

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$88,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$88,000,000			

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

LB 1217 proposes to appropriate funds to the Department of Administrative Services (DAS) for fiscal year 2021-22 for incentive payment to eligible school employees at approved or accredited public, private, denominational, or parochial elementary and secondary schools. The dollar amount is not specified. The fund source is Federal Funds. Specifically, the Federal Funds are to be funds allocated to Nebraska from the federal Coronavirus State Fiscal Recovery Fund, pursuant to the American Rescue Plan Act (ARPA) of 2021.

The bill's provisions require the budget administrator of DAS to allocate \$1,000 per eligible school employee for eligible schools that apply before May 15, 2022. School employees eligible for the incentive payment include employees who provide early childhood education but does not include administrators.

Information submitted by the Department of Education and DAS provides an estimate of over 56,000 **public school** eligible employees, excluding those who provide early childhood education. This does not include non-public schools.

Eligible schools are to provide information regarding the number of eligible employees by May 1, 2022. When that information is provided a more accurate estimation will be available.

DAS estimates a statewide total number of eligible employees to be 80,000. There is no basis to disagree with that estimate, but it should be noted that the actual figure may exceed that.

Additionally, DAS estimates administrative costs of 10%.

At this time, the best estimate of LB 1217's fiscal impact is \$88 million. This is \$80 million in incentive payments plus \$8 million in administrative overhead.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1217	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY:	Gary Bush	DATE:	2/1/22
		PHONE:	(402) 471-4161
<p>COMMENTS: No basis to disagree with the agency's estimate. The estimate of 80,000 eligible employees appears to be reasonable. 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 of the bill does not provide the level of detail necessary to enact the appropriations intended</p>			

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

LB: 1217 (Revised) AM: AGENCY/POLT. SUB: Nebraska Department of Education

REVIEWED BY: Gary Bush DATE: 1/31/22 PHONE: (402) 471-4161

COMMENTS: No basis to disagree with the agency's estimate of impact to the agency and the state. The assumptions used by the appears to be low.

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

2022

LB⁽¹⁾ 1217

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept of Administrative Services (DAS) – Budget Division

Prepared by: ⁽³⁾ Lee Will Date Prepared: ⁽⁴⁾ 1/25/2022 Phone: ⁽⁵⁾ (402) 471-4175

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	_____	_____	_____

Explanation of Estimate:

LB 1217 would award \$1,000 incentive payments to all eligible school employees at approved or accredited public, private, denominational, or parochial elementary and secondary schools, including all affiliated early childhood education personnel, based on an eligibility date of May 1, 2022. Administrators are excluded from the list of eligible school employees.

LB 1217 would require the Budget Administrator of the Department of Administrative Services (DAS) to allocate the \$1,000 payments for each eligible school employee to every approved or accredited school which files an application on or before May 15, 2022. Within the Nebraska public K-12 school system, there are approximately 56,000 employees that meet the eligibility criteria. The number of additional private, parochial, and early childhood employees is unknown. According to the website, privateschoolreview.com, there are 230 private schools serving 42,035 students in Nebraska in 2022. With a student-teacher ratio of 14:1, we estimate at least 3,000 eligible private school teachers, but this total does not account for private non-teaching positions nor employees who work in private early childhood education facilities. Therefore, we estimate the overall combined total could exceed 80,000 and result in a payout that could exceed \$80 million.

The scope of work required to meet the bill’s objective would require DAS to hire a third-party consultant to manage the outreach, application collection, verification, audit, and interface payment data for the State. We estimate this would result in an administrative cost that equals 10% of the total amount paid to the eligible schools. Using our prior estimate, we anticipate the administrative cost to DAS would be approximately \$8 million.

10% X (~80,000 eligible employees X \$1,000) = ~\$8 million

Total appropriations are not provided in the bill, and the intent language would make the appropriation in FY 2021-22. It would not be possible to complete the work necessary to get payments out by the end of FY 2021-22, and any appropriation provided would need to be reappropriated into FY 2022-23. We also expect that adequate documentation required to support eligibility would include payroll registers in order to substantiate employment as of May 1, 2022. With applications due May 15, 2022, supporting documentation may not be available at the time of application.

Based on the assumptions used, a total of \$88 million of federal fund appropriations from the Coronavirus State Fiscal Recovery Fund would be needed to make the payments outlined in the bill.

In summary, LB 1217, as introduced, does have a fiscal impact, but the full amount cannot be determined without an accurate count of all eligible school and early childhood employees.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2022

LB⁽¹⁾ 1217

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/21/22 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	Over \$60,000,000	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	Over \$60,000,000	_____	_____	_____

Explanation of Estimate:

LB 1217 would make \$1,000 incentive payments to teachers at all public, private, denominational, or parochial elementary and secondary schools. Administrators are excluded from receiving these payments.

Schools would have to apply for these payments with the Department of Administrative Services on or before May 15, 2022. The funding source for these one-time payments would be Federal funds the State received from the American Rescue Plan Act (ARP).

There were 56,920 staff members excluding Superintendents and Principals in public schools for the 2021/22 school year. There are 3,063 certificated staff in non-public schools but NDE does not collect non-certificated staff for non-publics so the total estimated amount will be more than shown by that amount. In addition to the non-public staff the total also does not include all early childhood qualifying individuals. The cost of the incentives would be in excess of \$60,000,000. This amount is based on staff reported in the fall of 2021 so actual amount will vary depending on staff counts in the spring of 2022.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	Over \$60,000,000	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	Over \$60,000,000	_____