

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5767-01
Bill No.: HB 1811
Subject: Economic Development; Department of Economic Development; Department of Higher Education
Type: Original
Date: February 28, 2014

Bill Summary: This proposal establishes the committee for entrepreneurs within the Department of Economic Development and creates a grant program for certain accelerated computer programming programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$38,405 to \$188,405)	(\$36,631 to \$186,631)	(\$37,055 to \$187,055)
Total Estimated Net Effect on General Revenue Fund	(\$38,405 to \$188,405)	(\$36,631 to \$186,631)	(\$37,055 to \$187,055)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 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
General Revenue	.5 FTE	.5 FTE	.5 FTE
Total Estimated Net Effect on FTE	0.5 FTE	0.5 FTE	0.5 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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume this proposal would not fiscally impact BAP. This proposal requires the newly-created Committee for Entrepreneurs to annually award up to ten grants of \$15,000 to institutions or qualified organizations. Therefore up to \$150,000 annually could be appropriated for this purpose. This proposal should not impact Total State Revenue or the 18e calculation.

Officials at the **Department of Economic Development (DED)** assume this proposal may have a negative impact on General State Revenue ranging from \$0 to \$150,000. In addition DED (BCS) will require 1.5 FTE to administer the program.

Section 620.2650 creates a board within DED named the Committee for Entrepreneurs which is comprised of nine members five of which shall be appointed by the director of DED. The committee subject to appropriation is charged with awarding up to ten grants of \$15,000 to qualified applicants for the development, expansion, or continuance of an accelerated technology education program. The committee shall submit an annual report and DED is required to provide administrative support.

DED will require 1.5 FTE to support to committee. One Economic Development Specialist III and .5 Accountant I. The Economic Development Specialist will help create guidelines for the applicants and other administrative duties as the board determines. The Accountant I will assist in the issuance of the grants.

Oversight assumes that the Department of Economic Development would not require the Accountant I FTE, but could absorb those duties with existing resources. Oversight will reflect in the fiscal note the need for a .5 FTE (Economic Development Specialist) for administering this program.

Oversight assumes this proposal allows for the distribution of ten grants valued at \$15,000 each to approved institutions. Oversight will reflect in the fiscal note \$0 (no money appropriated or distributed) to the \$150,000 annual program cap.

Officials at the **Department of Higher Education**, the **Missouri House of Representatives**, the **Missouri Senate**, the **Northwest Missouri State University** and the **University of Missouri** each assume there is no fiscal impact to their respective organizations from this proposal.

ASSUMPTION (continued)

Officials at the **Linn State Technical College** assume an unknown impact.

Officials at the **Missouri State University** assume they are unable to estimate an impact.

Officials at the **University of Central Missouri** assume no immediate fiscal impact. However, should they be awarded one of the grants, that could result in increased revenue.

FISCAL IMPACT - State Government FY 2015 FY 2016 FY 2017

GENERAL REVENUE

Cost - grants for accelerated technology education programs \$0 to (\$150,000) \$0 to (\$150,000) \$0 to (\$150,000)

Cost - Department of Economic Development

Personal Service	(\$21,528)	(\$21,743)	(\$21,961)
Fringe Benefits	(\$10,980)	(\$11,090)	(\$11,201)
Equipment and Expenses	(\$5,897)	(\$3,798)	(\$3,893)
<u>Total Costs - DED</u>	<u>(\$38,405)</u>	<u>(\$36,631)</u>	<u>(\$37,055)</u>
Total FTE Change - DED	.5 FTE	.5 FTE	.5 FTE

ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$38,405 to \$188,405)	(\$36,631 to \$186,631)	(\$37,055 to \$187,055)
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Estimated Net FTE Change on General Revenue	.5 FTE	.5 FTE	.5 FTE
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FISCAL IMPACT - Local Government FY 2015 FY 2016 FY 2017

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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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 Committee for Entrepreneurs within the Department of Economic Development consisting of nine members, including two members of the House of Representatives appointed by the Speaker of the House of Representatives, two members of Senate appointed by President Pro Tem of the Senate, and five members appointed by the department director, and a grant program for certain accelerated computer programming programs. The committee must:

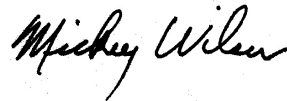
- (1) Meet at least four times a year;
- (2) Determine the criteria necessary for an adequate curriculum for an accelerated technology education program;
- (3) Approve grant applications to institutions and qualified organizations for the development, expansion, or continuance of an accelerated technology education program;
- (4) Present an annual report detailing the committee's findings regarding the performance of the grant program, feedback from graduates of the accelerated technology education program and their employers, areas for improvement, possible curriculum changes, and graduate placement statistics to the General Assembly by March 15; and
- (5) Award up to 10 grants of \$15,000 to institutions or qualified organizations each year.

These provisions will expire on August 28, 2019. The bill contains an emergency clause.

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 Economic Development
Department of Higher Education
Linn State Technical College
Missouri House of Representatives
Missouri Senate
Missouri State University
Northwest Missouri State University
Office of Administration
Division of Budget and Planning
University of Central Missouri
University of Missouri



Mickey Wilson, CPA
Director
February 28, 2014

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February 28, 2014