

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|--------------------|---------|--------------------|---------|
| | FY 2014-15 | | FY 2015-16 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | \$4,665,000 | | \$117,000 | |
| CASH FUNDS | | | \$3,400,000 | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | \$4,665,000 | | \$3,517,000 | |

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

LB 984 changes provisions relating to the allocation of the Education Innovation Fund (lottery funds) and provides funds for early childhood education grants.

Education Innovation Fund: Current law provides for the remainder of the Education Innovation Fund to be available for distance education incentives in FY2015-16. The bill caps the amount available for this purpose at \$2.5 million. The bill also changes current law to provide for \$3 million of the fund to be retained for transfer to the Nebraska Education Improvement Fund on June 30, 2016. Current law requires the entire balance of the fund to be transferred to the Nebraska Education Improvement Fund on such date. In addition, LB 984 allocates the balance of the Education Innovation Fund, after the existing statutory obligations are paid and \$3 million is retained for the Nebraska Education Improvement Fund, to be allocated for early childhood education grants in FY2015-16.

Based upon current projections, a \$2.5 million cap on distance education incentives will provide sufficient funds for all of the projected claims for distance education incentives in FY2015-16. A conservative analysis of the projected revenues and expenditures of the Education Innovation Fund shows that approximately \$3.4 million of increased cash funds will be available in FY2015-16 for early childhood grants, after required allocations are made from the fund and \$3 million is retained for transfer to the Nebraska Education Improvement Fund.

Early Childhood Grants: The bill also provides intent language to appropriate \$4.6 million of general funds for early childhood education grants to expand access to high-quality early childhood education programs for children for the school year prior to the school year for which the child is eligible to attend kindergarten. The bill provides for the unobligated general fund balance to be reappropriated for FY16 and FY17 for these grants.

Early Childhood Education Program Staff: The State Department of Education (NDE) indicates the need for an additional .5 FTE Education Specialist II to monitor and visit approximately 30 new preschool classrooms which will be funded by the general funds provided in the bill in FY15. The staff will also help with assessments, technical assistance and training for new grantees. This fiscal note assumes a full-time Education Specialist will be needed to monitor new programs if an additional \$3.4 million of cash funds is also provided for early childhood education programs in FY16. The estimated cost for an additional .5 FTE at NDE in FY15 is \$65,000 and for an additional 1.0 FTE in FY16 is \$117,000. It is assumed the new position will be funded with general funds.

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | | |
|---|-----|---|---------------------|
| LB: 984 | AM: | AGENCY/POLT. SUB: Department of Education | |
| REVIEWED BY: Matthew Eash | | DATE: 2/3/2014 | PHONE: 402-471-4175 |
| COMMENTS: LB 984 includes intent language recommending that \$4,600,000 should be appropriated in FY 2014-15 for Pre-K (Age4) Early Childhood grants, but it does not identify a Fund source. The Department's fiscal note assumes General Funds would be used. Cash Funds are also a potential source. Regardless of Fund source, if the Legislature were to accommodate the intent language and appropriate this amount, then the Department's estimate of associated administrative costs would be reasonable. | | | |

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

2014

LB⁽¹⁾ 984

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Education

Prepared by: ⁽³⁾ Melody Hobson

Date Prepared: ⁽⁴⁾ 1/28/14

Phone: ⁽⁵⁾ 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 | 4,524,247 | | 75,753 | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

Explanation of Estimate:

4,600,000 will support funding 30 additional preschool classrooms with start-up costs to adequately equip the new classroom spaces. This amount will fund NDE staff to visit the new grantee programs to ensure the new grant programs meet grant requirements and understand regulations. Nebraska Department of Education staff will also monitor the new grants through phone calls, desk audits, and visits. Program assessments must be done to ensure the classrooms are meeting an objective set of quality standards. Funding will also be needed to contract for child assessment training for classroom staff in the new grant programs so that the teaching staff can appropriately monitor student progress. Approximately 560 additional children will be able to attend high quality full-school-day preschool with these funds.

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> |
| Education Specialist II | .5 | .5 | 25,050 | 25,613 |
| Benefits..... | | | 15,521 | 16,751 |
| Operating..... | | | 34,449 | 31,199 |
| Travel..... | | | 4,080 | 2,190 |
| Capital outlay..... | | | 0 | 0 |
| Aid..... | | | 4,445,147 | |
| Capital improvements..... | | | | |
| TOTAL..... | | | 4,524,247 | 75,753 |

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

2014

LB⁽¹⁾ 984

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/12/2014

Phone: ⁽⁵⁾ 402.434.5660,
ext 225

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 | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

No direct fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2014-15 EXPENDITURES</u> | <u>2015-16 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>14-15</u> | <u>15-16</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |