

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

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

LB1055 provides that each public postsecondary educational institution in Nebraska is to provide 15 tuition-free undergraduate credit hours for each resident student who is eligible for veterans' educational benefits as specified in the bill or a person on active duty with the armed services of the United States. As the bill does not provide otherwise, it is assumed the 15 tuition-free credit hour provision would represent the maximum benefit for which an eligible student would qualify. The 15 tuition-free credit hour provision would result in reductions to cash fund revenue either in the form of foregone student payments or foregone federal reimbursements for related tuition charges under existing federal veterans' benefits programs.

For purposes of this fiscal note, it is assumed that all enrolled eligible students will utilize the substantial majority of the 15 tuition-free credit hours for which they qualify in the first year that provisions of LB1055 are effective. It is further assumed that in subsequent years, the substantial majority of students qualifying for the 15 tuition-free credit hour provision will represent newly enrolled eligible students who will utilize the substantial majority of their 15 tuition-free credit hour eligibility during their first year of enrollment. As such, it is estimated the related tuition-free credit hour utilization in the second and subsequent years will approximate 20 to 25 percent of the first year tuition-free credit hour utilization.

Based upon fiscal notes as submitted, the following represent 2014-15 cash fund revenue losses estimated as the impact of LB1055:

	2014-15 Estimated LB1055 Cash Fund Revenue Loss
University of Nebraska	(2,400,000)
Nebraska State Colleges	(245,700)
Community College Areas Excluding Metro	(350,000)
Metro Community College Area	<u>(1,448,500)</u>
	<u>(4,444,200)</u>

Estimating subsequent year cash fund revenue losses at 20 to 25 percent of estimated initial 2014-15 revenue losses, a range of 2015-16 cash fund revenue losses estimated as the impact of LB1055 is as follows:

	2015-16 Estimated LB1055 Cash Fund Revenue Loss	
	@ 20% of 2014-15	@ 25% of 2014-15
University of Nebraska	(480,000)	(600,000)
Nebraska State Colleges	(49,100)	(61,400)
Community College Areas Excluding Metro	(70,000)	(87,500)
Metro Community College Area	<u>(289,700)</u>	<u>(362,100)</u>
	<u>(888,800)</u>	<u>(1,111,000)</u>

Absent replacement funding from another source (i.e. General Fund), affected institutions would need to implement budget reductions in order to compensate for related revenue losses.

The University of Nebraska estimates additional staff (3.0 FTE administrative/clerical support at an annual cost of \$200,000 systemwide) would be necessary to track and administer the bill's 15 tuition-free credit hour provision. Neither the Nebraska State College System nor the community college areas cite estimates of related operational costs.

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

2014

LB⁽¹⁾ 1055 FISCAL NOTE

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

Prepared by: ⁽³⁾ Dennis G. Baack Date Prepared: January 31, 2014 Phone: ⁽⁵⁾ 402-471-4685
⁽⁴⁾ _____

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	<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:

The fiscal impact by college would vary depending on the number of Veterans enrolled. Using the number of Veterans enrolled at the five member community college areas, the loss in revenue would be approximately \$350,000.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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2014

LB⁽¹⁾ 1055

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State College System (NSCS)

Prepared by: ⁽³⁾ Carolyn Murphy

Date Prepared: ⁽⁴⁾ 1/30/2014

Phone: ⁽⁵⁾ 402-471-2505

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(245,700)	_____	(61,425)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	(245,700)	=====	(61,425)

Explanation of Estimate:

LB1055 would require the State Colleges to provide 15 tuition-free undergraduate credit hours for students certain veterans and military personnel. Given specific assumptions noted below, the NSCS estimates the impact of this bill to be a loss of \$245,700 in tuition revenue for the first year and \$61,425 in the second year. It appears that most, if not all of the student identified are eligible for full tuition funding from federal veterans/military programs. The majority of the lost revenue is currently provided through the GI Bill and/or other military programs to fully cover the cost of resident tuition.

Providing free tuition is done at the State College through a tuition waiver. It is unclear whether the bill requires a *one-time* 15 credit hours or if it is to be provided each semester or annually. *For purposes of this fiscal note, we have assumed it to be a one-time waiver. It is also unclear whether each College would be required to waive up to 15 credit hours for the same student. For purposes of this fiscal note, we have assumed that a student who qualifies only receives one 15-credit hour waiver in total from the NSCS.*

It is estimated that the NSCS has 117 students enrolled this semester (Spring, 2014) who would qualify for this waiver. At \$140 per credit hour for an undergraduate resident student x 15 credit hours x 117 students, the result is a total impact of \$245,700 in lost revenue. Assuming this is a one-time waiver, the full impact to provide the 15 credit hours of tuition to currently qualified students would be in the first year of the implementation of the requirement. For following years, it is estimated that the impact would be one-fourth of that amount to cover the one-time waiver of tuition for new students who are qualified and have not previously received the waiver.

The use of tuition waivers for these students would draw against a limited pool of available waivers, which could result in fewer other deserving students receiving tuition waivers. By not charging the tuition to the students, the result would be a loss of \$245,700 currently received from federal programs to support these tuition charges.

If the bill requires that the 15 credit hours be provided each semester or annually, for example, the fiscal impact would increase substantially.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</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.

2014

LB⁽¹⁾ 1055

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Metropolitan Community College

Prepared by: ⁽³⁾ David Koebel

Date Prepared: ⁽⁴⁾ 1/30/2014

Phone: ⁽⁵⁾ 402-457-2391

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	(1,448,490)	_____	(1,448,490)
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	(1,448,490)	=====	(1,448,490)

Explanation of Estimate:

Analysis of providing 15 credit hours per year to all veterans	Quarter Credit Hours	Equivalent Semester Credit Hours
Unduplicated Veterans Headcount during a year	1,822	1,822
# of credit hours	15	15
total number of credit hours	27,330	27,330
Tuition rate only	53.00	79.50
Total Tuition Waived	1,448,490.00	2,172,735.00
Tuition and Fees	58.00	87.00
Total Tuition and Fees Waived	1,585,140.00	2,377,710.00

MCC provides the most, or second most, veteran education of all post-secondary education institutions in Nebraska. From our understanding of this legislation, MCC would be forced to waive an estimated amount of \$1,448,490 in tuition at the 15 quarter credit hour level. If the legislation is intended to waive an equivalent of semester credit hours, the amount would increase to \$2,172,735. If the legislation is intended to include waiving of fees, the amounts would be \$1,585,140 and \$2,377,710, respectively.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</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.

2014

LB⁽¹⁾ 1055

**FISCAL
NOTE**

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 30, 2014 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>200,000</u>	<u> </u>	<u>200,000</u>	<u> </u>
CASH FUNDS	<u> </u>	<u>(2,400,000)</u>	<u> </u>	<u>(450,000)</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>200,000</u></u>	<u><u>(2,400,000)</u></u>	<u><u>200,000</u></u>	<u><u>(450,000)</u></u>

Explanation of Estimate

LB 1055 would provide 15 Credit Hours to military student for free. Additional staff will be necessary to track and administer the program. Based on our Fall 2012 enrollment (it could have affected 760 students) and residential rates our estimates of the revenue loss is about \$2.4 million. Since the benefit would largely be used up in the first year, the annual growth is hard to estimate, but we estimated it at about a fifth.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Administrative/Clerical Support	<u>3.0</u>	<u>3.0</u>	<u>150,000</u>	<u>150,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Benefits.....	<u> </u>	<u> </u>	<u>45,000</u>	<u>45,000</u>
Operating.....	<u> </u>	<u> </u>	<u>5,000</u>	<u>5,000</u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u>200,000</u>	<u>200,000</u>

