

FISCAL NOTE
Requested by Legislative Council
01/26/2021

Bill/Resolution No.: SB 2325

- 1 A. **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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,310,000		\$2,340,000	
Appropriations			\$1,310,000		\$2,340,000	

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts			
Townships			

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

SB2325 modifies the ND academic and career & technical education scholarship programs to allow students to use the awards at any institution of higher education outside of the state (national or international). The bill also includes non-fiscal changes previously approved by the Senate in SB2136.

- 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.*

Current law provides scholarships of \$1,500 per year, up to a maximum of \$6,000, to ND high school students who meet a series of challenging course work & other requirements. Students may use the funds at any accredited institution of higher education in the state, including public, private and tribal colleges. Page 6, line 1 eliminates the requirement that students attend college in this state; this section relates to college using semester terms. An identical change is made on Page 6, line 8 and relates to schools using quarter or clock-hour terms.

No other sections of the bill have a fiscal impact.

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 Department of Public Instruction estimates 259 additional students qualifying per year for scholarship payment at an out-of-state institution. As a result, costs would increase by \$1.1 million for the 2021-23 biennium to cover the additional awards in FY22-23. Students would be allowed to start utilizing the scholarship out-of-state beginning fall 2021 due to the emergency clause.

The NDUS Scholarship Management System (SMS), used to administer the program, would require updates, estimated at \$5,000 to provide for manual entries of out-of-state institutions of higher education. The SMS is designed to capture data from ND institutions; however, since there are over 4,000 institutions just in the U.S. alone (U.S. Dept. of Education), it would not be feasible to build in every college. The inclusion of out-of-state institution eligibility will require 100% manual intervention of enrollment verification, disbursement of funds, and on-going tracking requirements of the scholarship program that the NDUS currently performs. Since recipients can access their maximum award up to 6 years following high school graduation, the NDUS could eventually be tracking nearly 1,600 students manually. This administrative burden will require an addition of 1.00 full-time position to handle the verification and payment of the awards for students in an effective and timely manner. Salary, benefits & operating expenses for this position are estimated at \$205,000 per biennium.

Therefore, 2021-23 expenditures will increase by a total of \$1,310,000.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

For the 2021-23 biennium, a \$1,310,000 general fund ongoing appropriation is required to cover the estimated additional scholarships as a result of SB2325, 1.00 new FTE and technology system development costs. This amount is not included in the NDUS base budget or the Executive Budget Recommendation.

Additional ongoing general fund appropriation increases would be \$2,340,000 for the 2023-25 biennium and \$2,650,000 for the 2025-27 biennium.

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