PREPARED BY: DATE PREPARED: PHONE: Bill Biven, Jr. April 11, 2022 402-471-0054

LB 1218

Revision: 02

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to reflect agency response

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	2-23	FY 2023-24				
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$5,192,007		\$5,087,311				
CASH FUNDS		\$250,000		\$250,000			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$5,192,007	\$250,000	\$5,087,311	\$250,000			

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

LB1218 amends & revises several sections concerning the requirement of a test showing basic skills or content knowledge & updates the fee structure for obtaining teaching certificates and endorsements, with a portion of the new fee being allocated to the Professional Practices Commission, through the Nebraska Department of Education (NDE).

Starting 8/1/22, it expands the Attracting Excellence to Teaching Program to also provide \$1,000 of loan forgiveness if a pre-service teacher intern meets the requirements as prescribed.

REVENUE:

NDE estimates an annual revenue increase of \$250,000 due to the increased fee structure. NDE also estimates that \$48,000 of that new revenue amount will be allocated to the Professional Practices Commission.

AM2213 creates the Teach in Nebraska Today Act to establish a student loan assistance & repayment program to attract individuals to the teaching profession who have expressed an interest in teaching & to support the employment of those individuals as classroom teachers.

Student loan assistance & repayments will not exceed \$5,000,000 a year. Eligible applicants may apply for repayment assistance of \$5,000 per year for up to five total years in an eight-year timeframe.

Applications for student loan repayment assistance must be submitted no later than June 10, 2023, & no later than June 10 of each year thereafter, on a form developed by NDE. NDE will approve or deny each application & will notify each applicant of such determination no later than September 10, 2023, & no later than September 10 of each year thereafter.

EXPENDITURES:

NDE estimates the need for an additional FTE to implement, monitor, & evaluate the program. For FY2022-23, the FTE's salary/benefits will be \$79,237, & operating expenses are estimated at \$5,010. For FY2023-24, the FTE's salary/benefits will increase by 3.64% to \$82,301, & operating expenses are estimated at \$5,010.

The Nebraska Department of Revenue estimates an increase in operating expenses by \$107,760 to pay the Office of the Chief Information Officer (OCIO) to accomplish the following:

- · add a line to the Schedule I
- add a line to the NebFile for Individuals
- · uploading a file from NDE
- add two new schedules

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1218 AM: 2213 AGENCY/POLT. SUB: Nebraska Department of Education

REVIEWED BY: Gary Bush DATE: 3/28/22 PHONE: (402) 471-4161

COMMENTS: Disagree with the agency that a new position would be needed. The bill states that an outside consultant would be used to manage the provisions of the amendment. There would be a cost of the outside consultant. That cost is unknown as the agency failed to identify a cost.

State Agency Estimate							
State Agency Name: Department	of Revenue			Γ	ate Due LFO:		
Approved by: Tony Fulton		Date Prepared: 4/11/2022 Phone: 471-5		hone: 471-5896			
	FY 2022-	FY 2022-2023		-2024	FY 2024-2025		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$107,760	\$ 0	\$5,000,000	\$0	\$5,000,000	\$0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$107,760	\$ 0	\$5,000,000	\$0	\$5,000,000	\$0	

Sections 1 through 8 of LB 1218 AM 2213 would create the Teach in Nebraska Today Act (Act), administered by the Nebraska Department of Education (DOE). This Act would provide student loan repayment for teachers who are performing instructional duties full-time as an employee of an approved or accredited public or private, denominational, or parochial school in Nebraska, or performing dual-credit instruction while employed full-time at an accredited public or private nonprofit university in Nebraska. Teachers are to apply to DOE for student loan repayment by June 10 of each year, beginning in 2023. DOE is to give preference to those that demonstrate financial need.

Loan repayment is limited to \$5,000 per year, per applicant, for no more than 5 years. Loan repayment assistance can be paid to either the financial institution that loaned the money or the applicant. DOE cannot approve repayment assistance paid directly to the applicant for student loans that are in default.

DOE is given rule and regulation authority.

Section 9 amends Neb. Rev. Stat. § 77-2716 to provide a subtraction from federal adjusted gross income for amounts received for student loan repayment under the Act to the extent the repayment amounts are in federal AGI.

Section 10 would amend Neb. Rev. Stat. § 79-318 to prohibit the State Board of Education from requiring a statewide test related to basic skills competency as part of the certification of teachers.

Sections 11 and 12 state intent to not require a basic skills competency test to certify teachers and define terms. AM 2751 amends definitions within section 12 of AM 2213.

Section 13 would allow the fee for a teaching certificate or permit to increase from \$45 to \$55. Sections 14 through 16 deal with requirements for those wishing a teacher's certificate who are from another state or are a military spouse. Additionally, allows for a \$1000 loan forgiveness for pre-service teaching interns at approved public, private, denominational, or parochial schools.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Benefits			• • • • • • • • • • • • • • • • • • • •				
Operating Costs.					\$107,760		
Travel							
Capital Outlay							
					\$107,760		

DOR assumes there will be an appropriation from the General Fund of \$5 million for FY 23-24 and FY24-25 for the program. LB 1218 AM 2213 AM 2751 would result in an increase in federal AGI for eligible applicants who receive funds. Under full compliance, the increase in revenues generated by the increase in AGI, from funds granted to applicants, would be offset by the deduction of AGI proposed in the bill.

LB 1218 AM 2213 AM 2751 will require a one-time programming charge of \$107,760 paid to the OCIO for the following: adding a line to the Schedule I, adding a line to NebFile for Individuals, uploading a file from DOE and adding two new schedules.

LB 1218 AM 2213 AM 2751 becomes operative 3 months after adjournment.

FISCAL NOTE LB⁽¹⁾ 1218, AM2284, AM2213 State Agency OR Political Subdivision Name: (2) Education Prepared by: (3) Lane Carr Date Prepared: (4) 1.28.22, 3.21.22 Phone: (5) 4024193012 ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION **EXPENDITURES REVENUE EXPENDITURES REVENUE GENERAL FUNDS** \$5,084,247 \$5,087,311 \$250,000 \$250,000 CASH FUNDS FEDERAL FUNDS OTHER FUNDS \$250.000 TOTAL FUNDS \$5.084.247 \$5,087,311 \$250,000

Explanation of Estimate:

There would be no fiscal impact for the changes proposed in LB1218 for changes to the basic skills requirement.

LB1218 provides a ceiling for certification fees. For additional endorsements, the fee would be increased from \$40 to \$55. Certificate fees would be raised from \$55 to \$75, and for non-public schools from \$40 to \$55. Raises contribution to Professional Practices Commission from \$13 to \$17. The commissioner has authority to set at these rates or below. If the commissioner set fees to the maximums proposed by LB1218, an additional \$250,000 is estimated in revenue. See calculations below:

- 11,000 public school certificates x \$20 = \$220,000
- 1,000 non-public school x \$15 = \$15,000
- 1,000 added endorsements x \$15 = \$15,000

Out of the \$250,000 of additional fees, \$48,000 would be allocated to the Professional Practices Commission per LB1218.

The bill also expands eligibility requirements for the Attracting Excellence to Teaching Program. This addition will incur no further costs to the NDE.

AM2284 does not increase or decrease the final costs of the Education Committee amendment, AM2213 to LB1218, which stated the following:

AM 2213 establishes the Teach in Nebraska Today Act, and creates a student loan assistance and repayment program. Implementing, monitoring, and evaluating the program outlined in AM2213 would require the NDE to employ a new FTE.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
	NUMBER OF	POSITIONS	2022-23	2023-24				
POSITION TITLE	<u>22-23</u>	<u>23-24</u>	EXPENDITURES	EXPENDITURES				
Grant Specialist	1	1	44,769	46,559				
Benefits			34,468	35,742				

Operating	5,010	5,010
Travel		
Capital outlay		
Aid	\$5,000,000	\$5,000,000
Capital improvements		
TOTAL	\$5,084,247	\$5,087,311