

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB939 creates the My Student, My Choice Act, the Follow the Student Fund, & the Private School Expenditure Board.

The State of Nebraska will provide for the education of students attending kindergarten through twelfth grade who are legal residents of this state & are enrolled in a public or private school in the state.

Participation in the My Student, My Choice Act is voluntary for students enrolled in private schools. Participation in the My Student, My Choice act is mandatory for students enrolled in public schools.

The Follow the Student Fund will be administered by the State Treasurer, except that the State Treasurer will have the authority & the option to hire a third-party manager or agency to run any programs associated with administering the fund.

Any money from an enrolled student's account can only be used to pay for tuition, school fees, textbooks, a tutor, a proctor, a private teacher, curriculum, an online learning program, a national norm-referenced examination, an advanced placement examination, an examination required for college admission, educational services for students with disabilities, tuition for courses offered for high school credit through colleges or universities, tuition for courses offered for credit at an accredited college or university, educational computer software, educational software subscriptions, a personal computer or tablet, a calculator, a school uniform, or other supplemental education or teaching resources.

The money in a student account is nontransferable & will be used exclusively to pay for the educational expenses of the enrolled student to whom the account belongs. The State Treasurer, upon request by the parent or legal guardian or an enrolled student or an enrolled student who is nineteen years of age or older or an emancipated minor, will issue a smart card for withdrawing funds from the student's account. The smart card will be restricted to use at preapproved educational vendors.

The Private School Expenditure Board will consist of:

- One person representing a private Catholic or parochial school
- One person representing a private Protestant Christian or nondenominational school
- One person representing a private secular or a private nonsectarian school
- One person representing a school with fifty or fewer enrolled students
- One person associated with a school with ten or fewer enrolled students
- The Commissioner of Education or the commissioner's designee will serve as an ex officio, nonvoting member

REVENUE:

The bill requires a transfer of money from the General Fund to the Follow the Student Fund in a manner sufficient to cover the adjusted average per pupil cost plus two percent for the projected number of enrolled public school students statewide plus fifty percent of the adjusted average per pupil cost for the projected number of enrolled private school students statewide. This amount, estimated by the Department of Education using FY21-22 costs, is in excess of \$5 billion.

EXPENDITURES:

The members of the board will receive remuneration for serving on the board in the amount of \$10,000 per year.

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The State Treasurer estimates the need to add one FTE. For FY2024-25, the FTE will have a salary/benefits expense of \$112,000. For FY2025-26, the FTE will have a salary/benefits expense of \$115,360. The State Treasurer also notes that there could be additional costs of administration, including costs of the prepaid cards and contractual costs.

The Nebraska Department of Education (NDE) estimates the need for \$20,000 to develop the data systems required by LB939.

There could be changes within the Tax Equity & Educational Opportunities Support Act (TEEOSA) but those changes cannot be determined at this time.

Public school districts will have the authority to levy a tax on real property sufficient to cover the special education needs of the school district. Districts will not use revenue generated from taxes on real property for any purposes other than for their special education needs.

If a school district intends to increase the tax levy by more than two percent under the My Student, My Choice Act, the school district will hold a public hearing with members of the public invited to testify & the hearing will take place no later than thirty days prior to the approval of the school district's budget. The hearing will not take place prior to the seventh hour of the day & the hearing will start no later than the nineteenth hour of the day. No hearing will ever extend into the following day, except by unanimous consent of the elected members of the school board.

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

2024

LB⁽¹⁾ 939

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/31/24 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$20,000</u>	<u>(\$5,386,000,000)</u>	<u> </u>	<u> </u>
CASH FUNDS	<u> </u>	<u>\$5,386,000,000</u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>\$20,000</u>	<u> </u>	<u> </u>	<u> </u>

Explanation of Estimate:

This bill requires the NDE to certify to the Governor, Chair of the Appropriation Committee and State Treasurer per pupil cost and the total number of students enrolled by May 15th of each year for the preceding year. NDE would need to collect student projections from public and private schools for the following school year.

The Follow the Student Fund would be created and would be funded with 100% of the adjusted average per pupil cost increased by 2% multiplied by the total number of students enrolled in public schools the preceding year. The State Treasurer would then transfer 50% of the adjusted average per pupil cost multiplied by the projected number of enrolled students in private schools from the General fund to the Follow the Student fund.

The State Treasurer would then create student accounts for each student enrolled in the State of Nebraska. The State Treasurer would deposit the following into the students accounts each year:

- 100% of the adjusted average per pupil cost plus 2% for each full-time public-school student.
- 50% of the adjusted average per pupil cost plus 2% for each part-time public-school student.
- 50% of the adjusted average per pupil cost for each full-time private school student.
- 25% of the adjusted average per pupil cost for each part time private school student.

Parents would be required to apply for accounts by July 1st for the fall semester and December 1st for the spring semester. Smart cards will be issued for each account which can only be used at NDE approved education vendors. A newly established Private School Expenditure Board would approve educational vendors for private school students.

Public Schools will be allowed to tax to cover special education expenses only. Any increase in the property tax request over 2% requires a hearing thirty days prior to board vote.

An estimated amount of funding required for the Follow the Student Fund using the 2023 Fall Membership and the 2021/22 statewide average per pupil cost resulted in \$5,110,000,000 for full-time and part-time public-school students and \$276,000,000 for private school students. NDE does not currently have the breakdown of full-time or part-time private school students, so the private school amount was calculated with all students as full-time. Additionally, NDE will need \$20,000 to develop the data collection systems required.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>

Benefits				
Operating			\$20,000	
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL			\$20,000	

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2024

LB⁽¹⁾ 939

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Omaha Public Schools

Prepared by: ⁽³⁾ Bryan Kline Date Prepared: ⁽⁴⁾ 1/10/2024 Phone: ⁽⁵⁾ 531-299-8983

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>??</u>	<u>??</u>	<u>??</u>	<u>??</u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Explanation of Estimate:

Unknown fiscal impact. The bill does not state if there will be any changes to TEEOSA, Foundation Aid, Special Education Funding, Allocated Income Taxes, or Community Achievement Plan Aid. The bill does not define if there are offsetting Special Education Revenues that would impact property taxes, such as IDEA or MIPS. The missing details make it impossible to estimate the fiscal impact of the bill for the District.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Certificated Administrator	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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2024

LB⁽¹⁾ 939

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ Jan. 18, 2024 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>112,000</u>	<u> </u>	<u>117,600</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u><u>112,000</u></u>	<u><u> </u></u>	<u><u>117,600</u></u>	<u><u> </u></u>

Explanation of Estimate:

There isn't enough information in this bill to determine the fiscal impact of expenditures and revenues to the State Treasurer's Office. There may be costs to issue the Smart Cards required in this bill, plus costs to hire a third party to create a record keeping system for individual student account balances. The bill doesn't address which fund (general, Treasury Management, etc.), will cover the admin expenses. If the fund isn't specified, I believe we're supposed to show the general fund. While it may require two (or more) FTE to carry out duties required in LB 939 (admin position and auditor position), this fiscal note includes cost for only admin position in FY 24-24 and FY 25-26. The auditor position wouldn't be hired until around the effective date of the bill, which is after then end of FY 25-26.

This fiscal note does not include the amount to be transferred from the General Fund to the Follow the Student Fund. This transfer is based on information that the Department of Education would send to the State Treasurer each year. The State Treasurer does not have the information to calculate the amount of this transfer.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
School Choice Admin staff	<u>1</u>	<u>1</u>	<u>75,000</u>	<u>78,750</u>
Benefits.....			<u>37,000</u>	<u>38,850</u>
Operating.....			<u> </u>	<u> </u>
Travel.....			<u> </u>	<u> </u>
Capital outlay.....			<u> </u>	<u> </u>
Aid.....			<u> </u>	<u> </u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u><u>112,000</u></u>	<u><u>117,600</u></u>