

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4646-01  
Bill No.: HB 1607  
Subject: Education, Elementary and Secondary: Elementary and Secondary Education  
Department  
Type: Original  
Date: March 31, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>General Revenue</b>	(Less than \$271,500)	(Less than \$543,000)	(Less than \$543,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Less than \$271,500)</b>	<b>(Less than \$543,000)</b>	<b>(Less than \$543,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<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 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</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 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*Expected to exceed \$100,000

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Office of the Secretary of State (SOS)** assume 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 proposal for Administrative Rules is less than \$1,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

According to officials from the **Coordinating Board for Higher Education (CBH)**, This proposed legislation would not directly impact the CBH. However, expansion of the A+ program will have a negative fiscal impact on the state, as this program is largely viewed as an entitlement.

According to the provisions related to qualified private vocational and technical schools, at least one institution would become eligible for A+ reimbursements. Depending on the interpretation of "any public or private vocational or technical school," other private institutions may also become A+ eligible since the term is not defined. The potential eligible institution annually

ASSUMPTION (continued)

averages 200 first time students from Missouri. If half of these Missouri students are eligible for A+ reimbursements, 100 additional A+ awards will 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 2005 tuition and fee rate for St. Louis Community College is \$2340 in-district and \$3090 out-of-district. Assuming that half of the students are in-district and half out-of-district, the total cost per year is \$271,500, or \$543,000 for these students to receive an associate degree (2-year program). However, current A+ rules, promulgated by DESE, provide that financial incentives will 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.

According to officials from the **Department of Elementary and Secondary Education (DESE)**, as of July 1, 2005, there were 219 high schools designated A+ out of 565 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, DESE 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.

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

Officials from the **University of Missouri (UM)** stated UM would incur no additional costs as a result of the passage of this proposal, as currently written.

Officials from the **Kansas City Metropolitan Community College** stated this proposal would cause their institution to lose approximately 15% of its A+ enrollment, resulting in a negative fiscal impact of about \$375,000.

Officials from the **St Charles Community College** state this proposal would have a negative fiscal impact on their institution.

**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

ASSUMPTION (continued)

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.

**A fiscal impact request was sent to Linn State Technical College, St Louis Community College, Three Rivers Community College, and Moberly Area Community College. Those institutions did not respond to a request for fiscal impact of the proposal.**

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
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**GENERAL REVENUE**

Cost - A+ reimbursement of tuition books, and fees for private vocational and technical schools	(Less than \$271,500)	(Less than \$543,000)	(Less than \$543,000)
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Less than \$271,500)</u></b>	<b><u>(Less than \$543,000)</u></b>	<b><u>(Less than \$543,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
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Loss - Loss of Tuition/Fee revenue due to decreased enrollment *	(Unknown)	(Unknown)	(Unknown)
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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

Currently, a student who qualifies for the A+ Schools Program must attend a public community college, vocational, or technical school. This proposed legislation permits qualified students to attend private, not-for-profit vocational and technical schools accredited by the North Central Association. Reimbursements at these schools must not exceed the community college tuition rate for similar course work offered within the service area of a community college or violate the constitutional provisions that prohibit the use of public funds for religious purposes.

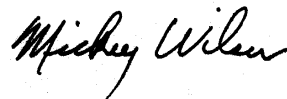
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Coordinating Board for Higher Education  
Office of Secretary of State  
Administrative Rules Division  
Kansas City Metropolitan Community College  
St Charles Community College  
University of Missouri

### NOT RESPONDING

**Linn State Technical College**  
**St Louis Community College**  
**Three Rivers Community College**  
**Moberly Area Community College**



Mickey Wilson, CPA  
Director  
March 31, 2006