

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See Below	See Below	See Below	See Below
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.

LB529 amends several statutes and updates the distribution of lottery funds through FY2025-26.

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 529...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
- 9.5% - Behavioral Training Cash Fund
- 7.5% - Excellence in Teaching Cash Fund
- 4.5% - Community College Gap Assistance Program Fund
- 4.5% - State Department of Education Leadership Cash Fund
- 3% - Expanded Learning Opportunity Grant Fund
- 3% - Nebraska Education Improvement Fund
- 2.5% - Access College Early Scholarship Cash Fund
- 2% - Career-Readiness and Dual-Credit Education Cash Fund
- 1.5% State Department of Education Cash Fund
 - Annual fee for online education and career planning tool
- 1.5% - Mental Health Training Cash Fund
- 1% - Career Mentoring Grand Fund
- 1% - College Credit Testing Fee Cash Fund
- 0.5% - State Department of Education Technology Upgrade Cash Fund

CONTINUED

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 \$1,363,369 and aid expenses of \$20,026,631.

For FY2021-22, the Coordinating Commission for Postsecondary Education estimates that these changes will generate \$654,000 of revenue and will require them to add 2.0 FTE's that will create operating expenses of \$200,850 and aid expenses of \$2,045,550.

The total estimated increase in operating expenses is \$1,564,219 and increase of aid expenses is \$22,072,181. 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:	529	AM:	AGENCY/POLT. SUB: Nebraska Community College Association
REVIEWED BY:	Gary Bush	DATE:	1/27/21 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the agency's estimate of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	529	AM:	AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Education
REVIEWED BY:	Gary Bush	DATE:	1/27/21 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the agency's estimate of fiscal impact. The estimates used by the agency appears to be reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	529	AM:	AGENCY/POLT. SUB: Education
REVIEWED BY:	Gary Bush	DATE:	1/29/21 PHONE: (402) 471-4161
COMMENTS: Agree with most elements of the agency's estimate of fiscal impact to the agency.			
<ol style="list-style-type: none"> 1. The reduction in staff would be in both fiscal years, not just the first fiscal year. 2. The agency failed to include a General Fund increase for College Readiness Exam (ACT). In the agency's 2021-2023 biennial budget request, the agency set this expense at \$1,500,000, not the \$1,800,000 included in the fiscal note. 3. Disagree in the need for additional personnel to manage programs that the agency already manage. 4. Costs to change rules and regulations would be minimal and can be included in the normal course of business for the agency, thus not causing an increase in appropriations. 			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	529	AM:	AGENCY/POLT. SUB: ESUCC/ESUs
REVIEWED BY:	Gary Bush	DATE:	1/28/21 PHONE: (402) 471-4161
COMMENTS: Unable to comment on the agency's estimate of the fiscal impact as none was provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 529 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Gary Bush DATE: 1/29/21 PHONE: (402) 471-4161

COMMENTS: Agree with the agency's estimate of no fiscal impact to the agency.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 529 AM: AGENCY/POLT. SUB: State Treasurer

REVIEWED BY: Gary Bush DATE: 1/29/21 PHONE: (402) 471-4161

COMMENTS: Agree with the agency's estimate of no fiscal impact to the agency.

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 529

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson/Dean Folkers Date Prepared: ⁽⁴⁾ 1/27/21 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$21,390,000		\$21,390,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$21,390,000</u>		<u>\$21,390,000</u>	

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 and FY 22-23 of the lottery resources with the new percentages for funds (proposed in LB 529) applied to the total estimated amount for FY 21-22 and FY 22-23 years.

		Estimated FY 21-22	Estimated FY 22-23
Lottery Receipts (per Dept of Revenue projections)		21,390,000	21,030,000
Program	Percent		
Access College Early Scholarship Cash Fund	2.5%	\$ 534,750	\$ 525,750
Behaviorial Training Cash Fund	9.5%	\$ 2,032,050	\$ 1,997,850
Career Mentoring Grant Fund	1.0%	\$ 213,900	\$ 210,300
Career-Readiness and Dual-Credit Education Cash Fund	2.0%	\$ 427,800	\$ 420,600
College Credit Testing Fee Cash Fund	1.0%	\$ 213,900	\$ 210,300
Community College Gap Assistance Program Fund	4.5%	\$ 962,550	\$ 946,350
Excellence in Teaching Cash Fund	7.5%	\$ 1,604,250	\$ 1,577,250
Expanded Learning Opportunity Grant Fund	3.0%	\$ 641,700	\$ 630,900
Mental Health Training Cash Fund	1.5%	\$ 320,850	\$ 315,450
Nebraska Education Improvement Fund	3.0%	\$ 641,700	\$ 630,900
Nebraska Opportunity Grant Fund	58.0%	\$ 12,406,200	\$ 12,197,400
NDE Cash Fnd for Annual Fee for Online Education and Career Planning Tool	1.5%	\$ 320,850	\$ 315,450
NDE Leadership Cash Fund	4.5%	\$ 962,550	\$ 946,350
NDE Technology Upgrade Cash Fund	0.5%	\$ 106,950	\$ 105,150
	100.0%	\$ 21,390,000	\$ 21,030,000

STAFF ANALYSIS (i.e. what does the language in this bill do that impacts the NE Educational system, and does the bill carry out any of the State Board Legislative Priorities or Strategic Vision and Direction Goals):

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 AAEA/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.
 - 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 Leadership Cash Fund and Technology Upgrade Cash 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:

POSITION TITLE

NUMBER OF POSITIONS

2021-22

2022-23

	<u>21-22</u>	<u>22-23</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	1	64,979	67,578
Program Associate III (College Fees)	.5	.5	32,489	33,789
Program Associate IV (Distance Education)	.25	.25	16,244	16,894
Program Associate IV (ELO Program)	1	1	64,979	67,578
Benefits.....			83,026	86,347
Operating.....			1,199,254	1,095,054
Travel.....			14,066	14,066
Capital outlay.....				
Aid.....			20,026,631	19,648,694
Capital improvements.....				
TOTAL.....			21,390,000	21,030,000

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 529

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Community College Association

Prepared by: ⁽³⁾ Greg Adams Date Prepared: ⁽⁴⁾ 1/20/2021 Phone: ⁽⁵⁾ 402 471 4685

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 529

FISCAL NOTE

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

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 1/26/2021 Phone: ⁽⁵⁾ 402.471.0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>2,246,400</u>	<u>654,000</u>	<u>2,249,700</u>	<u>654,000</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>2,246,400</u>	<u>654,000</u>	<u>2,249,700</u>	<u>654,000</u>

Explanation of Estimate:

LB 529 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 Coordinating Commission for Postsecondary Education (Commission) 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 529, Sec 1 reduces the percentage transferred from the lottery fund for education to the NOG and Gap funds. The existing cash fund balance in both the NOG and Gap funds would be sufficient to maintain the current level of spending authority with no reduction in expenditures for the next budget cycle.

Also beginning in fiscal year 2021-22, LB 529, Sec 1 provides approximately \$466,000 in new funding from the lottery fund 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 \$466,000 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.

<u>Aid Program</u>	<u>Current %</u>	<u>LB920 %</u>	<u>\$ Change</u>
NOG	62%	58.0%	\$(746,000)
Gap	9%	4.5%	\$(839,000)
ACE	0%	2.5%	\$ 466,000

LB 529, Sec. 36 through 49 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. LB 529, Sec. 1 transfers 7.5% of lottery funds for education to the Excellence in Teaching Cash Fund, estimated to be \$1.4 million.

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.

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, Rent \$3,000, Legal Services \$25,000, Aid \$1.35 million.

LB 529, Sec. 1 transfers 2.0% of lottery funds for education to the newly-created Career-Readiness and Dual-Credit Education Cash Fund, estimated to be \$373,000. LB 529, Sec. 30 through 33 provides programmatic authority.

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, Rent \$3,000, Aid \$279,550.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Associate	1.0	1.0	45,000	45,900
Program Director	1.0	1.0	55,000	56,100
Benefits.....			61,100	62,400
Operating.....			39,750	39,750
Travel.....				
Capital outlay.....				
Aid.....			2,045,550	2,045,550
Capital improvements.....				
TOTAL.....			2,246,400	2,249,700

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 529

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ ESUCC/ESUs

Prepared by: ⁽³⁾ Kraig J. Lofquist Date Prepared: ⁽⁴⁾ January 24, 2021 Phone: ⁽⁵⁾ 402.953.8456

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

This note is being created to address the **Behavioral Training Cash Fund** found within the aforementioned bill, LB 529.

Any and all funds related to LB 529 are generated by the Nebraska State Lottery, therefore there is no fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Section 2 of the bill amends §9-836.01. Currently, funds from tangible personal property related to the Lottery sold for profit are remitted to the State Treasurer for credit to the State Lottery Operation Trust Fund to be distributed to the Education Innovation Fund, Opportunity Grant Fund, and the Nebraska Education Improvement Fund, Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund. The bill harmonizes this section to distribute these proceeds to the same funds detailed in section 1.

Sections 3 through 35 do not appear to impact DOR. Sections 36-39 establish several funds which are referenced in §9-812 and 9-836.01.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department to implement this bill.

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 529

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ January 27, 2021 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

The State Treasurer's Office doesn't expect any fiscal impact from LB 529 to the office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____