

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$56,230		\$425,756	
CASH FUNDS	\$74,620		\$77,851	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$130,850		\$503,607	

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

LB 427 requires the State Treasurer to establish an educational savings account for students enrolled in kindergarten through 12th grade in an approved or accredited public, private, denominational, or parochial school.

The bill creates the Student Savings Account Support Fund, which shall be administered by the State Treasurer or a third-party manager under the State Treasurer’s supervision. The fund shall be used to provide educational savings account payments.

Beginning with the 2026-27 school year, parents, legal guardians, and educational decisionmakers of students shall receive information on applying for an educational savings account. Applicants shall reapply each year in order to receive an educational savings account payment for each subsequent school year.

Beginning July 1, 2026, the State Treasurer shall establish a separate educational savings account for each enrolled student for whom an application is received. Each fiscal year, one thousand five hundred dollars (\$1,500) shall be transferred from the Student Savings Account Support Fund into the account of each such enrolled student.

Applicants may withdraw money from their accounts to use on qualified educational expenses. Money in the accounts is nontransferable and shall be used exclusively to pay for qualified educational expenses of the enrolled student. Such funds shall be first used for tuition and fees prior to other qualified expenses. If a student no longer qualifies, or upon the student’s graduation from high school, the account shall be terminated and funds transferred to the General Fund.

The State Treasurer estimates the need for 0.5 FTE beginning in fiscal year 2026. For fiscal year 2027, the funding for this position reflects half of the fiscal year. That amount is annualized beginning in fiscal year 2027. In fiscal year 2027, the Treasurer estimates \$300,000 to contract with a third-party to administer the program under the Treasurer’s supervision. There is no basis to disagree with these estimates.

The Nebraska Investment Council estimates the need for 0.25 FTE to address additional workload associated with the provisions of the bill. There is no basis to disagree with this estimate.

LB 427 is silent regarding a revenue source for the Student Savings Account Support Fund. As such, we assume use of General Funds.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 427	AM:	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Ryan Walton		DATE: 1/30/2025	PHONE: (402) 471-4174
COMMENTS: The State Treasurer’s assessment of fiscal impact from LB 427, appears reasonable.			

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

LB: 427 AM: AGENCY/POLT. SUB: Nebraska Investment Council

REVIEWED BY: Ryan Walton DATE: 1/30/2025 PHONE: (402) 471-4174

COMMENTS: The Nebraska Investment Council's assessment of fiscal impact to the agency from LB 427, appears reasonable.

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

2025

LB⁽¹⁾ 427

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ January 24, 2025 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>56,230</u>	<u> </u>	<u>425,756</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>56,230</u></u>	<u><u> </u></u>	<u><u>425,756</u></u>	<u><u> </u></u>

Explanation of Estimate:

LB 427 would have the State Treasurer establish educational savings accounts (ESA) for K-12 students. The Treasurer's Office would hire an employee to write a Request for Proposal (RFP), evaluate the responses to the RFP and eventually contract with a company to be the record keeper for the ESA and to make distributions. The Treasurer's Office will oversee the work of the contractor, monitor ESA accounts, conduct random audits and investigate any suspicious activity.

The ESA's will begin on July 1, 2026. The Treasurer's Office will not have expenses for the contractor until FY 2026-27. However, the new hire to oversee the ESA program would likely have a start date of January 1, 2026. The position would be a .5 FTE in FY 2025-26 and a full FTE in FY 2026-27.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
ESA Program Manager	<u>.5</u>	<u>1</u>	<u>40,000</u>	<u>84,000</u>
Benefits.....			<u>16,230</u>	<u>41,756</u>
Operating.....				<u>300,000</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u><u>56,230</u></u>	<u><u>425,756</u></u>

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

2025

LB⁽¹⁾ 427

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Investment Council

Prepared by: ⁽³⁾ Ellen Hung, SIO Date Prepared: ⁽⁴⁾ 1-28-2025 Phone: ⁽⁵⁾ 402-471-2001

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	74,620	_____	77,851	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>74,620</u>	_____	<u>77,851</u>	_____

Explanation of Estimate:

The Nebraska Investment Council (Council) would be responsible for investing the educational savings accounts established by LB427. The Council would have to do the following for the new educational savings accounts:

1. Work with the Treasurer’s office in the review/hiring of various service providers for the plan (i.e. RFP’s).
2. Work with general investment consultant for advice on investment options.
3. Legal review of contracts for the plan.
4. Approve an appropriate asset allocation for the fund.
5. Monitor investments, performance, fees, etc. for the plan on an ongoing basis.

This would require additional staff (1/4 of a senior portfolio manager) for the added responsibilities and an additional \$10,000 for consulting and legal expenses.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Senior Portfolio Manager	1/4	1/4	56,000	58,800
Benefits.....	_____	_____	8,620	9,051
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>64,620</u>	<u>67,851</u>