

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4254-01
Bill No.: HB 2220
Subject: Higher Education
Type: Original
Date: February 6, 2020

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Dual Credit Scholarship Fund (0542)*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education and Workforce Development** assume the proposal has no cost at this time. However, if an institution did offer this program, the financial impact would depend on several factors.

First, DHEWD is not aware that any college or university is currently offering a "STEM Studies Enhancement Program" as that is defined in the bill. Consequently, we do not know what coursework such a program might contain or even how many courses might be included in the program. Actually, we would guess that those items might vary from institution to institution. This makes calculating an average or expected cost virtually impossible.

Second, we have no way of knowing how many high school 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, we have no way to know how many of those students might be interested/enrolling in STEM related dual credit.

Third, 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. We do not know how many teachers would have those credentials in the subject areas encompassed by a STEM Studies Enhancement Program. 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 the program is offered to high school students.

Fourth, the bill would set a need cutoff at 110% of the state median family income. Again, DHEWD does not have data at this time that would help us understand the number of students meeting that requirement. Based on our research, that income level would be about \$59,000 and we can assume about 55% of families would be below that amount (assuming a normal distribution). But without a base number of students and average cost, there is not much we can do with that information. 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.

As a result of these factors, the overall cost is unknown.

ASSUMPTION (continued)

Officials from **University of Missouri System** assume this proposal could benefit students that choose to attend one of our institutions but will have no direct fiscal impact on the University.

Officials from **State Technical College of Missouri** assume the proposal will have a negative fiscal impact on their organization.

Officials from the **St. Charles Community College** assume the proposal will have no fiscal impact on their organization.

Oversight notes the Dual Credit School Act was enacted in August 28, 2016 (SB 997, 2016). Oversight notes per DHEWD's FY 2021 budget book, the original (Dual Credit) program is listed as a new decision item with a funding request of \$3.63 million in general revenue funds for scholarships. Oversight notes the existing program did not receive a governor recommendation, nor has it been appropriated in HB 2003 (2020).

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 General Assembly. Therefore, Oversight will show a range of impact of \$0 (no appropriation) to an unknown cost that could exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Transfer Out</u> - to the Dual Credit Scholarship Fund §173.2505	\$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>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$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>)
DUAL CREDIT SCHOLARSHIP FUND			
<u>Transfer In</u> - from General Revenue §173.2505	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000
<u>Revenue</u> - private donations §173.2505	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - payment of the STEM Studies Enhancement Scholarship §173.2505	\$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>)
ESTIMATED NET EFFECT ON THE DUAL CREDIT SCHOLARSHIP FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2021
(10 Mo.)

FY 2022

FY 2023

\$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 allows students enrolled in a STEM studies enhancement program (an undergraduate program offered by a Missouri higher education institution to high school students that emphasizes applied, advanced skills in any field related to STEM), who have a household income not exceeding 110% of the state median and otherwise meet the provisions of the bill, to receive a dual credit scholarship. The STEM studies enhancement scholarship will be based on the average tuition cost of a community college course in the state.

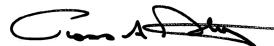
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development
University of Missouri System
State Technical College of Missouri
St. Charles Community College



Julie Morff
Director
February 6, 2020



Ross Strobe
Assistant Director
February 6, 2020