

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|---------|-------------------|---------|
| | FY 2024-25 | | FY 2025-26 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | See below | | See below | |
| CASH FUNDS | | | | |
| 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.

LB 1064 proposes to prohibit the practice of academic tenure at Nebraska’s postsecondary institutions governed by the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, or a community college board of governors. Included in this bill are provisions for these postsecondary institutions to adopt written policies relating to: employee agreements; acceptable grounds for termination of faculty; annual performance evaluations of all faculty; minimum standards of good practice for faculty members; standards for review and discipline of faculty members; and procedures for dismissal for cause, program discontinuance, and financial exigency.

The University of Nebraska (NU) estimates a partial and conservative fiscal impact of \$500,000 in General Funds to cover the implementation and litigation costs associated with the necessary changes to terms of employment. NU also notes that there would be additional fiscal impact associated with potential faculty loss, but the exact impact is currently unknown. The Fiscal Office has no basis to disagree with this estimate.

The Nebraska State College System (NSCS) explains that the passage of LB 1064 would create the situation where salaries and related benefits would need to be increased to attract and retain faculty employees. They estimate an FY23-24 impact of \$2,372,322 and an FY24-25 impact of \$2,419,768 in General Funds. These estimates are based on a 10% increase to the 2024-25 salary base for all faculty members, plus associated benefit costs. NSCS also believes passage of LB 1064 would also result in litigation with affected faculty parties and unions, but that the defense costs related to such litigation is unknown. The Fiscal Office has no basis to disagree with the estimates provided by NSCS, while noting that NU and NSCS took different approaches in assessing their respective fiscal impacts.

The total of NU and NSCS General Fund impact is estimated at \$2,872,322 for FY24-25 and \$2,919,768 for FY25-26. The Coordinating Commission for Postsecondary Education has no fiscal impact, nor did the community colleges identify a fiscal impact. There is no impact to the community colleges because they do not currently offer tenure; the bill, as written, would prohibit them from establishing tenure for faculty.

| | <u>FY24-25</u> | <u>FY25-26</u> |
|---------------------------------------|-----------------------|-----------------------|
| University of Nebraska | \$500,000.00 | \$500,000.00 |
| Nebraska State College System | <u>\$2,372,322.00</u> | <u>\$2,419,758.00</u> |
| Partial Est. General Fund cost | \$2,872,322.00 | \$2,919,758.00 |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|---------------|---|
| LB: 1064 | AM: | AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Education |
| REVIEWED BY: Gary Bush | DATE: 1/11/24 | PHONE: (402) 471-4161 |
| COMMENTS: Agree with agency that the provisions of the bill will have no fiscal impact to the agency. | | |

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

LB: 1064 AM: AGENCY/POLT. SUB Nebraska Community College Association

REVIEWED BY: Gary Bush DATE: 1/18/24 PHONE: (402) 471-4161

COMMENTS: Agree with the estimate of no fiscal impact for the Nebraska Community College Association.

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

LB: 1064 AM: AGENCY/POLT. SUB: Nebraska State College System

REVIEWED BY: Gary Bush DATE: 1/11/24 PHONE: (402) 471-4161

COMMENTS: No basis to disagree with the estimated provided given the assumptions used.

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

LB: 1061 AM: AGENCY/POLT. SUB: Metropolitan Community College

REVIEWED BY: Gary Bush DATE: 1/19/24 PHONE: (402) 471-4161

COMMENTS: Agree with the estimate of impact provided.

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

LB: 1064 AM: AGENCY/POLT. SUB: University of Nebraska

REVIEWED BY: Gary Bush DATE: 2/8/24 PHONE: (402) 471-4161

COMMENTS: No basis to disagree with the estimate provided by the University given the assumptions used in the fiscal note.

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

2024

LB⁽¹⁾ 1064 REVISED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Community College Association

Prepared by: ⁽³⁾ Courtney Wittstruck Date Prepared: ⁽⁴⁾ Jan. 16, 2024 Phone: ⁽⁵⁾ 402-381-2084

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

Explanation of Estimate:
No estimated fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</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.

2024

LB⁽¹⁾ 1064

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Metropolitan Community College

Prepared by: ⁽³⁾ Brenda Schumacher Date Prepared: ⁽⁴⁾ 1/11/24 Phone: ⁽⁵⁾ (531)622-2406

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2024-25 | | FY 2025-26 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | 0 | | 0 | |
| CASH FUNDS | 0 | | 0 | |
| FEDERAL FUNDS | 0 | | 0 | |
| OTHER FUNDS | 0 | | 0 | |
| TOTAL FUNDS | 0 | | 0 | |

Explanation of Estimate:

I do not see a direct cost for this.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2024-25 | 2025-26 |
|---------------------------|---------------------|-------|--------------|--------------|
| | 24-25 | 25-26 | EXPENDITURES | EXPENDITURES |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

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

2024

LB⁽¹⁾ 1064

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State College System

Prepared by: ⁽³⁾ Monte Kramer Date Prepared: ⁽⁴⁾ 1-16-2024 Phone: ⁽⁵⁾ 402-471-2507

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>\$2,372,322</u> | <u> </u> | <u>\$2,419,768</u> | <u> </u> |
| CASH FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| FEDERAL FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| OTHER FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUNDS | <u>\$2,372,322</u> | <u> </u> | <u>\$2,419,768</u> | <u> </u> |

Explanation of Estimate:

We believe that passage of LB1064 would likely result in litigation with tenured faculty, tenure track faculty members and/or the faculty union. The amount of NSCS defense costs related to such litigations is unknown.

Additionally, if tenure is no longer available, we believe that salaries and related benefits would need to be increased to attract and retain faculty employees. We would roughly estimate that cost to be approximately \$2,372,322 in FY25 and \$2,419,768 in FY26. This estimate is based on a 10% increase to the 2024-25 salary base for all faculty members, plus associated benefit costs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|-------------------------------|----------------------------|--------------|-----------------------------|-----------------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Faculty/Instructors/Lecturers | <u>277.0</u> | <u>277.0</u> | <u>\$2,046,517</u> | <u>\$2,087,446</u> |
| Benefits..... | | | <u>\$325,805</u> | <u>\$332,322</u> |
| Operating..... | | | <u> </u> | <u> </u> |
| Travel..... | | | <u> </u> | <u> </u> |
| Capital outlay..... | | | <u> </u> | <u> </u> |
| Aid..... | | | <u> </u> | <u> </u> |
| Capital improvements..... | | | <u> </u> | <u> </u> |
| TOTAL..... | | | <u>\$2,372,322</u> | <u>\$2,419,768</u> |

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

2024

LB⁽¹⁾ 1064

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 1/9/2024 Phone: ⁽⁵⁾ 402.471.0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <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:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</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.

2024

LB ⁽¹⁾ 1064 Prohibit tenure at certain postsecondary educational institutions and require a written policy regarding terms and conditions of employment

FISCAL NOTE

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System

Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 01/31/2024 Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2024 - 25 | | FY 2025 - 26 | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>500,000.00</u> | <u>0.00</u> | <u>500,000.00</u> | <u>0.00</u> |
| CASH FUNDS | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| FEDERAL FUNDS | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| OTHER FUNDS | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| TOTAL FUNDS | <u>500,000.00</u> | <u>0.00</u> | <u>500,000.00</u> | <u>0.00</u> |

Explanation of Estimate:

If passed, LB 1064 would prohibit tenure at the University of Nebraska. This could lead to the loss of successful faculty and challenges to recruiting new faculty who may look to go to other universities that grant tenure, handcuffing the University's ability to compete with the best Universities across the country.

The estimated fiscal impact represents a conservative estimate of the potential anticipated litigation and implementation costs associated with the necessary changes to terms of employment.

With so many unknown variables, we cannot estimate the fiscal impact of the potential faculty loss.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2024 - 25 <u>EXPENDITURES</u> | 2025 - 26 <u>EXPENDITURES</u> |
|---------------------------|---------------------|----------------|----------------------------------|----------------------------------|
| | <u>24 - 25</u> | <u>25 - 26</u> | | |
| | <u>0</u> | <u>0</u> | | |
| | <u>0</u> | <u>0</u> | | |
| Benefits..... | | | | |
| Operating..... | | | <u>500,000.00</u> | <u>500,000.00</u> |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | <u>500,000.00</u> | <u>500,000.00</u> |