

SS#6 SCS SB 389 -- HIGHER EDUCATION

SPONSOR: Nodler (Bearden)

COMMITTEE ACTION: Voted "do pass" by the Committee on Higher Education by a vote of 7 to 1.

This substitute changes the laws regarding higher education and the powers of the Missouri Higher Education Loan Authority (MOHELA).

LEWIS AND CLARK DISCOVERY INITIATIVE

MOHELA is authorized to transfer assets, as specified in the substitute, to the newly created Lewis and Clark Discovery Fund. MOHELA must distribute \$350 million of its assets in increments to the fund no later than September 30, 2013, and moneys in the fund may be appropriated only for capital projects at public colleges and universities and for identifying opportunities for commercializing technologies at public colleges and universities by the Missouri Technology Corporation. Any college or university that knowingly employs a registered sex offender will be ineligible for capital projects funds.

After an initial distribution of \$230 million to the fund, the Department of Economic Development will allocate a percentage, within the limits specified in the substitute, of the state ceiling for private activity bonds to MOHELA for at least the next 15 years. If the total distribution of assets is not completed by September 30, 2013, the ceiling dollar amount received by MOHELA will be reduced by the percentage of the \$350 million not yet distributed. MOHELA moneys cannot be used to pay state debts. Immunity from personal liability is granted for members of MOHELA for certain decisions. MOHELA is authorized to issue bonds to fulfill its obligations regarding the transfer of assets to the fund and may create or invest in financial aid programs that provide student grants and scholarships.

SCHOLARSHIPS

The Coordinating Board for Higher Education will implement the need-based Access Missouri scholarship to replace the current Charles Gallagher Student Assistance Program and the Missouri College Guarantee Program. Applicants must be Missouri residents who are U. S. citizens or permanent residents enrolled as full-time students in an approved public or private institution. In order to renew assistance, the applicant must have at least a 2.5 grade point average on a 4.0 scale. The maximum and minimum amount of the award will be \$300 to \$1,000 for public two-year institutions; \$1,000 to \$2,150 for public four-year institutions;

and \$2,000 to \$4,600 for private institutions. The award is based on the expected family contribution rather than the cost of attendance and will be adjusted every three years. Students and institutions must report any other assistance to the board. A recipient of financial assistance may transfer between approved institutions without losing eligibility, and the board will adjust the award accordingly.

The substitute establishes the Missouri Teaching Fellows Program and specifies that certain qualified graduates of Missouri public higher education institutions who are hired to teach in a less than fully accredited school districts may enter a loan repayment agreement with the Department of Higher Education. Students without educational loans may receive a stipend. The \$5,000 maximum loan repayment and the \$1,000 stipend will be adjusted annually. The department will establish rules including, but not limited to, applicant eligibility, selection criteria, and the content of loan repayment contracts. The department will create and maintain a coordinator position to identify, recruit, and select potential students for the program.

Bright Flight scholarships are increased from \$2,000 to \$3,000 beginning with Fiscal Year 2011. Currently, only students with standardized test scores in the top 3% qualify for the scholarship. Beginning with Fiscal Year 2011, students with scores between the top 5% and 3% will qualify for a \$1,000 scholarship.

Any award of assistance, excluding student loans and awards based solely on academic performance, will be reduced to ensure that no student's need-based aid will exceed the student's cost of attendance. An institution accepting financial assistance in excess of the cost of attendance must refund the excess to the board.

HIGHER EDUCATION STUDENT FUNDING

Beginning with the 2008-2009 academic year, each public institution must submit its percentage increase in tuition for a full-time resident undergraduate to the board by July 1. For institutions whose tuition is greater than the average tuition, the percent change in tuition cannot exceed the percent change of the federal Consumer Price Index over the past year or zero, whichever is greater. For institutions whose tuition is less than the average tuition, the dollar increase in tuition cannot exceed the product of zero or the percent of change in the index, whichever is greater, times the average tuition. Limits on tuition increases do not apply to a community college unless the college's tuition is greater than or equal to the average tuition. If the tuition increase exceeds the limit, it must

remit 5% of its current state appropriation to the board for deposit into the General Revenue Fund, unless the institution asks for a waiver within 30 days. The Commissioner of Higher Education will determine if the waiver is warranted or recommend to the board that the waiver be denied. The board will make the final decision.

Two institutional performance measures negotiated by each institution and three statewide performance measures developed by the department must be established by July 1, 2008. Public higher education institutions must make pertinent course and instructor information available on their web sites.

JOINT COMMITTEE ON EDUCATION

The Joint Committee on Education must meet at least twice a year to monitor and analyze higher education, as well as establish the performance measures required by the substitute and report its findings to the General Assembly and the Governor. The Department of Economic Development is added to the list of state agencies which are required to provide research assistance to the committee. Within three years, the committee will review the impact of the newly created higher education funding provisions and review a new model for the funding of higher education institutions.

MISCELLANEOUS PROVISIONS

If a public higher education institution willfully disregards a board policy, the commissioner may fine the institution up to 1% of its current state appropriation. The board will hold the funds until the violation is corrected. If the violation is not corrected within a year, the fine amount will be deposited into the General Revenue Fund. The institution may appeal to the board, which will make the final decision. Every public higher education institution must submit to binding dispute resolution involving jurisdictional boundaries or the use of state resources. The arbitrator will be the commissioner or a designee. Any institution may appeal the decision to the board, which has the authority to make a final decision.

Currently, the board issues certificates of approval to operate to out-of-state public higher education institutions which meet certain standards. These institutions will be exempt from the certificate of approval as of July 1, 2008. The board must hold out-of-state institutions to similar requirements of public in-state institutions, and the board must establish rules for this provision by July 1, 2008.

A public college or university cannot reject an applicant for a

faculty position based solely on the lack of a graduate degree if the applicant has an undergraduate degree and has served at least eight years in the General Assembly.

The curators of the University of Missouri may close certain financial, legal, and tax records of a donor or potential donor. In order to receive increases in state appropriations, two- and four-year institutions must work with the commissioner to establish agreed-upon competencies for certain entry-level courses. The board will establish policies to ensure the transferability of the courses.

The board of regents of Northwest Missouri State University is authorized to convey certain property owned in Nodaway County.

The provisions of the substitute regarding the Access Missouri scholarship and the Missouri Teaching Fellows Program will expire six years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$447,664 to \$1,447,664 in FY 2008, \$258,182 to \$1,258,182 in FY 2009, and \$262,926 to \$1,262,926 in FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that the sale of some MOHELA out-of-state loans to support capital projects will free up general revenue to make a major expansion of need-based aid. Basing the new combined aid program on the expected family contribution provides equity across education sectors.

Testifying for the bill were Senator Nodler; Truman State University; Dr. Barbara Dixon, Council on Public Higher Education; University of Missouri System; Missouri Western State University; Dr. Julio Leon, Missouri Southern State University; Constance Bowman, Harris-Stowe State University; Dr. Ray Courter, Northwest Missouri State University; Missouri State University; Evelyn Jorgenson, Moberly Area Community College; Lincoln University; Cari Wickliffe, Independent Colleges and Universities of Missouri, Student Financial Aid Task Force; Donald Claycomb, Linn State Technical College; and Missouri Chamber of Commerce and Industry.

OPPONENTS: Those who oppose the bill say that since the passage of Amendment 2 on stem cell research, it is not possible to draft a solid guarantee that higher education facilities will not be used for stem cell research. Limits on an institution's ability to raise tuition are troubling.

Testifying against the bill were Missouri Right to Life; and Missouri National Education Association.

OTHERS: Others testifying on the bill say that the guarantee of 15 years' worth of bond ceiling allocation makes the asset sale much more secure. The cost of attendance includes tuition, fees, books, and housing, some elements of which are derived from Department of Higher Education formulas.

Testifying on the bill were Dr. Robert Stein, Commissioner of Higher Education; and Quentin Wilson and Ray Bayery, Missouri Higher Education Loan Authority.