

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS		See below		See below
FEDERAL FUNDS				
OTHER FUNDS	See below		See below	
TOTAL FUNDS	See below	See below	See below	See below

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

LB607 would adopt the Higher Education Academic Scholarship Program to be administered by the Coordinating Commission for Postsecondary Education. Beginning in 2010-11, the bill provides that Nebraska students who have a composite score on the American College Testing (ACT) Program college entrance examination of at least 28 are to be offered a scholarship of \$1,500 under the program. Eligible postsecondary education institutions (defined in the bill) in which scholarship recipients enroll are to provide a \$1,500 matching scholarship to the recipients. A student qualifying under the program is to be eligible to receive an initial scholarship as well as up to three annual renewal scholarships if they meet full-time enrollment status and academic performance requirements as provided under the bill.

LB607 provides that the Legislature shall appropriate \$2,500,000 for 2010-11 and \$5,000,000 for 2011-12 for the Higher Education Academic Scholarship Program. Insofar that no alternative source is specified, related appropriations are assumed to be from the General Fund for purposes of this fiscal note. Additionally, although not expressly provided by the bill, it is assumed for purposes of this fiscal note that amounts are to be appropriated to the Coordinating Commission for awards to be made under the scholarship program. The bill provides that scholarships are to be awarded on a first-come, first-served basis. The Coordinating Commission indicates that 2,314 of 2008 Nebraska high school graduates achieved a composite ACT score of 28 or higher. First year funding proposed by LB607 would accommodate 1,666 initial scholarships under the program for 2010-11 and second year funding proposed by LB607 would accommodate 3,333 initial and renewal scholarships under the program for 2011-12. The cohort of students eligible to receive scholarships under the program will continue to grow in 2012-13 and 2013-14 with third and fourth year scholarship renewals. No legislative intent with respect to appropriation levels for the program for 2012-13 and 2013-14 are provided in the bill.

As indicated above, eligible postsecondary institutions that would participate in the proposed scholarship program are to provide a \$1,500 matching scholarship to qualifying students. To the extent such scholarships would be accommodated by tuition waivers, institutional tuition (cash fund) revenue would be impacted. Presumably, matching scholarships could also be accommodated with funds from external sources to the extent that institutions are able to secure such funds. Means by which participating institutions would support matching scholarships will presumably vary by institution.

The Coordinating Commission estimates that workload impacts associated with administering the proposed new financial aid program would not necessitate additional permanent full or part-time staff. However, the agency estimates additional costs, primarily in the form of payments for temporary personnel services during peak workloads for the program. These workloads would include contacting eligible students, approval of applications, communications with participating institutions, and verification of awards through annual audits. Related costs should not exceed those estimated by the Commission which amount to \$11,804 for 2009-10 and \$13,389 for 2010-11. The Commission also notes that nominal costs would be incurred in 2009-10 to adopt rules relating to administration of the Higher Education Academic Scholarship Program in the event LB607 were to be enacted. Current funding resources of the agency can accommodate normal operating costs such as those associated with adoption of rules and regulations.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION: Agency analysis appears to be well founded. LB 607 is likely to require \$7.5 million General Funds in FY 2012-13 and \$10.0 million General Funds in FY 2013-14. DEPARTMENT OF EDUCATION: 79-760.03(9) appears to direct school districts to report such scores to NDE. 79-760.05 appears to establish a duty for NDE to track such data.					

