

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0998-03
Bill No.: Perfected HCS for HB 223
Subject: Nurses; Education, Higher; Boards, Commissions, Committees, Councils
Type: Original
Date: April 11, 2011

Bill Summary: This proposal establishes the “Nursing Education Incentive Program” within the Department of Higher Education to award grants to institutions for higher education to address the nursing shortages in this state and creates the “Advanced Placement Incentive Grant”.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Board of Nursing Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
College & University Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 335.036, 335.200, 335.203 Nursing Training Incentive Fund

Officials at the **Department of Higher Education, Missouri State University, Northwest Missouri State University, Missouri Western State University, Office of the State Treasurer** and the **Parkway School District** assume that there is no fiscal impact from this proposal.

In response to a previous version of this legislation, officials at the **St. Louis Community College** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume an impact of \$1,000,000 in grants from the Board of Nursing Fund to this program and that all money will be expended each year.

Officials at the **University of Missouri** assume the if the Board of Nursing proposes funding at \$1,000,000 per year for three y ears, to be divided among the eleven four-year state institutions that offer bachelor's degrees in nursing. It is estimated that each of the three UM campuses that have a BS Nursing Program(UM, UMKC, UMSL) would receive approximately \$90,000 or 1/11th of the funding each year, for a total UM allocation of \$270,000 each year.

Officials at the **University of Central Missouri (UCM)** assume UCM would incur \$989,185 to maintain our original agreement going forward. It is distributed across a generic (\$80,752), RN-BSN (\$363,384) and master's (\$545,049) students with the communication disorders and medical technology students removed. Since this legislation does not replace funding needed to cover these costs but only offers the possibility of a grant of indeterminate size, UCM has no alternative but to assume it will have to cover those costs each year.

In response to a previous version of this legislation, officials at the **Missouri Southern State University** assume the University would receive approximately \$83,000 over each of the next three years. This would allow the University to continue employment for nursing faculty vital to the continuation and growth of the nursing program.

In response to a previous version of this legislation, officials at the **Lincoln University** assume with the new FY12 Nursing Training Incentive Program money they would anticipate requesting the maintenance of twenty BSN Completion students being admitted annually. The proposal would emphasize preparing nursing faculty as well as BSN prepared nurses. This is a pipeline

ASSUMPTION (continued)

issue- we must have PhD prepared faculty (currently a huge PhD faculty shortage in nursing) and for expansion of BSN programs we will need faculty (national accreditation standards). This proposal we are only looking at maintaining twenty seats- meaning twenty additional students will be admitted annually over the normal BSN Completion students that we have. Twenty students are manageable in online classes with one faculty member. It would require hiring an additional person and not be cost effective for an additional ten students.

Thus LU's portion would be tabulated by multiplying 40 students times \$20,188 (the national cost to prepare one BSN Completion student) for a total of \$807,520. We would enter twenty students in 2012 and twenty students in 2013. The University has not included a class for 2014 as they would still be completing the BSN in the 2015-2016 school year which would not be funded by this grant- the University would only have them half way through the program. If the money could be used past FY15, the University believes it would be feasible to request admitting the 3rd cohort.

Oversight assumes the legislation states that the Board of Nursing Fund will provide the funding of the grants to the Colleges and Universities. This proposal states that the grants are subject to appropriation but does not state a cap for the program. The FY 2012 budget submitted by the Board of Nursing shows a recommendation of \$1,000,000 for the program. However, the budget is not finalized at this time so Oversight is showing the potential cost of this program as \$0 to Unknown.

Oversight assumes that all money received by the Colleges and Universities will be spent according to the requirements outlined in this proposal. Oversight is showing the College and University Funds as netting to zero.

Officials at the Crowder College, Southeast Missouri State University and the Truman State University did not respond to **Oversight's** request for fiscal impact.

Section 173.1350 Advanced Placement Incentive Grant

Officials at the **Department of Higher Education (DHE)** assume while there is data available regarding how many students take particular exams in a given year and their scores, there is no data available on the number of students who have taken and passed two of the relevant AP exams. There is anecdotal evidence that the number of students who take and pass more than one exam is a small percentage of total test-takers. Thus no discreet student population can be identified in order to calculate an expected cost without several tenuous assumptions. This estimate attempts to make reasonable assumptions in order to arrive at a figure with the potential for some relevance to reality.

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ASSUMPTION (continued)

It is known that for the 2010 academic year, 3,337 Missouri public high school seniors passed an AP test in a math or science subject area with a score of at least 3. It is assumed that 1/5, or 667 of these had previously taken and passed an exam in a different math or science subject area. As a proxy for estimating how many of these student will attend a Missouri postsecondary institution, the percentage of Bright Flight-eligible students that attend such institutions, about 58%, was applied to arrive at 387 students. Again, looking at Bright Flight as a proxy, less than 1% of Bright Flight eligible students attend a Missouri community college and would thus be potentially eligible for A+. No adjustment is made for this factor. To estimate how many students would be eligible for the AP grant because they also receive an Access Missouri award, it was assumed that otherwise qualified AP students are distributed according to income in the same manner as the overall Access Missouri recipient population. As eligibility for Access Missouri is predicated on having an expected family contribution (EFC) of \$14,000 or less, the assumption is made that 42% of otherwise eligible students would not receive an Access Missouri award because their EFC exceeds \$14,000 and therefore they would not be eligible for the AP grant.

As these grants are non-renewable, the costs will not compound in the second and third years. It is assumed that the number of eligible students will increase by 2% annually as students react to the incentive being available. Calculations for this section can be summarized as follows:

3,337 - Public high school seniors passing an AP math/science exam

x 0.2

667 - Students who have taken and passed two relevant exams

x 0.58

387 - Students who have passed two relevant exams and attend college in Missouri

x 0.42

162 – Students who have passed two exams, attended in Missouri and received A+ or Access

x \$500

\$81,000 – estimated cost (year 1)

x 1.02

\$82,620 – estimated cost (year 2)

x 1.02

\$84,272 – estimated cost (year 3)

Officials at the **Department of Elementary and Secondary Education (DESE)** assume DESE was able to obtain the following information regarding the number of exams taken with scores of 3, 4, or 5 on last year's exams; however, DESE does not have the student-level information to provide the names of students.

ASSUMPTION (continued)

Biology	554
Calculus AB	1,224
Calculus BC	585
Chemistry	435
Environmental Science	198
Physics B	310
Physics C: Elec & Mag	106
Physics C: Mechanics	233
Statistics	<u>507</u>
	4,152

In addition the following information was included if computer science might be considered a math course:

Computer Science A	86
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Officials at the **University of Missouri** assume this proposal creates the advanced placement incentive grant for certain students, is anticipated to have a small positive impact on the University. The scholarships would provide incentives for students to attend an institution of higher education and will result in increased access to the university. It is not possible to estimate how many students would take advantage of the scholarship and attend UM, so therefore it is not possible to quantify the impact.

Officials at the **Missouri State University** assume no direct costs as a result of this proposal.

Oversight assumes this proposal does not designate a funding source for the advanced placement incentive grants. Oversight for the purpose of the fiscal note is showing the funding as the General Revenue Fund. It is unclear how many students would be eligible for this grant so Oversight is showing the grant as \$0 to Unknown cost for the General Revenue Fund.

Bill as a Whole

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

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ASSUMPTION (continued)

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.

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 2012 (10 Mo.)	FY 2013	FY 2014
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GENERAL REVENUE

<u>Cost - Advanced placement grants</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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BOARD OF NURSING FUND

<u>Transfer Out- Board of Nursing Fund</u> Nursing Training Incentive Program grants to colleges	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON BOARD OF NURSING FUND	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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COLLEGE & UNIVERSITY FUNDS

<u>Transfer In- College & University Funds</u> Nursing Training Incentive grants	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Cost - College & University Funds</u> Expenditure of the grant as outlined in the proposal	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill establishes the Nursing Training Incentive Program within the Department of Higher Education to address nursing shortages and repeals an obsolete incentive grant program which focused on nontraditional nursing students. The Board of Nursing within the Division of Professional Regulation in the Department of Insurance, Financial Institutions and Professional Registration is authorized to provide funding for the program; and subject to appropriation, the Department of Higher Education will award grants to eligible higher education institutions based on criteria to be determined by the board and the Department of Higher Education. An eligible institution must offer a nursing program that meets the category and area of need as determined by the board and the Department of Higher Education based on data from sources specified in the bill.

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 Elementary and Secondary Education
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Lincoln University
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of the Secretary of State
Office of the State Treasurer
Parkway School District

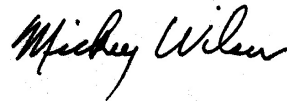
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SOURCES OF INFORMATION (continued)

St. Louis Community College
University of Central Missouri
University of Missouri

Not Responding

Crowder College
Southeast Missouri State University
Truman State University

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 11, 2011