

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2184-02  
Bill No.: HCS for HB 1093  
Subject: Higher Education  
Type: Original  
Date: April 8, 2019

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Bill Summary: This proposal modifies provisions relating to dual credit scholarships.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
General Revenue	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown, Could exceed \$100,000)</b>	<b>\$0 or (Unknown, Could exceed \$100,000)</b>	<b>\$0 or (Unknown, Could exceed \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Dual Credit Scholarship 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>

Transfers-in and distributions net to zero.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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 will result in an unknown cost that could exceed \$100,000.

DHE is not aware that any college or university is currently offering a "STEM Studies Enhancement Program" as that is defined in the bill. Consequently, DHE does not know what coursework such a program might contain or even how many courses might be included in the program. DHE notes that those items might vary from institution to institution.

DHE has no way of knowing how many students might decide to enroll in such a program. Previous dual credit estimates have been based on actual student numbers and credit hours generated but because that data is aggregated by institution; however DHE has no way to know how many of those students might be interested/enrolling in STEM related dual credit.

DHE notes it is unclear how many high schools might have instructional staff qualified to teach dual credit in these areas. To teach in dual credit courses, the instructor must have Master's degree in that subject area or at least 18 graduate credit hours in the subject. DHE does not know how many teachers would have those credentials in that subject area. Actually, it is not clear that such a program would even be dual credit as the proposal does not specify who would teach the courses or where they might be offered, only that they be offered to high school students.

Additionally, the bill would set a need cutoff at 110% of the state median family income. Again, DHE does not have data at this time that would help us understand the number of students meeting that requirement. Additionally, it is not clear how this information would be collected since high school students cannot generally complete a FAFSA (except during their senior year) and even that document only provides adjusted gross income (AGI) information, not household income.

Overall, DHE assumes cost could exceed \$100,000 and the statutory estimate for the dual credit program on the books now is requested in our budget book on page 104 and 113 but remains unfunded. The cost for that unfunded program, which did have a need-based component, was \$3.8 million but the bulk of that was \$3.7 million for scholarships and \$78k in other funds by having DHE charge a dual credit certification fee provided in statute to cover the cost of the programs statutory certification program.

ASSUMPTION (continued)

Officials from the **Missouri State University** assume the proposal will have no fiscal impact on their organization.

**Oversight** notes the Dual Credit School Act was enacted in August 28, 2016. Oversight notes per DHE's FY 2020 budget book, the original program is listed as a new decision item with a funding request of \$3,777,680 in general revenue funds for scholarships and ITSD expenses. Oversight notes the existing program did not receive a governor recommendation, nor has it been appropriated in HCS for HB 3 (2019).

Oversight notes this proposal expands eligibility under the Dual Credit School Act to students who are enrolled in a STEM studies enhancement program and have a household income that does not exceed 110% of the state median household income according to the U.S. Census Bureau.

**Oversight** notes students who meet the new eligibility requirements can be reimbursed up to the average tuition cost for a community college course and are not subject to the existing limit of \$500 dollars annually for all dual credit courses taken by such student.

Oversight notes this proposal is subject to appropriation by the state. Therefore, Oversight will show a range of impact of \$0 (no appropriation) to an unknown cost that could exceed \$100,000.

Oversight received limited responses from colleges and universities related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - to the Dual Credit Scholarship Fund	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (Unknown, Could exceed <u>\$100,000</u>)</b>	<b>\$0 or (Unknown, Could exceed <u>\$100,000</u>)</b>	<b>\$0 or (Unknown, Could exceed <u>\$100,000</u>)</b>

<u>FISCAL IMPACT - State Government</u> Continued	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>DUAL CREDIT SCHOLARSHIP FUND</b>			
<u>Transfer In</u> - from General Revenue	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000
<u>Cost</u> - payment of the Dual Credit Scholarship to students	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON DUAL CREDIT SCHOLARSHIP FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2020  
(10 Mo.)

FY 2021

FY 2022

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill defines the "STEM Studies Enhancement Program," dealing with Science, Technology, Engineering or Math education and allows students meeting requirements of the bill to be eligible for a dual credit scholarship if they are enrolled in a STEM studies enhancement program and have a household income not exceeding 110% of the state median. Reimbursement under the program will be up to the average tuition cost of a community college course.

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



Kyle Rieman  
Director  
April 8, 2019

Ross Strobe  
Assistant Director  
April 8, 2019