

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0126-01  
Bill No.: HB 451  
Subject: Education, Elementary and Secondary; Children and Minors  
Type: Original  
Date: February 18, 2015

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Bill Summary: This proposal expands the A+ Schools Program to graduates of any high school that meets the program requirements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0	(\$1,817,432)	(\$3,813,945)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>(\$1,817,432)</b>	<b>(\$3,813,945)</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 6 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

Officials at the **Department of Higher Education (DHE)** assume this proposal would open the A+ program to any Missouri high school graduate from a public or private institution. Based on information from the Department of Elementary and Secondary Education, there are approximately 3 public high schools not currently designated, including some charter high schools. Although DHE was unable to gather graduation information for all charter schools, it is estimated that in academic year 2013-2014, undesignated public high schools graduated 79 individuals. It is assumed this number of graduates will remain constant during the scope of this fiscal estimate.

Based on information from the National Center for Education Statistics, it is estimated that private Missouri high schools graduated 7,530 students during the 2010 - 2011 academic year. Again, it is assumed that number of graduates will remain constant during the scope of this estimate.

Since the student eligibility provisions contained in the proposal are nearly identical to those currently required for participation, it is assumed these statutory changes would have no impact on the cost. Additionally, since the impact of the change to a "last dollar" aid program is unknown, that change is not reflected in the cost projections.

Based on the DHE experience with administration of the A+ scholarship program, it is assumed that, once fully implemented, approximately half of the graduating class would be eligible to participate in the A+ program. Of those that are eligible, it is assumed approximately one-third would actually receive a payment under the program. Cost estimates are based on the average award during the 2013-2014 academic year of \$2,500 per student. The average award is then inflated by five percent annually to reflect projected tuition and fee increases during the intervening years.

Because this legislation would not be enacted until after the end of the current academic year, it is assumed no students in either the undesignated public or the private high schools would be able to gain eligibility for the program during the first year of the estimate (FY 2016). In FY 2017, it is assumed only one-quarter of the graduating class would be eligible and that one third of those would receive a payment. The inflated average award would be \$2,894 for FY 2017. At undesignated public high schools this would result in a cost of \$20,258. ( $79 * 0.25 = 20 * .33 = 7 * \$2,894 = \$20,258$ ) At private high schools the cost would be \$1,797,174. ( $7,530 * .25 = 1,882 * .33 = 621 * \$2,894 = \$1,797,174$ ) This would result in a total cost for that year of \$1,817,432.

ASSUMPTION (continued)

For FY 2018, we assume the programs would be fully functional at both types of high schools. The inflated average award would be \$3,039. At undesignated public high schools, this would be a cost of \$39,507. ( $79 * .50 = 40 * .33 = 13 * \$3,039 = \$39,507$ ) For private high school graduates, the cost would be \$3,774,438. ( $7,530 * .50 = 3,765 * .33 = 1,242 * \$3,039 = \$3,774,438$ ). This would result in a total cost for FY 2018 of \$3,813,945.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume that since 2011, the Department of Higher Education has handled the payment portion of the A+ Program. DESE assumes DHE would continue to make the payments and therefore, this would not fiscally impact DESE.

Officials at the **Missouri State University** and **State Technical College of Missouri** each assume a negative fiscal impact. The impact can not be determined at this time.

Officials at the **Carondelet Leadership Academy, Everton R-III School District, Kansas City Public Schools, Riverview Gardens School District** and the **University of Missouri** each assume there is no fiscal impact to their respective school district from this proposal.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to Oversight's request for fiscal impact.

Officials at the KIPP Endeavor Academy of Kansas City did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Cost - Dept of Higher Education- expanding the A+ Program to private, charter and public schools</u>	<u>\$0</u>	<u>(\$1,817,432)</u>	<u>(\$3,813,945)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>(\$1,817,432)</u></b>	<b><u>(\$3,813,945)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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

Currently, the A+ Schools Program is available only to students who graduate from public high schools that have been designated as A+ schools by making changes to their curriculum and establishing local partnerships with designated stakeholders. This bill expands the program's availability to students of any high school that meet the program requirements.

A student must have attended a high school in Missouri for three years prior to graduation; have graduated from high school with an overall grade point average of 2.5 on a 4.0 scale, or an equivalent; have at least a 95% attendance record overall for grades 9-12; have performed at least 50 hours of unpaid tutoring or mentoring; and have maintained a record of good citizenship and avoidance of the unlawful use of drugs and alcohol.

In order to maintain eligibility for the four-year period of incentive availability, a student must enroll in and attend a Missouri public community college, vocational or technical school, state technical college, or private vocational or technical school; maintain a grade point average of 2.5 or higher on a 4.0 scale, or its equivalent on another scale; and maintain a record of good citizenship and avoidance of the unlawful use of drugs and alcohol. A student must make a documented good faith effort to first secure all available postsecondary student financial

FISCAL DESCRIPTION (continued)

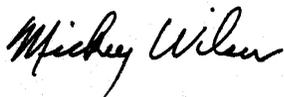
assistance funds that do not require repayment. The financial incentives are subject to appropriation and are available only after all other postsecondary student financial assistance funds have been applied to costs. The awards will be available to reimburse the unpaid balance of the cost of tuition, general fees, and up to 50% of the book cost for a student, in that order.

Missouri institutions of higher education must verify certain information for each student who receives a financial incentive. By the end of the first semester of a student's participation, the institution of higher education must verify that student eligibility has been received from the student's high school of graduation; the eligible student is enrolled full-time; and the student has made a good faith effort to secure all available postsecondary student financial assistance funds. During the second semester, and any subsequent semester, of a student's receipt of financial incentives, the institution of higher education must verify that: the eligible student continues to be enrolled full-time; the student continues to make good faith efforts to secure all available postsecondary student financial assistance funds; and the student maintains a grade point average of 2.5 or higher on a 4.0 scale.

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

Carondelet Leadership Academy  
Department of Elementary and Secondary Education  
Department of Higher Education  
Everton R-III School District  
Kansas City Public Schools  
Missouri State University  
Riverview Gardens School District  
University of Missouri



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February 18, 2015

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