

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6007H.011
 Bill No.: HB 2585
 Subject: Education, Higher; Department of Higher Education and Workforce Development;
 Federal - State Relations
 Type: Original
 Date: March 2, 2026

Bill Summary: This proposal modifies provisions relating to grants for certain workforce training programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|--------------------|--------------------|--------------------|
| General Revenue | (\$302,356) | (\$245,038) | (\$247,045) |
| Total Estimated Net Effect on General Revenue | (\$302,356) | (\$245,038) | (\$247,045) |

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|------------|------------|------------|
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|------------|------------|------------|
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|--------------|--------------|--------------|
| General Revenue | 2 FTE | 2 FTE | 2 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 2 FTE | 2 FTE | 2 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 2027 | FY 2028 | FY 2029 |
|-------------------------|------------|------------|------------|
| | | | |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§§620.511 – 620.514 - Grants for Certain Workforce Training Programs

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** assume §620.514 (2-3) will require the State Workforce Development Board to coordinate approval of eligible workforce training programs with other state and federal workforce programs. Also requires eligible workforce training programs to provide verifiable data, as determined by the board, demonstrating program outcomes, including completion rates, job placement rates, and earnings. These requirements will necessitate two FTEs at DHEWD for data coordination and program review and approval. It is assumed that the positions will be at a Senior Program Specialist position level (\$64,000 starting salary). Funds will be needed for the new employees' computers and related equipment (\$1,943.59 each) and ongoing ITSD expenses (estimated at \$3,477.98 per year). Annual E&E expenses (professional development, supplies, etc.) must be considered for each FTE and those are estimated at \$5,000 per year. ITSD will be required to develop and maintain a data system to collect and store confidential PII, student records from public and private higher education institutions and training providers. ITSD estimates the initial cost to be \$88,452, with ongoing yearly maintenance costs of \$10,000 to \$12,000.

DHEWD is an ITSD Consolidated agency. ITSD costs for data collection, validation, and storage of new data collection from providers. It would require a front-end data ingestion tool, database structure, and on-going maintenance. Could be in-house or contracted.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimate as provided by DHEWD.

Oversight notes that §620.514 requires that any workforce training program created and approved by the state board must also comply with federal eligibility rules. For informational purposes, Oversight notes Section 83002 of Public Law 119-21 sets those federal rules for workforce programs that want students to use Pell Grants.

Officials from the **Department of Economic Development, Oversight Division, Northwest Missouri State University**, and **University of Central Missouri** each 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 for these respective agencies.

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 2027 (10 Mo.) | FY 2028 | FY 2029 |
|--|---------------------------|---------------------------|---------------------------|
| GENERAL REVENUE | | | |
| <u>Cost – DHEWD (§620.514) p.3</u> | | | |
| Personal Service | (\$117,333) | (\$130,560) | (\$133,171) |
| Fringe Benefits | (\$77,141) | (\$85,183) | (\$86,233) |
| Expense & Equipment | (\$19,430) | (\$17,295) | (\$17,641) |
| <u>Total Costs – DHEWD</u> | <u>(\$213,904)</u> | <u>(\$233,038)</u> | <u>(\$237,045)</u> |
| FTE Change – DHEWD | 2 FTE | 2 FTE | 2 FTE |
| <u>Cost – DHEWD (§620.514) ITSD Data Collection System p.3</u> | | | |
| | (\$88,452) | (\$12,000) | (\$10,000) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$302,356)</u> | <u>(\$245,038)</u> | <u>(\$247,045)</u> |
| Estimated Net FTE Change on General Revenue | 2 FTE | 2 FTE | 2 FTE |

| <u>FISCAL IMPACT – Local Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|---|---------------------|-------------------|-------------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires the Governor, in consultation with the Missouri Workforce Development Board, to approve workforce training programs that are eligible for federal Workforce Pell Grants if they prepare students for a high-skill industry sector or occupation, a high-wage industry sector or occupation, or an in-demand industry sector or occupation, as such terms are defined in the bill.

The Board shall establish a process for institutions and programs to apply for approval and appeal denials of Workforce Pell Grants, shall coordinate approval of eligible workforce training programs with other state and federal workforce programs, and shall require eligible workforce training programs to provide verifiable data demonstrating program outcomes.

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
Joint Committee on Administrative Rules
Office of the Secretary of State
Department of Economic Development
Oversight Division
Northwest Missouri State University
University of Central Missouri



Julie Morff
Director
March 2, 2026



Jessica Harris
Assistant Director
March 2, 2026