

Updated for any amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See Below	See Below

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

LB 197 as amended changes provisions related to the Educational Savings Plan.

Section 2 creates four funds within the Nebraska Educational Savings Plan Trust: the Program Fund, the Expense Fund, the Administrative Fund and the Endowment Fund. The Administrative Fund shall be used to pay the operational costs associated with the Nebraska Educational Savings Plan. An amount authorized by the program's appropriation may be transferred from the Expense Fund to the Administrative Fund. In addition, the treasurer may transfer an amount from the Expense Fund to the State Investment Officer's Cash Fund to cover reasonable expenses incurred for investment management.

Section 2 also allows for transfers from the Expense Fund to the Endowment Fund. The amount transferred may not result in the Expense Fund having a balance less than 150% of the most recent annual appropriation. By allowing such transfers, the bill addresses the issue of excess fund balances due to fees paid by plan sponsors. Currently, these fees are received and the Treasurer is unable to utilize the fund balance since it exceeds the program appropriation. Under the bill's provisions, sponsor fees will be utilized in a manner other than generating interest. Once transferred to the Endowment Fund the interest generated can be distributed on a pro rata basis to plan participants who are attending institutions in the state of Nebraska.

The provisions of LB 197 have no net fiscal impact. Any increases in one cash fund will be offset by reductions in another cash fund. This holds true for both revenues and expenditures.

The bill's provisions allow the Educational Savings Plan Program (Program 505) in the Treasurer's Office to be reduced by the budgeted amount for Investment Council fees. Currently, that amount is \$210,000 for fiscal year 2009-10 as well as fiscal year 2010-11. Assuming passage of LB 197, the mainline appropriation bill can be amended in the session that begins January 2011 to reflect this reduction. That should not be interpreted as a cost savings. This is simply a function of LB 197 allowing for a direct transfer to cover Nebraska Investment Council fees. Due to the timing of the bill's assumed enactment, such a reduction cannot be made in the current fiscal year.