PREPARED BY: DATE PREPARED: PHONE: Bill Biven, Jr. January 27, 2023 402-471-0054

LB 519

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	FY 2024-25					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$792,286	See below	\$961,184				
CASH FUNDS	(\$792,286)		(\$961,184)				
FEDERAL FUNDS	\$310,000						
OTHER FUNDS							
TOTAL FUNDS	\$310,000		\$0				

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

LB519 amends several sections to eliminate certification fees for teaching certificates; creates & terminates funds; changes provisions of the Excellence in Teaching Act; & adopts the Student Teaching Assistance Act.

On October 1, 2023, the Certification Fund & the Professional Practices Commission Fund will be terminated & the State Treasurer will transfer any remaining money in those funds to the General Fund.

The loans & the loan forgiveness amounts for eligible new teachers in the Attracting Excellence to Teaching Program changes from three thousand to five thousand dollars. Loan forgiveness for teachers in high poverty schools increases from six thousand to ten thousand dollars.

A school employee retention fund is created to provide retention payments to public & private, denominational, or parochial elementary & secondary school employees in order to decrease the number of open job positions created by the COVID-19 public health emergency. The Nebraska Department of Education (NDE) will provide grants to all school districts & private, denominational, or parochial school employees for the purpose of school employee retention. The grant amounts will be proportionate to the total amount appropriated less a percentage available for private, denominational, or parochial school employees.

The Student Teaching Assistance Act is created to:

- Address the ongoing teacher shortage throughout the state by eliminating financial barriers to students enrolled in accredited teacher education programs in Nebraska
- Retain resident & non-resident graduates of accredited teaching programs as teachers within accredited school districts in Nebraska
- Establish a loan program that requires the borrower to obtain employment as a teacher in Nebraska after graduation

Eligible students for this act will:

- Agree to complete a teacher education program at an eligible institution
- Enroll in a teacher education program at an eligible institution before the start of the next academic semester following the submission of their application
- Maintain full-time student status during the student-teaching semester in which a loan under this act is requested
- Commit to teach in an approved or accredited public school in Nebraska once they've successfully completed a teacher education program

Eligible students may apply for a loan on an annual basis of no more than eight thousand five hundred dollars per year & will not exceed five consecutive years and the loans will be awarded through an eligible institution.

The estimated balances as of 10/31/23 for the Professional Practices Commission Fund is \$700,000 & the estimated balance for the Certification Fund is \$1,000,000. The balance transferred to the General Fund will be revenue in FY 23-24.

LB 519 Page 2

EXPENDITURES:

The bill states the intent to appropriate thirty-five million dollars from the General Fund for FY2023-24 to NDE for the school employee retention fund.

The bill states the intent to allocate up to thirty million dollars annually in the aggregate of the funds for the Student Teaching Assistance Act. The funding source for this has not been clarified so it is assumed to be from the General Fund.

The program funding is currently Cash Funds & are being eliminated so the funding source will need to be updated to reflect General Funds to meet NDE's expenditures for the Teacher Certification department & the Professional Practices Commission that are currently funded through Cash Funds.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	519	AM:	AGENCY/POLT. SUB: N	lebraska De	partment of Revenue	
REV	REVIEWED BY: Gary Bush DATE: 1/26/23 PHONE: (402) 471-4161					
COMMENTS: Agree with the agency on the fiscal impact of the bill.						

LB ⁽¹⁾ 519				FISCAL NOTE
State Agency OR Politica	Subdivision Name: (2)	ducation		
Prepared by: (3) Lane	Carr	Date Prepared: (4)	1.24.23 Phone: (5	4024193012
ES	TIMATE PROVIDED B	Y STATE AGENCY	OR POLITICAL SUBDIVISIO	<u>DN</u>
	FY 209	<u> 23-24</u>	FY 20:	<u> 24-25</u>
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	<u>REVENUE</u>
GENERAL FUNDS	\$65,792,286		\$65,961,184	
CASH FUNDS				
	\$310,000	-		
FEDERAL FUNDS	(ESSER)			
OTHER FUNDS				
TOTAL FUNDS	\$66,102,286	0	\$66,114,467	0

Explanation of Estimate:

LB519 has multiple parts with potential fiscal impact:

- First, the bill eliminates the Professional Practices Commission and Teacher Certification Funds. As such, the following appropriations would be required to maintain current staff or funding levels:
 - The Teacher Certification Fund supports 10 NDE staff associated with the 11,000 teacher certifications, permits, and endorsements issued annually. The NDE is currently supplementing the office with \$310,000 in statewide ESSER funds which sunset in September 2024.
 - 2023-24 \$639,003 (Salary & Operations less statewide ESSER investment of \$310,000)
 - 2024-25 \$961,184 (Salary & Operations)
 - The PPC's proposed annual budget for 2022-23 is \$153,283. This total is reflected in the Operating line below. The PPC cash balance is currently \$728,697.
- Next, LB519 adjusts AETP Program awards from \$3,000 to \$5,000 and \$5,000 to \$10,000 without allocating additional funding. This would have no fiscal impact, as there would just be fewer awards available.
- Third, the bill creates a \$35 million retention fund.
- Finally, the Student Teaching Assistance Program is created, appropriating \$30 million to the NDE for the program.
- The implementation of the retention fund and the Student Teaching Assistance Act may require additional FTE and/or the ability to contract services.

<u>BREAKD</u>	<u>OWN BY MAJO</u>	OR OBJECTS OF	EXPENDITURE	
Personal Services:				
	NUMBER OF	POSITIONS	2023-24	2024-25
POSITION TITLE	<u>23-24</u>	<u>24-25</u>	EXPENDITURES	EXPENDITURES
Program Associate IV	6	6	\$262,722	\$267,976
Education Specialist III	1	1	\$68,310	\$69,676
Education Specialist IV	1	1	\$75,899	\$77,417
Program Associate III	2	2	\$79,055	\$80,636
Benefits			\$371,164	\$379,562
Operating			\$232,506	\$226,190
Travel			\$12,630	\$13,010
Capital outlay	···			
Aid			\$65,000,000	\$65,000,000

		·
Capital improvements		
TOTAL	\$66,102,286	\$66,114,467

LB 519 Fiscal Note 2023

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFO:								
Approved by: Glen White		Date Prepared:	1/26/2023		Phone: 471-5896			
	FY 2023	3-202 <u>4</u>	FY 202	4-2025	FY 202	<u>5-2026</u>		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		Minimal		Minimal		Minimal		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		Minimal		Minimal		Minimal		

LB 519 largely impacts the Department of Education (Department). LB 519 changes provisions of the Attracting Excellence in Teaching Act. It increases the cap from \$3,000 to \$5,000 per year on loans awarded to eligible students under the Attracting Excellence in Teaching Program. The amount forgiven each year increases from \$3,000 to \$5,000. The higher forgiveness amount of \$6,000 increases to \$10,000, for borrowers teaching full time in a school district classified as very sparse in § 79-1003, in a school building that provides free meals to all students under the community eligibility provision, teaching in a school building in which at least 40% of the formula students are poverty students under § 79-1003, or teaching in an accredited or approved private school in Nebraska in which at least 40% of the enrolled students qualified for free lunches.

The loan amount forgiven under LB 519 will count toward federal adjusted gross income which will increase Nebraska taxable income and result in higher income tax collection, however, it is estimated that the increase will be minimal.

It is estimated that there will be no costs to the Department of Revenue to implement this bill.

The operative date for this bill is October 1, 2023.

Major Objects of Expenditure							
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 Expenditures	24-25 Expenditures	25-26 Expenditures
Benefits							
Operating Costs	Operating Costs						
Travel							
Capital Improvements							