

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2008-09</b>		<b>FY 2009-10</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB1013 would establish a Higher Education Academic Scholarship Program to be administered by the Coordinating Commission for Postsecondary Education. The bill provides that Nebraska students who have a composite score on the American College Testing (ACT) Program college entrance examination that is in the top five percent of all Nebraska students taking the examination in a given year are to be eligible to receive an initial scholarship of \$2,000 if they are enrolled in or are accepted for enrollment as a full-time student in an eligible Nebraska postsecondary educational institution as defined in the bill. Scholarships are to be annually renewable for a students' second, third and fourth academic years after the initial award or as long as the student maintains a cumulative grade-point average of 3.5 on a four-point scale, remains in compliance with eligibility requirements under provisions of the bill, and enrolls for continuous years of study except as provided in section 8 of the bill.

The fiscal impact of the bill primarily relates to the cost of awarding scholarships to eligible students as provided in LB1013. The Coordinating Commission estimates that the cohort of students newly eligible to receive the Higher Education Academic Scholarship would approximate 800 (top 5% of 16,000 ACT scores) for the first year of scholarship awards in 2009-10. Of those eligible to receive a scholarship under the program, however, some proportion of students will ultimately not be eligible to receive the awards as they will elect to attend college in a state other than Nebraska. Based upon data compiled for the academic year commencing in the fall of 2000, of those students scoring in the highest ACT composite range (30 to 36), approximately 43% of related students enrolled in Nebraska colleges and universities while approximately 57% enrolled in colleges and universities outside Nebraska. If comparable percentages were to hold true for the first year of the proposed program (2009-10), of 800 Nebraska students estimated to represent the top 5% of ACT test scores, approximately 350 students may be anticipated to attend Nebraska colleges and universities while 450 may elect to attend colleges and universities outside the state. The \$2,000 scholarship proposed by LB 973 may serve as an inducement for a greater proportion of the highest 5% ACT test score recipients to attend Nebraska colleges and universities; however, any estimate as to the impact of such a scholarship is speculative. For purposes of this fiscal note, it is assumed that not less than 30% of those scoring in the top 5% of ACT test score would elect to attend colleges and universities outside Nebraska notwithstanding the availability of a \$2,000 Higher Education Academic Scholarship. Based upon the foregoing, the following are offered as a range of estimated scholarship funding requirements under the bill assuming a 5% student attrition rate.

Based upon fall of 2000 attendance pattern

	<u>Students</u>	<u>2009-10</u>	<u>Students</u>	<u>2010-11</u>	<u>Students</u>	<u>2011-12</u>	<u>Students</u>	<u>2012-13</u>
1 <sup>st</sup> year students	350	\$700,000	350	\$700,000	350	\$700,000	350	\$700,000
2 <sup>nd</sup> year students			332	664,000	332	664,000	332	664,000
3 <sup>rd</sup> year students					315	630,000	315	630,000
4 <sup>th</sup> year students							299	598,000
	<u>350</u>	<u>\$700,000</u>	<u>682</u>	<u>\$1,364,000</u>	<u>997</u>	<u>\$1,994,000</u>	<u>1,296</u>	<u>\$2,592,000</u>

Based upon retention of not more than 70% of top 5% ACT score recipients to enroll in Nebraska institutions

	<u>Students</u>	<u>2009-10</u>	<u>Students</u>	<u>2010-11</u>	<u>Students</u>	<u>2011-12</u>	<u>Students</u>	<u>2012-13</u>
1 <sup>st</sup> year students	560	\$1,120,000	560	\$1,120,000	560	\$1,120,000	560	\$1,120,000
2 <sup>nd</sup> year students			532	1,064,000	532	1,064,000	532	1,064,000
3 <sup>rd</sup> year students					505	1,010,000	505	1,010,000
4 <sup>th</sup> year students							480	960,000
	<u>560</u>	<u>\$1,120,000</u>	<u>1,092</u>	<u>\$2,184,000</u>	<u>1,597</u>	<u>\$3,194,000</u>	<u>2,077</u>	<u>\$4,154,000</u>

The Coordinating Commission would incur costs in administering the proposed Higher Education Academic Scholarship Program. The commission estimates relatively nominal costs to administer the program under an assumption that relevant ACT test score and student data can be made available directly to the commission from the American College Testing Program. Under this assumption, the agency's estimate of additional administrative costs of up to \$6,500 for 2008-09 and ongoing costs of \$1,200 for 2009-10 and future years appears reasonable. If, however, the commission is unable to secure the data directly from American College Testing, it indicates a significantly more involved application and award process will be required with substantially higher costs incurred to administer the program. Under this scenario of program administration, the commission estimates a need for one full-time staff person to process scholarship applications, distribute awards, and coordinate a scholarship application process. The agency estimates personnel costs, including salary and benefits, for the additional position at \$53,100. Non-personnel costs for this scenario are estimated at levels comparable to the scenario involving nominal additional administrative costs. The workload associated with the more administratively intensive scenario and the need for a full-time position to accommodate it is somewhat uncertain; however, requirements for staff resources under this scenario would be material.