

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0233H.04C
 Bill No.: HCS for HB 76
 Subject: Department of Higher Education and Workforce Development; Education, Higher
 Type: Original
 Date: March 21, 2023

Bill Summary: This proposal expands eligibility for the A+ schools program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	\$0 to (\$2,400,000)	\$0 to (\$16,400,000)	\$0 to (\$16,400,000)
Total Estimated Net Effect on General Revenue	\$0 to (\$2,400,000)	\$0 to (\$16,400,000)	\$0 to (\$16,400,000)

*Expansion of the A+ program is subject to appropriations.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
A+ Certificate Program*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

*Transfers-in, gifts, grants, bequests, donations, etc. and costs net to \$0.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

§160.545 – A+ schools program eligibility

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state according data from the Department of Elementary and Secondary Education (DESE), there are, on average, 59,000 high school graduates each year, and that trend is anticipated to remain fairly steady for at least the next 10 years. Of those students, approximately 2.5% or 1,490 students annually, attend a technical postsecondary institution. This legislation expands the A+ program to additional postsecondary providers, especially training programs which do not meet the current A+ length of program requirements, and those students who attend technical postsecondary institutions would most likely attend these additional providers.

The DHEWD estimates that of the 1,490 recent high school graduates who will attend a technical/vocational school, 80 percent of them will stay in-state, and 50 percent of those students will be A+ eligible, which results in approximately 600 students annually. Because this legislation is limited to programs at two-year institutions and eligible training providers, the department estimates that the tuition costs will be similar to the average Fast Track award amount at those schools. As a result, the DHEWD estimates the fiscal impact to be **\$2.4 million** (600 students * \$4,063 avg. award).

Additionally, section 11 of this proposed legislation includes up to \$500 for books per student per semester. The impact of this section could be as high as **\$14 million** (14,000 students * \$1,000 an academic year (\$500 per semester)).

Since there is no mandate that the legislature appropriate the funds to fully operationalize this program, the DHEWD is confident the fiscal impact is between **\$0 and \$16.4 million**. This impact does not include any ITSD cost.

Oversight notes DHEWD stated in the original version of this proposal that of the 59,000 high school graduates each year, 80% stay in Missouri (47,200); of those, roughly half, or 23,600, will be A+ eligible and 60%, 14,100, will attend some sort of postsecondary education; thus the 14,000 students estimated to receive reimbursement for books.

Oversight does not have any information to the contrary. Oversight notes the A+ program is subject to appropriations. If the expansion occurs but is not funded, the cost will be \$0; however, the expanded A+ program could be funded any amount between \$0 and the amount estimated by DHEWD (fully funded expansion).

Oversight notes the provisions of this proposal creates the A+ Certificate Program Fund, which will consist of moneys appropriated by the general assembly, gifts, grants, bequests and donations, etc. Oversight will range costs to the General Revenue (GR) Fund from \$0 to \$2.4

million as provided by DHEWD for FY 2024. Beginning with the 2024-2025 academic year (FY 2025) and all subsequent years going forward Oversight will include costs associated with the reimbursement for books. Funds will be transferred from the General Revenue Fund to the A+ Certificate Program Fund. For fiscal note purposes only, Oversight assumes transfers-in from GR, gifts, grants, bequests and donations, etc. will equal costs and the net impact to the new fund will be \$0.

Officials from the **University of Missouri (UM)** state based on clarification from the Higher Education Committing meeting, 4-year public institutions would not be eligible to participate in this program. Therefore, UM has no fiscal impact.

Officials from **Missouri State University** assume no fiscal impact from the proposal.

Officials from the **University of Central Missouri (UCM)** state this proposal will have no fiscal impact on their organization as it appears the A+ program still only applies to 2-year community colleges and technical schools. UCM has discontinued the A+ Recognition Scholarship it had.

Oversight assumes this proposal may have a positive, but unknown fiscal impact to community colleges and technical schools. Therefore, for fiscal note purposes, Oversight will present a \$0 to Unknown positive impact to Local Governments.

Rule Promulgation

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

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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 only reflects the responses received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Transfer-out – to the A+ Certificate Program Fund DHEWD– increase in A+ Scholarships (§160.545)</u>	\$0 to <u>(\$2,400,000)</u>	\$0 to <u>(\$16,400,000)</u>	\$0 to <u>(\$16,400,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to (\$2,400,000)</u>	<u>\$0 to (\$16,400,000)</u>	<u>\$0 to (\$16,400,000)</u>
A+ CERTIFICATE PROGRAM FUND			
<u>Transfer-in – from General Revenue Fund– funding for A+ Certificate Program (§160.545)</u>	\$0 to \$2,400,000	\$0 to \$16,400,000	\$0 to \$16,400,000
<u>Income – Gifts, grants, bequests, etc. (§160.545)</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs – DHEWD – distribution of scholarships and book fees (§160.545)</u>	\$0 to (Could exceed <u>\$2,400,000)</u>	\$0 to (Could exceed <u>\$16,400,000)</u>	\$0 to (Could exceed <u>\$16,400,000)</u>
ESTIMATED NET EFFECT ON THE A+ CERTIFICATE PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL GOVERNMENTS – COMMUNITY COLLEGES			
<u>Income– Community Colleges and Technical Schools – increase in tuition and fees (\$160.545)</u>	<u>\$0</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

This proposal may positively impact small business education programs. (\$160.545)

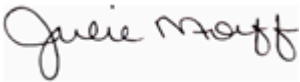
FISCAL DESCRIPTION

Beginning with the 2023-35 academic year, this bill modifies the existing A+ Program by creating a distinct and separate program called the “A+ Certificate Program” and the "A+ Certificate Program Fund". The fund is for students that meet the requirements for the current A+ Program and are eligible for reimbursement of tuition, books, and fees, but are attending an approved institution of postsecondary education for an eligible program of study or specified training program that may not qualify for reimbursement under the current A+ Program. The new A+ Certificate Program provides reimbursement for 60 hours or the equivalent under a different measure of student progress for one certificate or until a student has completed 150% of the time usually required to complete such a program. The bill also creates a mechanism for the reimbursement of up to \$500 of books and fee expenses for eligible students in both the current A+ Program and the A+ Certificate Program.

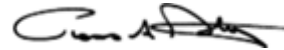
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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



Julie Morff
Director
March 21, 2023



Ross Strobe
Assistant Director
March 21, 2023