

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
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.

LB705 amends several sections to change the distribution of lottery funds for educational purposes.

After the payment of prizes & operating expenses, & the \$500,000 being transferred into the Compulsive Gamblers Assistance Fund, the remaining balance will be distributed as follows:

- 44.5% - Education
- 44.5% - Nebraska Environmental Trust Fund
- 10% - Nebraska State Fair Board
- 1% - Compulsive Gamblers Assistance Fund

For FY22-23, the 44.5 % of lottery funds allocated for education will be transferred into the Nebraska Education Improvement Fund.

For FY23-24 through FY27-28, the 44.5% of lottery funds allocated for education will be transferred into the following funds:

- 9.5% - Behavioral Training Cash Fund
- 2% - Career-Readiness & Dual-Credit Education Cash Fund
- 7% - Community College Gap Assistance Program Fund
- 17% - Department of Education Innovative Grant Fund
- 1% - Door to College Scholarship Fund
- 1.5% - Mental Health Training Cash Fund
- 62% - Nebraska Opportunity Grant Fund

For FY28-29 & each fiscal year thereafter, the 44.5% of lottery funds being allocated for education shall be transferred as the Legislature directs.

An unspecified amount of the lottery funds transferred may be used by the agency that is administering the fund for which the transfer is made for actual & necessary expenses incurred by the agency for the administration, evaluation, & technical assistance related to the transfer of lottery funds.

The balance of the Nebraska Education Improvement Fund on July 26, 2023, less the 3% of the lottery funds received for the fourth quarter of FY22-23 will be transferred into the newly created Behavioral Training Cash Fund. The fund will be administered by the Nebraska Department of Education (NDE) with the funds being transferred to the ESUCC for the purpose of coordinating training & administer the teacher support system. In compliance with the Behavioral Intervention Training & Teacher Support Act.

The Mental Health Training Cash Fund is created. The fund will be administered by NDE will consist of money received from allocated lottery funds & also any money appropriated by the Legislature. NDE will establish a mental health training grant program. Mental health training grants awarded will be funded from the Mental Health Training Cash Fund. A grantee will be a school district or an Educational Service Unit (ESU).

The Door to College Scholarship Fund is created. CCPE will administer the fund, which will consist of amounts transferred from the State Lottery Operation Trust Fund prior to July 1, 2028, as well as any money appropriated or transferred by the Legislature & gifts, grants, or bequests from any source, including federal, state, public, & private sources. All amounts accruing to the Door to College Scholarship Fund will be used to carry out the Door to College Scholarship Act.

The Career-Readiness & Dual-Credit Education Grant Program & the Career-Readiness & Dual-Credit Education Cash Fund are created. The program will be administered by the Coordinating Commission for Postsecondary Education (CCPE). The CCPE, in consultation with NDE, the Nebraska Department of Labor, & any advisory committee established by the commission for the following purposes:

- Create & establish teacher education pathways enabling the instruction of dual-credit courses & career & technical education courses
- Correlate & prioritize teacher education pathways with Nebraska workforce demand
- Establish a grant program beginning on or after July 1, 2023, to distribute money from the Career-Readiness & Dual-Credit Education Cash Fund to teachers enrolled in education pathways leading to qualification to teach dual-credit courses & career & technical education courses
- Establish a directory of available teacher education pathways in Nebraska identified by sequence & location
- On December 31, 2024, & each December 31 thereafter, electronically submit an annual report on grants awarded to the Career-Readiness & Dual-Credit Education Grant Program Act to the Clerk of the Legislature. The report will include, but not be limited to, the number & amount of grants awarded, the postsecondary educational institutions attended by grant recipients, & information regarding the completion of instructor requirements to teach dual-credit courses & career & technical education courses

Beginning in FY23-24, the Educational Service Unit Coordinating Council (ESUCC) will ensure that annual behavioral awareness training is available statewide & develop, implement, & administer an ongoing statewide teacher support system.

On & after July 1, 2023, all powers, duties, & functions that NDE had concerning the Excellence in Teaching Act prior to such date will be transferred to the CCPE.

On July 1, 2023, all documents & records of NDE pertaining to the duties & functions under the Excellence in Teaching Act will be transferred to the commission & will become the property of CCPE.

On or before July 1, 2024, & on or before July 1 of each year thereafter, each district will submit a behavioral awareness training report to the ESUCC. The report will include the school district behavioral awareness training plan & summarize how the plan fulfills the requirements.

On or before December 31, 2024, & each December 31 thereafter, the ESUCC will submit a report electronically to the Education Committee of the Legislature summarizing the behavioral awareness training reports received by school districts, the various trainings provided across the state, the teacher support system, & a financial report of funding received & expended in accordance with the Behavioral Intervention Training & Teacher Support Act.

On or before December 31, 2026, the Education Committee of the Legislature will electronically submit recommendations to the Clerk of the Legislature regarding how the money used for education from the State Lottery Operation Trust Fund should be allocated to best advance the educational priorities of the state for the five-year period beginning with FY28-29.

Beginning in FY25-26, each school district will ensure that each administrator, teacher, paraprofessional, school nurse, & counselor receives behavioral awareness training. Each administrator, teacher, paraprofessional, school nurse, & counselor who has received the training will receive a behavioral awareness training review at least once every three years. Each district can offer the training, or similar training, to any other school employees at the discretion of the district. In addition, all employees will have a basic awareness of the goals, strategies, & schoolwide plans included in the training.

Statutory Earmarks: §9-812(4)	Agency	Current Share	LB705 Share	Current Law FY2022-23	LB705 FY2023-24	LB705 FY2024-25
Door to College Scholarship Fund	CCPE		1.0%		\$235,506	\$244,926
Career-Readiness & Dual-Credit Education Cash Fund	CCPE		2.0%		\$471,011	\$489,852
Nebraska Opportunity Grant Act	CCPE	62.0%	62.0%	\$14,039,761	\$14,601,351	\$15,185,405
Community College Gap Assistance Program Fund	CCPE	9.0%	7.0%	\$2,038,030	\$1,648,540	\$1,714,481
Excellence in Teaching Cash Fund	NDE & CCPE	8.0%		\$1,811,582		
Distance Education Incentives	NDE	3.0%		\$679,344		
Expanded Learning Opportunity Grant Fund	NDE	1.0%		\$226,448		
Department of Education Innovative Grant Fund	NDE	17.0%	17.0%	\$3,849,612	\$4,003,596	\$4,163,740
Behavioral Training Cash Fund	NDE		9.5%		\$2,237,304	\$2,326,796
Mental Health Training Cash Fund	NDE		1.5%		\$353,258	\$367,389
	Totals	100.0%	100.0%	\$22,644,777*	\$23,550,566*	\$24,492,589*

*Estimated Totals

EXPENDITURES:

CCPE estimates the need to add one FTE to administer the newly created Career-Readiness & Dual-Credit Education Grant Program. For FY23-24, the FTE will have a salary/benefits expense of \$92,500; & operating expenses of \$7,250. For FY24-25, the FTE will have a salary/benefits expense of \$97,200; & operating expenses of \$7,250.

CCPE estimates the need to add one FTE to administer the newly transferred Excellence in Teaching Act. For FY23-24, the FTE will have a salary/benefits expense of \$80,900; operating expenses of \$7,250; & legal services of \$30,000. For FY24-25, the FTE will have a salary/benefits expense of \$85,100; operating expenses of \$7,250; & legal services of \$30,000. These expenses will be offset by reductions to NDE.

NDE estimates the need to add 2 FTEs to administer the changes from LB705. For FY23-24, the FTEs will have a salary/benefits expense of \$210,468; & operating expenses of \$15,889. For FY24-25, the FTEs will have a salary/benefits expense of \$220,965; & operating expenses of \$15,311. NDE will have reductions in personnel expenses due to some programs ending, which will offset some or all of these costs.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 705	AM:	AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Education
REVIEWED BY: Gary Bush	DATE: 1/27/23	PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the agency's estimate of fiscal impact. The assumption of available funding from Lottery appears to be reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 705	AM:	AGENCY/POLT. SUB: Educational Service Unit Coordinating Council
REVIEWED BY: Gary Bush	DATE: 1/23/23	PHONE: (402) 471-4161
COMMENTS: Agree with the ESUCC that there would be no fiscal impact related to the green copy of the proposed legislation.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 705	AM:	AGENCY/POLT. SUB: Auditor of Public Accounts
REVIEWED BY: Gary Bush	DATE: 1/20/23	PHONE: (402) 471-4161
COMMENTS: Agree with the agency that there would be no fiscal impact.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 705	AM:	AGENCY/POLT. SUB: Department of Health and Human Services
REVIEWED BY: Gary Bush	DATE: 2/15/23	PHONE: (402) 471-4161
COMMENTS: Agree with the agency that there would be no fiscal impact.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 705	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Gary Bush	DATE: 2/16/23	PHONE: (402) 471-4161
COMMENTS: Agree with the agency that there would be no fiscal impact.		

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

2023

LB⁽¹⁾ 705

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Lane Carr/Bryce Wilson Date Prepared: ⁽⁴⁾ 2.14.23 Phone: ⁽⁵⁾ 4024193012

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$23,550,566		\$24,550,566	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$23,550,566</u>	<u>0</u>	<u>\$24,492,589</u>	<u>0</u>

Explanation of Estimate:

LB705 changes several provisions pertaining to lottery fund distribution for education.

- Funds appropriated to the Nebraska Education Improvement Fund shall be used as follows:
 - 9.5 % to Behavioral Training Cash Fund
 - 2% to Career-Readiness & Dual-Credit Education Cash Fund
 - 7% to Community College Gap Assistance Program
 - 17% to Department of Ed’s Innovative Grant Fund
 - 1% to Door to College Scholarship Fund
 - 1.5% to Mental Health Training Cash Fund
 - 62% to Nebraska Opportunity Grant Fund
- Creates the Behavioral Intervention Training and Teacher Support Act, and Behavioral Training Cash Fund.
- Creates the Mental Health Training Cash Fund.
- Revises Nebraska Innovation Grant to include the following priorities:
 - Teacher recruitment and retention
 - School improvement
 - Score improvements in reading and math,
 - Other innovative areas identified by the State Board.
- Transfers responsibility of the Excellence in Teaching and Excellence in Teaching Cash Fund to the Coordinating Commission on Postsecondary Education and creates the Career-Readiness and Dual-Credit Education Grant Program and Cash Fund. *Funding for this program is not included in the allocations for the Nebraska Education Improvement Fund.*
 - Expands Excellence in Teaching program loans to cover the cost of taking the basic skills competency.
- Establishes the Door to College Scholarship Act and establishes the Door to College Scholarship Fund to be implemented by the Coordinating Commission for Postsecondary Education.

The bill would end current projects and initiatives in June 2023 instead of the legislated sunset date of 2024. The NDE entered several contracts in good faith with the understanding these programs would end June 2024. *The accelerated sunset date for these programs is a concern for the NDE.*

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Innovative Grant Manager	1.0	1.0	79,501	84,271
Program Specialist I	1.0	1.0	51,188	54,259
Benefits.....			79,779	82,435
Operating.....			15,889	15,311
Travel.....				
Capital outlay.....				
Aid.....			23,324,209	24,256,313
Capital improvements.....				
TOTAL.....			23,550,566	24,492,589

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

2023

LB⁽¹⁾ 705

FISCAL NOTE

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

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 1/24/2023 Phone: ⁽⁵⁾ 402.471.0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>1,700,000</u>	<u></u>	<u>1,700,000</u>	<u></u>
CASH FUNDS	<u>653,300</u>	<u>653,300</u>	<u>653,300</u>	<u>653,300</u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u><u>2,353,300</u></u>	<u><u>653,300</u></u>	<u><u>2,353,300</u></u>	<u><u>653,300</u></u>

Explanation of Estimate:

LB 705 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 two financial aid programs that receive lottery proceeds. The Nebraska Opportunity Grant (NOG) program, which provides financial aid to low-income, Nebraska residents at postsecondary institution, and 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.

Beginning in fiscal year 2023-24, LB 705, Sec 1 reduces the percentage transferred from the lottery fund for education to the Community College Gap Assistance Program Funds from 9% to 7% or approximately \$435,500 per year. The existing Gap Assistance cash fund balance would be sufficient to maintain the current level of spending authority with no reduction in expenditures for the next budget cycle.

LB 705, 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 \$435,500. LB 705, Sec. 15 through 18 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 \$60,000, Benefits \$32,500, Postage \$1,250, CIO Charges \$3,000, Rent \$3,000, Aid \$335,750.

LB 705, Sec. 19 through 32 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. **Currently, the Excellence in Teaching program receives 8%, or \$1.7 million in lottery funds. LB 705, Sec. 1 provides no lottery funding for this program. Funding for this program is shown in the General fund.**

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 \$30,000 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 \$50,000, Benefits \$30,900, Postage \$1,500, CIO Charges \$3,000, Rent \$3,000, Legal Services \$30,000, Aid \$1,581,600.

LB705, Sec. 33 creates the Door to College Scholarship Act and transfers 1.0% of lottery funds for education, estimated to be \$217,800, 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>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Director	1.0	1.0	60,000	63,000
Program Associate	1.0	1.0	50,000	52,500
Benefits.....			63,400	66,800
Operating.....			44,750	44,750
Travel.....				
Capital outlay.....				
Aid.....			2,135,150	2,126,250
Capital improvements.....				
TOTAL.....			2,353,300	2,353,300

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

2023

LB⁽¹⁾ 705

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Educational Service Unit Coordinating Council (ESUCC)

Prepared by: ⁽³⁾ Kraig J. Lofquist Date Prepared: ⁽⁴⁾ 01/20/2023 Phone: ⁽⁵⁾ 402.953.8456

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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 proposal of LB 705 is funded through the Nebraska Lottery Fund. Therefore, there is no known fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 705

FISCAL NOTE

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

Prepared by: ⁽³⁾ Craig Kubicek Date Prepared: ⁽⁴⁾ 1/19/2023 Phone: ⁽⁵⁾ 402-326-3063

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$0		\$0	
CASH FUNDS	\$0		\$0	
FEDERAL FUNDS	\$0		\$0	
OTHER FUNDS	\$0		\$0	
TOTAL FUNDS	\$0		\$0	

Explanation of Estimate:

Not a significant change to our current process.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-15-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB705 has no fiscal impact to the Department of Health & Human Services.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
	23-24	24-25		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....				

§ 9-812(10) Added the requirements that on or before December 31, 2026, the Education Committee of the Legislature shall submit recommendations to the Clerk of the Legislature regarding how the money for education from the Lottery could best be used to advance educational priorities of the state for a 5-year period beginning FY 2028-29.

Section 2: § 9-836.01. Removes what would now be unnecessary language related to what happens to money the Lottery receives as profit and merely states it will be handled pursuant to § 9-812.

The bill contains an emergency clause and becomes law upon enactment.

It is estimated that LB 705 will have no impact on General Fund revenues.

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