

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3749H.01I  
 Bill No.: HB 1569  
 Subject: Education, Higher  
 Type: Original  
 Date: January 5, 2024

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 to (\$4,647,420)	\$0 to (\$4,730,221)	\$0 to (\$5,030,977)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$4,647,420)</b>	<b>\$0 to (\$4,730,221)</b>	<b>\$0 to (\$5,030,977)</b>

\*Career-Tech Certificate program is subject to appropriations; therefore, Oversight has ranged the fiscal impact from “\$0 to” the estimated cost.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Career-Tech Certificate Program*	\$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, gifts, grants, bequests, donations, etc. and costs net to \$0.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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 \$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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §160.555 – Career-Tech Certificate Program

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 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 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 **\$3.9 million** (600 students \* \$6,582 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 for FY 2025 is between **\$0 and \$4.5 million** (\$3.9 million + \$600,000 books). Assuming an annual inflationary increase of five percent (5%) per year, the costs for FY 2026 would range from zero to \$4.7 million and for FY 2027 would range from zero to \$5 million.

The above estimate does not include an estimate from ITSD for changes that would be needed to be made to FAMOUS (Financial Aid for Missouri Undergraduate Students), an application used to allow high schools to add or remove program students. 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 it would incur costs of \$147,420 in FY 2025, \$30,221 in FY 2026 and \$30,977 in FY 2027 for program development and on-going IT needs.

**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 the provisions of §160.555.4 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 \$4.5 million as provided by DHEWD beginning FY 2025, plus ITSD costs; \$0 to \$4.7 million for FY 2026 and \$0 to \$5 million for FY 2027. 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 (UCM)** state this proposal would have no effect on UCM, since it doesn't fall under the A+ guidelines as a two-year school or have programs limited to 60 credit hours.

Officials from the **Northwest 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.

Officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

#### 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 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Transfer-out – to the Career-Tech Certificate Program Fund– increase in CTC Scholarships (§160.555) p. 3&amp;4</u>	\$0 to (\$4,647,420)	\$0 to (\$4,730,221)	\$0 to (\$5,030,977)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 to</u></b> <b><u>(\$4,647,420)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$4,730,221)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$5,030,977)</u></b>
<b>CAREER-TECH CERTIFICATE PROGRAM FUND</b>			
<u>Transfer-in – from General Revenue Fund– funding for Career-Tech Certificate Program (§160.555) p. 3&amp;4</u>	\$0 to \$4,647,42	\$0 to \$4,730,221	\$ 0 to \$5,030,977
<u>Income – Gifts, grants, bequests, etc. (§160.555) p. 3&amp;4</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs – DHEWD ((§160.555) p. 3&amp;4</u>			
ITSD and on-going maintenance	(\$147,420)	(\$30,221)	(\$30,977)
Distribution of scholarships and book fees	(\$0 to \$4,500,000)	(\$0 to \$4,700,000)	(\$0 to \$5,00,000)
<b>Total Costs - DHEWD</b>	<b><u>\$0 to</u></b> <b><u>(\$4,647,420)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$4,730,221)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$5,030,977)</u></b>
<b>ESTIMATED NET EFFECT ON THE CAREER-TECH CERTIFICATE PROGRAM FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL GOVERNMENTS – COMMUNITY COLLEGES</b>			
<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>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<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

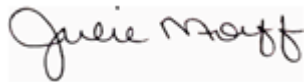
Beginning with the 2025-26 academic year, this bill creates the “Career-Tech Certificate (CTC) Program” and the "Career-Tech Certificate (CTC) Program Fund".

This Program is for students who have met the GPA, attendance, and service requirements for the A+ Program and are eligible for reimbursement of tuition, books, and fees, and are attending an approved institution of postsecondary education, as defined in the bill, for an eligible program of study or specified training program. The bill provides reimbursement for students for one certificate program or completion of a program of study or until a student has completed 150% of the time usually required to complete such a program. (§160.555)

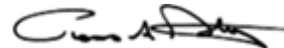
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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



Julie Morff  
Director  
January 5, 2024



Ross Strobe  
Assistant Director  
January 5, 2024