

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2803-01
BILL NO.: HB 1980
SUBJECT: Children and Minors: Scholarships
TYPE: Original
DATE: February 29, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$0 to \$95,040)	(\$0 to \$190,080)	(\$0 to \$285,120)
Total Estimated Net Effect on <u>All</u> State Funds	(\$0 to \$95,040)	(\$0 to \$190,080)	(\$0 to \$285,120)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from **Truman State University, Harris-Stowe State College, Central Missouri State University** and **Missouri Western State College** assume the proposal would result in no fiscal impact to the institutions.

Officials from the **University of Missouri** assume the university would incur approximately \$5.00 per student in administrative processing costs. The **Oversight Division** assumes the university could accomplish the provisions of the proposal with existing resources.

Officials from the **Department of Social Services** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Coordinating Board For Higher Education (CBHE)** assume the bill specifies two criteria that a former foster child must meet in order to qualify for assistance under this program: (1) the child “would have qualified for a federal Pell Grant because of his or her status as a foster child”; and (2) “has subsequently been adopted or had a permanent legal guardian appointed after age thirteen.” There are no children that meet criterion (1). Pell grants are awarded on the basis of expected family contribution (EFC) at the time of application for aid. (The EFC is the product of a complex needs-analysis formula outlined in federal law.) There is no provision in the Pell program that qualifies children because of their status as a foster child.

This precludes the possibility of a fiscal impact. The fiscal impact of the bill as written is \$0 because of the issue with criterion (1).

However, assuming the language may be adjusted, the Department of Social Services, Division of Family Services (DFS), was contacted in order to provide information about the number of children that could be potentially affected. DFS indicated that in FY 1999, 66 children over the age of 13 were adopted, and 78 left DFS custody and went into a legal guardianship. This would indicate a pool of 144 children.

However, CBHE officials assume calculating the awards to eligible students is also compromised by the language of the bill. The bill provides that the scholarship amount will be equal to what the child would have received from the Pell grant had they remained a ward of the state. It seems likely that most, if not all foster children who remain wards of the state have little income and few other assets at age 13. Additionally, most, if not all, do not have significant changes in their financial situations between the ages of 13 and high school graduation. However, the determination of what they “would have received” would be an exercise in subjective

ASSUMPTION (continued)

speculation, not a determination of fact. Again, presupposing an adjustment in the language, it is reasonable to assume that all qualified children would be eligible for maximum Pell grants as wards of the state. The maximum Pell grant for the 2000-2001 academic year is \$3,300. This would yield an annual fiscal impact of \$475,200.

There is no consistent pattern to increases in the Pell grant. Thus it is assumed that the maximum Pell amount will remain the same. It is assumed that a comparable number of foster children are adopted or taken into guardianship each year as were in FY 1999. This program would be first administered in FY 2002. Thus there would be no fiscal impact in FY 2001, a maximum impact of **\$475,200** in FY 2002; and $475,200 \times 2 = \mathbf{\$950,400}$ in FY 2003.

The CBHE would not require additional staff to implement such a program.

Based on discussions with officials from the Department of Social Services, the count of 144 children includes ages fourteen through eighteen. Therefore, approximately five age groups are represented. Therefore, the **Oversight Division** has calculated 20% of the children as being college age in FY 2001, 40% in FY 2002 and 60% in FY 2003.

FY 2001: $20\% \times 144 \times \$3,300 = \$95,040$
 FY 2002: $40\% \times 144 \times \$3,300 = \$190,080$
 FY 2003: $60\% \times 144 \times \$3,300 = \$285,120$

Oversight has ranged the fiscal impact from zero, assuming not all of the children would attend a college or university.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Cost-Coordinating Board For Higher Education (CBHE)</u>			
Scholarships	<u>(\$0 to \$95,040)</u>	<u>(\$0 to \$190,080)</u>	<u>(\$0 to \$285,120)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<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

The Coordinating Board For Higher Education (CBHE) would provide college scholarships to any former foster child who would have qualified for a federal Pell grant because of his or her status as a foster child and has subsequently been adopted or had permanent legal guardianship appointed after age thirteen. The scholarship would be equal to the amount the foster child would have received from the Pell grant program if he or she had remained a ward of the state.

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 Social Services
Coordinating Board For Higher Education
Central Missouri State University
Missouri Western State College
Harris-Stowe State College
University of Missouri
Truman State University



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Director
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