

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	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 851 amends the Superintendent Pay Transparency Act which applies to contracts with superintendents of school districts and administrators of educational service units (ESU's). The bill provides that beginning in FY2018-19, school districts and ESU's may not enter into contracts with school superintendents or ESU administrators for compensation for any contract year which is in excess of five times the compensation for a beginning teacher in such school district or ESU in the same contract year. The bill defines compensation to include salary and benefits.

Any compensation received by a superintendent or administrator in violation of the limitations shall be forfeited and returned and a notice regarding the excess compensation shall be filed with the Commissioner of Education within 30 days.

Data is available on the State Department of Education (NDE) website through the Superintendent Pay Transparency Act related to contractual salaries for school superintendents and ESU administrators. Some districts and ESU's also provide information on the benefit package for these individuals. However, NDE does not have specific information by school district or ESU on beginning teacher salaries and benefits for each district and ESU. Some of this information is available on the Nebraska State Education Association website. But, comprehensive data on benefits provided to school and ESU employees is not available at the state level to analyze the fiscal impact of the bill for individual school districts and ESU's.

It is probable the bill will have a fiscal impact for some school districts and ESU's in terms of the amount of compensation and benefits provided to superintendents and administrators. The fiscal impact for each entity will depend upon compensation and benefit packages offered to superintendents, administrators and beginning teachers.

ESU's: The ESU Coordinating Council looked at the impact of the bill on ESU's 2, 3 and 7 based upon FY2017-18 salaries and benefits. The fiscal note indicates the bill would currently have no fiscal impact for the three ESU's because the salary and benefit package of the administrator is not five times greater than that of a new teacher with a specialized endorsement in these ESU's.

School Districts: Omaha, Elkhorn, Lincoln and Grand Island Public Schools were contacted in order to provide examples of the fiscal impact of the bill. School district staff in Omaha, Lincoln and Grand Island indicated the differential between the superintendent salary/benefit package and the beginning teacher salary/benefit package was greater than five times, so, the bill would have had a fiscal impact for the districts if it had been effect this fiscal year. Elkhorn Public Schools indicates the compensation currently provided to the superintendent and beginning teachers would comply with the requirements of the bill.

NDE: The bill will increase the workload of NDE to keep track of violations that are reported to the department. It is assumed that any increased workload can be handled with existing staff and resources.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 851	AM:	AGENCY/POLT. SUB: Department of Education		
REVIEWED BY: Gary Bush	DATE:	01/17/18	PHONE:	(402) 471-4161
COMMENTS: Concur.				

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

2018

LB⁽¹⁾ 851

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/11/18 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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:

LB 851 limits Superintendent compensation to five times the amount of compensation a beginning teacher would receive in the district or ESU.

No material fiscal impact to the State or Dept. of Education.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

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

2018

LB⁽¹⁾ 851

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ ESU Coordinating Council

Prepared by: ⁽³⁾ David Ludwig Date Prepared: ⁽⁴⁾ January 16, 2018 Phone: ⁽⁵⁾ 402-597-4915

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

Within the ESU's providing a Special Needs Contracted Program for member school districts, teachers with a specialized endorsement are employed. For example, the 2017-2018 new teacher salary/benefits package within ESU 3 equals \$60,604. This total compensation, when multiplied by 5, equals \$303,020, which would be the total allowable amount for the ESU Administrator. The current total compensation for the ESU Administrator is \$260,424. As the administrator and teacher's salaries increase each year, the gap would remain about the same between the two totals. The initial cost for implementing LB 851 will be \$0, with the exception of the time it takes for the administrator and business official to make all the calculations and submit the proper reports.

Example 2: The total compensation for a teacher with a specialized endorsement within ESU 7 equals \$59,132. When multiplied by 5, the total allowable compensation for the ESU Administrator is \$295,660. The current total compensation for the ESU Administrator is \$205,899.

Example 3: The total compensation for a teacher with a specialized endorsement within ESU 2 equals \$55,800. When multiplied by 5, the total allowable compensation for the ESU Administrator is \$279,000. The current costs for the ESU Administrator is \$216.068

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____