

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4278S.02C  
 Bill No.: SCS for SB 672  
 Subject: Education, Higher  
 Type: Original  
 Date: January 24, 2022

Bill Summary: This proposal modifies provisions relating to the fast track workforce incentive grant program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	(\$201,379 to \$5,148,686)	(\$93,694 to \$7,274,217)	(\$95,414 to \$7,634,963)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$201,379 to \$5,148,686)</b>	<b>(\$93,694 to \$7,274,217)</b>	<b>(\$95,414 to \$7,634,963)</b>

\*This proposal, in addition to expanding the program (to include apprenticeships and Fast Track eligibles), removes the Fast-Track sunset date (currently set to sunset on August 28, 2022). Oversight treats these changes similarly – as an expenditure (new or continued) in future years.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</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 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §173.2553 - Fast track workforce incentive grant program

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state in general, the proposed legislation would add costs for certain apprenticeships as eligible for awards through the Fast Track program and would eliminate the existing sunset clause.

Several subsections of §173.2553, including parts of subsections 2 through 11, are being amended to add apprenticeships to the Fast Track Workforce Incentive Grant. The proposal would allow eligible individuals that are actively participating in a U.S. Department of Labor approved apprenticeship to have certain education related costs reimbursed through the Fast Track program. To be eligible, the apprentice would need to meet the same requirements as individuals enrolled in eligible postsecondary education coursework, such as being a U.S. citizen or permanent resident, have an adjusted gross income within the program limits, and being 25 years of age or older. The program would reimburse the apprentice for education costs, such as tools, books, and uniforms, related to apprenticeships in occupational areas designated by the Coordinating Board for Higher Education.

At present, there is no definite data on either the number of apprentices that might be eligible for, and take advantage of the Fast Track program or the average costs that would be reimbursable. However, based on apprenticeship data from the Office of Workforce Development within the department relating to the Workforce Innovation and Opportunity Act (WIOA), it is estimated that as many as 500 apprentices would meet the requirements to participate in the program. In addition, that same data suggests that the likely average annual cost that would be reimbursable is \$2,400. Based on those assumptions, this change would require \$1,200,000 ( $\$2,400 \times 500$ ) to fully fund this revision for FY 2023. Assuming a five percent increase per year, the cost for FY 2024 would be \$1,260,000 and for FY 2025 would be \$1,323,000.

The ETPS system, which is used by Missouri Job Centers to assist individuals with training that is eligible for funding through the Workforce Innovation and Opportunity Act (WIOA), includes a wide range of training providers. While DHEWD collects data on WIOA participants, the total enrollment data collected from many of the providers is more limited. Based on the information available to the department, DHEWD would estimate the number of students at these providers that are enrolled in Fast Track eligible programs to be approximately 10,000 students. If DHEWD assumes that five percent (5%) of those students would meet all of the Fast Track eligibility criteria (age of 25 or above, AGI cutoff, etc.), this change would expand the program by 500 recipients. Assuming the average award remains constant (\$4,100 in FY 2021), this would increase the cost of the program by \$2,050,000 in FY 2023. Assuming a five percent increase per year, the cost for FY 2024 would be \$2,152,500 and for FY 2025 would be \$2,260,125.

In addition, in order to develop the administrative system needed to operate the program, substantial ITSD work will be required. The estimate of the cost to develop an administrative system adequate to administer this addition, including the tracking of residency and employment after completion of the apprenticeship and conversion of the grant to a loan if the program requirements are not satisfied would be \$137,792. Ongoing support costs would be \$28,247 for FY 2024 and \$28,953 for FY 2025.

Subsection 13 of 173.2553 would eliminate the current sunset provision for the program. Without this change, the program would sunset on August 28, 2022 and the statutory section would terminate on December 31, 2023. The estimate of the cost for this component is based on program data for the last two years. Based on a comparison of program operation through November 30 of 2020 and 2021, it appears the program cost for FY 2022 will increase by approximately 240 percent. Based on that assumption and the fact that the total program cost for FY 2021 (the last complete award year) was \$1,274,255, DHEWD estimates the total program cost for FY 2022 will be \$3,058,212. Since the elimination of the sunset will require continued operation of the program where that would not have been the case if the sunset provision remained, DHEWD would expect the initial impact of the deletion of the sunset to occur in FY 2023. If DHEWD assumes a more modest growth pattern between FY 2022 and FY 2023 of six percent growth in participation and five percent increase in the cost of tuition and fees, the total program cost for FY 2023 would be estimated at \$3,394,615.

Given the sunset language, it is assumed that the cost of the program for FY 2023, if applications are closed on August 28, 2022, would be approximately half of that amount or \$1,697,308. If the sunset is eliminated, the cost increase would be the remaining half or \$1,697,307 for FY 2023. For FY 2024, assuming growth similar, the program cost would be \$3,768,023 ( $\$3,394,615 * 1.11\%$ ). For FY 2025, assuming only an inflationary increase to cover tuition and fee increases of five percent, the estimated cost would be \$3,956,424.

Since the statute does not mandate the appropriation necessary to fully fund the program, the estimated cost for program distribution would be from zero to \$4,947,307 (\$1,200,000 apprentice reimbursable costs + \$2,050,000 Fast Track eligibles + \$1,697,307 sunset date removal) for FY 2023, zero to \$7,180,523 (\$1,260,000 apprentice reimbursable costs + \$2,152,500 Fast Track eligibles + \$3,768,023 sunset date removal) for FY 2024, and zero to \$7,539,549 (\$1,323,000 apprentice reimbursable costs + \$2,260,125 Fast Track eligibles + \$3,956,424 sunset date removal) for FY 2025. These estimates do not include costs related to ITSD development (referenced above) or the personnel costs (referenced below).

Finally, due to the complexity of tracking the residency and employment of all Fast Track recipients as required by the underlying statute and administering the addition of payments to apprentices, all of which is and would continue to be an intensive process, one additional FTE (Program Specialist, \$35,920 annually) would be needed to administer this program addition. To note, the department has requested three FTE in its FY 2023 budget request for the Grants and Scholarship team. If approved by the General Assembly, the additional FTEs for the ten student

financial aid programs administered by DHEWD, which serve of 64,000 students, would be sufficient to cover the need for this proposal.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the range of costs to the General Revenue Fund provided by DHEWD for the grant program and ITSD costs.

**Oversight** notes the FY 2022 appropriation for the Fast-Track Workforce Incentive Grant program totaled \$5.7 million:

General Revenue	\$3,700,000
Lottery Proceeds Fund	\$1,000,000
DHEWD Federal Emergency Relief Fund	<u>\$1,000,000</u>
Total for FY 2022	\$5,700,000

Officials from the **University of Missouri (UM)** state the proposed legislation could have a positive financial impact on the University of Missouri should any awards be made through appropriations/grants and/or additional students are enrolled.

Officials from the **Missouri State University (MSU)** state this bill would have a positive fiscal impact of an undetermined amount.

Officials from the **University of Central Missouri (UCM)** state the proposal could have a potential positive fiscal impact if it leads to students attending the University that could not have, but for the incentive grant.

**Oversight** assumes the potential positive impact this proposal may have on colleges and universities to be indirect and will not present a fiscal impact related to colleges and universities for fiscal note purposes.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE</b>			
<u>Costs – DHEWD</u> <u>(\$173.2553)</u>			
Personal service p. 4	(\$29,933)	(\$36,638)	(\$37,371)
Fringe benefits	(\$22,364)	(\$27,078)	(\$27,324)
Equipment and expense	(\$11,290)	(\$1,731)	(\$1,766)
Apprenticeship (new) reimbursable costs p. 3	\$0 to (\$1,200,000)	\$0 to (\$1,260,000)	\$0 to (\$1,323,000)
Fast Track eligibles p. 4	\$0 to (\$2,050,000)	\$0 to (\$2,152,500)	\$0 to (\$2,260,125)
Increase in program distributions (existing - removal of sunset date) p. 4	<u>\$0 to (\$1,697,307)</u>	<u>\$0 to (\$3,768,023)</u>	<u>\$0 to (\$3,956,424)</u>
<b>Total Costs - DHEWD</b>	<b><u>(\$63,587 to \$5,010,894)</u></b>	<b><u>(\$65,447 to \$7,245,970)</u></b>	<b><u>(\$66,461 to \$7,606,010)</u></b>
FTE Change - DHEWD	1 FTE	1 FTE	1 FTE
<u>Costs – ITSD (\$173.2553)</u> <u>p. 3</u>			
System development costs & support	(\$137,792)	(\$28,247)	(\$28,953)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$201,379 to \$5,148,686)</u></b>	<b><u>(\$93,694 to \$7,274,217)</u></b>	<b><u>(\$95,414 to \$7,634,963)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

This proposal could have a positive impact on small businesses if it leads to more students participating in apprentice programs. (§173.2553)

FISCAL DESCRIPTION

This act modifies provisions relating to the Fast Track Workforce Incentive Grant program.

Grants shall be awarded in an amount equal to the related educational costs for an eligible apprentice after all other governmental assistance provided for the apprenticeship has been applied.

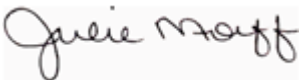
An eligible apprentice shall be eligible for a fast track grant if he or she maintains active apprentice status, with an interruption of not more than 12 consecutive months from the last day of the most recent payment period during which the student received a grant, along with other criteria set forth in the act.

Finally, this act repeals the sunset of the Fast Track Workforce Incentive Grant program.

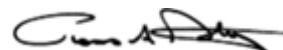
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development  
University of Missouri  
Missouri State University  
University of Central Missouri



Julie Morff  
Director  
January 24, 2022



Ross Strobe  
Assistant Director  
January 24, 2022