

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	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.

LB691 would create two new student financial aid programs, the Teacher Education Student Grant Program and the Health Care Professions Student Grant Program. Both programs are to be administered by the Coordinating Commission for Postsecondary Education (CCPE). Nebraska resident undergraduate students enrolled in teacher education or health care profession programs (to be defined by CCPE through rules and regulations) at Nebraska public or private nonprofit institutions and who meet financial need criteria specified in the bill would be eligible to receive financial aid under the programs to meet educational expenses including tuition, fees, room and board, and books.

While LB691 would create the Teacher Education Student Grant Fund and the Health Care Professions Student Grant Fund, the bill prescribes no definitive source(s) of revenue that are to accrue to either fund. Insofar the bill does not definitively identify alternative funding sources, it is presumed that General Fund appropriations would be required to support financial aid awards under both programs. The level of such appropriations would apparently be at the discretion of the Legislature. For any such amounts appropriated, the bill provides a methodology for each financial aid program to determine allocation amounts for participating eligible institutions which, in turn, are to act as agents of CCPE in the distribution of funds to eligible students. Utilizing federal Integrated Postsecondary Education Data System (IPEDS) data, CCPE estimates that for 2014-15, 1,465 students may have been eligible for the Teacher Education Student Grant Program and 1,204 students may have been eligible for the Health Care Professions Student Grant Program had the programs existed at that time.

CCPE estimates nominal (\$2,300) one-time costs associated with implementation of the programs. These costs relate to promulgation of rules and regulations, writing and testing of a financial aid distribution formula, and creating a database to monitor aid distributions. In addition, CCPE estimates ongoing staff (0.1 FTE) and related costs approximating \$8,200 for each of 2016-17 and 2017-18 to administer the programs if enacted and funded. These estimates appear reasonable.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:691	AM:	AGENCY/POLT. Coordinating Commission for Postsecondary Education	
REVIEWED BY: James Van Bruggen		DATE: 1/14/16	PHONE: 471-4179
COMMENTS: There is no basis to disagree with the Coordinating Commission for Postsecondary Education.			

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

2016

LB⁽¹⁾ 691

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm

Date Prepared: ⁽⁴⁾ 1/13/15

Phone: ⁽⁵⁾ 471-0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>10,500</u>	<u> </u>	<u>8,160</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>10,500</u>	<u>0</u>	<u>8,160</u>	<u>0</u>

Explanation of Estimate:

LB 691 creates two new aid programs for Nebraska residents with financial need – the Teacher Education Student Grant Program and the Health Care Professions Student Grant Program. Each program would have a separate fund and appropriation to be determined by the Legislature and would allow students to attend any Nebraska public and private, non-profit institution that offer courses or programs leading to a baccalaureate or an advanced degree.

While these programs are different than the current Nebraska Opportunity Grant (NOG) financial aid program, administration processes would be similar. However, each program would necessitate the Commission to write rules and regulations for operation. 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 also need to write new distribution formulas, run a pilot of the new formulas, and create new databases to monitor distributions. The cost of writing and testing new formulas plus monitoring the databases are estimated to be \$2,000 the first year and \$500 each subsequent year.

Administrative duties associated with each program include review and approval of eligible students submitted by the institutions, a twice per year distribution of funds to participating institutions, review of program reports, and on-site audits of student financial aid files. It is estimated that for 2014-15 there would have been 1,465 students eligible for the Teacher Education Student Grant program and 1,204 students eligible for the Health Care Professions Student Grant program. The Commission estimates .10 FTE would be necessary to perform these additional duties based on similar processes used in the NOG program that provided awards to 16,000 students during 2014-15.

Estimation of Eligible Students

The **Teacher Education Student Grant Program** would be available to Nebraska residents enrolled as undergraduate students in a teacher education program. The award could only be used for educational expenses, including tuition, fees, room and board, and books. The Commission estimates that there would be 1,465 eligible students for the Teacher Education Student Grant Program.

The **Health Care Professions Student Grant Program** would be available to Nebraska residents enrolled as undergraduate students in a health care profession program. The award could only be used for educational expenses, including tuition, fees, room and board, and books. The Commission estimates that there would be 1,204 students eligible for the Health Care Professions Student Grant Program.

To determine the number of students eligible for each program, information from the Integrated Postsecondary Education Data System (IPEDS) was used as follows:

- Determined the full-time equivalent (FTE) of Nebraska resident students enrolled at each eligible institution by multiplying the 12-month FTE for the institution by the percentage of first-time freshman students that were Nebraska residents for each program.
- Determined the percentage of education awards and healthcare degrees awarded at each institution and multiplied this by the Nebraska resident FTE students enrolled in each program calculated above to arrive at the number of Nebraska students awarded education degrees and healthcare degrees.
- Determined the percentage of students eligible for federal Pell grants at each institution and multiplied this by the Nebraska students awarded education degrees and healthcare degrees calculated above to arrive at the number of students eligible.

Sections 14 (2)(a)(iv) and (2)(b)(iv) provide for an undetermined appropriation to fund the aid portions of this bill. This fiscal note does not include an estimate or source of funding for the aid portion of the Teacher Education Student Grant Program or the Health Care Professions Student Grant Program as the Legislature will determine the appropriate funding level. The estimate included in the fiscal note is for administration of the two programs only.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
Financial Aid Coordinator	.10	.10	\$5,000	\$5,300
Benefits.....			1,750	1,860
Operating.....			2,800	500
Travel.....			500	500
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			10,500	\$8,160