



LB 546 Testimony

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March 5, 2013

- Statutes require the Coordinating Commission to review and recommend to the Legislature approval or disapproval of State University or State College revenue bond and surplus/replacement fund proposals and finance plans. LB 546 would remove both the Coordinating Commission and Legislature from this process. The institutions' governing boards would have final say.
- First, some history behind this review process. In the mid-1980s, one of the State Colleges experienced difficulty in financing its revenue-bond facilities. The State of Nebraska was forced to step in and fill that funding gap. When the Legislature created the Coordinating Commission in its current form in the early 1990s, Sen. Jerome Warner added this review process to the Commission's duties. The purpose was to help ensure the financial viability of revenue-bond projects at our State Universities and Colleges.
- Nebraska's State Universities and Colleges have been mostly reasonable in their requests and we applaud them for that. The Commission has reviewed more than 80 proposals for projects funded by revenue bonds or surplus/replacement funds during the past 20 years. Of those proposals, we have recommended approval for all but one. We'd like to assume the institutions would have acted just as reasonably in the absence of the required review and approval process. However, it seems reasonable to give the existing process some of the credit for avoiding problems in revenue-bond borrowing.

- The Commission uses the same review process for all revenue bond and surplus/replacement fund proposals. We consider, among other things, compliance with the *Comprehensive Statewide Plan for Postsecondary Education*, compliance with the *Statewide Facilities Plan*, possible unnecessary duplication of facilities, and the finance plan for the revenue bond issue. We also consider how proposals would impact students' abilities to pay for college, as sometimes an institution chooses to raise student fees to help pay off revenue bond borrowing. We've included with our submitted testimony copies of two evaluations of recent revenue bond proposals; we recommended approval of one project and disapproval of the other.
- The Commission brings a unique, statewide perspective to this review process. We work to balance the needs of the institutions, their students and the state as a whole. This perspective would be lost if LB 546 is passed.