

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4483-01
Bill No.: SB 712
Subject: Education, Elementary and Secondary; Education, Higher
Type: Original
Date: January 25, 2016

Bill Summary: This proposal modifies the Access Missouri Financial Assistance Program by adding eligibility requirements.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------------|------------------|------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| General Revenue | (Unknown) | (Unknown) | (Unknown) |
| Total Estimated Net Effect on General Revenue | (Unknown) | (Unknown) | (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|---------------------------------|---------------------------------|---------------------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| College & University Funds | (Could exceed \$100,000) | (Could exceed \$100,000) | (Could exceed \$100,000) |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Could exceed \$100,000) | (Could exceed \$100,000) | (Could exceed \$100,000) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| 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 2017 | FY 2018 | FY 2019 |
| Local Government | (Could exceed \$1,000,000) | (Could exceed \$1,000,000) | (Could exceed \$1,000,000) |

FISCAL ANALYSIS

ASSUMPTION

Oversight notes this proposal adds additional eligibility criteria to the Access Missouri Financial Assistance Program. It requires school districts to designate a Director of the Access Missouri Financial Assistance Program in their school.

The Department of Higher Education states the Access Missouri Financial Assistance Program is designed to provide need-based financial aid to eligible Missouri residents. Students with an expected family contribution below the established cutoff are eligible for the award. Award amounts are graduated, using statutory formula, based on the student’s expected family contribution.

Starting in FY 2015 and beyond the award amounts are:

Public two-year sector = \$300 minimum and \$1,300 maximum

Public four-year sector and State Technical College = \$1,500 minimum and \$2,850 maximum

Private institutions = \$1,500 minimum and \$2,850 maximum.

Table 1 - Number of Students Receiving Grant

| | FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Projected | FY 2017 Target | FY 2018 Target |
|---------------------|-------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
| Number of Students | 55,858 | 52,826 | 51,367 | 49,500 | 49,000 | 49,000 |
| Appropriated Amount | \$65,378,693 | \$60,734,076 | \$60,037,904 | \$69,500,000 | N/A | N/A |

Source: Department of Higher Education

N/A not available

Officials at the **Department of Higher Education (DHE)** assume the fiscal impact of this proposal is impossible to predict for multiple reasons. To start, the DHE does not currently track the number or proportion of Access Missouri recipients who matriculate directly from high school to postsecondary education. Even if DHE could predict the number of eligible students, DHE has no basis to determine the number that would likely satisfy all of the eligibility requirements. Comparing Access Missouri to the A+ program is not a viable model for determining the cost of these changes because the two programs are too substantially different in the award amount and where students can use their funds.

ASSUMPTION (continued)

Finally, those students who remain eligible would be able to access the funds sooner to apply them toward dual enrollment, the number of credit hours and cost per credit hour we cannot predict because the department does not currently collect information on dual enrollment usage. The department does collect information about dual credit enrollment, but those numbers do not reflect the need requirement contained in the Access Missouri program. Because of the lack of available data related to these changes, we are unable to develop a reliable prediction of costs.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no fiscal impact from this proposal. However, school district may incur some expenses and DESE defers to the districts for that impact.

Officials at the **Kansas City Public Schools** assume this would require KCPS to designate an FTE to serve as the Access MO Director. The cost of the position is estimated to be less than \$80,000.

Officials at the **Macon County R-IV Schools** assume that due to the ambiguity in the bill's language about the district paying half the salary, the cost is unknown.

Officials at the **Riverview Gardens School District** assume the hiring of a new employee at a cost of \$54,000 (salary and benefits) annually.

Officials at the **Sarcoixie School District** assume this would require a new employee at \$55,000 (salary and benefits) annually.

Officials at the **Smithville R-II School District** assume the hiring of a new employee at a cost of \$50,000 annually.

Officials at the **St. Charles School District** assume a cost of \$40,000 annually.

Officials at the **Kearney School District** and the **St. Elizabeth R-4 School District** each assume the hiring of a new employee at a cost of \$30,000 annually.

Officials at the **Eldon School District** assume costs of \$75,000.

Officials at the **Everton School District** assume an impact of \$35,000.

Officials at the **East Newton R-6 School District** assume an impact of \$41,000.

ASSUMPTION (continued)

Officials at the **West Plains School District** assume personnel costs of \$30,000 to \$90,000 annually.

Officials at the **Shell Knob School District** and the **Warren County R-III School District** each assume the impact cannot be determined at this time.

Officials at the **Kingston 42 School District** and the **Carondelet Leadership Academy** each assume no impact as they are K-8 only school districts.

Officials at the **Chilhowee R-IV School District** and the **Wright City R-II School District** assume there is no fiscal impact from this proposal to their respective districts.

Oversight notes that DHE was unable to indicate how many additional students may be eligible for this program due to the changes in eligibility of this proposal. Oversight notes this proposal would allow high school students to use Access Missouri funds for dual credit courses. Oversight is not able to determine how many students who currently take dual credit courses would be eligible for Access Missouri funds in the future. Therefore, Oversight can not predict how many students would use their Access Missouri funds for their current dual credit courses. Oversight will show the impact as Unknown for General Revenue.

Oversight assumes this proposal would require school districts to designate an employee as the Access Missouri Financial Director and to create a personal plan of study of all incoming freshman. Oversight notes this proposal requires school districts to pay at a minimum of one-half the salary of the new Director. However, this proposal does not indicate a funding source for the payment of the other half of the salary. Since the proposal requires at least a minimum be paid by the school district, Oversight assumes that school districts would owe the entire cost. Therefore, Oversight will show the impact to school district funds of could exceed \$1 million for the new employee and the creation of the personal plan of study.

§173.1104

Oversight notes in §173.1104, a provision is added that dual credit classes are not paid to higher education institutions until after the student successfully completes the course. Oversight notes this would require new administrative and tracking procedures for the higher education institutions. Additionally, students that don't successfully complete the course would not have to pay the tuition fee. Oversight will show a fiscal impact of could exceed \$100,000 for College and University Funds.

ASSUMPTION (continued)

Officials at the **Jefferson College** assume they may need additional FTE to handle the oversight of the new qualifications required of students receiving the Access funds.

Officials at the **Metropolitan Community College** assume this would require the College to hire an additional FTE at approximately \$75,000 (including fringe and expenses).

Officials at the **Missouri State University** assume this would have a negative impact of which the amount and extent is unknown at this time.

Officials at the **State Technical College of Missouri** assume an unknown impact on the college from the provision that payment to the college would occur only after successful completion of approved credit hours.

Officials at the **University of Central Missouri** assume this proposal may have a positive impact on the University in the form of increased enrollment in dual credit classes. However, it is not possible to quantify or predict due to payment not being owed unless successful completion of the course.

Officials at the **University of Missouri** assume this may have an unknown positive impact on the University.

Officials at the **Northwest Missouri State University** responded to Oversight's request but did not indicate a fiscal impact.

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

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Fair Grove, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville

ASSUMPTION (continued)

R-4, Hurley R-1, Independence, Jefferson City, Kennett #39, King City R-1, Kirbyville R-VI,

Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Salisbury R-4, Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Sikeston, Silex, Slater, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warrensburg R-6, Webster Groves, and the Westview C-6 school districts did not respond to **Oversight's** request for fiscal impact.

Officials at the following charter schools: Eagle College Prep, Frontier Schools, Hawthorne, and the KIPP Endeavor Academy of Kansas City did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
|--|--|--|--|
| GENERAL REVENUE | | | |
| <u>Cost</u> - DHE increase in number of Access MO grants | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| COLLEGE & UNIVERSITY FUNDS | | | |
| <u>Cost</u> - Colleges & Universities increased administrative costs and loss of tuition | (Could exceed <u>\$100,000</u>) | (Could exceed <u>\$100,000</u>) | (Could exceed <u>\$100,000</u>) |
| ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS | (Could exceed <u>\$100,000</u>) | (Could exceed <u>\$100,000</u>) | (Could exceed <u>\$100,000</u>) |

| <u>FISCAL IMPACT - Local Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
|---|--|--|--|
| SCHOOL DISTRICT FUNDS | | | |
| <u>Cost</u> - School Districts - new Director and personal plans of study | (Could exceed <u>\$1,000,000</u>) | (Could exceed <u>\$1,000,000</u>) | (Could exceed <u>\$1,000,000</u>) |
| ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS | (Could exceed <u>\$1,000,000</u>) | (Could exceed <u>\$1,000,000</u>) | (Could exceed <u>\$1,000,000</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 requires that each school district or local educational agency (LEA) designate a salaried employee to serve as the Access Missouri Director to administer the program. Each district or LEA shall assume a minimum of one-half the cost of the salary and other benefits provided to the director. Such employee may also serve as the program coordinator for the A+ Schools Program. (§173.1103)

This act also modifies the Access Missouri Financial Assistance Program by modifying eligibility requirements. To be eligible, students shall enter into a written program commitment agreement at the beginning of the applicant's ninth grade year that includes a personal plan of study, which shall be developed by the student in consultation with the student's parent or guardian, the district's or LEA's Access Missouri Director, and school guidance personnel. Such personal plan of study shall meet certain requirements as described in the act.

An eligible student must be assigned a mentor by the Access Missouri Director in consultation with the student, parent or guardian, and school guidance personnel. The mentor shall advise and consult with the student on effective and successful work habits and career paths.

An eligible student must perform fifty hours of unpaid tutoring or mentoring, of which up to twenty-five percent may include job shadowing.

Students who meet all eligibility requirements shall be eligible to receive funds during his or her high school career to pay for dual enrollment credits from an approved private or public institution of higher education that are directly applicable to a postsecondary associate or bachelor's degree. Payment to institutions shall occur only after successful completion of

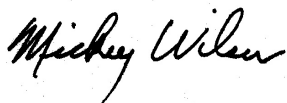
FISCAL DESCRIPTION (continued)

approved credit hours. (§173.1104)

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

Carondelet Leadership Academy
Chilhowee R-IV School District
East Newton School District
Eldon School District
Everton School District
Jefferson College
Kansas City Public Schools
Kearney School District
Kingston 42 School District
Macon County R-4 School District
Metropolitan Community College
Missouri State University
Northwest Missouri State University
Riverview Gardens School District
Sarcoxie School District
Shell Knob School District
Smithville R-II School District
State Technical College of Missouri
St. Charles School District
St. Elizabeth R-4 School District
University of Central Missouri
University of Missouri
Warren County R-III School District
West Plains School District
Wright City R-II School District



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