

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4114-01
Bill No.: HB 1267
Subject: Higher Education
Type: Original
Date: January 9, 2018

Bill Summary: This proposal changes the laws by adding virtual institutions to the "Access Missouri Financial Assistance Program."

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0 or (Could exceed \$960,000)	\$0 or (Could exceed \$960,000)	\$0 or (Could exceed \$960,000)
Total Estimated Net Effect on General Revenue	\$0 or (Could exceed \$960,000)	\$0 or (Could exceed \$960,000)	\$0 or (Could exceed \$960,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§173.1101 to §173.1107

Officials from the **Department of Higher Education (DHE)** assume section 173.1101 adds virtual institutions (defined in subdivision (4)) to the list of those approved to participate in the Access Missouri Financial Assistance Program. Currently, the only institution that meets the definition of “virtual institution” is Western Governor’s University. To be eligible for Access Missouri, students need to file their FAFSA by the priority deadline of February 1, or the final deadline of April 1, each year. While not all students will file by the final deadline, we do expect the number who do to increase.

DHE states since an increase in the number of eligible students does not require a specific increase in the appropriation to the program, the projected fiscal impact of this change is zero. However, there are about 480 students who indicated they will attend Western Governors University during the 2017-2018 academic year who have an expected family contribution of less than \$12,000, making them potentially eligible for an award. The current award amount is \$2,000, and adding this pool of students could require \$960,000 (480 x \$2,000) to continue to maintain award amounts.

Officials from the **Office of the Governor** assume the proposal will have no fiscal impact on their organization.

Officials from **Missouri Western State University** assume this proposal could have an unknown negative fiscal impact, depending on how many students choose to enroll in a virtual institution instead of Missouri Western.

Officials from **St. Louis Community College, Missouri State University, University of Missouri System, University of Central Missouri** and **State Technical College of Missouri** assume the proposal will have no fiscal impact on their organizations.

Oversight notes this proposal would allow students that attend approved virtual institutions to receive money from the Access Missouri Financial Assistance Program. An approved virtual institution is amended in §173.1101 to §173.1107 to allow students from Western Governors University to receive this funding.

ASSUMPTION (continued)

Oversight notes the Access Missouri program is designed to provide need-based financial aid to eligible Missouri residents. Students with an expected family contribution below the established cutoff are eligible for the award. Award amounts are graduated, using statutory formula, based on the student's expected family contribution.

Starting in FY 2015 and beyond the award amounts are:

Public two-year sector = \$300 minimum and \$1,300 maximum

Public four-year sector and State Technical College = \$1,500 minimum and \$2,850 maximum

Private institutions = \$1,500 minimum and \$2,850 maximum.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target
Number of Students	51,367	48,299	44,480	45,443
Appropriated Amount	\$68,682,307	\$59,682,507	\$63,682,307	63,682,307

Source: DHE budget submission

Oversight notes each year the Legislature appropriates funding for the Access Missouri Financial Assistance Program, from General Revenue, Lottery Proceeds and other Funds. For FY 2018, \$63,682,307 was appropriated for a projected 45,443 students. Should the amount of the appropriation remain the same and the number of eligible students increase, then the amount distributed to each individual student would be reduced. Should the Legislature decide to increase the appropriation to cover the additional Western Governors University students, then General Revenue would be impacted but the individual student's funding level would not. Oversight will show the impact as \$0 (no additional funds appropriated) or could exceed the estimate provided by DHE, depending upon appropriation authority changes for FY 2019 and beyond.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, Three Rivers Community College and Truman State University did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Cost</u> - Department of Higher Education - potential increased Access MO funding for students attending a virtual institution	\$0 or (Could exceed <u>\$960,000</u>)	\$0 or (Could exceed <u>\$960,000</u>)	\$0 or (Could exceed <u>\$960,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Could exceed <u>\$960,000</u>)	\$0 or (Could exceed <u>\$960,000</u>)	\$0 or (Could exceed <u>\$960,000</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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 act allows students enrolled in virtual institutions, as defined in the act, to participate in the Access Missouri Financial Assistance Program.

A virtual institution must continuously maintain all specified requirements to be considered an approved virtual institution.

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
Missouri State University
Missouri Western State University
Office of the Governor
St. Louis Community College
State Technical College of Missouri
University of Central Missouri
University of Missouri System

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized, cursive script.

Acting Director
January 9, 2018