PREPARED BY: DATE PREPARED: PHONE: Bill Biven, Jr. January 11, 2021 402-471-0054

LB 62

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	1-22	FY 2022-23				
	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.

LB62 amends several sections, creates the Access College Early Scholarship Cash Fund, and changes the provisions related to the Nebraska Improvement Fund, the Nebraska Opportunity Fund, and the Community College Gap Assistance Program Fund.

The Access College Early Scholarship Cash Fund will be administered by the Coordinating Commission for Postsecondary Education (CCPE) and will consist of money received pursuant to §9-812 and any money appropriated by the Legislature. The CCPE will use the fund to carry out the Access College Early Scholarship Program Act. Any money in the fund available for investment will be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Current Statute §9-812.4(a-f) - Distribution of 44.5% of lottery funds FY2016-17 through 2020-21:

- 62% Nebraska Opportunity Grant Fund
- 17% Department of Education Innovative Grant Fund
- 9% Community College Gap Assistance Program Fund
- 8% Excellence in Teaching Cash Fund
- 3% Distance Education Incentives through Nebraska Education Improvement Fund §79-1337(1)
- 1% Expanded Learning Opportunity Grant Fund

LB62 changes the distribution of the 44.5% of lottery funds for FY 2021-22 through FY 2026-27 to:

- 62% Nebraska Opportunity Grant Fund
- 31% Nebraska Education Improvement Fund
 - o Until the Legislature directs otherwise
- 4.5% Community College Gap Assistance Program Fund
- 2.5% Access College Early Scholarship

LB 62 does not result in additional revenue for educational programs overall, but rather changes the allocation between cash funds. With the reduction of the Community College Gap Assistance Program Fund from 9% to 4.5%, CCPE estimates that the funds being transferred in will be reduced by \$800,000.

	ADMINISTRA	ATIVE SERVIC	ES STATE BUDGET DIVISION: RE	VIEW OF AC	GENCY & POLT. SUB. RESPONSE
LB:	62	AM:	AGENCY/POLT. SUB:	Nebraska D	Department of Education
RE\	/IEWED BY:	Gary Bush	DATE:	1/12/21	PHONE: (402) 471-4161

COMMENTS: Unable to provide comment on fiscal impact as no fiscal impact was provided by the agency. The provisions of the bill would provide new cash funding to the Access College Early Scholarship program, decreased funding to the Community College Gap Assistance program, and no change to the funding for Nebraska Opportunity Grant program.

The impact to the Department of Education would be a reduction in funding for the agency's programs because funding for these programs ends on June 30,2021 and there is no direction to continue the existing funding for these programs in LB 62.

Α.	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	LB: 62 AM: AGENCY/POLT. SUB: Department of Revenue						
REVI	EWED BY:	Gary Bush	DATE: 2/26/21	PHONE: (402) 471-4161			
СОМ	COMMENTS: Agree with the agency's estimate of no fiscal impact to the agency.						

	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	62	AM:	AGENCY/POLT. SUB: Coordinating Cor	nmission for Postsecondary Education			
RE'	VIEWED BY:	Gary Bush	DATE: 1/14/21	PHONE: (402) 471-4161			
	COMMENTS: Agree with the method used by the agency when determining the fiscal impact. However, the level of funding that is likely to be available from lottery funds is than the \$13,800,000 assumed by the agency.						

A	ADMINISTRA	ATIVE SERVICE	S STATE BUDGET DIVISIO	N: RE	VIEW OF AGE	NCY & POLT. SUB. RESPONSE
LB:	62	AM:	AGENCY/POLT. SUB:	Audi	tor of Public Ac	counts
REVI	EWED BY:	Gary Bush	DAT	E:	1/19/21	PHONE: (402) 471-4161
COMMENTS: Agree with the agency's estimate of no fiscal impact to the agency.						

LB ⁽¹⁾ 62					FISCAL NOTE
State Agency OR	Political Subdivision Na	me: (2) NE D	ept of Education	on	
Prepared by: (3)	Bryce Wilson	Dat	e Prepared: (4)	1/8/21 Phone	402-471-4320
	ESTIMATE F	PROVIDED BY S	STATE AGENCY	OR POLITICAL SUBDIV	ISION
	<u>EXPENDI</u>	<u>FY 2021-22</u> ΓURES	<u>REVENUE</u>	<u>FY 2</u> <u>EXPENDITURES</u>	2022-23 <u>REVENUE</u>
GENERAL FUN	NDS				
CASH FUNDS		<u> </u>			
FEDERAL FUN	IDS				
OTHER FUND	S		_		
TOTAL FUNDS	s				
Explanation of l	Estimate:				
	the distribution of t 21/22 through 2026/	•	directed to the l	Nebraska Education Imp	provement Fund for
17% Innovative 9% Communite 8% Excellence 62% Nebraska 3% Distance ELB 62 changes 2.5% Access Classification 4.5% Community Co	Learning Opportunity Grant Fund by College Gap Assist in Teaching program Opportunity Grant Education Incentive the distribution as foollege Early Scholars ity College Gap Assis Opportunity Grant ined in the fund until	tance Program ollows: ship istance	rwise by Legislat	ure.	
		AKDOWN BY M	AJOR OBJECTS	OF EXPENDITURE	
Personal Service	es:	NUMBER	OF POSITIONS	2021-22	2022-23
POSI	FION TITLE	<u>21-22</u>	<u>22-23</u>	EXPENDITURES	EXPENDITURES
			_		
Benefits					
Operating					
Travel					
Capital outlay					
	ments				
TOTAL					

State Agency Estimate							
State Agency Name: Department of	Revenue				Date Due LFO:		
Approved by: Tony Fulton Date Prepared:			2/25/2021		Phone: 471-5896		
FY 2021-2022		1-2022	FY 202	2-2023	FY 2023	3-2024	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ 0		\$ 0		\$ 0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		\$ 0	

LB 62 amends several provisions related to educational funding and creates the Access College Early Scholarship Cash Fund. The new fund should be administered by the Coordinating Commission for Postsecondary Education and used to carry out the Access College Early Scholarship Program Act.

In addition, the bill extends the Nebraska Educational Improvement Fund allocation through the fiscal year 2026-27 and revenue allocated to the fund between fiscal years 2021-22 and 2026-27 should be transferred as follows:

- 2.5% to the Access College Early Scholarship Cash Fund;
- 4.5% to the Community College Gap Assistance Program Fund, and
- 62% to the Nebraska Opportunity Grant Fund.

The remainder of the funds should remain in the Nebraska Education Improvement Fund.

LB 62 also removes the \$1.5 million cap on assistance that can be granted in any single fiscal year from the Community College Gap Assistance Program Fund. In addition, LB 62 amends restrictions to use of the fund so that each community college may use up to 10% of any money received from the fund to defray costs of direct staff support services.

It is estimated that LB 62 will have no impact on General Fund revenues and implementation would result in minimal costs to the Department.

LB 62 contains an emergency clause and becomes law upon enactment.

	Major Objects of Expenditure							
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures	
Benefits								
	ts							
Total		• • • • • • • • • • • • • • • • • • • •						

LB ⁽¹⁾ 62				FISCAL NOTE			
State Agency OR Politic	al Subdivision Name: (2)	Coordinating Commission for Postsecondary Education					
Prepared by: (3) Ga	ry Timm	Date Prepared: (4)	1/12/21 Phone: (5	402.471.0020			
	ESTIMATE PROVID	DED BY STATE AGENO	<u>CY OR POLITICAL SUBDIVISI</u>	ON			
		2021-22	FY 202				
	EXPENDITURES	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>			
GENERAL FUNDS			· ————				
CASH FUNDS	13,800,000	13,000,000	13,800,000	13,000,000			
FEDERAL FUNDS			<u> </u>				
OTHER FUNDS			<u> </u>				
TOTAL FUNDS	13,800,000	13,000,000	13,800,000	13,000,000			

Explanation of Estimate:

LB 62 redistributes the percentage transferred from lottery proceeds for education purposes and does not provide any new overall funding for education purposes. Any new or increased transfers to one fund will be offset by reduced transfers from another fund. LB 62 allocates 69% to specific funds with the remaining 31% retained in the Education Improvement Fund until the Legislature directs.

The Coordinating Commission for Postsecondary Education (Commission) administers three financial aid programs, 1) the Nebraska Opportunity Grant (NOG) program, which provides financial aid to low-income, Nebraska undergraduates at postsecondary institutions, 2) the Community College Gap Assistance (Gap) program, which provides financial aid to low-income, Nebraska residents enrolled in non-Pell eligible programs in high-need fields, and 3) the Access College Early (ACE) program, which provides financial aid to low-income, Nebraska high school students taking dual credit courses.

Beginning in fiscal year 2021-22, LB 62, Sec 1 reduces the percentage transferred from the Education Improvement Fund to the Gap fund from 9% to 4.5% or approximately \$800,000. However, the existing cash fund balance would be sufficient to maintain the current level of spending through fiscal year 2026-27 and therefore no decrease in expenditures was included above.

Also beginning in fiscal year 2021-22, LB 62, Sec 1 transfers approximately \$500,000 in funding from the Education Improvement Fund to the ACE program, providing financial aid to low income students to take an additional 1,900 dual credit courses. The commission believes the current level of administrative appropriations would be sufficient for the expected increase in student applications and awarding of additional financial aid dollars. However, cash fund spending authority of \$500,000 would be needed to expend these additional dollars.

Neb. Rev. Stat. 9-812 provides for transfers from the Nebraska Education Improvement Fund through fiscal year 2020-21 to various funds including two financial aid program funds administered by the commission – the Nebraska Opportunity Grant fund (\$11.6 million) and the Community College Gap Assistance Program fund (\$1.7 million) for a total of \$13.3 million. Beginning July 1, 2021, current law would no longer provide for funds to be transferred to the commission's financial aid program funds. LB 243 extends the 2020-21 sunset date through 2026-27.

	EXPENDITURES	<u>REVENUE</u>
Extend sunset date of transfers	\$13,300,000	\$13,300,000
Decrease in Gap transfers with no decrease in expenditures	\$0	\$(800,000)
New transfer to ACE with corresponding increase in expenditures	\$500,000	\$500,000
TOTAL FUNDS	\$13,800,000	\$13,000,000

BREAKD	OOWN BY MA.	OR OBJECTS O	F EXPENDITURE		
Personal Services:					
POSITION TITLE	NUMBER OF POSITIONS 21-22 22-23		2021-22 EXPENDITURES	2022-23 <u>EXPENDITURES</u>	
Benefits					
Operating					
Гravel				-	
Capital outlay					
Aid			13,800,000	13,000,000	
Capital improvements					
TOTAL			13,800,000	13,000,000	

LB ⁽¹⁾ 62				FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	Auditor of Public A	Accounts		
Prepared by: (3) Mary Avery	Date Prepared: (4)	1/15/21	Phone: (5)	402-471-3686
ESTIMATE PROVI	DED BY STATE AGENO	CY OR POLITICAL	SUBDIVISIO	ON
EV	2021-22		FY 2022	0.9
EXPENDITURES		EXPENDITU		REVENUE
GENERAL FUNDS				
CASH FUNDS	_			
FEDERAL FUNDS	_			
OTHER FUNDS				
TOTAL FUNDS				
Explanation of Estimate:		· · · · · · · · · · · · · · · · · · ·		
_				
LB 62, as currently written, relates to Lo	ittery revenue anocation	15.		
BREAKDOY Personal Services:	WN BY MAJOR OBJECT	S OF EXPENDITU	<u>RE</u>	
2	NUMBER OF POSITIONS 21-22 22-23	S 2021-22 EXPENDIT		2022-23 EXPENDITURES
Benefits		-		
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				