

# 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		\$301,000		\$302,000
CASH FUNDS	SEE BELOW		SEE BELOW	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	SEE BELOW	\$301,000	SEE BELOW	\$302,000

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

LB524 amends several sections to change the provisions of & authorize paraeducator grants under the Nebraska Teacher Recruitment & Retention Act & changes the provisions relating to eligible uses of the Education Future Fund.

Paraeducators would now be eligible to receive financial incentives through the Nebraska Teacher Recruitment & Retention Act.

A paraeducator is eligible for a retention grant:

- of \$1,000 if they sign a contract to work as a paraeducator & works on average twenty-eight hours or more per week during the school year in FY2025-26 or FY2026-27
- in an amount proportional to the \$1,000 grant based on the actual number of hours worked if that paraeducator signs a contract to work as a paraeducator & works on average less than twenty-eight hours per week during the school year in FY2025-26 or FY2026-27

The provision that required teachers to apply for the retention grant is removed. Grants will now be distributed automatically to the school district employing the eligible teachers or paraeducators.

The provisions of the Education Future Fund will be updated to include these grants as any allowable use of the fund.

Since an emergency exists, this bill takes effect when passed & approved according to law.

### FISCAL IMPACT:

LB705 (2023) appropriates \$5,000,000 annually from the Education Future Fund to the Nebraska Teacher Recruitment & Retention Act & is set to sunset January 1, 2028.

There is no clarification as to what happens when the \$5,000,000 is reached each fiscal year or if teachers & paraeducators can receive the non-high needs grants one time or annually.

The Nebraska Department of Revenue (DOR) estimates that grants will generate \$301,000 for FY2025-26 & \$302,000 for FY2026-27 due to the increase of the paraeducator's & teacher's income.

The Nebraska Department of Education (NDE) estimates that there are 9,320 paraeducators creating an annual expense of approximately \$9,320,000.

NDE estimates that 4,344 teachers would qualify for one of the three tiers of \$2,500 retention grants creating an annual expense of approximately \$10,860,000.

NDE estimates that 1,178 teachers would qualify for the \$5,000 high needs retention grant creating an annual expense of approximately \$5,890,000; which a teacher is only eligible to receive once.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: <b>524</b>	AM:	AGENCY/POLT. SUB: <b>Department of Education</b>
REVIEWED BY: Kimberly Burns	DATE: 03/07/2025	PHONE: (402) 471-4171
COMMENTS: The Department of Education's estimate of fiscal impact from LB 524 appears reasonable, given the assumptions applied.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: <b>524</b>	AM:	AGENCY/POLT. SUB: <b>Department of Revenue</b>
REVIEWED BY: Kimberly Burns	DATE: 03/07/2025	PHONE: (402) 471-4171
COMMENTS: No basis to disagree with the Department of Revenue's estimate of fiscal impact resulting from LB 524.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: <b>524</b>	AM:	AGENCY/POLT. SUB: <b>Nebraska Public Employees Retirement Systems</b>
REVIEWED BY: Kimberly Burns	DATE: 02/03/2025	PHONE: (402) 471-4171
COMMENTS: Concur with Nebraska Public Employees Retirement Systems' assessment of no fiscal impact to the agency from LB 524.		

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

2025

LB<sup>(1)</sup> 524

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Education

Prepared by: <sup>(3)</sup> Lane Carr Date Prepared: <sup>(4)</sup> 3.4.25 Phone: <sup>(5)</sup> 402.419.3012

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$26,070,000		\$20,180,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$26,070,000		\$20,180,000	

Explanation of Estimate:

LB524 provides \$1,000 awards to paraeducators through an extension of the Teacher Recruitment and Retention Act. There are an estimated 9,320 paraeducators in Nebraska's schools. The NDE is interpreting this provision that paraprofessionals could receive this funding more than once.

*Paraeducators – \$1,000 x 9,320 = \$9,320,000*

Additionally, LB524 amends the Teacher Recruitment and Retention Act so payments for eligible educators are made automatically to districts. With this automatic payment, the following teachers would receive \$2,500 stipends as part of the existing law. In the 2024-25 school year, the following number of teachers were eligible. We assume approximately the same number of teachers eligible each year:

- Teachers in their Second Year - \$2,500 x 1644 = \$4,110,000
- Teachers in their Fourth Year - \$2,500 x 1383 = \$3,457,500
- Teachers in their Sixth Year - \$2,500 x 1317 = \$3,292,500

*Total for 2<sup>nd</sup>, 4<sup>th</sup>, and 6<sup>th</sup> Year Teachers - \$10,860,000*

High need retention grants would automatically be made to teachers who on or after June 2, 2023 obtain an endorsement in designated areas. There are an estimated 1,178 teachers meeting this provision. It appears eligible teachers could only receive this grant once.

*High Need - \$5,000 x 1,178 = \$5,890,000*

The total fiscal impact for LB524 is \$26,070,000 for the 2025-26 fiscal year and estimated to be \$20,180,000 million in the 2026-27 fiscal year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				

Aid.....	<u>\$26,070,000</u>	<u>\$20,180,000</u>
Capital improvements.....		
TOTAL.....	<u>\$26,070,000</u>	<u>\$20,180,000</u>

LB<sup>(1)</sup> 524

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Public Employees Retirement Systems (NPERS)-085

Prepared by: <sup>(3)</sup> Teresa Zulauf

Date Prepared: <sup>(4)</sup> 1/28/25

Phone: <sup>(5)</sup> 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	0	0	0	0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	0	0	0	0

Explanation of Estimate:  
LB 524 – Authorize paraeducator grants under NTRRA.

No fiscal impact to NPERS Agency 085 operations expenditures.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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Phone: 471-5896

Major Objects of Expenditure							
<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>							