

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	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.

LB232 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 Coordinating 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 to be awarded under provisions of the College Choice Grant Program Act. 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 LB232 is enacted. The Commission estimates one-time costs of \$800 associated with promulgating rules and regulations related to the program. This estimate appears reasonable. In addition to these 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 \$5,875 for 2015-16 and \$4,580 for 2016-17. Given that processes required for administration of the new program would be substantially the same as such processes for the existing Nebraska Opportunity Grant Program administered by CCPE, this relatively modest estimate of administrative costs associated with the College Choice Grant Program appears reasonable.

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2015

LB⁽¹⁾ 232

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm

Date Prepared: ⁽⁴⁾ 1/20/15

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$6,675		\$4,580	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$6,675	\$0	\$4,580	\$0

Explanation of Estimate:

LB 232 creates the College Choice Grant Program, a new financial aid program restricted to nonprofit, nonpublic institutions located in Nebraska. LB 465, a similar if not identical bill, was introduced in the 2013 legislative session. This is a new program and different from the current Nebraska Opportunity Grant (NOG) financial aid program, and would necessitate the Commission to write rules and regulations for operation of the program. Costs for rules and regulations - \$500 for notice of hearing in the Omaha World-Herald, \$200 for travel for two Commissioners to hold the public hearing, and \$100 for copies and staff travel.

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 is estimated to be \$2,000 the first year and \$500 each subsequent year.

Administrative duties associated with this program include a twice per year distribution of funds to the nonprofit institutions participating in the program, review and approval of eligible students submitted by the nonprofit institutions, and on-site audits of student financial aid files related to the College Choice Grant Program. The Commission estimates a .05 FTE would be necessary to perform these additional duties

Sec. 13, subsection (2)(d) provides for an undetermined appropriation to fund the aid portion of this bill. This fiscal note does not include an estimate or source of funding for the aid portion of the College Choice Grant Program as the Legislature will determine the appropriate funding level.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Financial Aid Coordinator	.05	.05	\$2,500	\$2,650
			\$875	\$930
Benefits.....				
Operating.....			\$2,800	\$500
Travel.....			\$500	\$500
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$6,675	\$4,580