

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0999-01
Bill No.: HB 411
Subject: Education, Higher
Type: Original
Date: January 30, 2017

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

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|--|--|--|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| General Revenue | \$0 to (Could exceed \$100,000) | \$0 to (Could exceed \$100,000) | \$0 to (Could exceed \$100,000) |
| Total Estimated Net Effect on General Revenue | \$0 to (Could exceed \$100,000) | \$0 to (Could exceed \$100,000) | \$0 to (Could exceed \$100,000) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| 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 2018 | FY 2019 | FY 2020 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education** assume to be eligible for Access Missouri, students need to file their FAFSA by the priority deadline of February 1, or the final deadline of April 1, each year. While not all students will file by the final deadline, we do expect the number who do to increase. It is unknown how many institutions would meet the definition of "approved virtual institution", so it is difficult to determine how many students would thereby be impacted. The current Access Missouri award is \$2,250.

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

Officials at the **Metropolitan Community College** assume there would only be an impact if the state does not increase funding to cover the additional eligible students.

Officials at the **Truman State University** assume they are unable to calculate the impact at this time.

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

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 a qualified institution. This proposal expands the number of institutions that qualify for the program.

The Access Missouri program is designed to provide need-based financial aid to eligible Missouri residents. Students with an expected family contribution below the established cutoff are eligible for the award. Award amounts are graduated, using statutory formula, based on the student's expected family contribution.

Starting in FY 2015 and beyond the award amounts are:

Public two-year sector = \$300 minimum and \$1,300 maximum

Public four-year sector and State Technical College = \$1,500 minimum and \$2,850 maximum

Private institutions = \$1,500 minimum and \$2,850 maximum.

ASSUMPTION (continued)

Table 1 - Number of Students Receiving Grant

| | FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Target | FY 2017 Target | FY 2018 Target |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| Number of Students | 55,858 | 52,826 | 51,367 | 49,100 | 47,100 | 47,100 |
| Appropriated Amount | \$64,067,301 | \$60,664,771 | \$59,933,326 | \$69,500,000 | \$69,500,000 | N/A |

Source: Department of Higher Education

N/A - Not Available

Oversight notes each year the Legislature appropriates funding for the Access Missouri Financial Assistance Program, from General Revenue, Lottery Proceeds and other Funds. In FY 2017, \$69,500,000 was appropriated for a projected 47,100 students. Should the amount of the appropriation remain the same and the number of eligible students increase, then the amount distributed to each individual student would be reduced. Should the Legislature decide to increase the appropriation to cover these additional students, then General Revenue would be impacted but the individual student's funding level would not. Oversight will show the impact as \$0 (no additional funds appropriated) to costs that could exceed \$100,000.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College and the Three Rivers Community College did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
|---|---|---|---|
| GENERAL REVENUE | | | |
| <u>Cost</u> - Department of Higher Education - increased Access MO funding for students attending a virtual institution | \$0 to (Could exceed <u>\$100,000</u>) | \$0 to (Could exceed <u>\$100,000</u>) | \$0 to (Could exceed <u>\$100,000</u>) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | \$0 to (Could exceed <u>\$100,000</u>) | \$0 to (Could exceed <u>\$100,000</u>) | \$0 to (Could exceed <u>\$100,000</u>) |

| <u>FISCAL IMPACT - Local Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
|---|---------------------|------------|------------|
| | <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

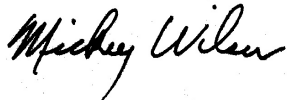
This act allows students enrolled in virtual institutions, as defined in the act, to participate in the Access Missouri Financial Assistance Program.

A virtual institution must continuously maintain all specified requirements to be considered an approved virtual institution.

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
Missouri Western State University
Office of the Governor
State Technical College of Missouri
Truman State University
University of Central Missouri
University of Missouri



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January 30, 2017

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