

Revised on 4/7/09 based upon amendments adopted through 4/6/09.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$75,600		\$75,600	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$75,600		\$75,600	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 547 changes provisions of the Attracting Excellence to Teaching Program Act, a teacher loan forgiveness program administered by the State Department of Education (NDE). The bill changes the criteria for eligibility for loans from the program, increases the annual amount that may be loaned to an applicant and increases the amount of time a new applicant must teach in the state in order for a loan to be forgiven.

The Attracting Excellence to Teaching Program Act is expanded to include the Enhancing Excellence in Teaching Program and the act is renamed the Excellence in Teaching Act. The addition of the Enhancing Excellence in Teaching Program to the act changes the focus of the funding for the act. All of the funding is currently provided to students working toward an initial certificate to teach in any subject area. The bill provides that loans made after the effective date of the bill, to new applicants working toward their initial certificate, will only be made to students majoring in a shortage area. It also expands the eligibility for the program and provides for the majority of the loans to be made to certificated teachers enrolled in graduate education programs who are majoring in a shortage area.

The bill has no fiscal impact in terms of the total amount of funding available for loans pursuant to the act. Pursuant to current law, the loan program is to be funded with \$1,000,000 of lottery proceeds in 2009-10 and 2010-11. However, the bill provides for up to \$400,000 to be allocated for loans to students seeking initial certification and the remainder to be distributed via the Enhancing Excellence in Teaching Program to certificated teachers taking graduate courses in subject shortage areas.

The bill will have a fiscal impact for increased administrative expenses. LB 547 requires NDE, rather than postsecondary institutions, to distribute the remainder of the funds for the Enhancing Excellence in Teaching Program. There is currently about \$15,000 available for administrative costs of the loan program funded with Education Innovation funds (lottery proceeds) at NDE. It is assumed the bill will require the addition of one FTE to implement the provisions of the bill with regard to loans to teachers taking graduate courses. Additional operating expenses will be incurred for advertising, selecting loan recipients, notification, an annual vacancy survey, and tracking. The estimated increase in cash fund expenditures for administration is \$75,600 in 2009-10 and 2010-11.

LB 547 increases the maximum amount that may be awarded as an annual loan to an eligible student from \$2,500 to \$3,000. The bill could have a minimal fiscal impact in terms of loan repayments. LB 547 requires a person who receives a loan after the effective date of the bill to teach at least two years in the state prior to a loan being forgiven. Current law does not have the two year clause. It is possible there may be more individuals who payback loans in the future due to the requirement to teach for a longer period of time prior to loan forgiveness.