

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2010-11</b>		<b>FY 2011-12</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 1069 pertains to educational technology and educational service units (ESU's). The bill changes duties and requirements related to educational technology for the Chief Information Officer (CIO), ESU's and the Nebraska Information Technology Commission (NITC). The bill also amends the formula used to allocate state aid to ESU's. LB 1069 clarifies that the ESU Coordinating Council is a political subdivision and enumerates the duties and responsibilities of the council.

**Changes for CIO and NITC:** Sections 1-3 and 9-12 pertain to duties and requirements related to educational technology for the Chief Information Officer, educational service units (ESU's) and the NITC.

**ESU Technology Equipment:** The bill eliminates the requirement for the CIO to bid for telecomputing and distance education equipment and software for ESU's. The elimination of this requirement is not anticipated to have a fiscal impact for the CIO.

The bill also changes language regarding the educational technology equipment of ESU's that must meet the standards of the NITC. Currently, the leasing or purchasing of all telecomputing or distance education equipment and software for ESU's must meet minimum standards set by the NITC. The bill requires that any "technology infrastructure hardware component" costing in excess of \$10,000 that is purchased or leased with state or local tax receipts by an ESU must meet technical standards set by the NITC. The technical panel of the NITC is also required to review the hardware for compliance. The CIO indicates that this provision may have an impact on the workload of the CIO and the technical panel depending upon how technology infrastructure hardware is defined. The fiscal impact will depend upon the amount of technology equipment which must be reviewed.

**Education-Related Political Subdivision Technology Equipment:** Section 11 requires the technical panel of the NITC to review proposed technology infrastructure hardware component purchases for compliance with NITC technical standards upon request by any education-related political subdivision. It is unknown how many political subdivisions, such as schools and community colleges, will ask the technical panel for reviews. It is assumed there will not be a significant number of requests for review, so the workload of the panel will only minimally increase.

**Network Nebraska:** The bill provides that participation in Network Nebraska shall not be required for any educational entities except the University of Nebraska. This provision has no fiscal impact because educational entities are not currently required to belong to Network Nebraska.

Section 12 provides that the CIO may not include travel or conference expenses in establishing a rate to charge participants in Network Nebraska. If the change refers to travel by the technical staff in support of the network, then current technical assistance provided by staff would have to be contracted, which would increase the cost to participants in the network.

**Aid to ESU's:** Section 4 changes the calculation of state aid to ESU's for fiscal years 2010-11 through 2013-14. Current law provides for an ESU to receive not less than 95% of the total aid the ESU received in the prior fiscal year. The bill changes the calculation of the hold-harmless to provide that an ESU shall have needs minus the distance education and telecommunications allowance equal to not less than 95% of needs less the allowance in the preceding year.

The changes in the calculation of the hold-harmless in the formula will not increase or decrease the total amount of state aid distributed to ESU's and the learning community. The formula changes will alter the amount of aid allocated to individual ESU's and the learning community.

The distance education and telecommunications allowance is being excluded from the calculation of the hold-harmless due to federal e-rate funds not being consistently received on an annual basis which results in a fluctuation of the amount of the allowance. The change is made so that an ESU or learning community may not benefit from the hold-harmless if federal funds are receipted in a subsequent fiscal year. The change from basing the hold-harmless calculation on the total amount of aid received in the prior year to basing it on the total amount of formula needs in the prior year eliminates hold-harmless funding caused by changes in resources. Any fiscal impact for individual ESU's in terms of future state aid is unknown.

**ESU Coordinating Council:** Sections 5 – 8 provide that the ESU Coordinating Council is a political subdivision without taxing authority. The Coordinating Council is allowed to act as a fiscal agent for statewide initiatives being implemented by employees of ESU's. The council is permitted to contract with ESU's for the employment of the director of the council or the distance education director. The council is also required to have approval of the technical panel of the NITC for the purchase of a technology infrastructure hardware component in excess of \$10,000.

The changes for the ESU Coordinating Council will not have a fiscal impact in terms of the amount of state aid provided to the council. The bill appears to clarify the duties and responsibilities of the council and aligns with how the council is currently operating. It is assumed the bill will not alter how the council is currently expending its funds.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
NEBRASKA DEPARTMENT OF EDUCATION: Concur.					