

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6305-02  
Bill No.: HCS for SB 997  
Subject: Education, Higher; Higher Education Department; Education, Elementary and Secondary  
Type: Original  
Date: May 2, 2016

Bill Summary: This proposal changes the laws regarding elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$4,422,131)	(Up to \$4,003,100)	(Up to \$4,006,291)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Up to \$4,422,131)</b>	<b>(Up to \$4,003,100)</b>	<b>(Up to \$4,006,291)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
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)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Transfers in and out net to zero.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 13 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §105.1445 Public Employee Loan Forgiveness Notice

**Oversight** notes this proposal requires the Department of Higher Education (DHE) to create guidance regarding notice of public employee eligibility for public service loan forgiveness. Oversight notes this proposal requires all public employers to provide the said notice to all employees. Oversight assumes the creation and dissemination of the notice can be done using the public employees existing resources.

Officials from the **DHE** assume this section can be done with existing resources and should not create a fiscal impact on the department.

#### §167.223 State Technical College of Missouri

In response to similar legislation filed this year, HB 1610, officials at the **Department of Elementary and Secondary Education** and the **DHE** each assumed there was no fiscal impact from this proposal to their respective department.

In response to similar legislation filed this year, HB 1610, officials at the **State Technical College of Missouri** assumed this may have a positive impact on the College.

**Oversight** notes this proposal would allow the State Technical College of Missouri to work with public high schools to offer dual credit courses. Oversight assumes this would not have a fiscal impact on the College unless they chose to offer such classes. If they chose to offer the classes then the tuition from the class would cover the cost of the class and therefore, this would not have a net fiscal impact on the College.

#### §173.005 Higher Education Recognition

**Oversight** notes this proposal would require the DHE to list on its website those public higher education institutions that meet the requirements of §173.616.1(2),(3) and (4).

Officials from the **DHE** assume this section of the proposal requires the Coordinating Board for Higher Education to maintain on its website a list of institutions that meet certain criteria. This can be done with existing resources and should not create a fiscal impact on the coordinating board.

#### §173.035 Posting of Transfer Information on DHE website

**Oversight** notes this proposal would require the DHE to establish and operate a website containing course transfer information which shall be made available to members of the public.

ASSUMPTION (continued)

The searchable database is to contain information on what academic courses can be transferred to other higher education institutions.

**Oversight** notes that DHE is to promulgate rules for this section, and Oversight assumes they can promulgate the rules using existing resources.

Officials at the **DHE** assume the need for one Research Associate I to maintain the website, answer questions from institutions and students, input data, and other tasks associated with the operation of the new website. Additionally, there would be ongoing costs for website maintenance.

Officials at the **Office of Administration's Information Technology Services Division (ITSD)** assumed DHE would require one new multiple screen application for transfer maintenance, one new process for institution details, one new database to hold this new data and a rewrite of the current student portal application to add in the transfer piece. Due to these efforts, they estimate a significant amount of time is needed to analyze, develop and implement these pieces. ITSD estimated 5,238 hours of work at \$75 an hour for a total cost in FY 2017 of \$392,580 and ongoing costs of \$80,534 in FY 2018 and \$82,547 in FY 2019.

§173.234 Wartime Veteran's Survivor Grant

**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)

Officials at the **DHE** assume 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.

**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.

§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 **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.

ASSUMPTION (continued)

**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.

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.

ASSUMPTION (continued)

**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.

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.

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.

ASSUMPTION (continued)

§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.

**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.

Bill as a Whole

Officials at the **University of Central Missouri** assume for website implementation it may cost \$12,00 annually plus benefits for a person to update the information. For advisors to help students graduating it could cost \$120,000 plus benefits.

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 from the **Missouri State University** and the **University of Missouri** each assume the proposal will have no fiscal impact on their organization.

Officials at the **Department of Social Services, Joint Committee on Administrative Rules and Office of the State Courts Administrator** each assume there is no fiscal impact from this proposal.



ASSUMPTION (continued)

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** stated 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 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
<b>GENERAL REVENUE</b>			
<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 §173.234	(Up to \$289,400)	(Up to \$289,400)	(Up to \$289,400)
<u>Cost</u> - DHE §173.035			
Personal Service	(\$27,840)	(\$33,742)	(\$34,080)
Fringe Benefits	(\$16,016)	(\$19,310)	(\$19,403)
Computer Expenses - ITSD	(\$392,850)	(\$80,534)	(\$82,547)
<u>Total Cost</u> - DHE	<u>(\$436,706)</u>	<u>(\$133,586)</u>	<u>(\$136,030)</u>
FTE Change DHE	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Up to \$4,422,131)</u></b>	<b><u>(Up to \$4,003,100)</u></b>	<b><u>(Up to \$4,006,291)</u></b>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
<b>DUAL CREDIT CERTIFICATION FUND</b>			
<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>
<b>ESTIMATED NET EFFECT ON DUAL CREDIT CERTIFICATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

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

FISCAL DESCRIPTION (continued)

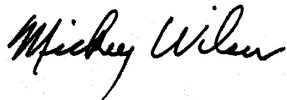
This bill requires the Department of Higher Education to establish and operate a public website, with a searchable database, that contains course transfer information. (§173.035)

This bill re-authorizes the War Veteran's Survivor Benefits Program and provides a new expiration date of August 28, 2020. (§173.234)

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 Elementary and Secondary Education  
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  
Missouri State University  
University of Central Missouri  
University of Missouri



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