

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3549-01
Bill No.: HB 1430
Subject: Higher Education
Type: Original
Date: January 23, 2020

Bill Summary: This proposal establishes a work-study program within the Department of Higher Education and Workforce Development.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0 to (Could exceed \$238,829)	\$0 to (Could exceed \$255,107)	\$0 to (Could exceed \$256,676)
Total Estimated Net Effect on General Revenue	\$0 to (Could exceed \$238,829)	\$0 to (Could exceed \$255,107)	\$0 to (Could exceed \$256,676)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Allan Purdy Work- Study Program Fund*	\$0	\$0	\$0
College & University Funds	\$0 or Could exceed \$200,000	\$0 or Could exceed \$200,000	\$0 or Could exceed \$200,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Could exceed \$200,000	\$0 or Could exceed \$200,000	\$0 or Could exceed \$200,000

* Transfers in and distributions net to zero.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
Total Estimated Net Effect on FTE	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE

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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 173.1545 Allan Purdy Work-Study Program

Officials from **Department of Higher Education (DHEWD)** assume this proposal creates the Allan Purdy Work-Study Program. The Coordinating Board for Higher Education (CBHE) is to use appropriated funds to "provide a work-study program of employment of resident students in good standing with the eligible postsecondary institution in which they are enrolled in positions that are directly under the control of the institution..."

DHEWD will require two staff to administer this new statewide program. One program manager budgeted as a senior associate (at \$58,390 annually) and one secretarial position budgeted as an Office Support Assistant (at \$27,412 annually). Office of Administration (OA) standard one-time costs are required for systems furniture and new employee costs such as phone, wiring, etc. Also ongoing costs for ITSD and staff per OA are also included.

Special needs for this new program will include funding for outreach efforts estimated at \$10,000 annually, postage estimated at \$2,500 annually, Campus work-study coordinator meetings twice annually estimated at \$300 each.

Outreach funds will be needed to inform students/potential students and their families of the program as well as for outreach to the non-campus employers that would partner with the institutions.

The unknown costs are the state funds that would be appropriated and administered by these staff in conjunction with the local institutions for the work study efforts. It is also unknown how many groups may be willing to provide grants or matching funds mentioned in the bill.

The known costs would be \$138,829 in the first year, \$155,107 in the second year and \$156,676 in the third year.

Oversight notes this proposal creates a work-study program that is to be funded with appropriations from the General Assembly. Oversight is unable to determine how much funding would be appropriated for the program, but will show a range of impact for the work study program distributions from \$0 (no appropriation) to an unknown cost to General Revenue that could exceed \$100,000. In addition, Oversight assumes there will be a cost for the administration of the program as noted by DHEWD, but too would be dependent upon an appropriation for the program.

ASSUMPTION (continued)

Additionally, **DHEWD** notes, until the size of the program is known, it is not known what ITSD services are required. If a small program is appropriated, it may be possible to administer the program manually. If not, a database system will be required.

Oversight will show an unknown cost for ITSD services that range from \$0 (no services needed) to an unknown cost.

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

After a brief review, **Oversight** notes several of the universities participate in the [Federal Work Study](#) program which is designed to give part-time employment to students based on financial need. Oversight notes Federal Work Study funds are allocated to institutions under a statutory formula that requires an institutional match.

Officials from **University of Missouri System, State Technical College of Missouri** and **University of Central Missouri** each assume this proposal will have an unknown positive fiscal impact.

Promulgate Rules

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.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State'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 \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

ASSUMPTION (continued)

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.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Cost - DHEWD - program administration</u>	\$0 or.....	\$0 or	\$0 or.....
Personal Service	(\$71,501)	(\$86,660)	(\$87,526)
Fringe Benefits	(\$42,945)	(\$51,820)	(\$52,107)
Equipment & Expenses	<u>(\$24,383)</u>	<u>(\$16,627)</u>	<u>(\$17,043)</u>
<u>Total Cost - DHEWD</u>	(\$138,829)	(\$155,107)	(\$156,676)
FTE Change - DHEWD	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
 <u>Cost - DHEWD - ITSD Services</u>	 \$0 or (Unknown)	 \$0 or (Unknown)	 \$0 or (Unknown)
 <u>Cost - Allan Purdy Work-Study Program funds for distribution</u>	 \$0 or (Could exceed <u>\$100,000)</u>	 \$0 or (Could exceed <u>\$100,000)</u>	 \$0 or (Could exceed <u>\$100,000)</u>
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 \$0 to (Could exceed <u>\$238,829)</u>	 \$0 to (Could exceed <u>\$255,107)</u>	 \$0 to (Could exceed <u>\$256,676)</u>
 Estimated Net FTE Change for General Revenue	 0 or 2 FTE	 0 or 2 FTE	 0 or 2 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
ALLAN PURDY WORK-STUDY PROGRAM FUND			
	\$0 or Could exceed	\$0 or Could exceed	\$0 or Could exceed
<u>Transfer In</u> - from General Revenue Fund	\$100,000	\$100,000	\$100,000
	\$0 or Could exceed	\$0 or Could exceed	\$0 or Could exceed
<u>Transfer In</u> - from gifts, bequests or donations	\$100,000	\$100,000	\$100,000
	\$0 or (Could exceed	\$0 or (Could exceed	\$0 or (Could exceed
<u>Transfer Out</u> - to Colleges & Universities	<u>\$200,000)</u>	<u>\$200,000)</u>	<u>\$200,000)</u>
ESTIMATED NET EFFECT ON ALLAN PURDY WORK-STUDY PROGRAM FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 COLLEGE & UNIVERSITY FUNDS			
	\$0 or Could exceed	\$0 or Could exceed	\$0 or Could exceed
<u>Transfer In</u> - from the Allan Purdy Work-Study Fund	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>
ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS			
	<u>\$0 or Could exceed \$200,000</u>	<u>\$0 or Could exceed \$200,000</u>	<u>\$0 or Could exceed \$200,000</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Officials from **Department of Higher Education** state this proposal could impact small businesses as it allows work study programs to include positions with nonprofit organizations, governmental agencies, or for-profit organizations with which the institution may execute student employment contracts.

FISCAL DESCRIPTION

This bill establishes the "Allan Purdy Work-Study Program." The program will be administered by the Coordinating Board for Higher Education. Any resident of the state enrolled or accepted for enrollment at any accredited two-year or four-year institution of higher education may qualify for participation in the program.

The bill also creates the "Allan Purdy Work-Study Program Fund". Funds appropriated to the program shall be used to provide for the work-study program for resident students in good standing with their institution. A student may be employed by the institution in which he or she is enrolled, nonprofit organizations, governmental agencies, or for-profit organizations.

Sixty percent of funds shall be used for students with demonstrated financial need. Up to 40% of funds may be used to provide funding on another basis.

This bill sunsets six years after the effective date.

This legislation is not federally mandated and would not require additional capital improvements or rental space.

Oversight assumes this proposal could duplicate/overlap with other work study programs that already exist at Colleges & Universities.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development
Office of the State Treasurer
Joint Committee on Administrative Rules
Office of the Secretary of State

SOURCES OF INFORMATION (continued)

University of Missouri System
State Technical College of Missouri
University of Central Missouri



Julie Morff
Director
January 23, 2020



Ross Strobe
Assistant Director
January 23, 2020