PREPARED BY: DATE PREPARED: PHONE: Sandy Sostad January 25, 2017 471-0054

**LB 214** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$500,000)		(\$500,000)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$500,000)		(\$500,000)	

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

LB 214 terminates the Master Teacher Program on July 1, 2017. The Legislature appropriated \$500,000 of general funds for the program in FY2015-16 and \$500,000 in FY2016-17. The majority (\$470,000) of the funds are allocated for aid. Aid is distributed to pay registration awards for teachers who opt to obtain the designation and a salary bonus for teachers who have the credential. The remaining \$30,000 of the general fund appropriation is provided to the State Department of Education (NDE) to administer the program.

Registration Awards and Salary Bonuses: Individuals seeking certification may apply to NDE to receive a registration award in the amount of 50% of the fees. When an individual completes the program and receives a master teacher designation, they may apply for the other half of the registration fees. Fees are currently \$1,975. The law provides for the appropriation to initially be used for registration awards. After the registration fees are reimbursed, the remainder of the appropriated funds are to be used for a \$5,000 salary bonus for teachers who have the credential. If funds are not sufficient, then salary bonuses are to be prorated.

<u>Termination of the Program</u>: The termination of the program will decrease annual general fund expenditures by \$500,000. The Governor's deficit bill (LB 22) eliminates \$470,000 of aid funding for the program in the current year, FY2016-17. NDE indicates that as of January 25<sup>th</sup>, there are \$125,025 of general funds that were appropriated for the program in FY2015-16 which have been reappropriated and can be used to fund registration awards and salary bonuses in the current FY17 fiscal year. It is estimated that \$10,900 of these funds will be used for registration awards in FY17 and \$114,125 will be prorated for salary bonuses. There are currently 65 master teachers in the state who have applied for a salary bonus. Using these assumptions, the eligible teachers will each receive a prorated salary bonus of about \$1,756 in FY17.

This fiscal note assumes there be no further payouts of registration awards after the FY2016-17 fiscal year because the program is terminated. NDE indicates there are eleven individuals currently in the process of certification who would be eligible to receive the second half of the registration award, or \$15,838, upon completion of the program in FY2017-18. However, it is assumed this payment will not occur because the program is terminated. Likewise, it is assumed that no additional individuals will be allowed to apply for registration awards in the current fiscal year because it appears the funding will be terminated.

ADMINSTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES				
LB: 214	AM:	AGENCY/POLT. SUB: Department of Education		
REVIEWED BY: James Van Bruggen		gen DATE: 1/19/17	PHONE: (402) 471-4179	
COMMENTS: Agree with the Department of Education's estimated costs, however, the number of applicants in 2017 should be known since the application period ended on January 15 <sup>th</sup> .				

LB <sup>(1)</sup> 214				FISCAL NOTE	
State Agency OR Political Subdivision Name: (2)		Nebraska Department of Education			
Prepared by: (3)	Sharon Katt	Date Prepared: (4)	1.15.17 Phone: (5)	402.471.2405	
	ESTIMATE PROVIDED	BY STATE AGENO	CY OR POLITICAL SUBDIVISI	ON	
	FY 201	7-18	FY 2018	8-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNI	OS 25,712.50		9,875.00		
CASH FUNDS					
FEDERAL FUNI	OS				
OTHER FUNDS					
TOTAL FUNDS	25,712.50	0	9,875.00	0	

## **Explanation of Estimate:**

LB 214 indicates that teachers who apply prior to the 2017-18 school year will be eligible for a registration award to pay for application and registration fees associated with obtaining the credentials. The number of individuals who may still submit an application for registration fee reimbursement prior to July 1, 2017 is an unknown. In addition to this unknown number, there are 11 individuals in the NDE system (registered in the previous fiscal year or earlier in this fiscal year) and who are already in various stages of qualifying for reimbursement. Costs to complete obligations for the 11 currently in the system is expected to be \$15,837.50 in 2017-18. If additional individuals are allowed to submit for registration fee reimbursement prior to July 1, 2017, we would estimate an additional 10 individuals (10 x 987.50=\$9,875.00) in 17-18 and an additional \$9,875.00 in 18-19 to pay for the  $2^{\rm nd}$  half of the registration fee).

Operating costs have been minimal in 2015-16 and 2016-17; therefore, no additional funds are requested because we believe we can absorb this in regular operating funds.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF <u>17-18</u>	POSITIONS 18-19	2017-18 EXPENDITURES	2018-19 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid			25,712.50	9,875.00

Capital improvements		
TOTAL	25,712.50	9,875.00

Rev. 01/04/2017