

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3520-02
Bill No.: SCS for SB 846
Subject: Education, Higher; Higher Education Department
Type: Original
Date: February 22, 2008

Bill Summary: This proposal modifies the laws relating to higher education scholarships.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$121,700 to \$368,200)	(\$253,100 to \$765,800)	(\$253,100 to \$796,400)
Total Estimated Net Effect on General Revenue Fund	(\$121,700 to \$368,200)	(\$253,100 to \$765,800)	(\$253,100 to \$796,400)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE			

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 160.545 A+ Schools Program

Officials at the **Department of Higher Education (DHE)** assume this legislation expands the A+ program, which will not impact the DHE.

Ranken Technical College is currently the only school who is not eligible for A+ reimbursement that would become eligible if this bill is passed. Ranken annually averages 200 first-time students from Missouri. If half of these Missouri students are eligible for A+ reimbursements, 100 additional A+ awards will be given each year. The cap on eligible students would be at 200 as only students in 2 year institutions are eligible to receive the scholarship. The legislation specifies that the tuition reimbursement shall not exceed the tuition charged by the community college. The fall 2007 tuition and fee rate for St. Louis Community College (Ranken's local community college district) is \$2340 in-district and \$3,540 out-of-district. Assuming at 4% inflation rate for each year and that half of the students are in-district and half out-of-district, the total cost per year ranges from \$121,700 (50 students X \$2,434 in-state tuition rate) to \$368,200 (100 students X \$3,682 out-of-state tuition rate) for these students to receive an associate degree (two-year program).

Officials at the **Department of Elementary and Secondary Education (DESE)** state that as of July 1, 2007, there were 231 high schools designated A+ out of 565 high schools. It is unknown how many A+ students currently attend the institutions described in this proposal or how many may attend if the legislation should pass.

In addition, allowing private institutions to participate in the A+ program would require the entire A+ program to move to an IFB (invitation for bid) process in order to comply with the provisions of Chapter 34 RSMo. The IFB process would require at least 1.0 FTE supervisor.

Oversight assumes that this proposal is expanding the existing A+ program to allow students to attend private vocational and technical schools instead of the current public only schools. For the private school to participate the school must meet certain requirements. Oversight assumes that few private schools will meet the rigorous requirements to be eligible for participation. Oversight assumes that the Department of Elementary and Secondary Education can absorb the cost of monitoring the additional schools with existing resources.

Section 173.272 Community College Associate Degree Transfer Incentive Program Fund

Officials at the **Department of Higher Education (DHE)** assume the proposed legislation would also create the Community College Associate Degree Transfer Incentive Program

ASSUMPTION (continued)

(commonly known as the "completer scholarship") to provide scholarships to public two-year institution graduates continuing their education at public or private four-year institutions. The DHE would be responsible for promulgating rules and regulations for this program, establishing performance standards that provide for the continuation of the scholarship, developing all procedures associated with operating the program, and disbursing funds to institutions.

The DHE assumes that no scholarships would be awarded during the period that this fiscal note covers. The DHE would likely need an additional staff person to administer this program, but that person would probably not be hired during the time period that this fiscal note covers. The DHE would also incur costs associated with reprogramming its financial aid delivery software, but those costs will likely not be incurred during the time period that this fiscal note covers.

Officials at the **Office of the State Treasurer, Department of Revenue, University of Missouri, Metropolitan Community College, Lincoln University** and the **Linn State Technical College** assume that there is no fiscal impact from this proposal for their institutions.

Oversight assumes that the provisions relating to the Community College Associate Degree Transfer Incentive Program become effective on January 1, 2012 which is outside the scope of this fiscal note. However, Oversight assumes that the cost of this program will begin in FY 2012 and that it is difficult to determine the total number of students who would be eligible for this program or the amount of tuition those students pay. Oversight assumes that since 50% of all schools are A+ schools then 50% of all students at Community College came from A+ schools. Oversight assumes that at least 25% of the 50% of Community College students would qualify for this program with a minimum award of \$1,000 to a maximum amount (using the average award of \$10,000). Oversight assumes a cost between \$1,016,000 to \$10,160,000 in today's dollar in FY 2012 for this scholarship. Additionally, the Department of Higher Education would need staff to manage the program.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Costs - Department of Higher Education</u>			
A+ Scholarships	<u>(\$121,700 to \$368,200)</u>	<u>(\$253,100 to \$765,800)</u>	<u>(253,100 to \$796,400)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$121,700 to \$368,200)</u>	<u>(\$253,100 to \$765,800)</u>	<u>(253,100 to \$796,400)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies the A+ Schools Program. Current law provides that only public community colleges and public vocational or technical schools may receive A+ Schools Program reimbursements. This act would allow any two-year public or private vocational or technical school to obtain A+ Schools Program reimbursements that meets the following requirements: the school must be a member of the North Central Association and be accredited by the Higher Learning Commission; be designated as a 501(c)(3) non-profit organization; cannot receive tuition reimbursements in excess of the tuition rate charged by public community colleges for coursework offered by private vocational or technical colleges within the service area of the school; and reimbursements provided must not violate provisions of Article IX, section 8, or Article I, section 7 of the Missouri Constitution, or the First Amendment of the United States Constitution. These new requirements shall not apply to public institutions currently receiving A+ reimbursement.

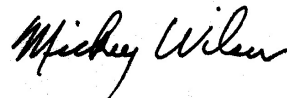
This legislation is not federally mandated, would not duplicate any other program and would not

FISCAL DESCRIPTION (continued)

require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education
Department of Elementary and Secondary Education
Department of Revenue
Office of the State Treasurer
Metropolitan Community College
Linn State Technical College
University of Missouri
Lincoln University



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Director
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