

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5188S.01I
 Bill No.: SB 1055
 Subject: Education, Elementary and Secondary
 Type: Original
 Date: April 4, 2022

Bill Summary: This proposal modifies provisions relating to dual credit and dual enrollment courses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	(\$8,938,943)	(\$9,208,081)	(\$9,664,678)
Total Estimated Net Effect on General Revenue	(\$8,938,943)	(\$9,208,081)	(\$9,664,678)

*According to the DHEWD, the existing program (Dual Credit Scholarship Act) has not been appropriated. Adding dual enrollment to the program and removing the current 50% would cost approximately an additional \$9 million annually (still subject to appropriation).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Colleges and Universities	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

*Unknown income from increased enrollment is assumed to exceed \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§173.2500 and 173.2505 – Dual credit and dual enrollment courses

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state in general, the proposed legislation would revise several provisions in §§173.2500 and 173.2505, which established a program for the review of dual credit providers and a scholarship for students enrolled in dual credit coursework. Those revisions would expand the dual credit scholarship contained in §173.2505 to include dual enrollment students and revise the award structure of the program.

The only change to §173.2500 would be to add definitions of approved dual enrollment providers and dual enrollment courses. These changes are designed to open the scholarship program to include dual enrollment courses. In §173.2505, additional changes are proposed to expand the program consistent with the definitional changes in §173.2500. In addition, the proposal removes existing limits to the program awards, including that the program would only cover 50 percent of the actual tuition and fee costs and that the total annual award cannot exceed \$500.

The existing dual credit program requires students to meet financial need requirements in order to be eligible. Those requirements include:

- Being eligible for the federal free or reduced lunch (FRL) program,
- Residing in a foster home, be a ward of the state or be homeless, or
- Eligibility of the family for means-tested federal public assistance, such as SNAP, WIC, etc., or living in federally subsidized public housing.

Since the data available to DHEWD is limited for FRL, this estimate is based on that data. It is assumed the other eligibility criteria would not substantively change the cost of the program.

According to data collected by DHEWD for the 2019-2020 academic year, 33,954 high school students were enrolled in dual credit coursework generating 205,913 credit hours. For that same time period, DHEWD data indicate students were enrolled in dual enrollment coursework generating 57,978 credit hours. Data from the Department of Elementary and Secondary Education indicates that 61.36 % of students enrolled during the 2020-2021 academic year were eligible for the FRL program. It is assumed students participating in the program and the number of credit hours they would generate would mirror this FRL enrollment rate. Based on the credit hour and the FRL rates listed above, it is estimated that the eligible dual credit hours would total 126,348 (205,913 X 61.36%) and the eligible dual enrollment hours would total 35,575 (57,978 X 61.36%).

Since this program has never been funded, this estimate includes the estimated cost for the program as it currently exists as well as the cost for the changes contained in this proposal. Based on data available to DHEWD, the estimated dual credit tuition and fee cost per credit hours is \$75 per credit hour. Based on that, the total dual credit cost would be estimated to be \$9,476,100 (126,348 X \$75). Since the existing program limits awards to 50 percent of the total cost, the cost for that component is estimated to be \$4,738,050 (\$9,476,100 X 50%). Using the same assumption, the cost to remove the 50 percent limit would be \$4,738,050. Data is not available to estimate the impact of removing the \$500 limit but it is assumed the cost of that change would be covered within the removal of the 50 percent limit.

For dual enrollment, the DHEWD does not collect specific tuition and fee information so it is assumed the average rate for those courses is \$110 per credit hour. Based on that assumption, it is estimated that the expansion of the program to include dual enrollment coursework would cost \$3,913,250 (35,575 X \$110).

Based on these assumptions, the projected total cost to fund the program including the proposed changes would be \$13,389,350 (\$4,738,050 for the existing program; \$4,738,050 for the removal of the 50 percent limit; \$3,913,250 to add dual enrollment coursework). Assuming a five percent annual increase in tuition and fee costs, the total cost of the program would be \$14,058,818 for FY 2024 and \$14,761,758 for FY 2025. Since neither the existing statute nor this proposal require the General Assembly to appropriate funds to the program, this estimated costs range from zero to the amount listed above.

In addition, in order to develop the administrative system needed to operate the program, substantial ITSD work will be required. ITSD would need to develop a system adequate to administer this program, including systems to collect needed student information and share data with secondary schools and postsecondary institutions. The estimated cost for system development, as provided by ITSD, would be \$211,459. This estimate includes expanding existing applications to support a new program; FAMOUS-DHE; FAMOUS-PSI; FAMOUS-HS, the Student Portal and adding 10 new reports and a new upload process. Ongoing support costs would be \$43,349 for FY 2024 and \$44,433 for FY 2025.

Finally, due to the complexity of gathering and tracking the enrollment status of more than 40,000 high schools students as well as working with more than 600 high schools and 90 postsecondary institutions, one additional FTE (Program Specialist \$43,967 annually) would be needed to administer this program addition. To note, the department has requested three FTE in its FY 2023 budget request for the Grants and Scholarship team. If approved by the General Assembly, the additional FTEs for the ten student financial aid programs administered by DHEWD, which serve of 64,000 students, would be sufficient to cover the need for this proposal.

Oversight does not have any information to the contrary. For fiscal note purposes, Oversight assumes DHEWD's request for 3 additional FTE in its budget request will be granted. Therefore, Oversight will reflect the fiscal impact provided by DHEWD.

Officials from the **University of Missouri System** state this legislation will have a positive fiscal impact on the University of Missouri System by creating additional avenues for students to access postsecondary education.

Officials from the **University of Central Missouri (UCM)** state this proposal:

- Would not have a negative fiscal impact on UCM as funding will be drawn from state appropriations and donations.
- A positive fiscal impact to UCM is expected as tuition and fees will be covered and guaranteed by the state. This will also lessen the need for tuition waivers to students on Free and Reduced Lunch which our dual credit program currently provides.
- Increased demand for dual credit/dual enrollment classes at UCM is expected as the university's tuition is considered mid-ranged, when compared to competitors', and would help the scholarship cover more credits.
- Demand for Admissions' dual credit scholarship might increase as more students could potentially qualify.
- \$65,450 was the total amount of aid provided to FRL students in dual credit classes last year.

Oversight does not have any information to the contrary. Oversight assumes this proposal may have a positive fiscal impact on Colleges and Universities as it may increase enrollment. Oversight will range the impact from \$0 to Unknown to Colleges and Universities. It is further assumed that any positive impact could exceed \$250,000 annually.

Officials from the **Department of Elementary and Secondary Education, St. Charles Community College** and the **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Costs – DHEWD</u> (§§173.2500 and 173.2505)			
Personal service	(\$38,654)	(\$47,313)	(\$48,259)
Fringe benefits	(\$25,288)	(\$30,656)	(\$30,973)
Equipment and expense	(\$12,242)	(\$2,897)	(\$2,955)
Removal of 50% limit	(\$4,738,050)	(\$4,974,953)	(\$5,223,700)
Dual enrollment	(\$3,913,250)	(\$4,108,913)	(\$4,314,358)
Total Costs – DHEWD	(\$8,727,484)	(\$9,164,732)	(\$9,620,245)
FTE Change – DHEWD	1 FTE	1 FTE	1 FTE
ITSD system upgrades and on-going costs	(\$211,459)	(\$43,349)	(\$44,433)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$8,938,943)</u>	<u>(\$9,208,081)</u>	<u>(\$9,664,678)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
COLLEGES AND UNIVERSITIES			
<u>Income – Colleges and Universities</u> (§§173.2500 and 173.2505) – increase in tuition fees and revenues	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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 act creates provisions regarding dual enrollment courses. A dual enrollment course is a postsecondary course of instruction delivered by an approved higher education institution in which a secondary school student is concurrently enrolled in a Missouri high school and an approved higher education institution.

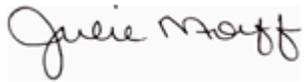
The act renames the "Dual Credit Scholarship Act" as the "Dual Credit and Dual Enrollment Scholarship Act." In order to receive a dual enrollment scholarship, a student must meet current law requirements and be enrolled in a dual enrollment course offered by an approved higher education institution.

Under current law, a dual credit scholarship shall reimburse each eligible student for up to fifty percent of the tuition and cost paid by the student to enroll in a dual credit course. Current law also limits the amount of the scholarship per student to \$500 annually for all dual credit courses taken by such student. This act provides that each eligible student shall be offered a dual credit or dual enrollment scholarship equal to the tuition and fees paid by the student to enroll in the dual credit or dual enrollment course. The act also repeals the \$500 limitation. Finally, the act renames the Dual Credit Scholarship Fund as the Dual Credit and Dual Enrollment Scholarship Fund.

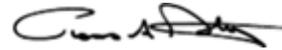
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
University of Missouri System
University of Central Missouri
St. Charles Community College
Office of the State Treasurer



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April 4, 2022



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