

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6782-01
Bill No.: HB 2693
Subject: Education, Elementary and Secondary; Education, Higher
Type: Updated
Date: April 20, 2016
 #Updated with Department of Higher Education response.

Bill Summary: This proposal allows nonpublic school students to receive reimbursement of higher education costs through the A+ schools program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#General Revenue	\$0	(\$3,940,608)	(\$8,273,273)
#Total Estimated Net Effect on General Revenue	\$0	(\$3,940,608)	(\$8,273,273)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on Other 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 All 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

Due to time constraints, **Oversight** originally prepared a fiscal note for this bill without all of the agency responses. Oversight has since obtained the agency responses and upon review of those responses, believes the original fiscal note should be updated. Therefore, this fiscal note updates the original by providing agency responses.

#Officials at the **Department of Higher Education (DHE)** assume census data for Missouri shows that 1,099,136 students from ages 5 to 18 live within the state. Students enrolled in public schools in Missouri for this same age range of 5 to 18 is 887,368. This leaves 211,766 students that are either attending private schools or are home schooled. Assuming the students are spread evenly across all age groups, that would mean 16,290 students are seniors and could potentially be eligible for the A+ scholarship.

#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. The cost to add non-public graduates to the A+ program would be $\$3,940,608$ ($16,290 * 0.25 = 4,072.5 * 0.33 = 1,344 * \$2,932$).

#DHE assumes the program would be fully functional by FY 2019. The inflated average A+ award would be \$3,079. This would result in a total cost of \$8,273,273 for FY 2019 ($16,290 * 0.5 = 8,145 * 0.33 = 2,687 * \$3,079$).

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

ASSUMPTION (continued)

\$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

#Officials at the **Department of Elementary and Secondary Education** assume there is no fiscal impact from this proposal.

Oversight notes that the A+ program was transferred from the Department of Elementary and Secondary Education to the Department of Higher Education. Oversight assumes Department of Elementary and Secondary Education would not have a fiscal impact from this proposal.

<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>(\$3,940,608)</u>	<u>(\$8,273,273)</u>
#ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$3,940,608)</u>	<u>(\$8,273,273)</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.

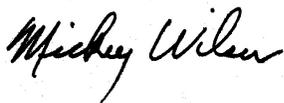
FISCAL DESCRIPTION

This bill allows a qualifying student of a nonpublic school to be eligible for reimbursement of post secondary education through the A+ program, as specified in the bill.

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



Mickey Wilson, CPA

Ross Strobe

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Director
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Assistant Director
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