

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			No net change See below	No net change See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			No net change See below	No net change See below

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

Under current law, a proportion of state lottery receipts (net of payment of prizes and operating expenses as well as an annual \$500,000 transferred to the Compulsive Gamblers Assistance Fund) is credited to the Nebraska Opportunity Grant (NOG) Fund. This proportion of net lottery receipts is 24.75%. The Opportunity Grant Fund is administered by the Coordinating Commission for Postsecondary Education with amounts credited to (and appropriated from) the fund ultimately disbursed in the form of need-based student financial aid under provisions of the Nebraska Opportunity Grant Act. Current law provides, however, that beginning with FY2016-17, distribution of this proportion of net lottery receipts to the Opportunity Grant Fund will discontinue with the amount instead to be credited to the Nebraska Education Improvement Fund. LB355 would amend related statutory provisions so as to revert to provisions of former law (prior to LB497 enacted in 2013) and maintain the proportion of net lottery receipts credited to the Opportunity Grant Fund at 24.75% for FY2016-17 and future fiscal years. Under LB355, the related proportion of net lottery receipts would not begin to be allocated to the Nebraska Education Improvement Fund beginning with FY2016-17.

In comparison to current law, LB355 will result in no net change in the amount of lottery receipts credited to cash funds administered by state agencies. The bill will simply result in a change with respect to which cash fund 24.75% of net lottery receipts will be credited and a change in terms of the purpose(s) for which the related lottery revenue will be expended. Relative to current law, the bill will result in an increase in lottery revenue to be credited to the Nebraska Opportunity Grant Fund for FY2016-17 and future fiscal years ultimately to be disbursed by the Coordinating Commission as need-based student financial aid under provisions of the Nebraska Opportunity Grant Act. Relative to current law, LB355 will result in an equivalent decrease in lottery revenue to be credited to the Nebraska Education Improvement Fund for purposes yet to be prescribed by the Legislature. For FY2013-14, actual lottery receipts credited to the Nebraska Opportunity Grant Fund (at the 24.75% ratio of net lottery receipts) amounted to \$9,281,233.

Current law provides that the Nebraska Opportunity Grant Fund is to terminate on June 30, 2016. The balance of the fund as of that date is to be transferred to the Nebraska Education Improvement Fund. LB355 would eliminate the provision that sunsets the Nebraska Opportunity Grant Fund and would also eliminate the scheduled transfer from the Nebraska Opportunity Grant Fund to the Nebraska Education Improvement Fund. There is no net cash fund impact in terms of the opposing provisions of current law and LB355 in terms of the cash fund balance(s). The distinction is simply whether the balance of the Nebraska Opportunity Grant Fund will be transferred to the Nebraska Education Improvement Fund on June 30, 2016, according to current law to be used for purposes yet to be prescribed by the Legislature, or whether the balance will be retained in the Nebraska Opportunity Grant Fund according to the provisions of LB355 ultimately to be disbursed in the form of need-based student financial aid according to the Nebraska Opportunity Grant Act. The June 30, 2016 balance of the Nebraska Opportunity Grant Fund will depend significantly upon the level of actual lottery revenue that will accrue to the fund during FY2014-15 and FY2015-16 as well as actual student financial aid disbursements from the fund over the same period. An estimate of the June 30, 2016 balance of the Nebraska Opportunity Grant Fund follows:

	<u>Opportunity Grant Fund</u>	
6/30/2014 Balance (actual)	12,460,394	
2014-15 Lottery Revenue (est.)	+9,281,233	(a) Estimated @ 2013-14 actual revenue
2014-15 Expenditures (est.)	<u>-10,000,000</u>	(b) Estimated @ 2014-15 appropriation
6/30/2015 Balance (est.)	11,741,627	
2015-16 Lottery revenue (est.)	+9,281,233	(a) Estimated @ 2013-14 actual revenue
2015-16 Expenditures (est.)	<u>-10,000,000</u>	(b) Estimated @ 2014-15 appropriation
6/30/2016 Balance (est.)	<u>11,022,860</u>	

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:355	AM:	AGENCY/POLT. Nebraska Community College Association
REVIEWED BY: James Van Bruggen	DATE: 1/23/2015	PHONE: 471-4179
COMMENTS: I concur with Nebraska Community College Association's assessment.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:355	AM:	AGENCY/POLT. Nebraska Department of Education
REVIEWED BY: James Van Bruggen	DATE: 1/26/2015	PHONE: 471-4179
COMMENTS: The bill changes the distribution of lottery funds, but the overall costs to the Department of Education are likely to be similar to current expenditures.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:355	AM:	AGENCY/POLT. Coordinating Commission for Postsecondary Education
REVIEWED BY: James Van Bruggen	DATE: 1/27/2015	PHONE: 471-4179
COMMENTS: I concur with the Coordinating Commission for Postsecondary Education's assessment.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:355	AM:	AGENCY/POLT. Nebraska State College System (NSCS)
REVIEWED BY: James Van Bruggen	DATE: 1/26/2015	PHONE: 471-4179
COMMENTS: The bill would continue funding for the Nebraska Opportunity Grant which would not change the current fiscal impact.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:355	AM:	AGENCY/POLT. University of Nebraska
REVIEWED BY: James Van Bruggen	DATE: 1/21/2015	PHONE: 471-4179
COMMENTS: LB 274 would remove the current sunset provisions in the bill, which would not change the current funding mechanisms and allocations.		

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

2015

LB⁽¹⁾ 355

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Community College Association

Prepared by: ⁽³⁾ Dennis G. Baack

Date Prepared: ⁽⁴⁾ 1/22/2015

Phone: ⁽⁵⁾ 402-471-4685

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Restores the lottery as the source of funds for the Nebraska Opportunity Grant (NOG), which provides need based aid to qualifying students. Students in community colleges received about \$3 million dollars in aid from the NOG in the last year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

2015

LB⁽¹⁾ 355

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Education

Prepared by: ⁽³⁾ Shane Rhian

Date Prepared: ⁽⁴⁾ 01/21/2015

Phone: ⁽⁵⁾ 402-471-4313

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$10,534,800	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$10,534,800</u>	_____	_____	_____

Explanation of Estimate:

Estimate for FY 2015-16 is based on funding as currently outlined in Neb. Rev. Stat. Sec. 9-812 and requested in the Department's budget request. Expenditures for FY 2016-17 cannot be estimated as the Legislature has not passed legislation on how the Nebraska Education Improvement Fund is to be expended.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Office Associate IV	1.00	_____	\$38,582	_____
Program Specialist III	0.40	_____	\$27,085	_____
Benefits.....			\$28,192	_____
Operating.....			\$170,050	_____
Travel.....			\$75	_____
Capital outlay.....			\$0	_____
Aid.....			\$10,270,816	_____
Capital improvements.....			_____	_____
TOTAL.....			\$10,534,800	_____

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

2015

LB⁽¹⁾ 355

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm

Date Prepared: ⁽⁴⁾ 1/21/15

Phone: ⁽⁵⁾ 471-0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Explanation of Estimate:

The Nebraska Opportunity Grant (NOG) program is the statewide aid program for low-income students attending a Nebraska postsecondary institution. The NOG program is funded from approximately \$6.7 million in General fund money and \$10 million in State Lottery Operation Trust (Lottery) Fund money. As of June 30, 2016, current statute will remove the Lottery fund money from this program and transfer the balance in the NOG Fund to the Nebraska Education Improvement Fund.

LB 355 removes the current sunset date of June 30, 2016 for transfers from the Lottery Fund to the NOG Fund. This bill will also strike the termination of the NOG Fund and the requirement to transfer the balance in the NOG Fund to the Nebraska Education Improvement Fund, restoring \$10 million in Lottery Fund money to the NOG program.

This bill will maintain the current funding levels of the NOG program and will have no fiscal impact to the Commission.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

2015

LB⁽¹⁾ 355

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State College System (NSCS)

Prepared by: ⁽³⁾ Carolyn Murphy

Date Prepared: ⁽⁴⁾ 1/23/2015

Phone: ⁽⁵⁾ 402-471-2505

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	<u>No Impact</u>	=====	<u>See Below</u>

Explanation of Estimate:

Under current law, lottery funds provided to the Coordinating Commission for Postsecondary Education (CCPE) for the Nebraska Opportunity Grant (NOG) program will expire on June 30, 2016. A portion of the funds for the NOG program are provided to the Colleges of the NSCS for need-based financial aid to students. LB355 would eliminate the expiration date and continue the use of lottery funds for the NOG program.

If LB355 becomes law, there is no fiscal impact on the NSCS after the June 30, 2016 expiration date under current law. Without LB355 or the replacement of the lottery funds with another source of funding (i.e. General Funds), NSCS students with demonstrated need would lose approximately \$1.2 million in financial aid currently being provided through the NOG program. It is difficult to determine, of the 990 students in the NSCS who receive aid from NOG, how many would no longer be able to attend College without this need-based aid, and therefore the impact on enrollments and the resulting impact on cash fund revenues.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

2015

LB⁽¹⁾ 355

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 20, 2015 Phone: ⁽⁵⁾ 472-7109

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	4,281,000	4,281,000
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	4,281,000	4,281,000

Explanation of Estimate:

LB 355 would restore funds which were scheduled to sunset for the Nebraska Opportunity Grants Program.

The University received \$7,256,011 this year. The CCPE indicates that 59% of this is funded from lottery funds and 41% from general funds.

Therefore, if we understand the bill correctly, retaining the Nebraska Opportunity Grant and its current level would have a \$4,281,000 (\$7,256,011 x 59%) positive fiscal impact for University students.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	4,281,000
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	4,281,000