

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3749H.03C  
 Bill No.: HCS for HB 1569  
 Subject: Education, Higher; Department of Higher Education and Workforce Development;  
 Science and Technology  
 Type: Original  
 Date: February 13, 2024

Bill Summary: This proposal modifies provisions relating to support for students attending institutions of higher education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 to (\$14,965,669)	\$0 to (\$15,773,374)	\$0 to (\$16,687,734)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$14,965,669)</b>	<b>\$0 to (\$15,773,374)</b>	<b>\$0 to (\$16,687,734)</b>

\*The STEM grant program, Career Tech Certification program, and Access Missouri award program are all subject to appropriation (\$0 to..) .

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Career Tech Certificate Program*	\$0	\$0	\$0
Colleges and Universities**	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

\*Transfer-in, income, grants and expenses net to \$0

\*\*It is assumed the additional tuition and fees could exceed \$250,000 annually.

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>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</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

#### §173.685 – STEM grant program for Access Missouri Financial Assistance Program award recipients

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state this legislation would create a new statutory section (173.685) that would establish a “bonus” for undergraduate students that receive an Access Missouri Financial Assistance Program award and who are enrolled in certain fields of study identified in the bill as Science, Technology, Engineering, and Mathematics (STEM) fields. Those fields are as follows.

- Agriculture and related sciences
- Computer science
- Information technology and information systems
- STEM-related education
- Engineering
- Biological and biomedical sciences
- Mathematics and statistics
- Physical sciences

In addition to receiving an Access Missouri award, individuals must maintain a minimum cumulative grade point average (2.5 on a 4 point scale) and otherwise maintain satisfactory progress as defined by the institution the individual is attending. Postsecondary institutional participation in the program parallels Access Missouri. The award can be renewed for five semesters at a two-year institution or ten semesters (or 15 quarters) at a four-year institution. The proposed program would sunset after six years unless reauthorized by the General Assembly.

The proposal establishes the maximum award amount, subject to appropriation, at \$500. Based on the data available to DHEWD for the last two academic years, it is estimated that 19.7 percent of Access Missouri recipients are pursuing a postsecondary credential in one of the identified STEM program areas. Based on the number of Access Missouri recipients in FY 2023 (35,717), it is estimated that 7,036 (35,717 X 19.7%) individuals would be eligible for the STEM bonus award. It is assumed there will be little to no change in the number of Access Missouri recipients or the percent of recipients enrolled in eligible programs over the period of the fiscal note. Additionally, since section 2 limits the total award amount a student can receive at \$2,000 (which is the equivalent of two academic years or four semesters), DHEWD estimates that this will reduce the number of eligible students in any given year by half (3,518).

On that basis, for FY 2025, the cost to fully fund this proposal would be \$3,518,000  $((7,036/2) \times (\$500 \times 2 \text{ semesters}))$ . Since the award amounts are subject to appropriation, the actual cost would be between zero and the amount identified above. Since the program is not dependent on tuition and fee changes, no inflationary increment is included and the estimated amount would be constant across the years contained in this fiscal estimate.

No additional staff would be needed to implement this program and only relatively minor changes to the administrative system (FAMOUS) would be necessary so no additional costs are included for those items.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect DHEWD's fiscal impact and range the impact to General Revenue from \$0 to the amount provided as the program is subject to appropriation.

Officials from the **University of Missouri System** state the proposed legislation could have an unknown positive financial impact on the University of Missouri due to the possibility of increased access to postsecondary education.

In response to similar legislation from the current session (HB 2313), officials from **Northwest Missouri State University** assumed the proposal will have no fiscal impact on their organization.

**Oversight** does not have any information to the contrary. Oversight assumes this program would have an unknown positive fiscal impact on Colleges and Universities as more students may attend college with this additional assistance.

According to information available on DHEWD's website, the average cost of tuition for a four-year institution for Missouri residents for the 2023 - 2024 academic year is approximately \$10,722.

One-hundred additional students would account for approximately \$1.1 million in additional tuition  $(\$10,722 \times 100 = \$1,072,200)$ .

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

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state §173.836 creates the Career-Tech Certificate Program (CTC), which covers tuition and fees for students who completed the requirements for A+ while in high school, who attend a certificate program (currently not covered by A+).

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 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, but capped at the tuition rate of community colleges (based on service area), the department estimates that the tuition costs will be similar to the average Fast Track award amount at community colleges. As a result, the DHEWD estimates the fiscal impact to be **\$1.53 million** (600 students \* \$2,545 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) for a total cost of **\$2.13 million** (\$1.53 million + \$600,000). Additionally, ITSD estimates a fiscal impact for changes that would be needed to FAMOUS, which would be \$147,420 in FY 2025, \$30,221 in FY 2026 and \$30,977 in FY 2027.

This program requires the DHEWD to review and authorize requests from private vocational or technical schools, virtual institutions, or eligible training providers, located within a community college service area, that offer the same or substantially similar program as that community college. This review and authorization process will require one (1) additional FTE, at the assistant associate level, with an annual salary of \$42,500. Additional costs include one-times costs, such as furniture and supplies (\$3,331) and ITSD Equipment (\$1,865, plus an additional monitor for \$203), as well as ongoing expenses from ITSD (\$4,495).

While the aforementioned costs are conservative estimates, the DHEWD is confident the fiscal impact of \$173.836 for FY 2025 is between zero and \$2.32 million. Assuming an annual inflationary increase of five percent per year, the costs for FY 2026 would range from zero to \$2.31 million and for FY 2027 would range from zero to \$2.42 million.

**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 §173.836.4 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 \$2.32 million as provided by DHEWD beginning FY 2025; \$0 to \$2.31 million for FY 2026 and \$0 to \$2.42 million for FY 2027. Funds of approximately \$2.13 million will be transferred from the General Revenue Fund to the Career-Tech Certificate Program Fund for the period of the fiscal note, however, Oversight assumes personal service and ITSD related costs

will be paid for using GR funds. 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.

In response to the previous version of this proposal, officials from the **University of Missouri (UM)** stated 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.

In response to the previous version of this proposal, officials from **Northwest Missouri State University** assumed 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.

In response to the previous version of this proposal, from the **Office of the State Treasurer** assumed 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.

#### §173.1105 – Minimum and maximum Access Missouri financial assistance awards

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state this bill would modify §173.1105, RSMo, and increase the maximum awards for Access Missouri recipients starting with the 2024-25 academic year. For those attending an institution in the public two-year sector, that maximum award amount would be \$1,700 and the minimum would be \$500; for those attending a public four-year institution (including State Technical College of Missouri), approved private institutions, or approved virtual institutions, that maximum amount would be \$3,500 and the minimum would be \$1,750.

Additionally, all students with an expected family contribution (EFC) of \$12,000 or less will receive at least the minimum award, while maximum award amount for students with an EFC above \$7,000 will be reduce by ten percent by EFC increment groups, which are set at \$500 EFC increments.

Using FY 2024 data (the most recent data available), and applying award levels by EFC increments groups for students with an EFC at or below \$12,000, the DHEWD estimates this will cost an additional \$9.1 million in FY 2025 above the current appropriation levels, impacting over 35,000 students. While participation in the Access Missouri Scholarship program has been decreasing slightly over the past five years, this increase in award levels are likely to result in an increase in participation as well.

The DHEWD also estimates a one percent increase in participation each year. As a result, the department estimates these changes to cost between zero and \$9.1 million in FY 2025, between

zero and \$10 million in FY 2026, and between zero and \$10.9 million in FY 2027. No additional costs are needed for IT changes or additional staffing.

**Oversight** notes (from DHEWD's 2024 budget request) the Access Missouri Financial Assistance Program is a need-based program designed encourage low-income students to access higher education by reducing the costs of education. Within the pool of students determined to have financial need, award amounts are structured to provide the most assistance to the students with the greatest financial need. Award amounts are graduated, using the statutory formula, based on the student's EFC. Within available funding, eligible students receive the highest award possible, up to the maximum established by statute. For FY 2023, based upon state appropriations received, the program provided average awards of \$897 for students attending public 2-year institutions and \$2,279 for students attending public 4-year institutions, independent institutions, virtual institutions and State Technical College of Missouri. In FY 2023, 35,717 students received grants (FY 2022 - 36,083 students; FY 2021 - 41,236 students).

**Oversight** has no information to the contrary. Oversight notes increases in financial assistance awards are subject to appropriations. Therefore, if the Access Missouri financial award increases are not funded, the cost will be \$0. Therefore, Oversight will range the fiscal impact of this proposal from \$0 to the amount provided by DHEWD.

**Oversight** notes the DHEWD estimates the fiscal impact of the provisions of this three sections/proposals together will cost between \$0 and \$14.92 million for FY 2025; between \$0 and \$15.81 million for FY 2026; and between \$0 and \$16.82 million for FY 2027.

In response to similar legislation from the current session (HB 2326), officials from the **University of Missouri System (UM)** assumed the proposed legislation could have a positive financial impact on the University of Missouri. The amount of the impact is undetermined.

In response to similar legislation from the current session (HB 2326), officials from **Northwest Missouri State University** assumed 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.

**Oversight** has no information to the contrary. Therefore, for fiscal note purposes, Oversight will show a \$0 to Unknown increase in funding for 4-year colleges and universities (College & University Funds) as well as a \$0 to Unknown increase in funding to Local Governments – Community Colleges.

§173.1352 – Undergraduate course credits for students who score 4 or higher on international baccalaureate exams

**Oversight** notes in response to similar legislation from the current session (HB 2415), officials from the **Department of Higher Education and Workforce Development** and **Northwest Missouri State University** each assumed the proposal would have no fiscal impact on their

respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to similar legislation from the current session (HB 1578), officials from the **University of Missouri** assumed the proposal would have no fiscal impact on their respective organizations.

#### Bill as a whole

Officials from the **University of Central Missouri (UCM)** state this proposal could increase revenues to UCM as a result of the expansion of the program.

**Oversight** has no information to the contrary. Therefore, for fiscal note purposes, Oversight will show a \$0 to Unknown increase in funding for 4-year colleges and universities (College & University Funds) as well as a \$0 to Unknown increase in funding to Local Governments – Community Colleges.

Officials from the **Department of Elementary and Secondary Education** 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 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 FUND</b>			
<u>Costs – DHEWD</u> (\$173.685) – STEM bonus awards p.3-4	\$0 to (\$3,518,000)	\$0 to (\$3,518,000)	\$0 to (\$3,518,000)
<u>Costs – DHEWD</u> (\$173.836) p. 4-5	\$0 to...	\$0 to...	\$0 to...
Personal service	(\$35,417)	(\$43,350)	(\$44,217)
Fringe benefits	(\$26,243)	(\$31,821)	(\$32,158)
Equipment and expense	(\$8,589)	(\$7,982)	(\$8,142)
ITSD and on-going maintenance	(\$147,420)	(\$30,221)	(\$30,977)
<b>Total Costs - DHEWD</b>	<b>(\$217,669)</b>	<b>(\$113,374)</b>	<b>(\$115,494)</b>
FTE Change - DHEWD	1 FTE	1 FTE	1 FTE
<u>Costs – DHEWD</u> (\$173.1105) – Increase in Access Missouri financial awards p.6-7	\$0 to (\$9,100,000)	\$0 to (\$10,000,000)	\$0 to (\$10,900,000)
<u>Transfer-out – to the Career-Tech Certificate Program Fund– increase in CTC Scholarships</u> (\$173.836) p.4-5	\$0 to (\$2,130,000)	\$0 to (\$2,142,000)	\$0 to (\$2,154,240)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 to (\$14,965,669)</u></b>	<b><u>\$0 to (\$15,773,374)</u></b>	<b><u>\$0 to (\$16,687,734)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<b>CAREER-TECH CERTIFICATE PROGRAM FUND</b>			
<u>Transfer-in – from General Revenue Fund– funding for Career-Tech Certificate Program  (§173.836) p.4-5</u>	\$0 to \$2,130,000	\$0 to \$2,142,000	\$0 to \$2,154,240
<u>Income – Gifts, grants, bequests, etc.  (§173.836) p.4-5</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs – DHEWD  (§173.836) – Distribution of scholarships and book fees p. 4-5</u>	(\$0 to \$2,130,000)	(\$0 to \$2,142,000)	(\$0 to \$2,154,240)
<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>

<b>COLLEGES AND UNIVERSITIES</b>			
<u>Income</u> – Colleges and Universities (§173.685) – increase in tuition and fees p.3-4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income</u> – Colleges & Universities (§173.1105) – increase in tuition and fees received p.6-7	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL GOVERNMENTS – COMMUNITY COLLEGES</b>			
<u>Income</u> – Community Colleges and Technical Schools_ – increase in tuition and fees (§173.836) p.4-5	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income</u> – Community Colleges (§173.1105) – increase in tuition and fees received p.6-7	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS – COMMUNITY COLLEGES</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Recipients must also be working toward a STEM degree, which includes science, technology, engineering, or mathematics fields as specified in the bill. Specific requirements for STEM grant renewal are also provided and include satisfactory academic progress, five or less semesters at a two-year institution, or a total of 10 semesters at an approved four-year institution, or a combination of the two. The bill sunsets six years after the effective date.

This bill directs the Department of Higher Education and Workforce Development (DHEWD) to make available a STEM grant for up to \$2000 to eligible recipients. Eligibility for a STEM grant is outlined in the bill, and includes financial considerations similar to the Missouri Access Program under §§173.1101 to 173.1107, RSMo (§176.685)

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

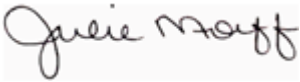
This Program is for students who have met the GPA, attendance, and service requirements for the A+ Program and are eligible for reimbursement of tuition, books, and fees, and are attending an approved institution of postsecondary education, as defined in the bill, for an eligible program of study or specified training program. The bill provides reimbursement for students for one certificate program or completion of a program of study. (§173.836)

Beginning in the 2024-25 academic year, this bill specifies an increase for eligible recipients of the Access Missouri Financial Assistance Program. For public two-year institutions the maximum increases by \$400 to \$1,700 and the minimum by \$200 to \$500. For public four-year institutions and the State Technical College, and approved private and virtual institutions, the maximum increases by \$700 to \$3,500 and the minimum by \$250 to \$1,750. (§173.1105)

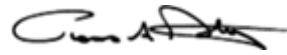
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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



Julie Morff  
Director  
February 13, 2024



Ross Strobe  
Assistant Director  
February 13, 2024