

Revised based on amendments adopted through 2/8/2013

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

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

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

Current law (as enacted by LB946 during the 2012 legislative session and codified in Sec. 85-1412) provides that among its powers and duties, the Coordinating Commission for Postsecondary Education (CCPE) is to administer the Community College Aid Act. Current law (Sec. 85-2237) also provides that CCPE **may** adopt rules and regulations to carry out the Community College Aid Act. To this point, CCPE had apparently concluded adoption of related rules and regulations as unnecessary. Among its provisions, LB211 amends elements of the Community College Aid Act and provisions relating to the act. Given the changes proposed in LB211, CCPE concludes that adoption of rules and regulations to carry out the Community College Aid Act would become necessary. CCPE estimates related one-time costs for 2013-14 to approximate \$1,500. This estimate appears reasonable.

Under current provisions of the Community College Aid Act, a maximum of \$500,000 of state aid appropriated for community college areas is to be allocated as aid or grants as to be determined by the Nebraska Community College Student Performance and Occupational Education Grant Committee for purposes specified in Sec. 85-1540. Membership of this committee currently includes a representative of CCPE. LB211 designates the CCPE representative as chairperson of this committee. In addition to the maximum of \$500,000 from state aid appropriations referenced above, amounts accruing to the Nebraska Community College Student Performance and Occupational Education Grant Fund are to be similarly allocated in the form of aid or grants to community college areas. Current law provides that the fund shall be under the direction of the committee identified above. LB211 retains this provision, but further provides that the fund is to be administered by CCPE. Amounts accruing to the fund are to include money received by the state in the form of grants or gifts from nonfederal sources, such other amounts as may be transferred or otherwise accrue to the fund, and any investment income earned on the fund. However, no specific revenue presently has been secured to accrue to the fund.

Current law directs that CCPE is to certify aid amounts to be distributed to community college areas under provisions of the Community College Aid Act and report such aid amounts to the Department of Administrative Services (DAS). Current law further provides that certified aid amounts are to be distributed by DAS to community college areas in ten monthly installments beginning in September of each year. Historically, the Budget Division of DAS has distributed state aid amounts to community college areas. LB211 provides that in addition to its current responsibility to certify community college state aid amounts, CCPE would be assigned the responsibility for the distribution of state aid amounts as well. DAS (Budget Division) would effectively be relieved of this responsibility.

CCPE indicates reductions in staffing as the result of 2009-11 and 2011-13 budget reductions preclude accommodation of increased workload that would be attributable to LB211. The agency indicates the bill would require funding of \$88,965 for 2013-14 and \$90,755 for 2014-15 for 1 FTE additional staff position and associated non-personnel expenses. The agency identifies LB211 workload impacts to be the result of community college aid certification and distribution responsibilities assigned to CCPE by the bill as well as responsibilities associated with designation of the CCPE representative as chairperson of the Nebraska Community College Student Performance and Occupational Education Grant Committee. Responsibility for certification of community college state aid distribution is assigned to CCPE under current law. As such, related workload is not attributable to LB211. Data necessary for computation of aid distribution under the Community College Aid Act is routinely identified in annual community college area enrollment audits. The Budget Division of DAS estimates that its current workload associated with distribution of 10 monthly aid payments to community college areas each year amounts to five hours of staff time. While this may not represent an exhaustive identification of all staff time associated with processing related aid payments, the related workload would appear to be relatively nominal. The workload impact associated with the LB211 designation of the CCPE representative as chairperson of the Nebraska Community College Student Performance and Occupational Education Grant Committee is difficult to assess. The related impact will be significantly dependent upon grant application processes the committee may adopt, the number of grant applications that community college areas submit, and

the level of related funds available for allocation. Presently, the only related amount known to be available to the committee for the 2013-15 biennium is a maximum of \$500,000 annually pursuant to the Community College Aid Act. Notwithstanding CCPE fiscal note estimates, no more than 0.1 FTE to at most 0.2 FTE of workload appears attributable to impacts of LB211. It is estimated the maximum fiscal impacts for CCPE range as follows:

LB211 – Maximum Range of CCPE Fiscal Impacts:

|                                 |           | <u>@ 0.1 FTE Staff</u> |                | <u>@ 0.2 FTE Staff</u> |                |
|---------------------------------|-----------|------------------------|----------------|------------------------|----------------|
|                                 |           | <u>2013-14</u>         | <u>2014-15</u> | <u>2013-14</u>         | <u>2014-15</u> |
| Financial / Data Analyst        | Salary    | 6,800                  | 6,936          | 13,600                 | 13,872         |
|                                 | Benefits  | 1,632                  | 1,665          | 3,264                  | 3,330          |
|                                 | Operating | 2,895                  | 2,995          | 2,895                  | 2,995          |
|                                 | Travel    | <u>1,000</u>           | <u>1,000</u>   | <u>1,000</u>           | <u>1,000</u>   |
|                                 |           | <u>12,327</u>          | <u>12,596</u>  | <u>20,759</u>          | <u>21,197</u>  |
| Adoption of rules & regulations |           | <u>1,500</u>           | <u>0</u>       | <u>1,500</u>           | <u>0</u>       |
|                                 |           | <u>13,827</u>          | <u>12,596</u>  | <u>22,259</u>          | <u>21,197</u>  |

| <u>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</u>  |                 |  |
|--|-----------------|--|
| LB: 211  | AM:             | AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Ed |
| REVIEWED BY: Matthew Eash  | DATE: 2/14/2013 | PHONE: <a href="tel:402-471-4175">402-471-4175</a>             |
| <p>COMMENTS: AM 67 to LB 211 adds two additional duties to CCPE: (1) administrative functions with regard to making Community College aid payments; and (2) administrative support to the Nebraska Community College Student Performance and Occupational Education Grant Committee. The administrative functions for making aid payments are currently conducted by the DAS-Budget Division staff. To conduct these administrative functions, Budget Division staff cumulatively use approximately 30 minutes per month, ten months per year, for a total of five hours per year. [ 5.0 / 2080 hours = 0.0024 FTE ] There would be negligible fiscal impact to CCPE for performing all of the duties currently assigned to DAS-Budget Division. Current law already requires CCPE to certify general Community College aid, so no additional effort in that regard is required by AM 67.</p> <p>CCPE would also be required to maintain a Cash Fund and distribute any grants awarded by the abovementioned Grant Committee. Grant distribution would also be infrequent, clerical in nature, and have minimal fiscal impact for existing CCPE staff. CCPE's estimate of travel costs for the Grant Committee appears reasonable.</p> |                 |  |

| <u>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</u> |                 |  |
|---|-----------------|--|
| LB: 211   | AM:             | AGENCY/POLT. SUB: Community College Association    |
| REVIEWED BY: Matthew Eash   | DATE: 1/17/2013 | PHONE: <a href="tel:402-471-4175">402-471-4175</a> |
| COMMENTS: No basis to disagree with the Association   |                 |  |



**LB<sup>(1)</sup> 211 FISCAL NOTE REVISED**State Agency OR Political Subdivision Name: <sup>(2)</sup> Coordinating Commission for Postsecondary EducationPrepared by: <sup>(3)</sup> Carna Pfeil Date Prepared: <sup>(4)</sup> February 12,2013 Phone: <sup>(5)</sup> 402-471-0029**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 | <u>90,465</u>       | <u>0</u>       | <u>90,755</u>       | <u>0</u>       |
| CASH FUNDS    | <u>0</u>            | <u>0</u>       | <u>0</u>            | <u>0</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>90,465</u>       | <u>0</u>       | <u>90,755</u>       | <u>0</u>       |

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

## Explanation of Estimate:

The statutes give the Commission the authority to write rules and regulations to carry out the Community College Aid Act. Because this bill and amendment require significantly more interaction and responsibility for the Commission, the Commission believes it is now necessary to write rules and regulations. The cost of rules and regulations include \$500 for notice of hearing in the OWH, \$212.50 for travel for two Commissioners to hold the required public hearing, and \$76.55 for copies, faxes, and staff travel.

This bill would require the Commission to operationalize the community college aid formula, as defined in statute that would currently distribute \$87,870,147 plus any new state aid. This would involve collecting the community college formula data, analyzing the data, determining the validity of the data, and imputing the data into the new formula. The outcome of the formula would need to be reported to each community college before September 1 of each year. The Commission would have to respond to questions concerning the proposed distribution of formula aid and address the questions and concerns, as appropriate.

Once the aid distribution is set and all the community colleges have been notified, the Commission would need to begin the distribution process resulting in six (6) payments each month beginning September and ending in June of each year for a total of 60 payments per year. A distribution file would need to be created to monitor the payments including the distribution of aid and a tickler file for upcoming payments. This is necessary for auditing purposes.

Added to the above additional time and effort would be the administration of Program 99 ( Nebraska Community College Student Performance and Occupational Education Grant Program). The Commission would contact each entity listed in statutes to determine the person the entity designated as a representative on the Program 99 Committee. To administer the new program, the Commission would develop a proposal format and send out requests for proposals to all the community colleges. Once proposals were submitted, the Commission would send the proposals to the Program 99 Committee and gather the Committee to review the proposals. Once a proposal or proposals have been selected for funding, the Commission would need to notify the community college (s), discuss any changes the committee required, secure a new proposal with the changes, and eventually create a payment for the proposed scope of work. A database of payments and recipients would need to be created to verify expenditures and monitor the recipients (an audit requirement). Information on the outcomes of each funded proposal would need to be gathered and a report of the outcomes would need to be created and reported.

The Commission will have to spend more time and effort with the State Auditors due to the fact that the auditor will be responsible for checking the Commission's distribution formula, including data gathered for input into the formula, and distribution of community college aid. The auditor will also need to verify the distribution of the Program 99 funds and the appropriateness of those distributions.

This total operation would require 1 FTE (salary and benefits - \$84,320 in 2013-14 and \$86,010 in 2014-15) with associated operating expenses of \$4,395 in 2013-14 and \$2,995 in 2014-15 for items such as computer, printer, software (for new employee), office supplies, mailings, accounting charges, and other miscellaneous expenses. Travel would be required for the new employee and travel expenses for the Program 99 committee to meet for a projected amount of \$1,750 for each year.

While it could be suggested that the duties and responsibilities of the described operations could be handled by slightly less than 1 FTE, these operational requirements are not a part-time endeavor and the FTE hired must have skills and abilities beyond an entry level finance/data analyst employee. The Commission does not have any available personnel to perform these duties or even parts of these additional duties due to budget cuts for the past four years resulting in a decrease of 2.5 FTE.

**MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| POSITION TITLE            | NUMBER OF POSITIONS |       | 2013-14       | 2014-15       |
|---------------------------|---------------------|-------|---------------|---------------|
|                           | 13-14               | 14-15 | EXPENDITURES  | EXPENDITURES  |
| Financial/Data Analyst    | 1                   | 0     | 68,000        | 69,360        |
|                           | 0                   | 0     | 0             | 0             |
| Benefits.....             |                     |       | 16,320        | 16,650        |
| Operating.....            |                     |       | 4,395         | 2,995         |
| Travel.....               |                     |       | 1,750         | 1,750         |
| Capital outlay.....       |                     |       | 0             | 0             |
| Aid.....                  |                     |       | 0             | 0             |
| Capital improvements..... |                     |       | 0             | 0             |
| <b>TOTAL.....</b>         |                     |       | <b>90,465</b> | <b>90,755</b> |

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**2013**

**LB<sup>(1)</sup> 211 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Community College Association

Prepared by: <sup>(3)</sup> Dennis G. Baack Date Prepared: <sup>(4)</sup> 1/16/2013 Phone: <sup>(5)</sup> 402-471-4685

**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:

No fiscal 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.....                | _____                      | _____        | _____               | _____               |