral Training Cash Fund and College Credit Testing Fee Fund will be administered by Nebraska Department of Education.

Also incorporates provisions established by LB 568 & LB 1168.

Current Statute §9-812.4(a-f) - Distribution of 44.5% of lottery funds FY2016-17 through 2020-21:

- 62% - Nebraska Opportunity Grant Fund
- 17% - Department of Education Innovative Grant Fund
- 9% - Community College Gap Assistance Program Fund
- 8% - Excellence in Teaching Cash Fund
- 3% - Distance Education Incentives through Nebraska Education Improvement Fund §79-1337(1)
- 1% - Expanded Learning Opportunity Grant Fund

LB 920...Distribution of the 44.5% of lottery funds that are meant for Education:

FY2020-21:

- 100% - Nebraska Education Improvement Fund

FY2021-22 through FY2025-26:

- 58% - Nebraska Opportunity Grant Fund (Agency 48)
- 9.5% - Behavioral Training Cash Fund (Agency 13)
- 8% - Excellence in Teaching Cash Fund (Agency 48)
- 7% - Career-Readiness & Dual-Credit Education Fund
 - First \$282,500 – State Department of Education Cash Fund (Agency 12)
 - Remaining Balance:
 - 40% - Access College Early Scholarship Cash Fund (Agency 48)
 - 45% - Career-Readiness & Dual-Credit Education Cash Fund (Agency 48)
 - 15% - College Credit Testing Fee Cash Fund (Agency 13)
- 5% - Department of Education Innovative Grant Fund (Agency 13)
- 5% - Community College Gap Assistance Program Fund (Agency 48)
- 3% - Expanded Learning Opportunity Grant Fund (Agency 13)
- 3% - Nebraska Education Improvement Fund (Legislature)
- 1.5% - Mental Health Training Cash Fund (Agency 13)

Agency 12: State Treasurer
Agency 13: Nebraska Department of Education
Agency 48: Coordinating Commission for Postsecondary Education

FY2026-27 & each fiscal year after:

- All available lottery funds used for Education shall be transferred as the Legislature directs.

Starting September 20, 2022, the Auditor of Public Accounts will compile a Lottery Funds distribution summary report and submit that report to the Legislature by January, 2023. This summary report will be submitted annually to the Legislature.

EXPENDITURES:

For FY2021-22, the Nebraska Department of Education estimates that these changes will require them to add 4.75 new FTE's that will create operating expenses of \$1,274,338 and aid expenses of \$19,858,639.

For FY2021-22, the Coordinating Commission for Postsecondary Education estimates that these changes will require them to add 2.0 FTE's that will create operating expenses of \$202,850 and aid expenses of \$1,876,000.

The total estimated increase in operating expenses is \$1,477,188 and increase of aid expenses is \$21,734,639. Since the total amount of lottery revenue remains unchanged, the additional operating expenses will serve to reduce the revenue available for aid by a like amounts.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	920	AM:	2388	AGENCY/POLT. SUB:	Dept. of Education	
REVIEWED BY:	Gary Bush		DATE:	2/25/2020	PHONE:	(402) 471-4161
COMMENTS: No basis to disagree with the estimate of revenue from Lottery Funds. The distribution of amounts appears to accurately reflect the distributions defined in LB920, AM2388. The department notes AM2388 does "not specifically identified or authorized in the LB, administrative costs and staffing positions" to be paid from lottery funds but still show the administrative costs using cash funds. Without authority to use lottery funds, the agency would need to use existing funding sources for these expenses. The administrative costs detailed by the department would be 23.6%. The department indicates \$1,453,029 is needed to administer the provisions of the amendment. The department also indicates that additional aid of \$6,148,000 would be made available from lottery funds. The administrative costs appears to be high.						

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2020

LB⁽¹⁾ 920, AM2388

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Auditor of Public Accounts

Prepared by: ⁽³⁾ Mary Avery Date Prepared: ⁽⁴⁾ 02/13/2020 Phone: ⁽⁵⁾ 402-471-3686

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 920, AM2388, as currently written, changes provisions for the distribution of lottery funds used for education, transfer powers and duties. It requires reporting of information to the Auditor of Public Accounts starting September 20, 2022. The Auditor of Public Accounts shall then compile a summary of the reports and submit that to the Legislature before January 2023, thereafter.

Any work necessary will be absorbed using the existing appropriations of Agency 010, Auditor of Public. At this time, there would be no additional fiscal impact to Agency 010-Auditor of Public Accounts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2020

LB⁽¹⁾ 920 AM2388

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 2/19/20 Phone: ⁽⁵⁾ 402-471-0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	2,078,850	981,000
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	2,078,850	981,000

Explanation of Estimate:

LB 920 AM2388 redistributes the percentage transferred from lottery proceeds for education purposes and does not provide any new overall funding for education purposes. Any new or increased transfers to one fund will be offset by reduced transfers from another fund. The revenue estimate above reflects the increase the commission would receive in lottery funding as a result of this redistribution.

The Coordinating Commission for Postsecondary Education (Commission) currently administers three financial aid programs: 1) the Nebraska Opportunity Grant (NOG) program, which provides financial aid to low-income Nebraska residents at postsecondary institution, 2) the Community College Gap Assistance (Gap) program, which provides financial aid to low-income Nebraska residents enrolled in non-Pell eligible programs in high-need fields, and 3) the Access College Early (ACE) program, which provides financial aid to low-income Nebraska high school students taking dual credit courses.

Beginning in fiscal year 2021-22, LB 920 AM2388, Sec 1 reduces the percentage transferred from the lottery fund for education to the NOG and Gap funds. The existing cash fund balance in the NOG fund would be sufficient to maintain the current level of spending authority with no reduction in expenditures for the next budget cycle. The existing cash fund balance in the Gap fund would require a reduction of \$410,000 in expenditures for the next budget cycle. Any necessary adjustments to spending authority for these two programs would be addressed in the 2021-23 CCPE budget request.

Also beginning in fiscal year 2021-22, LB 920 AM2388, Sec 1 provides approximately \$461,000 in new funding for the ACE program, providing financial aid to low income students to take an additional 1,900 dual credit courses. Cash fund spending authority for aid payments in the amount of \$461,000 would need established. The commission believes the current level of administrative appropriations would be sufficient to handle the increase in student applications and awarding of additional financial aid dollars. Any necessary adjustments to spending authority for the ACE program would be addressed in the 2021-23 CCPE budget request.

Also beginning in fiscal year 2021-22, LB 920 AM2388, Sec 1 provides approximately \$1.64 million for the Excellence in Teaching Act and \$520,000 for the Career-Readiness and Dual-Credit Education Cash Fund.

<u>Aid Program</u>	<u>Current %</u>	<u>LB920 %</u>	<u>\$ Change</u>
NOG	62.00%	58.00%	\$(820,000)
Gap	9.00%	5.00%	\$(820,000)
ACE	0.00%	≈2.23%	\$461,000
Dual-Credit	0.00%	≈2.25%	\$520,000
Excell. in Teach.	8.00%	8.00%	\$1,640,000
			<u>\$981,000</u>

LB 920 AM2388, Sec. 36 transfers the duties and responsibilities of the Excellence in Teaching Act, including the Attracting Excellence to Teaching Program and the Enhancing Excellence in Teaching Program financial aid programs, from the Department of Education (Education) to the commission.

The Act provides loans to postsecondary students who are pursuing a degree in a shortage area of instruction and agree to complete a teacher education program and commit to teach in a Nebraska public or private school. This Act also provides loans to certified teachers enrolled in a graduate program and majoring in a shortage area or subject area. Teachers meeting specific location and shortage work requirements can have a portion of the loan forgiven each year. This program requires the commission to track compliance with loan covenants, collect and track repayments from loan recipients that are not in compliance, and potentially institute legal proceeding for non-payment.

The Department of Education’s current costs of operating the program were used to estimate the Commission’s administrative costs and financial aid requirements. With no attorney on staff at the commission, an additional \$25,000 for contractual legal services related to loan repayment and other program matters was included. A Program Associate would be needed to administer this program with estimated administrative and aid costs of: Salary \$45,000, Benefits \$29,900, Postage \$1,500, CIO Charges \$3,000, Rule and Reg. costs \$1,000, Rent \$3,000, Legal Services \$25,000, Aid \$1.4 million.

LB920 AM2388, Sec. 29-32 creates the Career-Readiness and Dual-Credit Education Grant Program Act. The purpose of the Career Readiness and Dual Credit Education Task Force and Grant Program Act is: 1) to create and establish teacher education pathways enabling the instruction of dual credit courses and career and technical education courses 2) to correlate and prioritize teacher education pathways with Nebraska work force demand and data 3) to establish a grant or scholarship program for teachers enrolled in educational pathways leading to qualification to teach dual credit courses and career and technical education courses, and 4) to establish a directory of available teacher education pathways in Nebraska identified by sequence and location.

A Program Director would be needed to administer this program with estimated administrative and aid costs of: Salary \$55,000, Benefits \$31,200, Postage \$1,250, CIO Charges \$3,000, Rule and Reg. costs \$1,000, Rent \$3,000, Aid \$425,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Associate		1.0		45,000
Program Director		1.0		55,000
Benefits.....				61,100
Operating.....				41,750
Travel.....				
Capital outlay.....				
Aid.....				1,876,000
Capital improvements.....				
TOTAL.....				2,078,850

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2020

LB⁽¹⁾ 920 AM#2388, UPDATED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Dean Folkers /Bryce Wilson Date Prepared: ⁽⁴⁾ 2/18/2020 Phone: ⁽⁵⁾ 402.471.4740

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	21,200,000	21,200,000
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	21,200,000	21,200,000

Explanation of Estimate:

The high level general estimates of lottery funds provided for each of the funds is provided below. These are ESTIMATES based on Dept. or Revenue projections for FY 21-22 of the lottery resources with the new percentages for funds (proposed in LB920 AM #2388) applied to the total estimated amount for FY 21-22 year.

	<u>Estimated FY '21-22</u>	<u>Change from '20-21</u>
<u>Lottery Receipts (Dept. of Rev Projections)</u>	<u>\$21,200,000</u>	<u>\$699,922</u>
NDE Innovation Grants	0	(3,485,012)
ACT Testing (All Juniors)	0	(1,800,000)
NDE Expanded Opportunity Grant	636,000	430,998
NDE Distance Education Incentive	636,000	20,997
NDE Behavioral Training Cash Fund	2,014,000	2,014,000
Nebraska Opportunity Grant (CCPE)	12,296,000	(414,048)
Community College Gap Assistance (CCPE)	1,060,000	(785,007)
Excellence in Teaching Cash Fund/Attracting Teachers (CCPE)	1,696,000	55,994
Career Readiness/ Dual Credit Fund	1,484,000	1,484,000
Annual Online Ed and Career Planning Tool	282,500	282,500
Access College Early Scholarship	480,600	480,600
Career Readiness/ Dual Credit	540,675	540,675
College Credit Testing Fees	180,225	180,225
NDE Education Innovative Grant Fund	1,060,000	1,060,000
Mental Health Training Cash Fund	318,000	318,000

The estimates of personnel, administrative and other costs are difficult to estimate, but the following information is provided for consideration.

Transfer of Funds:

- The LB and amendment transfer fiscal resources to the Coordinating Commission for Postsecondary Education (CCPE) (estimated at \$1,696,000) for the *Attracting Teachers and Teacher* loan forgiveness programs and the related staff support.

Other Fiscal Considerations:

- While not specifically identified or authorized in the LB, administrative costs and staffing positions associated with program management have historically been appropriated out of the same Lottery Cash funding sources for managing the projects and as such have been identified as such in this fiscal note.

Staffing and Program Management Considerations:

- Staff time associated with transition, records, contracts, renewals, systems, processes, auditing, and training associated with systems for managing program.
 - Estimated Operating Expenses \$50,000 (Legal, Accounting, Audit, Technology, etc.)
- Creation of system access to educator records, certification files, loan management requirements and systemic tracking of past recipients. Including Memorandums of Agreement, Privacy, Security and other considerations for the transition of AAEE/EETP.
 - Estimated Application Development costs to ensure access and integration to the Educator Licensing System, Staff System, and other processes essential to carry out the work of the transition. Contract \$35,000.
- Change of NDE Rule 22 to reflect the changes to National Certification program (\$1,200)
- Management of College Credit Testing Fee Fund and process
 - A similar program was once managed at NDE through federal resources that are no longer available. Processes and systems are still in place to facilitate a program Assume the College Fees Grant Fund includes at least a .5 FTE
 - Costs would be .5 FTE (\$32,489; Benefits 19,137; Operations 7,919; Travel 2,557)
- Management and Support of Behavioral Training Program and data collection process and program. This could be a staff person in support of the Comprehensive School Health program and deficit request submitted in the general fund budget.
 - Costs would be 1 FTE (\$64,979; Benefits 38,274; Operations 15,838; Travel 5,115)
- Assume Distance Education Incentives continues (.25 FTE)
 - Costs would be .25 FTE (\$16,244; Benefits 9,568; Operations 3,959; Travel 1,279)
- Removes the option to fund the College Readiness Exam (ACT) from the lottery resources (Education Improvement Fund) in 2021-22 and beyond.
 - (\$1,800,000) / Annual contract with ACT (Assume this becomes a General Fund expenditure added in the Appropriations Committee.
- Assume adding FTE to manage the expansion of the Expanded Learning Opportunities Grant program.
 - Costs would be 1 FTE (\$64,979; Benefits 38,274; Operations 15,838; Travel 5,115)
- The Department will also need to have the Education Innovative Grant Fund portion included in our budget each year. Additionally, to provide the required leadership NDE would need the entire amount added to the personal service limit.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Associate IV Transfer CCPE		1		(\$42,689)
Innovative Grant Manager		1		(\$68,979)
Program Associate IV (Behavioral)		1		64,979
Program Associate III (College Fees)		.5		32,489
Program Associate IV (Distance Education)		.25		16,244
Program Associate IV (ELO Program)		1		64,979
Benefits.....				83,026
Operating.....				1,177,246
Travel.....				14,066
Capital outlay.....				
Aid.....				19,858,639
Capital improvements.....				
TOTAL.....				21,200,000

