

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3594-02
Bill No.: HB 1619
Subject: Education, Higher; Higher Education Department
Type: Original
Date: February 5, 2010

Bill Summary: Establishes the “Twenty-first Century Scholars Program.”

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ 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 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education (MDHE)** assume that no scholarship payments would be made until FY 2016 and that it would not reprogram the FAMOUS system until FY 2014.

The MDHE assumes that it would need an additional FTE to administer the program starting in FY 2011. Although no scholarships would be awarded until FY 2016, the MDHE would need a staff person to get students into the pipeline. The MDHE's estimate of fiscal impact assumes that it would hire a program specialist to perform that function and that the program specialist's starting salary would be at the low end of the UPC range.

The MDHE is unable to estimate the annual expense of this scholarship. Unknown variables include:

- The number of students who would sign up for the program as eighth graders;
- The number of students who signed up as eighth graders and met all requirements through the date of their high school graduation;
- The number of eligible students who actually do enter higher education;
- Whether the students who enter higher education attend public four-year institutions, private institutions, or two-year institutions;
- The cost of attending such institutions in FY 2015 and beyond; and
- The persistence rates of students who enter higher education.

Oversight assumes that the Department of Higher Education will not need an employee to review the scholarship applications until the first group of students has applied for college, which is outside the fiscal note period. **Oversight** assumes that the Department of Higher Education can request the necessary employees through the appropriations process at that time.

Officials at the **Office of the Treasurer** and the **Department of Elementary and Secondary Education** assume that there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet

ASSUMPTION (continued)

these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<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 Twenty-first Century Scholars Program to be administered by the Department of Higher Education. A student will be eligible for the scholarship program if he or she:

- (1) Is a Missouri resident;
- (2) Is enrolled in the eighth grade in a public or private school;
- (3) Is eligible for the federal free or reduced-price lunch program;
- (4) Signs an agreement, along with his or her parents or guardian, to graduate from high school; to apply for college admission and financial aid; and to not drive while intoxicated, use drugs, run away, or become truant or delinquent; and

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FISCAL DESCRIPTION (continued)

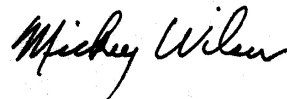
(5) Has at least a 2.0 grade point average on a four-point scale upon graduation from high school.

The Twenty-first Century Scholars Fund is created and will consist of moneys appropriated solely for student scholarships. The amount of each scholarship will vary based on the choice of the college and the availability of other financial assistance. Scholarships may be granted for up to eight semesters, and participating colleges must develop specific mentoring programs for scholarship recipients to provide them with academic and social counseling. The bill also contains scholarship renewal requirements.

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 Higher Education
Office of the State Treasurer
Department of Elementary and Secondary Education
Office of the Secretary of State



Mickey Wilson, CPA
Director
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