

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4111-01
Bill No.: HB 1693
Subject: Education, Higher; Higher Education Department
Type: Original
Date: March 5, 2008

Bill Summary: This proposal establishes the Missouri Education Promise Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$13,013,849 to \$22,869,713)	(\$26,628,621 to \$46,931,701)	(\$40,897,480 to \$72,265,738)
Total Estimated Net Effect on General Revenue Fund	(\$13,013,849 to \$22,869,713)	(\$26,628,621 to \$46,931,701)	(\$40,897,480 to \$72,265,738)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Department of Higher Education	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education (DHE)** assume in the 2005-06 academic year (the most recent year for which the DHE has data), approximately 4,800 students received new A+ scholarships. The estimated fiscal impact calculation assumes that half of those students would complete the 42-hour block, seek to take advantage of the Missouri Education Promise program, and meet the eligibility requirements of the program. It further assumes that those students would receive the Missouri Education Promise scholarship for the statutory maximum number of years (3 years).

The fiscal impact statement estimates that each student would receive \$500 per semester for books, for each of two semesters. Please note that this is likely a low estimate.

The fiscal impact estimate shows the range of cost that might be incurred as a result of this program, depending on if students attend the least expensive public 4-year institution (Missouri Southern State University, at \$4,276 per year) or the most expensive public 4-year institution (UM-St. Louis, at \$8,263.92 per year). This estimate is high in one respect because it does not reduce the tuition amounts to account for grants and scholarships. On the other hand, it is a low estimate because the largest number of students attend more expensive 4-year institutions (42% of students attend a school in the UM system, which are the most expensive in the state).

The DHE estimates that one FTE of a Program Specialist position at an estimated salary of \$35,000 plus associated expense and equipment would be needed in FY 2009 to implement this program. This Program Specialist would be responsible for overall administration of the program, including reviewing institutional eligibility requirements and working with participating institutions in order to distribute funds accurately and smoothly.

Officials at the **Linn State Technical College, Metropolitan Community College, Missouri House of Representatives** and the **Missouri Senate** assume that there is no fiscal impact from this proposal.

Officials at the **University of Missouri** assume an unknown fiscal impact.

Officials at the **Lincoln University** assume a modest possible fiscal impact in the form of revenues from students benefitting from the proposed plan, and who might not otherwise have attended a four-year school.

ASSUMPTION (continued)

Officials at the **Missouri State University (MSU)** assume the revenue estimates would depend on the number of eligible students transferring, and the incremental number who would transfer because of the program. If 10 added students enrolled, the revenue would be (30 hrs x \$179/cr x 10 = \$53,700, plus 10 x \$307 for fees = \$3070, for a total of \$56,770.) This would need to be inflated by CPI in subsequent years. MSU needs one support line (estimated at \$40,000 for salary and fringe benefits) to monitor eligibility, manage service requirements, generate volunteer opportunities, etc.

Officials at the **University of Central Missouri (UCM)** assume UCM could expect a potential increase in enrollment of first time freshmen who would have enrolled at a community college to use their A+ award. In fall 2007 86 students received the A+ Supplement Award to attract them to Central rather than a community college. If this legislation were passed, it could add another 20 students, at an increase in revenue of \$102,000.

Currently the University offers an A+ supplement Award of \$625 per semester to students who have earned the A+ certificate. A potential savings of \$92,000 per year would be realized to the scholarship department.

There would be administrative costs associated with meeting the program requirements similar to other state programs. The requirement that all federal aid resources be exhausted first adds significant oversight and complexity. (This is not an entitlement program such as the Access Missouri Award and PELL Grant programs.) Costs are estimated at \$35,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Higher Education Scholarships</u>	(\$12,970,272 to \$22,826,136)	(\$26,574,760 to \$46,877,840)	(\$40,842,005 to \$72,210,263)
<u>Cost - Department of Higher Education</u>			
Personal Service	(\$30,042)	(\$37,132)	(\$38,245)
Fringe Benefits	(\$13,285)	(\$16,420)	(\$16,912)
Equipment and Expense	<u>(\$250)</u>	<u>(\$309)</u>	<u>(\$318)</u>
<u>Total Costs - Dept. of Higher Education</u>	<u>(\$43,577)</u>	<u>(\$53,861)</u>	<u>(\$55,475)</u>
FTE Change - Dept of Higher Ed	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$13,013,849 to \$22,869,713)</u>	<u>(\$26,628,621 to \$46,931,701)</u>	<u>(\$40,897,480 to \$72,265,738)</u>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<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.

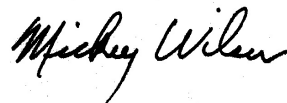
FISCAL DESCRIPTION

This bill establishes the Missouri Education Promise Program, which extends an additional level of book and tuition reimbursement to full-time students who have used the A+ Schools Program to complete the 42-hour general education core at a community college. These students may use the Missouri Education Promise Program at any public four-year institution in Missouri for up to 60 semester hours over three academic years. Eligibility requirements include at least a 3.0 grade point average during the student's A+ Schools Program and throughout the Missouri Education Promise Program and an agreement to complete 50 hours of community service by mid term in which the student has applied for graduation. Subject to appropriations, the reimbursement will cover tuition, fees, and up to 50% of book costs, after all federal funds for which the student has qualified are applied.

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

Linn State Technical College
Metropolitan Community College
Missouri State University
University of Central Missouri
Department of Higher Education
Missouri Senate
Missouri House of Representatives
Lincoln University
University of Missouri



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Director
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