

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4724-03
Bill No.: SCS for HB 1865
Subject: Education, Higher; Appropriations; Boards, Commissions, Committees, Councils
Type: Original
Date: April 27, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue *	(\$40,171)	(\$9,906,747 to Unknown)	(\$10,401,017 to Unknown)
Total Estimated Net Effect on General Revenue Fund *	(\$40,171)	(\$9,906,747 to Unknown)	(\$10,401,017 to Unknown)

* subject to appropriation

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a similar proposal, officials from the **Office of the Secretary of State (SOS)** stated that 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 SOS for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Office of Administration, Division of Budget and Planning** assumed a previous version of this proposal would have no fiscal impact on their organization.

Officials from **Lincoln University** assume this proposal would have a modest positive fiscal impact in the form of tuition and fee revenue from scholarship recipients.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education**, the **State Tax Commission**, and **Central Missouri State University** assume the proposal would have no fiscal impact on their organizations.

Officials from the **Department of Higher Education** (DHE) assume this proposal would have a significant impact on the department by adding a new scholarship program.

In 2005, 24,347 Missouri high school graduates had a self-reported GPA of 2.5 or above and indicated plans to attend a Missouri 2- or 4-year institution of higher education. Since 53 percent of high school graduates meet the A+ program criteria, that reduces the eligible students to 12,903. Approximately 84 percent of Missouri high school graduates enroll in a Missouri institution, reducing our number to 10,839 eligibles. Finally, as 91 percent of students enroll full-time (at least 12 credit hours), DHE estimated there would be 9,864 eligible students.

DHE estimated that one FTE Research Associate position would be needed at an estimated salary of \$35,000 plus associated expense and equipment beginning in FY 2007. This Research Associate would be responsible for overall administration of this program, including but not limited to certifying eligibility of students and working with participating institutions in order to distribute funds accurately and smoothly.

Oversight has, for fiscal note purposes only, changed the starting salary for the new position to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes the new position would be required beginning September 1, 2006 for program development and application processing, and has calculated the cost of the scholarship program based on the Department of Higher Education estimate of 9864 eligible students for the first program year and increases of five percent per year for the second and third years. Oversight also notes that the program would authorize scholarships beginning July 1, 2007 (FY 2008), and has reflected the estimated fiscal impact of the Department of Higher Education staffing and the prospective scholarship awards in the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Cost - Higher Education</u>			
Personal Service (1 FTE)	(\$23,550)	(\$29,459)	(\$30,195)
Fringe Benefits	(\$10,376)	(\$12,979)	(\$13,304)
Expense and Equipment	(\$6,245)	(\$309)	(\$318)
Scholarships *	<u>\$0</u>	<u>(\$9,864,000 to Unknown)</u>	<u>(\$10,357,200 to Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(\$40,171)</u>	<u>(\$9,906,747 to Unknown)</u>	<u>(\$10,401,017 to Unknown)</u>
* subject to appropriation			
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would establish the "Access Missouri Scholarship Program" beginning July 1, 2007. Any moneys appropriated by the General Assembly for such program would be used to provide nonrenewable scholarships for Missouri residents to attend an approved institution of higher education in this state. The maximum scholarship would be one thousand dollars, and scholarships would be offered for any academic term beginning within twenty-four months following the date of graduation from high school to Missouri high school graduates who meet the proposal's requirements. Financial assistance would be allotted for one academic year, but a recipient would be eligible for renewed assistance until the recipient has received a baccalaureate degree provided the financial assistance does not exceed ten semesters or their equivalent.

DESCRIPTION (continued)

An applicant who had been found guilty of or pled guilty to any criminal offense or been adjudicated to have committed an offense which would constitute a criminal offense if committed by an adult would be ineligible.

The Coordinating Board for Higher Education would promulgate rules to implement the provisions of this section; prescribe the form and the time and method of awarding scholarships; supervise the processing of applications and select qualified recipients to receive scholarships; make awards to qualified recipients; and determine the manner and method of payment on behalf of the recipient. The Commissioner of Higher Education would establish a procedure for the reimbursement of tuition and fees up to the maximum specified for any student who:

- is not eligible under the A+ program, because the program was not available through the student's high school; and
- has attended a recognized high school in this state for at least three years immediately prior to graduation; students who are dependents of active duty military personnel and all other program requirements would be exempt from the three-year attendance requirement;
- has made a good faith effort to first secure all available federal sources of funding that may be applied to the reimbursement described in this subsection; and
- has earned a grade average consistent with the requirements of the A+ program and has completed other A+ program requirements including community service during high school as determined by rule of the Coordinating Board for Higher Education; or
- is eligible under the A+ program established under section 160.545, RSMo, and who chooses to apply for and is admitted to an approved institution that does not participate in the A+ program.

A recipient of a scholarship could transfer from one approved institution to another without losing eligibility for the scholarship. If at any time a recipient withdraws from an approved institution, which under the rules of such institution would entitle the student to a refund of any tuition, fees or other charges, the institution would pay the portion of the refund attributable to the scholarship for such term to the Coordinating Board for Higher Education.

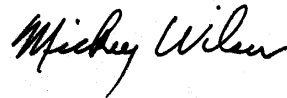
DESCRIPTION (continued)

The Commissioner of Higher Education would develop a procedure for evaluating the effectiveness of the program described in this section. Such evaluation would be conducted annually and the Commissioner of Higher Education would provide the results of the evaluation to the Governor, the General Assembly, and the Joint Committee on Higher Education.

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

Office of Administration
Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Higher Education
State Tax Commission
Central Missouri State University
Lincoln University



Mickey Wilson, CPA
Director
April 27, 2006