

FISCAL NOTE
Requested by Legislative Council
02/09/2021

Amendment to: HB 1430

- 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			\$770,000		\$2,900,000	
Appropriations			\$770,000		\$2,900,000	

- 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).*

HB1430 allows students who graduate high school after 12/31/2021 and attend 2-yr public or tribal colleges to receive Academic/CTE scholarship payments of \$1,500 per semester rather than \$750. Minimum enrollment status changes to half-time. \$6,000 maximum award and minimum 2.75 GPA are unchanged.

- 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 \$750 per semester or \$500 per quarter for the Academic and CTE Scholarships, up to a maximum of \$6,000. Scholarships may be used up to 6 years following high school graduation. Students may use the funds at any accredited institution of higher education in the state, including public, private and tribal colleges. Awards are available in summer terms.

For students that graduate high school after 12/31/2021 that are attending a ND 2-yr public or tribal college, Engrossed HB1430 changes the per semester payment amount from \$750 to \$1,500. The per quarter payment amount is changed from \$500 to \$1,000. The lifetime cap of \$6,000 over 6 years is unchanged. As a result, students attending 2-year programs could receive the full \$6,000 in two years.

Recipients would need to maintain a 2.75 GPA and be enrolled at least half time to continue receiving payments.

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.*

Historically, an average of 385 new scholarship recipients per year attend a 2-year public or tribal institution in their first year of post-secondary enrollment. 85% of these students continue at the same school in year 2. Eng. HB1430 would increase payments to these students from \$750 to \$1,500 per semester. The change applies only to new students who graduate after 12/31/2021. The lifetime \$6,000 cap is still in place. Program costs will increase because students will be receiving \$6,000 over two years rather than \$3,000 (\$750/semester X 2 years). The increase is about \$577,000 per cohort per year.

Changes in the minimum enrollment status and cumulative credit requirements will increase costs by approximately \$163,000 per cohort per year. Over the last four years there were about 700 instances where students did not receive scholarship payments because they were not enrolled full time or did not satisfy the cumulative credit requirement. Because these students were still enrolled at least half-time, they would now receive their scholarship awards.

The Scholarship Management System used to administer the Academic & CTE Scholarships would require significant modifications costing around \$30,000.

In total, expenditures would increase by \$770,000 for the 2021-23 biennium and \$3.0 million for the 2023-25 biennium. In the 2025-27 & future bienniums costs would increase by \$4.2 million.

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 \$770,000 general fund ongoing appropriation is required to cover the estimated program & technology expenditures proposed in Engrossed HB1430. This amount is not included in the NDUS base budget or the Executive Budget Recommendation.

For the 2023-25 biennium, a \$2.9 million general fund ongoing appropriation increase would be required. Another \$4.2 million increase would be required for the 2025-27 & 2027-29 bienniums.

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