

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3575-02
Bill No.: SB 1072
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Dept; Teachers; Education, Higher
Type: Original
Date: February 6, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Up to \$521,900)	(Up to \$1,075,200)	(Up to \$1,661,100)
Total Estimated Net Effect on General Revenue Fund*	(Up to \$521,900)	(Up to \$1,075,200)	(Up to \$1,661,100)

*Subject to appropriation; language indicates "shall"

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** stated this proposal would have no fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions of fiscal impact to DESE:

<u>Year</u>	<u>Scholarships</u>	<u>Tuition/Fees</u>		<u>Total</u>
FY 2005	100	\$6,150	=	\$ 615,000
FY 2006	200	\$6,335	=	\$1,266,900
FY 2007	300	\$6,525	=	\$1,957,361

Program costs will grow until year 4 when the costs should begin to level out. These calculations assume all 100 scholarships are appropriated each year and that each recipient continues through the program until the fourth year, meeting all requirements for eligibility. The University of Missouri - Columbia was chosen to represent an average of tuition and fees for Missouri's four-year colleges and universities; although it should be noted that costs can greatly exceed or be somewhat below this level. DESE further assume a 3% increase in tuition and fees in subsequent years.

ASSUMPTION (continued)

Oversight assumes that since the proposal is worded "...up to one hundred, four-year hope scholarships...", the total amount awarded could be an amount less than stated by DESE.

Officials from the **Coordinating Board for Higher Education (CBE)** stated no fiscal impact is expected for their agency. CBE did provide an average tuition and fee amount for fall 2003 of \$5,219. For fiscal note purposes, **Oversight** is using the average tuition/fee amount instead of that of the University of Missouri:

<u>Year</u>	<u>Scholarships</u>	<u>Tuition/Fees</u>		<u>Total</u>
FY 2005	100	\$5,219	=	\$ 521,900
FY 2006	200	\$5,376	=	\$1,075,200
FY 2007	300	\$5,537	=	\$1,661,100

FISCAL IMPACT - State Government FY 2005 FY 2006 FY 2007

GENERAL REVENUE

Cost - Elementary and Secondary Education - "Hope" Scholarships

(Up to \$521,900)	(Up to \$1,075,200)	(Up to \$1,661,100)
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ESTIMATED NET EFFECT ON GENERAL REVENUE*

<u>(Up to \$521,900)</u>	<u>(Up to \$1,075,200)</u>	<u>(Up to \$1,661,100)</u>
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* Subject to appropriation; language indicates "shall"

FISCAL IMPACT - Local Government FY 2005 FY 2006 FY 2007

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal will establish the Hope Scholarship Program to be administered by the Department of Elementary and Secondary education. The program will provide scholarships for eligible students who enter and make a commitment to pursue a teacher education program and agree to teach in a Missouri public high school, the population of which includes a higher than average "at-risk" student population, as a condition of receiving the scholarship. The student will teach for a period of two years for every one year they received a scholarship or the scholarship will be treated as a loan.

An eligible student is defined as an individual who is a United States citizen and a Missouri resident who graduated with at least a 2.5 GPA from a Missouri high school. The scholarship recipient must maintain a cumulative GPA of at least 2.5 on a four-point scale or equivalent in college. The four-year hope scholarship will encompass the total cost of an eligible student's tuition and fees at a four-year college or university located in Missouri.

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
Coordinating Board for Higher Education
Office of State Treasurer



Mickey Wilson, CPA
Director
February 6, 2004