

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5814-02
Bill No.: SCS for SB 848
Subject: Education, Higher; Education, Elementary and Secondary; Higher Education Department
Type: Original
Date: April 7, 2014

Bill Summary: This proposal requires the Department of Higher Education to establish a reimbursement procedure through the A+ Program for a student's portion of fees for dual credit courses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$12,990,750)	(\$13,315,519)	(\$13,648,407)
Total Estimated Net Effect on General Revenue Fund	(\$12,990,750)	(\$13,315,519)	(\$13,648,407)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
A+ Schools Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Offsetting Transfers In and Disbursements are \$12,990,850 for FY 15; \$13,315,419 for FY 16; \$13,848, 407 for FY 17

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

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 the **Department of Elementary and Secondary Education** defer to the Department of Higher Education for an estimate of fiscal impact for this proposed legislation.

Officials from the **Department of Higher Education (DHE)** assume this bill would affect the DHE by transferring authority to the DHE from the Department of Elementary and Secondary Education to establish a procedure for the reimbursement of the cost of tuition, books and fees to any public community college or vocational or technical school for any student who meets certain criteria within the A+ Program. This reflects changes that were made as a result of Executive Order 10-16.

The bill would also require the DHE to establish a procedure for the reimbursement of the students' portion of fees for any dual credit courses completed if the students are also eligible for the A+ Program.

While the DHE does not anticipate a cost for the transfer of the A+ program to DHE, there is a substantial cost associated with the reimbursement of dual credit courses. However, the bill does

ASSUMPTION (continued)

not indicate where the funding would come from, making it difficult to assess where the impact would occur.

In Fiscal Year 2012, 173,210 dual credit hours were earned by 54,713 students across the state. It is assumed this level of credit hour production will remain essentially the same during the time frame of the fiscal impact statement, as there was minimal change in previous years. Based on data collected by the DHE, the average cost per credit hour is \$75. Although the cost varies from institution to institution and also by sector (public community college, public four-year, independent), this average was selected as the best approximation for cost across all types of students and institutions.

Assuming each student that was enrolled in dual credit courses is also eligible for A+, the total cost of reimbursement would be \$12,990,750 (173,210 x \$75).

Officials from the **Kansas City Public School District** and the **Special School District of St. Louis County** each assume little to no fiscal impact related to this proposal.

Officials from **Linn State Technical College** state there should be no fiscal impact to their college.

In response to the introduced version of the bill, officials from **St. Charles Community College** estimate one new full-time staff position would be required to coordinate the requirements of this proposed legislation. The estimated annual cost is \$55,000 for salary and benefits.

Oversight assumes administrative costs for colleges to implement this proposal can be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Transfer Out</u> - Department of Higher Education - A+ Scholarship Program	<u>(\$12,990,450)</u>	<u>(\$13,315,519)</u>	<u>(\$13,648,407)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$12,990,450)</u>	<u>(\$13,315,519)</u>	<u>(\$13,648,407)</u>
A+ SCHOOLS FUND			
<u>Transfer In</u> - General Revenue - A+ Scholarship Program	\$12,990,450	\$13,315,519	\$13,648,407
<u>Costs</u> - Disbursement to students (fees)	<u>(\$12,990,450)</u>	<u>(\$13,315,519)</u>	<u>(\$13,648,407)</u>
ESTIMATED NET EFFECT ON A+ SCHOOLS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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 proposed legislation requires the Department of Higher Education (DHE) to establish a procedure for the reimbursement of the student's portion of fees for any dual credit courses taken by the student. Students must attend an A+ designated public high school for one year, have made a good faith effort to secure available federal aid, and earn a minimal grade point average while in high school, as determined by DHE rule. DHE has authority to establish additional eligibility criteria for reimbursements.

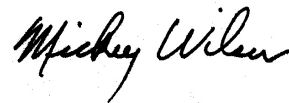
FISCAL DESCRIPTION (continued)

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

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
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Schools
 Kansas City Public Schools
 Special School District of St. Louis County
Colleges
 St. Charles Community College
 Linn State Technical College



Mickey Wilson, CPA
Director
April 7, 2014

Ross Strobe
Assistant Director
April 7, 2014