

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				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB1058 does not directly impact the level of state aid appropriated for aid to community college areas. Related appropriations would remain at the discretion of the Legislature.

The bill substitutes one statutorily defined term, *full-time equivalent student(s)*, for another statutorily defined term, *reimbursable educational unit(s)*, for purposes of data inputs incorporated in computing distribution of appropriated state aid pursuant to the Community College Foundation and Equalization Aid Act. The change in this data input represents implications in terms of distribution of state aid among the six community college areas. Reimbursable educational unit (REU) enrollment represents a weighted measure of full-time equivalent (FTE) enrollment under which enrollment in academic transfer and academic support courses are weighted by a factor of 1.0, enrollment in Class 1 applied technology or occupational courses are weighted by a factor of 1.5, and enrollment in Class 2 applied technology or occupational courses are weighted by a factor of 2.0. Course classifications are defined in Sec. 85-1503 (14) to (18). In general terms, substituting FTE enrollment for REU enrollment for purposes of computing community college state aid distribution will result in greater proportions of state aid distributed to those community college areas with higher proportional levels of enrollment in lower-weighted (for purposes of REU calculation) courses, particularly academic transfer and academic support courses. Stated somewhat conversely, substituting FTE enrollment for REU enrollment will result in lesser proportions of state aid distributed to those community college areas with higher proportional levels of enrollment in higher-weighted applied technology and occupational courses. The table below reflects community college area FTE enrollment in proportional terms for the last completed year (2008-09) as it relates to enrollment in academic transfer and support courses versus Class 1 applied technology / occupational courses versus Class 2 applied technology / occupational courses.

**Community College Areas:
 Academic versus Applied Technology FTE Enrollment as a Percent of Total FTE Enrollment
 (Per 2008-09 enrollment audits)**

	<u>Metro</u>	<u>Mid-Plains</u>	<u>Central</u>	<u>Northeast</u>	<u>Southeast</u>	<u>Western</u>	<u>System TOTAL</u>
2008-09							
Academic	<u>62%</u>	<u>56%</u>	<u>51%</u>	<u>48%</u>	<u>47%</u>	<u>45%</u>	<u>53%</u>
Applied Technology 1	19%	21%	24%	21%	25%	23%	22%
Applied Technology 2	<u>19%</u>	<u>23%</u>	<u>25%</u>	<u>31%</u>	<u>28%</u>	<u>32%</u>	<u>25%</u>
SUBTOTAL							
Applied Technology	<u>38%</u>	<u>44%</u>	<u>49%</u>	<u>52%</u>	<u>53%</u>	<u>55%</u>	<u>47%</u>

LB1058 includes an emergency clause. If the bill were to be enacted, it is assumed that its provisions would be applicable to the current fiscal year (2009-10) as well as future fiscal years. Proportional shares of total state aid distributed among the six community college areas will vary over time as values for data elements incorporated in the statutory aid distribution formula change over time. Estimates of aid distribution for fiscal years beyond 2009-10 require assumptions with respect to changes in aid formula data element values. As such, estimates of future state aid distribution are subject to related inaccuracies. Estimates provided by the Nebraska Community College Association yield the following estimated comparison of community college state aid distribution under provisions of LB1058 versus state aid distribution under current law. While estimates of aid distribution for fiscal years beyond 2010-11 can be generated, state aid appropriations for 2011-12 and future years are unknown. Additionally, assumptions required with respect to

factors that influence state aid distribution for future years are numerous. State aid distribution estimates for 2011-12 and future years would be relatively speculative.

Community College State Aid

Community College Area	Actual	Scheduled	Estimated	Estimated	Estimated
	Distribution Current Law <u>2008-09</u>	Distribution Current Law <u>2009-10</u>	Revised Distribution LB1058 <u>2009-10</u>	Distribution Current Law <u>2010-11</u>	Distribution Current Law <u>2010-11</u>
Central	11,974,658	8,309,395	8,378,574	6,451,979	6,062,332
Metro	23,485,669	18,433,636	18,575,370	18,713,845	23,474,791
Mid-Plains	8,263,478	8,271,177	8,297,207	7,897,060	8,112,226
Northeast	11,876,834	12,815,139	12,855,467	11,165,675	10,141,378
Southeast	19,033,793	27,198,344	26,901,105	30,464,955	27,640,461
Western	<u>12,632,043</u>	<u>11,938,566</u>	<u>11,958,534</u>	<u>12,064,512</u>	<u>11,326,837</u>
TOTAL	87,266,476	86,966,256	86,966,256	86,758,025	86,758,025

% of Total Aid

Central	13.7%	9.6%	9.6%	7.4%	7.0%
Metro	26.9%	21.2%	21.4%	21.6%	27.1%
Mid-Plains	9.5%	9.5%	9.5%	9.1%	9.4%
Northeast	13.6%	14.7%	14.8%	12.9%	11.7%
Southeast	21.8%	31.3%	30.9%	35.1%	31.9%
Western	<u>14.5%</u>	<u>13.7%</u>	<u>13.8%</u>	<u>13.9%</u>	<u>13.1%</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Estimated Difference in
State Aid Distribution
LB1058 vs. Current Law

	<u>2009-10</u>	<u>2010-11</u>
Central	+69,179	-389,646
Metro	+141,734	+4,760,946
Mid-Plains	+26,030	+215,166
Northeast	+40,328	-1,024,297
Southeast	-297,239	-2,824,494
Western	<u>+19,968</u>	<u>-737,675</u>
TOTAL	0	0

Among data inputs incorporated in calculating distribution of community college state aid under current law are amounts representing tuition and fee revenue for the respective community college areas. Tuition and fee revenue amounts utilized by the Department of Revenue in calculating and certifying 2009-10 aid distribution included substantial adjustments. Estimates above assume the enrollment data input revision (FTE versus REU) as proposed in LB1058. 2009-10 estimates above assume tuition and fee data elements (with substantial adjustments) as incorporated in the current fiscal year state aid distribution. 2010-11 estimates above assume tuition and fee data elements without substantial adjustments similar to those incorporated in calculation and certification of the 2009-10 state aid distribution.

To the extent provisions of LB1058 may result in lower levels of state aid for community college areas for future years as compared to that which would be the case under current law, the bill may generally result in some greater reliance on local resources (i.e. property taxes, tuition and fee revenue) to support operating budgets of affected areas. To the extent provisions of the bill result in greater levels of state aid for other community college areas for future years as compared to that which would be the case under current law, the bill may generally result in some lesser reliance on local resources to support operating budgets for such areas.

Under provisions of existing law, the Coordinating Commission for Postsecondary Education is statutorily assigned responsibility to collect data from the six community college areas necessary to carry out the Community College Foundation and Equalization Act while the Department of Revenue is charged with responsibility to calculate and certify the amount of appropriated state aid to be distributed to the respective community college areas for each fiscal year. The provisions of LB1058 represent no fiscal impact to either the Coordinating Commission or the Department of Revenue in performance of their statutorily assigned duties.

LB 1058

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	William Scheideler	DATE	2/19/10	PHONE	471-2526
<p>COMMENTS</p> <p>DEPT. OF REVENUE – Concur.</p> <p>COORDINATING COMMISSION – Concur.</p> <p>NE COMMUNITY COLLEGE ASSOC. – No basis to dispute agency analysis.</p>					