

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 366 is the Remedial Adult Education Innovation Act. The bill provides for an unspecified amount of funds to be appropriated in FY2013-14, FY2014-15 and FY2015-16 from the Education Innovation Fund (lottery) to reimburse institutions pursuant to the act. Programs receiving reimbursement pursuant to the act are to report prescribed information annually to the State Department of Education (NDE).

NDE is to adopt rules and regulations and develop a process for institutions to apply for aid pursuant to the act. Institutions providing GED training and testing will be eligible for a one-time payment in state matching funds to acquire and upgrade computerized GED Testing Center equipment and software, for each computerized GED Testing Center operated by an institution, in order to come into compliance with national standards which take effect in 2014.

Institutions providing GED training and testing shall also receive an amount from NDE for: (1) each participant enrolled in a GED program; (2) each enrolled student upon the student's initial GED examination; and, (3) each walk-in student not in the program who takes the GED.

State Aid: LB 366 does not specify the amount of aid that is to be appropriated from the Education Innovation Fund for equipment and software to update GED centers and reimbursements for students in the GED programs.

Aid to Upgrade GED Centers: NDE indicates there are 29 GED testing centers in the state. The department estimates a cost of \$2,950 for each of the centers to update equipment and software to be in compliance with national standards. The estimated one-time fiscal impact to provide the entire cost of the upgrades for the centers is \$85,550 in FY2013-14. Assuming this is a state match, the one-time fiscal impact will be \$42,775. This includes reimbursement for centers operated by community colleges as well as other providers such as school districts and the Department of Corrections.

Aid for GED Participants: LB 366 requires NDE to provide one aid reimbursement payment to each institution for each student enrolled in a GED program. It is assumed that "institution" refers to all providers, not just community colleges. NDE estimates about 50% of the individuals taking adult basic education programs will be working towards their GED. This would equate to about 4,864 students in the GED program based upon students enrolled in adult basic education programs in 2012. The department indicates the average cost per student for adult basic education is \$310.

The total amount of lottery funds allocated for reimbursements and the amount of reimbursement per student is not specified in the bill. If the entire \$310 program cost is reimbursed, as estimated on the NDE fiscal note, the fiscal impact will be about \$1.5 million. Assuming about one-third of the program cost (\$100) is reimbursed per student; increased lottery funding will total \$486,000 in FY14, \$500,000 in FY15 and \$516,000 in FY16.

LB 366 also provides aid to institutions for each student enrolled in a GED program upon the student's initial GED examination. An additional amount is provided for each walk-in GED student who takes an exam. NDE indicates about 4,000 people annually take the GED. About half of the persons taking the exam are GED enrollees and the other 50% are walk-ins. The cost of the exam is \$120.

The total amount of lottery funds allocated for exam costs and the amount per student is not specified in the bill. If the entire \$120 cost of the exam is reimbursed, as estimated on the NDE fiscal note, the fiscal impact will be about \$480,000. Assuming about one-third of the program cost (\$40) is reimbursed per student; increased lottery funding will total \$160,000 in FY14, \$165,000 in FY15 and \$170,000 in FY16.

NDE Expenditures: NDE will have administrative expenses to implement the bill. The estimated cost to add a .5 Program Specialist is \$52,980 in FY14, \$42,290 in FY15 and \$48,630 in FY16. It is assumed administrative expenses will also be paid from lottery proceeds.

Summary: The actual fiscal impact of the bill is dependent upon the amount of lottery funds appropriated for this purpose during the three year time period. Using the assumptions provided in this fiscal note, the fiscal impact of the bill will be \$741,755 in FY14, \$712,280 in FY15 and \$734,630 in FY16.

<u>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES</u>		
LB: 366	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Matthew Eash	DATE: 2/1/2013	PHONE: 402-471-4175
COMMENTS: The Department's biennial cost estimates for aid and administration appear reasonable.		

<u>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES</u>		
LB: 366	AM:	AGENCY/POLT. SUB: Community Colleges
REVIEWED BY: Matthew Eash	DATE: 1/23/2013	PHONE: 402-471-4175
COMMENTS: This legislation creates a state aid program to Community Colleges to be administered by the Department of Education. The amount of funding for this aid program is yet unstated, but any amount would decrease available funds in the Education Innovation Cash Fund. No General Fund Impact.		

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2013

LB⁽¹⁾ 366 FISCAL NOTE

State Agency OR Political Subdivision Name: Department of Education

Prepared by: ⁽³⁾ Vicki Bauer/Sharon Katt Date Prepared: ⁽⁴⁾ 1/29/2013 Phone: ⁽⁵⁾ (402) 471-4807;
(402) 471-4800

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>\$2,126,369*</u>	_____	<u>\$2,035,131*</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.
 Explanation of Estimate:

Estimates for Aid activities enumerated in LB 366 include:

To ensure that GED testing centers are in compliance for Computer-Based Testing (CBT) in 2014 (a one-time reimbursement) \$85,550 (29 testing centers x \$2,950 each = \$85,550)

To increase capacity of Adult Education programs to include adult education skill building, multiple pathways for attainment of a high school equivalency diploma, occupational training opportunities and GED testing services: to include one reimbursement for each enrollment into the program: \$1,507,840 (4,864 students x \$310 = \$1,507,840) This was computed using 50% of FY 2012 student enrollment of 9,728 students. \$310 is the FY 2011 average cost per student in the Adult Education program. (FY 2012 average cost per student is not yet available.) An annual survey of AE programs indicate that, at any given time, at least 1/2 (50%) of our programs have a waiting list.

Reimbursement for each initial GED exam for those persons who are enrolled in Adult Education: \$240,000 (\$120 per exam x 2,000 students = \$240,000). Approximately half of GED examinees (4,000 total examinees in a year) are enrolled in class and the other half are walk-in test examinees.

Reimbursement for each initial GED exam for those persons who are walk-ins and have not participated in Adult Education classes: \$240,000 (\$120 per exam x 2,000 students = \$240,000)

***PLEASE NOTE:** In light of potential budget restrictions, one may want to look at the North Dakota model which provides reimbursement for the first and last GED sub-test costs, which equal \$60 instead of \$120 reimbursement. This would cut the reimbursement of the GED exam in half, from \$480,000 to \$240,000 and thus decrease the cash funds required by \$240,000 each year.

See below for costs associated with a .5FTE to administer the activities proposed in LB366.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Specialist II	<u>.5FTE</u>	<u>.5FTE</u>	<u>24,152</u>	<u>24,695</u>
Benefits.....			<u>15,762</u>	<u>16,478</u>
Operating.....			<u>5,700</u>	<u>5,000</u>

Travel.....	<u>1,085</u>	<u>1,118</u>
Capital outlay.....	<u>6,280</u>	
Aid.....	<u>2,073,390</u>	<u>1,987,840</u>
Capital improvements.....		
TOTAL	<u>2,126,369</u>	<u>2,035,131</u>

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2013

LB⁽¹⁾ 366 FISCAL NOTE

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

Prepared by: ⁽³⁾ Dennis Baack Date Prepared: ⁽⁴⁾ 1/24/2013 Phone: ⁽⁵⁾ 402-471-4685

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The bill does not specify an amount of money to be appropriated. Therefore, it is impossible to give a definite fiscal impact. If money were to be appropriated, each college would gain revenue because they do operate these kinds of programs.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____