

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4674-01
Bill No.: HB 1383
Subject: Education, Elementary and Secondary; Children and Minors
Type: Original
Date: December 15, 2015

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0	(\$1,841,296)	(\$3,870,303)
Total Estimated Net Effect on General Revenue	\$0	(\$1,841,296)	(\$3,870,303)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 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

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 2 public high schools not currently designated as an A+ high school. In academic year 2014-2015, undesignated public high schools graduated 89 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 2014-2015 academic year of \$2,533 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 2017). In FY 2018, 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 \$2,932 for FY 2018. At undesignated public high schools this would result in a cost of \$20,524. ($89 * 0.25 = 22 * .33 = 7 * \$2,932 = \$20,524$) At private high schools the cost would be \$1,820,772. ($7,530 * .25 = 1,882 * .33 = 621 * \$2,932 = \$1,820,772$) This would result in a total cost for that year of \$1,841,296.

ASSUMPTION (continued)

For FY 2019, we assume the programs would be fully functional at both types of high schools. The inflated average award would be \$3,079. At undesignated public high schools, this would be a cost of \$46,185. ($89 * .50 = 45 * .33 = 15 * \$3,079 = \$46,185$) For private high school graduates, the cost would be \$3,824,118. ($7,530 * .50 = 3,765 * .33 = 1,242 * \$3,079 = \$3,824,118$). This would result in a total cost for FY 2019 of \$3,870,303.

Oversight notes that the A+ Program provides tuition reimbursements to eligible graduates of designated high schools to attend public community colleges, public vocational or technical schools or private two year vocational or technical schools that meet certain criteria. There are 533 designated high schools. The actual expenditures for the last three fiscal years has been \$28,840,018 in FY 2013, \$32,248,624 in FY 2014 and \$33,564,303 in FY 2015.

Table 1- Total First Time A+ Eligible High School Graduates

	FY 2013		FY 2014		FY 2015	
	Students	Total Grants	Students	Total Grants	Students	Total Grants
Public 2 Year	7,036	\$16,238,840	7,575	\$18,504,138	7,581	\$18,896,142
Area Technical	236	\$952,292	130	\$465,591	146	\$514,246
Private 2 Year	36	\$133,290	41	\$144,279	53	\$192,906
Total First Time Recipients	7,308	\$17,324,422	7,746	\$19,114,008	7,780	\$19,603,294

Source: Department of Higher Education

ASSUMPTION (continued)

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Costs - Dept of Higher Education</u>			
Expansion of the A+ Scholarships	<u>\$0</u>	<u>(\$1,841,296)</u>	<u>(\$3,870,303)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$1,841,296)</u>	<u>(\$3,870,303)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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 make a documented good faith effort to first secure all available postsecondary student financial 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.

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

L.R. No. 4674-01
Bill No. HB 1383
Page 6 of 6
December 15, 2015

SOURCES OF INFORMATION

Department of Higher Education

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
December 15, 2015

Ross Strobe
Assistant Director
December 15, 2015