

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1211S.10T
 Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB 417
 Subject: Employees - Employers; Economic Development; Department of Economic Development; Department of Social Services; Tax Credits; Department of Health and Senior Services; Department of Agriculture
 Type: Original
 Date: June 12, 2023

Bill Summary: This proposal authorizes incentives for the purpose of encouraging certain individuals to obtain employment-related skills.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
General Revenue**/**/**	Up to (\$7,745,180)	Up to (\$9,917,336)	Up to (\$10,986,252)	Up to (\$12,005,941)
Total Estimated Net Effect on General Revenue	Up to (\$7,745,180)	Up to (\$9,917,336)	Up to (\$10,986,252)	Up to (\$12,005,941)

*Oversight notes the medical residency, Section 191.592 grant program is subject to appropriation and the fiscal impact reflects the cost to fund twenty (20) new residency slots each year. The actual number of residency slots and the related fiscal impact could be materially different.

**Oversight notes the cost is associated with the possibility of an influx in litigation (under Section 105.1600), and DOLIR's need for a range of 0 (no complaints arise due to the proposal) or up to 4 FTE (DOLIR experiencing influx of complaints due the proposal), and OA's 0 (no complaints arise due to the proposal).

***Oversight notes the general revenue fund appropriation reflects up to \$6 million dollars for Section 620.2500 Upskill Retention Fund and DED's estimated 2 FTE to support the program.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Medical Residency Grant Program	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Colleges	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Nurse Loan Fund	(\$66,000)	(\$1,300,000)	(\$66,000)	(\$1,300,000)
Board of Nursing Fund	\$56,120	\$1,211,515	\$57,465	\$1,211,515
Lottery Proceeds Fund (0291)	Up to (\$240,000)	Up to (\$240,000)	Up to (\$240,000)	Up to (\$240,000)
Veterinary Student Loan Payment Fund (0803)*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	Up to (\$249,880)	Up to (\$328,485)	Up to (248,535)	Up to (\$328,485)

*Oversight notes the Transfer-In from Lottery Proceeds Fund and expenditures paid will net to zero under Section(s) 340.341 thru 340.384

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Budget Stabilization Fund (0522)*	\$0	\$0	\$0	\$0
Various Federal Funds** (DSS)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)
Total Estimated Net Effect on All Federal Funds	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)

*Oversight notes the Budget Stabilization Fund will net to zero.

**Oversight notes the fiscal impact represent potential non-compliance with Federal Regulation for Division of Youth Services (Section 105.1600 – page 5)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
General Revenue	Up to 7 FTE	Up to 8 FTE	Up to 8 FTE	Up to 8 FTE
Medical Residency Grant Program Fund – DHSS	1 FTE	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	Up to 8 FTE	Up to 9 FTE	Up to 9 FTE	Up to 9 FTE

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.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Local Government	(Unknown)	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section §105.1600 - Public Employment Provisions

Officials from the **Office of Administration (OA)** assume Subsection 5 of this bill allows applicants who are denied a position “solely” because of the lack of a postsecondary degree to appeal the hiring decision to the Labor and Industrial Relations Commission (LIRC). OA assumes a hearing process will be necessary for the LIRC to make a determination about whether lack of a degree was the sole factor, and that OA, as an employer, will be represented by legal counsel for such hearings. It is unknown how many appeals/hearings might result from this bill; however, OA assumes the amount could be significant. OA also assumes that legal counsel may be involved in reviewing job posting to ensure compliance with the requirements of this bill, at least initially. Therefore, OA believes it will need 1 additional FTE legal counsel as a result of this bill. The estimated fiscal impact of this bill is \$65,000 to \$85,000 (not including fringe benefits).

Oversight notes that OA assumes the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will range the impact from 0 (few additional complaints arise due to the proposal) or up to 1 FTE (Legal Counsel at \$85,000 annually) in the fiscal note.

Officials from the **Missouri Department of Agriculture (MDA)** defer to the OA for the potential fiscal impact of this proposal.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposed legislation creates a new category of appeals to the Labor and Industrial Relations Commission (Commission). It also creates new enforcement responsibilities for the Commission. Depending on the increased volume of appeals, additional clerical and/or legal staffing may be required. A larger caseload would require additional FTEs and result in additional costs.

Assuming appeals or reports will be filed from 2% of the announced 7,000 state job openings (140) and from at least one job opening from 183 political subdivisions, which represents 5% of Missouri’s approximately 3,650 political subdivisions.

The Office of General Counsel (OGC) estimates that 1 additional General Counsel may be needed to address appeals.

The positions to appropriately comply with the proposal includes 4 FTE. A Clerk, an Investigator, an Attorney, and a General Counsel. The General Counsel would be for the Director’s Office and the other 3 as part of LIRC. The 4 FTE would be due to the proposal creating a new category of appeals to the Commission. Increased duties from the proposed

legislation is unknown and cannot be estimated, DOLIR assumes 0 up to 1 per each possible position necessary to handle an increased workload.

Oversight notes the officials from the DOLIR assume the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range from the DOLIR's estimated need for additional FTE from \$0 (the proposal would not create substantial amount of new appeals) to 4 additional FTE (the proposal creates substantial amount of new appeals) impact in the fiscal note.

Officials from the **Department of Public Safety – Director's Office** defer to the DOLIR for the potential fiscal impact of this proposal.

Officials from the **Department of Social Services (DSS)** note:

DYS assumes that they would be exempt from the requirements of the passed legislation due to Section 105.1600 3.1. The state plan amendment between Missouri's DYS and the Centers for Medicare and Medicaid Services outlines specific education and credentialing guidelines for staff that must be followed for DYS to receive federal reimbursement. Due to this, DYS would be able to dedicate a portion of specific job postings to substantiating the necessity of a postsecondary degree.

However, if DYS is not exempt, the provisions outlined in Section 105.1600 would put the federal funding for the Department of Social Services, Division of Youth Services (DYS) in jeopardy. In FY22, the total reimbursement amount received for services provided was \$21,168,804.60.

Therefore, DSS is providing an impact for the amount received for services provided of \$0 to \$21,168,804.60.

Oversight notes the Division of Youth Services (DYS) assumes the proposal will have a potential fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range from zero (\$0) (the DYS policy is believed to be in compliance) to a negative \$21,168,805 (rounded to near dollar – in case the DYS policed are believed to be out of compliance) impact in the fiscal note.

In response to the similar proposal, SB 476 – 2023, officials from the **Department of Commerce and Insurance, the Department of Economic Development, the Department of Elementary and Secondary Education, the Department of Higher Education and Workforce Development, the Department of Health and Senior Services, the Department of Mental Health, the Department of Natural Resources, the Department of Corrections, the Department of Labor and Industrial Relations, the Department of Revenue, the Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco**

Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and Veterans Commission), the Office of the Governor, the Joint Committee on Administrative Rules, the Joint Committee on Public Employee Retirement, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri House of Representatives, the Department of Transportation, the Office of Prosecution Services, the Office of Administration (Administrative Hearing Commission and Budget and Planning), the Office of the State Public Defender, the Office of the State Treasurer, the University of Missouri System, and the State Tax Commission each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies for this section.

Officials from the **City of Kansas City** assume the legislation could have a negative fiscal impact on Kansas City in an indeterminate amount if it exposes the City to a potential liability.

Officials from the **City of Springfield** note:

The City of Springfield anticipates a negative fiscal impact from this bill of approximately \$14,000. If approved, the bill would result in the City having to do a full review of all job descriptions to determine compliance with the new parameters and raise the possibility of dealing with the cost of an appeals process, should one be filed.

Officials from the **City of O'Fallon** assume the proposal will have no fiscal impact on their organization.

Oversight notes City of Kansas City and the City of Springfield both assume the proposal will have a potential direct impact on their organizations.

Oversight notes Section 105.1600 1 (6) defines “public employer” as political subdivision, in addition to any State of Missouri entity.

Oversight notes the proposal also defines specific steps that must be taken to properly assess the hiring process of new perspective employees by agencies and “agency of the state”, as defined in RSMo 36.020, which includes local political subdivisions.

Oversight notes the local political subdivision assume the proposal will have a direct effect on their respective organizations. Therefore, **Oversight** will note an unknown negative impact to political subdivisions, as the entities adjust the hiring process to comply with the provisions and experience potential litigation due to non-compliance in the fiscal note.

Section §135.457 "Intern and Apprentice Recruitment Act"

Officials from the **Office of Administration – Budget & Planning (B&P)** assume the proposed legislation would establish the "Intern and Apprentice Recruitment Act". Beginning on January 1, 2024, employers will be able to claim a tax credit of \$1,500 for each intern they hired at a pay rate equal or greater than minimum wage so long as the total number of interns employed for the tax year the credit is claimed exceeds the average number of interns employed by the taxpayer over the previous three years, the interns work a minimum of 60 hours per month for 2 consecutive months and a minimum of 140 hours of work per calendar year. The total amount of tax credits is limited to \$9,000 per employer per tax year, and the cumulative amount of the tax credit is limited to \$1,000,000 per tax year. Priority will be given to employers who have been in business less than 5 years, and tax credits will not be able to be carried forward to any subsequent tax year.

Applications for the tax credit will be created by the Department of Economic Development (DED). DED is also required to create an annual report containing statistical information regarding the tax credits issued the previous year. The program will sunset on December 31, 2030 unless reauthorized. If the program is reauthorized, the program will sunset on December 31, 2036 and will terminate on September 1 of the calendar year the program sunsets.

Oversight notes the officials from the B&P assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact for B&P for this section in the fiscal note.

Officials from the **Department of Revenue (DOR)** note:

Starting January 1, 2024, this would give a qualified taxpayer a \$1,500 tax credit for each qualified intern or apprentice employed by the taxpayer. The qualified intern or apprentice must be paid at least minimum wage. The qualified intern must work at least 60 hours a month for 2 consecutive months, and be a student at a Missouri college or university to be qualified. The apprentice has to have completed at least one full year of a qualified apprenticeship program as approved by the Department of Higher Education and Workforce Development to qualify.

Taxpayers are limited to claiming no more than \$9,000 (6 interns or apprentices) a year. The credits are not refundable and cannot be carried forward or back. The total amount of credits that can be claimed in a year is \$1,000,000. Should the amount of credits claimed reach the cap then credits should be given to employers who have in been in business less than five years.

This proposal allows the tax credit against the individual income tax return, corporate tax return and property taxes. Property tax is not handled by the Department of Revenue, so for the simplicity of the fiscal note they will assume all of the tax credits will be applied to DOR's income tax returns.

According to information received from the Department of Higher Education and Workforce Development they have 471 active apprenticeship programs in place. Currently 16,983 active apprentices are in those programs. It is unclear how many of those people would meet each of the requirements necessary to be a qualified apprentice under this program. If all of them meet the requirements this would result in \$25,474,500 (16,983 apprentices* \$1,500 credit) credits eligible to be claimed.

DOR is unable to estimate how many students are currently serving as interns that would qualify for this credit. It appears the full cap of \$1,000,000 may be reached annually. This proposal will result in a loss of \$1,000,000 in general revenue annually. This starts on January 1, 2024, but will not impact general revenue until FY 2025 when the first tax returns are filed claiming the credit.

This proposal requires that certain conditions are met in order for the taxpayer to qualify for the tax credit. This proposal establishes that DED would do the verification and certification process. DOR assumes they will create the form that DED will use for the certification, so that it can be processed by their scanners. Creation of the form is estimated at \$10,000.

This will be a new income tax credit and it would be added to the MO-TC and information about the credit would be added to DOR website and changes would be needed in Missouri's individual income tax computer system. DOR notes the costs to update these items is \$7,193.

DOR assumes it can absorb the cost of redeeming the credit with existing staff. Should the number of redemptions from this credit or a combination of other bills passing justify the addition of FTE DOR would seek that FTE through the appropriation process.

- 1 FTE Associate Customer Service Representative for every 6,000 credits redeemed
- 1 FTE Associate Customer Service Representative for every 7,600 errors/correspondence

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero administrative impact for DOR in the fiscal note.

Officials from the **Department of Economic Development (DED)** note:

Section 135.457 creates the "Intern and Apprentice Recruitment Act".

For all tax years beginning on or after January 1, 2024, a taxpayer can claim a tax credit in an amount equal to \$1,500 for each intern or apprentice hired at a pay rate equal to or greater than minimum wage. Total amount claimed by a taxpayer cannot exceed \$9,000 in any given tax year.

Program cap: \$1M per tax year starting with the FY2025 year.

Credits are not refundable, sellable, transferable and do not carry forward.

DED must complete an annual report.

The program will automatically sunset six years after the effective date unless reauthorized by an act of the general assembly.

DED will need to hire 1 FTE to administer the program. Creating a new tax credit will likely reduce annual TSR by up to the annual cap on the program of \$1,000,000.

Oversight notes that per [U.S. DOL. GOV](https://www.dol.gov), Missouri had 13,944 active apprentices across 460 registered programs in 2021. Additionally, same period, Missouri has seen 8,104 new Apprenticeships and 3,235 completed Apprenticeships.

Oversight notes the proposal allows receipt of tax credit for two categories of claims as follow:

- Interns shall work a minimum of sixty hours per month for two consecutive months during the tax year for which the credit is claimed, and
- Apprentices shall complete a minimum of one hundred forty-four hours of work in a calendar year and a copy of the qualified apprenticeship program certification is submitted with the claim for such tax credit.

Oversight notes the tax credit would allow each taxpayer receive credit for up to \$9,000 (\$9,000/\$1,500), reflecting 6 interns or apprentices in any combination thereof.

Oversight notes the term “taxpayer” in this proposal represents any individual, firm, partner in a firm, corporation, partnership, shareholder in an S corporation, or member of a limited liability company subject to the state income tax.

Oversight notes, per section 135.457.5 the cumulative amount of tax credits allowed to all taxpayers under this section shall not exceed one million dollars per tax year.

Oversight notes that the proposal would allow maximum of 667 (\$1,000,000 / \$1,500) individual, or approximately 111 such an organizations (667/6) to receive this the credit.

Oversight notes that currently there are at least 460 such programs, as noted from the U.S. DOL statistics above. Therefore, **Oversight** will note a range from \$0 (no taxpayer claims the tax credit) to \$1,000,000 (the tax credit utilization is maximized) in general revenue annually beginning FY 2025 when the first tax returns will be filed to claim the credit.

Oversight assumes that the DED request for 1 FTE (Senior Economic Development Specialist at \$74,664 annually) is plausible and will note the cost in the fiscal note beginning in FY 2025 (the first income taxes will be filed in January 2025, 6 month of FY 2025 period) and annually thereafter.

Oversight notes that the proposal states that no tax credit claimed under this section shall be assigned, transferred, sold, carried forward, or otherwise conveyed.

Oversight notes that priority shall be given to taxpayers that have been in business for less than five years, with the remaining tax credits to be distributed based on the order in which they are claimed.

Officials from the **Department of Workforce Development & Higher Education** and **Department of Labor and Industrial Relations** both assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Section(s) §160.2705; §160.2720 and §160.2725 – Changes provisions regarding adult high schools

Officials from the **Department of Social Services (DSS)** note:

As DSS currently provides funding to the adult high schools through the budget process, pays invoices, provides monitoring, technical assistance and oversight, these provisions can be accomplished with existing staff.

Four adult high schools are already in existence and DSS would release a request for proposal for bid to establish the fifth adult high school, subject to appropriation.

Therefore, this fiscal note is no impact to DSS.

Oversight does not have any information to the contrary. Oversight notes the funding for the four adult high schools already in existence under the Missouri Works Program – Adult High School Expansion (Excel Centers) is \$2 million appropriated from the Budget Stabilization Fund (0522). The State Treasurer’s Office describes the Budget Stabilization Fund (0522) as “a federal account for the purpose of tracking and distributing moneys related to increase Medicaid earnings received by the state as part of the COVID-19 public health emergency.” The current funding for the four Adult High School Expansion (Excel Centers) is entirely federal funds.

Oversight also notes that contract costs for a fifth Adult High School Expansion (Excel Center) could be up to \$500,000 higher than the currently appropriated \$2 million for four adult high schools and/or that appropriations from the Budget Stabilization Fund (0522) could be increased to accommodate the increased expenditures for an additional adult high school. Therefore, **Oversight** will reflect an annual fiscal impact of \$0 to (\$500,000) to the Budget Stabilization Fund (0522) in the fiscal note.

In response to a similar proposal, SS for SB 199, officials from the **Department of Corrections**, the **Department of Higher Education and Workforce Development**, the **Missouri State**

University, the University of Central Missouri and the University of Missouri System assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal, SS for SB 199, officials from the **Department of Elementary and Secondary Education** and the **St. Charles Community College** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Section §173.280 Compensation of Student Athletes

In response to the similar proposal, HCS for HB 1346 -2023, officials from the **Department of Elementary and Secondary Education, the Department of Higher Education and Workforce Development, the Missouri State University and the University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, school and colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Section §191.592 – Graduate medical education grant program

Officials from the **Department of Health and Senior Services (DHSS)** stated §191.592 of the proposed legislation adds the requirement that the DHSS establish a graduate medical education grant program to award grants to entities operating graduate medical education programs in Missouri. The amount awarded will need to be sufficient to fund twenty (20) residency slots each fiscal year beginning in FY 2024 through FY 2034.

Section 191.592 proposes the establishment of the “Medical Residency Grant Program Fund”; however, no specific revenue is cited. The average cost per student for the University of Missouri system is \$50,000 per year; however, the university system has three campuses and each have differing costs. The fiscal impact analysis includes a minimum of \$1,000,000 to \$5,000,000 (example of 20 students at \$250,000 per student is the cost calculated from another private program) per resident to cover the residency slots and the applicable expenses associated with the graduate medical education entity operating the graduate medical program.

Section 191.592 proposes the establishment of the “Graduate Medical Education Program Fund”; however, no specific revenue is cited and the amount required to fund the minimum of twenty residency slots is unknown. The average cost per student for the University of Missouri system is

\$50,000 per year, however, the university system has three campuses and each have differing costs and those costs are not for medical residents. The fiscal impact analysis includes a minimum of \$1,000,000 to \$5,000,000 (\$250,000 per student is the cost calculated from another private program) per resident to cover the residency slots and the applicable expenses associated with the graduate medical education entity operating the graduate medical program.

DHSS would be responsible for promulgating all rules and regulations relating to the program and administering the program, which would require creating and reviewing applications, contracts, residency and employment verification forms, making awardee selections, monitoring of entities awarded and monitoring those who receive funding for their residency to ensure all requirements are being met.

To implement this program, the Office of Rural Health and Primary Care would need a minimum of two (2) additional FTE: one (1) Senior Public Health Program Specialist and one (1) Public Health Program Specialist with an average salary within the Division of Community and Public Health (DCPH) of \$63,999 and \$52,016 (respectively) as of March 2023.

It is assumed that the Division of Administration can absorb the costs of this bill with current resources. However, if the workload significantly increased or other legislation was enacted, additional resources would be requested through the appropriation process.

Oversight notes provisions of this proposal (§191.592.2) provide that DHSS shall establish a medical residency grant program to award grants to eligible entities for the purpose of establishing and funding new general primary care and psychiatry medical residency positions and continuing the funding of the new positions for the duration of the funded residency.

Oversight notes that the DHSS may promulgate all necessary rules and regulations to create and operate the Medical Residency Grant Program. This version of this proposal no longer contains specific provisions (which were in HB 112 of the 2023 session) relating to grant recipients who fail to work in Missouri a required period of time after they complete their residency or whether the entity operating the grant program is required to pay back the funds relating to those individuals. However, the current provisions do provide that if a grant-funded position is not filled, the Medical Residency Grant Program Fund is to receive reimbursements from awarded eligible entities who were not able to fill the residency position(s). Oversight assumes a \$0 to unknown amount of funds may be returned to the Medical Residency Grant Program Fund beginning in FY2025 for unfilled grant-funded positions. It is assumed the amounts returned would be less than \$250,000 annually (5 unfilled positions based on DHSS assumptions of a cost of approximately \$50,000 per position per year).

This program is subject to appropriations plus reimbursements from awarded eligible entities who were not able to fill the residency positions and any gifts, contributions, grants or bequests received. Funding for grant-funded residency positions is to be available for three years (3) for residency positions in family medicine, general internal medicine and general pediatrics and for

four (4) years for residency positions in general obstetrics and gynecology, internal medicine-pediatrics and general psychiatry is to be available.

This proposal does not contain provisions indicating the number of grant-funded residency positions the DHSS shall award or the amount of those grants. However, DHSS shall expend moneys in the fund (Medical Residency Grant Program Fund) to pay for necessary costs to implement the provisions of the proposal and then to fund grant positions in the following order: 1) for residency positions of individuals in their fourth (4th) year of residency, 2) for residency positions for individuals in their third (3rd) year of their residency, 3) for residency positions for individuals in their second (2nd) year of residency and then 4) for residency positions for individuals in their first (1st) year of residency. Finally, DHSS shall expend funds to establish new grant-funded residency positions at awarded eligible institutions. Therefore, Oversight assumes the DHSS continues to plan to fund 20 grant-funded residency positions as provided for in their response.

Oversight notes the provisions of this proposal provide that no new grant-funded residency positions are to be established after the tenth (10th) fiscal year in which the grants are awarded. Any residency position funded before the 10th fiscal year will continue to be funded until completion of the resident's medical residency. The provisions of this proposal expire on January 1, 2038.

For fiscal note purposes, Oversight assumes a residency program is 3 years and that costs for each new cohort of grants could exceed \$1,000,000 annually (\$50,000 estimate provided by DHSS * 20 residencies = **\$1,000,000** annually). Therefore, grants for FY 2024 could exceed \$1,000,000; grants for FY2025 could exceed **\$2,000,000** (20 grants for 2nd year of FY2024 awards + 20 grants for FY2025 new awards) and so on. Oversight assumes FY2027 is the first year the grant-funded program is fully implemented as some residency positions will be for four (4) years.

Since entities (colleges and universities) operating graduate medical education programs and receiving the medical residency grants are responsible for paying back grants for unfilled residency positions, **Oversight** will present \$0 to Unknown income transferred from colleges and universities to the Medical Residency Grant Program Fund beginning in FY2025.

Oversight also assumes the DHSS would not need 2 FTE in the first year or two of the program, but as the program continues could require additional FTE as the number of grant recipients increases. Therefore, for fiscal note purposes, Oversight assumes FTE and related costs could exceed the amounts provided by DHSS for the one (1) FTE Senior Public Health Program Specialist. Oversight, however, assumes DHSS would not need additional rental space for 1 new FTE for this single proposal. Oversight notes, depending on the number of proposals passed during the legislative session that, cumulatively, DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

In response to the previous version of this proposal, officials from the **University of Missouri System (University)** stated the proposed legislation could have a positive impact for the University of Missouri. The impact amount cannot be determined.

Officials from the **University of Central Missouri (UCM)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for UCM.

In response to the previous version of this proposal, officials from **Missouri State University** and **Missouri Western State University** assumed the proposal would have no fiscal impact on their respective organizations.

Oversight does not have any information to the contrary. However, Oversight will reflect an unknown positive fiscal impact for colleges and universities as this proposal may encourage students to enroll in graduate medical education programs.

Section(s) §335.200, 335.203 & 335.205 – Nursing Education

§335.200

Oversight notes the above section allows an eligible institution of higher education of nursing to include an approved virtual institution as one of the approved schools to receive such a grant under the proposal.

§335.203.2

Officials from the **Department of Health and Senior Services (DHSS)** assumed §335.203.2, of the proposed legislation, proposes the removal of the \$150,000 grant limit for those awarded under the Nursing Education Incentive Program.

Oversight assumes removal of the \$150,000 grant limit for those awarded the Nursing Education Incentive Program in this subsection will have no fiscal impact on state or local government.

Oversight notes the Department of Commerce and Insurance (DCI) budget request included the following information: *The Nursing Education Incentive Program (NEIP) was established in 2011 through legislative action and appropriation of State Board of Nursing (Board) funds to increase the number of nursing graduates by expanding the physical and educational capacity of professional nursing programs in Missouri. This grant program is supported by nurse licensure fees and represents continued action by the Board to support nursing education. The board currently has the authority to award up to \$2,000,000 each fiscal year for the NEIP Program. This new decision item would allow the Board to award up to \$3,000,000 each fiscal year in NEIP funding.* Oversight notes the DCI asked for a \$1,000,000 new decision item from the State Board of Nursing Fund (0635).

§335.205

DHSS also noted §335.205, of proposed legislation, proposes the collection of a nursing education incentive program surcharge in addition to the nurse licensure fees for any initial nurse license and license renewal application to be deposited into the state board of nursing fund.

Officials from the **Department of Commerce and Insurance (DCI)** stated that the board projects a 2% increase in licensees each year.

DCI assumes the surcharge only applies to applicants for a license by endorsement. (Those numbers could decrease as more states join the nursing compact. Nurses will not need a Missouri license because they are able to practice in Missouri on the license from the other state.)

DCI assumes the following:

FY 2024

LPN – Renewal Surcharge - \$45,668

LPN – Initial License Surcharge \$252

RN – Renewal Surcharge - \$0

RN – Initial Licensure Surcharge - \$10,200

Total - \$56,120

FY 2025

LPN – Renewal Surcharge - \$0

LPN – Initial License Surcharge \$260

RN – Renewal Surcharge - \$1,200,850

RN – Initial Licensure Surcharge - \$10,405

Total - \$1,211,515

FY 2026

LPN – Renewal Surcharge - \$46,582

LPN – Initial License Surcharge \$268

RN – Renewal Surcharge - \$0

RN – Initial Licensure Surcharge - \$10,615

Total - \$57,465

DCI Notes:

RNs are currently in renewal so the 120,085 number could decrease for multiple reasons:

- Licensees that retire and do not renew their license.
- Not having to renew due to the added nurse licensure compact states.
- This is the first renewal period since Kansas joined the nursing compact. The board does not know how many RNs that are Kansas residents that will not renew their Missouri license because they do not have to.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the revenues as estimated by the DCI to the Board of Nursing Fund (0635).

§335.212 - 353.242 (Removal)

In response to the similar proposal, HB 775 -2023, officials **from DHSS** also assumes HB 775 proposes the removal of Sections 335.212 through 335.242 which would eliminate the Nursing Student Loan Program and Sections 335.245 through 335.257, which would eliminate the Nursing Student Loan Repayment Program.

Additionally, eliminating Section 335.212 through 335.257 would eliminate the established Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund which is also used to collect repayment and fees on any defaulted contracts. This section also gives the authority to the Department of Health and Senior Services (DHSS) to institute any action to recover any amount due. Therefore, the Department may lose the authority to collect on bad debt from nurses who defaulted on their loans.

Currently, the educational surcharge collected on nurse licensure and licensure renewal applications is expended on administering the Nurse Student Loan (NSL) program and Nurse Loan Repayment Program (NLRP). This fee is based on either the Registered Nurse (RN) or Licensed Practical Nurse (LPN) and the year; the program receives \$5 for each RN license during odd numbered years and then \$1 from each LPN license during even numbered years. The removal of these sections results in a loss of revenue that is utilized for the NSL program and NLRP. If these funds are not received by DHSS, this would result in a loss of approximately \$1,300,000 on odd numbered years and \$66,000 on even numbered years.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated loss provided by DHSS to the Nurse Loan Fund.

Officials from the **Department of Higher Education and Workforce Development** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DHEWD.

Section(s) §340.341, 340.345, 340.381, 340.384, 340.387 - Veterinary Medical student loan repayment program grant

Officials from the **Missouri Department of Agriculture (MDA)** assumed the proposal will have no fiscal impact on their organization. MDA notes six students have been awarded \$20,000 each (per academic year) for the past three years.

Oversight notes this proposal increases the number of students awarded from six to 12 per academic year. In addition, the proposal increases the amount of award from \$20,000 per academic year to \$30,000 per academic year, not to exceed \$120,000 total (per student). Oversight assumes MDA may award the maximum number of students allowed; therefore,

Oversight will reflect an increased cost to MDA of \$240,000 ((6 new x \$30,000) + (6 existing x (\$30,000 - \$20,000)) per year.

Oversight notes this proposal allows MDA to award more than 12 applicants if additional moneys from private grants, gifts, donations, devises, or bequests of moneys, funds, real or personal property, or other assets are deposited in the Veterinary Student Loan Payment Fund; therefore, Oversight will reflect the increase as “Could exceed \$240,000”.

Oversight notes there was a \$14 balance in the Veterinary Student Loan Payment Fund (0803) as of February 28, 2023.

Oversight notes actual expenditures for this program over the past three years have been:

	Expenditures	Applicants	Recipients
FY 2021	\$116,400	13	6
FY 2020	\$116,348	11	6
FY 2019	\$116,318	12	6

Oversight notes this program has a transfer from the Lottery Proceeds Fund to fund the program. With the small balance of the Veterinary Student Loan Payment Fund, Oversight will assume the additional proceeds needed for a program expansion will be transferred in from the Lottery Proceeds Fund (0291).

Section 620.2500 Upskill Training Tax Credits

Officials from the **Department of Economic Development (DED)** assumed section 620.2500 creates a new provision that provides grants to employers to encourage employees to obtain upskill credentials. DED may distribute reimbursement to any qualifying employer not to exceed two thousand dollars for each employee who obtains upskill credentials, provided that no qualifying employer shall receive more than thirty thousand dollars under this section in any calendar year. The department shall evaluate employers on a competitive basis and distribute an equal number of awards within 3 groups based on the number of employees of qualifying employers (Groups: 1-50 employees; 51-200 employees; 201 or more employees).

DED has determined that costs and the impact on TSR could be significant as a result of this program, and that more information is needed in regards to the parameters of the program before an estimated cost can be derived.

DED will need to hire 2.0-3.0 FTE to administer the program. DED does not have existing budget authority that can absorb the cost.

Oversight notes that according to the article posted in [Missouri One Star Program 2020](#), there were 47,000 employees across 234 companies trained throughout this program in 2020.

Oversight notes that [The American Upskilling Study](#) states: "...most workers (57%) are very or extremely interested in participating in training to upgrade their skills or to learn new skills that could help them advance their career. When that training is free and workers are paid while doing it (as they would be during work), interest goes up to 71%. By contrast, 47% of workers are interested in training at a college or university." In summary employer's interest for upskilling their workforce is only growing.

Oversight assumes that the DED's request for additional FTE is plausible. Therefore, Oversight will reflect the lower estimated projection of 2 FTE (Economic Development Specialists at \$63,192 with fringe benefits and equipment and expense annually) in the fiscal note.

Oversight notes the Colorado Workforce Development Council announced a similar program – \$2.25 million in funding to support up to 1,200 individuals to earn an industry-recognized credential during the grant period. However, Ohio also has a similar program through their Department of Development called TechCred. According to an article from [Ohiohighered.org](#), "TechCred is one of Ohio's most successful business-education partnerships. This innovative program is designed to qualify workers for new jobs in the technology-infused economy. The program has already supported more than 23,723 new credentials and certificates to date." It appears that Ohio has a \$30 million appropriation over the next two year period (\$15 million per year). Since Ohio's program and the program described in the bill appear to be very similar, Oversight will utilize \$15 million per year as an estimate, reduced to Missouri population - \$8,000,000. The actual appropriation amount may not exceed \$6,000,000 in any fiscal year (subsection 620.2500.7).

Officials from the **Office of Administration – Budget & Planning (B&P)** assume the proposed legislation creates the "Upskill Training Fund" in the state treasury for training reimbursement to employers who meet upskill credentials. Moneys for the fund shall be appropriated by the general assembly, which shall not exceed \$6M per fiscal year. The Department of Economic Development (DED) may distribute the funds to qualified employers not to exceed two-thousand dollars for each employee, and thirty-thousand dollars for each employer per fiscal year. DED shall also design the application form for qualifying employers to apply for training reimbursement. DED shall reserve 33 1/3% of funds to be awarded to qualifying employers with at least one, but not more than fifty employees, and 33 1/3% for qualifying employers with at least fifty-one, but not more than two hundred employees. All reserved amounts under this subdivision that are not issued or awarded by March first of the fiscal year shall no longer be reserved and may be issued to any employer otherwise eligible in this section. To the extent appropriations are made for this program, resources may be reduced for other budget priorities.

Oversight assumes B&P is provided with core funding to handle a certain amount of activity each year. Oversight notes pointing out that grant appropriations would compete with other programs for state monies available and assumes B&P would still be funded at sufficient levels to accomplish current duties.

In response to previous versions of the bill, officials from the **University of Central Missouri** assumed this proposal would have an indeterminate fiscal impact depending on if UCM's

programs constitute the requisite "credentials" and if so, if there is an increase of students in those programs.

Oversight notes that officials from above organization assume the proposal will have a positive fiscal impact on their organization.

Oversight notes the proposal's Sections 620.2500.1(3) and 620.2500.1(4) exclude public bodies from participating in this program. These would include public elementary and secondary school and community colleges, colleges and universities which receive public funds. Therefore, **Oversight** will note zero impact for above organizations in the fiscal note.

Oversight notes that Section 620.2500 7. creates an Upskill Credential Fund, which shall consist of money appropriated to the fund by the general assembly, not to exceed six million dollars in any fiscal year, and any funds accepted from other sources, which shall not be limited in any fiscal year. Therefore, **Oversight** will note the fiscal impact up to \$6M to the general revenue fund in the fiscal note.

Lastly, **Oversight**, for purposes of this fiscal note, will note the Upskill Credential Fund will net to zero with the money being disbursed to various qualifying companies and using the fund for designated purpose of Upskilling employees throughout Missouri.

Oversight notes the proposal adds clarification language in regards to certain industry exclusions and qualifications for the upskill tax credit under the proposal.

Overall bill:

Officials from the **Attorney General's Office**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Mental Health**, the **Department of Corrections**, the **Missouri Office of Prosecution Services**, the **Office of the State Courts Administrator**, the **Missouri Department of Agriculture**, the **Missouri State University**, the **Saint Charles Community College – 2**, the **City of Kansas City**, the **City of Ulrich**, and the **City of Springfield** each assume the proposal would not have a direct fiscal impact on their respective organizations.

Oversight notes that officials from above organizations assume the proposal will have no fiscal impact on their respective organizations. Therefore, **Oversight** will note zero impact for above organizations in the fiscal note.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 \$5,000. 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
GENERAL REVENUE				
<u>Costs – OA- Section 105.1600 5. (p.4)</u>	\$0 or	\$0 or	\$0 or	\$0 or
Personnel Service	Up to (\$70,833)	Up to (\$86,700)	Up to (\$88,434)	Up to (\$75,169)
Fringe Benefits	Up to (\$38,828)	Up to (\$47,214)	Up to (\$47,847)	Up to (\$41,905)
Expense & Equipment	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Total Costs - OA</u>	Could Exceed <u>(\$109,661)</u>	Could Exceed <u>(\$133,914)</u>	Could Exceed <u>(\$136,281)</u>	Could Exceed <u>(\$139,007)</u>
FTE Change	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<u>Cost – DOLIR - Section 105.1600 5</u>	\$0 or	\$0 or	\$0 or	\$0 or
Personnel Service	(\$192,530)	(\$235,657)	(\$240,370)	(\$245,177)
Fringe Benefits	(\$123,979)	(\$150,530)	(\$152,266)	(\$155,311)
Expense & Equipment	(\$8,000)	(\$0)	(\$0)	(\$0)
<u>Total Cost –DOLIR (p.4-5)</u>	<u>(\$324,509)</u>	<u>(\$386,160)</u>	<u>(\$392,636)</u>	<u>(\$400,488)</u>
FTE Change	0 or up to 4 FTE	0 or up to 4 FTE	0 or up to 4 FTE	0 or up to 4 FTE
<u>Revenue Reduction – Section 135.457 "Intern and Apprentice Recruitment Tax Credit maximum cap. (p.9)</u>	\$0	Up to (\$1,000,000)	Up to (\$1,000,000)	Up to (\$1,000,000)

<u>FISCAL IMPACT – State Government (cont.)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
<u>Costs – DED FTE – Section 135.457 8.</u>				
Personnel Service	\$0	(\$38,079)	(\$77,680)	(\$79,233)
Fringe Benefits	\$0	(\$22,038)	(\$44,646)	(\$45,539)
Expense & Equipment	\$0	(\$12,887)	(\$4,543)	(\$4,634)
<u>Total Costs – DED (p.8-9)</u>	<u>\$0</u>	<u>(\$73,004)</u>	<u>(\$126,869)</u>	<u>(\$129,406)</u>
FTE Change	\$0	1 FTE	1 FTE	1 FTE
<u>Transfer-out – to Medical Residency Grant Program Fund (\$191.592) (p.12)</u>	Could exceed (\$1,114,627)	Could exceed (\$2,110,572)	Could exceed (\$3,113,372)	Could exceed (\$4,115,326)
<u>Revenue Transfer Out– Section 620.2500 – into Upskill Credential Fund (p.18)</u>	\$0 or Up to (\$6,000,000)	\$0 or Up to (\$6,000,000)	\$0 or Up to (\$6,000,000)	\$0 or Up to (\$6,000,000)
<u>Cost – DED – 2 FTE - Section 620.2500 – Administration Of Tax Credit Program</u>	\$0 or....	\$0 or....	\$0 or....	\$0 or....
Personnel Services	(\$105,320)	(\$128,912)	(\$131,490)	(\$134,120)
Fringe Benefits	(\$59,965)	(\$72,805)	(\$73,669)	(\$75,142)
Equipment & Expense	(\$31,098)	(\$11,969)	(\$12,208)	(\$12,452)
<u>Total Cost - DED</u>	<u>(\$196,383)</u>	<u>(\$213,686)</u>	<u>(\$217,367)</u>	<u>(\$221,714)</u>
Total FTE – DED (p.17)	2 FTE	2 FTE	2 FTE	2 FTE
<u>ESTIMATED NET EFFECT ON GENERAL REVENUE</u>	<u>Up to (\$7,745,180)</u>	<u>Up to (\$9,917,336)</u>	<u>Up to (\$10,986,252)</u>	<u>Up to (\$12,005,941)</u>
Estimated Net FTE Change to the General Revenue Fund	Up to 7 FTE	Up to 8 FTE	Up to 8 FTE	Up to 8 FTE

<u>FISCAL IMPACT – State Government (cont.)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
FEDERAL FUNDS				
<u>Income</u> – Section 160.2705 - Budget Stabilization Fund (0522) reimbursement for Excel Centers (p.10)	\$0 to \$416,667	\$0 to \$500,000	\$0 to \$500,000	\$0 to \$500,000
<u>Cost</u> – Section 160.2705 - Budget Stabilization Fund (0522) expenditures for Excel Centers (p.10)	\$0 to (\$416,667)	\$0 to (\$500,000)	\$0 to (\$500,000)	\$0 to (\$500,000)
<u>Reduction in Revenue</u> – Section 105.1600 – DSS (DYS) potential non-compliance p. 5	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)	\$0 Up to (\$21,168,805)
MEDICAL RESIDENCY GRANT PROGRAM FUND				
<u>Transfer-in</u> – from General Revenue (\$191.592) (p.12)	Could exceed \$1,114,627	Could exceed \$2,110,572	Could exceed \$3,113,372	Could exceed \$4,115,326
<u>Income</u> – gifts, contributions, grants or bequests (p.11)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer-in</u> – from Colleges and Universities – grant repayments (p.12)	\$0	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

<u>FISCAL IMPACT – State Government (cont.)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
<u>Costs – DHSS (§191.592)</u>	Could exceed...	Could exceed...	Could exceed...	Could exceed...
Personal service	(\$63,999)	(\$64,639)	(\$66,585)	(\$67,916)
Fringe benefits	(\$39,529)	(\$39,769)	(\$40,497)	(\$40,995)
Equipment and expense	(\$11,099)	(\$6,164)	(\$6,290)	(\$6,415)
Medical education grants	(\$1,000,000)	(\$2,000,000)	(\$3,000,000)	(\$4,000,000)
<u>Total Costs – DHSS (p.12)</u>	<u>(\$1,114,627)</u>	<u>(\$2,110,572)</u>	<u>(\$3,113,372)</u>	<u>(\$4,115,326)</u>
FTE Change – DHSS	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
ESTIMATED NET EFFECT ON THE MEDICAL RESIDENCY GRANT PROGRAM FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
COLLEGES AND UNIVERSITIES				
<u>Income – Colleges and Universities – increase in tuition and fees (§191.592) (p.13)</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer-out – to Medical Residency Grant Program Fund from Colleges and Universities – grant repayments (§191.592) (p.13)</u>	<u>\$0</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – State Government (cont.)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
NURSE LOAN FUND				
<u>Loss – DHSS (§335.212 - 353.242)</u> Loss of educational surcharge collection (p.11)	<u>(\$66,000)</u>	<u>(\$1,300,000)</u>	<u>(\$66,000)</u>	<u>(\$1,300,000)</u>
ESIMATED NET EFFECT ON THE NURSE LOAN FUND	<u>(\$66,000)</u>	<u>(\$1,300,000)</u>	<u>(\$66,000)</u>	<u>(\$1,300,000)</u>
BOARD OF NURSING FUND (0635)				
<u>Revenue – DCI Section §335.205- Nursing Education Incentive Program Surcharge (p.14)</u>	<u>\$56,120</u>	<u>\$1,211,515</u>	<u>\$57,465</u>	<u>\$1,211,515</u>
ESTIMATED NET EFFECT TO THE BOARD OF NURSING FUND	<u>\$56,120</u>	<u>\$1,211,515</u>	<u>\$57,465</u>	<u>\$1,211,515</u>
LOTTERY PROCEEDS FUND (0291)				
<u>Transfer Out – to the Veterinary Student Loan Payment Fund for expansion of the program 340.341 – 340.345 (p.16)</u>	<u>Up to (\$240,000)</u>	<u>Up to (\$240,000)</u>	<u>Up to (\$240,000)</u>	<u>Up to (\$240,000)</u>
ESTIMATED NET EFFECT TO THE LOTTERY PROCEEDS FUND	<u>Up to (\$240,000)</u>	<u>Up to (\$240,000)</u>	<u>Up to (\$240,000)</u>	<u>Up to (\$240,000)</u>

<u>FISCAL IMPACT – State Government (cont.)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
VETERINARY STUDENT LOAN PAYMENT FUND (0803)				
<u>Transfer In</u> – Section 340.341 – 340.345 - from the Lottery Proceeds fund (p.16)	Up to \$240,000	Up to \$240,000	Up to \$240,000	Up to \$240,000
<u>Income</u> – Section 340.396 MDA – private grants, gifts, donations, devises or bequests	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – Section 340.341 – 340.345 - MDA – increase in number and amount of awards for veterinary students	Could exceed <u>(\$240,000)</u>	Could exceed <u>(\$240,000)</u>	Could exceed <u>(\$240,000)</u>	Could exceed <u>(\$240,000)</u>
ESTIMATED NET EFFECT ON THE VETERINARY STUDENT LOAN PAYMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
LOCAL POLITICAL SUBDIVISIONS				
<u>Cost</u> – Section 105.1600 1 (6) & 2 (1) to (3) (p.6)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

EMPLOYMENT QUALIFICATIONS FOR CERTAIN STATE EMPLOYEES (Section 105.1600)

This bill specifies that state agencies shall not deny an applicant for hiring consideration solely on the basis that the applicant doesn't have a postsecondary degree. State agencies are required to determine the baseline requirements for applicants, but may not include a postsecondary degree as a baseline requirement.

The provisions do not apply to positions with a state agency where a clear demonstration is made that the duties require a postsecondary degree, as described in the bill; where the position requires a professional or occupational license; and any position as a director with a state agency. The Department of Labor and Industrial Relations has the authority to enforce the provisions of the bill, and applicants who believe they were eliminated from a hiring consideration solely based upon lack of a postsecondary degree may appeal the decision to the Labor and Industrial Relations Commission (LIRC). If the appeal is substantiated, the LIRC shall require the state agency to reopen the hiring process, modify the job posting, or take necessary action to achieve compliance.

INTERN AND APPRENTICE RECRUITMENT ACT (Section 135.457)

This bill establishes the "Intern and Apprentice Recruitment Act". For all tax years beginning on or after January 1, 2024, the bill authorizes an income tax credit for taxpayers who hire an intern or apprentice, as such terms are specified in the bill. The tax credit shall be equal to \$1,500 for each intern or apprentice hired at a pay rate equal to or greater than the minimum wage, provided that the number of interns and apprentices employed during the tax year exceeds the average number of interns and apprentices employed by the taxpayer for the previous three years, and further provided that the interns and apprentices work a certain number of hours, as described in the bill.

A taxpayer shall not claim a tax credit that exceeds \$9,000 in a tax year, and the cumulative amount of the authorized tax credits shall not exceed \$1 million per year. Tax credits authorized by the bill shall not be refundable or carried forward to any subsequent tax year, and shall not be transferred, assigned, sold, or otherwise conveyed. A taxpayer shall apply for the tax credit to the Department of Economic Development and shall include information on participation in a qualified apprenticeship program or a copy of the official transcript of an intern, as applicable.

The provisions of this section sunset on December 31, 2029.

ADULT HIGH SCHOOLS (Sections 160.2705 to 160.2725)

This bill modifies provisions relating to adult high schools. Currently, the Department of Elementary and Secondary Education is required to authorize the operation of four adult high schools across the state. This bill transfers such authority to the Department of Social Services (DSS) which is authorized to operate a fifth adult high school to be located in a county with more than seven hundred thousand but fewer than eight hundred thousand inhabitants, or a contiguous county, which upon enactment is Jackson County or an adjacent county.

The bill requires DSS to administer funding to the adult high schools subject to appropriations. For the existing adult high schools, DSS shall maintain authorization for the nonprofit organizations to operate the high school, provided that no more than one organization may be authorized to operate an adult high school in each of the current four locations. An organization may establish satellite campuses for any adult high school it is authorized to operate.

By January 1, 2024, DSS shall select a Missouri-based nonprofit organization to operate the high school, provided the organization demonstrates the ability to commit at least \$500,000, rather than \$2 million, for the necessary infrastructure to establish the school. Each nonprofit organization must submit an annual report to DSS in addition to other entities.

STUDENT-ATHLETE COMPENSATION (Section 173.280)

This bill includes a definition of “institutional marketing associate”. The bill defines a "unique identifier" for marketing or promotional purposes used by a postsecondary educational institution or third party, as those terms are currently defined. Some examples of unique identifiers are logo, emblem, motto, special symbol, and design. Postsecondary educational institutions and third parties shall develop and adopt a policy and process for granting a student athlete a license to use such institution's or third parties' unique identifier when earning or attempting to earn compensation from the use of such student athlete's name, image, likeness rights, or athletic reputation (NIL).

A postsecondary educational institution or third party may charge a fee for a license to use the unique identifier, and may impose requirements that the student athlete refrain from using the unique identifier in a manner determined by the institution as detailed in the bill. If a private postsecondary educational institution retains the student athlete's contract, the institution is required to consider the contract terms to be student governed by the Family Education Rights and Privacy Act. The contract is regarded as a closed record under Chapter 610. No compensation for a student athlete's NIL shall be conditioned on the student athlete's athletic performance, but it may be conditioned on attendance. A nonprofit shall have the right to compensate a student athlete for the commercial use of the student athlete's NIL. Institutional marketing associates have the right to compensate a student athlete for the commercial use of the student athlete's NIL as explained in the bill. A postsecondary educational institution shall offer at least two workshops per calendar year that include topics such as life skills, time management

and entrepreneurship. The workshops are subject to requirements and standards as described in the bill, and the workshops shall not be identical in each academic year.

An athletic association, conference, or other organization with authority over varsity intercollegiate athletics shall not prevent or penalize a student athlete from receiving compensation for the commercial use of such student athlete's NIL, or prevent a postsecondary educational institution from participating in varsity intercollegiate athletics as a result of a student athlete's receipt of compensation for the use of the student athlete's NIL, or entertain a complaint or open an investigation or take adverse action for activities protected under the bill. A student athlete has the right to obtain professional representation through an attorney licensed in the state of Missouri to secure compensation for NIL without penalty. Any student athlete may bring a civil action against third parties for interfering with the student athlete's earning of compensation for use of NIL. The bill does not affect the rights of student athletes under Title IX of the Education Amendments of 1971 (20 U.S.C. Section 1681 et seq).

A high school athlete who competes on or against a public interscholastic athletic team in the state may earn or attempt to earn compensation for such athlete's NIL, subject to certain requirements and restrictions, including being able to earn compensation only after the signing of an athletic letter-of-intent to enroll in a postsecondary educational institution.

MEDICAL RESIDENCY GRANT PROGRAM (Section 191.592)

This bill establishes a medical residency grant program to award grants, subject to appropriation, for eligible entities for the purpose of establishing and funding new general primary care and psychiatry medical residency positions in Missouri and continuing the funding of the new positions for the duration of the residency. Funding shall be available for three or four years for certain residency positions. The Department of Health and Senior Services (DHSS) shall establish criteria for the grants as described in the bill and report on the program to the General Assembly. This bill creates the "Medical Residency Grant Program Fund", which shall consist of moneys appropriated by the General Assembly, all funds returned from entities unable to fill their residency positions, and any gifts, contributions, grants, or bequests received from federal, private, or other sources. This provision has an emergency clause.

This provision expires on January 1, 2038.

NURSING EDUCATION INCENTIVES (Sections 335.200 to 335.257)

This bill modifies the Nursing Education Incentive Program. Currently, grant awards made under the Program are limited to \$150,000. The bill repeals that limit. Additionally, the State Board of Nursing is required to collect, at the time of any license application or license renewal application, a Nursing Education Incentive Program surcharge from each person licensed or relicensed as a nurse. Such surcharge shall be \$1 for practical nurses and \$5 for registered professional nurses. Furthermore, the bill modifies the definition of "eligible institution of higher education" to include an approved virtual institution that offers a nursing education program.

The bill repeals the Nursing Student Loan Program and the Nursing Student Loan Repayment Program.

LARGE ANIMAL VETERINARY MEDICINE LOAN REPAYMENT PROGRAM (Sections 340.341 to 340.387)

This bill modifies provisions relating to the Large Animal Veterinary Medicine Loan Repayment Program.

As specified in the bill, the Missouri Department of Agriculture shall not grant repayment for more than 12 veterinarians each year, instead of six. The bill renames the "Dr. Merrill Townley Large Animal Veterinary Student Loan Program" to the "Dr. Merrill Townley and Dr. Dan Brown Large Animal Veterinary Student Loan Program".

The bill expands the sources of funding for the Program to include any private grant, gift, donation, device, or bequest of moneys, funds, real or personal property, or other assets. A qualified applicant may receive financial assistance under the Program up to \$30,000 for each academic year, instead of \$20,000, provided that the cumulative total shall not exceed \$120,000 per qualified applicant, instead of \$80,000.

The bill provides that up to 12, instead of six, qualified applicants per academic year may be awarded loans under the Program. The Department may increase the number of qualified applicants above 12 that may be awarded such loans per academic year if the amount of any additional moneys received from private contributions or other assets deposited in the Veterinary Student Loan Payment Fund allows the full funding of such increase in the number of applicants.

Finally, the bill specifies that, for each year of qualified employment that each individual contracts to serve in an area of defined need, the Department shall forgive up to \$30,000 with accrued interest, instead of \$20,000.

UPSKILL CREDENTIALS (Section 620.2500)

This bill allows the Department of Economic Development (DED) to disburse grants to qualifying employers for each employee or prospective employee who obtains upskill credentials, as defined in the bill. "Public body" is defined to exclude hospitals in Section 197.020, long-term care facilities licensed under Chapter 198 or public hospitals under Chapter 205.

This bill establishes the "Upskill Credential Training Fund" which consists of moneys appropriated by the General Assembly not to exceed \$6 million per fiscal year.

No qualifying employer shall receive more than \$30,000 in any fiscal year. In order to receive such grants a qualifying employer is required to submit an application to DED as provided in the bill. Applications are evaluated on a competitive basis using the following criteria:

- (1) The pledged average wage increase that employees or prospective employees will realize after obtaining an upskill credential in relation to the cost of obtaining the credential;
- (2) The level of economic distress to the qualifying employer's region and the balance of awards made to the various regions of the state; and
- (3) The contribution made by the qualifying employer toward the cost of obtaining the upskill credential.

At the close of each application period, to be determined by DED, applications will be evaluated and preliminary awards for reimbursement may be made.

In making preliminary awards of reimbursement, the DED shall reserve 33 1/3% to award exclusively to qualifying employers with at least one but not more than 50 employees; and 33 1/3% to award exclusively to qualifying employers with at least 51 but no more than 200 employees. Any amount that is reserved and not awarded by March 1st of the fiscal year may be issued to any qualifying employer eligible for an award.

Upon being given a preliminary award for reimbursement, each qualifying employer must sponsor a current or prospective employee to obtain an upskill credential within 12 months of the preliminary award. Employees may not commence the process of obtaining the credential until after a preliminary award has been made. Upon obtaining a credential, the employer shall submit proof of the same to DED along with proof that the individual who completed the training is a Missouri resident with a verifiable Missouri address.

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

Attorney General's Office
Department of Economic Development
Office of Administration – Budget & Planning
Department of Revenue
Department of Health and Senior Services
Department of Social Services
Department of Mental Health
Department of Revenue
Missouri Department of Agriculture
Missouri Department of Conservation
Office of Administration

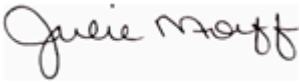
L.R. No. 1211S.10T

Bill No. Truly Agreed To and Finally Passed SS for SCS for HCS for HB 417

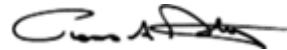
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June 12, 2023

University of Central Missouri
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Saint Charles Community College – 2
City of Kansas City
City of Springfield
City of Ulrich
Joint Committee on Administrative Rules
Office of the Secretary of State



Julie Morff
Director
June 12, 2023



Ross Strobe
Assistant Director
June 12, 2023