

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2220H.011
 Bill No.: HB 1067
 Subject: Education, Higher; Department of Higher Education And Workforce Development
 Type: Original
 Date: February 21, 2021

Bill Summary: Protects certain students whose grade average is adversely affected by COVID-19.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0

Oversight assumes a \$0 to unknown amount of funding may be transferred from the General Revenue Fund and the Lottery Proceeds Fund to the A+ School Fund to cover potential additional scholarships to students whose grade average is adversely affected by COVID19. The amounts could exceed \$250,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Lottery Proceeds	\$0 to (Unknown)	\$0 to (Unknown)	\$0
A+ Schools*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0

*Transfers in and distribution of scholarship funds net to \$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 to Unknown	\$0 to Unknown	\$0

FISCAL ANALYSIS

ASSUMPTION

§160.545 – Protection for certain students’ grade average

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state paragraph 3 of subsection 8 of §160.545 in the proposed legislation, which deals with eligibility for the A+ scholarship program, directs the Department of Higher Education and Workforce Development to use the “highest available” high school grade point average for 2020 and 2021 high school seniors to meet the 2.5 GPA requirement to be eligible for the scholarship. The bill indicates this is intended to address academic problems students may have experienced as a result of the COVID-19 pandemic.

The current requirement is that a student must graduate from an A+ high school with a grade 9 through 12 cumulative GPA of at least 2.5 on a 4.0 scale (or its equivalent in another system). The DHEWD does not collect high school GPA data but instead relies on designated school districts to determine if the requirement is met. Since the DHEWD does not collect the GPA information, it is not possible to accurately determine the number of students that may be impacted by this change.

The bill also does not define highest available high school GPA. Consequently, it is not clear if this revised GPA requirement could be met through the student’s highest semester GPA, their highest cumulative GPA at any time during their high school enrollment, or another, different approach to calculating a GPA. As a result, it is not clear if DHEWD could accurately determine the cost even if it possessed the GPA data currently used to make this determination.

Finally, it is assumed few of the 2020 high school graduates would take advantage of this revision, if passed. By the time this legislation becomes effective, those individuals that were considered ineligible due only to failing to meet the GPA requirement would have moved on to other pursuits (study at a non-A+ participating institution, entered the workforce, etc.) and would be unlikely to enroll in a community college or career center.

As a result, the fiscal cost of this change is unknown.

Oversight notes the following appropriations and expenditures for the A+ program:

Fund #	Fund Name	FY 2021 3.060	FY 2020 3.060	FY 2019 3.065	
0101	General Revenue	\$17,453,878	\$17,453,878	\$15,953,878	42%
0291	Lottery Proceeds Fund	\$21,659,448	\$21,659,448	\$21,659,448	53%
0925	State Institutions Gift Trust	\$2,000,000	\$2,000,000	\$2,000,000	5%
		\$41,113,326	\$41,113,326	\$39,613,326	
	Actual Expenditures	N.A.	\$40,842,927	\$37,784,927	

Oversight assumes the A+ Scholarship Fund may need additional appropriations because additional students could qualify for scholarships as a result of this proposal.

Oversight assumes a \$0 to unknown amount of funding would be transferred from the General Revenue (GR) Fund and the Lottery Proceeds Fund to the A+ School Fund to cover additional scholarships for students whose grade average is adversely affected by COVID19. This funding, in turn, would be transferred to 2-year colleges for students attending those institutions of higher education. The amount is assumed to be greater than \$250,000 annually. (Oversight notes that DHEWD has issued guidance on April 1, 2020, about temporarily reducing or suspending certain A+ Scholarship eligibility requirements.)

It is also noted that the A+ program is subject to appropriation; therefore, the annual appropriation to the A+ program may or may not increase due to this change.

Officials from the **Department of Elementary and Secondary Education** assume this proposal will have no fiscal impact on their organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

This proposal contains an emergency clause.

<u>FISCAL IMPACT – State Government</u>	FY 2022	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Costs – DHEWD</u> (§160.545) – potential additional appropriations for A+ Scholarships	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0</u>
LOTTERY PROCEEDS FUND (0291)			
<u>Costs – DHEWD</u> (§160.545) – potential additional appropriations for A+ Scholarships	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE LOTTERY PROCEEDS FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0</u>

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2022	FY 2023	FY 2024
A+ SCHOOLS FUND (0955)			
<u>Income – DHEWD (\$160.545) – potential additional appropriations for A+ Scholarships</u>	\$0 to Unknown	\$0 to Unknown	\$0
<u>Transfer-Out – to community colleges for A+ students</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0
ESTIMATED NET EFFECT ON A+ SCHOOLS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022	FY 2023	FY 2024
LOCAL GOVERNMENTS – COMMUNITY COLLEGES			
<u>Income – potential increased tuition payments (\$160.545)</u>	\$0 to Unknown	\$0 to Unknown	\$0
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS – COMMUNITY COLLEGES	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</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

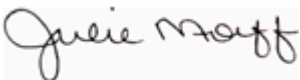
This bill requires the Department of Elementary and Secondary education to make rules regarding the minimal grade average (GPA) requirement to qualify for the A+ grant award that will only consider grade averages that do not have a negative change to a student's GPA from 2019-20 or 2020-21 due to the impact of "Covid19".

This bill includes an emergency clause.

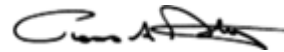
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development



Julie Morff
Director
February 21, 2021



Ross Strobe
Assistant Director
February 21, 2021