

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2195 Amendment to: _____

Requested by Legislative Council Date of Request: January 25, 1999

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:

Two types of costs are involved to implement a prepaid tuition plan:
 DIRECT COSTS for administration of the program. (See Attachment A)
 POTENTIAL COSTS in the form of an unfunded liability for the fund may result should tuition increase at a level which exceeds that planned for in the actuary study or the investment return. The amount of the potential liability cannot be estimated.

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	-0-	-0-	-0-	-0-	-0-	-0-
Expenditures:	-0-	-0-	\$135,117	-0-	\$70,802	-0-

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: _____
- b. For the 1999-2001 biennium: Administrative expense of \$135,117 (identified above)
- c. For the 2001-03 biennium: Administrative expense of \$70,802 (identified above)

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

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed, attach a supplemental sheet.

Signed *Julie Kubisiak*

Typed Name Julie Kubisiak

Date Prepared: January 25, 1999

Department Bank of North Dakota

Phone Number 701-328-5621

FISCAL NOTE RE SB 2195

99 - 01 01 - 03 03 - 05
 Biennium Biennium Biennium

SB 2195 directs the Bank of North Dakota to establish and administer a tuition purchase program for the benefit of students attending a participating institution of higher education.

The bill provides the Bank with the power to charge & collect fees for administration of the tuition purchase program. The only reference to a specific fee amount pertains to the termination of a tuition purchase contract for which the administrative fee cannot exceed \$25.00.

PERSONNEL COSTS

Initial development of the program	20,256.60		
Ongoing costs - servicing, reporting, board activities etc	22,512.75	16,322.34	16,906.55

ADVISORY BOARD EXPENSES

The bill calls for creation of an advisory board consisting of seven members and two ex officio members. Five of the seven members are 'appointed' and are eligible for per diem and expense payments as provided in the legislation.

12,347.50	8,980.00	8,980.00
-----------	----------	----------

OTHER OPERATING EXPENSES

Audit	5,000.00	5,000.00	5,000.00
Legal	5,000.00	2,500.00	2,500.00
Consultants & actuaries re initial development of the program	25,000.00	5,000.00	5,000.00
Annual actuarial study	33,000.00	30,000.00	30,000.00
Investment managers	???	???	???
Investment managers - guarantee	???	???	???

DATA PROCESSING

12,000.00	3,000.00	3,000.00
-----------	----------	----------

-----	-----	-----
135,116.85	70,802.34	71,386.55