

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5478-01
Bill No.: Perfected HB 1744
Subject: Elementary and Secondary Education; Higher Education
Type: Original
Date: January 31, 2018

Bill Summary: This proposal modifies the A+ Schools Program by removing the requirement that the student's attendance of public high school occur in the three years immediately prior to graduation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education (DHE)** assume Section 160.545.8(1) changes who is eligible to receive an A+ award by removing the word "immediately" from the requirement that students attend "a high school in the state for at least three years immediately prior to graduation." DHE assumes that students could attend any combination of three years (such as 9, 10, 11; 9, 10, 12; 9, 11, 12; or 10, 11, 12) at an A+ designated high school and be eligible for A+ scholarships, as long as they meet all other eligibility requirements, including graduation from a designated high school.

DHE assumes there is no way to determine what the fiscal impact of the A+ high school attendance change will be. Neither the Department of Higher Education nor the Department of Elementary and Secondary Education collect data concerning the number of students that forfeit their A+ eligibility because they do not attend an A+ designated high school for the three years immediately prior to graduation.

As an additional note, the average A+ award for 2017-2018 is projected to be \$2,750 per student. The students affected are those who participate in an internship, a foreign exchange program, or who otherwise do not attend an A+ designated high school during either their sophomore, junior or senior year.

Oversight notes the A+ program provides tuition reimbursement to eligible graduates of designated high schools to attend public community colleges, public vocational or technical schools, or private two-year vocational or technical schools. There are 592 designated high schools.

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

Table I - Students receiving A+

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
Number of Students Paid	12,853	13,142	12,633	12,775	13,375	13,916
Number of Schools Designated	533	533	534	592	615	620
Total Expenditures (millions)	\$32.2	\$33.5	\$32.5	\$34.2	\$39.5	N/A

Source: Department of Higher Education Budget

In the past, **Oversight** contacted several of the larger school districts in the state and found that the schools do not offer any internships or foreign exchange programs that would allow students to sit out a year of high school. The schools responded they do not track how many students are rejected from the A+ program for failure to maintain the required attendance.

Oversight notes that if just 38 additional students were added to the program due to the attendance requirement changes, the impact could reach the \$100,000 threshold (\$2,662 average award amount x 38 new students = \$101,156). Oversight does not know how many students this will help, so we will show the impact as an unknown increase in program expenditures assuming the per student award amount remains stable.

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
GENERAL REVENUE			
<u>Cost - DHE - additional students eligible for A+ program \$160.545</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019	FY 2020	FY 2021
	<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 bill modifies the A+ Schools Program by removing the requirement that the student's attendance of a public high school in the state be the three years immediately prior to graduation.

This bill contains an emergency clause.

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
Department of Elementary and Secondary Education

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