

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0820-02  
Bill No.: HCS for HB 225  
Subject: Higher Education  
Type: Original  
Date: February 6, 2019

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Bill Summary: This proposal creates the Fast-Track Workforce Incentive Grant.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 to (Could exceed \$21,457,960)	\$0 to (Could exceed \$21,887,119)	\$0 to (Could exceed \$22,324,861)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (Could exceed \$21,457,960)</b>	<b>\$0 to (Could exceed \$21,887,119)</b>	<b>\$0 to (Could exceed \$22,324,861)</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Fast-Track Workforce Incentive Grant Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Funds transferred in and costs net to zero.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Higher Education (DHE)** assume this proposal would establish the Fast-Track Workforce Incentive Grant, a need-based program designed to assist adult students enroll and complete instructional programs leading to high demand and high wage employment. DHE assumes this committee substitute version will serve 657 fewer eligible students than the introduced version. Based on these estimates and assumptions, the total cost for the scholarship component of the program would be \$21,457,960 for the initial year of operation. Assuming average annual tuition increases of two percent, the second year cost would be \$21,887,119 and the third year cost would be \$22,434,298.

Est. Number of Recipients	Est. Award Amount	Year 1	Year 2	Year 3
10,478	\$1,000	\$10,478,000	\$10,687,560	\$10,954,749
2,911	\$1,500	\$4,366,500	\$4,453,830	\$4,565,176
1,849	\$2,540	\$4,696,460	\$4,790,389	\$4,910,149
639	\$3,000	\$1,917,000	\$1,955,340	\$2,004,224
<b>15,877</b>		<b>\$21,457,960</b>	<b>\$21,887,119</b>	<b>\$22,324,861</b>

**Oversight** assumes this section creates the Fast-Track Workforce Incentive Grant Fund which consists of appropriations to be used for establishing and supporting the Fast-Track Workforce Incentive Grant program. Oversight assumes that all money will be used by the Fund in the year in which it is received.

**Oversight** notes DHE indicated they were not requesting administrative costs to administer the program; therefore, there are no administrative costs included in the fiscal note response. Oversight is uncertain if this would require DHE to utilize other resources within the agency resulting in a reduction of services as currently provided by DHE. Oversight will show administrative costs of \$0 to unknown.

In response to a previous version, HB 225 (2019), **DHE** also indicated they anticipated designating programs and awarding scholarships for the 2019-2020 school year (FY 2020); therefore, Oversight will show costs beginning in FY 2020.

ASSUMPTION (continued)

**Oversight** notes, per the transcript of Governor Parson's 2019 State of the State speech, the Governor is "advocating that we provide \$22 million dollars to fund a program known as Fast Track". Oversight is uncertain if the \$22 million dollars recommended by the Governor includes administration costs or is limited to anticipated program disbursements. Additionally, Oversight notes that this proposal does not provide for a cap; therefore, Oversight will show a range of cost from \$0 to could exceed DHE's estimates, as appropriated by the State.

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

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

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

In response to a previous version, HB 225 (2019), officials from the **Office of the Secretary of State (SOS)** stated 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 \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet 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 require additional resources.

	FY 2020 (10 Mo.)	FY 2021	FY 2022
<u>FISCAL IMPACT - State Government</u>			
<b>GENERAL REVENUE FUND</b>			
<u>Cost</u> - DHE - administration costs	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Transfer Out</u> - to Fast-Track Workforce Incentive Grant Fund	\$0 to (Could exceed <u>\$21,457,960</u> )	\$0 to (Could exceed <u>\$21,887,119</u> )	\$0 to (Could exceed <u>\$22,324,861</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>\$0 to (Could exceed <u>\$21,457,960</u>)</b>	<b>\$0 to (Could exceed <u>\$21,887,119</u>)</b>	<b>\$0 to (Could exceed <u>\$22,324,861</u>)</b>

	FY 2020 (10 Mo.)	FY 2021	FY 2022
<u>FISCAL IMPACT - State Government</u>			
<b>FAST-TRACK WORKFORCE INCENTIVE GRANT FUND</b>			
<u>Transfer In</u> - from General Revenue	\$0 to Could exceed \$21,457,960	\$0 to Could exceed \$21,887,119	\$0 to Could exceed \$22,324,861
<u>Cost</u> - Fast-Track Workforce Incentive Grants and program administration	\$0 to (Could exceed <u>\$21,457,960</u> )	\$0 to (Could exceed <u>\$21,887,119</u> )	\$0 to (Could exceed <u>\$22,324,861</u> )
<b>ESTIMATED NET EFFECT ON FAST-TRACK WORKFORCE INCENTIVE GRANT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

	FY 2020 (10 Mo.)	FY 2021	FY 2022
<u>FISCAL IMPACT - Local Government</u>			
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

This bill creates the "Fast-Track Workforce Incentive Grant" to provide grants for Missouri citizens to attend an approved Missouri postsecondary institution of their choice.

To be eligible, a student must meet certain criteria set forth in the bill, including having an adjusted gross income of less than \$80,000 and being at least 25 years of age. Grant funding may be renewed, but the student must continue to meet the eligibility requirements and must demonstrate a grade-point average of 2.5 on a 4.0 scale.

Eligibility for a grant expires upon the earliest of receipt of the grant for four semesters or the equivalent, receipt of a bachelor degree, or reaching 200% of the time typically required to complete the program of study.

The Coordinating Board for Higher Education must designate eligible programs of study by January 1, 2020. The eligible programs must be reviewed and updated by the board annually.

In addition, the board shall be the administrative agency for implementation of the program, shall determine the criteria for eligibility, shall evaluate each applicant's eligibility, and shall select qualified recipients. The board shall also determine eligibility for renewed assistance.

Grants shall be awarded in an amount equal to the actual tuition and general fees charged of an eligible student after all other federal and state aid is applied. If a grant amount is reduced to zero due to the receipt of other aid, the eligible student shall receive an award of up to \$500 or the remaining cost of attendance, whichever is less.

If appropriated funds are insufficient to fund the program, students with the earliest Free Application for Federal Student Aid (FAFSA) date shall be given priority until all funds are expended. Students may transfer the financial assistance from one approved public, private, or virtual institution to another without losing eligibility for the program.

This bill creates in the State Treasury the "Fast-Track Workforce Incentive Grant Fund." The fund shall be used solely by the board for the purposes of this bill.

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

Joint Committee on Administrative Rules  
Office of the Governor  
Office of the Secretary of State  
Office of the State Treasurer  
Department of Higher Education



Kyle Rieman  
Director  
February 6, 2019

Ross Strobe  
Assistant Director  
February 6, 2019