

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	\$11,000,000			\$11,000,000
CASH FUNDS	2,600,000			5,300,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$13,600,000			16,300,000

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate. LB858 creates the University of Nebraska Facilities Program of 2016. LB858 would allow the Board of Regents to enter into construction and long-term finance contracts for deferred maintenance, repair, renovation, facility addition, and facility replacement projects on all four campuses. There are 17 projects listed in the bill. LB858 directs the Legislature to appropriate \$11 million each year for FY2016-17 and FY2017-18 and \$22 million each year thereafter through FY2028.

The Board of Regents is to provide matching funds on a one-to-one basis up to \$22 million per year for FY2016-17 through FY2029. The University has indicated that the matching funds will be provided by a dedicated 1% tuition rate increase for 4 years beginning in FY2016-17.

The impact of LB858 is as follows.

Fiscal Year	General Funds	Tuition Income	Total
2016-17	\$11,000,000	\$2,600,000	\$13,600,000
2017-18	11,000,000	5,300,000	16,300,000
2018-19	22,000,000	19,100,000	41,100,000
2019-20	22,000,000	22,000,000	44,000,000
2020-21	22,000,000	22,000,000	44,000,000
2021-22	22,000,000	22,000,000	44,000,000
2022-23	22,000,000	22,000,000	44,000,000
2023-24	22,000,000	22,000,000	44,000,000
2024-25	22,000,000	22,000,000	44,000,000
2025-26	22,000,000	22,000,000	44,000,000
2026-27	22,000,000	22,000,000	44,000,000
2027-28	22,000,000	22,000,000	22,000,000
2028-29	0	17,000,000	17,000,000
Total	\$242,000,000	\$242,000,000	\$484,000,000

The net increase in General Funds is calculated as follows.

Fiscal Year	Current Law (85-421)	LB858	Change
2016-17	\$11,000,000	\$22,000,000	\$11,000,000
2017-18	11,000,000	22,000,000	11,000,000
2018-19	11,000,000	22,000,000	11,000,000
2019-20	11,000,000	22,000,000	11,000,000
2020-21	0	22,000,000	22,000,000
2021-22	0	22,000,000	22,000,000
2022-23	0	22,000,000	22,000,000
2023-24	0	22,000,000	22,000,000
2024-25	0	22,000,000	22,000,000
2025-26	0	22,000,000	22,000,000
2026-27	0	22,000,000	22,000,000
2027-28	0	22,000,000	22,000,000

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:858	AM:	AGENCY/POLT. University of Nebraska	
REVIEWED BY: James Van Bruggen		DATE: 1/20/16	PHONE: 471-4179
<p>COMMENTS: The bill would require State of Nebraska to fund \$11,000,000 in General Funds each year for FY2017 and FY2018 and \$22,000,000 in General Funds each year from FY2019 through FY2028. This would have an overall General Fund impact to the State of Nebraska of \$242,000,000.</p> <p>The bill does require the University to commit additional funding which would grow to \$22,000,000 annually with an overall \$242,000,000 impact. The University of Nebraska will increase tuition rates an additional one percent each year for four years to generate revenue to pay off the debt.</p> <p>The total amount of debt this bill would generate is over \$400,000,000.</p> <p>Additionally, Section 3 (3) of this bill has one unspecified project (located in subsection L) which does not allow for reasonable determination that the project is for a deferred maintenance, repair, renovation, facility replacement or other assumed need.</p>			

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

2016

LB⁽¹⁾ 858

FISCAL NOTE

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

Prepared by: (3) Michael Justus Date Prepared: (4) Jan 16, 2016 Phone: (5) 402-472-2191

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	11,000,000		11,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>11,000,000</u>		<u>11,000,000</u>	

Explanation of Estimate:

The bill would create the University of Nebraska Facilities Program of 2016 which allows the University Board of Regents to enter into finance and construction contracts to address critical deferred maintenance, repair, renovation and/or construction needs on all four of its campuses.

The bill would appropriate \$11,000,000 of general funds to the Program in both fiscal year 2016-17 and 2017-18. Beginning in fiscal year 2018-19, the bill would annually appropriate \$22,000,000 of general funds to the Program until fiscal year 2027-28.

The University of Nebraska Facilities Program 2006 bonds are scheduled to be retired earlier than originally projected, so the bill would also revise Section 85-4121 to shorten the appropriation timeframe for the 2006 Program from fiscal year 2019-20 to fiscal year 2017-18. Once the 2006 Program bonds are retired in 2017-18, those \$11 million funding streams would be redirected towards paying off the 2016 Program bonds.

The bill recognizes the commitment of the Board of Regents of the University of Nebraska to provide matching funds on a one-to-one basis, for a total of up to two hundred forty-two million dollars to supplement amounts appropriated from the General Fund. The University intends to meet its share of the matching investments through four years of dedicated 1 percent tuition increases beginning in 2016-17.

The schedule below summarizes the proposed funding.

FY Ending	<u>Current</u>			<u>LB 858</u>					
	<u>2006 Program</u>			<u>2006 Program</u>			<u>2016 Program</u>		
	State Appropriations	University	Totals	State Appropriations	University	Totals	State Appropriations	University	Totals
2017	\$ 11,000,000	\$ 11,000,000	\$ 22,000,000	\$ 11,000,000	\$ 11,000,000	\$ 22,000,000	\$ 11,000,000	\$ 2,600,000	\$ 13,600,000
2018	11,000,000	11,000,000	22,000,000	11,000,000	11,000,000	22,000,000	11,000,000	5,300,000	16,300,000
2019	11,000,000	11,000,000	22,000,000				22,000,000	19,100,000	41,100,000
2020	11,000,000	11,000,000	22,000,000				22,000,000	22,000,000	44,000,000
2021							22,000,000	22,000,000	44,000,000
2022							22,000,000	22,000,000	44,000,000
2023							22,000,000	22,000,000	44,000,000
2024							22,000,000	22,000,000	44,000,000
2025							22,000,000	22,000,000	44,000,000
2026							22,000,000	22,000,000	44,000,000
2027							22,000,000	22,000,000	44,000,000
2028							22,000,000	22,000,000	44,000,000
2029								17,000,000	17,000,000
	<u>\$ 44,000,000</u>	<u>\$ 44,000,000</u>	<u>\$ 88,000,000</u>	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>	<u>\$ 44,000,000</u>	<u>\$ 242,000,000</u>	<u>\$ 242,000,000</u>	<u>\$ 484,000,000</u>

Proposal: Once the 2006 program bonds are retired, those \$11 million funding streams would be redirected towards paying off the 2016 Program bonds.