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 DATE PREPARED: April 28, 2009
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LB 476

Revision: 02

Revised on 4/28/09 based upon amendments adopted through 4/27/09.

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 476 establishes the Center for Student Leadership and Extended Learning within the State Department of Education (NDE). The center is to provide ongoing financial and administrative support for state leadership and administration of Nebraska career education student organizations, create and coordinate opportunities for students to participate in educational opportunities outside of the classroom, and partner with state and local organizations to share research and identify best practices for dissemination to schools and community organizations. The bill also repeals the Career Education Partnership Act. It has an operative date of July 1, 2009.

The bill will allow NDE to retain existing staff to continue working with career education student organizations. Currently, five professional and four administrative support staff allocate 50-60% of their time to working with student organizations. The staff is funded by federal funds from the Perkins grant. The bill provides for five FTE, three professional and two support staff, to be funded with general funds within the Center for Student Leadership and Extended Learning.

Federal funds from the federal Carl Perkins Technical Improvement Act of 2006 and state funds are currently used to support career and technical education. Eighty-five percent of the federal grant funds are dispersed to school districts as aid and the state retains 15% for state leadership activities and state administration. In addition to the federal funds, the state allocates general funds for a state maintenance of effort. In the current year, 2008-09, a total of \$1,951,100 (\$1,162,700 of federal funds and \$788,400 of general funds) is available for state administration and leadership.

NDE projects the same level of federal and state funding for state administration and leadership in each year of the next biennium. NDE has opted to not increase the state level of funding for career education in past years when general funds have been provided for salary and benefit increases, thereby maintaining the same state maintenance of effort level. Since federal and state resources are not projected to increase in the next biennium and the Perkins grant requires that certain activities be carried out, there will not be sufficient funds to continue activities that are not required by the federal legislation, such as working with student career education organizations. NDE estimates there will be a shortage of \$65,500 in 2009-10 and \$470,000 in 2010-11 to continue current career education activities.

In order to address funding for the Center for Student Leadership and Extended Learning, the bill repeals the Career Education Partnership Act. The act provides grants to partnerships of two or more school districts that are collaborating on a project with an educational service unit, or a public postsecondary institution and an advisory group. The grant program is currently funded with \$450,000 of general funds each fiscal year. The grant program sunsets on January 1, 2011. The repeal of the program reduces general fund expenditures by \$450,000 in 2009-10 and 2010-11.

The \$450,000 of general funds "saved" due to the repeal of the grant program will offset the \$450,000 of general funds projected to continue career education activities through the Center for Student Leadership and Extended Learning. Since the A bill appropriates \$450,000 of general funds for the center and eliminates the state aid appropriation for the grant program, the net general fund fiscal impact of the bill will be no increase in general fund expenditures in 2009-10 and 2010-11.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Matt Eash	DATE	2/26/09	PHONE	471-4175
DEPT. OF EDUCATION – During a 3/25/09 telephone interview, Dept. of Education staff indicated it seeks an additional \$450,000 per year for an existing program to address expected budget shortfalls related to mandatory salary and benefits increases. The Department's fiscal note indicates that it intends to hire 5 new FTEs to support tasks described in LB 476, but Department staff explained that it simply intends to fund 5 current FTEs with General Funds instead of federal funds. The Dept. further explained that it already conducts many of the duties described in Sec. 4 of the bill, with an annual operations budget (in Prog. 25) of approximately \$1.1 million federal funds and \$780,000 General Funds in FY 2008-09, employing 16 FTEs to coordinate all of the programs listed in Sec. 2(a). Thus, LB 476's intent language seeking \$450,000 or more per year is unnecessary. The Dept. could establish a Center without such legislation and operate as described in LB 476 for no additional cost. There should be no additional fiscal impact to carry out the duties in Sec. 4 of the bill.					

