

Revised on 5/16/13 based on amendments adopted through 5/15/13.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 497 reallocates lottery proceeds beginning in FY2016-17. Pursuant to current law, 24.75% of lottery proceeds are transferred to the Nebraska Opportunity Grant Fund and 19.75% are deposited in the Education Innovation Fund.

The bill eliminates the transfer of lottery proceeds to the Nebraska Opportunity Grant Fund and the Education Innovation Fund on June 30, 2016. It provides for these lottery proceeds to be deposited in a newly created Nebraska Education Improvement Fund beginning July 1, 2016.

LB 497 also terminates the Education Innovation Fund and the Nebraska Opportunity Grant Fund on June 30, 2016 and transfers the fund balances to the Nebraska Education Improvement Fund. Any allocations from the Education Innovation Fund for activities prior to FY17 are not to obligate the fund for any payments after June, 30, 2016. Funding for loans pursuant to the Attracting Excellence to Teaching Program also terminates on June 30, 2016.

The bill requires the Education Committee of the Legislature to study potential uses of lottery funds. The factors to be studied are outlined in the bill. Study recommendations shall be reported on or before December 31, 2014.

Lottery Proceeds: The bill eliminates lottery funding for the Nebraska Opportunity Grant Program beginning in FY2016-17. The funds are currently administered by the Coordinating Commission for Postsecondary Education to provide need-based financial aid to students attending postsecondary institutions. Institutions receiving such aid include the University of Nebraska, state colleges, community colleges, private career colleges and independent colleges.

It is estimated the bill will redirect about \$10 million of lottery proceeds from the Nebraska Opportunity Grant Fund to the Nebraska Education Improvement Fund beginning in FY17. The Coordinating Commission estimates the reduction in funding will decrease the number of students provided aid by about 60% from 15,924 in FY16 to 6,224 in FY17. It is unknown how the funds redirected to the Education Improvement Fund beginning in FY17 will be expended until the Legislature makes such determination.

The bill also redirects about \$7.8 million of lottery proceeds from the Education Innovation Fund to the Nebraska Education Improvement Fund beginning in FY17. In FY16, the majority of these funds will be allocated for distance education incentives, high ability learner aid, and early childhood grants for children from birth to age five. It is unknown how the funds redirected to the Nebraska Education Improvement Fund beginning in FY17 will be expended until the Legislature makes such determination.

Legislative Council: It is assumed the Legislative Council has sufficient staff and budgetary resources to handle the cost of the study in FY2013-14 or FY2014-15, so no fiscal impact is anticipated for this provision of the bill.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 497	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Matthew Eash	DATE: 3/14/2013	PHONE: 402-471-4175
COMMENTS: The University's estimated annual loss of \$3.8 million for student financial aid appears to be at least \$2.0 million less than the Coordinating Commission for Postsecondary Education's estimate for the University.		

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

2013

LB⁽¹⁾ 497 FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ February 9, 2013 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 497 would eliminate funding beginning in 2016. While there is no fiscal impact in the current biennium the University will lose (based on the current allocation) approximately \$3.8 million all of which is distributed to students for financial aid. This would have a significant impact.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</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.

2013

AM694
LB⁽¹⁾ to FISCAL NOTE
LB497

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Education

Prepared by: ⁽³⁾ Sharon Katt Date Prepared: ⁽⁴⁾ 4/3/13 Phone: ⁽⁵⁾ 402.471.2405

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 497 changes the distribution of proceeds for the Education Innovation Fund (lottery proceeds) beginning July 2, 2016—it requires that no funds from the Education Innovation Fund would be obligated for payment after June 30, 2016. The AM694 addresses investment and transferring of lottery proceeds and does not appear to have any fiscal impact on the Department of Education.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</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.

2013

LB⁽¹⁾ 497 FISCAL NOTE AM694

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

Prepared by: ⁽³⁾ Carna Pfeil Date Prepared: ⁽⁴⁾ April 2, 2013 Phone: ⁽⁵⁾ 402-471-0029

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>-10,000,000</u>	<u>-10,000,000</u>	<u>-10,000,000</u>	<u>-10,000,000</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>-10,000,000</u>	<u>-10,000,000</u>	<u>-10,000,000</u>	<u>-10,000,000</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

This is the revised fiscal note for LB 497 as amended by AM 694. The amendment **does not change the original fiscal note**. LB 497 with amendment 694 still removes about \$10,000,000 in lottery funds from the Nebraska Opportunity Grant (NOG) beginning in fiscal year 2016-17. The outcome, after the amendment, still removes all the lottery funds from NOG and the removal of lottery funds would affect over 60% of low-income students in NOG either by decreasing the number of students receiving grants (15,924 to 6,224) or by decreasing the amount of each student grant (\$1,031 to \$364).

The analysis attached to the original fiscal note that shows the potential effect on students at each postsecondary institution participating in the NOG program does not change with amendment 694.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Benefits.....			<u>0</u>	<u>0</u>
Operating.....			<u>0</u>	<u>0</u>
Travel.....			<u>0</u>	<u>0</u>
Capital outlay.....			<u>0</u>	<u>0</u>
Aid.....			<u>10,000,000</u>	<u>10,000,000</u>
Capital improvements.....			<u>0</u>	<u>0</u>
TOTAL.....			<u>10,000,000</u>	<u>10,000,000</u>