

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1623-04
Bill No.: Perfected SCS for SB 378
Subject: Education, Higher; Higher Education Department
Type: Original
Date: April 24, 2013

Bill Summary: This proposal modifies provisions of the A+ Program, Bright Flight Scholarship Program, and the Access Missouri Financial Assistance Program.

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 8 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 **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.

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.

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.

ASSUMPTION (continued)

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.

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 the introduced version of this bill, 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.

Also in response to the introduced version of this bill, 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.

ASSUMPTION (continued)

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 the proposal would not fiscally impact their respective agencies.

<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	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Costs</u> - DHE - Programming expenses	(\$75,000)	<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	(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	(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 the A+ Program, the Higher Education Academic Scholarship Program (Bright Flight), and the Access Missouri Financial Assistance Program.

§160.545 - A+ PROGRAM

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 (DESE) waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. Students with an Individualized Educational Program (IEP) or Section 504 plan may demonstrate proficiency in mathematics and English by meeting criteria established by the Coordinating Board for Higher Education.

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.

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.

FISCAL DESCRIPTION (continued)

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.

§173.250 - BRIGHT FLIGHT

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 DESE waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. Students with an IEP or Section 504 plan may demonstrate proficiency in mathematics and English by meeting criteria established by the Coordinating Board for Higher Education.

A student must successfully complete at least twenty-four credit hours during the first twelve month period of enrollment and at least thirty credit hours each subsequent twelve month period of enrollment to receive renewed scholarship benefits.

§173.1104 - ACCESS MISSOURI

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 DESE waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. Students with an IEP or Section 504 plan may demonstrate proficiency in mathematics and English by meeting criteria established by the Coordinating Board for Higher Education.

This act reduces, from ten to eight, the number of semesters a student may receive financial assistance through Access Missouri. Also, the number of quarters a student may receive financial assistance through Access Missouri is reduced from fifteen to twelve.

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 fifty-four credit hours and a third renewal if he or she has completed eighty-four credit hours.

This act adds provisions allowing an eligible student who is unable to enroll or ceases attendance

FISCAL DESCRIPTION (continued)

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.

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 Public Safety
 Missouri Veterans Commission
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Colleges and Universities
 Kansas City Metropolitan Community College
 Linn State Technical College
 Northwest Missouri State University
 St. Charles Community College
 Missouri State University
 Crowder College
School Districts
 Parkway
 Special School District of St. Louis County
 Kansas City



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Acting Director
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