

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6305-01  
Bill No.: SB 997  
Subject: Education, Higher; Higher Education Department; Education, Elementary and Secondary  
Type: Original  
Date: February 17, 2016

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Bill Summary: This proposal establishes several provisions relating to higher education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Could exceed \$1,000,000)	(Could exceed \$1,000,000)	(Could exceed \$1,000,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$1,000,000)</b>	<b>(Could exceed \$1,000,000)</b>	<b>(Could exceed \$1,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Dual Credit Certification*	\$0	\$0	\$0
Dual Credit Scholarship*	\$0	\$0	\$0
College & University	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Transfers in and out net to zero.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 10 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

#### §173.2500 Dual Credit Approval Process and Certification Fund

**Oversight** notes this proposal would require the public higher education institutions to apply to the Department of Higher Education (DHE) to be a dual credit provider. DHE, after approval, would need to maintain a listing of the approved dual credit providers on their website.

**Oversight** notes this section of this proposal requires DHE to establish administrative rules for the submission of the approval application. Oversight assumes the creation of the rules may be done with existing staff.

**Oversight** notes this proposal allows DHE to create a fee schedule that is to be used to cover the administrative costs of the approval process. Oversight notes this proposal creates a Dual Credit Certification Fund. Oversight will show the loss to the Colleges and University Fund for the fees and the expenditure of the funds by DHE for costs to administer this provision.

#### §173.2505 Dual Credit Scholarship Act

**Oversight** assumes this provision creates a financial assistance program called the Dual Credit Scholarship. The scholarship is to reimburse eligible students for up to 50% of the tuition costs paid by the student to enroll in a dual credit course. No student is eligible to receive more than \$500 annually.

**Oversight** notes this provision creates the Dual Credit Scholarship Fund which may consist of money appropriated to it as well as private donations. The Fund is to be used to pay the scholarships.

**Oversight** notes that in SB 857, DHE estimated that 22,300 students took 196,200 credit hours of dual credit courses last year. DHE assumed a \$70 per credit hour average for the cost. Therefore if students were reimbursed up to 50% of what was paid the impact would be \$6,867,000 (196,200 hours x \$70/2).

ASSUMPTION (continued)

**Oversight** notes this provision only allows students the reimbursement if they meet certain economic needs. Those needs are:

- Enrolled for free or reduced lunch. Per the Department of Elementary and Secondary Education's website 65.35 percent of students are on free or reduced lunch.
- Be in foster care, be a ward of the state or be homeless. Oversight was unable to determine how many students are in this situation.
- Receive low-income public assistance, such as SNAP, WIC or public housing. Oversight notes that families register for these programs, so it is difficult to determine an exact number of children that might participate.

**Oversight** assumes that children in these identified economic situations may not currently be taking dual credit courses as they would not be able to make the tuition payment. Oversight determined that if 9,524 students each took one 3 hour credit course this proposal would cost at least \$1 million. Oversight will show the impact as Could exceed \$1,000,000.

§173.2510 15 to Finish Act

**Oversight** notes this provision requires the DHE and public higher education institutions to promote the on-time completion of degree programs. The institutions are to create policies to encourage the on-time completion of degree programs. The DHE is to file a report that describes the actions taken by the institutions to encourage students. Oversight will show an Unknown impact to the institutions.

§173.2515 Guided Pathways to Success Act

**Oversight** notes this provision requires the DHE to create a pilot program called Guided Pathways to Success. The program is to help organize courses that help students to complete their degree programs on-time. The DHE is to report to the General Assembly on the outcomes of this pilot program by January 1, 2020.

**Oversight** will show an unknown impact to General Revenue for the creation and administration of this pilot program for DHE.

§173.2520 Concurrent Enrollment Pilot Program

**Oversight** notes this provision requires DHE to create a pilot program called Concurrent Postsecondary Enrollment. The program is to allow students to enroll in a four year and two year institution at the same time. The DHE is to report to the General Assembly on the outcomes of

ASSUMPTION (continued)

this pilot program by January 1, 2020.

**Oversight** will show an unknown impact to General Revenue for the creation and administration of this pilot program for DHE.

Bill as a Whole

Officials at the **Office of the State Courts Administrator** assume there is no fiscal impact from this proposal.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

**Oversight** notes that in response to similar legislation granting rule making authority to an agency the officials at the Office of the Secretary of State responded as follows:

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.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
<u>Transfer In</u> - DHE - dual credit provider application fee §173.2500	Unknown	Unknown	Unknown
<u>Transfer Out</u> - to the Dual Credit Scholarship Fund §173.2505	(Could exceed \$1,000,000)	(Could exceed \$1,000,000)	(Could exceed \$1,000,000)
<u>Cost</u> - DHE - website and administrative costs for the dual credit provider applications §173.2500	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - DHE - Guided Pathways to Success pilot program administration §173.2515	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - DHE - Concurrent Postsecondary Enrollment pilot program administration §173.2520	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Could exceed <u>\$1,000,000</u>)</b>	<b>(Could exceed <u>\$1,000,000</u>)</b>	<b>(Could exceed <u>\$1,000,000</u>)</b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>DUAL CREDIT CERTIFICATION FUND</b>			
<u>Revenue</u> - DHE - dual credit provider application fee §173.2500	Unknown	Unknown	Unknown
<u>Transfer Out</u> - to DHE for website and administrative costs for the dual credit provider applications §173.2500	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON DUAL CREDIT CERTIFICATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>DUAL CREDIT SCHOLARSHIP FUND</b>			
<u>Transfer In</u> - from General Revenue §173.2505	Could exceed \$1,000,000	Could exceed \$1,000,000	Could exceed \$1,000,000
<u>Revenue</u> - private donations §173.2505	Unknown	Unknown	Unknown
<u>Cost</u> - payment of the Dual Credit Scholarship to students §173.2505	<u>(Could exceed \$1,000,000)</u>	<u>(Could exceed \$1,000,000)</u>	<u>(Could exceed \$1,000,000)</u>
<b>ESTIMATED NET EFFECT ON DUAL CREDIT SCHOLARSHIP FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
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**COLLEGE AND UNIVERSITY FUNDS**

<u>Cost - Institutions - payment of dual credit provider application fees</u> §173.2500	(Unknown)	(Unknown)	(Unknown)
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<u>Cost - Institutions - 15 to Finish Act</u> §173.2510	(Unknown)	(Unknown)	(Unknown)
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<b>ESTIMATED NET EFFECT ON COLLEGE &amp; UNIVERSITY FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act establishes several new provisions relating to higher education.

The act establishes a process through which the Coordinating Board for Higher Education shall certify an institution of higher education as an approved dual credit provider. To become an approved dual credit provider, an institution of higher education shall annually submit a written application to the Coordinating Board, as described in the act.

A dual credit course may not be advertised or represented as being delivered by an approved dual credit provider unless an application is approved by the Coordinating Board. (§173.2500)



FISCAL DESCRIPTION (continued)

This act establishes the "Dual Credit Scholarship Act", which shall provide funds, subject to appropriation, for eligible students enrolled in dual credit courses. The scholarship shall reimburse students for up to 50% of the tuition cost paid by the student, with a total amount not to exceed \$500 annually. To be eligible, a student shall: be a United States citizen or permanent resident, be a Missouri resident, be enrolled in an approved dual credit program, have a cumulative GPA of at least 2.5 on a 4 point scale, and meet one or more requirements based on economic need, as described in the act.

The act creates the "Dual Credit Scholarship Fund", which shall consist of moneys appropriated by the General Assembly and private donations made to the fund. (§173.2505)

This act establishes the "15 to Finish Act". The Coordinating Board, in cooperation with public institutions of higher education, shall develop policies that promote the on-time completion of degree programs by students. The policies shall include defining on-time completion, providing financial incentives for students on pace to graduate in no more than eight semesters, implementing banded tuition, and reducing the number of credit hours required to earn a degree. (§173.2510)

This act establishes the "Guided Pathways to Success Act". The Coordinating Board, in cooperation with public institutions of higher education, shall create a pilot program that shall include at least two of the following: majors organized into semester-by-semester sets of courses that lead to on-time completion; degree-based transfer pathways between participating institutions; available meta-majors, as defined in the act; student commitment to a structured schedule of courses; and clear degree maps, proactive advising, as defined in the act, and guarantees that required courses are available when needed by students. (§173.2515)

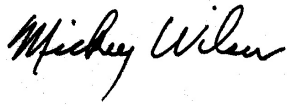
The Coordinating Board shall establish a concurrent enrollment pilot program, in which students are enrolled in courses at both a four-year and two-year participating institution at the same time and for which the coursework is officially recorded by both institutions. The purpose of the pilot program is to provide a broader range of academic and student support services while streamlining the path to degree completion. (§173.2520)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Joint Committee on Administrative Rules  
Office of the State Courts Administrator



Mickey Wilson, CPA  
Director  
February 17, 2016

Ross Strobe  
Assistant Director  
February 17, 2016