

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0052-04
Bill No.: HCS for SB 67
Subject: Education, Higher; Higher Education Department; Revision Bills
Type: Original
Date: May 1, 2013

Bill Summary: This proposal modifies provisions relating to higher education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$75,000) to Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
Total Estimated Net Effect on General Revenue Fund	(\$75,000) to Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Universities	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. 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 their office can sustain with their 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

TRANSFER OF REAL PROPERTY EXCEPT IN FEE SIMPLE - §37.005

Officials from the **Department of Higher Education, Office of the Governor, Missouri House of Representatives, Missouri Senate, Office of Administration - Division of Budget and Planning and Division of Facilities Management, Design and Construction, University of Central Missouri, Missouri Western State University, Northwest Missouri State University, and Missouri State University** each assume this section of the proposal would not fiscally impact their respective agencies and institutions.

HIGHER EDUCATION SCHOLARSHIPS - §160.520

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal appears to impact the Coordinating Board for Higher Education and the local school districts. The information provided below has been provided because DESE tracks the number of students who will meet the requirements of the proposal.

DESE assumes that 75% of students tested are interested in going to post secondary education of some type when calculating retest costs. Algebra I and English II are used for calculations because those are the two courses for which current census administrations exist.

ASSUMPTION (continued)

In 2012, 73% (or 66,031) English II takers were proficient or advanced. 2% retakes would equal 1,320 students x \$6.90 = \$9,108 cost to the state and 1,320 students x \$1.80 = \$2,376 cost to the school districts.

In 2012, 56.6% (or 69,870) Algebra I takers were proficient or advanced. 18.3% retakes would equal 12,786 students x \$6.90 = \$88,223 cost to the state and 12,786 students x \$1.80 = \$23,015 cost to the school districts.

Oversight assumes these costs would not occur until beyond the scope of this fiscal note.

A+, BRIGHT FLIGHT, ACCESS MISSOURI SCHOLARSHIPS- §§160.545, 173.250, 173.1104

According to officials from the **Department of Higher Education (DHE)**, this bill adds eligibility requirements for certain state scholarship programs (A+, Bright Flight, and Access Missouri) requiring students to pass Algebra I or English I end-of-course exams, or achieve a qualifying score on either the ACT or COMPASS test as determined by the Coordinating Board for Higher Education.

The bill also adds renewal requirements that students complete a certain number of hours in order to renew awards made under the programs. The new criteria will require additional eligibility verification work of DHE before awards can be made under the program.

DHE assumes that it would have to reprogram the software it uses to administer financial aid programs, FAMOUS, to include this new criteria for eligibility of students in these programs. The cost of reprogramming FAMOUS is estimated to be approximately \$75,000 and is a one-time expense. DHE assumes that funds for this reprogramming would be appropriated to the DHE rather than to Office of Administration - Information Technology Services Division (OA-ITSD). The cost of reprogramming FAMOUS has traditionally been in the DHE budget rather than OA-ITSD.

Officials from **Northwest Missouri State University** assume some minimal impact is expected, but it is difficult to quantify at this time.

Officials from **Linn State Technical College** assume an unknown fiscal impact.

In response to a similar proposal, SB378, from this session, officials from the **Kansas City Metropolitan Community College** assumed this proposal would have a significant fiscal impact from a program point of view and would also have a similar significant administrative fiscal impact due to additional work required to both award and monitor students in these programs.

ASSUMPTION (continued)

Also in response to a similar proposal, HB 745, from this session, officials from the **St. Charles Community College** expected the proposed legislation to have a potential negative fiscal impact through reduced A+ eligible student enrollments. The amount of impact can not be quantified with certainty at this time.

Oversight assumes colleges and universities could see a potential reduction in students with the more stringent renewal requirements for scholarship programs outlined in the proposal. Oversight also assumes there could be potential savings to General Revenue if fewer scholarships are renewed due to stricter eligibility requirements. Oversight assumes stricter eligibility requirements for persons new to the programs take effect beyond the scope of this fiscal note.

Officials from the **Department of Public Safety - Missouri Veterans Commission, Joint Committee on Administrative Rules, University of Missouri System, Missouri State University, University of Central Missouri, Crowder College, Kansas City Public School District, Parkway School District, and the Special School District of St. Louis County** each assume this portion of the proposal would not fiscally impact their respective agencies.

VEHICULAR TRAFFIC ON COLLEGE AND UNIVERSITY CAMPUSES - §§174.700 - 174.712, 544.157

Officials from the **Department of Higher Education (DHE)** state this proposal will have no direct, foreseeable impact on their agency.

Granting authority to state college and university police officers to implement and enforce traffic regulations on public college and university property may result in additional revenue from fines or financial penalties assessed and received by the institutions as a result of the enforcement of those regulations. This could have a positive fiscal impact on public and colleges and universities granted this authority under the bill. DHE defers to institutions, which were included on the initial request, for the actual fiscal impact estimated by those individual entities.

Officials from the **Department of Revenue (DOR)** assume this proposal will result in an unknown increase in convictions to be processed by the Driver License Bureau. With the increase in convictions, the number of point warning and suspension/revocation notices issued for accumulation of points will also increase.

There are no statistics available to determine how many additional convictions DOR may be required to process; however, one FTE processes 320 convictions per day. DOR assumes that a minimum of one FTE (Revenue Licensing Tech) will be needed to process the additional convictions that will result from this legislation. If the volume of convictions exceeds 320 per

ASSUMPTION (continued)

day, then additional FTE will be required and requested through the appropriation process.

There are no statistics available to determine the volume of telephone calls that may be received; however, one Telephone Information Operator (Revenue Processing Tech) is required to handle 100 calls per day. DOR assumes that a minimum of one FTE will be needed to answer the additional phone calls. If the volume exceeds 100 calls per day, additional FTE will be required and requested through the appropriation process.

DOR states that the amount of reinstatement fees collected is unknown.

Fees collected will be distributed as follows: Highway Funds - 75%, Cities - 15%, and Counties - 10%.

Oversight assumes the proposal is permissive and, for fiscal note purposes only, will assign no fiscal impact.

Officials from the **Office of State Courts Administrator, Department of Public Safety - State Highway Patrol, Department of Transportation, City of Kansas City, Columbia, St. Louis County, Boone County Sheriff's Department, Jefferson City Police Department, University of Missouri System, Missouri Western State University, Linn State Technical College, Missouri Southern State University, Missouri State University, University of Central Missouri, Lincoln University, and Northwest Missouri State University** each assume this part of the proposal would not fiscally impact their respective agencies and institutions.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Savings</u> - Department of Higher Education (DHE) - Potential decrease in scholarships renewed (§§160.545, 173.250, 173.1104)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Costs</u> - DHE - Programming expenses (§§160.545, 173.250, 173.1104)	<u>(\$75,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$75,000) to Unknown - Could exceed <u>\$100,000</u>	Unknown - Could exceed <u>\$100,000</u>	Unknown - Could exceed <u>\$100,000</u>
UNIVERSITIES			
<u>Loss</u> - Universities - Potential decrease in students due to increased eligibility requirements for scholarship renewals (§§160.545, 173.250, 173.1104)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON UNIVERSITIES	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> - Colleges - Potential decrease in students due to increased eligibility requirements for scholarship renewals (§§160.545, 173.250, 173.1104)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown - could exceed <u>\$100,000</u>)	(Unknown - could exceed <u>\$100,000</u>)	(Unknown - could exceed <u>\$100,000</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 provisions relating to higher education.

TECHNICAL CORRECTIONS - §§30.750, 173.003, 173.051, 173.236, 173.239, 173.254, 173.260, 173.262, 173.778, 174.770

This act updates references to higher education statutes that have been repealed. Several statutes contain references to §§173.205 and 173.215, which were repealed in 2007. This act removes these references and replaces them with references to either §173.1102 or §173.1104, as appropriate.

TRANSFER OF REAL PROPERTY EXCEPT IN FEE SIMPLE - §37.005

Current law provides that the governing bodies of certain public higher education institutions may convey or transfer the title to certain real property, except in fee simple, without authorization from the General Assembly until August 28, 2017. This section removes the August 28, 2017 date and makes this authority to transfer such property permanent.

HIGHER EDUCATION SCHOLARSHIPS - §160.520

The Department of Elementary and Secondary Education must provide guidance to school districts for allowing students to retake the necessary end-of-course assessments that are required to be eligible for financial aid through the A+ Program, Bright Flight, and Access Missouri Financial Assistance Program.

A+ PROGRAM - §160.545

For a student who graduates from high school during the 2016-2017 school year and after to be eligible for A+ reimbursements, the student must have achieved a score of proficient or advanced on the Algebra I end-of-course assessment and on the English I end-of-course assessment, unless the student's high school has met all of the Department of Elementary and Secondary Education's waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. These requirements will not apply to a student enrolling in a certificate program.

A student must successfully complete at least twenty-four credit hours during the first twelve

FISCAL DESCRIPTION (continued)

month period of enrollment and at least twenty-four credit hours each subsequent twelve month period of enrollment to receive renewed scholarship benefits. An eligible student who is unable to successfully complete at least twenty-four semester credit hours in a twelve month period may seek a waiver from this requirement due to serious and unusual personal circumstances by appealing to the designated person or committee at the student's institution.

This act adds provisions allowing an eligible student who is unable to enroll or ceases attendance because of illness, disability, pregnancy, medical need, service to a nonprofit organization, service to a state or federal government agency, or military service to maintain eligibility if certain criteria, as described in the act, are met. Verification by a healthcare provider is verified in the cases of illness, disability, pregnancy, and medical need.

This act also changes several references to the Commissioner of Education to the Department of Higher Education to reflect that the administration of A+ reimbursements was transferred by executive order to the Department of Higher Education.

BRIGHT FLIGHT - §173.250

For a student who graduates from high school during the 2016-2017 school year and after to be eligible for a Bright Flight scholarship, the student must have achieved a score of proficient or advanced on the Algebra I end-of-course assessment and on the English I end-of-course assessment, unless the student's high school has met all of the Department of Elementary and Secondary Education's waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. These requirements will not apply to a student enrolling in a certificate program.

A student must successfully complete at least twenty-four credit hours during the first twelve month period of enrollment and at least twenty-four credit hours each subsequent twelve month period of enrollment to receive renewed scholarship benefits. An eligible student who is unable to successfully complete at least twenty-four semester credit hours in a twelve month period may seek a waiver from this requirement due to serious and unusual personal circumstances by appealing to the designated person or committee at the student's institution.

ACCESS MISSOURI - §173.1104

For a student who graduates from high school during the 2016-2017 school year and beyond to be eligible for financial assistance, the student must have achieved a score of proficient or advanced on the Algebra I end-of-course assessment and on the English I end-of-course assessment, unless the student's high school has met all of the Department of Elementary and

FISCAL DESCRIPTION (continued)

Secondary Education's waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. These requirements will not apply to a student enrolling in a certificate program.

Beginning with the 2014-2015 academic year, a student must successfully complete at least twenty-four credit hours during the first year of enrollment to receive renewed financial assistance. A student may receive a second renewal if he or she has completed forty-eight credit hours, a third renewal if he or she has completed seventy-two credit hours, and a fourth renewal if he or she has completed ninety-six credit hours. An eligible student who is unable to successfully complete the required number of semester credit hours as provided in the act may seek a waiver from this requirement due to serious and unusual personal circumstances by appealing to the designated person or committee at the student's institution.

This act adds provisions allowing an eligible student who is unable to enroll or ceases attendance because of illness, disability, pregnancy, medical need, service to a nonprofit organization, service to a state or federal government agency, or military service, to maintain eligibility if certain criteria, as described in the act, are met. Verification by a healthcare provider is verified in the cases of illness, disability, pregnancy, and medical need.

VEHICULAR TRAFFIC ON COLLEGE AND UNIVERSITY CAMPUSES - §§174.700 - 174.712, 544.157

This portion of the proposal allows the governing body of any state college or university to establish regulations to control vehicular traffic on campus. Any such regulations must be consistent with state law. The governing body of any state college or university may also enforce any such regulations and general motor vehicle laws of Missouri through college or university police officers. Any regulations adopted must be codified, printed, and distributed for public use. There must be adequate signs displaying the speed limit on thoroughfares. Violations will have the same effect as a municipal ordinance, as well as penalty provisions and points. State college or university police officers must be certified under the requirements of Chapter 590 and will have the same powers as other law enforcement officers.

There is an emergency clause for §37.005

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
Office of State Courts Administrator
Office of the Governor
Missouri House of Representatives
Missouri Senate
Office of Administration
 Division of Facilities Management, Design and Construction
 Division of Budget and Planning
Department of Public Safety
 Missouri State Highway Patrol
 Missouri Veterans Commission
Department of Transportation
Department of Revenue
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Cities
 City of Kansas City
 Columbia
St. Louis County
Local Law Enforcement
 Boone County Sheriff's Department
 Jefferson City Police Department
Colleges and Universities
 University of Central Missouri
 Missouri Western State University
 Kansas City Metropolitan Community College
 Linn State Technical College
 Northwest Missouri State University
 St. Charles Community College
 Missouri State University
 Crowder College
 University of Missouri System
 Lincoln University
 Missouri Southern State University

SOURCES OF INFORMATION (continued)

School Districts

Parkway

Special School District of St. Louis County

Kansas City Public School District



Ross Strope
Acting Director
May 1, 2013