PREPARED BY: DATE PREPARED: PHONE: Bill Biven, Jr. January 14, 2022 402-471-0054

**LB 696** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	22-23	FY 2023-24				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		See Below					
CASH FUNDS							
FEDERAL FUNDS	See Below						
OTHER FUNDS							
TOTAL FUNDS	See Below	See Below					

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

LB696 creates a program though the Nebraska Department of Education (NDE) for FY2022-23, to provide grants using Federal Funds allocated from the Federal Coronavirus State Fiscal Recovery Fund, for the purpose of retention payments to public elementary & secondary school employees excluding school administrators, in order to decrease the number of job openings due to the COVID-19 public health emergency.

## **EXPENDITURES:**

The Federal Funds being appropriated for these grants has yet to be determined.

Taxable income will increase due to the increase in the employee's salary. A school district's state aid could be affected by these payments due to employee salaries being a factor in the Nebraska Tax Equity & Educational Opportunities Support Act (TEEOSA) formula. Amounts for these issues cannot be determined as this time.

NDE estimates the need to add an additional FTE to develop, implement & oversee the program. The new FTE creates operating expenses of \$84,247.

The Nebraska Department of Revenue estimates minimal costs to meet the provisions of this bill & those costs can be absorbed by the agency.

	ADMINISTR <i>A</i>	TIVE SERVICE	S STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
LB:	696	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REV	IEWED BY:	Gary Bush	DATE: 1/14/22 PHONE: (402) 471-4161

COMMENTS: Agree with the agency that a position would be required to setup and administer a one-year program in FY 2022-23. The bill does not define how much will be provided from ARPA funds. The language in the bill does not make a valid appropriation and could not be implemented as written.

The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation.

## ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 696 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue

REVIEWED BY: Gary Bush DATE: 2/24/22 PHONE: (402) 471-4161

COMMENTS: Agree with the agency on the estimate of fiscal impact.

The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation.

**Technical Note:** The language in section 1(2) of the bill does not provide the level of detail necessary to enact the appropriations intended

LB <sup>(1)</sup> 696		FISCAL NOTE
State Agency OR Political Subdivis	ion Name: (2) Education	
Prepared by: (3) Lane Carr	Date Prepared: (4) 1.6.22 Pho	one: (5) 4024193012
ESTIMATE	PROVIDED BY STATE AGENCY OR POLITICAL SUBDI	
EXPE	$rac{ ext{FY 2022-23}}{ ext{ENDITURES}}  ext{REVENUE}  ext{EXPENDITURES}$	Y 2023-24 S <u>REVENUE</u>
GENERAL FUNDS		
CASH FUNDS		
FEDERAL FUNDS	84,247	
OTHER FUNDS		
TOTAL FUNDS	84,247	
<b>Explanation of Estimate:</b>		

The bill would create a new retention payment program for public school employees to be implemented and run by the Nebraska Department of Education using federal pandemic funds. Since the payments would be provided to all public school employees, this would require significant staff time from the Nebraska Department of Education. As such, one FTE along with salary authority would be needed to develop and implement the program.

LB690 does not specify the total amount of funds to be appropriated for the one-year program.

BREAKDO	OWN BY MAJ	OR OBJECTS OF	EXPENDITURE	<del></del>
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS  22-23  23-24		2022-23 EXPENDITURES	2023-24 EXPENDITURES
Grant Specialist	1		44,769	
Benefits			34,468	
Operating			5010	
Travel				
Capital outlay				
Aid			??	
Capital improvements				
TOTAL			84,247	

LB 696 Fiscal Note 2022

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFO:		
Approved by: Tony Fulton	Approved by: Tony Fulton Date Prepared:		2/23/2022	Phone: 471-5896			
	FY 2022-2023		FY 2023-2024		FY 2024-2025		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		See Below		See Below		See Below	
Cash Funds							
Federal Funds							
Other Funds	See Below						
Total Funds		See Below		See Below		See Below	
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LB 696 will provide grants to school districts to make payments to public elementary and secondary school employees. The school district will divide the grant evenly among all eligible school employees at the time of receiving the grant. The Department of Education (DOE) will administer the grant program in compliance with the federal American Rescue Plan Act of 2021 (ARPA).

LB 696 does not yet contain the amount to be appropriated to DOE from the federal funds allocated to Nebraska from the Coronavirus State Fiscal Recovery Fund under the ARPA. However, the school district grant amounts will be proportionate to the total appropriation of federal funds. Each school district's share will be based on the percentage of the Nebraska population residing in the school district according to the most recent federal decennial census of the most recent revised certified count by the U.S. Bureau of the Census.

Given that there is no appropriated amount defined in the bill, the fiscal impact is undeterminable. However, once the appropriation has been determined, given the full distribution of the grant, taxable income will increase by the amount of the grant which will have an undeterminable positive impact to the General Fund revenues.

LB 696 becomes operative 3 months after adjournment.

DOR estimates minimal costs for implementation.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Capital Outlay							
Capital Improvemen	Capital Improvements.						
T-4-1							