

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4752-02
Bill No.: HCS for SB 980
Subject: Licenses - Professional; Health Care; Health Care Professionals; Nurses
Type: Original
Date: April 18, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue*	(\$522,000)	(\$1,075,320)	(\$1,661,369)
Total Estimated Net Effect on General Revenue Fund	(\$522,000)	(\$1,075,320)	(\$1,661,369)

*Subject to appropriations

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(\$174,000)	(\$358,440)	(\$553,790)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Coordinating Board of Higher Education** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would establish the "Urban Flight and Rural Needs Scholarship Program". DESE would make available to eligible students up to 100, four-year scholarships in an amount that encompasses the total cost of eligible students' tuition and fees at a four-year college or university located in Missouri. Seventy-five percent of such amount would be paid by funds appropriated to DESE and twenty-five percent of such amount would be paid by the local school district in which the student agrees to teach.

DESE provided the following calculation of program costs, and stated that costs would grow significantly until year 4 when the costs should begin to level out. DESE calculations assume all 100 scholarships are appropriated each year and that each recipient continues through the program until the fourth year, meeting all requirements for eligibility. DESE has chosen the University of Missouri - Columbia to represent an average of tuition and fees for Missouri's four-year colleges and universities; although it should be noted that costs can greatly exceed or

ASSUMPTION (continued)

be somewhat below this level. DESE further assumes a 3% increase in tuition and fees in subsequent years.

Program year	Number of Scholarships	Estimated Tuition and Fees	Total Scholarship Amounts	25% Local Cost	75% State Cost
1	100	\$ 6,960	\$ 696,000	\$ 174,000	\$ 522,000
2	200	\$ 7,169	\$ 1,433,760	\$ 358,440	\$ 1,075,320
3	300	\$ 7,384	\$ 2,215,159	\$ 553,790	\$ 1,661,369
4	400	\$ 7,605	\$ 3,042,152	\$ 760,538	\$ 2,281,614

In response to a similar proposal, officials from **Lincoln University** stated that, while it is difficult to predict the number of students who might enroll who have the scholarship, there may be some fiscal impact for their organization.

Officials from **Missouri State University** and **Truman State University** assumed that a similar proposal would have no fiscal impact on their organizations.

Officials from the **University of Missouri** assumed that their organization would incur no additional costs as a result of a similar proposal.

In response to a similar proposal, officials from **St. Louis Community College** assumed that a similar proposal would have no negative fiscal impact on their organization.

In response to a similar proposal, officials from **Metropolitan Community College** assume that a similar proposal would likely have a positive fiscal impact on their organization although not a significant impact.

Officials from the **Office of the State Treasurer** assume the proposal would have no fiscal impact on their organization.

Officials from the **Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. SOS is provided with core funding to handle a certain amount of

ASSUMPTION (continued)

normal activity resulting from each years legislative session. The fiscal impact for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Economic Development - Division of Professional Registration** state having reviewed the proposal and having sought the conclusion of the appropriate board(s), they are of the opinion the proposal, in its present form, has no fiscal impact on their organization.

Oversight has included the estimated state cost in the General Revenue Fund. Oversight assumes that any repayments by recipients who fail to complete their required teaching obligation would be received after FY 2009.

Officials from the **Department of Health and Senior Services (DOH)** state the Professional Nursing Student Loan program has a much higher rate of non-compliance than the Primary Care Resource Initiative for Missouri (PRIMO) student loan program, largely due to the differences in forgiveness methodologies. PRIMO allows forgiveness on a year-for-year basis so that the number of loans received by an individual determines the forgiveness period.

This proposal would allow regulatory changes to make the Nursing Student Loan program more consistent with the PRIMO loan program. The results of the change would increase the compliance rate of the program and reduce the time and effort necessary to manage the program, but would have no significant, direct fiscal impact on the DOH.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Cost</u> - Department of Elementary and Secondary Education Scholarships*	<u>(\$522,000)</u>	<u>(\$1,075,320)</u>	<u>(\$1,661,369)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$522,000)</u>	<u>(\$1,075,320)</u>	<u>(\$1,661,369)</u>
*Subject to appropriations			
 <u>FISCAL IMPACT - Local Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009
LOCAL GOVERNMENT			
<u>Cost</u> - School Districts Scholarships	<u>(\$174,000)</u>	<u>(\$358,440)</u>	<u>(\$553,790)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>(\$174,000)</u>	<u>(\$358,440)</u>	<u>(\$553,790)</u>
 <u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

Section 173.232

This proposal would create the Urban Flight and Rural Needs Scholarship Program, to be administered by the Department of Elementary and Secondary Education. The program would provide scholarships for eligible students who enter a teacher education program and make a commitment to teach as a condition of receiving such scholarship.

Subject to appropriation, each year the Department of Elementary and Secondary Education would make available up to one hundred four-year scholarships. The maximum scholarship amount would be one hundred percent of the total cost of the eligible student's tuition and fees at a four-year college or university located in Missouri. Seventy-five percent of the total amount would be paid by funds appropriated to the department, and twenty-five percent of the amount would be paid by the local school district in which the student agrees to teach.

The scholarships provided in this section would be available to otherwise eligible students who are currently enrolled in a community college and make a commitment to pursue a teacher education program approved by the Department of Elementary and Secondary Education and offered by a four-year college or university located in Missouri; or have completed their baccalaureate degree and agree to enter a teacher education program and make a commitment to pursue a teacher education program approved by the department and offered by a four-year college or university located in Missouri. An eligible student would be a United States citizen and a Missouri resident who attended a Missouri high school; has graduated from high school with a cumulative grade point average of at least two and one-half on a four-point scale or equivalent; makes a commitment to pursue a teacher education program approved by the Department of Elementary and Secondary Education and offered by a four-year college or university located in Missouri, and maintains a cumulative grade point average of at least two and one-half on a four-point scale or equivalent. If the number of applicants exceeds the number of scholarships or revenues available, the Department of Elementary and Secondary Education may consider the financial needs of the applicant.

Recipients would sign an agreement with the Department of Elementary and Secondary Education and a local school district in which the recipient agrees to teach in Missouri public school, the population of which includes a higher than average "at-risk student population", as such term is defined by the Department of Elementary and Secondary Education, for two years for every one year the recipient received the urban flight scholarship.

DESCRIPTION (continued)

The recipient would be required to teach for a period of two years for every one year he or she received a scholarship; otherwise, the scholarship would be treated as a loan to the recipient. Interest at the rate of nine and one-half percent per year would be charged on the unpaid balance of the amount received from the date the eligible student ceases to teach until the amount received is paid back to the state and the local school district. In order to provide for the servicing of such loans, the department could sell such loans to the Higher Education Loan Authority of the State of Missouri.

For each year the student teaches, up to eight years, one-eighth of the amount received would be applied against the total amount received and not be subject to the repayment requirement. The department of elementary and secondary education could defer interest and principal payments under certain circumstances, including but limited to, the enrollment in a graduate program or service in any branch of the armed forces of the United States.

The proposal would create in the State Treasury a fund to be known as the "Urban Flight and Rural Needs Scholarship Program Fund", which would consist of all moneys that may be appropriated to it by the General Assembly, and in addition may include any gifts, contributions, grants, or bequests received from federal, state, private, or other sources. The fund would be administered by the department of elementary and secondary education.

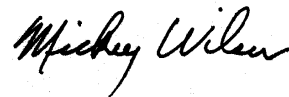
Section 335.212

Under current law, student loans are available to students who have applied to be a full-time nursing student. This proposal redefines eligible student so that only students who have been accepted as full-time nursing students are eligible for the loans. Under current law, 25% of the loan is forgiven for each year of full-time employment as a licensed nurse. This proposal allows for forgiveness of all of the financial assistance in the event of full-time employment.

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

SOURCES OF INFORMATION

Office of the State Treasurer
Department of Elementary and Secondary Education
Lincoln University
Missouri State University
Truman State University
University of Missouri
St. Louis Community College
Metropolitan Community College
Secretary of State
Department of Health and Senior Services
Coordinating Board of Higher Education
Department of Economic Development -
Division of Professional Registration



Mickey Wilson, CPA
Director
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