

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5478-01
Bill No.: SB 857
Subject: Education, Higher
Type: #Updated
Date: January 27, 2016
 #Updated to include Department of Higher Education response and to reflect cost.

Bill Summary: This proposal requires the Coordinating Board for Higher Education to establish a procedure for the reimbursement of the student's portion of any fees for any dual credit courses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#General Revenue	(\$3,433,500)	(\$4,223,205)	(\$4,328,785)
Total Estimated Net Effect on General Revenue	(\$3,433,500)	(\$4,223,205)	(\$4,328,785)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** originally prepared a fiscal note for this bill without all of the agency responses. Oversight has since obtained the agency responses and upon review of those responses, believes the original fiscal note should be updated. Therefore, this fiscal note updates the original by providing agency responses.

Oversight notes this proposal establishes a procedure by which a student’s portion of fees for any dual credit course can be reimbursed using their Access Missouri Financial Assistance Program funds.

Oversight notes that in budget submissions, 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 there is a substantial cost associated with the reimbursement of dual credit courses, but the bill does not dictate where the funding would come from, making it difficult to assess where the impact would occur, although DHE assumes it would come from Access Missouri.

ASSUMPTION (continued)

#In Academic Year 2013/2014, DHE estimates 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. The data also does not indicate the expected family contribution of each student to know whether they would be eligible for the state's need based program or not. While the reimbursement may result in more students taking dual credit courses and/or in students taking more dual credit courses, DHE does 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 \$70. 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 the percentage of college students who are Access eligible is the same as those who would be eligible for dual credit reimbursement under this bill, 58,860 credit hours would be reimbursed (196,200 x 30%). Based on these assumptions, the total cost of reimbursement would be \$4,120,200 (58,860 x \$70).

#**Oversight** notes this proposal would allow high school students to be reimbursed their student fees for a dual credit course. 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 estimated by the Department of Higher Education to General Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
#Cost - DHE - Access Mo funds used for dual credit	<u>(\$3,433,500)</u>	<u>(\$4,223,205)</u>	<u>(\$4,328,785)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$3,433,500)</u>	<u>(\$4,223,205)</u>	<u>(\$4,328,785)</u>

FISCAL IMPACT - Local Government

FY 2017
(10 Mo.)

FY 2018

FY 2019

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

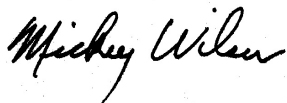
This act modifies the Access Missouri Financial Assistance Program by requiring the Coordinating Board for Higher Education to establish a procedure for the reimbursement of the student's portion of fees for any dual credit courses taken by the student.

The Coordinating Board shall promulgate an administrative rule to establish eligibility requirements for the reimbursements. The Board's rule must include the following requirements: a student must attend a 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 the Board. The Board has authority to establish additional eligibility requirements 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



Mickey Wilson, CPA
Director
January 27, 2016

Ross Strobe
Assistant Director
January 27, 2016