

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0327-01
Bill No.: SB 71
Subject: Education, Higher; Education, Elementary and Secondary; Higher Education
 Department
Type: Original
Date: January 20, 2015

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 2016	FY 2017	FY 2018
General Revenue	(\$14,715,000)	(\$15,082,875)	(\$15,459,947)
Total Estimated Net Effect on General Revenue	(\$14,715,000)	(\$15,082,875)	(\$15,459,947)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
A+ School Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

* Transfer Ins and costs net to zero.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§160.545 A+ Program

Officials at the **Department of Higher Education (DHE)** assume there is a substantial cost associated with the reimbursement of dual credit courses, but the proposal does not dictate where the funding would come from, making it difficult to assess where the impact would occur.

In Academic Year 2013/2014, we estimate about 196,200 dual credit hours were earned by 22,300 students across the state. These estimates are derived from course completion data collected by DESE, but it should be emphasized that dual credit courses are not directly identified in the data, and some assumptions are employed to identify relevant courses and to exclude others, e.g. career/technical education and Advanced Placement. Credit hour production by these estimates continue to rise, although not at a consistent rate. Given this uneven recent growth, this estimate assumes change over time will be consistent with the standard inflation rates. While the reimbursement may result in more students taking dual credit courses and/or in students taking more dual credit courses, we do not have the data to estimate that change so it is not reflected in this estimate.

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. Based on these assumptions, the total cost of reimbursement would be \$14,715,000 (196,200 x 75).

Oversight notes, for fiscal note purposes, that since a funding source for the reimbursement of the fees was not noted that General Revenue will be responsible. Oversight notes this proposal does not restrict the reimbursement to just A+ eligible institutions but allows all students taking dual credit courses to be eligible for the reimbursement.

Officials at the **University of Missouri** assume there would be a fiscal impact on the University of Missouri System. Estimated cost of hiring part-time staff, plus benefits, to administer the program at the St. Louis and Kansas City campuses would be incurred.

Officials at the **University of Central Missouri (UCM)** assume the potential for lost revenues to UCM would be as much as \$3,632,160 annually. The proposal to reimburse students for high school dual credit classes through the A+ program would impede UCM's student recruitment even more than the existing A+ program. Students that would take dual credit through UCM will now be further enticed to enroll in 2-year institutions, so they can to get the reimbursement.

ASSUMPTION (continued)

Following is a rough estimate of how much this might affect UCM in terms of potentially how many lost students & resultant lost tuition.

The following is based on a 4 year average of AY10-11-AY13-14

An average of 216 total dual credit sections offered each year.

An average of 2330 students take dual credit courses from UCM each year.

An average of 6160 dual credit student credit hours are produced each year.

Dual credit generates a yearly average of \$523,600 in gross tuition.

About 33% of those students that take dual credit enroll in UCM after high school so there is a potentially large long-term impact on full-time UCM enrollments. For example of the dual credit students enrolled this fall 2014 semester, we will likely convert 276 of those students after high school. Using the current Cost of Attendance per year (\$13,160) that equates to a potential and approximate \$3,632,160 per year loss in tuition and fees.

216 different adjunct instructors may not have income from teaching these courses.

The bookstore will be impacted by the loss of dual credit student enrollments.

Officials at the **Missouri State University** assume this proposal may have a negative impact on the University, the specific amount and extent of which cannot be determined and quantified at this time.

Officials at the **Missouri Southern State University** assume as a four year institution they are not allowed to participate in the A+ Program. This proposal could result in some of their current dual credit partners migrating to A+ (2 year schools). If that occurred there would be a fiscal impact in the form of a loss of net tuition revenue. The extent of that impact can not be determined.

Officials at the **Metropolitan Community College** assume they would need one FTE to track the payments. Estimated cost if \$100,000.

Officials at the **St. Charles Community College** assume they would need to hire an additional Financial Aid Counselor.

Officials at the **State Fair Community College** assume this could impact the school up to \$300,000 annually.

Officials at the **Truman State University** assume this impact is unknown.

ASSUMPTION (continued)

Officials at the **State Technical College of Missouri** assume additional work related to this legislation would be absorbed by current staff. Therefore, it does not appear this would have a fiscal impact.

Officials at the **Nixa Public Schools** assume the need for one additional FTE to administer the program. The estimated impact is \$80,000.

Officials at the **Kansas City Public Schools**, the **Missouri Western State University** and the **Riverview Gardens School District** each assume there is no fiscal impact to their respective organization from this proposal.

Officials at the **Jefferson College** responded to Oversight's request for fiscal impact but did not indicate an impact.

Oversight assumes administrative costs for universities, colleges and school districts to implement this proposal can be absorbed with existing resources.

Officials at the **Joint Committee on Administrative Rules** assume 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.

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.

ASSUMPTION (continued)

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Charleston R-I Schools, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Lincoln University, Moberly Area Community College, Northwest Missouri State University, Southeast Missouri State University, St. Louis Community College and the Three Rivers Community College did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out - To A+ Schools Fund - reimbursement of dual credit student fee</u>	<u>(\$14,715,000)</u>	<u>(\$15,082,875)</u>	<u>(\$15,459,947)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$14,715,000)</u>	<u>(\$15,082,875)</u>	<u>(\$15,459,947)</u>
A+ SCHOOLS FUND			
<u>Transfer In - General Revenue - reimbursement of dual credit student fee</u>	\$14,715,000	\$15,082,875	\$15,459,947
<u>Costs - payment of the dual credit fee</u>	<u>(\$14,715,000)</u>	<u>(\$15,082,875)</u>	<u>(\$15,459,947)</u>
ESTIMATED NET EFFECT ON A+ SCHOOLS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

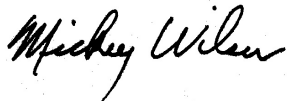
FISCAL DESCRIPTION

This act requires the Department of Higher Education 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 Department rule. The Department has authority to establish additional eligibility criteria for reimbursements.

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
Jefferson College
Joint Committee on Administrative Rules
Kansas City Public Schools
Metropolitan Community College
Missouri Southern State University
Missouri State University
Missouri Western State University
Nixa Public Schools
Office of the Secretary of State
Riverview Gardens School District
St. Charles Community College
State Fair Community College
State Technical College of Missouri
Truman State University
University of Central Missouri
University of Missouri



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