

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2731-01
Bill No.: SB 864
Subject: Children and Minors; Education, Elementary and Secondary; Education, Higher; Elementary and Secondary Education Dept.; Higher Education Dept.; Teachers
Type: Original
Date: January 14, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$12,725,493)	(\$31,352,770)	(\$62,303,869)
Total Estimated Net Effect on <u>All</u> State Funds	(\$12,725,493)	(\$31,352,770)	(\$62,303,869)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Schools *	(Unknown)	(Unknown)	(Unknown)
Local Government *	(Unknown)	(Unknown)	(Unknown)

* could exceed \$100,000 per year.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would expand the A+ Schools Program to include reimbursement of the cost of tuition, books, and fees for a qualified student attending any four-year approved public or private institution of higher education. By opening this program up to four-year institutions, DESE officials assume ALL high schools in the state would want to become part of this program. Currently, 399* districts are not designated A+. DESE officials estimate one-third of those districts (133) will become designated each year starting with FY 03.

* Student information was taken from the 1998-99 Report of Public Schools in Missouri.

DESE officials assumed a 3% annual increase in costs for tuition, books, and fees.

\$1,800 = yearly tuition average (\$60** x 15 semester hours x 2 semesters)

\$800 average cost of books per year.

Fees are included in tuition costs.

** According to the 2000-2001 MO Community Colleges Association Resource Book, average per semester hour rate is between \$55-\$60.

Administrative Impact - Schools

DESE officials noted they feel certain that ALL high schools in the state would want to become part of this program to assist their students with two years of college tuition; therefore, there would be a significant increase in administrative needs at the school district level. We feel this could cost well over \$100,000. Also, the school district's A+ Coordinator would have added workload to track all of the students in the program to make sure they are meeting the eligibility criteria, especially the tutoring hours requirement.

Oversight assumes the additional administrative costs at the school district level are unknown but could exceed \$100,000.

ASSUMPTION (continued)

Administrative Impact - DESE

DESE officials assume their organization would require two additional FTEs (one supervisor and one administrative assistant) to track the extra volume of students qualifying for tuition reimbursement, to process added payments, and to provide oversight. The A+ designation requires an on-site visit by a review team; therefore, four additional FTE School Supervisors would be required to perform the additional on-site visits for the schools attempting to gain the A+ designation.

Fiscal Impact of Additional Scholarships

FY 2003

DESE officials assume 6,349 students will be eligible for tuition reimbursement. There are 8,000 students in the FY 01 class currently attending A+ schools less 5,651 already included in budget request) = 2,349 students, plus 4,000 students who graduated from A+ schools and are currently attending four-year institutions.

$$6,349 \times \$2,600 = \$16,507,400$$

FY 2004-2005

DESE also projected costs of \$60,249,852 for FY 2003, \$137,905,406 for FY 2004, and \$196,369,134 for FY 2005, assuming all school districts in the state become A+ certified over that three year period and all their graduates attend postsecondary education.

In response to a similar proposal in the prior session, officials from the **Department of Higher Education** (DHE) assume no fiscal impact to their organization since this program will be funded through DESE, and DHE already performs the required certification of in-district tuition and fees for Missouri public community colleges.

DHE assumes the number of students who may become eligible for financial aid under this proposal would be reduced by the number of students who drop out of school between eighth grade and high school graduation, and by the number of students who choose not to pursue education after high school. Further, DHE assumes the amount of state financial aid to eligible students would be reduced by \$650 per student, the average annual amount of federal financial aid received by Missouri students in higher education.

ASSUMPTION (continued)

Oversight assumes, for purposes of this fiscal note, that all Missouri school districts would become A+ certified over the three year period after this proposal becomes effective. Oversight accepts the DHE assumptions as they apply to enrollment data provided by DESE and has estimated the number of potentially eligible students, using graduation and college attendance data published by DESE. Oversight has included estimated additional state financial aid costs for this proposal of \$12,380,550 for FY 2003, \$30,951,607 for FY 2004, and \$61,892,545 for FY 2005.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE			
<u>Cost - DESE</u>			
Personal Service	(\$228,288)	(\$280,794)	(\$287,814)
Fringe Benefits	(\$76,088)	(\$93,589)	(\$95,928)
Equipment	(\$18,900)	\$0	\$0
Expense	(\$21,667)	(\$26,780)	(\$27,582)
Scholarships	<u>(\$12,380,550)</u>	<u>(\$30,951,607)</u>	<u>(\$61,892,545)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$12,725,493)</u>	<u>(\$31,352,770)</u>	<u>(\$62,303,869)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
LOCAL GOVERNMENT			
<u>Schools</u>			
Additional administrative cost *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

* could exceed \$100,000 per year

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would expand the A+ Schools program by allowing reimbursement for students attending four-year institutions. Reimbursement would be limited to the cost of attending Missouri public community colleges for two years.

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

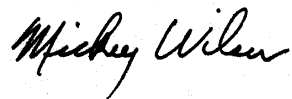
Department of Elementary and Secondary Education

NOT RESPONDING

Department of Higher Education

Office of Administration

Division of Budget and Planning



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