

**FISCAL NOTE**

(Return original and 10 copies)

Bill/Resolution No.: HB 1454

Amendment to: \_\_\_\_\_

Requested by Legislative Council

Date of Request: 1-22-97

1. Please estimate the fiscal impact ( in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

(See attachment)

2. State fiscal effect in dollar amounts:

	<u>1995-97</u> <u>Biennium</u>		<u>1997-99</u> <u>Biennium</u>		<u>1999-2001</u> <u>Biennium</u>	
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Funds</u>	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Funds</u>	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Funds</u>
Revenues:				+\$0-\$2,000,000		+\$0-\$2,000,000
Expenditures:				Unknown		Unknown

3. What, if any, is the effect of this measure on the appropriation for your agency or department: (North Dakota University System)

a. For rest of 1995-97 biennium: \_\_\_\_\_

b. For the 1997-99 biennium: Revenue increase of estimated \$0-\$2,000,000

c. For the 1999-2001 biennium: Revenue increase of estimated \$0-\$2,000,000

4. County, City, and School District fiscal effect in dollar amounts:

<u>1995-97</u> <u>Biennium</u>			<u>1997-99</u> <u>Biennium</u>			<u>1999-2001</u> <u>Biennium</u>		
<u>Counties</u>	<u>Cities</u>	<u>School</u> <u>Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School</u> <u>Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School</u> <u>Districts</u>

If additional space is needed, attach a supplemental sheet.

Signed   
Typed Name Laura Glatt

Date Prepared: 1-24-97

Department North Dakota University System

Phone Number 328-4116

## **Attachment for Fiscal Note HB 1454**

Attempting to calculate the fiscal impact of the change proposed in HB1454 is very difficult. It is difficult to estimate, with any degree of certainty, the number of students that would be impacted by this change. We relied on the experiences in South Dakota where a similar benefit was provided to alumni from 1987 to 1995. In South Dakota, during this period, these students comprised roughly three percent of the total South Dakota System enrollment.

Expanding the definition of resident student for tuition purposes to children of NDUS campus graduates would result in an estimated increase in tuition income of \$0 - \$2,000,000 per biennium. The wide range is due to the difficulty of estimating the number of students that will be impacted by this change. Students who fit this definition may already be attending ND's colleges and universities. They are paying either non-resident rates, reciprocity rates if they are from Minnesota, contiguous state/Canadian province rates if they are from South Dakota, Montana, Saskatchewan or Manitoba or they are paying Western Undergraduate Exchange rates, if they are from a state which is a member of WICHE, a western state higher education compact. All of these rates are higher than the ND resident rate. Thus, children of alumni from these states, who are currently attending ND institutions would actually experience a decline in their tuition bill and the campuses would experience a corresponding tuition loss. If this is not offset by new enrollment, the tuition loss to the campuses could be significant.

However, it is possible that the NDUS could see an increase in enrollment if this policy attracted new students to ND. This would be new revenue that would be available to the campuses to use to offset any additional costs associated with increased enrollments. Experience indicates that the large majority of these students would attend either UND or NDSU and these two campuses will be the most significantly impacted by the change. Additional new enrollments may impact expenditures depending on the number of new students attending a particular campus. If the campus has been experiencing enrollment growth, without additional state resources to match, additional faculty and support personnel may be needed to handle the additional student demands for courses and services. This is difficult to project at this time. While the estimated fiscal impact shows an increase, it is possible that a decline in revenue could occur if additional enrollments do not offset the lowered tuition rate resulting from this bill for current students who are alumni.

However, because of expected declines in North Dakota high school graduation rates after the year 2001, this bill could assist in stabilizing enrollments and tuition revenues at that time.