

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2627-02  
Bill No.: HCS for HB 1254  
Subject: Education, Higher  
Type: Original  
Date: April 21, 2015

---

Bill Summary: This proposal changes the law by adding virtual institutions to the “Access Missouri Financial Assistance Program.”

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 to (\$750,000)	\$0 to (\$750,000)	\$0 to (\$750,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$750,000)</b>	<b>\$0 to (\$750,000)</b>	<b>\$0 to (\$750,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Due to time constraints, **Oversight** originally prepared a fiscal note for this bill without all of the agency responses. Oversight has since obtained the agency responses and upon review of those responses, believes the original fiscal note that stated "Unknown" costs should be updated. Therefore, this fiscal note updates the original by providing agency responses and including the current language of the proposal.

Officials at the **Department of Higher Education (DHE)** assume to be eligible for Access Missouri, students need to file their FAFSA by April 1 of each year. While not all students will file by that deadline, we do expect the number who do to increase. However, that projection cannot be determined, so calculations are based on the number of students who have filed by the deadline this year.

Since an increase in the number of eligible students does not require a specific increase in the appropriation to the program, the projected fiscal impact of this change is zero. However, there are about 500 students who have indicated they will attend Western Governors University next year who have an Expected Family Contribution (EFC) of less than \$12,000, making them potentially eligible for an award. The current award amount is at the statutory minimum of \$1,500, and adding this pool of students would require \$750,000 (500 x \$1,500) to continue to meet that minimum obligation.

Officials at the **Metropolitan Community College (MCC)** assume the exact impact to MCC is unknown. The Access Missouri program is already seeing financial restraints due to the number of students eligible for the program and the amount of funding that is available. While the intent is to add "virtual institutions" to the list of eligible schools for the program, the scholarship is already being awarded below the statutory maximums. Adding additional eligible institutions, will potentially further limit the amount of funding available for each student and institutions as a whole. For FY2014, we received \$531,160 in Access MO funds for 1,317 students. Current year to date totals are \$673,920 for 1,416 students (award amounts increased slightly for this year). Each year, the award amounts vary based on number of eligible students and appropriations so adding additional eligible students/institutions could have an impact on the amount of funding students/MCC would receive.

Officials at the **Missouri State University, State Technical College of Missouri, University of Central Missouri** and the **Office of the Governor** each assume there is no fiscal impact to their respective organization from this proposal.

ASSUMPTION (continued)

In response to the previous version, officials at the **St. Louis Community College** and the **University of Missouri** each assumed there was no fiscal impact to their respective organization from this proposal.

**Oversight** notes this proposal would allow students that attend approved virtual institutions to receive money from the Access Missouri Financial Assistance Program. Approved virtual institution is defined as an institution recognized by executive order. Currently, there is only one virtual institution that would qualify and it is Western Governors University (Executive Order 13-04).

**DHE** estimates there are currently 1,500 students who attend Western Governors University. DHE estimates only about 500 would be eligible for Access Missouri Financial Assistance.

**Oversight** notes each year the Legislature appropriates funding for the Access Missouri Financial Assistance Program. In FY 2015, \$78,500,000 was appropriated for a projected 56,000 students. Should the amount of the appropriation remain the same then the amount distributed to each individual student would be reduced. Should the Legislature decide to increase the appropriation to cover these students then General Revenue would be impacted but the student's funding level would not. Oversight will show the impact as \$0 (no additional funds appropriated) to the \$750,000 estimated by DHE.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
---	---------------------	---------	---------

**GENERAL REVENUE**

<u>Costs - DHE - funding for the Access MO Financial Assistance Program</u>	\$0 to <u>(\$750,000)</u>	\$0 to <u>(\$750,000)</u>	\$0 to <u>(\$750,000)</u>
---	---------------------------	---------------------------	---------------------------

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 to (\$750,000)</u></b>	<b><u>\$0 to (\$750,000)</u></b>	<b><u>\$0 to (\$750,000)</u></b>
--	--------------------------------------	--------------------------------------	--------------------------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
---	---------------------	---------	---------

	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
--	-------------------	-------------------	-------------------

FISCAL IMPACT - Small Business

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

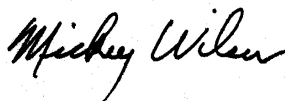
FISCAL DESCRIPTION

This bill adds approved virtual institutions to the Access Missouri Financial Assistance Program that are recognized as a qualifying institution by gubernatorial executive order and through a memorandum of understanding between the state of Missouri and the approved virtual institution; organized as a nonprofit institution; accredited by a regional accrediting agency recognized by the United States Department of Education; have established and continuously maintain a physical campus or location of operation in Missouri; and maintain a governing body or advisory board based in Missouri with oversight of Missouri operations.

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  
Metropolitan Community College  
Missouri State University  
Office of the Governor  
St. Louis Community College  
State Technical College of Missouri  
University of Central Missouri  
University of Missouri



Mickey Wilson, CPA  
Director  
April 21, 2015

Ross Strobe  
Assistant Director  
April 21, 2015