PREPARED BY: DATE PREPARED: PHONE: Bill Biven, Jr. February 02, 2022 402-471-0054

LB 945

Revision: 02

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to reflect Department of Revenue response

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	2-23	FY 2023-24				
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	See Below	See Below	See Below	See Below			
CASH FUNDS							
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.

LB945 creates the Teach in Nebraska Today Act & allows payments received under the Act to be deducted from an individual's income tax.

The Nebraska Department of Education (NDE) will create & implement the program to attract people who have expressed an interest in teaching & to support the employment of those people by providing student loan repayment assistance for their service as a teacher in a public or private school in Nebraska.

Applications for the program are due no later than April 1, 2023 & then no later than April 1 each year thereafter. Each teacher cannot receive more than \$5,000 per calendar year for no more than five consecutive years or \$25,000 in total reimbursement.

EXPENDITURES (REVISED):

NDE estimates the need for an additional FTE to implement, monitor, and evaluate the program. For FY2022-23, the FTE will have \$5,010 in operating expenses and \$79,237 is salary expenses. For FY2023-24, the FTE will have \$5,010 in operating expenses and salary expenses will increase by 3.64% to \$82,301.

The Nebraska Department of Revenue (DOR) estimates \$107,760 in operating expenses for FY2022-23 to be paid to the Nebraska Office of the Chief Information Officer (OCIO) to add a line to the Schedule I, add a line to NebFile for Individuals, uploading a file from DED, & to add 2 new schedules.

LB945 states the intent to appropriate \$5,000,000 of General Funds for both FY2022-23 & FY2023-24 to only be utilized for reimbursement of student loan repayment. This intent excludes administrative expenses, which will be additional General Fund expenditures.

REVENUE:

The student loan repayment assistance received by the teacher results in a gain in tax revenue, and the deduction results in a loss; creating a new zero effect for the General Fund.

ADMINISTRATIVE SERVICES STATE BUD	OGET DIVISION: REVIEW OF AGEN	NCY & POLT. SUB. RESPONSE			
LB: 945 (revised) AM:	AGENCY/POLT. SUB: Nebr	aska Department of Education			
REVIEWED BY: Gary Bush	DATE: 1/24/22	PHONE: (402) 471-4161			
COMMENTS: Agree with the agency that the bill provides appropriations of \$5 million in FY 2022-23 and FY 2023-24. Disagree with the 4% increase in salary in FY 2023-24. Over the past several years the agency has provided salary increases of 1% to 3%.					

LB ⁽¹⁾ 945 UPD/	ATED			FISCAL NOTE
State Agency OR Political S	Subdivision Name: (2)	Education		
Prepared by: (3) Lane (Carr	Date Prepared: (4)	1.10.22 Phone: (5	4024193012
EST			OR POLITICAL SUBDIVISIO	
	EXPENDITURES	2022-23 <u>REVENUE</u>	FY 209 EXPENDITURES	<u>REVENUE</u>
GENERAL FUNDS	\$5,084,247		\$5,087,311	
CASH FUNDS			_	
FEDERAL FUNDS			_	
OTHER FUNDS				
TOTAL FUNDS	<u>\$5,084,247</u>		\$5,087,311	

$\label{prop:explanation} \textbf{Explanation of Estimate:}$

The bill would require the NDE to create and implement a program to support a new student loan repayment program for teachers. Implementing, monitoring, and evaluating the program would require the NDE to employ a new FTE. The bill does not indicate the source of funding.

The bill intends to appropriate \$5 million in aid.

<u>BREAK</u>	DOWN BY MAJ	OR OBJECTS OF	EXPENDITURE		
Personal Services:					
POSITION TITLE	NUMBER O <u>22-23</u>	F POSITIONS <u>23-24</u>	2022-23 <u>EXPENDITURES</u>	2023-24 <u>EXPENDITURE</u>	
Grant Specialist	1		44,769	46,559	
Benefits			34,468	35,742	
Operating			5,010	5,010	
Travel					
Capital outlay					
Aid			\$5,000,000	\$5,000,000	
Capital improvements					
TOTAL	• • • • • • • • • • • • • • • • • • • •		\$5,084,247	\$5,087,311	

		State Agency	Estimate			
State Agency Name: Department of	Revenue			I	Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	2/2/2022	F	Phone: 471-5896	
	FY 2022-	2023	FY 2023	-2024	FY 2024-	2025
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$5,107,760	\$ 0	\$5,000,000	\$ 0	\$ 0	\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$5,107,760	\$ 0	\$5,000,000	\$ 0	\$ 0	\$ 0

LB 945 would create the Teach in Nebraska Today Act, administered by the Nebraska Department of Education (DOE). This act would provide student loan repayment for teachers who are teaching full time in a preschool, elementary or secondary public or private school in Nebraska. Teachers with a baccalaureate degree are to apply to DOE for student loan repayment by April 1 of each year, beginning in 2023. DOE is to give preference to those that demonstrate financial need. Loan repayment is limited to \$5,000 per year for no more than 5 years. Loan repayment assistance can be paid to either the financial institution that loaned the money or the applicant. DOE cannot approve repayment assistance for student loans that are in default.

LB 945 provides an appropriation from the General Fund of \$5 million for FY22-23 and FY23-24 for the program but makes no allowance for salaries to administer the program. If the funds are not sufficient to satisfy all eligible applicants, preference is to be given to renewals. DOE is given rule and regulation authority.

LB 945 also amends Neb. Rev. Stat. §77-2716 to provide a subtraction from federal adjusted gross income (AGI) for amounts received for student loan repayment under the Teach in Nebraska Today Act to the extent the repayment amounts are in federal AGI.

LB 945 will have no impact on the General Fund revenues because it would increase federal AGI of the taxpayers receiving the loan repayment, which would be offset by the deduction in federal AGI in the bill.

LB 945 will require a one-time programming charge of \$107,760 paid to the OCIO for the following: adding a line to the Schedule I, adding a line to NebFile for Individuals, uploading a file from DED and adding two new schedules.

LB 945 becomes operative 3 months after adjournment.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Benefits							
Operating Costs					\$107,760		
Total		••••••	•••••	••••••	\$107,760		