

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3077H.04C
 Bill No.: HCS for HB Nos. 1514, 1525, & 1527
 Subject: Higher Education; Department of Higher Education and Workforce Development;
 Emergencies; Medical Procedures and Personnel
 Type: Original
 Date: April 16, 2025

Bill Summary: This proposal creates the "Public Safety Recruitment and Retention Act" to provide free college tuition for public safety personnel.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2031)
General Revenue*	More or less than (\$610,701)	More or less than (\$1,091,924)	More or less than (\$1,316,002)	More or less than (\$2,233,859)
Total Estimated Net Effect on General Revenue	More or less than (\$610,701)	More or less than (\$1,091,924)	More or less than (\$1,316,002)	More or less than (\$2,233,859)

* **Oversight** notes the Public Safety Recruitment and Retention Fund, and the Fast Track Workforce Incentive Grant are subject to appropriation by the General Assembly and awarded by the Department of Higher Education and Workforce Development (DHEWD). If changes to the programs are not funded, the impact will be \$0. DHEWD's estimate includes cost for loan services, 1 FTE, and grants/awards to cover the cost of tuition and fees at Missouri public postsecondary institutions for public safety officers and first responders.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2031)
Public Safety Recruitment and Retention Fund	\$0	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Fast Track Workforce Incentive Grant Fund	\$0	\$0	\$0	\$0
College and Universities	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 or Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2031)
Total Estimated Net Effect on <u>All Federal Funds</u>	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2031)
General Revenue	1 FTE	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 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	Fully Implemented (FY 2031)
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 173.2553 & 173.2655 - Public Safety Recruitment and Retention Act

Officials from **Department of Higher Education and Workforce Development (DHEWD)** assume this legislation creates two new sections, 173.2655 and 173.2660, which establishes the “Public Safety recruitment and Retention Act.” This act creates a grant for public safety personnel and first responders (dispatchers, EMTs, fire fighters, paramedics, and police officers) to cover the cost of tuition and fees at Missouri public postsecondary institutions after working for 6 years, and for their dependents after working 10 years. It also modifies section 173.2553 and allows public safety personnel and first responders and their dependents to be exempt from the income requirements for the Fast Track Workforce Incentive Grant.

According to data from the U.S. Bureau of Labor Statistics’ Occupational Employment and Wage Statistics Program (BLS – OEWS), there are 29,050 full-time public safety officers and first responders in the state (3,190 dispatchers, 3,670 EMTs, 5,570 fire fighters, 3,550 paramedics, and 13,070 police officers). This legislation is dealing with two programs that are similar in target population, but different in approach and requirements, and the department anticipates that first responders/public safety personnel and their spouses are more likely to participate in Fast Track, and the dependent children are more likely to participate in the new Public Safety Recruitment and Retention tuition program.

Fast Track is an adult serving program, primarily for those 25 years or older. According to the best available data, from Zippia.com, just over 60 percent of public safety personnel are over the age of 30, and would be eligible for Fast Track, and 47.5 percent have below a bachelor’s degree. While salary information is difficult to find for public safety personnel, data from Statistical Atlas (<https://statisticalatlas.com/state/Missouri/Household-Income#overview>) indicates that approximately 69.1 percent of Missouri households have an income of \$75,000 or less. By removing the AGI requirement for public safety personnel, we would add 31 percent of households who may not have otherwise been eligible for Fast Track. Assuming a three percent utilization rate (which is the percentage of Missourians aged 25-64 enrolled in postsecondary education) for those meeting the eligibility criteria, the department estimates that **77 individuals** would be eligible (29,050 * 60.2 percent meeting the age requirement * 47.5 percent below a bachelor’s degree * 31 percent now eligible by removing AGI requirements * 3 percent utilization). According to Pew Research, about 53 percent of individuals are married, and Census data indicates that 68 percent of adults have below a bachelor’s degree. Applying a three percent utilization rate to spouses of public safety personnel, and adding the 31 percent that are now eligible by removing the AGI requirement, would result in **97 eligible spouses** (29,050 * 53 percent that are married * 68 percent below a bachelor’s degree * 31 percent now eligible by removing AGI requirements * three percent utilization). These changes add **174 individuals** now eligible for Fast Track, which would result in \$739,500 (using the average Fast Track award of \$4,250) for FY 2026.

Additionally, this legislation allows the dependents of public safety officers and first responders, who have at least 10 years of service (19 percent), to receive a tuition grant under section 173.2655. Pew Research estimates that 19 percent of families have children, and the average family size is 1.9 children. Of those, roughly 9.5 percent are 18-24, of which 80 percent will stay in state and 60 percent will attend a public postsecondary institution, resulting in **91 eligible children** (29,050 * 19 percent with 10 years of service * 19 percent with children * 1.9 children * 9.5 percent of college going age * 80 percent staying in-state * 60 percent attending a public college or university). If we assume that roughly 32 percent attend community colleges (where tuition and fees average \$5,140 a year for full-time students) and 68 percent attend a public four-year institution (where tuition and fees average \$11,418.73 a year for full-time students), we get a total of \$855,977. Because first responders/public safety personnel have been working in their positions at least 10 years before their children are eligible for this award, the department does not believe they would be Pell or Fast Track eligible, and only a negligible amount would be eligible to receive a small Access Missouri award.

Based on an estimate from ITSD the costs would be \$166,698 in FY 2026, \$34,173 in FY 2027 and \$35,027 in FY 2028 for necessary changes and updates to FAMOUS to administer this program. Because the review and authorization process for students attending non-public providers is by its nature manual and must operate within a very short time window, it will require one additional FTE, at the assistant associate level, with an annual salary of \$43,860. Additional costs include one-times expenses, 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).

Oversight notes based on Section 173.2553.14.4 no individual or dependent who receives a Fast-Track Grant under this subsection shall be eligible to receive an award for tuition charges under sections 173.2655 and 173.2660. Therefore, Oversight assumes most adults that qualify would partake in the Fast Track Grant since there are less restrictions to qualify. However, Oversight assumes the dependents of the targeted group would apply more to the Public Safety Recruitment and Retention Fund since it offers better incentives to those who qualify.

Upon further inquiry, **DHE** provided the cost breakdown for each Fund in the table below.

	FY 2026	FY 2027	FY 2028
Fast Track	\$739,500	\$776,475	\$815,299
First Responders	\$240,951	\$993,105	\$1,018,011
TOTAL	\$980,451	\$1,769,580	\$1,833,310

Oversight notes, as provided in DHEWD’s 2025 Budget Request, the Fast Track Workforce Incentive Grant was created by Senate Bill 68 (2019) and provides assistance to adults who are seeking to upgrade or retool their skills in order to enter high demand, high wage occupations. Amendments to the program in Senate Bill 672 (2022) increased the number of eligible training providers, expanded the grant to apprenticeships, and removed the loan-related requirements.

Students in programs or apprenticeships in an area designated by the Coordinating Board for Higher Education as preparing individuals to enter these occupations and leading to receipt of a certificate, degree, or industry-recognized credential are eligible. Students must be enrolled at least half-time and apprentices must be actively participating in an eligible apprenticeship to be eligible for the grant. Awards under the program cover the amount of tuition and fees remaining after all other governmental non-loan student assistance is applied or, for apprentices, the amount of related educational costs. For students, if all tuition and fee costs are covered by other aid, the award is up to \$500 per term or the remaining cost of attendance, whichever is lower. In FY 2024 the average award was \$4,250.

Oversight notes DHEWD is assuming a three percent utilization rate for those utilizing these programs. Oversight assumes there would be a gradual rise in participation as students receive the award over several years and new students are added to the participant group; therefore Oversight will reflect a step up in participation until fully implemented in FY 2031. Additionally, Oversight assumes there would only be a two percent growth in new students from year to year and allow for five percent inflation on the award amounts. Oversight notes both the Fast Track Incentive Grant and the Public Safety recruitment and Retention Act are subject to appropriation. Therefore, Oversight will reflect zero (no appropriation) and a step up to more or less than the calculated totals for each program. Oversight further assumes transfers-ins and grants provided will net to \$0.

Fast Tract	FY26	FY27	FY28	FY29	FY30	FY31
student	87	176	180	183	187	191
avg. award	\$4,250	\$4,463	\$4,686	\$4,920	\$5,166	\$5,424
award sub.	\$369,750	\$785,488	\$841,231	\$900,903	\$964,867	\$1,033,316

R&R	FY26	FY27	FY28	FY29	FY30	FY31
student	0	18	36	55	74	94
avg. award	\$0	\$9,406	\$9,876	\$10,370	\$10,889	\$11,433
award sub.	\$0	\$169,308	\$355,536	\$570,350	\$805,786	\$1,074,702

*Eligible recipients and their spouses

TOTAL	FY26	FY27	FY28	FY29	FY30	FY31
Participants	87	194	216	238	261	285
Award Total	\$369,750	\$954,796	\$1,196,767	\$1,471,253	\$1,770,653	\$2,108,018

Oversight assumes, based on past years, the average assistance from the Fast Track Grant will be near \$4,250. However, it is unknown how many participants will take advantage of the proposed program so Oversight will reflect zero to Unknown income to the colleges, universities, and community colleges.

Oversight assumes the Public Safety Recruitment and Retention award could act as an incentive for students to attend college and community colleges. However, it is unclear how many students

would have already been college bound and what percentage would attend only due to this new incentive. Therefore, Oversight assumes there could be an increase in student enrollment which would result in an increase in revenue to the colleges and community colleges for \$0 to Unknown.

Section 173.2660 - provisions for "Public Safety Recruitment and Retention Act"

Officials from the **DHEWD** assume section 173.2660 requires the recipients of this award to remain in the state for five years and provide tax documentation to the department. For those who fail to remain in Missouri or file taxes over this five-year period, the grant would convert to a loan, which would require repayment. The department would need to contract with a loan servicer to handle this repayment and estimates that initial costs include at least \$20,000 in set up fees, and that ongoing costs would include \$25 per loan for onboarding and \$3.50 per loan per month servicing fee. Beyond the initial set up fees, these costs will not be immediate and will only be incurred later in the life of the program.

Oversight notes the servicer of the loans shall be the **Higher Education Loan Authority of the State of Missouri (MOHELA)**. However, without a response from MOHELA, Oversight will reflect the estimated impact by DHEWD in the fiscal note of \$20,000 in FY 2027 for loan servicing set up fee and a zero (no repayments) or unknown cost starting in FY 2028.

Oversight notes, if a recipient of the award does not remain a Missouri resident for five years after accepting the award and does not garnish tax returns the recipient agreed that the award would be treated as a loan. Therefore, Oversight assumes repayment of the award through this loan process will result in a income to the Public Safety Recruitment and Retention Fund as \$0 to Unknown as it is unclear how many award recipients would be in violation.

Bill as Whole

Officials from **DHEWD** estimate that this will serve up to 265 individuals (77 first responders, 97 spouses, and 91 children of first responders), and that the fiscal impact for FY 2026 is between zero and \$1 million. The department anticipates the new program will go into effect in FY 2027, and, along with increased Fast Track participation, estimates the fiscal impact to be between zero and \$1.74 million. Assuming an annual inflationary increase of five percent per year, the costs for FY 2028 would range from zero to \$1.83 million.

Officials from the **Office of Budget and Planning** assume this proposal creates the "Public Safety Recruitment and Retention Fund" to support public safety tuition awards. This fund does not have a dedicated source; transfers from General Revenue would be subject to appropriation. There are no limits on awards and is subject to appropriation. There is no direct impact on Total State Revenues.

Officials from the **Department of Public Safety – Directors Office (DPS-DO)** assume the proposal will have no fiscal impact on their organization.

The DPS provided the current number of commissioned peace officers (law enforcement officer) count in the table below.

Full-time Peace Officers	14,307
Reserve Peace Officers	1,568
Officers Not Working and Not Expired	7,833
Active Agencies	597
Firefighters	22,000

Officials from the **Northwest Missouri State University** assume a potential material fiscal impact; volume is unknown, and state funding is not guaranteed; also, costly to manage because their system will not automatically manage the criteria for eligibility and continuation. Furthermore, they will not be able to utilize the debt offset in MO so there will ultimately be no payback of the funds.

Officials from the **University of Central Missouri** assume there will be an indeterminate fiscal impact but likely increase in revenue if state funded.

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

Officials from the **Missouri Highway Patrol, Department of Commerce and Insurance, Office of the State Treasurer, Branson Police Department, Department of Health and Senior Services, Kansas City Police Department Phelps County Sheriff's Department, and St. Louis County Police Department** each assume that there will be no fiscal impact. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

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.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2031)
GENERAL REVENUE				
<u>Costs – DHEWD– Loan servicing - §173.2660 p.7</u>	\$0	(\$20,000)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs – DHEWD/ITSD – FAMOUS changes/updates - §173.2655 p.6</u>	(\$166,698)	(\$34,173)	(\$35,027)	(\$37,721)
<u>Costs – DHEWD (§173.2655) p.6</u>				
Personnel Service	(\$36,550)	(\$44,737)	(\$45,632)	(\$48,425)
Fringe Benefits	(\$27,809)	(\$33,723)	(\$34,081)	(\$35,200)
Expense & Equipment	(\$5,399)	\$0	\$0	\$0
ITSD ongoing costs	(\$4,495)	(\$4,495)	(\$4,495)	(\$4,495)
<u>Total Costs – DHEWD (§173.2655) p.6</u>	(\$74,253)	(\$82,955)	(\$84,208)	(\$88,120)
FTE Change	1 FTE	1 FTE	1 FTE	1 FTE
<u>Transfer out – DHEWD - Public Safety Recruitment and Retention Fund (§173.2655) p.6</u>	\$0	\$0 or More or less than (\$169,308)	\$0 or More or less than (\$355,536)	\$0 or More or less than (\$1,074,702)
<u>Transfer out – DHEWD - Fast Track Workforce Incentive Grant - §173.2553 p.4</u>	\$0 or More or less than (\$369,750)	\$0 or More or less than (\$785,488)	\$0 or More or less than (\$841,231)	\$0 or More or less than (\$1,033,316)
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or less than (\$610,701)	More or less than (\$1,091,924)	More or less than (\$1,316,002)	More or less than (\$2,233,859)
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2031)
PUBLIC SAFETY RECRUITMENT AND RETENTION FUND				
<u>Transfer in</u> – from General Revenue to Public Safety Recruitment and Retention Fund (§173.2655) p.6	\$0	\$0 or More or less than \$169,308	\$0 or More or less than \$355,536	\$0 or More or less than \$1,074,702
<u>Income</u> – Award repayment for violation of conditions - (§173.2655) p.6	\$0	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer out</u> – Distributions of tuition awards from Public Safety Recruitment and Retention Fund (§173.2655) p.6	\$0	\$0 or More or less than (\$169,308)	\$0 or More or less than (\$355,536)	\$0 or More or less than (\$1,074,702)
ESTIMATEDE NET EFFECT ON PUBLIC SAFETY RECRUITMENT AND RETENTION FUND	<u>\$0</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
FAST TRACK WORKFORCE INENTIVE GRANT FUND				
<u>Transfer in</u> – from General Revenue Fund- §173.2553 p.4	\$0 or More or less than \$369,750	\$0 or More or less than \$785,488	\$0 or More or less than \$841,231	\$0 or More or less than \$1,033,316
<u>Transfer Out</u> - Distributions of grants §173.2553 p.4	\$0 or More or less than (\$369,750)	\$0 or More or less than (\$785,488)	\$0 or More or less than (\$841,231)	\$0 or More or less than (\$1,033,316)

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2031)
ESTIMATED NET EFFECT ON FAST TRACK WORKFORCE INCENTIVE GRANT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
COLLEGE AND UNIVERSITIES				
<u>Income</u> - more eligible students for grant/awards from programs – §173.2553 & §173.2655 p.5	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON COLLEGE AND UNIVERSITIES	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2031)
LOCAL POLITICAL SUBDIVISIONS				
<u>Income</u> - more eligible students for grant/awards from programs – community colleges - §173.2553 & §173.2655 p.5	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill establishes the "Public Safety Recruitment and Retention Act", to provide free college tuition for certain public safety personnel and their legal dependents.

The current "Fast Track Workforce Incentive Grant" provides grants for tuition and fees for eligible students meeting specific eligibility and income requirements. The bill adds public safety personnel and personnel's dependents to the eligible students without income restrictions. No individual or dependent who receives a fast track grant will be eligible to receive an award for tuition charges under the "Public Safety Recruitment and Retention Act".

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 Commerce and Insurance
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Corrections
Department of Public Safety- Directors Office
Department of Public Safety- Highway Patrol
Secretary of State
University of Missouri System
Office of the State Treasurer
Southeast Missouri State University
Northwest Missouri State University
Budget and Planning
Phelps County Sheriff Department
Kansas City Police Department
St. Louis County Police Department
University of Central Missouri
Joint Committee on Administrative Rules
Branson Police Department
Northwest Missouri State University



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