

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6305-01
Bill No.: Perfected SB 997
Subject: Education, Higher; Higher Education Department; Education, Elementary and Secondary
Type: Original
Date: March 1, 2016

Bill Summary: This proposal establishes several provisions relating to higher education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$3,985,425)	(Up to \$3,869,514)	(Up to \$3,870,261)
Total Estimated Net Effect on General Revenue	(Up to \$3,985,425)	(Up to \$3,869,514)	(Up to \$3,870,261)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Dual Credit Certification*	\$0	\$0	\$0
Dual Credit Scholarship*	\$0	\$0	\$0
College & University	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	(Unknown)	(Unknown)	(Unknown)

* Transfers in and out net to zero.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

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 should be updated. Therefore, this fiscal note updates the original by providing agency responses.

§173.2500 Dual Credit Approval Process and Certification Fund

Oversight notes this proposal would require the public higher education institutions to apply to the Department of Higher Education (DHE) to be a dual credit provider. DHE, after approval, would need to maintain a listing of the approved dual credit providers on their website.

Officials at the **Department of Higher Education (DHE)** assume to ensure the timely processing of applications an additional Research Associate I FTE would be required. Since this proposal allows for the collection of a fee to cover expenses, this FTE would be funded by the fee.

Oversight notes this section of this proposal requires DHE to establish administrative rules for the submission of the approval application. Oversight assumes the creation of the rules may be done with existing staff.

Oversight notes this proposal allows DHE to create a fee schedule that is to be used to cover the administrative costs of the approval process. Oversight notes this proposal creates a Dual Credit Certification Fund. Oversight will show the loss to the Colleges and University Fund for the fees and the expenditure of the funds by DHE for costs to administer this provision.

§173.2505 Dual Credit Scholarship Act

Oversight assumes this provision creates a financial assistance program called the Dual Credit Scholarship. The scholarship is to reimburse eligible students for up to 50% of the tuition costs paid by the student to enroll in a dual credit course. No student is eligible to receive more than \$500 annually.

Oversight notes this provision creates the Dual Credit Scholarship Fund which may consist of money appropriated to it as well as private donations. The Fund is to be used to pay the scholarships.

ASSUMPTION (continued)

Officials at the **DHE** assume in Academic Year 2013/2014, DHE estimated about 196,200 dual credit hours were earned by 22,300 students across the state. These estimates are derived from course completion data collected by DESE, but it should be emphasized that dual credit courses are not directly identified in the data, and some assumptions are employed to identify relevant courses and to exclude others, e.g. career/technical education and Advanced Placement. While the scholarship may result in more students taking dual credit courses and/or in students taking more dual credit courses, the department does not have the data to estimate that change, so it is not reflected in this estimate.

According to data collected by DESE, 51.7% of students were eligible for Free or Reduced Price Lunch in Academic Year 2014/2015. Assuming the same percentage of students who took dual credit were also eligible for free and reduced lunch, 101,435 credit hours would be covered by the Dual Credit Scholarship.

Based on data collected by the DHE, the average cost per credit hour is \$70. Although the cost varies from institution to institution and also by sector (public community college, public four-year, independent), this average was selected as the best approximation for cost across all types of students and institutions. The dual credit scholarship program would only cover half the cost to students (up to \$500 per year). Therefore, the estimated cost to the Dual Credit Scholarship Fund would be \$3,550,225 ($101,435 \times \$70 = \$7,100,450 \times 50\% = \$3,550,225$) each year.

Oversight notes this provision only allows students the reimbursement if they meet certain economic needs. Those needs are:

- Enrolled for free or reduced lunch. Per the Department of Elementary and Secondary Education's website 65.35 percent of students are on free or reduced lunch.
- Be in foster care, be a ward of the state or be homeless. Oversight was unable to determine how many students are in this situation.
- Receive low-income public assistance, such as SNAP, WIC or public housing. Oversight notes that families register for these programs, so it is difficult to determine an exact number of children that might participate.

Oversight assumes that children in these identified economic situations may not currently be taking dual credit courses as they would not be able to make the tuition payment. Oversight will show the impact as the one estimated by DHE.

ASSUMPTION (continued)

Officials at the **Office of Administration's Information Technology Services Division (ITSD)** assume that a potential recipient of this program will be expected to create a Student Portal account to fill out an application for every semester. Once completed, the student data will display in the FAMOUS High School (HS) application. Edits to the current HS menu and screens will be needed as well as creation of two new screens in order to display and maintain the student application details and eligibility criteria verification. Student eligibility criteria is assumed to be as follows:

1. United States citizenship
2. Resident of MO
3. Written program commitment beginning in 7th grade
4. Assigned mentor by the program director
5. Must have performed 50 hours of unpaid tutoring or mentoring/job shadowing
6. Develop a personal plan of study
7. Meet economic criteria

Student eligibility is assumed to be determined and verified at the DESE School district level. It is assumed that there is a need for at least one new HS report. The submitted program application will also display in the approved FAMOUS Postsecondary Institution (PSI) application. It is assumed that there is a need to create at least two new PSI reports. New student detail tabs and screens will be needed to allow the institution to certify and maintain student disbursements and other necessary details. It is assumed that the FAMOUS-DHE application will need to be updated to administrate this financial aid program. There is expected to be at least seven screens that will need to be updated. It is assumed that at least two new reports and three new notices will be created. It is assumed that, consistent with current DHE processes, student details, application data, program eligibility, and financial disbursement details will also display and be monitored through the FAMOUS-DHE application.

ITSD estimates these changes would be \$145,800 in FY 2017, \$29,889 in FY 2018 and \$30,636 in FY 2019.

§173.2510 15 to Finish Act

Officials at the **DHE** assume this would require the department in consultation with the institutions to develop policies to promote students' on-time completion of degree programs. DHE assumes this proposal can be done with existing department staff.

ASSUMPTION (continued)

Oversight notes this provision requires the DHE and public higher education institutions to promote the on-time completion of degree programs. The institutions are to create policies to encourage the on-time completion of degree programs. The DHE is to file a report that describes the actions taken by the institutions to encourage students. Oversight will show an Unknown impact to the institutions.

§173.2515 Guided Pathways to Success Act

Oversight notes this provision requires the DHE to create a pilot program called Guided Pathways to Success. The program is to help organize courses that help students to complete their degree programs on-time. The DHE is to report to the General Assembly on the outcomes of this pilot program by January 1, 2020.

Officials at the **DHE** assume this pilot program can be done with existing staff and resources.

§173.2520 Concurrent Enrollment Pilot Program

Oversight notes this provision requires DHE to create a pilot program called Concurrent Postsecondary Enrollment. The program is to allow students to enroll in a four year and two year institution at the same time. The DHE is to report to the General Assembly on the outcomes of this pilot program by January 1, 2020.

Officials at the **DHE** assume this pilot program can be done with existing staff and resources.

§173.234 Veterans Tuition Assistance (SA 1)

Oversight notes this proposal extends the sunset on the Wartime Veterans Survivor Grant Program. The program provides up to 25 grants annually to the spouse or children of Missouri veterans who died or became disabled from combat. The grant includes tuition (capped at the rate charged by the University of Missouri) plus up to \$2,000 for room and board and \$500 for books per semester. Based on 12 semester hours, the maximum annual award is \$11,576 per grant.

Table 1 - Historical Data on Program

	FY 2012	FY 2013	FY 2014	FY 2015 Projected	FY 2016 Projected
Number of Individuals	10	9	7	15	15
Total Awards	\$40,285	\$216,717	\$191,682	\$241,250	\$241,250

Source: Department of Higher Education

ASSUMPTION (continued)

In response to similar legislation filed this year, SB 855, officials at the **Department of Higher Education (DHE)** assumed in FY 2014, DHE paid 7 students for a total cost of \$71,866. In FY 2015, the DHE paid 10 students for a total cost of \$83,202. Assuming three additional students receive the grant each year over the cost of the fiscal note period at an average award of \$9,000, the cost in FY 2017 would be \$144,000, the cost in FY 2018 would be \$171,000, and the cost in FY 2019 would be \$198,000.

DHE assumed this proposal would expand the definition of who is an eligible student; however, the exact number of students is difficult to calculate.

Oversight notes this grant program originally sunset on August 28, 2014. This proposal would extend the sunset until August 28, 2020.

Oversight assumes it is difficult to calculate the number of eligible students that may receive this award in the future. Oversight will show the impact as up to the maximum award amount of \$289,400 (25 awards x \$11,576 maximum award) allowed per statute.

Bill as a Whole

Officials at the **University of Central Missouri** assume there would be positive fiscal impact if more students participated in UCM's dual credit program due to the financial assistance for high school students mentioned in the proposed legislation. However, it is not possible to quantify the participation or resulting fiscal impact to UCM at this point.

Officials at the **State Technical College of Missouri** assume a negative unknown impact due to the potential fees and increased workload for our financial aid staff.

Officials at the **Department of Social Services** assume there is no fiscal impact from this proposal.

Officials at the **Office of the State Courts Administrator** assume there is no fiscal impact from this proposal.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. The SOS recognizes that

ASSUMPTION (continued)

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 the 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.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Transfer Out</u> - to the Dual Credit Scholarship Fund §173.2505	(\$3,550,225)	(\$3,550,225)	(\$3,550,225)
<u>Cost</u> - ITSD - website and computer costs §173.2505	(\$145,800)	(\$29,889)	(\$30,636)
<u>Cost</u> - Dept of Higher Education - extension of the wartime veterans grant program	(Up to <u>\$289,400</u>)	(Up to <u>\$289,400</u>)	(Up to <u>\$289,400</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Up to \$3,985,425)</u>	<u>(Up to \$3,869,514)</u>	<u>(Up to \$3,870,261)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
DUAL CREDIT CERTIFICATION FUND			
<u>Revenue</u> - DHE - dual credit provider application fee §173.2500	Unknown	Unknown	Unknown
<u>Costs</u> - DHE for FTE and administrative costs for the dual credit provider applications §173.2500	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON DUAL CREDIT CERTIFICATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
DUAL CREDIT SCHOLARSHIP FUND			
<u>Transfer In</u> - from General Revenue §173.2505	\$3,550,225	\$3,550,225	\$3,550,225
<u>Revenue</u> - private donations §173.2505	Unknown	Unknown	Unknown
<u>Cost</u> - payment of the Dual Credit Scholarship to students §173.2505	<u>(\$3,550,225)</u>	<u>(\$3,550,225)</u>	<u>(\$3,550,225)</u>
ESTIMATED NET EFFECT ON DUAL CREDIT SCHOLARSHIP FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2017	FY 2018	FY 2019
(continued)	(10 Mo.)		

COLLEGE AND UNIVERSITY FUNDS

<u>Cost - Institutions - payment of dual credit provider application fees</u> §173.2500	(Unknown)	(Unknown)	(Unknown)
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<u>Cost - Institutions - 15 to Finish Act</u> §173.2510	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017	FY 2018	FY 2019
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act establishes several new provisions relating to higher education.

The act establishes a process through which the Coordinating Board for Higher Education shall certify an institution of higher education as an approved dual credit provider. To become an approved dual credit provider, an institution of higher education shall annually submit a written application to the Coordinating Board, as described in the act.

A dual credit course may not be advertised or represented as being delivered by an approved dual credit provider unless an application is approved by the Coordinating Board. (§173.2500)

This act establishes the "Dual Credit Scholarship Act", which shall provide funds, subject to appropriation, for eligible students enrolled in dual credit courses. The scholarship shall reimburse students for up to 50% of the tuition cost paid by the student, with a total amount not

FISCAL DESCRIPTION (continued)

to exceed \$500 annually. To be eligible, a student shall: be a United States citizen or permanent resident, be a Missouri resident, be enrolled in an approved dual credit program, have a cumulative GPA of at least 2.5 on a 4 point scale, and meet one or more requirements based on economic need, as described in the act.

The act creates the "Dual Credit Scholarship Fund", which shall consist of moneys appropriated by the General Assembly and private donations made to the fund. (§173.2505)

This act establishes the "15 to Finish Act". The Coordinating Board, in cooperation with public institutions of higher education, shall develop policies that promote the on-time completion of degree programs by students. The policies shall include defining on-time completion, providing financial incentives for students on pace to graduate in no more than eight semesters, implementing banded tuition, and reducing the number of credit hours required to earn a degree. (§173.2510)

This act establishes the "Guided Pathways to Success Act". The Coordinating Board, in cooperation with public institutions of higher education, shall create a pilot program that shall include at least two of the following: majors organized into semester-by-semester sets of courses that lead to on-time completion; degree-based transfer pathways between participating institutions; available meta-majors, as defined in the act; student commitment to a structured schedule of courses; and clear degree maps, proactive advising, as defined in the act, and guarantees that required courses are available when needed by students. (§173.2515)

The Coordinating Board shall establish a concurrent enrollment pilot program, in which students are enrolled in courses at both a four-year and two-year participating institution at the same time and for which the coursework is officially recorded by both institutions. The purpose of the pilot program is to provide a broader range of academic and student support services while streamlining the path to degree completion. (§173.2520)

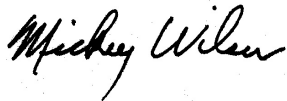
The Wartime Veteran's Survivor Grant program sunset in 2014. This act re-authorizes the program, which provides higher education financial aid to the spouses and children of wartime veterans. This act shall sunset on August 28, 2020, unless reauthorized by the General Assembly. This act contains an emergency clause. (§173.234)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Higher Education
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration
Information Technology Services Division
Office of the State Courts Administrator
Office of the Secretary of State
State Technical College of Missouri



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