

**FISCAL NOTE**  
LEGISLATIVE FISCAL ANALYST ESTIMATE

**ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)**

EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2027-2028	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2028-2029	SEE BELOW	SEE BELOW	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2027-2028	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2028-2029	SEE BELOW	SEE BELOW	0	0	SEE BELOW

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

LB 1196 requires that no state or local funds shall be allocated or expended, either directly or indirectly, for any low-earning outcome program as determined pursuant to 20 U.S.C. 1087d. This prohibition would include, but not be limited to, (a) individual student financial aid, (b) base operational or instructional funding, (c) separately or specially appropriated aid or grants, and (d) capital or facilities funding.

While the public postsecondary institutions in Nebraska have not identified a specific fiscal impact, systematic constraints are described that would make this problematic to implement at certain institutions. For example, because the State College system (NSCS) does not budget on a program-by-program basis, state college general fund appropriations are not allocated or tracked at the program level. They explain that it is therefore not operationally feasible to prohibit the use of state funds for specific programs with low-earning outcomes. State general funds are appropriated to support the core operating needs of the NSCS, including a portion of employee salary and benefit costs, utilities, and other essential operating expenses. These funds are allocated through an integrated funding model that sustains shared instructional capacity, faculty workloads, academic support services, and systemwide operations across each campus, rather than being designated to individual degree programs. NSCS explains that they would have no practical mechanism to isolate or exclude state funds at the program level.

The Community College response explains that the future potential impact would be the result of some programs that are currently close to low-earning status could move into that status if income requirements were to change.

The University of Nebraska reports potentially significant fiscal impacts to its system. If state or local funding were to cease immediately upon a federal determination that a program is "low-earning", the University would still incur unavoidable costs to meet teach-out obligations for enrolled students. Personnel and program costs persist during a phase-out period, particularly for tenured and tenure-track faculty whose salary and benefits obligations continue regardless of program closure. The University's fiscal note lists several supporting services whose expenditures would continue during a phase-out process.

Regardless of funding source, the University has an obligation to ensure that students currently enrolled in affected programs are able to complete their degrees through accredited teach-out pathways consistent with Higher Learning Commission requirements. If state funding were eliminated immediately, the University could have to identify alternative funding sources to meet these requirements. The University projects a potential two-year fiscal impact of \$1.9 million to phase out "low-earning" programs, explaining that this is based on their experience with the recent orderly closure of other programs. While phase-out costs are potentially significant, estimates are difficult to evaluate without having more detail on which programs become defined as "low-earning" ones.

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

**2026**

**LB<sup>(1)</sup> 1196**

**FISCAL NOTE**

**State Agency OR Political Subdivision  
Name:** <sup>(2)</sup>

Nebraska Community College Association

**Prepared by:** <sup>(3)</sup> Courtney Wittstruck

**Date Prepared:** 1/26/2026

<sup>(4)</sup>

**Phone:** <sup>(5)</sup> 402.381.2084

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

**FY 2026-27**

**FY 2027-28**

	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**Explanation of Estimate:**

No estimated fiscal impact at this time, though it could foreseeably have an impact in the future.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27 EXPENDITURES</b>	<b>2027-28 EXPENDITURES</b>
	<b>26-27</b>	<b>27-28</b>		
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

**Benefits.....**

**Operating.....**

**Travel.....**

**Capital  
outlay.....**

**Aid.....**

**Capital  
improvements.....**

**TOTAL.....**

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1196	AM:	AGENCY/POLT. SUB: <b>Nebraska State College System</b>
REVIEWED BY: Kimberly Burns	DATE: 01/27/2026	PHONE: (402) 471-4171
COMMENTS: No basis to disagree with the Nebraska State College System's assessment of potential fiscal impact from LB 1196.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1196	AM:	AGENCY/POLT. SUB: <b>Coordinating Commission for Postsecondary Education</b>
REVIEWED BY: Kimberly Burns	DATE: 01/27/2026	PHONE: (402) 471-4171
COMMENTS: No basis to disagree with the Coordinating Commission for Postsecondary Education's estimate of no fiscal impact resulting from LB 1196.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1196	AM:	AGENCY/POLT. SUB: <b>Nebraska Community College Association</b>
REVIEWED BY: Kimberly Burns	DATE: 01/27/2026	PHONE: (402) 471-4171
COMMENTS: Concur with Nebraska Community College Association's estimate of no fiscal impact from LB 1196.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1196	AM:	AGENCY/POLT. SUB: <b>Metropolitan Community College</b>
REVIEWED BY: Kimberly Burns	DATE: 01/27/2026	PHONE: (402) 471-4171
COMMENTS: Concur with Metropolitan Community College's estimate of no fiscal impact from LB 1196.		

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

**2026**

**LB<sup>(1)</sup>** 1196

**FISCAL NOTE**

**State Agency OR Political Subdivision**  
**Name:** <sup>(2)</sup>

Metropolitan Community College

**Prepared by:** <sup>(3)</sup> Brian DeNio

**Date Prepared:** 1/23/26

<sup>(4)</sup>

**Phone:** <sup>(5)</sup> (531)622-2515

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

**FY 2026-27**

**FY 2027-28**

	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**Explanation of Estimate:**

No Fiscal Impact

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>	<b>2026-27</b>	<b>2027-28</b>
	<b>26-27</b>	<b>27-28</b>	<b>EXPENDITURES</b>
.....	.....	.....	.....
.....	.....	.....	.....

**Benefits.....**

**Operating.....**

**Travel.....**

**Capital  
outlay.....**

**Aid.....**

**Capital  
improvements.....**

**TOTAL.....**

**EXPENDITURES**

**2027-28**

**EXPENDITURES**

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

**2026**

**LB<sup>(1)</sup>** 1196

**FISCAL NOTE**

**State Agency OR Political Subdivision**  
**Name:** <sup>(2)</sup>

Coordinating Commission for Postsecondary Education

**Prepared by:** <sup>(3)</sup> Gary Timm

**Date Prepared:** 1/23/2026  
<sup>(4)</sup>

**Phone:** <sup>(5)</sup> 402.471.0020

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

**FY 2026-27**

**FY 2027-28**

	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**Explanation of Estimate:**

No fiscal impact.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27 EXPENDITURES</b>	<b>2027-28 EXPENDITURES</b>
	<b>26-27</b>	<b>27-28</b>		
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

**Benefits.....**

**Operating.....**

**Travel.....**

**Capital  
outlay.....**

**Aid.....**

**Capital  
improvements.....**

**TOTAL.....**

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

**2026**

**LB<sup>(1)</sup> 1196**

**FISCAL NOTE**

**State Agency OR Political Subdivision**  
**Name:** <sup>(2)</sup>

**Nebraska State College System**

**Prepared by:** <sup>(3)</sup> Brenda Owen

**Date Prepared:** 1.27.2026

<sup>(4)</sup>

**Phone:** <sup>(5)</sup> 402-471-2505

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

**FY 2026-27**

**FY 2027-28**

	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>				

**Explanation of Estimate:**

Because the State Colleges do not budget on a program-by-program basis, state general fund appropriations are not allocated or tracked at the program level, and therefore it is not operationally feasible to prohibit the use of state funds for specific programs with low-earning outcomes. State general funds are appropriated to support the core operating needs of the Nebraska State College System, including a portion of employee salary and benefit costs, utilities, and other essential operating expenses. These funds are allocated through an integrated funding model that sustains shared instructional capacity, faculty workloads, academic support services, and systemwide operations across each campus, rather than being designated for individual degree programs. To comply with such a restriction, the State Colleges would have no practical mechanism to isolate or exclude state funds at the program level and would therefore be compelled to discontinue or significantly scale back investment in the affected programs and reallocate those resources to other degree programs.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

	<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>	<b>2026-27 EXPENDITURES</b>	<b>2027-28 EXPENDITURES</b>
	<b>26-27</b>	<b>27-28</b>		
<b>Benefits</b> .....				
<b>Operating</b> .....				
<b>Travel</b> .....				
<b>Capital outlay</b> .....				
<b>Aid</b> .....				
<b>Capital improvements</b> .....				
<b>TOTAL</b> .....				

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

2026

**LB <sup>(1)</sup>1196 Prohibit the use of state or local funds for low-earning outcome postsecondary education programs**

**FISCAL NOTE**

State Agency OR Political Subdivision Name:<sup>(2)</sup> University of Nebraska System  
Prepared by:<sup>(3)</sup> Anne Barnes Date Prepared:<sup>(4)</sup> 02/01/2026 Phone:<sup>(5)</sup> (402) 472-2191

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<b>FY 2026 - 27</b>		<b>FY 2027 - 28</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>1,290,000.00</u>	<u>0.00</u>	<u>645,00.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

**Explanation of Estimate:**

The fiscal impact of this bill is potentially significant. If state or local funding were required to cease immediately upon a federal determination that a program is "low-earning", the University would nonetheless incur unavoidable costs to meet teach-out obligations for enrolled students.

Program phase-outs generate immediate expenditures, including continued instructional delivery, advising, registrar services, and student support over multiple academic years. Personnel costs persist during this period, particularly for tenured and tenure-track faculty whose salary and benefits obligations continue regardless of program closure, as well as for staff supporting instruction and student services. Additional costs may include reassignment, retraining, or severance for non-tenure-track employees, along with stranded operating costs associated with facilities, laboratories, and specialized equipment.

Based on prior experience, the orderly closure of a mid-sized academic program may require transition expenditures of approximately \$1.9 million over a two-year phase-out period, even as permanent budget reductions are implemented. Regardless of funding source, the University has an obligation to ensure that students currently enrolled in affected programs are able to complete their degrees through accredited teach-out pathways consistent with Higher Learning Commission requirements. If state funding were eliminated immediately, the University would be required to identify alternative funding sources to meet these obligations.

Accordingly, the bill presents an indeterminable fiscal impact that could require significant short-term expenditures to protect students and meet accreditation and employment obligations.

Personal Services:

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2026 - 27 EXPENDITURES</b>	<b>2027 - 28 EXPENDITURES</b>
	<b>26 - 27</b>	<b>27 - 28</b>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				