FISCAL NOTE

Requested by Legislative Council
01/26/2011

REVISION

Bill/Resolution No.: HB 1444

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				($96,000,000)		($101,000,000)
Expenditures						
Appropriations			$61,000,000		$64,000,000	

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 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).*

Requires non-resident students, except those under a reciprocity agreement (Minnestoa students), to pay a tuition rate equal to the average cost per student. This significantly higher rate would result in a loss of enrollment.

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.*

The tuition rate required by Section 1,(2)would result in a projected loss of non-resident enrollment and related tuition revenues and other revenues including fees, residence hall and dining service. This enrollment loss would include some students who come to ND under higher education compacts with other states such as WICHE and MHEC, organizations funded by the State.

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.*

Non-resident enrollment, excluding MN students, is projected to decline by over 6,000 students per year or a financial impact of 12,000 enrollments per biennium. There would be a corresponding loss of tuition revenue of $61 million; and, fee, dining, residence hall and other revenue losses of $35 million for a total projected loss of $96 milion. These figuers are based on cost per student equivalent to the 11-13 Exec. budget state general fund operations appropriation plus estimated tuition income divided by Fall 2010 and Fall 2011 enrollments. If, however, one assumes the biennial funding supports four regular semesters (both fall and spring)per biennium, plus summer school, the tuition rates would be significantly less and the related revenue loss would also be significantly less.

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.*

Unable to determine an expenditure reduction as costs would be reduced to the extent that the number of courses and/or programs could be eliminated, resulting in faculty and staff and operating reductions. However, this would largely depend on the courses and programs impacted by the enrollment loss, which is undeterminable. The impact may be to reduce class sizes, which would not necessarily result in a cost reduction. Other fixed costs would largely remain unchanged.

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.*

Increased state general fund appropriations would be needed to offet, at a minimum, lost tuition revenues of $61 million in 11-13 and $64 million in 13-15. In addition, other state appropriations may be required to replace other lost revenues such as course and program fees which are used to support instruction in order to maintain viable courses and programs.

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