

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3315-05
Bill No.: SB 975
Subject: Education, Higher; Higher Education Dept
Type: Original
Date: March 3, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$639,000 to Unknown)	(\$1,278,000 to Unknown)	(\$1,278,000 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$639,000 to Unknown)	(\$1,278,000 to Unknown)	(\$1,278,000 to Unknown)

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 5 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*	(Unknown)	(Unknown)	(Unknown)

* Expected to exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would expand the A+ program to include reimbursement of the cost of tuition, books, and fees to any private vocational or technical school which is a member to the North Central Association and accredited by the Higher Learning Commission. Reimbursements would be limited to the tuition rate charged by a public community college for course work offered by the private vocational or technical school within the service area of that community college.

DESE assumes the proposal would primarily include private vocational or technical schools meeting certain requirements (primarily Ranken Tech) in A+ reimbursement. DESE assumes other private technical schools may also attempt to qualify. The amount of their reimbursement would depend on the community college service region where they are located and the tuition rate. DESE would anticipate ITT Tech in St. Louis and DeVry Institute in St. Louis and Kansas City would also seek reimbursement.

Officials from the **Coordinating Board for Higher Education (CBH)** state that, according to the provisions related to qualified private vocational and technical schools, at least two institutions, DeVry University and Ranken Technical College, will become eligible for A+ reimbursements. DeVry and Ranken annually average 330 and 200 first time students from

ASSUMPTION (continued)

Missouri respectively. If half of those students are eligible for A+ reimbursements, 250 additional A+ awards would be given each year. The fall 2003 tuition and fee rate for Metropolitan Community College is \$2,100 for in-district and \$3,660 for out-of district (DeVry's local community college district). The rate for St Louis Community College is \$1,800 in-district and \$2,340 out-of-district (Ranken's local community college district). Assuming that half of the students are in-district and half out-of district, the total cost the first year would be \$639,000 and \$1,278,000 in subsequent years for two year programs. CBH notes that current A+ rules provide that financial incentives will be available to qualified students for a period of four years after high school graduation. Therefore, it could be possible for those students attending private vocational and technical schools that offer baccalaureate degrees to receive A+ funding to receive baccalaureate degrees. CBH also assumes other private institutions may also become A+ eligible, further increasing the A+ payments.

Officials from **Linn State Technical College** indicated this proposal would have no fiscal impact on their institution.

Officials from the **Moberly Area Community College** were unable to determine costs associated with this proposal.

Officials from the **KC Metro Community College** projected they could lose ½ of their A+ Tuition and Fee revenue which would be about \$180,000 to \$200,000.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Commissioner of Education could require as many as 8 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$492 for FY 2005. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

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.

ASSUMPTION (continued)

St Charles Community College and **State Fair Community College** did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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GENERAL REVENUE

<u>Cost</u> - A+ reimbursement of tuition books, and fees for private vocational and technical schools	(\$639,000 to Unknown)	(\$1,278,000 to Unknown)	(\$1,278,000 to Unknown)
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$639,000 to Unknown)</u>	<u>(\$1,278,000 to Unknown)</u>	<u>(\$1,278,000 to Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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COMMUNITY COLLEGES

<u>Loss</u> - Loss of Tuition/Fee revenue due to decreased enrollment	(Unknown)	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT ON COMMUNITY COLLEGES*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
*Expected to exceed \$100,000			

FISCAL IMPACT - Small Business

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

DESCRIPTION

Currently, a student who qualifies for the A+ Program must attend a public community college or a vocational or technical school. This proposal permits qualified students to attend accredited private vocational and technical schools. Reimbursements at these schools must not exceed the community college tuition rate for similar course work or violate the state constitutional

DESCRIPTION (continued)

provisions that prohibit the use of public funds for religious purposes.

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
Metro Community College
Linn State Technical College
Moberly Area Community College

NOT RESPONDING

St Charles Community College
State Fair Community College



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Director
March 3, 2004