

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 2123**  
**103RD GENERAL ASSEMBLY**

4305H.03C

JOSEPH ENGLER, Chief Clerk

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**AN ACT**

To repeal section 173.250, RSMo, and to enact in lieu thereof two new sections relating to higher education workforce policy prioritization.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 173.250, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 173.250 and 173.1541, to read as follows:

173.250. 1. There is hereby established a "Higher Education Academic Scholarship Program" and any moneys appropriated by the general assembly for this program shall be used to provide scholarships for Missouri citizens to attend a Missouri college or university of their choice pursuant to the provisions of this section.

2. The definitions of terms set forth in section 173.1102 shall be applicable to such terms as used in this section. In addition, the following definitions shall apply:

(1) "Academic scholarship", an amount of money paid by the state of Missouri to a student pursuant to the provisions of this section;

(2) "ACT", the American College Testing program examination;

(3) "Approved institution", an approved public or approved private institution as defined in section 173.1102;

(4) "Eligible student", an individual who meets the criteria set forth in section 173.1104, excluding the requirements of financial need and undergraduate status and, in addition, meets the following requirements:

(a) Has achieved a qualifying score on the ACT or SAT;

(b) Is a Missouri resident who has completed secondary coursework through graduation from high school or the virtual public school established in section 161.670, receipt of a general education development (GED) diploma, completion of a program of study

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

19 through homeschooling or any other program of academic instruction that satisfies the  
20 compulsory attendance requirement under section 167.031; and

21 (c) Is enrolled full time or accepted for full-time enrollment as a postsecondary  
22 student at an approved institution during the academic year immediately following the  
23 completion of his or her secondary coursework;

24 (5) "Missouri test-takers", all Missouri high school seniors who take the ACT or the  
25 SAT;

26 (6) **"Qualified higher education expenses", the qualified costs of tuition and fees  
27 and other expenses for attendance at an eligible educational institution, as defined in  
28 Section 529 of the Internal Revenue Code, as amended;**

29 (7) "Qualifying score", a composite score on the ACT or the SAT achieved in an  
30 eligible student's high school sophomore, junior, or senior year that is in the top five percent  
31 of Missouri test-takers, as established at the beginning of an eligible student's final year of  
32 secondary coursework;

33 ~~[(7)]~~ (8) "Recipient", an eligible or renewal student who receives an academic  
34 scholarship pursuant to this section;

35 ~~[(8)]~~ (9) "Renewal student", an eligible student who remains in compliance with the  
36 provisions of section 173.1104, maintains continuous enrollment, and makes satisfactory  
37 academic degree progress; and

38 ~~[(9)]~~ (10) "SAT", the Scholastic Aptitude Test.

39 3. The coordinating board for higher education shall be the administrative agency for  
40 the implementation of the program established by this section, and shall:

41 (1) Promulgate reasonable rules and regulations for the exercise of its functions and  
42 the effectuation of the purposes of this section, including regulations for granting scholarship  
43 deferments;

44 (2) Prescribe the form and the time and method of awarding academic scholarships,  
45 and shall supervise the processing thereof; and

46 (3) Select qualified recipients to receive academic scholarships, make such awards of  
47 academic scholarships to qualified recipients and determine the manner and method of  
48 payment to the recipient.

49 4. **Before the 2027-28 academic year**, eligible students shall be offered academic  
50 scholarships in the following amounts and in the following order of priority, within the limits  
51 of the funds appropriated and made available:

52 (1) Each eligible student with a qualifying score in the top three percent of all  
53 Missouri test-takers shall be offered an academic scholarship of up to three thousand dollars  
54 per year. All students in the top three percent shall receive awards of three thousand dollars  
55 before any student in the top fourth and fifth percentiles receives any award;

56 (2) Provided sufficient funds are appropriated, each eligible student with a qualifying  
57 score in the top fourth and fifth percentiles shall be offered an academic scholarship of up to  
58 one thousand dollars per year.

59 5. **Before the 2027-28 academic year**, eligible students may renew academic  
60 scholarships for their second, third, and fourth years of postsecondary education, or as long as  
61 the recipient is in compliance with the criteria to be a renewal student.

62 6. If an eligible student is unable to enroll during the first academic year or a renewal  
63 student ceases attendance at an approved institution for the purpose of providing service to a  
64 nonprofit organization, a state or federal government agency, or any branch of the Armed  
65 Forces of the United States, such student shall be offered an academic scholarship upon  
66 enrollment in any approved institution after the completion of their service, if the student  
67 meets all other requirements for an initial or renewal award and if the following criteria are  
68 met:

69 (1) For an eligible student who cannot attend an approved institution as a result of  
70 service to a nonprofit organization or the state or federal government, the student returns to  
71 full-time status within twenty-seven months and provides verification to the coordinating  
72 board for higher education that the service to the nonprofit organization was satisfactorily  
73 completed and was not compensated other than for expenses, or that the service to the state or  
74 federal government was satisfactorily completed; or

75 (2) For an eligible student who cannot attend an approved institution as a result of  
76 military service in the Armed Forces of the United States, the student returns to full-time  
77 status within six months after the eligible student first ceases service to the Armed Forces and  
78 provides verification to the coordinating board for higher education that the military service  
79 was satisfactorily completed.

80 7. A recipient of an academic scholarship awarded under this section may transfer  
81 from one approved institution to another without losing eligibility for the academic  
82 scholarship.

83 8. If a recipient of an academic scholarship at any time withdraws from an approved  
84 institution so that under the rules and regulations of that institution he or she is entitled to a  
85 refund of any tuition, fees or other charges, the institution shall pay the portion of the refund  
86 attributable to the academic scholarship for that term to the coordinating board for higher  
87 education.

88 9. Other provisions of this section to the contrary notwithstanding, if an eligible  
89 student has been awarded an initial academic scholarship pursuant to the provisions of this  
90 section but is unable to attend an approved institution during the first academic year because  
91 of illness, disability, pregnancy or other medical need or if a renewal student ceases all  
92 attendance at an approved institution because of illness, disability, pregnancy or other medical

93 need, the recipient shall be eligible for an initial or renewal academic scholarship upon  
94 enrollment in or return to any approved institution, provided the recipient:

95 (1) Enrolls in or returns to full-time status within twenty-seven months;

96 (2) Provides verification in compliance with coordinating board for higher education  
97 rules of sufficient medical evidence documenting an illness, disability, pregnancy or other  
98 medical need of such person to require that that person will not be able to use the academic  
99 scholarship during the time period for which it was originally offered; and

100 (3) Meets all other requirements established for eligibility to receive an academic  
101 scholarship.

102 **10. (1) As used in this subsection, "eligible program of study" has the same**  
103 **meaning as in section 173.2553.**

104 **(2) For the 2027-28 academic year and all subsequent academic years, subject to**  
105 **appropriation:**

106 **(a) An eligible student shall be offered academic scholarships in an amount**  
107 **specified in subdivision (3) of this subsection for the first four semesters the student is**  
108 **enrolled at the approved institution;**

109 **(b) An eligible student who has completed the student's first two semesters and**  
110 **received an academic scholarship under subsections 1 to 9 of this section shall be**  
111 **deemed an eligible student under paragraph (a) of this subdivision for the student's**  
112 **third and fourth semesters; and**

113 **(c) A renewal student who is enrolled in an eligible program of study may renew**  
114 **academic scholarships for up to six semesters in an amount specified in subdivision (3)**  
115 **of this subsection as long as the recipient is in compliance with the criteria to be a**  
116 **renewal student.**

117 **(3) The academic scholarship for each semester shall be in an amount equal to**  
118 **the cost of tuition at the approved institution in which the eligible student is enrolled or**  
119 **five thousand dollars, whichever is less, to be used for qualified higher education**  
120 **expenses.**

121 **(4) An approved institution shall not use an eligible student's receipt of an**  
122 **academic scholarship under this subsection to supplant any other existing financial aid**  
123 **award that was offered by such institution in the 2025-26 academic year for which the**  
124 **student would otherwise be eligible.**

**173.1541. 1. This section shall be known and may be cited as the "Missouri**  
2 **Higher Education Workforce Policy Prioritization Act".**

3 **2. The Missouri department of higher education and workforce development, in**  
4 **consultation with public institutions of higher education in this state, shall:**

5 **(1) Develop a funding model for public institutions of higher education that:**

6           **(a) Aligns funding for higher education to develop educated persons to meet the**  
7 **professional and workforce needs for the state of Missouri including, but not limited to,**  
8 **increasing the percentage of the state's population with a quality postsecondary**  
9 **credential, increasing student persistence and graduation, addressing the emerging and**  
10 **unmet regional and statewide workforce needs, increasing collaboration and**  
11 **cooperation among public colleges and universities, and ensuring the efficient and**  
12 **effective use of state tax dollars;**

13           **(b) Provides a level of stable, sustainable resources that allow public institutions**  
14 **of higher education in this state to serve students well and fulfill such institutions'**  
15 **missions;**

16           **(c) Builds on the work of the 2024 house special interim committee on higher**  
17 **education performance funding, including the findings from the legislatively mandated**  
18 **2023 study, and is developed in cooperation with public institutions of higher education**  
19 **in this state and the Missouri department of higher education and workforce**  
20 **development using data, mechanics, and calculations that are as simple and easy to**  
21 **understand as practicable;**

22           **(d) Includes a process for the allocation of the core appropriations to public**  
23 **four-year institutions of higher education; public community colleges, as that term is**  
24 **defined in section 163.191; and State Technical College of Missouri;**

25           **(e) Recognizes each institution's cost structure and instructional mission and**  
26 **incorporates accountability and an outcomes-based focus;**

27           **(f) Includes a performance component that is designed to enhance improvement**  
28 **in student success, workforce alignment, and efficient operations; and**

29           **(g) Clearly specifies institutional actions that will support additional**  
30 **performance or workforce appropriations, such as instructional program changes;**  
31 **institutional or statewide initiatives; graduation, retention, or enrollment**  
32 **accountabilities; or other institutional improvements;**

33           **(2) Establish a plan for testing and implementing the funding model described in**  
34 **this section, which plan, after having been reviewed and consented to by two members**  
35 **of the Missouri house of representatives appointed by the speaker of the house of**  
36 **representatives and two members of the Missouri senate appointed by the president pro**  
37 **tempore of the senate, shall be considered for approval by the coordinating board for**  
38 **higher education and, if approved, submitted to the governor and the general assembly**  
39 **before August 31, 2026;**

40           **(3) Evaluate the effectiveness of the funding model test and submit a report to**  
41 **the governor, the speaker of the house of representatives, and the president pro tempore**  
42 **of the senate before October 15, 2026; and**

43           **(4) Present the funding model to the coordinating board for higher education for**  
44 **action before November 1, 2026.**

45           **3. Such funding model shall not become effective unless approved by the general**  
46 **assembly by concurrent resolution.**

47           **4. (1) Except as provided in subdivision (2) of this subsection, for the 2028-29**  
48 **fiscal year and all subsequent fiscal years, the appropriation of state funding to public**  
49 **four-year institutions of higher education; public community colleges, as that term is**  
50 **defined in section 163.191; and State Technical College of Missouri shall be in**  
51 **accordance with such funding model approved by the general assembly.**

52           **(2) Any appropriation of state funding to an institution described in this**  
53 **subsection for the 2028-29 fiscal year shall not be less than the appropriation received**  
54 **by that institution for the previous fiscal year unless the appropriations for all**  
55 **institutions described in this subsection are reduced proportionately.**

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