

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 | | | 2,343,746 | |
| CASH FUNDS | | | No net change Cash Funds See below | No net change Cash Funds See below |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | 2,343,746 | |

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

Under current law, a proportion of state lottery receipts (net of payment of prizes and operating expenses as well as an annual \$500,000 transferred to the Compulsive Gamblers Assistance Fund) is credited to the Nebraska Opportunity Grant Fund (NOG Fund). This proportion of net lottery receipts is 24.75%. The NOG Fund is administered by the Coordinating Commission for Postsecondary Education with amounts credited to (and appropriated from) the fund ultimately disbursed in the form of need-based student financial aid under provisions of the Nebraska Opportunity Grant Act. Current law provides, however, that beginning with FY2016-17, distribution of this proportion of net lottery receipts to the NOG Fund will discontinue with the amount instead to be credited to the Nebraska Education Improvement Fund (NEI Fund).

LB520 provides that for FY16-17, FY17-18, & FY18-19; decreasing amounts are to be transferred from the NEI Fund to the NOG Fund:
 ---For FY2016-17, LB520 requires the equivalent of 18.50% of net lottery receipts be transferred from the NEI Fund to the NOG Fund.
 ---For FY2017-18, LB520 requires the equivalent of 12.25% of net lottery receipts be transferred from the NEI Fund to the NOG Fund.
 ---For FY2018-19, LB520 requires the equivalent of 6.00% of net lottery receipts be transferred from the NEI Fund to the NOG Fund.

As such, LB520 would effectively phase out lottery receipts available to support need-based student financial aid disbursed under provisions of the Nebraska Opportunity Grant Act as opposed to eliminating the related funding all at once in FY2016-17. In comparison to current law, LB520 will result in no net change in the amount of lottery receipts credited to cash funds administered by state agencies over the three-year period. The bill will simply result in a change with respect to which cash funds and in what amounts 24.75% of net lottery receipts will ultimately flow and a change in terms of the purpose(s) for which the related lottery revenue will be expended. Relative to current law, the bill will result in an increase in lottery revenue to be credited to the Nebraska Opportunity Grant Fund for FY2016-17 through FY2018-19 ultimately to be disbursed by the Coordinating Commission as need-based student financial aid under provisions of the Nebraska Opportunity Grant Act. Relative to current law, LB520 will result in an equivalent decrease in lottery revenue to be available from the Nebraska Education Improvement Fund to be expended for purposes yet to be prescribed by the Legislature. For FY2013-14, actual lottery receipts credited to the Nebraska Opportunity Grant Fund (at the 24.75% ratio of net lottery receipts) amounted to \$9,281,233. Using this amount as the basis for an approximation of the distribution of the 24.75% proportion of net lottery receipts for FY2016-17 through 2019-20 yields the following:

| | Total Lottery Revenue Credited to NEI Fund | Less: Proportion Transferred to NOG Fund | Net Lottery Revenue Retained in NEI Fund |
|---------|---|---|---|
| 2016-17 | 9,281,233 | 6,937,487 | 2,343,746 |
| 2017-18 | 9,281,233 | 4,593,742 | 4,687,491 |
| 2018-19 | 9,281,233 | 2,249,996 | 7,031,237 |
| 2019-20 | 9,281,233 | -0- | 9,281,233 |

Note:
 Amounts transferred to NOG Fund and amounts retained in NEI Fund will require appropriations so as to be expended for respective purposes.

LB520 effectively expresses the intent of the Legislature to replace lottery revenue diverted from the Nebraska Opportunity Grant Fund to the Nebraska Education Improvement Fund with General Fund appropriations. Utilizing the above to estimate amounts necessary to satisfy this stated intent results in the following estimate of:

| Intended General Fund appropriations | |
|--------------------------------------|-----------|
| Nebraska Opportunity Grant Program | |
| 2016-17 | 2,343,746 |
| 2017-18 | 4,687,491 |
| 2018-19 | 7,031,237 |
| 2019-20 | 9,281,233 |

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

2015

LB⁽¹⁾ 520

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Education

Prepared by: ⁽³⁾ Shane Rhian

Date Prepared: ⁽⁴⁾ 01-28-15

Phone: ⁽⁵⁾ 1-4313

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 | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

No fiscal impact to the Department under current statute.

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> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

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

2015

LB⁽¹⁾ 520

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm

Date Prepared: ⁽⁴⁾ 1/28/15

Phone: ⁽⁵⁾ 471-0020

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 | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Explanation of Estimate:

The Nebraska Opportunity Grant (NOG) program is the statewide aid program for low-income students attending a Nebraska postsecondary institution. The NOG program is funded from approximately \$6.7 million in General fund money and \$10 million in State Lottery Operation Trust (Lottery) Fund money. As of June 30, 2016, current statute will remove the Lottery fund money from this program and transfer the balance in the NOG Fund to the Nebraska Education Improvement Fund.

From fiscal year 2016-17 through fiscal year 2018-19, LB 520 gradually reduces the amount of funding provided by the Lottery Fund to \$0 and replaces these reductions with General fund money. This bill will maintain the current overall funding level of the NOG program with the source of funding for the fiscal year 2018-19 being entirely from the General fund.

This bill will have no fiscal impact to the Commission.

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> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |