

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

**ESTIMATE OF FISCAL IMPACT – STATE AGENCIES \***

|               | FY 2003-04   |         | FY 2004-05   |         |
|---------------|--------------|---------|--------------|---------|
|               | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | See below    |         | See below    |         |
| CASH FUNDS    |              |         |              |         |
| FEDERAL FUNDS |              |         |              |         |
| OTHER FUNDS   |              |         |              |         |
| TOTAL FUNDS   | See below    |         | See below    |         |

\*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB658 would adopt the Community Scholarship Foundation Program Act. Under the act, community scholarship foundations organized for the purpose of providing postsecondary education scholarships for residents living in the community in which the organization is formed would be eligible to receive state matching awards. Such foundations would be subject to certain requirements, as outlined in the bill, in order to be eligible to receive a matching award in the amount of \$2,000. While not explicitly stated as such in the bill, it is assumed for purposes of this fiscal note that such matching awards are to be made annually to the extent funds are appropriated for such purpose and to the extent eligible community scholarship foundations annually maintain eligibility.

Administrative responsibility for state matching awards under the act is assigned to the Coordinating Commission for Postsecondary Education which is directed to adopt rules and regulations to carry out the act's provisions. The bill also includes prioritization provisions to be utilized by the Commission when the number of eligible foundations applying for matching awards exceeds the funds available to make such awards. As such, the level of appropriations for matching awards would apparently be at the discretion of the Legislature. Coordinating Commission costs to administer the program would be highly dependent upon the level of funds appropriated for state matching awards and the number of community scholarship foundations eligible to receive such awards. Additionally, administrative costs would be dependent upon the volume of matching awards. Section 2 of the bill defines the term "matching award" as a grant of \$2,000. Section 4 of the bill provides requirements that community scholarship foundations must meet in order to be eligible to apply for a matching award. These provisions appear to at least infer that each community scholarship foundation is eligible to annually apply for one matching award of \$2,000. If the intent is that such foundations are to be eligible to apply for multiple matching awards annually, the volume of potential awards will be significantly higher than if they are limited to a single annual matching award and administrative costs would presumably be relatedly higher. Coordinating Commission administrative costs associated with the program would also be dependent upon the nature and extent of administrative procedures the agency would establish by rule and regulation relative to the program. Given the foregoing, an estimate of Coordinating Commission administrative costs associated with the bill as drafted is indeterminate. With the exclusion of one-time program start-up costs, administrative costs exceeding 10 percent of amounts appropriated/available for state matching awards would appear to be unwarranted.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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|--|--------------|---------|----------------|
| REVIEWED BY  | Dave Wagaman | 1/30/03 | PHONE 471-2526 |
| COMMENTS   |              |         |                |
| Coord. Comm. for Postsecondary Education - Generally concur with agency response. The bill does provide for \$2,000 scholarship awards to low income resident students to be matched by \$2,000 of State General Funds. Therefore, for example, if 50 scholarships of \$2,000 a piece are raised by community foundations for low income resident students, the GF matching cost would \$100,000/year in addition to the operating costs to administer the programs above. |              |         |                |