

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0233H.04P
 Bill No.: Perfected HCS for HB 76
 Subject: Department of Higher Education and Workforce Development; Education, Higher
 Type: Original
 Date: March 31, 2023

Bill Summary: This proposal makes provisions for the Career-Tech Certificate program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	\$0 to (\$3,133,380)	\$0 to (\$3,027,343)	\$0 to (\$3,028,027)
Total Estimated Net Effect on General Revenue	\$0 to (\$3,133,380)	\$0 to (\$3,027,343)	\$0 to (\$3,028,027)

*Career-Tech Certificate program is subject to appropriations.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Career-Tech 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

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).

The DHEWD estimates that cost of books would be \$500 a semester/term, which would equate to \$1,000 an academic year. This would result in a cost of **\$600,000** (600 students * \$1,000). While the aforementioned costs are conservative estimates, the department is confident the fiscal impact is between **\$0 and \$3 million** (\$2.4 million + \$600,000 books).

An application used to allow high schools to add or remove program students will be needed. The new program logic would need to be built into the application/system in order to support the new offering of the DHEWD program. As a result, ITSD estimates a need for 1,404 hours in FY 2024 for requirements gathering, analysis, design, development, testing, implementation and overall project management. The FY 2024 cost will be \$133,380. Ongoing maintenance costs will be \$27,343 in FY 2025 and \$28,027 in FY 2026.

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

Oversight notes House Amendment (HA) #2 creates the Career-Tech Certificate (CTC) Program Fund, which will consist of moneys appropriated by the general assembly, gifts, grants, bequests, donations, and transfers, etc. Oversight will range costs to the General Revenue (GR) Fund from \$0 to \$3 million as provided by DHEWD for beginning FY 2024, plus ITSD costs. Funds will be transferred from the General Revenue Fund to the Career-Tech 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 this proposal could have an impact, if the A+ program is open to programs offered by Missouri Online; the amount cannot be determined at this time.

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

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 Career-Tech Certificate Program Fund– increase in CTC Scholarships (§160.555)</u>	<u>\$0 to</u> <u>(\$3,133,380)</u>	<u>\$0 to</u> <u>(\$3,027,343)</u>	<u>\$0 to</u> <u>(\$3,028,027)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to</u> <u>(\$3,133,380)</u>	<u>\$0 to</u> <u>(\$3,027,343)</u>	<u>\$0 to</u> <u>(\$3,028,027)</u>
CAREER-TECH CERTIFICATE PROGRAM FUND			
<u>Transfer-in – from General Revenue Fund– funding for Career-Tech Certificate Program (§160.555)</u>	\$0 to \$3,133,380	\$0 to \$3,027,343	\$0 to \$3,028,027
<u>Income – Gifts, grants, bequests, etc. (§160.555)</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs – DHEWD ((§160.555)</u>			
ITSD and on-going maintenance	(\$133,380)	(\$27,343)	(\$28,027)
Distribution of scholarships and book fees	<u>(\$0 to</u> <u>\$3,000,000)</u>	<u>(\$0 to</u> <u>\$3,000,000)</u>	<u>(\$0 to</u> <u>\$3,,00,000)</u>
<u>Total Costs - DHEWD</u>	<u>\$0 to</u> <u>(\$3,133,380)</u>	<u>\$0 to</u> <u>(\$3,027,343)</u>	<u>\$0 to</u> <u>(\$3,028,027)</u>
ESTIMATED NET EFFECT ON THE CAREER-TECH 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 (§160.555)</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. (§160.555)

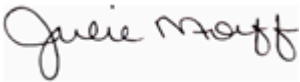
FISCAL DESCRIPTION

Beginning with the 2024-25 academic year, this bill modifies the existing A+ Program by creating a distinct and separate program called the “Career-Tech Certificate Program” and the "Career-Tech 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 Career-Tech 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 per semester for eligible students in the Career-Tech Certificate Program. (§160.555)

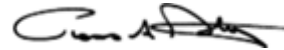
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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



Julie Morff
Director
March 31, 2023



Ross Strobe
Assistant Director
March 31, 2023