

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0318-02
Bill No.: SB 130
Subject: Education, Elementary and Secondary; Education, Higher; Elementary and Secondary Education Department
Type: Original
Date: February 14, 2011

Bill Summary: This proposal creates the Early High School Graduation Scholarship Program for public high school students who graduate from school early.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown - More than \$313,898)	(Unknown - More than \$144,327)	(Unknown - More than \$144,776)
Total Estimated Net Effect on General Revenue Fund	(Unknown - More than \$313,898)	(Unknown - More than \$144,327)	(Unknown - More than \$144,776)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Early High School Graduation Scholarship Program Fund I*	\$0	\$0	\$0
Early High School Graduation Scholarship Program Fund II*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0	\$0	\$0

*Offsetting Transfers In and Distributions total Unknown - More than \$100,000 annually

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

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

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

Officials from the **Department of Higher Education (DHE)** assume that the Department of Elementary and Secondary Education (DESE) will estimate the actual program costs. DHE does not have information on the number of high school students who do, or are likely to graduate early and thus generate costs to the state in this program. It is assumed that for each eligible student there will be a cost to the state equal to the per ADA state funding for each eligible student.

ASSUMPTION (continued)

DHE assumes that it would have to reprogram the software it uses to administer financial aid programs, FAMOUS, to include this new program. The cost of reprogramming FAMOUS is estimated to be approximately \$175,000 and is a one-time expense. The DHE assumes that funds for this reprogramming would be appropriated to DHE rather than to OAITSD.

DHE also assumes they would need to hire one new staff person to perform the additional duties required for this program. DHE assumes that they would hire a program specialist to perform the duties associated with the new program, and that the program specialist's starting salary would be at the low end of the UPC range.

Finally, DHE assumes that it would require approximately \$5,000 per year to provide information about this new program to potentially eligible students. This money would be spent on print publications, travel to college fairs and other events at which information about financial aid is presented, and other forms of outreach.

Oversight assumes travel and other forms for outreach are already being done by DHE and the only additional promotional costs would be to prepare a publication to be posted on the internet which should be a one time cost.

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal establishes the Early High School Graduation Scholarship Program.

DESE assumes there will be an undetermined cost to the state. Because of a lack of data there is no way to accurately estimate the increased cost. Basing cost projections on the current number of students graduating early would not yield reliable numbers because the scholarship incentive would likely significantly increase early graduation numbers.

§173.1309.2

DESE is required to confirm with the high school from which the eligible student graduated that he or she has completed all of the eligibility requirements of the program. DESE must also confirm that student has enrolled in, and is attending, a public or private institution of higher education or participating in a dual enrollment program, as applicable. DESE will require 1.0 FTE administrative assistant to carry out these duties.

Oversight assumes DESE would not require a full-time person to perform the verifications required by this proposal. If the DESE duties outlined in this proposal require additional personal services, DESE may request additional funding through the appropriations process.

ASSUMPTION (continued)

Oversight assumes the proposal states that the Department of Higher Education shall implement and administer the program.

§173.1309.3

DESE assumes local school districts will likely incur costs to inform students and parents about the early high school graduation scholarship in accordance with the requirements of the proposal and to confirm that students have completed all of the eligibility requirements of the program. DESE defers to local school districts regarding the significance of those administrative costs. In addition, it is unknown to what extent the program grants may offset administrative costs.

Officials from the **St Louis Public School District** assume this program will require a significant reporting and/or oversight which would indirectly require the hiring of persons to manage the paperwork. Potentially this proposal could be extremely expensive.

Officials from the **Fair Grove R-X School District** assume this proposal could fiscally impact public schools that are funded by the number of full time students that attend. Larger districts could see the biggest impact unless a provision is made that students that graduate early and attend a two or four year college full time could continue to be counted on enrollment until the date of graduation or the last day of classes.

Officials from the **Parkway School District** assume there will be no direct cost to their district, but the cost to the state will reduce the amount of funding that would otherwise be available for the foundation formula.

Oversight assumes this proposal does not affect the foundation formula. The funding calculation for this program is simply based on the formula calculation. The ten percent grant outlined in the proposal should more than offset any administrative costs incurred by school districts.

Officials from the **University of Central Missouri, Missouri State University, Missouri Western State University, Metropolitan Community College of Kansas City, and Lincoln University** assume this proposal will have no fiscal impact on their respective institutions.

Officials from the **St Louis Community College** assume this proposal will cause no negative impact on their college.

ASSUMPTION (continued)

According to officials from the **St Charles Community College**, a fiscal impact is likely, but difficult to quantify. The proposal states the institution received the lesser of the:

- 1) Amount of the scholarship as calculated; or
- 2) Student's actual tuition or mandatory fees.

St Charles Community College officials state it is impossible for them to calculate the scholarship amount with the information provided.

Officials from **Linn State Technical College** state the fiscal impact of this proposal on their college is unknown.

Officials from the **University of Missouri** assume this proposal would have a small positive impact on the University. The scholarships would provide incentives for students to attend an institution of higher education and will result in increased access to the university. It is not possible to determine how many students would take advantage of the scholarship and attend the University of Missouri, so it is not possible to quantify the impact.

Officials from **Missouri Southern State University** state there would be an indeterminate fiscal impact to their university.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Cost - Department of Elementary and Secondary Education (DESE) - Scholarship and grant funding</u>			
	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)
<u>Cost - Department of Higher Education (DHE) - Program costs</u>			
Personal Services (1 FTE)	(\$23,830)	(\$28,882)	(\$29,171)
Fringe Benefits	(\$12,473)	(\$15,117)	(\$15,268)
Equipment and Expense	(\$2,595)	(\$328)	(\$337)
IT Expense	<u>(\$175,000)</u>	<u>\$0</u>	<u>\$0</u>
	<u>(\$213,898)</u>	<u>(\$44,327)</u>	<u>(\$44,776)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE			
	<u>(Unknown - More than \$313,898)</u>	<u>(Unknown - More than \$144,327)</u>	<u>(Unknown - More than \$144,776)</u>
Estimated Net Effect on FTE for General Revenue	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
EARLY HIGH SCHOOL GRADUATION SCHOLARSHIP PROGRAM FUND I			
<u>Transfer In</u> - DESE - Scholarship and Grant Funding	Unknown - More than \$100,000)	Unknown - More than \$100,000	Unknown - More than \$100,000
<u>Distributions</u> - Students and School Districts - Scholarships and Grants	(Unknown - More than <u>\$100,000)</u>	(Unknown - More than <u>\$100,000)</u>	(Unknown - More than <u>\$100,000)</u>
ESTIMATED NET EFFECT ON EARLY HIGH SCHOOL GRADUATION SCHOLARSHIP FUND I	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EARLY HIGH SCHOOL GRADUATION SCHOLARSHIP PROGRAM FUND II			
<u>Transfer In</u> - DESE - Scholarship and Grant Funding	Unknown - More than \$100,000)	Unknown - More than \$100,000	Unknown - More than \$100,000
<u>Distributions</u> - Students and School Districts - Scholarships and Grants	(Unknown - More than <u>\$100,000)</u>	(Unknown - More than <u>\$100,000)</u>	(Unknown - More than <u>\$100,000)</u>
ESTIMATED NET EFFECT ON EARLY HIGH SCHOOL GRADUATION SCHOLARSHIP FUND II	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Schools - Grant Distribution	Unknown - Could exceed <u>\$100,000</u>	Unknown - Could exceed <u>\$100,000</u>	Unknown - Could exceed <u>\$100,000</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown - Could exceed \$100,000</u>	<u>Unknown - Could exceed \$100,000</u>	<u>Unknown - Could exceed \$100,000</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§173.1300.1

This proposal creates the "Early High School Graduation Scholarship Program," to be implemented and administered by the Department of Higher Education (DHE). The program will provide two different types of scholarships to students who graduate early from public high school in Missouri.

§173.1303 and 173.1306

A student who graduates from high school in no more than thirty-six months and meets certain other requirements will be offered a scholarship in an amount equal to ninety percent of the school district's state aid payments pursuant to the provisions of §163.031, 163.043, and 163.044 for the year immediately preceding the eligible student's receipt of the high school diploma, divided by the district's average daily attendance for the year immediately preceding the student's receipt of the high school diploma shall be placed in the funds established in §173.1303.5 and §173.1306.4. A student can use the scholarship for tuition, mandatory fees, or both, if attending a public or private institution of higher education in Missouri. A student who has participated in a dual-credit or dual-enrollment program through his or her high school and an institution of higher education may also use the scholarship funds to pay any fees to receive official post-secondary credit for work completed through the program. When a scholarship recipient enrolls in a higher education institution, the institution must apply to the charges for tuition and

FISCAL DESCRIPTION (continued)

mandatory fees the lesser of the amount of the scholarship or the actual tuition or mandatory fees.

A student who graduates from high school in no more than forty-one months will be offered a scholarship in the same amount as described previously. A student who receives such a scholarship must use the funds to participate in a dual enrollment program or to pay any fees necessary to receive official post-secondary credit for work completed through such program.

§173.1303.2 and §173.1306.1

The student's high school will be offered a grant in an amount equal to ten percent of the district's state aid payments, divided by the district's average daily attendance for the year immediately preceding the student's graduation.

§173.1303.5 and §173.1306.4

This proposal creates two separate funds in the State Treasury. The Department of Elementary and Secondary Education (DESE) must place an amount equal to the total of the scholarship and grant amounts in one of the funds, depending on how early a student graduates from high school. DHE will use these funds to distribute the scholarships and grants. After distributing the grant moneys, DHE will determine the scholarship amount for each student by dividing the remaining moneys in the fund by the number of eligible students.

§173.1309.2

DESE must confirm the student's graduation and higher education enrollment with the high school and institution of higher education, in cooperation with DHE.

§173.1309.3

Each public high school must provide information about the scholarship program to students and include the number and type of credits necessary to meet the program's eligibility requirements and the appropriate order in which those courses must be earned.

§173.1309.5

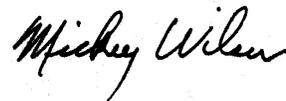
By January 31, 2012, the Department of Higher Education, in cooperation with the Department of Elementary and Secondary Education, must prepare a publication about the program and post it on its website.

FISCAL DESCRIPTION (continued)

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
Office of Secretary of State
 Administrative Rules Division
Joint Committee on Administrative Rules
Office of State Treasurer
School Districts
 Parkway
 St Louis Public School District
 Fair Grove R-X
Colleges and Universities
 Metropolitan Community College of Kansas City
 Missouri Southern State University
 University of Missouri
 Linn State Technical College
 Missouri Western State University
 Missouri State University
 University of Central Missouri
 Lincoln University
 St Charles Community College
 St Louis Community College



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