

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0200H.011
 Bill No.: HB 331
 Subject: Department of Higher Education and Workforce Development; Science and Technology
 Type: Original
 Date: February 5, 2025

Bill Summary: This proposal establishes the Career-Tech Certificate (CTC) Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	(\$221,673)	(\$113,176) Up to (\$2,153,176)	(\$115,185) Up to (\$3,315,185)
Total Estimated Net Effect on General Revenue	(\$221,673)	(\$113,176) Up to (\$2,153,176)	(\$115,185) Up to (\$3,315,185)

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Career-Tech Certificate Program	\$0	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 to Unknown	\$0 to Unknown

*Oversight does not anticipate income to exceed the \$250,000 threshold.
 Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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 2026	FY 2027	FY 2028
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

§173.836– Career-Tech Certificate Program

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state Section 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, and who attend a certificate program (currently not covered by A+). According to the Department of Elementary and Secondary Education (DESE) data, 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, around 2.5% attend a technical postsecondary institution, which would be around 1,490 students a year.

The department 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 around 600 students a year. 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 DHEWD estimates that the tuition costs will be similar to the average Fast Track award amount at community colleges. As a result, the DHEWD estimates this will cost \$1.44 million (600 students * \$2,404 avg. award) for FY 2027.

Additionally, the CTC program will cover the costs of training programs up to 60 credit hours or the equivalent, which roughly equates to two academic years. The DHEWD estimates that about half of the students will complete programs within one academic year, but that the other half will need two years to complete, which will add an additional 300 students each year beyond FY 2027. The DHEWD also estimates the 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 in FY 2027 but would result in \$900,000 each subsequent year. For FY 2028, this would result in \$2.3 million in tuition (900 students * \$2,524 avg. award), plus \$900,000 in books, totaling \$3.2 million. Additionally, ITSD estimates a fiscal impact for changes that would be needed to FAMOUS, which would be \$147,420 in FY 2026, \$30,221 in FY 2027 and \$30,977 in FY 2028.

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 additional FTE, at the assistant associate level, with an annual salary of \$43,860. Additional costs include one-times costs, such as furniture and supplies (\$3,331) and ITSD Equipment (\$1,865.24, plus an additional monitor for \$202.80), as well as ongoing expenses from ITSD (\$4,494.74).

While the aforementioned costs are conservative estimates, the DHEWD is confident the fiscal impact of section 173.836 for FY 2027 is between zero and \$2.2 million. Assuming an annual inflationary increase of five percent per year for tuition and including students, who need more than one year to finish their programs, the impact for FY 2028 would range from zero to \$3.3 million and for FY 2029 would range from zero to \$3.4 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).

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.

Officials from the **University of Central Missouri** assume there is an indeterminate increase in revenue at UCM.

Officials from **Southeast Missouri State University** assume there is a potential negative impact of an undetermined amount on Southeast Missouri State University based on the assumption the program explicitly excludes public four-year institutions of higher education.

Officials from the **University of Missouri** assume no fiscal impact from the proposal on their organization.

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 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs – DHEWD (§173.836) p.3</u>			
Personal service	(\$36,550)	(\$44,737)	(\$45,632)
Fringe benefits	(\$27,809)	(\$33,723)	(\$34,081)
Equipment and expense	(\$5,399)	\$0	\$0
Total Costs - DHEWD	(\$69,758)	(\$78,460)	(\$79,713)
FTE Change - DHEWD	1 FTE	1 FTE	1 FTE
<u>Costs – ITSD - DHE (§173.836) p.3</u>			
ITSD - FAMOUS Impact Changes	(\$147,420)	(\$30,221)	(\$30,977)
ITSD and on-going maintenance	(\$4,495)	(\$4,495)	(\$4,495)
Total Costs – ITSD/DHE	(\$151,915)	(\$34,716)	(\$35,472)
<u>Transfer-out – to the Career-Tech Certificate Program Fund – increase in CTC Scholarships (§173.836) p. 3</u>	\$0	\$0 Up to (\$2,040,000)	\$0 Up to (\$3,200,000)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$221,673)	(\$113,176) Up to (\$2,153,176)	(\$115,185) Up to (\$3,315,185)
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
CAREER-TECH CERTIFICATE PROGRAM FUND			
<u>Transfer-in</u> – from General Revenue Fund – funding for Career-Tech Certificate Program (§173.836) p. 3	\$0	\$0 Up to \$1,440,000	\$0 Up to \$3,200,000
<u>Income</u> – Gifts, grants, bequests, etc. (§173.836) p. 3	\$0	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – DHEWD (§173.836) p.3 Distribution of scholarships and book fees	\$0	\$0 Up to (\$1,440,000)	\$0 Up to (\$3,200,000)
ESTIMATED NET EFFECT ON THE CAREER-TECH CERTIFICATE PROGRAM FUND	<u>\$0</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL GOVERNMENTS – COMMUNITY COLLEGES			
<u>Income</u> – Community Colleges and Technical Schools – increase in tuition and fees (§173.836)	\$0	\$0 to Unknown	\$0 to Unknown
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 2026-27 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

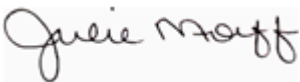
an approved institution of postsecondary education, as defined in the bill, for an eligible program of study or specified training program.

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.

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
Southeast Missouri State University
University of Central Missouri
Joint Committee on Administrative Rules



Julie Morff
Director
February 5, 2025



Jessica Harris
Assistant Director
February 5, 2025