

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3520-04  
Bill No.: Perfected SS for SCS for SB 846  
Subject: Education, Higher; Higher Education Department  
Type: Original  
Date: April 3, 2008

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Greater than \$271,500)	(Greater than \$543,000)	(Greater than \$1,736,340)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Greater than \$271,500)</b>	<b>(Greater than \$543,000)</b>	<b>(Greater than \$1,736,340)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Workers Compensation Administration Fund	(\$50,000)	(\$50,000)	(\$50,000)
Kids Chance Scholarship Fund	\$50,000	\$50,000	\$50,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 pages.

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

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

☒ 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).

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

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

#### **Section 160.545 A+ Schools Program**

In response to a previous version of this bill, officials at the **Department of Higher Education (DHE)** assume this legislation expands the A+ program, which will not impact the DHE.

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 legislation specifies that the tuition reimbursement shall not exceed the tuition charged by the community college. The fall 2006 tuition and fee rate for St. Louis Community College (Ranken's local community college district) is \$2340 in-district and \$3090 out-of-district. Assuming that half of the students are in-district and half out-of-district, the total cost per year is \$271,500, or \$543,000 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.

Officials at the **University of Central Missouri (UCM)** assume each year, approximately 30-50 students that are admitted to the UCM, elect to utilize the A+ program at their local community college. Over a four year period of time, a loss of 30-50 first year students results in a potential revenue decrease of between \$673,000 and \$1,100,000 based on 2007 tuition levels.

**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.

ASSUMPTION (continued)

**Section 173.256 & 173.258 Kids Chance Scholarship Fund**

In response to a similar bill SB 1223 filed this year, officials at the **Department of Labor and Industrial Relations** assume this bill extends the annual deposits made to the Kids' Chance Scholarship Fund an additional 10 years through 2018. The cost to the Workers' Compensation Administrative Fund would be \$50,000 each year for a total of \$500,000 over the 10-year period. The annual payment of \$50,000 to the scholarship fund will affect the balance of the Workers' Compensation Administrative Fund which is used to pay personal services and expense and equipment expenses of the Division of Workers' Compensation. The balance is part of the calculation which determines the tax to be charged employers each year. Since there are other factors affecting the balance of the fund, the Department is unable to determine what impact the annual payment of \$50,000 will have on the tax.

Officials at the **Department of Revenue, Office of the State Treasurer, 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.

**Amendment 2**

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that this proposal currently would allow students from St. Louis City and Wellston to participate in the A+ program provided they meet all other requirements.

The enrollment of 11th grade students for Wellston is 26 and St. Louis City is 1,801. DESE estimates that twenty-five percent of those students would become eligible for A+ reimbursement and of that number only twenty-five percent would take advantage of the program. This assumption would result in a pool of 115 students.

Assuming \$334 as the average cost per credit hour of 25 public community colleges and vocational and technical schools and assuming 12 credit hours in the first year, costs for two semesters would be \$921,840. Costs for the second year would likely double as the number of students would remain the same.

DESE would require an additional FTE accounting specialist.

**Oversight** notes that, according to information on the DESE web site, Division of School Improvement: A+ Schools, "In most cases, high schools spend three years implementing the program by upgrading curriculum, reducing dropout rates, promoting high student achievement and establishing business advisory councils." **Oversight** will assume, for fiscal note purposes,

ASSUMPTION (continued)

that the program would not be in place until at least FY 2011. If these schools seek A+ designation and additional personal services are needed for additional students in the program, those resources can be sought through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Costs</u> - Department of Higher Education			
A+ Scholarships	(Greater than \$271,500)	(Greater than \$543,000)	(Greater than \$814,500)
<u>Cost</u> -Dept. of Elementary Education			
Reimbursements for additional A+ students	\$0	\$0	\$0 or (Up to \$921,840)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Greater than \$271,500)</u></b>	<b><u>(Greater than \$543,000)</u></b>	<b><u>(Greater than \$1,736,3540)</u></b>
<b>WORKERS COMPENSATION ADMINISTRATION FUND</b>			
<u>Transfer Out</u> - Department of Labor			
Payment to the Kids Chance Scholarship Fund	<u>(\$50,000)</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
<b>ESTIMATED NET EFFECT ON WORKERS COMPENSATION ADMINISTRATION FUND</b>	<b><u>(\$50,000)</u></b>	<b><u>(\$50,000)</u></b>	<b><u>(\$50,000)</u></b>

**KIDS CHANCE SCHOLARSHIP  
 FUND**

<u>Transfer In - Dept. of Higher Education</u>			
Workers Compensation transfer	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

<b>ESTIMATED NET EFFECT ON          KIDS CHANCE SCHOLARSHIP          FUND</b>	<b><u>\$50,000</u></b>	<b><u>\$50,000</u></b>	<b><u>\$50,000</u></b>
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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
	<u>(10 Mo.)</u>		
	<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 laws relating to higher education scholarships.

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 course-work 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 act modifies provisions relating to the Kids' Chance Scholarship Fund. Current law requires

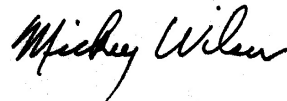
FISCAL DESCRIPTION (continued)

the Director of the Division of Workers' Compensation to deposit \$50,000 annually into the Kids' Chance Scholarship Fund from 1999 until 2008. This act changes the termination date from 2008 to 2018 so that the Director will continue to deposit \$50,000 annually until 2018. In addition, the Department of Higher Education may begin distributing any accrued interest in the fund as scholarships after the second Monday in October 2008.

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

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  
Missouri State University  
Lincoln University  
University of Central Missouri



Mickey Wilson, CPA  
Director  
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