**EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**EXPENDITURE EXPLANATION**

There will be increased statutory dedications expenditures out of the newly created Pursuing Rewarding, Innovative, and Meaningful Education (PRIME) Fund. Actual statutory dedications expenditures are indeterminable and will vary based on the number of eligible students and the number of courses taken per student. Costs for exemptions which are currently being absorbed by institutions through a combination of SGF and SGR will be reduced by any distributions received through the PRIME Fund.

Disbursements from the PRIME Fund are limited to $200 per credit hour (equivalent to $600 for a typical three-hour course), however, it is unknown to what extent the disbursement rate will equal the costs for institutions that provide tuition and fee exemptions. For illustrative purposes, the Board of Regents reports that institutions are currently providing $1.6 M in tuition and fee exemptions for 511 students age 55 and older. If those students take an average of two courses, disbursements would total $613,200 ($600/course x 2 courses x 511 students); if students take an average of three courses, disbursements would total $919,800.

**EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

Although not an appropriation instrument, the proposed legislation directs the state treasurer to deposit up to $2 M into the newly created PRIME Fund, at the beginning of each year. Requires deposits sufficient to bring the unencumbered balance in the fund to $2 M; therefore, the amount needed in FY 23 is $2 M and will vary thereafter depending on expenditures from the fund.

Statutory dedications revenues from the PRIME Fund will increase in FY 23 by $2 M as a result of this deposit and will vary thereafter. To the extent distributions are made from the fund, public postsecondary institutions will experience increased statutory dedications revenues, and may experience reduced self-generated revenues to the extent additional students enroll and receive the exemption.
Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and other custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately $73,000, plus approximately $2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.