

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5075-01
Bill No.: HB 1247
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department
Type: Original
Date: January 24, 2014

Bill Summary: This proposal requires the Department of Higher Education to develop a procedure for dual course tuition and fee reimbursement for students in the A+ scholarship program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$1,750,000)	(\$1,750,000)	(\$1,750,000)
Total Estimated Net Effect on General Revenue Fund	(\$1,750,000)	(\$1,750,000)	(\$1,750,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
A+ Schools Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Offsetting Transfers In and Disbursements are \$1,750,000 annually.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** assume no direct fiscal impact from this proposal and defer to the Department of Higher Education regarding costs associated with this proposed legislation.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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 with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

According to officials from the **Department of Higher Education (DHE)**, since most of the changes reflect current practice for the A+ program, there is no fiscal impact for those changes. The requirement for evaluation of program operation also does not have a fiscal impact. The remaining item is the dual credit reimbursement component.

Dual credit course work is defined as college credit courses offered in a high school and taught by high school instructional staff under the supervision of the college or university. It does not include dual enrollment, which is when a student is enrolled directly in a college level class taught by college faculty either on campus or at a distance.

Data collected by the DHE indicates that 173,210 credit hours were generated by dual credit course work in FY 2012. It is assumed this level of credit hour production will remain

ASSUMPTION (continued)

essentially the same during the time frame of the fiscal impact statement. Based on data collected by the DHE, the average cost per credit hour is \$75. Although the cost varies from institution to institution and also by sector (public community college, public four-year, independent), this average was selected as the best approximation for cost across all types of students and institutions.

Based on action by the Department of Elementary and Secondary Education to designate nearly all high schools as A+, it is assumed that all students have the option to complete the high school A+ eligibility criteria. Based on the DHE experience with the program, approximately 50 percent of students from A+ high schools complete the process and approximately one-third actually receive a payment. By applying those values to the credit hours generated, the total cost of the dual credit component would be \$2,143,500. ($173,210 * .50 = 86,605$ * $.33 = 28,580$ * $\$75 = \$2,143,500$)

Since the proposed legislation caps the reimbursement at five percent of the total appropriation and the projected actual amount exceeds that cap, the actual fiscal impact is established at the five percent limit. The proposed appropriation for FY 2015 is approximately \$35 million, which would result in a maximum appropriation for dual credit reimbursement of \$1,750,000. It is assumed this level of funding will continue for FY 2016 and FY 2017 as well.

Officials from the **Francis Howell School District** assumed no fiscal impact resulting from this proposed legislation.

Officials from the **Nixa School District** assume no direct fiscal impact to their district, but an increase in students taking advantage of the program could have a significant impact on General Revenue.

Oversight notes that the legislation, as written, has a cap on the amount of funds that can be designated for this program.

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials from **Linn State Technical College** assume there should be no fiscal impact to their institution.

Officials from **Jefferson College** and **State Fair Community College** responded requesting clarification of the proposal and did not indicate direct fiscal impact.

Officials from the following colleges: East Central College, Kansas City Metro Community College, Moberly Area Community College, St. Charles Community College, St. Louis Community College and Three Rivers Community College did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Transfer Out</u> - Department of Higher Education - A+ Scholarship Program	<u>(\$1,750,000)</u>	<u>(\$1,750,000)</u>	<u>(\$1,750,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$1,750,000)</u>	<u>(\$1,750,000)</u>	<u>(\$1,750,000)</u>
A+ SCHOOLS FUND			
<u>Transfer In</u> - General Revenue - A+ Scholarship Program	\$1,750,000	\$1,750,000	\$1,750,000
<u>Costs</u> - Disbursements to students	<u>(\$1,750,000)</u>	<u>(\$1,750,000)</u>	<u>(\$1,750,000)</u>
ESTIMATED NET EFFECT ON A+ SCHOOLS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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.

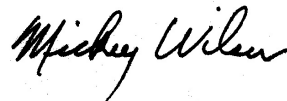
FISCAL DESCRIPTION

This bill revises the law regarding the A+ program by adding a requirement that the Department of Higher Education develop a procedure to reimburse the dual credit course costs incurred during high school by students who qualify for the A+ Program. The reimbursement, which cannot exceed five percent of the total amount appropriated for the program, will be credited to the student's account at the qualified institution in the amount of the dual credit tuition and fees paid during high school that will be applicable for book purchase or rental and other academic fees determined by rule. To qualify, the courses must be accepted for credit at the institution where the student is using the A+ program. Any remaining credit will be returned to the state treasury.

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
Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
School Districts
 Francis Howell
 Nixa
Colleges
 Jefferson College
 State Fair Community College
 Linn State Technical College



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January 24, 2014

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