

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 566 changes current law regarding the allocation of the Education Innovation Fund beginning in FY2016-17. The fund is derived from lottery proceeds. Current law provides for the Legislature to determine how the fund will be allocated for education purposes beginning in FY2016-17. The bill provides for the fund to be allocated to school districts as grants pursuant to the Education Technology Infrastructure Grant Program which is established in the bill.

The Education Technology Infrastructure Grant Program is to be administered by the State Department of Education (NDE). Schools may apply to the department for base funds and matching funds to be spent on approved education technology infrastructure plans. A school is eligible to receive one-tenth of 1% of the funds available as a base funds plus a pro rata share of the remainder of such funds. Each school shall receive matching funds up to 10% of the pro rata share of eligible costs submitted in the grant application. Schools receiving a grant must show that funds from other sources used for the infrastructure plan will be greater than or equal to 50% of the matching funds received. Schools are required to report the usage of the funds and total cost of the infrastructure program each year.

NDE Expenditures: NDE projects the need for an additional FTE in FY2015-16 to administer the new technology infrastructure grant program at an estimated cost of \$103,885 of cash funds. There will also be some minimal costs for rule development which can be handled with this appropriation.

Education Technology Infrastructure Grant Program: Lottery proceeds to the Education Innovation Fund are estimated to be about \$8.1 million of cash funds in FY2016-17. This does not include any unexpended funds which may be carried over from the prior fiscal year. The funds will be used for the grant program established in the bill. The amount actually allocated each fiscal year for the program will depend upon the number of schools submitting grants and the costs of their technology programs.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 566	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Matthew Eash		DATE: 3/14/2013	PHONE: 402-471-4175
<p>COMMENTS: Beginning in FY 2016-17, there may be only nominal change in the level of expenditures from the Education Innovation Cash Fund estimated for FY 2015-16, depending on the total of grant awards issued though the new Education Technology Infrastructure Grant Program.</p> <p>LB 566 reserves the entire Cash Fund balance for the new grant program to be administered by the Department, but it does not specifically authorize the Department to charge the Fund for its estimated grants management costs. However, LB 566 keeps the current law verbiage, "after administrative expenses," which could be interpreted to mean expenses related to grants management, and not merely administration of the Cash Fund itself. Otherwise, the Department's administrative costs for implementing a grant program would require a different fund source, presumably General Funds. The Department's estimate for 1.0 FTE, beginning in FY 2015-16, is reasonable, but the estimated cost for this FTE seems excessive for a grants manager. Technical expertise needed to develop rules/standards and evaluate the effectiveness of grantee initiatives could be provided by existing staff.</p>			

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

2013

LB<sup>(1)</sup> 566 FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Education

Prepared by: <sup>(3)</sup> Brent Gaswick Date Prepared: <sup>(4)</sup> 1/31/2013 Phone: <sup>(5)</sup> 471-3503

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Please See Attached explanation of estimate

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

## LB 566 – Narrative of Fiscal Cost

LB 566 if implemented will not impact the Department of Education until 2015-16 fiscal year at the earliest. However, the following financial impact information was compiled to demonstrate the financial impact to the department using current financial figures. It is estimated that with the implementation of LB566 as it currently stands for the 2015-16 fiscal year NDE would need to hire one FTE staff member. This staff member would be responsible for coordinating the Grant program LB566 creates. An additional financial impact to the department would be the need to write a Rule that regulates how the Grant funds in LB566 are applied for and distributed to the eligible school districts. The cost impact estimates to NDE are:

\$103,884.80 for 1.0 FTE staff member

\$7500 for Rule development and implementation (includes some meetings with an advisory group)