

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below	See Below	See Below

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

LB1168 changes the distribution percent's of how the lottery funds are distributed for education purposes.

Current Statute §9-812.4(a-f) - Distribution of 44.5% of lottery funds FY2016-17 through 2020-21:

- 62% - Nebraska Opportunity Grant Fund
- 17% - Department of Education Innovative Grant Fund
- 9% - Community College Gap Assistance Program Fund
- 8% - Excellence in Teaching Cash Fund
- 3% - Distance Education Incentives through Nebraska Education Improvement Fund §79-1337(1)
- 1% - Expanded Learning Opportunity Grant Fund

LB 1168...Distribution of the 44.5% of lottery funds that are meant for Education:

FY2020-21:

- 100% - Nebraska Education Improvement Fund

FY2021-22 through FY2025-26:

- 93% - Transferred as Legislature may direct
- 7% - Career-Readiness & Dual Credit Education Fund
 - First \$282,500 – State Department of Education Cash Fund
 - Remaining Balance:
 - 40% - Access College Early Scholarship Cash Fund
 - 45% - Career-Readiness & Dual Credit Education Cash Fund
 - 15% - College Credit Testing Fee Cash Fund

FY2026-27 – Each Fiscal Year Thereafter

- Transferred as Legislature may direct

EXPENDITURES:

For FY2021-22, the Nebraska Department of Education estimates that these changes will require them to add 0.5 FTE to handle the changes made to the College Fee Program, this will create operating expenses of \$357,282 and aid expenses of \$1,077,723 for a total cost of \$1,435,005.

For FY2021-22, the Coordinating Commission for Postsecondary Education estimates that these changes will require them to add 1.0 FTE to administer the Career Readiness and Dual Credit Education Task Force and Grant Program, this will create operating expenses of \$85,450 and aid expenses of \$890,000 for a total cost of \$975,450.

The net effect would increase operating expenses by \$442,732 and then would reduce the amount available for aid by that same \$442,732.

TECHNICAL NOTE:

The Nebraska Department of Education has been notified that there is no clarification in the bill whether or not these Cash Funds can be used for operating costs. The Department's position is to stay consistent with how they have used lottery funds in the past.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1168 (Final)	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	01/30/20 PHONE: (402) 471-4161
<p>COMMENTS: No basis to disagree with the estimate provided given the assumptions used by the agency for how much 7% from lottery funds would provide. The agency used an estimate of lottery funds from FY 2019. Disagree with the total aid amount estimated to be provided by the bill. The agency identified administrative costs related to the College Credit Testing Fee Reduction program as using cash funds. The provisions of the bill do not provide for the use of cash funds for administrative costs so \$74,282 would need to be appropriated from General Funds. Estimated funding available for the College Credit Testing Fee Reduction program would be \$172,876. The cost indicated by the agency to run this program would be 44% of the amount of aid being provided. The total aid for the Department of Education and the Coordinating Commission for Postsecondary Education is estimated to be \$1,152,505.</p>			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1168	AM:	AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Education
REVIEWED BY:	Gary Bush	DATE:	1/29/2020 PHONE: (402) 471-4161
<p>COMMENTS: No basis to disagree with the estimate provided. The agency identified administrative costs related to the Career Readiness and Dual Credit Education program as using cash funds. The provisions of the bill do not provide for the use of cash funds for administrative costs so \$85,450 would need to be appropriated from General Funds.</p>			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1168	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY:	Gary Bush	DATE:	01/30/20 PHONE: (402) 471-4161
<p>COMMENTS: No basis to disagree with estimate provided.</p>			

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

2020

LB⁽¹⁾ 1168 REVISED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Dean Folkers/Cory Epler Date Prepared: ⁽⁴⁾ 1/24/2020 Phone: ⁽⁵⁾ 402.471.4740

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	\$1,435,005	\$1,435,005
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	\$1,435,005	\$1,435,005

Explanation of Estimate:

The estimated Lottery Cash Funds for LB1168 are estimated at \$1,435,005.

To carry out the efforts of the College Fee Program it estimated a .5 FTE staff person to assist. (Salary 32,489/ Benefits 19,317 / Operations 7,919 / Travel 2,557); Office/Computer 12,500.

While NDE recognizes there is not currently authorization within the legislative bill to use the Cash funds for this purpose, consistent with the entire history of the Lottery funds, staff resources and administrative costs have used the Cash funds as the source to ensure no additional costs to general fund.

Payment for the Nebraska Career Connections (282,500) are included as an annual operating expenditure.

The remaining resources are identified as aid (students, teachers, schools) \$1,077,723. The aid total reflects all of the funds and programs within this legislative bill, including those operated by NDE and the Coordinating Commission for Postsecondary Education.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Associate IV (College Fees)	_____	.5	_____	32,489
Benefits.....	_____	_____	_____	\$19,317
Operating.....	_____	_____	_____	\$302,919
Travel.....	_____	_____	_____	\$2,557
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	\$1,077,723
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	\$1,435,005

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

2020

LB⁽¹⁾ 1168

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 1/24/20 Phone: ⁽⁵⁾ 402-471-0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	975,450	975,450
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	975,450	975,450

Explanation of Estimate:

LB 1168 redistributes the percentage transferred from lottery proceeds for education purposes and does not provide any new overall funding for education purposes. Any new or increased transfers to one fund will be offset by reduced transfers from another fund.

Beginning in fiscal year 2021-22, LB 1168, provides seven percent of lottery proceeds for education purposes for career-readiness and dual-credit education. Of this seven percent and after the first \$282,500, 45% or ≈ \$520,000 is transferred to the Career-Readiness and Dual-Credit Education Cash Fund.

The purpose of the Career Readiness and Dual Credit Education Task Force and Grant Program Act is: 1) to create and establish teacher education pathways enabling the instruction of dual credit courses and career and technical education courses 2) to correlate and prioritize teacher education pathways with Nebraska work force demand and data, 3) to establish a grant or scholarship program for teachers enrolled in educational pathways leading to qualification to teach dual credit courses and career and technical education courses, and 4) to establish a directory of available teacher education pathways in Nebraska identified by sequence and location.

A Program Director would be needed to administer this program with estimated administrative and aid costs of: Salary \$55,000, Benefits \$22,200, Postage \$1,250, CIO Charges \$3,000, Rule and Reg. costs \$1,000, Rent \$3,000, Aid \$429,000.

Also beginning in fiscal year 2021-22, LB 1168 provides approximately \$461,000 in new funding for the ACE program, providing financial aid to low income students to take an additional 1,900 dual credit courses. Cash fund spending authority for aid payments in the amount of \$461,000 would need established. The commission believes the current level of administrative appropriations would be sufficient to handle the increase in student applications and awarding of additional financial aid dollars. Any necessary adjustments to spending authority for the ACE program would be addressed in the 2021-23 CCPE budget request.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Director		1.0		55,000
Benefits.....				22,200
Operating.....				8,250
Travel.....				
Capital outlay.....				
Aid.....				890,000
Capital improvements.....				
TOTAL.....				975,450

