

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for 2026 session.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	SEE BELOW	0	0	SEE BELOW
FY2027-2028	0	SEE BELOW	0	0	SEE BELOW
FY2028-2029	0	SEE BELOW	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2027-2028	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2028-2029	SEE BELOW	SEE BELOW	0	0	SEE BELOW

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

LB 417, codifies the Nebraska Promise Program scholarship that the University of Nebraska system is already providing. It would also expand the scholarship to the Nebraska State College System and to Nebraska's Community Colleges under a newly created College Promise Act. Both programs provide for 100% tuition waivers for students meeting certain conditions. LB 417 also proposes to change provisions relating to the Quality Education Accountability Act.

To be eligible for the Nebraska Promise Program, a student must:

- Be a Nebraska resident;
- Have a family income of less than sixty-five thousand dollars per year, or be eligible for a Federal Pell Grant; and
- Be registered as a full-time undergraduate student at any University of Nebraska campus, and taking twelve credit hours per academic semester.

To be eligible for the College Promise Act, a student must meet the same residency and income requirements, but must be enrolled at a state or community college. For both programs, tuition waivers are applied after Federal Pell Grant funds and other grants and scholarships are subtracted. Both programs have academic requirements for maintaining eligibility.

LB 417 provides for reimbursement to the State College System and to the Community Colleges only. It creates the College Promise Fund; requires that the Coordinating Commission for Postsecondary Education (CCPE) certify the tuition amounts waived by the State Colleges and Community Colleges by June 1 of each year (for the preceding school year) and submit that certification to the State Treasurer; provides that the certified amounts be transferred from the General Fund to the College Promise Fund in ten equal monthly payments beginning in September of the year in which such certification was made. The CCPE will then, from the amount appropriated by the Legislature, make distributions to each community college and state college in an amount equal to the total value of all waivers provided by each. Those payments will also be made in ten equal amounts over a ten-month period beginning in September. If the amount appropriated does not equal the total value of all waivers pursuant to the College Promise Act, a community college or state college shall not provide additional waivers pursuant to the act in any future school year until the community college or state college has been fully reimbursed for the value of the tuition waivers previously provided pursuant to the College Promise Act.

The University of Nebraska (NU) estimates its waivers to cost \$20,643,000 for FY27 and \$21,675,766 for FY28. They explain that while the program is currently administered by the University based on available resources and institutional priorities, codifying it into statute would remove NU oversight and flexibility, transferring control to the legislature without a dedicated funding mechanism. This shift would limit NU's ability to adjust cost thresholds, eligibility criteria, or academic requirements in response to financial and enrollment changes. Instead, any modifications would require legislative action, potentially delaying necessary adjustments, creating administrative inefficiencies, and potentially impacting students already in the program. They further explain, in their 2026 update, that if the State assumes administration of the program, it would need to account for the same financial exposure currently managed by the University – specifically, the need to budget for the full cost of tuition coverage should other aid sources be unavailable or reduced. The Fiscal Office has no basis to disagree with this analysis.

The fiscal impact to the State College System (NSCS) and the Community Colleges (CCs) is estimated at \$1,976,496 for FY27, with reimbursement by the CCPE to the applicable campuses in FY28. The Aid estimated for FY28, for reimbursement in FY29, is estimated at \$2,035,791. These updated estimates reflect the impact of recent tuition and enrollment growth. The operational cost to administer the program is estimated at \$10,000 for FY27 and \$10,750 for FY28 (0.1 FTE plus \$1,500/year computer lease expense from the OCIO).

LB 417 states intent for the Legislature to appropriate General Funds for the College Promise Act. It is assumed that the appropriations bill would appropriate funding for administrative expenses starting FY27, and Aid appropriations starting FY28.

Technical notes: Due to the timing of appropriation cycles compared to the certification and reimbursement cycles, it is likely that the amounts appropriated would not equal the amounts certified. If the appropriation is less than the certified amount, it may be difficult to fairly process partial reimbursements among the impacted campuses. Existing awardees could have their subsequent waivers nullified until complete refunds have been applied, which would be more than a year after the original waiver was applied.

As written, LB 417 does not provide for reimbursement to the University system. The CCPE may need to also develop a process for certifying that the waivers claimed by the Community Colleges are "last dollar", meaning that the student did not already receive state aid through existing Community College Programs 151 and 152.

Finally, LB 417 also proposes changes relating to the Quality Education Accountability Act, with potential impacts to K-12 education. As written, LB 417 requires that the State Board of Education recommend a career-readiness assessment leading to a National Career Readiness Certificate. Such instrument shall be made available to all students, in addition to a retake of the standard college admission test (e.g. the ACT). The Nebraska Department of Education (NDE) explains that a retake of the ACT is already made available for students who are eligible for free and reduced-price lunch. NDE notes that there are around 25,000 students in each graduating class across the state, and of those, about half, or 12,500 are eligible to retake the ACT, at a cost of \$55 per test. In contrast, all 25,000 would potentially be eligible for the Career Readiness Examination. NDE further comments that the potential fiscal impact could be \$687,500 each year, depending on the number of students who retake the test at an assumed cost of \$13.50 per test. The Fiscal Office has no basis to disagree with this analysis.

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

Prepared by: <sup>(3)</sup> Courtney Wittstruck

Date Prepared: <sup>(4)</sup> 1/8/26

Phone: <sup>(5)</sup> 402.381.2084

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		-\$819,015		-\$843,585
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2026

LB<sup>(1)</sup> 417

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Education

Prepared by: <sup>(3)</sup> Lane Carr Date Prepared: <sup>(4)</sup> 1.7.26 Phone: <sup>(5)</sup> 402.419.3012

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$687,500		\$687,500	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$687,500</u>		<u>\$687,500</u>	

**Explanation of Estimate:**

As it pertains to K-12 education, LB417 requires the State Board of Education to recommend a career-readiness assessment leading to a National Career Readiness Certificate. Such instrument shall be made available to all students, in addition to a retake of the standard college admission test.

Currently, the State Board has recognized the ACT pursuant to 79-360.03, Section 9. The ACT costs \$55 per test under the current NDE contract, and the ACT WorkKeys (one such instrument for National Career Readiness) costs around \$13.50 per test. A retake is already made available by ACT for students who are eligible for free and reduced-price lunch.

It is unlikely every high school senior would retake the ACT or take the newly identified career-readiness assessment. However, to estimate fiscal impact, the NDE notes there are around 25,000 students in each graduating class. With roughly half eligible for free and reduced-price lunch, 12,500 students qualify for the free retake from ACT. These students aside, 12,500 could be eligible for a retake of the ACT, and potentially all 25,000 eligible for the Career Readiness Examination under this provision. The fiscal impact would be between \$337,500 to \$687,500.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
Benefits.....				
Operating.....			\$687,500	\$687,500
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$687,500	\$687,500

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

**2026**

**LB<sup>(1)</sup> 417**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Coordinating Commission for Postsecondary Education

Prepared by: <sup>(3)</sup> Gary Timm Date Prepared: <sup>(4)</sup> 1/13/2026 Phone: <sup>(5)</sup> 402.471.0020

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>1,986,496</u>	<u></u>	<u>2,046,041</u>	<u></u>
CASH FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>1,986,496</u>	<u></u>	<u>2,046,041</u>	<u></u>

**Explanation of Estimate:**

LB 417, Sec. 3 through 7 creates the College Promise Act and provides a last-dollar tuition waiver for state college and community college students from Nebraska families earning less than \$65,000. LB 417 requires the commission to certify tuition amounts waived by each community college and state college, and then reimburse the colleges from a General fund appropriation equal to the certified amount. The bill also requires the commission to develop an appeals process.

The commission estimates that a 0.1 FTE will be required to perform on-site reviews of the college's waiver amounts, develop and administer an appeals process, and allocate and disburse funds. Also included is an estimated \$1,500 in operating expenses for computer lease expenses from the OCIO.

The five of the six community colleges have provided the commission with updated waiver estimate. For the remaining colleges, the commission increased their prior year estimate by 3% to arrive at an aid estimate. Once the remaining colleges provide their updated estimates, the commission will update the fiscal note.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Associate	<u>0.1</u>	<u>0.1</u>	<u>5,000</u>	<u>5,200</u>
			<u>1,500</u>	<u>1,550</u>
Benefits.....				
Operating.....			<u>1,500</u>	<u>1,500</u>
Travel.....			<u>2,000</u>	<u>2,000</u>
Capital outlay.....				
Aid.....			<u>1,976,496</u>	<u>2,035,791</u>
Capital improvements.....				
TOTAL.....			<u>1,986,496</u>	<u>2,046,041</u>

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

2026

LB<sup>(1)</sup> 417

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> University of Nebraska System

Prepared by: <sup>(3)</sup> Anne Barnes Date Prepared: <sup>(4)</sup> 1/6/2026 Phone: <sup>(5)</sup>

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	20,643,000		21,645,766	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	20,643,000		21,675,766	

**Explanation of Estimate:**

LB417, if enacted, would codify the existing Nebraska Promise Program, formerly Collegebound Nebraska, which provides tuition coverage for eligible undergraduate students at the University of Nebraska and the Nebraska College of Technical Agriculture. Nebraska Promise is currently administered by the University under the authority granted to the Board of Regents by the Nebraska Constitution.

Under current practice, the University administers Nebraska Promise as a “last-dollar” program and budgets conservatively to ensure that eligible students receive the full benefit of the program regardless of fluctuations in other sources of aid. Because the availability and amount of federal, state, and private aid—particularly Pell Grants—can vary from year to year and student to student, the University must plan for the potential full tuition cost in cases where students do not receive sufficient aid from other sources.

Across all University of Nebraska campuses, this approach requires the institution to set aside more than \$20 million annually to cover Nebraska Promise obligations. This budgeting practice is necessary to protect the institution from unanticipated funding gaps and to ensure continuity of support for eligible students.

If the State assumes administration of the program, it would need to account for the same financial exposure currently managed by the University—specifically, the need to budget for the full cost of tuition coverage should other aid sources be unavailable or reduced.

Without guaranteed state support, LB417 functions as an unfunded tuition-waiver mandate. At a time of statewide budget pressures, imposing this cost on the University restricts the Board’s ability to manage limited resources and threatens other priorities such as academic programs, workforce initiatives, and student support services.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			20,643,000	21,675,766
Capital improvements.....				
TOTAL.....			20,643,000	21,675,766



ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 417	AM:	AGENCY/POLT. SUB: Nebraska Community College Association	
REVIEWED BY: Kimberly Burns		DATE: 01/09/2026	PHONE: (402) 471-4171
COMMENTS: Agree with the Nebraska Community College Association's general assumption of fiscal impact caused by assumed loss of revenue (or increased expenses) from LB 417, but not enough information provided to adequately substantiate the stated revenue loss amounts.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 417	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Kimberly Burns		DATE: 01/09/2026	PHONE: (402) 471-4171
COMMENTS: The Department of Education's estimated range of fiscal impact resulting from LB 417 appears reasonable based on the assumptions provided.			