

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	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.

LB465 would adopt the College Choice Grant Program Act to be administered by the Coordinating Commission for Postsecondary Education. Under the act, financial aid awards are to be made to eligible students as defined in the act. Administration of financial aid awards is to be undertaken by the Commission in conjunction with eligible postsecondary educational institutions. Under provisions of the bill, eligible postsecondary institutions are defined as nonprofit institutions not controlled or administered by any state agency or political subdivision which are located in Nebraska and are accredited by a regional accrediting organization recognized by the U.S. Department of Education. Eligible students are defined to include full or part-time students who are Nebraska residents eligible to receive U.S. Department of Education Title IV student financial assistance. The bill provides a methodology to determine allocation amounts for participating eligible institutions which, in turn, would distribute financial aid awards to eligible students. Insofar that no alternative funding source is identified in the bill, it is presumed that General Fund appropriations would be required to support financial aid awards under provisions of the College Choice Grant Program. The level of such appropriations would apparently be at the discretion of the Legislature.

The Coordinating Commission anticipates that additional costs would be incurred in administering the College Choice Grant Program in the event LB465 is enacted. The Commission estimates one-time costs of slightly less than \$800 associated with promulgating rules and regulations related to the program. This estimate appears reasonable.

In addition to nominal one-time costs associated with promulgating rules and regulations, the Coordinating Commission anticipates it would incur costs associated with administration of the College Choice Grant Program. Such costs would relate to development and maintenance of a related student financial aid distribution formula and database, semi-annual distribution of student financial aid amounts to eligible institutions, and annual institutional program compliance audits. In total, related costs are estimated at \$43,533 for 2013-14 and \$40,422 for 2014-15. These amounts include \$33,825 each year for a 0.5 FTE financial aid coordinator position. Current staff of the Coordinating Commission includes a 1.0 FTE financial aid coordinator who is responsible for administration of two existing statutory student financial aid programs, the Nebraska Opportunity Grant Program and the Access College Early Scholarship Program. If the Coordinating Commission were to assume responsibility for administration of the College Choice Grant Program, additional staff resources would be warranted. Associated workload may not dictate a 0.5 FTE position at a financial aid coordinator level; however, it may be difficult to secure qualified staff at less than a 0.5 FTE position. It should be noted also that ongoing costs to administer the aid program would apparently only be incurred if some level of funding were to be appropriated for distribution as student financial aid under the College Choice Grant Program. Any such funding, as indicated above, would apparently be at the discretion of the Legislature.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 465	AM:	AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Education	
REVIEWED BY: Cindy Miserez		DATE: 1/30/2013	PHONE: 402-471-4174
COMMENTS: Concur with Coordinating Commission for Postsecondary Education's estimate of fiscal impact amount for administrative expenses. Funding source and fund type (General Fund, Cash Fund, Federal Fund) of the grant assistance is not specified in the bill.			

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

2013

LB⁽¹⁾ 465 FISCAL NOTE

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

Prepared by: (3) Carna Pfeil Date Prepared: (4) January 28, 2013 Phone: (5) 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>44,319.75</u>	<u>0</u>	<u>40,422.50</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>44,319.75</u>	<u>0</u>	<u>40,422.50</u>	<u>0</u>

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

Explanation of Estimate:

This is a new financial aid program restricted to nonprofit, nonpublic institutions located in Nebraska. Since this is a new program and different from the current NOG financial aid program, the Commission will need to write rules and regulations for operation of the program. Costs for rules and regulations - \$500 for notice of hearing in the OWH, \$210.50 for travel for two Commissioners to hold the public hearing, and \$76.55 for copies, faxes, and staff travel.

Additional personnel would be required to administer the program. The current financial aid coordinator has three current financial aid programs to monitor and/or administrate that require all of his available time. Consequently, the Commission will need to add a one-half time person to administer the new program. The new one-half time person's salary would be \$27,500, benefits of \$6,325, one-time equipment for operation would be \$4,125.50, and miscellaneous expenses of \$356.75.

The Commission would need to write a new distribution formula, run a pilot of the new formula, and create a new database to monitor distributions. The cost of writing and testing a new formula plus monitoring the database would be \$1,974.50.

The twice a year distribution of dollars to the private, not-for-profit institutions for the new program would need to be a separate distribution, not part of the current NOG financial aid program distribution. The process would have the following annual costs: personnel time (administrative assistant, bookkeeper, and pre-audit person) - \$1,138; NIS creation of payments and issuing payments - \$87.95; and maintenance of database plus once a year securing names of awarded eligible students - \$152.50.

The Commission must audit the institutions for compliance with the new program rules and regulations plus adherence to the College Choice Grant Program Act. This would be a separate audit and not part of the NOG audit, but might be combined with the NOG audit to save on travel and travel-related expenses. For the new financial aid program, the new part-time financial aid coordinator would need to secure names of awarded students from the institutions prior to beginning the audit, run a random selection program on these students, and request the institutions to pull the files on the randomly selected students. The additional audit process would cost about \$1,872.50 per year.

The Commission believes there may be a constitutional issue with the way this bill is written. The current NOG financial aid program (available to ALL institutions) has the eligible institutions submitting names of students to be awarded and the Commission approves that list of students. We believe this is necessary because private for-profit and private non-profit institutions are allowed to participate in the program and the Constitution states (Art. VII, Sec. 11) . . . "appropriation of public funds shall not be

made to any school or institution of learning not owned or exclusively controlled by the state or a political subdivision thereof,” . The way LB 465 is written the Commission would provide funds to the private nonprofit institutions. Those institutions would then provide the funds to eligible students. The statement in the bill, . . . awards made directly to eligible students . . . is not true. The way the bill is written, the Commission would have no direct knowledge of which students received the state financial aid funds, only the knowledge of the amount of state funds provided to each nonprofit institution.

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>
Financial Aid Coordinator	0.5	0	27,500	27,500
	0	0	0	0
Benefits.....			6,325	6,325
Operating.....			4,286.25	4,412.50
Travel.....			2,083	2,185
Capital outlay.....			4,125.50	0
Aid.....			0	0
Capital improvements.....			0	0
TOTAL.....			44,319.75	40,422.50