

Revised for AM495

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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 as follows:

	Agency	Current Share	LB 529 Share	Current Law FY 2020-21 est.	LB 529 FY 2021-22 est.	LB 529 FY 2022-23 est.
<b>Statutory Earmarks: §9-812(4)</b>						
Door to College Scholarship	CCPE		1.00%		196,867	196,867
Access College Early Scholarships	CCPE		2.50%		492,168	492,168
Career Readiness and Dual-Credit	CCPE		2.00%		393,734	393,734
<b>Nebraska Opportunity Grant Act</b>	<b>CCPE</b>	<b>62.0%</b>	<b>58.00%</b>	<b>11,792,999</b>	<b>11,418,287</b>	<b>11,817,927</b>
<b>Community College Gap Assistance Program Fund</b>	<b>CCPE</b>	<b>9.0%</b>	<b>4.50%</b>	<b>1,711,887</b>	<b>885,902</b>	<b>916,908</b>
<b>Excellence in Teaching Cash Fund</b>	<b>NDE/CCPE</b>	<b>8.0%</b>	<b>7.50%</b>	<b>1,571,319</b>	<b>1,476,503</b>	<b>1,528,180</b>
<b>Distance Education Incentives*</b>	<b>NDE</b>	<b>3.0%</b>	<b>3.00%</b>	<b>570,629</b>	<b>590,601</b>	<b>611,272</b>
<b>Expanded Learning Opportunity Grant Program Act</b>	<b>NDE</b>	<b>1.0%</b>	<b>3.00%</b>	<b>194,568</b>	<b>590,601</b>	<b>611,272</b>
<b>Competitive Innovation Grants</b>	<b>NDE</b>	<b>17.0%</b>	<b>0.00%</b>	<b>3,233,564</b>	<b>-</b>	<b>-</b>
Behavioral Training Cash Fund	NDE		9.50%		1,870,237	1,935,695
NDE Leadership	NDE		4.50%		885,902	916,908
NDE Technology Upgrade	NDE		0.50%		98,434	101,879
NDE Education Cash	NDE		1.50%		295,301	305,636
Mental Health Training	NDE		1.50%		295,301	305,636
College Credit Testing Fee	NDE		1.00%		196,867	203,757
	Totals	100.0%	100.0%	<b>19,020,967</b>	<b>19,686,701</b>	<b>20,375,736</b>

On and after July 1, 2021, all powers, duties, and functions that NDE had pursuant to the Excellence in Teaching Act prior to such date are transferred to the CCPE.

The Behavioral Training Cash Fund is created. The fund will be used for the purposes of coordinating training and administering the teacher support system in compliance with the Behavioral Awareness and Intervention Training and Teacher Support Act. NDE will establish a mental health training grant program.

The Mental Health Training Cash Fund is created. The fund will be used for mental health training grants awarded to grantees and will be funded from the Mental Health Training Cash Fund. A grantee will be a school district or an educational service unit.

The State Department of Education Leadership Cash Fund is created. The fund will be used for expenses incurred by NDE for leadership in: research for school finance, data infrastructure capacity to support education, and the Quality Education Accountability Act.

CONTINUED

The State Department of Education Technology Upgrade Cash Fund is created. The fund will be used for expenses incurred by NDE to upgrade technology to automate enrollment option processes statewide, including, but not limited to, establishing an electronic record of all applications received, canceled, approved, and denied. After the upgrades and automation have been completed, the State Department of Education Technology Upgrade Cash Fund may be used for expenses incurred by NDE to upgrade and automate additional statewide educational processes as the department deems necessary or transferred to the State Department of Education Leadership Cash Fund.

The College Credit Testing Fee Cash Fund is created. NDE will use the fund to carry out the College Credit Testing Fee Reduction Program Act. Beginning in school year 2021-22, each school district may apply, in the manner prescribed by NDE, for the reimbursement of testing fee reductions. NDE will reimburse school districts from the College Credit Testing Fee Cash Fund in the amount of all testing fee reductions paid by such school district in the period covered by such application.

The Career-Readiness and Dual-Credit Education Cash Fund is created. The fund will establish a grant program beginning on or after July 1, 2021, to distribute money from the Career-Readiness and Dual-Credit Education Cash Fund to teachers enrolled in education pathways leading to qualification to teach dual-credit courses and career and technical education courses; establishes a directory of available teacher education pathways in Nebraska identified by sequence and location.

The Access College Early (ACE) Scholarship Cash Fund is created. The fund will provide financial assistance to low-income students for courses to be taken for credit from a qualified postsecondary educational institution while still being enrolled in high school.

The Door to College Scholarship Fund is created. Graduates from high school from an accredited education program at a youth rehabilitation and treatment center (YRTC) operated and utilized in compliance with state law or graduated from an approved or accredited public, private, denominational, or parochial school within one year after being discharged from a youth rehabilitation and treatment center. A scholarship award will not exceed a maximum of five thousand dollars annually to an eligible student with a full-time status and will be prorated for eligible students with a part-time status. CCPE may adjust the value of awards annually to make awards to all eligible applicants who apply by the application deadline set by the commission.

LB 529 also specifies that grants received by school districts pursuant to the Behavioral Awareness and Intervention Training and Teacher Support Act and mental health training grants are considered special grants for purposes of the TEEOSA formula.

The bill includes the following reports to be submitted to the Clerk of the Legislature:

- NDE must submit a report on the College Credit Testing Fee Reduction Program, annually beginning December 31, 2022
- The ESU Coordinating Council must submit a report on the behavioral awareness and intervention training reports received from school districts, training provided, the teacher support system, and financial information, annually beginning December 31, 2022
- CCPE must submit a report on the Career-Readiness and Dual-Credit Education Grant Program Act, annually beginning December 31, 2022
- The Legislature's Education Committee must submit a report including recommendations on how lottery money for education should be allocated to best advance educational priorities of the state for the five-year period beginning with FY26-27, on or before December 31, 2024

**FISCAL IMPACT:**

One FTE will be transferred from NDE to CCPE due to the changes in administration for the Excellence in Teaching Act. Additionally, NDE estimates a reduction of 1 FTE, and an increase of 2.75 FTE, for a net increase in personnel to NDE of 0.75 FTE per year.

CCPE estimates an additional 2 FTE to administer the Excellence in Teaching Act, the Career Readiness and Dual-Credit Education Program, and the Door to College Scholarship Act.

Total additional administrative costs are as follows:

		FY21-22	FY22-23
<b>NDE</b>			
	Salary	\$67,023	\$69,704
	Benefits	\$22,650	\$24,550
	Operating	\$98,100	\$96,900
	Travel	\$3,900	\$3,900
<b>Total</b>		<b>\$191,673</b>	<b>\$195,054</b>
<b>CCPE</b>			
	Salary	\$90,000	\$102,000
	Benefits	\$61,100	\$62,400
	Operating	\$39,750	\$39,750
	Travel	\$0	\$0
<b>Total</b>		<b>\$190,850</b>	<b>\$204,150</b>

Since the total amount of lottery revenue remains unchanged, the additional operating expenses will serve to reduce the revenue available for aid by like amounts.

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

**2021**

**LB<sup>(1)</sup> 529 AM 495 and AM 677**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> NE Dept of Education

Prepared by: <sup>(3)</sup> Bryce Wilson/Dean Folkers Date Prepared: <sup>(4)</sup> 3/22/21 Phone: <sup>(5)</sup> 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>
<b>GENERAL FUNDS</b>	_____	_____	_____	_____
<b>CASH FUNDS</b>	\$21,390,000	_____	\$21,390,000	_____
<b>FEDERAL FUNDS</b>	_____	_____	_____	_____
<b>OTHER FUNDS</b>	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<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.

		<b>Estimated FY 21-22</b>	<b>Estimated FY 22-23</b>
<b>Lottery Receipts (per Dept of Revenue projections)</b>		21,390,000	21,030,000
<b>Program</b>	<b>Percent</b>		
Access College Early Scholarship Cash Fund	2.5%	\$ 534,750	\$ 525,750
Behaviorial Training Cash Fund	9.5%	\$ 2,032,050	\$ 1,997,850
Door to College Scholarship 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 To	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:**

- 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 AETP/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.

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2021-22</b>	<b>2022-23</b>
	<b><u>21-22</u></b>	<b><u>22-23</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
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

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2021

LB<sup>(1)</sup> 529 AM495

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Coordinating Commission for Postsecondary Education

Prepared by: <sup>(3)</sup> Gary Timm Date Prepared: <sup>(4)</sup> 3/17/2021 Phone: <sup>(5)</sup> 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	2,432,400	840,000	2,435,700	840,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>2,432,400</u>	<u>840,000</u>	<u>2,435,700</u>	<u>840,000</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.

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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.

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AMD 495, Sec. 49 creates the Door to College Scholarship Act and transfers 1.0% of lottery funds for education, estimated to be \$186,000, to the newly-created Door to College Scholarship Cash Fund. This Act will provide up to \$5,000 annually to students that have graduated from a high school affiliated with a Youth Rehabilitation and Treatment Center in Nebraska, or have successfully completed such programming and within one year of such completion graduated from a Nebraska high school, to attend a postsecondary institution.

The commission estimates fewer than 100 scholarships would be awarded/renewed each year and believes administration of this new program could be accomplished with the previously requested two positions.



**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.....			2,231,550	2,231,550
Capital improvements.....				
TOTAL.....			2,432,400	2,435,700

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**2021**

**LB<sup>(1)</sup> 529 and AM 495 + AM 677**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Community College Association

Prepared by: <sup>(3)</sup> Greg Adams Date Prepared: <sup>(4)</sup> 3/16/2021 Phone: <sup>(5)</sup> 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:

The original fiscal note indicated no fiscal impact. Amendments 495 and 677 to LB 529 do not change the original fiscal note, 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<sup>(1)</sup> 529, AM 495 & AM 677**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> March 18, 2021 Phone: <sup>(5)</sup> 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	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

The State Treasurer's Office doesn't expect any fiscal impact from LB 529, AM 495 & AM 677 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.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>