

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1203-01  
Bill No.: HB 341  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Dept  
Type: Original  
Date: February 28, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Less than \$247,500)	(Less than \$495,000)	(Less than \$495,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Less than \$247,500)</b>	<b>(Less than \$495,000)</b>	<b>(Less than \$495,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*Expected to exceed \$100,000

## **FISCAL ANALYSIS**

### **ASSUMPTIONS**

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal would expand the A+ program to include reimbursement of the cost of tuition, books, and fees to any private vocational or technical school which is a member of the North Central Association and accredited by the Higher Learning Commission and is designated as 501(c)(3) not-for-profit organization. Reimbursements would be limited to the tuition rate charged by a public community college for course work offered by the private vocational or technical school within the service area of that community college.

As of July 1, 2004, there were 214 high schools designated A+ out of 572 high schools. It is unknown how many A+ students currently attend the institutions described in this proposal or how many may attend if the legislation should pass. There is the potential for a fiscal impact in excess of \$100,000; however, we cannot estimate the potential impact.

In addition, allowing private institutions to participate in the A+ program would require the entire A+ program to move to an IFB (invitation for bid) process in order to comply with the provisions of Chapter 34 RSMo. The IFB process would require at least 1.0 FTE supervisor.

ASSUMPTIONS (continued)

DESE listed salary and related costs for the new FTE position totaling \$66,061 for FY 2006, \$77,926 for FY 2007, and \$79,908 for FY 2008.

**Oversight** assumes the additional bid procedures which might be generated by the proposal could be processed with existing resources.

Officials from the **Department of Higher Education** (DHE) assume at least one institution would become eligible for A+ reimbursements. Depending on the interpretation of "private vocational and technical schools," other private institutions may also become eligible. That institution averages 200 first time students from Missouri each year. If half of those Missouri students are eligible for A+ reimbursements, 100 additional A+ awards would be given each year. The legislation specifies that the tuition reimbursement shall not exceed the tuition rate charged by the local community college. The fall 2004 tuition and fee rate for the local community college district is \$2,160 in-district and \$2,790 out-of-district. Assuming that half of the students are in-district and half out-of-district, the total cost per year would be \$247,500, or \$495,000 for these students to receive an associate degree (2-year program). However, current A+ rules, promulgated by DESE, provide that financial incentives would be available to qualified students for a period of four years after high school graduation. Therefore, it may be possible for those students attending private vocational and technical schools that offer baccalaureate degrees to receive A+ funding to receive baccalaureate degrees.

Although they did not respond to our request for information, officials from the **Office of the Secretary of State** (SOS) assumed that a similar proposal would allow for the reimbursement of A+ funds to certain private schools. The commissioner of education would promulgate rules to enact this legislation. Based on experience with other divisions, the rules, regulations and forms issued by the commissioner of education could require as many as 8 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27.00. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.  $((8 \times \$27) + (12 \times \$23) = \$492)$

**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.

ASSUMPTIONS (continued)

Officials from **Central Missouri State University, Missouri Western State College, Southwest Missouri State University, Truman State University, Linn State Technical College, Columbia School District, and Parkway School District**, assume the proposal would have no impact on their organizations.

Officials from **St. Charles Community College** assume the proposal would expand the A+ Schools Program to certain private vocational or technical schools. This legislation would further weaken this program fiscally as it continues to lower the amounts reimbursed if additional schools are permitted to enter the program.

Officials from **St. Louis Community College** assume that is impossible to assess the fiscal impact, but assume it would negatively affect our enrollment and program viability.

Officials from the **University of Missouri** stated they were unable to determine the cost of the proposal to their organization.

Officials from the **Metropolitan Community Colleges** assume it is hard to make an estimate of the fiscal impact, but if the colleges were to lose 10% of their A+ students to other schools, it would represent a loss of \$297,000 in tuition revenue alone.

**Oversight** assumes DESE would limit reimbursements to associate (two year) degree programs. We note that the proposal would limit reimbursements to an amount equivalent to community college tuition and fees. We assume that the additional cost to the student due to higher tuition and fees at the private institutions would likely deter some students from attending the private institution. We also assume the proposal's restrictions would result in a relatively small number of A+ students who would choose to attend the private institutions. We assume DESE would only be required to evaluate the limited and specialized course offerings at two institutions, and that existing staff could perform those evaluations.

**Oversight** assumes that community colleges would have an unknown loss of tuition revenues if students attend private institutions rather than community colleges.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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**GENERAL REVENUE**

<u>Cost</u> - A+ reimbursement of tuition books, and fees for private vocational and technical schools	<u>(Less than \$247,500)</u>	<u>(Less than \$495,000)</u>	<u>(Less than \$495,000)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Less than \$247,500)</u></b>	<b><u>(Less than \$495,000)</u></b>	<b><u>(Less than \$495,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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**COMMUNITY COLLEGES**

<u>Loss</u> - Loss of Tuition/Fee revenue due to decreased enrollment *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON COMMUNITY COLLEGES*</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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\*Expected to exceed \$100,000.

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 to certain private vocational or technical schools. Those private vocational or technical schools must be members of the north central association and be accredited by the higher learning commission; must be designated as 501(c)(3) not-for-profit organizations under the Internal Revenue Code; and the private vocational or technical school would not receive tuition reimbursements in excess of the tuition rate charged by a public community college for equivalent course work.

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  
Department of Higher Education  
Central Missouri State University  
Missouri Western State College  
Southwest Missouri State University  
Truman State University  
University of Missouri  
Linn State Technical College  
Metropolitan Community Colleges  
St. Charles community College  
St. Louis Community College  
Columbia School District  
Parkway School District



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Director  
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