

PREPARED BY: Phil Hovis
 DATE PREPARED: February 03, 2011
 PHONE: 471-0057

LB 657

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

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

LB657 would change statutory criteria for determination of students' state residency status for purposes of assessment of tuition by Nebraska public postsecondary educational institutions.

Among its provisions, the bill would strike subsection (8) of Sec. 85-502. This would eliminate a student's graduation from a Nebraska public or private high school as a criterion for establishing state residency. This would require postsecondary institutions to use alternative criteria as provided in subsections (1) to (7) of Sec. 85-502 as the basis for determining students' state residency. The University of Nebraska indicates that elimination of graduation from a Nebraska high school as a basis for determining residency would require a major change from current practices for processing in-state student applications for admission. Currently, the University applies the graduation from a Nebraska high school criterion as the basis for determining residency for the vast majority of in-state applications. In addition, the University notes its interpretation (given that LB657 contains no specific exclusion for existing students) that both newly applying students as well as existing students would require residency determination under subsections (1) to (7) of Sec. 85-502 in the first year of implementation should LB657 be enacted. The University estimates increased expenditures of \$270,000 for 2011-12 and \$275,000 for 2012-13 (Cash Funds) primarily to support 6.25 FTE residency coordinators to process and verify state residency documentation.

Neither the Nebraska State College System nor the Nebraska Community Colleges estimate expenditure impacts associated with provisions of LB657 similar to those estimated by the University of Nebraska.

Current law effectively allows undocumented students who have resided in Nebraska for at least three years, who have graduated from a Nebraska high school, and who are working to attain lawful status to attend a Nebraska public postsecondary education institution at the resident tuition rate. This would no longer be the case if the bill were to be enacted as LB657 strikes subsection (8) of Sec. 85-502 and adds new language requiring that a person must be "lawfully present in the United States" in order to be deemed a Nebraska resident. The University of Nebraska indicates that 48 students currently qualify for resident tuition status under the current statutory provisions noted above. The University indicates that enrollment of such students at nonresident rates would be in question if LB657 were to be enacted. The University estimates a related loss of tuition and fee revenue in the amount of \$300,000 annually as a potential Cash Fund revenue impact if the bill becomes law. While the Nebraska State College System similarly indicates a loss of related tuition and fee revenue as a potential impact of the bill, it indicates there are very few, if any, students within the system who currently qualify for resident status under these provisions. The Nebraska Community Colleges also cite a potential for a similar loss of revenue, but identify no definitive estimated impact.

The University of Nebraska indicates that amendments to subsection (5) of Sec. 85-502 contained in LB657 would preclude students who are seeking a change in their visa status from qualifying for resident tuition status. While this may impact enrollment of such students, no definitive related revenue impact is estimated by the University.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	William Scheideler	DATE 2/4/11	PHONE 471-2526
COMMENTS			
NEBRASKA COMMUNITY COLLEGE ASSOCIATION: Fiscal impact is expected to be minimal.			
NEBRASKA STATE COLLEGE SYSTEM: Concur, fiscal impact is expected to be minimal.			
UNIVERSITY OF NEBRASKA: Fiscal impact is expected to be minimal.			

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

LB⁽¹⁾ 657 FISCAL NOTE

FEB - 1 2011

State Agency OR Political Subdivision Name: University of Nebraska
(2)

LEGISLATIVE FISCAL

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 31, 2011 Phone: ⁽⁵⁾ 472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	<u>270,000</u>	<u>(300,000)</u>	<u>275,000</u>	<u>(300,000)</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>270,000</u>	<u>(300,000)</u>	<u>275,000</u>	<u>(300,000)</u>

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

Explanation of Estimate:

This bill impacts residency status for undocumented students for tuition assessment purposes. Undocumented students would not be eligible for resident tuition. As a result, this population of students would be at risk for enrollment due to increased costs for tuition.

It also impacts students classified in "pending" status. These students are seeking a change in their visa status. For tuition assessment, those currently eligible for resident tuition assessment would no longer be eligible under the bill.

The bill also eliminates graduation from a Nebraska high school as a basis for residency. Verification of residency, absent this provision, would increase the cost of the application review process for the University. Having to review/obtain documentation for all in-state applications for residency will be a major undertaking. The first year, all students, new and existing would need to be verified as we read the bill. Additionally, the revenue loss associated with this population is unknown (not included), but could be significant.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012	2012-2013
	11-12	12-13	EXPENDITURES	EXPENDITURES
Residency Coordinator	<u>6.25</u>	<u>6.25</u>	<u>200,000</u>	<u>204,000</u>
Benefits.....			<u>50,000</u>	<u>51,000</u>
Operating.....			<u>20,000</u>	<u>20,000</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>270,000</u>	<u>275,000</u>