

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				
CASH FUNDS	SEE BELOW		SEE BELOW	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	SEE BELOW		SEE BELOW	

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

LB426 amends §79-724 & §79-3501 to authorize an American flag education program; & to change the provisions relating to the distribution of lottery funds used for education.

All public, private, denominational, & parochial schools can, as a part of the social studies curriculum, engage students fifth grade and the completion of eighth grade in a one-hour American flag education program that would include, but is not be limited to, the United States Flag Code, the thirteen folds of the American flag, proper flag etiquette, conduct in the presentation of the flag, & the historical background of the flag. The program can be developed & presented in consultation & partnership with a local recognized veterans' organization.

As part of the program, each student will receive one American flag that is three feet by five feet & a booklet on flag etiquette.

For fiscal years 2024-25 through 2028-29, the three percent of lottery funds available to be used for education purposes that are currently being allotted for distance education incentives is now expended to include the costs of the American flag education program.

FISCAL IMPACT:

The costs of the American flag education program will be funded using lottery funds or private donations.

The estimates of lottery available for education are \$21,750,000 for FY2025-26 & \$22,500,000 for FY2026-27. Three percent of these funds would be available for distance education incentives and the costs of the flag education programs.

The lottery funds currently allotted for distance education incentives are usually fully expended between July & November of each school year so it is uncertain how many funds will be available for the American flag education program. There is also no clarification as to what happens if a school participates in the new program & there are no funds available to cover the expense of the American flag & booklet that will be given to each student.

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

LB: 426	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Kimberly Burns	DATE: 02/20/2025	PHONE: (402) 471-4171	
COMMENTS: Concur with the Department of Education's estimate of no fiscal impact from LB 426.			

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

LB: 426	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Kimberly Burns	DATE: 02/20/2025	PHONE: (402) 471-4171	
COMMENTS: Concur with the Department of Revenue's estimate of no fiscal impact resulting from LB 426.			

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

LB: **426** AM: AGENCY/POLT. SUB: **Educational Service Unit Coordinating Council**

REVIEWED BY: Kimberly Burns DATE: 02/21/2025 PHONE: (402) 471-4171

COMMENTS: The Educational Service Unit Coordinating Council's fiscal assessment and estimates of potential impact seem reasonable based on the analysis provided in the fiscal note.

Technical Note: The intent within LB 426 is to share the 3% lottery funding for distance education with the cost of the flag education program. In the last 5 years, the distance education incentives derived from the lottery funding ranged between \$580K - \$750K.

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

2025

LB⁽¹⁾ 426

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ _____

Prepared by: ⁽³⁾ Lane Carr Date Prepared: ⁽⁴⁾ 1.27.25 Phone: ⁽⁵⁾ 402.419.3012

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB426 allows public and non-public schools to include American flag programming, and to receive an American flag for each child as part of the completion. Adds purchasing of flags as an acceptable use of lottery funds under current provisions used for distance education incentives. The fund is estimated to be \$704,000 and is administered by the ESU Coordinating Commission. As these are existent cash funds, there is no additional fiscal cost.

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>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

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

2025

LB⁽¹⁾ 426

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Educational Service Unit Coordinating Council

Prepared by: ⁽³⁾ Larianne Polk Date Prepared: ⁽⁴⁾ 2/20/2025 Phone: ⁽⁵⁾ 402-597-4843

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	\$609,686		\$609,686	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$609,686</u>		<u>\$609,686</u>	

Explanation of Estimate:

Average number 5th Grade Students	3x5 Flag	Booklet	Total
26,516	22	1	
	\$583,352	\$26,516	\$609,868

The average number of students in Nebraska in grades 5, 6, 7, 8 are 26,516 according to the Nebraska Department of Education publication, "2024-2025 Statistics and Facts about Nebraska Schools" page 32.

One American Flag ranges in cost depending on quality, fabric, stitching, etc. This model is a sewn stripes and embroidered starts at \$22/flag. Each student receiving one of these flags is \$583,352 statewide.

The flag etiquette booklet is available from a variety of sources, one such source is \$1/booklet.

The bill stipulates to have the cost of the American flag education program taken from the 3% lottery revenue that current funds Nebraska's Distance Learning. The fiscal impact from LB 426 will take nearly all of the distance learning revenue set aside from the lottery via the Nebraska Education Improvement Fund necessary for school districts to send and/or receive distance learning courses (distance education incentives).

After finding a different funding source, the fiscal note could be drastically lowered to the following, given a statewide efficiency approach. ESU Coordinating Council will produce a video lesson for the flag etiquette, and provide to ESUs for distribution to all school districts in Nebraska with the costs (8%) in the chart below. The flags would then be made available to each 5th grade classroom. The model below is an estimate of number of classrooms at 1,326. The flag etiquette booklet would then be available for each student, approximately 26,516 students. The total of this project is 10% of the one above, as is outlined in the bill.

Estimate 5th Grade Classrooms (20 per classroom)	3x5 Flag	Booklet	Cost of Program	Administration Costs	Total
1,326	22	1			
	\$29,168	\$26,516	\$55,684	\$4,455	\$60,138

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: James R. Kamm

Date Prepared: 02/19/2025

Phone: 471-5896

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0

LB 426 Section 1. Provides details about schools providing “American flag education” to 5th through 8th graders. After completion of said education, every student would be entitled to a three feet by five feet American flag, paid for using lottery funds.

Section 2. 77-3501(2)(e) currently reads, “Three percent to fund distance education incentives pursuant to section 79-1337.” This bill adds, “...and flag education programs pursuant to...” No new funds are added, it just requires the three percent dedication to distance education incentives, be shared with this flag program.

Section 3. Repeals statutes.

LB 426 operative date is three months after the adjournment of the Legislature.

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.....							
Total.....							