

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|--|--------------|---------|--------------|---------|
| | FY 2012-13 | | FY 2013-14 | |
| | 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.

LB846 would adopt the Community College Aid Act and amend various statutory provisions relating to community college areas. The bill represents no impact in terms of the level of funding appropriated for state aid to community college areas. Such would remain at the discretion of the Legislature through the appropriations process. The bill does, however, specify distribution of state aid appropriations among the six community college areas for 2013-14 and future fiscal years.

Sec. 90-517, as amended by LB59 [2011], specifies proportions of the total appropriation level for state aid to community colleges to be distributed to each respective community college area for 2011-12 and 2012-13. By community college area these proportions are:

| Community College Area | Applying these proportions to 2011-13 biennium appropriations yields the distribution prescribed by Sec. 90-517: | | Community College Aid General Fund Appropriations | |
|------------------------|--|--------------|---|-------------------|
| | | | <u>2011-12</u> | <u>2012-13</u> |
| Central | 8.86% | Central | 7,686,761 | 7,785,295 |
| Metropolitan | 26.51% | Metropolitan | 22,999,552 | 23,294,376 |
| Mid-Plains | 9.05% | Mid-Plains | 7,851,601 | 7,952,248 |
| Northeast | 14.04% | Northeast | 12,180,827 | 12,336,969 |
| Southeast | 28.27% | Southeast | 24,526,494 | 24,840,891 |
| Western | <u>13.27%</u> | Western | <u>11,512,790</u> | <u>11,660,368</u> |
| | 100.00% | | 86,758,025 | 87,870,147 |

For 2013-14 and future fiscal years, LB946 provides that the initial \$87,870,147 of community college aid is to be allocated in the same proportion as is the case for 2012-13 and identified in the table above. If the amount appropriated for state aid to community college areas for 2013-14 or future years is less than the \$87,870,147 appropriated for 2012-13, the amount appropriated is to be allocated in proportion to the aid distribution reflected in the table above. If the amount appropriated for 2013-14 and future fiscal years is greater than the \$87,870,147 appropriated for 2012-13, the excess amount is to be allocated as follows:

- (a) Up to but not to exceed \$500,000, is to be transferred to the Nebraska Community College Student Performance and Occupational Education Grant Fund which is created by the bill. Upon recommendations of the Student Performance and Occupational Education Grant Committee (as created by the bill), amounts accruing to the fund are to be distributed to individual community college areas or groups of areas for purposes as authorized by the bill.

Of the excess amount remaining after (a) above,

- (b) 25% is to be divided equally among the six community college areas;
- (c) 45% is to be allocated based on each community college area's most recent three-year average full-time equivalent enrollment; and,
- (d) 30% is to be divided based on each community college area's most recent three-year average reimbursable units. Reimbursable units (as defined in Sec. 85-1503) represent a weighted measure of full-time equivalent enrollment that weights enrollment in applied technology courses more heavily than enrollment in general academic courses.

Under provisions of LB946 for 2013-14 and future fiscal years, distribution of 75% of community college aid in excess of \$88,370,147 (\$87,870,147 base amount for 2012-13 plus \$500,000 to be transferred to Nebraska Community College Student Performance and Occupational Education Grant Fund) will be dependent upon rolling three-year average enrollment measures for the respective community college areas. For 2013-14, the three years for which enrollment measures are to be averaged will be 2010-11, 2011-12

and 2012-13. Given that enrollments for 2011-12 and 2012-13 (and future years) currently represent unknown quantities and given that community college aid appropriations for 2013-14 and future years also represent unknown quantities, estimates as to the distribution of community college aid under provisions of LB946 would be relatively speculative. A substantial proportion of future community college aid appropriations would be distributed according to static proportions based upon the scheduled aid distribution for 2012-13. As such, substantial or dramatic shifts in proportional shares of state aid distributed among the six community college areas are not anticipated. In proportional terms, additional aid would accrue to areas experiencing greater enrollment growth than other areas. However, such additional aid would be derived from the marginal level of community college aid appropriated in excess of the 2012-13 base appropriation amount. As such, shifts in proportions of aid distributed among the six areas would appear likely to occur somewhat gradually over time with changes in relative enrollment levels across the six community college areas and changes in appropriation levels for community college aid.

LB946 also amends provisions relating to maximum property tax levy rates authorized to be levied by community college areas. Under current law, community college areas may levy up to 10.25¢ per \$100 valuation to support college operations and up to 1.0¢ per \$100 valuation for capital improvements, a sum of 11.25¢ per \$100 valuation. The areas are authorized to exceed these levy maximums in amounts necessary to eliminate accessibility barriers and abate environmental hazards. LB946 would effectively establish an overarching levy rate limit for community college areas at 11.25¢ per \$100 valuation. Up to 2.0¢ per \$100 valuation would be authorized to be levied for capital improvements. As under current law, the areas would also be authorized to levy amounts necessary to eliminate accessibility barriers and abate environmental hazards. The balance of the unutilized overarching 11.25¢ levy rate limit would be authorized to support community college area operations. The bill would also specifically authorize revenue from the capital improvement levy to be applied to retire bonds issued to finance revenue producing facilities (e.g. student residences, student unions, student health centers, student activity centers) in addition to revenue from such facilities authorized to be applied for related debt service under current law.

LB946 also assigns certain duties to the Coordinating Commission for Postsecondary Education with respect to the Community College Aid Act and authorizes the Commission to adopt and promulgate related rules and regulations. The agency indicates that it is not certain that development of related rules and regulations will be necessary. If such would be the case, the agency estimates to incur nominal (less than \$1,000) associated expenses.

DEPARTMENT OF ADMINISTRATIVE SERVICES

| | | | |
|--|--------------------|---------|----------------|
| REVIEWED BY | William Scheideler | 1/23/12 | PHONE 471-2526 |
| COMMENTS | | | |
| COMMUNITY COLLEGE ASSOCIATION – Generally concur. However, Section 5 appears to introduce new and unnecessary aid distribution payment procedures. | | | |

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LB⁽¹⁾ 946 FISCAL NOTE

LEGISLATIVE FISCAL

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

Prepared by: (3) Dennis G. Baack Date Prepared: (4) January 19, 2012 Phone: (5) 402-471-4685

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2012-2013 | | FY 2013-2014 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| 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 funds for community colleges as they will be divided in 2012-2013 will be divided in future years at the same percentage of this base amount. This base sum of about \$87 million dollars will always be divided based on the same percentages that exist today. The only change that takes place will be with additional funds that may be added to the base with the first \$500,000 being given to a committee to award the colleges for proposals with certain criteria. Any additional funds over \$500,000 that may be added will be divided by the colleges based on 25% of any additional funds to be divided equally by the six colleges. All the remaining additional funds would be given to the colleges based on a three year average of enrollments and without knowing what these averages will be, it can't be determined what effect these additional funds will have on individual colleges.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2012-2013 | 2013-2014 |
|---------------------------|---------------------|-------|--------------|--------------|
| | 12-13 | 13-14 | EXPENDITURES | EXPENDITURES |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

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LEGISLATIVE FISCAL

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

LB⁽¹⁾ 946 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Postsecondary Education

Prepared by: (3) Carna Pfeil Date Prepared: (4) 1/18/2012 Phone: (5) 471-0029

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2012-2013 | | FY 2013-2014 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | 671.50 | 0 | 0 | 0 |
| CASH FUNDS | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 |
| OTHER FUNDS | 0 | 0 | 0 | 0 |
| TOTAL FUNDS | 671.50 | 0 | 0 | 0 |

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

Explanation of Estimate:

It is not clear whether rules and regulations will actually need to be written, but presuming there is a need the costs for writing the rules and regulations are: \$450.00 for notice of hearing in the OWH, \$152.75 for travel for two Commissioners to hold the hearing, and \$68.75 for copies, mailings, faxes, and staff travel.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2012-2013 | 2013-2014 |
|---------------------------|---------------------|-------|--------------|--------------|
| | 12-13 | 13-14 | EXPENDITURES | EXPENDITURES |
| | | | 0 | 0 |
| | | | 0 | 0 |
| Benefits..... | | | 0 | 0 |
| Operating..... | | | 476.75 | 0 |
| Travel..... | | | 194.75 | 0 |
| Capital outlay..... | | | 0 | 0 |
| Aid..... | | | 0 | 0 |
| Capital improvements..... | | | 0 | 0 |
| TOTAL..... | | | 671.50 | 0 |

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LB(1) 946 FISCAL NOTE

LEGISLATIVE FISCAL

State Agency OR Political Subdivision Name: (2)

Metropolitan Community College

Prepared by: (3)

Date Prepared: (4)

Phone: (5)

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2012-2013 | | FY 2013-2014 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| 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:

As far as our college is concerned, this bill will have no effect on the total State Aid given to the community colleges, with minor effect on the State Aid allocated to each of the community colleges.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2012-2013 EXPENDITURES | 2013-2014 EXPENDITURES |
|---------------------------|---------------------|-------|------------------------|------------------------|
| | 12-13 | 13-14 | | |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |