

FISCAL NOTE

Requested by Legislative Council
03/16/2009

Amendment to: Reengrossed
SB 2062

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$23,673,500		\$31,500,000	
Appropriations			\$0		\$6,700,000	

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Provides new \$1,500 per year merit scholarship to ND resident consistent with HB1400 requirements; \$21 M new funding for current needs-based grant program, increasing maximum award limit to \$1,500; new funding of \$1M for new STEM loan forgiveness program of \$1,500/yr for up to four years.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 creates new STEM loan forgiveness program at \$1,500 per year up to four years. Under Section 9 program would expire at the end of 09-11 biennium, with only funding for continuing students thereafter anticipated.

Sections 3 and 4 create a new merit scholarship program to provide a \$1,500 per year scholarship to ND residents attending public or private ND campuses that meet the academic and other requirements in HB1400. Students can continue to receive the scholarship for up to four years if they maintain a 2.75 GPA.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The \$21 million in new funding in SB2062, together with the funding of \$7.2 million in SB2003, provides a total of \$28.2 million in 09-11 for the state grant program to assist approximately 11,765 students per year at an estimated grant award of \$1,200 per student.

The new merit scholarship would assist approximately 1,300-1,500 students per year with a \$1,500 annual scholarship at an estimated cost of \$2.3 million in 09-11, and \$10 million in 11-13. Section 8 permits the use of \$50,000 of the program funding to be utilized for administrative costs. This funding, along with internal NDUS Office allocations from projected 07-09 carryover, should be able to cover most of the administrative costs associated with implementation of the new program in 09-11. However, if carryover provisions are modified additional state funding of \$135,000, in addition to section 8, would be needed to support administrative costs.

STEM program funding of \$1 million will support the creation of a new STEM Loan Forgiveness Program . Section 9 terminates this new program at the end of 09-11. The \$1 million in 09-11 funding would be used to support approximately 83 new awards per year, plus continuation of applicants in 09-11. The unspent balance of \$626,500 at the end of 09-11 would be carried over to fulfill the four year funding requirement in 11-13 (\$500,000) and 13-15 (\$126,500); however, no new applicants would be added to the program in 11-13 or thereafter. Thus, the 11-13 STEM appropriation could be reduced by \$1 million, since remaining obligations would be funded with planned 09-11 carryover funds.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

An additional estimated appropriation of \$6.7 million (\$7.1 M for merit scholarship less \$1.0 million for STEM) would be needed in 2011-13 biennium to sustain the new scholarships and ongoing commitments for the merit scholarship and the ongoing commitments for the STEM program.

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