

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

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |         |                   |         |
|---|-------------------|---------|-------------------|---------|
|   | <b>FY 2014-15</b> |         | <b>FY 2015-16</b> |         |
|   | EXPENDITURES      | REVENUE | EXPENDITURES      | REVENUE |
| GENERAL FUNDS   |                   |         |                   |         |
| CASH FUNDS  | \$500,000         |         | \$500,000         |         |
| FEDERAL FUNDS   |                   |         |                   |         |
| OTHER FUNDS   |                   |         |                   |         |
| TOTAL FUNDS   | \$500,000         |         | \$500,000         |         |

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

LB 864 increases an allocation from the Education Innovation Fund (lottery funds) for early childhood education grants in FY2014-15 and FY2015-16. The bill increases the allocation by \$500,000 of cash funds each fiscal year, from \$1,850,000 to \$2,350,000 in FY15 and from \$1,950,000 to \$2,450,000 in FY16.

An analysis of the projected revenue and expenditures of the Education Innovation Fund indicates there are sufficient funds, given current obligations, to cover the increase in expenditures for early childhood education grants pursuant to the bill. The expenditure of the funds reduces the amount available to be transferred to the Nebraska Education Improvement Fund on June 30, 2016. It is assumed the State Department of Education can handle any monitoring and technical assistance provided to new grantees with existing staff and resources of the agency.

| <b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>   |     |   |                     |
|---|-----|---|---------------------|
| LB: 864   | AM: | AGENCY/POLT. SUB: Department of Education |                     |
| REVIEWED BY: Matthew Eash   |     | DATE: 2/3/2014                            | PHONE: 402-471-4175 |
| <p>COMMENTS: LB 864 would change the allocation of available funds in the Education Innovation Cash Fund by increasing the allocation for Pre-K (Age4) Early Childhood programs from \$1,850,000 to \$2,350,000 in FY 2014-15 and from 1,950,000 to \$2,450,000 in FY 2015-16. If the Legislature were to appropriate the full amount allocated by LB 864, then it would require a \$500,000 increase to current FY 2014-15 Cash Fund Appropriations.</p> <p>If such an increase in appropriations were made for Aid, then the Department's estimate of additional staff cost appears reasonable. However, General Funds are not the only available source for funding. Neb Rev Stat 9-812 authorizes "administrative expenses" from the Education Innovation Cash Fund. This section does not define the term "administrative expenses," so the scope should be assumed to include the administration of any expenditure from the Fund, including Early Childhood Education Aid.</p> |     |   |                     |

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

**2014**

**LB<sup>(1)</sup> 864**

**FISCAL NOTE**

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

Nebraska Department of Education

Prepared by: <sup>(3)</sup> Melody Hobson

Date Prepared: <sup>(4)</sup> 1/20/14

Phone: <sup>(5)</sup> 402-471-0263

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|                    | <u>FY 2014-15</u>   |                | <u>FY 2015-16</u>   |                |
|--------------------|---------------------|----------------|---------------------|----------------|
|                    | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS      | 1,189               |                | 595                 |                |
| CASH FUNDS         |                     |                |                     |                |
| FEDERAL FUNDS      |                     |                |                     |                |
| OTHER FUNDS        |                     |                |                     |                |
| <b>TOTAL FUNDS</b> | <b>1,189</b>        |                | <b>595</b>          |                |

**Explanation of Estimate:**

The Nebraska Department of Education, Office of Early Childhood has based this estimate on the following assumptions:

- Grants will be a mix of new and expansion grants.
- The funding will allow approximately four (4) additional grants to be funded in year one. Expansion grants will “roll-over” into state aid which will allow an additional 2 grants to be added in the 2015-2016 year.
- Each new grant will require approximately \$100 in new materials to ensure that the grantee district or ESU will have access to resources to assist in program management.
- New grants will require at least one on-site visit by NDE staff at the beginning of the program year. After the first year, the new grants will then be added to the current group of grantee districts and ESUs for monitoring.
- Transportation costs are figured at the state owned rate of \$13.50 per day and .31 cents per mile.
- Grants are estimated to be funded in locations throughout the state, with one on the western third of the state.
- Board and lodging will be required for the visit to one grantee.
- NDE staff already tasked with providing technical assistance will absorb the additional grants into their current case load.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2014-15</u>      | <u>2015-16</u>      |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>14-15</u>               | <u>15-16</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits.....             |                            |              |                     |                     |
| Operating.....            |                            |              | 400                 | 200                 |
| Travel.....               |                            |              | 789                 | 395                 |
| Capital outlay.....       |                            |              |                     |                     |
| Aid.....                  |                            |              |                     |                     |
| Capital improvements..... |                            |              |                     |                     |
| <b>TOTAL.....</b>         |                            |              | <b>1,189</b>        | <b>595</b>          |