

PREPARED BY: Bill Biven, Jr.
 DATE PREPARED: February 02, 2022
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LB 1128

Revision: 02

Revised to reflect Department of Revenue response

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB1128 adopts the Student Loan Repayment Assistance for Teachers Act and provides an income tax deduction for full-time public school teachers.

The Nebraska Department of Education (NDE) will accept applications no later than April 1, 2023 and then no later than April 1 each year thereafter. Teachers will receive \$6,000 of repayment assistance per year with a maximum amount of \$30,000 over five years. The repayment will be paid directly to the holder of the student loan. Any assistance received from this program will then be subtracted from the teacher's Federal Adjusted Gross Income (AGI), for the amount that is included in their Federal AGI.

There is intent stated to appropriate \$5,000,000 annually starting in FY2022-23 to NDE for this program.

EXPENDITURES (REVISED):

No funding source is stated for the \$5,000,000 being appropriated, & in such case, we assume the appropriation is from the General Fund.

The Nebraska Department of Revenue (DOR) estimates \$107,760 in operating expenses for FY2022-23 to be paid to the Nebraska Office of the Chief Information Officer (OCIO) to add a line to the Schedule I, add a line to NebFile for Individuals, uploading a file from DED, & to add 2 new schedules.

NDE estimates the need for a new FTE to implement, monitor, & evaluate the Student Loan Repayment Assistance for Teachers Act program. The FTE will have a salary & benefits expense of \$79,237, & operating expenses of \$5,010 for FY 2022-23. The salary & benefits expense increase by 3.64% to \$82,301, & operating expenses stay the same at \$5,010 for FY 2023-24.

REVENUE:

The student loan repayment assistance received by the teacher results in a gain in tax revenue, and the deduction results in a loss; creating a new zero effect for the General Fund.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1128	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	1/31/22 PHONE: (402) 471-4161
COMMENTS: Not basis to disagree with the agency that the bill provides and intent to appropriate \$5 million for a new loan program.			
Note: The fiscal note was submitted by the agency late and this make this comment late.			

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2022

LB⁽¹⁾ 1128

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Lane Carr Date Prepared: ⁽⁴⁾ 1.20.22 Phone: ⁽⁵⁾ 4024193012

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$5,000,000</u>	<u> </u>	<u>\$5,000,000</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>\$5,000,000</u>	<u> </u>	<u>\$5,000,000</u>	<u> </u>

Explanation of Estimate:

The bill would require the NDE to create and implement a program to support a new student loan repayment program for teachers. Implementing, monitoring, and evaluating the program would require the NDE to employ a new FTE.

The bill intends to appropriate \$5 million to carry out the Student Loan Repayment for Teachers Act.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Grant Specialist	<u>1</u>	<u> </u>	<u>44,769</u>	<u>46,559</u>
Benefits.....			<u>34,468</u>	<u>35,742</u>
Operating.....			<u>5,010</u>	<u>5,010</u>
Travel.....				
Capital outlay.....				
Aid.....			<u>\$4,915,753</u>	<u>\$4,912,689</u>
Capital improvements.....				
TOTAL.....			<u>\$5,000,000</u>	<u>\$5,000,000</u>

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: Tony Fulton

Date Prepared: 2/2/2022

Phone: 471-5896

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$5,107,760	\$ 0	\$5,000,000	\$ 0	\$5,000,000	\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$5,107,760	\$ 0	\$5,000,000	\$ 0	\$5,000,000	\$ 0

LB 1128 would create the Student Loan Repayment Assistance for Teachers Act (Act), administered by the Nebraska Department of Education (DOE). This act would provide student loan repayment for teachers who are Nebraska residents teaching full time in a preschool, elementary or secondary public or private school in Nebraska. Teachers are to apply to DOE for student loan repayment by April 1 of each year, beginning in 2023. Loan repayment is limited to \$6,000 per year for no more than 5 years. Loan repayment assistance must be paid to the institution that loaned the money. DOE cannot approve repayment assistance for student loans that are in default.

LB 1128 provides Legislative intent to appropriate from the General Fund \$5 million for FY 2022-2023 and each year thereafter for the program. DOE is given rule and regulation authority.

LB 1128 also amends Neb. Rev. Stat. §77-2716 to provide a subtraction from federal adjusted gross income for amounts received for student loan repayment under the Act to the extent the repayment amounts are in federal adjusted gross income (AGI).

LB 1128 will have no impact on the General Fund revenues because it would increase federal AGI of the taxpayers receiving the loan repayment, which would be offset by the deduction in federal AGI in the bill.

LB 1128 will require a one-time programming charge of \$107,760 paid to the OCIO for the following: adding a line to the Schedule I, adding a line to NebFile for Individuals, uploading a file from DED and adding two new schedules.

LB 1128 becomes operative 3 months after adjournment.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>22-23</u> <u>FTE</u>	<u>23-24</u> <u>FTE</u>	<u>24-25</u> <u>FTE</u>	<u>22-23</u> <u>Expenditures</u>	<u>23-24</u> <u>Expenditures</u>	<u>24-25</u> <u>Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$107,760		
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....				\$107,760		