

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$8,120,333		\$8,161,061	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$8,120,333		\$8,161,061	

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

If passed, LB 551 would prohibit future tenure appointments at the University of Nebraska (NU), Nebraska’s State College system (NSCS), and the state’s six community colleges.

The community colleges report no fiscal impact to its six campuses.

NU and NSCS report both fiscal and operational issues if LB 551 were to pass. The operational risk is that it would be difficult to hire and retain qualified faculty at all campuses. NU reports the risk of losing its academic membership in the Big Ten conference, along with the risk of not being allowed re-admission into the Association of American Universities (AAU). NU further expresses the likelihood of litigation by current tenure-track faculty and faculty collective bargaining units.

The fiscal notes submitted by NU and NSCS explain that institutions without tenure systems often need to compensate for this lost benefit through increased salaries.

While the potential litigation costs cannot be determined at this time, both NU and NSCS have provided their calculations of the cost to retain current faculty and address expected faculty shortages.

NSCS calculated its projected cost using data obtained through College and University Professional Association for Human Resources (CUPA). NU estimated a 15% increase to the salaries of current tenure-track faculty members, with related benefit costs. Costs not included in the chart below are expenses related to potential litigation, or of potential extramural funding (e.g. federal or private grants and contributions), which cannot be determined at this time.

In its fiscal note response, NSCS specifically requests a deficit General Fund appropriation to address the expected increase in salary expense, and General Fund appropriation for the upcoming biennium. NU’s request for incremental funding is implied. The chart below includes the total impact calculated by fund type for NU, but non-General Funds would be omitted from an A-bill.

Fund type	Salary & Benefit estimates	
	FY26	FY27
General Fund - NSCS	\$1,357,603	\$1,398,331
General Fund - NU	\$6,762,730	\$6,762,730
Cash Fund - NU	\$3,838,306	\$3,838,306
Federal Fund - NU	\$731,106	\$731,106
Other Funds - NU	\$6,945,507	\$6,945,507
Total	\$12,689,745	\$12,730,473

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **551** AM: AGENCY/POLT. SUB: **Nebraska State College System**

REVIEWED BY: Kimberly Burns DATE: 01/31/2025 PHONE: (402) 471-4171

COMMENTS: The Nebraska State College System's assessment of fiscal impact appears reasonable based on the assumptions provided.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **551** AM: AGENCY/POLT. SUB: **Nebraska Community College Association**

REVIEWED BY: Kimberly Burns DATE: 01/31/2025 PHONE: (402) 471-4171

COMMENTS: Concur with the Nebraska Community College Association's assessment of no fiscal impact from LB 551.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **551** AM: AGENCY/POLT. SUB: **University of Nebraska System**

REVIEWED BY: Kimberly Burns DATE: 02/13/2025 PHONE: (402) 471-4171

COMMENTS: The University of Nebraska System's assessment of fiscal impact related to salary base plus benefits for tenure track faculty members seems reasonable. No basis to dispute the potential indeterminate impacts identified.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **551** AM: AGENCY/POLT. SUB: **Coordinating Commission for Postsecondary Education**

REVIEWED BY: Kimberly Burns DATE: 02/07/2025 PHONE: (402) 471-4171

COMMENTS: Concur with the Coordinating Commission for Postsecondary Education's estimate of no fiscal impact from LB 551.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **551** AM: AGENCY/POLT. SUB: **Metropolitan Community College**

REVIEWED BY: Kimberly Burns DATE: 02/03/2025 PHONE: (402) 471-4171

COMMENTS: Concur with Metropolitan Community College's estimate of no fiscal impact from LB 551.

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

2025

LB⁽¹⁾ 551

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Community College Association

Prepared by: ⁽³⁾ Courtney Wittstruck Date Prepared: ⁽⁴⁾ Jan. 24, 2025 Phone: ⁽⁵⁾ 402-471-4685

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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 expected fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</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.

2025

LB⁽¹⁾ 551

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State College System

Prepared by: ⁽³⁾ Brenda Owen Date Prepared: ⁽⁴⁾ 1-29-25 Phone: ⁽⁵⁾ 471-2507

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$1,357,603</u>	<u> </u>	<u>\$1,398,331</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><u>\$1,357,603</u></u>	<u><u> </u></u>	<u><u>\$1,398,331</u></u>	<u><u> </u></u>

Explanation of Estimate:

The Nebraska State Colleges would face a structural challenge in faculty recruitment if they were no longer able to offer tenure-track appointments. Data from the College and University Professional Association for Human Resources (CUPA) indicate that the median salary for an instructor at peer institutions is \$59,729, while the median salary for an assistant professor on a tenure track is \$71,741. We would estimate this \$12,012 differential to reflect the additional value placed on tenure eligibility.

If tenure were no longer an option at the State Colleges, salary adjustments would be necessary to ensure competitiveness in hiring qualified faculty. Based on CUPA data, institutions without tenure systems often need to compensate for this lost benefit through increased salaries. A salary adjustment of up to 20% - or approximately \$11,946 - would be required to attract candidates at a level consistent with tenure-track assistant professor appointments at peer institutions.

Without such adjustments, the State Colleges risk losing strong candidates to institutions that can offer both tenure and higher salaries. This deficit request seeks funding to close this gap, ensuring that the Nebraska State Colleges remain competitive in faculty recruitment and retention, maintaining the quality of instruction necessary to serve students effectively.

FY26/FY27 Tenure Track Faculty Calculation

Total Tenure Track Faculty Salaries

	Total
FY25 Salaries - Tenure track faculty	\$5,685,219 (1)
FTE - Tenure track faculty	88.0 (1),(3)
FY26 Salaries with 3% Increase	\$5,855,776 (4)
20% Cost Increase Due to Loss of Tenure	\$1,171,155 (2)
Benefits 15.92%	\$186,448
FY26 Cost of Tenure Loss	\$1,357,603
FY27 Salaries with 3% Increase	\$6,031,449
20% Cost Increase Due to Loss of Tenure	\$1,206,290 (2)
Benefits 15.92%	\$192,041
FY27 Cost of Tenure Loss	\$1,398,331

- (1) NSCS faculty by employee subgroup J1
- (2) College and University Professional Association for Human Resources (CUPA); % difference between median salary for an instructor and median salary for an assistant professor. We estimate this differential to reflect the additional value placed on tenure eligibility.
- (3) Assume stable FTE over two year projection
- (4) 3% salary increase per collective bargaining agreement for FY26-27

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26 EXPENDITURES	2026-27 EXPENDITURES
	<u>25-26</u>	<u>26-27</u>		
Tenure Track Faculty	88	88	\$1,171,155	\$1,206,290
Benefits.....			\$186,448	\$192,041
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL			\$1,357,603	\$1,398,331

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

2025

LB ⁽¹⁾ 0551 Prohibit tenure at certain postsecondary educational institutions and require a written policy regarding terms and conditions of employment

FISCAL NOTE

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

Prepared by:⁽³⁾ Anne Barnes Date Prepared:⁽⁴⁾ 02/03/2025 Phone:⁽⁵⁾ (402) 559-6300

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025 - 26		FY 2026 - 27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>6,762,730.00</u>	<u>0.00</u>	<u>6,762,730.00</u>	<u>0.00</u>
CASH FUNDS	<u>3,838,306.00</u>	<u>0.00</u>	<u>3,838,306.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>731,106.00</u>	<u>0.00</u>	<u>731,106.00</u>	<u>0.00</u>
OTHER FUNDS	<u>6,945,507.00</u>	<u>0.00</u>	<u>6,945,507.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>18,277,649.00</u>	<u>0.00</u>	<u>18,277,649.00</u>	<u>0.00</u>

Explanation of Estimate:

If passed, LB 551 would prohibit future tenure appointments at the University of Nebraska. This could lead to the loss of successful tenure track faculty and challenges to recruiting new faculty who may look to go to other universities that grant tenure, handcuffing the University's ability to compete with the best Universities across the country. Additionally, if passed, LB 551 would jeopardize UNL#s membership in the Big 10, future aspirations of rejoining the AAU, and extramural funding (federal and private grants, private contributions, etc.).

We believe the passage of LB 551 would likely result in litigation with current tenure track faculty members and the faculty collective bargaining units at UNO and UNK. The amount of potential litigation costs is unknown.

Additionally, if tenure is no longer available, we believe that salaries and related benefits would need to be increased to attract and retain faculty employees. We would roughly estimate the cost to be approximately \$18,277,649 in FY 26 and FY 27. This estimate is based on a 15% salary increase to the 2024-25 salary base for tenure track faculty members, plus associated benefit costs (increases in employer retirement plan contributions and FICA).

With so many unknown variables, we cannot estimate the full fiscal impact of the potential faculty loss.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025 - 26</u>	<u>2026 - 27</u>
	<u>25 - 26</u>	<u>26 - 27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>0</u>	<u>0</u>	<u>15,804,279.00</u>	<u>15,804,279.00</u>
	<u>0</u>	<u>0</u>		
Benefits.....			<u>2,473,370.00</u>	<u>2,473,370.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>18,277,649.00</u>	<u>18,277,649.00</u>

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

2025

LB⁽¹⁾ 551

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Metropolitan Community College

Prepared by: ⁽³⁾ Brenda Schumacher Date Prepared: ⁽⁴⁾ 1/29/2025 Phone: ⁽⁵⁾ (531)622-2406

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate

MCC believes that this bill would not have any financial impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</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.

2025

LB⁽¹⁾ 551

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 1/23/2025 Phone: ⁽⁵⁾ 402.471.0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____