

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0329-01
Bill No.: SB 91
Subject: Education, Elementary and Secondary; Education, Proprietary; Education, Higher
Type: Original
Date: January 21, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Less than \$713,250)	(Less than \$1,426,500)	(Less than \$1,426,500)
Total Estimated Net Effect on General Revenue Fund	(Less than \$713,250)	(Less than \$1,426,500)	(Less than \$1,426,500)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government *	(Unknown)	(Unknown)	(Unknown)

* Expected to exceed \$100,000.

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **University of Missouri** stated they were unable to determine the cost of the proposal to their organization.

Officials from **Linn State Technical College** assumed the proposal would have no fiscal impact on their organization.

Officials from the **Department of Higher Education (DHE)** assume at least two institutions would become eligible for A+ reimbursements. The two institutions average 500 first time students from Missouri each year. If half of these Missouri students are eligible for A+ reimbursements, 250 additional A+ awards would be given each year. The proposal limits the tuition reimbursement to the tuition charged by the local community college. The fall 2004 tuition and fee rate for Metropolitan Community College is \$2,220 for in-district and \$3,900 for out-of-district and for St. Louis Community College the rate is \$2,160 in-district and \$2,790 out-of-district. Assuming that half of the students are in-district and half out-of-district, the total cost per year would be \$713,250, or \$1,426,500 for these students to receive an associate degree (2-year program). Depending on the interpretation of "private vocational and technical schools," other private institutions may also become A+ eligible since the term is not defined.

ASSUMPTIONS (continued)

Current A+ Program rules provide that financial incentives will be available to qualified students for a period of four years after high school graduation. Therefore, it may be possible for those students attending private vocational and technical schools to receive A+ funding for baccalaureate degrees. Officials from DHE stated the two private institutions offer specialized educational programs not generally available from community colleges, and attract highly qualified students.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal would expand the A+ program to include reimbursement of the cost of tuition, books, and fees to any private vocational, technical, or proprietary school which is accredited by a nationally recognized accreditation organization, as approved by the coordinating board for higher education. Reimbursements would be limited to the tuition rate charged by a public community college for course work offered by the private vocational or technical school within the service area of that community college. One school is in the St. Charles Community college service region. Based on 2004-2005 tuition rates and using an average of 15 credit hours per semester, the average reimbursement per student would be \$975 in-district per semester and \$1,425 out-of-district per semester. It is unknown how many students currently attend the school who would be eligible or how many would attend if the institution were included.

Other private technical schools may also attempt to qualify. The amount of their reimbursement would depend on the community college service region where they are located and the tuition rate. DESE would anticipate one in St. Louis and one with locations in St. Louis and Kansas City would also seek reimbursement. Based on 2004-2005 tuition rates and using an average of 15 credit hours per semester, the average reimbursement per student would be \$1,080 in-district per semester and \$1,395 out-of-district per semester for St. Louis and \$1,110 in-district per semester and \$1,950 out-of-district per semester for Kansas City. It is unknown how many eligible students currently attend these institutions or how many would attend if the legislation should pass. Changing the accreditation requirements to a more generic accreditation organization could open the program up to many more schools.

The proposal would require DESE to verify each individual's course of study at the private schools and compare that to the local community college courses to determine if the courses are offered and if the programs are "substantially similar". DESE assumes it would need 1.0 FTE supervisor to assist with the additional duties involved in collecting the information, comparing programs among adjacent counties, tracking the eligible students, and making a determination regarding satisfaction of requirements. DESE listed salary and related costs for the new FTE position totaling \$66,061 for FY 2006, \$77,926 for FY 2007, and \$79,908 for FY 2008.

ASSUMPTIONS (continued)

DESE officials stated that 214 out of 572 Missouri high schools were A+ certified as of June 30, 2004, but they had no information on the number or percent of high school graduates who would be eligible for A+ funding each year.

Oversight assumes DESE would limit reimbursements to associate (two year) degree programs. We note that the proposal would limit reimbursements for private institutions to programs not available at a community college in the student's home county or an adjacent county, and would limit reimbursements to an amount equivalent to community college tuition and fees. We assume that the additional cost to the student due to higher tuition and fees at the private institutions would likely deter some students from attending the private institution. We assume the proposal's restrictions would result in a relatively small number of A+ students who would choose to attend the private institutions. We assume DESE would only be required to evaluate the limited and specialized course offerings at two institutions, and that existing staff could perform those evaluations.

Oversight assumes that community colleges would have an unknown loss of tuition revenues if students attend private institutions rather than community colleges.

Officials from the **Office of the Secretary of State (SOS)** assume this proposal would allow for the reimbursement of A+ funds to certain private schools. The commissioner of education would promulgate rules to enact this legislation. Based on experience with other divisions, the rules, regulations and forms issued by the commissioner of education could require as many as 8 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27.00. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. $((8 \times \$27) + (12 \times \$23) = \$492)$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from **East Central College** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost</u> - A+ reimbursement of tuition books, and fees for private vocational and technical schools	(Less than \$713,250)	(Less than \$1,426,500)	(Less than \$1,426,500)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Less than \$713,250)</u>	<u>(Less than \$1,426,500)</u>	<u>(Less than \$1,426,500)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
COMMUNITY COLLEGES			
<u>Loss</u> - Loss of Tuition/Fee revenue due to decreased enrollment *	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON COMMUNITY COLLEGES*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
*Expected to exceed \$100,000			

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would permit a qualified A+ Program student to attend an accredited private vocational or technical school. The A+ Program currently requires the student to attend a public community college, vocational, or technical school. Reimbursements at private schools must not exceed the community college tuition rate for similar course work or violate the state constitutional provisions that prohibit the use of public funds for religious purposes. The proposal would also limit reimbursements for private institutions to programs not available in a public institution in the student's home or adjoining county.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

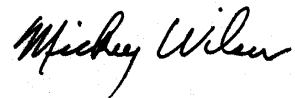
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SOURCES OF INFORMATION

Office of the Secretary of State
Department of Elementary and Secondary Education
Department of Higher Education
University of Missouri
Linn State Technical College

NOT RESPONDING

East Central College



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Director
January 19, 2005