

Revised based on amendments adopted through May 8, 2007

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	12,000,000		12,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	12,000,000		12,000,000	

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

LB342 would amend provisions governing distribution of state aid appropriations among the state's six community college areas. The bill also amends provisions governing the six areas' property tax levying authority. The legislation specifies data elements to be utilized in the computation of annual community college aid distribution as well as derivation of property tax levying authority each year. The bill directs the Coordinating Commission for Postsecondary Education to annually collect data necessary for computation of community college state aid distribution and property tax levying authority. Each community college area is to annually report the data to the Commission. Utilizing the data to be annually compiled by the Coordinating Commission, the bill directs the Department of Revenue to compute and certify aid amounts to be distributed by the Department of Administrative Services as well as community college area annual property tax levying authority. The Coordinating Commission and Department of Revenue will incur additional workload in meeting responsibilities assigned to the respective agencies by virtue of LB342. While this is the case, it would appear that the additional workload can be accommodated within funding resources as recommended for the agencies for the 2007-09 biennium (i.e., amounts appropriated by LB321 [2007]). Provisions of the bill will not have a material fiscal impact on the Department of Administrative Services.

LB342 advanced from General File with an accompanying appropriation bill. LB342 A appropriates \$12,000,000 for each of 2007-08 and 2008-09 for Aid to Community Colleges beyond levels appropriated in LB321 (mainline appropriations bill). Utilizing estimates of the various data elements prescribed by LB342 for computation of community college area state aid distribution and property tax levying authority, the following state aid and property tax levy estimates are provided. Note that under provisions of LB342, levels of state aid lower than assumed for purposes of this fiscal note would generally result in a greater reliance on local resources (i.e., property taxes as well as other local resources, particularly tuition and fee revenue) while levels of state aid higher than assumed would generally result in a lesser reliance on local resources.

See following page.

Community College Area	2006-07 Actual Levy Rates (Operations) <u>Cents per \$100 Valuation</u>				2007-08 Estimate - LB342 / LB342A Levy Rates (Operations) <u>Cents per \$100 Valuation</u>			
	Min.	Actual	Max.		Community College Area	Min. [B]	Local Effort Rate (LER)	Max. [C]
	Central	5.30	7.17		7.17	Central	4.48	5.61
Metro	5.30	5.64	6.71	Metro	4.48	5.61	6.45	
Mid-Plains	5.30	7.53	7.53	Mid-Plains	4.48	5.61	6.45	
Northeast	5.30	8.04	8.04 [A]	Northeast	4.48	5.61	6.45	
Southeast	5.30	6.34	7.55	Southeast	4.48	5.61	6.45	
Western	5.30	10.65	12.25	Western	4.48	5.61	6.45	

	<u>Current Law / Current State Aid</u>				<u>LB342 / LB342A + LB321 State Aid</u>		
	2006-07 Actual State Aid <u>Distribution</u>	2006-07 Property Taxes Levied <u>(Operations)</u>	2006-07 Total Public Funds		2007-08 Estimate State Aid <u>Distribution</u>	2007-08 Estimate [E] Taxes Levied <u>(Operations)</u>	2007-08 Total Public Funds
	Central	9,890,242	15,877,085		25,767,327	Central	11,791,772
Metro	17,707,102	24,834,104	42,541,206	Metro	20,300,603	26,397,791	46,698,394
Mid-Plains	5,738,476	6,146,025	11,884,501	Mid-Plains	8,029,313	4,951,071	12,980,384
Northeast	8,067,823	10,061,509	18,129,332	Northeast	11,649,412	7,497,729	19,147,140
Southeast	17,245,732	20,088,234	37,333,966	Southeast	19,719,811	18,977,682	38,697,494
Western	<u>9,917,102</u>	<u>6,833,862</u>	<u>16,750,964</u>	Western	<u>12,575,565</u>	<u>3,845,560</u>	<u>16,421,125</u>
TOTAL	68,566,476	83,840,819	152,407,295	TOTAL	84,066,476	74,946,352	159,012,828
		[D]					
				% Change	22.6%	-10.6%	4.3%
				\$ Change	15,500,000	(8,894,467)	6,605,533
					[F]		

[A] Northeast actual and maximum rates include temporary (for 2005-06 & 2006-07) additional 0.5¢ levy authority.

[B] 80% of Local Effort Rate

[C] 115% of Local Effort Rate

[D] Per tax year 2006 certificates of taxes levied.

[E] Assuming Local Effort Rate (LER) as levy rate. Rate could range from 20% less than to 15% greater than LER.

[F] LB321	3,500,000
LB342A	<u>12,000,000</u>
	15,500,000

In addition to its various provisions relating to community college areas, LB342 would change the name of the Minority Scholarship Program Act to the Student Diversity Scholarship Program Act and amend various provisions relating to the act. Provisions of the current act include a statement of legislative intent to appropriate funds to support a minority scholarship program under provisions of the act. LB342 would amend these provisions so as to provide a statement of legislative intent to appropriate funds to support a student diversity scholarship program for the purpose of developing more racially, ethnically, and culturally diverse student bodies at the state's public postsecondary educational institutions. Any state appropriations for the purpose of endowing scholarships to benefit students as provided under the act would remain at the discretion of the Legislature. The provisions of the bill would apparently represent no direct fiscal impact on the University of Nebraska, Nebraska State College System, or the six Nebraska community college areas. Any impact of the bill with respect to scholarship funds benefiting students attending related institutions would be dependent upon the extent of any state appropriations for purposes of the Student Diversity Scholarship Program Act.

LB342 would also change provisions relating to the maximum award amount to financial aid recipients under the Nebraska Scholarship Program which is administered by the Coordinating Commission for Postsecondary Education. Under current law for the 2007-08 award year and years thereafter, such awards are not to exceed an amount equivalent to 25% of the tuition and mandatory fees for a full-time, resident, undergraduate student at the University of Nebraska-Lincoln for the last completed award year. LB342 would increase the maximum award amount to 50% of the specified tuition and fee level for the 2007-08 award year. This is the maximum award in effect for the current (2006-07) award year. Maximum award amounts for 2008-09 and future years would remain at the level currently specified under law. While the maximum level of such awards to individual students would be impacted for 2007-08, the level of appropriations for the Nebraska Scholarship Program would remain at the discretion of the Legislature. As such, the change in the maximum award amount for 2007-08 represents no fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS			
CCPE – Generally concur with the agency response. However, funding of the costs of LB 342 should have nothing to do with the actions of the Appropriations Committee since LB 342 was not referenced to the Appropriations Committee.			