

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0155-04
Bill No.: HCS for HB 26
Subject: Education, Elementary and Secondary: Teachers
Type: Original
Date: February 26, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$530,871)	(\$513,580)	(\$516,460)
Total Estimated Net Effect on <u>All</u> State Funds	(\$530,871)	(\$513,580)	(\$516,460)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the Higher Education Savings Program Board could require as many as 6 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$369 for FY 2002. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Coordinating Board For Higher Education (CBHE)** state they administer much of the guaranteed student loan program in Missouri and could potentially incur limited costs associated with processing repayments. Actual costs would depend on the number of teachers for which assistance is granted. However, CBHE officials assume the proposal would result in minimal fiscal impact to the agency.

Officials from the **Department of Elementary and Secondary Education (DES)** estimate the fiscal impact as follows:

Program

According to the Report on Public Schools of Missouri, 1998, there were approximately 10,000 teachers in provisionally accredited or unaccredited districts (mainly provisionally accredited). For purposes of this fiscal note, DES assumes that 1% of this population would qualify for this loan assistance for any given year.

$10,000 \times 1\% = 100$ teachers assumed to be eligible to receive up to \$4,000 per year
 $100 \text{ teachers} \times \$4,000 = \$400,000$

DES officials state this amount is an estimate of the annual impact; however, it may be significantly lower or higher depending on participation. Available assistance would be subject to appropriation.

ASSUMPTION (continued)

Administration

DES would not be affected, administratively, by the proposal.

The **Oversight Division** notes that the Missouri Higher Education Program Savings Board has no staff or budget. Oversight assumes that the Board would require the equivalent of a DES Supervisor and Senior Secretary to administer the proposal. (If the Board could assign administration of the Program to Department of Higher Education, the additional administrative cost could be reduced a great deal because the CBHE administers a very similar program already.)

DESE officials assume no fiscal impact would result to local public school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
Cost - Missouri Higher Education Program Savings Board			
Personal Service (2 FTE)	(\$64,422)	(\$79,239)	(\$81,220)
Fringe Benefits	(\$21,472)	(\$26,410)	(\$27,071)
Expense and Equipment	(\$17,977)	(\$7,931)	(\$8,169)
Loan Repayments	<u>(\$400,000)</u>	<u>(\$400,000)</u>	<u>(\$400,000)</u>
Costs - Missouri Higher Education Program Savings Board	(\$503,871)	(\$513,580)	(\$516,460)
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would create the Missouri Special Needs School Districts Loan Repayment Assistance Program to make undergraduate and graduate loan repayment assistance available to eligible teachers in essential needs school districts. The proposal includes eligibility

DESCRIPTION (Continued)

requirements.

Loan repayment assistance could be awarded to any eligible teacher in any school year which begins in any of the first five years after the initial repayment period began on any undergraduate or graduate student loan.

The repayment assistance would be an amount not to exceed \$4,000 in loan principal plus accrued interest for each full year of eligible teaching service.

The Missouri Higher Education Savings Program Board would work with local school districts to develop rules.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Coordinating Board For Higher Education



Jeanne Jarrett, CPA
Director
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