

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,000,000		\$1,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,000,000		\$1,000,000	

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

LB 529 changes the priorities for loan awards pursuant to the Attracting Excellence to Teaching Program Act. The bill also establishes a mentor teacher supplemental compensation pilot program to recognize teachers who commit to improving teaching and learning in high poverty schools.

The State Department of Education (NDE) is to establish the mentor pilot program and provide salary supplements to mentor teachers. The salary supplements range from \$1,200 to \$4,800 per year, based upon the mentor teacher's years of experience teaching in a high poverty school. Intent language provides for up to \$1 million to be appropriated each year for the program. The program is to be available for five years, from 2007-08 through 2011-12. Salary supplements are considered to be resources for state aid purposes and schools may exceed the budget lid by the amount received plus taxes and retirement contributions.

There is no fiscal impact for the change in the priority to first award grants in the Attracting Excellence to Teaching Program Act to students who have graduated from a high poverty school in Nebraska and commit to teach in a high poverty school. The amount of grant funds in the program is unchanged, so no fiscal impact occurs.

NDE estimates one-time expenses of \$19,050 of general funds to develop a program to provide training to mentors. An advisory committee will be established to identify training needs and an organization will be contracted with to develop material and provide training. On-going annual expenses for the pilot program are estimated to be \$5,000. It is assumed the operating expenses for NDE will be deducted from the total appropriation provided for the mentor teacher pilot program.

The bill provides for up to \$1 million to be provided each fiscal year for the pilot program. It is assumed about 330 teachers could be paid salary supplements pursuant to the bill, if an average of \$3,000 per teacher is paid out, and \$1 million is appropriated. Based upon the program termination date in the bill, the overall maximum fiscal impact for the mentor pilot program will be \$5 million over a five-year period.

The bill will affect state aid to schools in two ways. First, since salary supplements are a resource for state aid purposes, aid for schools with teachers receiving salary supplements will be reduced by the amount of resource received so the payment will be cost neutral.

Secondly, school districts will be responsible for paying the taxes and retirement contributions for teachers who qualify for salary supplements. The bill allows schools to exceed the budget lid to fund the salary supplements and increased taxes and retirement contributions with property tax dollars. Any increase in the spending for these purposes will increase state aid by a like amount, two years after the spending increase occurs. So, beginning in 2009-10, state aid will increase by \$1 million per year plus the amount expended by schools for taxes and retirement contributions.