

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3607-01
Bill No.: SB 853
Subject: Higher Education.
Type: Original
Date: January 28, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various State Funds	(\$433,223)	(\$586,473)	(\$588,793)
Total Estimated Net Effect on <u>All</u> State Funds	(\$433,223)	(\$586,473)	(\$588,793)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
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
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services, Division of Personnel and Labor Relations (DOS - DPLR)** state this proposal would establish an internship program in the higher education area. The CAES (Collaborative for Applied Experiences in Science) program would consist of a summer employment program emphasizing the development of research and technical skills in the fields of science, mathematics, computer science, and engineering. DOS - DPLR assumed this proposal would not fiscally impact their agency, based upon the provisions in the bill that allow for discretionary participation in the program based on available funding. If the agency chose to sponsor the program, then funding would be necessary. However, an actual amount of cost cannot be projected without specific information as to the actual number of participants and the salary to be paid to each. It is noted that the agency would pick up one-third of the cost, or more. It is also noted that minimum wage would be required or receipt of a stipend which had been agreed to by the university or corporate entity and the participant.

Officials from the **Department of Social Services, Information and Services Technology Division (ISTD)** state that there would be a potential pool of student participants who would be involved in ISTD projects and gain knowledge and experience. ISTD assumes DED would fund 2/3rds of the cost.

ISTD states that for a number of years, they sponsored an intern program for computer science students. ISTD has worked with several universities in recruiting and training successful students through a cooperative partnership. ISTD currently does not operate the program due to recent budget cuts within the state. ISTD states that if they decide to become a project sponsor under the proposal, the following wage costs per student would be incurred based upon the induction rate of the intern program:

Intern Wage Rate	\$1,941 / month
DED Costs (@ 2/3 funding)	\$1,294 / month
DSS/ISTD Cost (@ 1/3 funding)	\$647 / month

Officials from the **Department of Economic Development, Division of Workforce Development (DWD)** state this legislation will require coordination between the Division, colleges and universities, not only in Missouri, but throughout the United States. Mailings to promote the program, as well as travel for promotional purposes will be required on an annual basis. Local boards will have to be involved in the program in order to obtain employers in their area that are willing to participate in the program. If more participants are served than the 200 that were estimated, the fiscal impact to the state

ASSUMPTION (continued)

could be an even larger amount. With the downturn in the economy, more college students may be looking for internships and stipend employment. It will give them an extra boost with this program's employment on their resume, so in effect, this could evolve into a major program. Participants in the program might not meet the eligibility requirements under the Workforce Investment Act. Therefore, W.I.A. funds would be unavailable for use under this program.

DWD assumes that a Workforce Development Specialist IV (\$45,156 per year) would be used to coordinate the program. They would be responsible for marketing, travel, coordination of services with local boards and other agencies, and any other responsibilities as needed. DWD also assumes one half of an FTE Office Support Assistant (\$20,472 annually) would be needed to provide all clerical duties.

DWD also assumes the need of one quarter of an FTE Community and Economic Development Manager (\$49,140 annually) to oversee the administration of the program and provide any additional travel and marketing services as required, as well as one quarter of an FTE Accountant (\$33,276 annually) for processing all reimbursements to providers for participant costs.

Participant were figured at 200 per summer for the program, at minimum wage for 30 hours per week for 12 weeks, and would include worker's compensation and FICA costs. Office supplies, telephone expenses, travel, printing and mailing costs would be required to administer and promote the program. DWD estimates the cost to their agency for administering the program would total \$448,798 in FY 2003, \$554,192 in FY 2004, and \$570,282 in FY 2003.

Oversight assumes DED could administer their portion of the program with the requested Workforce Development Specialist, and the other duties assigned to the requested partial FTEs could be absorbed by existing resources. Oversight also assumes DED's portion (2/3) of the participant payments would be roughly \$273,360 ($2/3 \times 200$ participants \times 12 weeks \times 30 hours per week \times \$5.695 per hour which includes FICA and unemployment) per year. Oversight assumes one half of this amount, or \$136,680 will be necessary for FY 2003 for the months of May and June.

Oversight has not reflected the 1/3 cost of the participant's earnings that will be required to be paid by the project sponsors, which could be state agencies, any unit of local government, corporations, organizations, administrative agencies, and community-based organizations. Participation in the program is voluntary, so Oversight has not reflected the potential sponsor costs on the fiscal note.

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations (DOL)** state that Section 620.924 of the proposal requires the “directors of the departments of economic development and labor and industrial relations ... to establish appropriate allocations from their respective budgets” for the operation of the CAES program. The unemployment compensation trust fund (UCTF) is strictly for the payment of unemployment insurance benefits. DOL’s federal fund is strictly for administration of the unemployment insurance program. These funds cannot be used to cover the administrative costs generated by the proposal.

DOL state they are not able to predict what contracts may be established under the program that could affect it as described under 620.918.3 and it’s potential impact. DOL estimates an unknown fiscal impact to the General Revenue fund.

DOL also states that the proposal appears to be similar to other intern programs and processes that perform many of the same functions currently available to most state agencies.

The Office of Equal Opportunity (OEO) within the Office of Administration matches students with the internship opportunities and most state agencies have recruiters and placement personnel in their human resources departments, who actively recruit interns.

Two other programs, the Area Vocational Technical Program under the Division of Workforce Development and Missouri’s Community Career Systems (school to work program) funded through the MO Dept. of Elementary and Secondary Education, also provide services to recruit and identify college students for the purposes described in this proposal.

Officials from the **Department of Conservation (MDC)** state this legislation impinges on the authority of the Conservation Commission as granted to the Commission by the citizens of the State of Missouri in Article IV, sections 40 through 46. If passed in its present form, this legislation could have significant impact on MDC funds. The legislation does not provide enough detail on funding requirements to determine the amount of fiscal impact.

Officials from the **University of Missouri - Outreach and Extension** anticipate no significant fiscal implications resulting from this proposed legislation.

Officials from the **University of Missouri - Office of the Vice President for Academic Affairs** assume the University of Missouri would incur approximately \$225,000 in additional costs as a result of this bill. These costs would cover personnel, including a program director and staff as well as support personnel on each campus. Other expenses would include extensive travel and publicity costs.

ASSUMPTION (continued)

Oversight assumes the University of Missouri will be the “appropriate host institution of higher education” that will work in conjunction with the Department of Economic Development on this program, and have reflected their estimated costs to the CAES Fund.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development’s authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 20 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 30 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$1,230, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Higher Education, Department of Elementary and Secondary Education**, and the **State Treasurer’s Office** each assume this proposal would not fiscally impact their respective agencies.

Since the funding for this program may come from, but not be limited to, the federal Workforce Investment Act as well as other discretionary funds which may be available to the various departments and to the governor’s office, **Oversight** has reflected a transfer out from various state funds to the CAES fund to cover the expenses of the program.

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

VARIOUS STATE FUNDS

RS:LR:OD (12/01)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Transfers Out</u> - to the Collaborative for Applied Experiences in Science Fund	<u>(\$433,223)</u>	<u>(\$586,473)</u>	<u>(\$588,793)</u>
ESTIMATED NET EFFECT TO THE VARIOUS STATE FUNDS	<u>(\$433,223)</u>	<u>(\$586,473)</u>	<u>(\$588,793)</u>
 COLLABORATIVE FOR APPLIED EXPERIENCES IN SCIENCE FUND			
<u>Transfer In</u> - from various state funds	\$433,223	\$586,473	\$588,793
<u>Costs</u> - DED			
Personal Service (1 FTE)	(\$38,571)	(\$47,442)	(\$48,628)
Fringe Benefits	(\$13,889)	(\$17,084)	(\$17,511)
Expense and Equipment	(\$19,083)	(\$23,587)	(\$24,294)
Participant payment	<u>(\$136,680)</u>	<u>(\$273,360)</u>	<u>(\$273,360)</u>
<u>Total Costs</u> - DED	<u>(\$208,223)</u>	<u>(\$361,473)</u>	<u>(\$363,793)</u>
 <u>Costs</u> - University of Missouri			
Personnel, travel and publicity costs associated with the CAES program	<u>(\$225,000)</u>	<u>(\$225,000)</u>	<u>(\$225,000)</u>
 ESTIMATED NET EFFECT TO THE COLLABORATIVE FOR APPLIED EXPERIENCES IN SCIENCE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would impact small business that choose to participate in the Collaborative for Applied Experiences in Science program.

DESCRIPTION

This proposal establishes the "Collaborative for Applied Experiences in Science" (CAES) program, for the purpose of increasing the statewide potential scientific and technical workforce by identifying, recruiting, and retaining talented in-state and resident out-of-state undergraduates. To achieve this end, CAES will:

- Develop a summer employment program emphasizing the development of research and technical skills in the fields of science, mathematics, computer science, and engineering;
- Provide mechanisms for retaining high potential students;
- Introduce students to the potential career opportunities within the state;
- Facilitate employer access to a highly select talent pool; and
- Keep collegiate-level students from Missouri who attend national and regional universities informed about career opportunities in the state.

The Division of Workforce Development within the Department of Economic Development (in potential cooperation with state, local, public or private agencies) and the Department of Labor and Industrial Relations will establish appropriate allocations from their respective budgets to be made for the operation of the CAES program. Funding may come from, but is not limited to, the federal Workforce Investment Act, the one-eighth of one cent sales tax as authorized by sections 43(a) and 43(b) of article IV of the Missouri Constitution, and other discretionary funds.

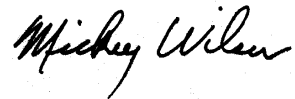
This legislation is not federally mandated and would not require additional capital improvements or rental space. The program may, however, duplicate other programs within the state.

SOURCES OF INFORMATION

Department of Economic Development - Division of Workforce Development

RS:LR:OD (12/01)

Department of Social Services
 Personnel and Labor Relations
 Information and Services Technology Division
Department of Higher Education
Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
University of Missouri
 Outreach and Extension
 Office of the Vice President for Academic Affairs
Department of Conservation
Office of the State Treasurer
Office of the Secretary of State



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