

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$118,918		\$25,143	(\$300,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$118,918		\$25,143	(\$300,000)

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

LB 645 is the Early Childhood Workforce Development Opportunity Act. The act goes into effect on January 1, 2016. It provides for charitable organizations to apply to the State Department of Education (NDE) to become qualified granting organizations for tax credits. Individuals, partnerships, limited liability companies, estates, trusts, and corporations are eligible for nonrefundable and nontransferable tax credits for cash contributions to qualified granting organizations. The credit shall be 20% of the total contributions made in a tax year.

After a taxpayer notifies the qualified granting organization of the intent to make a contribution, the organization is to request preapproval for a tax credit allowed under the act from the Department of Revenue. The Department of Revenue is to consider requests for tax credits in the order in which they are received and preapprove credits up to the limits provided in the bill. The aggregate amount of preapproved credits shall not exceed \$300,000 for CY2016, \$500,000 for CY2017, \$750,000 for CY2018 and \$1 million for CY2019 and thereafter.

Qualified charitable granting organizations must allocate at least 95% of the contributions for the early childhood education and retention incentive grant program. Up to 5% of contributions may be used for administrative costs. Organizations must submit an audited financial information report annually to NDE.

Persons eligible for incentive grants are employees of early childhood care and education programs that are participating in the Step Up to Quality Child Care Act at a quality rating scale of step two or higher and are serving at least 30% of its total enrolled children through the federal child care assistance program. Grants are to reward higher educational attainment in the field of early childhood education and to increase retention of teachers and professionals in early childhood care and education programs through increased compensation.

NDE Expenses: It is assumed that NDE can handle any workload increase and expenses associated with adopting a rule and regulation for the act with existing staff and resources.

Department of Revenue Expenses: The Department of Revenue will have one-time expenses of \$94,365 for computer programming to change income tax forms and the online filing system. An additional .5 FTE Fiscal Compliance Analyst will be required to validate the credits claimed per the bill. The estimated general fund cost for the analyst is \$24,553 in FY16 and \$25,143 in FY17.

Tax Credits: The maximum tax credits that may be awarded are \$300,000 for CY2016, \$500,000 for CY2017, \$750,000 for CY2018 and \$1 million for CY2019 and thereafter. Assuming the maximum amounts are awarded as provided by the bill, revenue for the general fund will decrease by \$300,000 in FY17, \$500,000 in FY18, \$700,000 in FY19, and \$1 million each year thereafter.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:645	AM:	AGENCY/POLT. Department of Education	
REVIEWED BY: James Van Bruggen		DATE: 3/9/2015	PHONE: 471-4179
COMMENTS: Department of Education's assessment appears reasonable.			

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

2015

LB⁽¹⁾ 645

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Dept. of Education

Prepared by: ⁽³⁾ Melody Hobson

Date Prepared: ⁽⁴⁾ 1/27/15

Phone: ⁽⁵⁾ 402-471-0263

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$16,501	0	0	0
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$16,501			

Explanation of Estimate: The estimate of cost to NDE is calculated for the cost of promulgating a rule for this program. The cost is estimated at 10% of the time of an Education Specialist II. Other costs include bringing in a work committee for one day of focused work drafting the rule (\$3,330), and for two staff persons to conduct a total of 10 input sessions across the state on the proposed rule (\$4,440). Other costs include the cost of the publication of the hearing notice (\$700), and printing costs of the rule (\$23). Costs were calculated using NDE Fiscal Note Costing Guidelines. No expenditures are anticipated in fiscal year 2016-17.

No costs are anticipated for political subdivisions.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Education Specialist II	.10fte		5,754	
Benefits.....			2,254	
Operating.....			723	
Travel.....			7,770	
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			16,501	

LB 645 would require a one-time programming charge of \$94,365 paid to the OCIO to add lines to Form 1040N, Form 1041N, Form 1120N, Form 3800N, and Form K1N as well as to the NebFile online filing system. The Department would require 0.5 FTE Fiscal Compliance Analyst to validate the credits claimed under this bill.