

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4203-02
Bill No.: SB 1087
Subject: Education, Higher; Higher Education Department
Type: Original
Date: March 6, 2008

Bill Summary: This proposal creates the Non-Traditional Student Educational Expense Repayment Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$543,577)	(\$553,861)	(\$555,475)
Total Estimated Net Effect on General Revenue Fund	(\$543,577)	(\$553,861)	(\$555,475)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Non-Traditional Student Educational Expense Repayment Program Fund	\$0 to \$500,000	\$0 to \$500,000	\$0 to \$500,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$500,000	\$0 to \$500,000	\$0 to \$500,000

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	0	0	0

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

Officials at the **Department of Higher Education (DHE)** assume the bill provides that each student may receive up to \$10,000 for educational expenses including tuition, fees, books, and laboratory expenses. The bill further provides that the DHE may distribute no more than \$500,000 in the aggregate each year for educational expense reimbursement. The DHE cannot predict with any degree of certainty the number of students who would seek to take advantage of this bill, but it does predict that the program would be fully utilized (i.e., that students would request at least \$500,000 in repayment in the aggregate each year).

This program will likely be very labor-intensive for the DHE to implement. DHE staff will be responsible for overall administration of the program, including determining each applicant's eligibility to receive repayment, determining how much repayment each student is entitled to, and actually processing and sending repayments. The DHE, therefore, estimates that one FTE of a Program Specialist position at an estimated salary of \$35,000 plus associated expenses and equipment would be needed in FY 2009 to implement this program.

Officials at the **Lincoln University** assume no direct fiscal impact but possible modest fiscal impact in the form of tuition and fees received from students who then seek reimbursement through the proposed program.

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

Officials from the **Office of 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 act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the core budget. Therefore, the 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.

ASSUMPTION (continued)

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.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Transfer Out</u> - General Revenue	(\$500,000)	(\$500,000)	(\$500,000)
<u>Cost</u> - Dept. of Higher Education			
Personal Service	(\$30,042)	(\$37,132)	(\$38,245)
Fringe Benefits	(\$13,285)	(\$16,420)	(\$16,912)
Expense and Equipment	(\$250)	(\$309)	(\$318)
<u>Total Cost</u> - Dept. of Higher Education	<u>(\$43,577)</u>	<u>(\$53,861)</u>	<u>(\$55,475)</u>
FTE Change - DHE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE			
	<u>(\$543,577)</u>	<u>(\$553,861)</u>	<u>(\$555,475)</u>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
NON-TRADITIONAL STUDENT EDUCATIONAL EXPENSE REPAYMENT PROGRAM FUND			
<u>Transfer In</u> - From General Revenue	\$500,000	\$500,000	\$500,000
<u>Cost</u> - Education Expense Repayments	<u>(\$0 to \$500,000)</u>	<u>(\$0 to \$500,000)</u>	<u>(\$0 to \$500,000)</u>
ESTIMATED NET EFFECT ON NON-TRADITIONAL STUDENT EDUCATIONAL EXPENSE REPAYMENT PROGRAM FUND			
	<u>\$0 to \$500,000</u>	<u>\$0 to \$500,000</u>	<u>\$0 to \$500,000</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 creates the Non-Traditional Student Educational Expense Repayment Program to be implemented and administered by the Department of Higher Education. The Department may award up to \$500,000 per year in educational expense repayments to eligible individuals. An individual may qualify for up to \$10,000 in repayments per year. Repayments may be used to cover an eligible student's tuition, fees, books, and laboratory expenses. The Department will only provide repayment for courses completed with an A or B grade, or an equivalent.

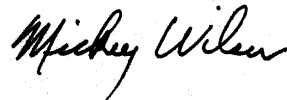
Eligibility requirements include United States citizenship or permanent residence, Missouri residence, at least twenty-five years of age, being enrolled in and attending a public or private non-sectarian post-secondary vocational or technical school, a community college, or a college or university located in Missouri, employment of at least thirty-five hours per week in Missouri while attending school, and completion of an application annually. In addition, the individual must have an annual income of less than the average wage in the individual's county of residence prior to completing course-work. An individual may not qualify for repayments if he or she is a long-term student as defined in the act. An individual may not receive repayments if he or she is participating in a similar program or a loan forgiveness program through another government agency or through his or her employer. The Department will promulgate rules, regulations, and standards to implement this act and may add additional eligibility standards or requirements. The Department of Higher Education must enter into a contract with the individual specifying the terms of the repayments. The Department must provide repayments semi-annually by July 15 and January 15. Individuals who receive repayments must verify semi-annually that they have qualified employment in Missouri.

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

L.R. No. 4203-02
Bill No. SB 1087
Page 6 of 6
March 6, 2008

SOURCES OF INFORMATION

Department of Higher Education
Lincoln University
Missouri State University
Office of the State Treasurer
Linn State Technical College
Metropolitan Community College
Office of the Secretary of State
University of Central Missouri



Mickey Wilson, CPA
Director
March 6, 2008