

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5629S.04P
 Bill No.: Perfected SS for SB 1196
 Subject: Economic Development; Education, Higher
 Type: Original
 Date: April 2, 2026

Bill Summary: This proposal modifies provisions relating to grants for certain workforce training programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Up to (\$1,242,856)	Up to (\$1,185,538)	Up to (\$1,187,545)
Total Estimated Net Effect on General Revenue	Up to (\$1,242,856)	Up to (\$1,185,538)	Up to (\$1,187,545)

*The Fast Track Grant is subject to appropriation.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Fast Track Workforce Incentive Grant*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Increase in appropriations transferred-in and grants provided net to \$0.
 Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§173.2553 – Fast Track Workforce Incentive Grant

In response to the similar proposal, SB 1451 (2026), officials from the **Department of Higher Education and Workforce Development (DHEWD)** stated that currently, the income thresholds for Fast Track participants are set at \$80,000 adjusted gross income (AGI) for those married filing jointly, and \$40,000 for those in all other tax filing statuses. This legislation would increase that income threshold to \$100,000 AGI for those married filing jointly and \$50,000 for all other filing statuses, which the department assumes will go into effect August 28, 2026, if passed and signed into law. In addition, it would require the department to annually adjust those AGI thresholds based on inflation, beginning on January 1, 2027, which would go into effect at the start of each following fiscal year beginning with FY 2028.

While information on income based on tax filing status is difficult to find, data from Statistical Atlas (<https://statisticalatlas.com/state/Missouri/Household-Income#overview>) indicates that approximately 69.1 percent of Missouri households have an income of \$75,000 or less, and that 81.1 percent have a household income of \$100,000 or less, which is a difference of 12 percentage points. Because these data do not include tax filing status, it is difficult to estimate the impact of the change from \$40,000 to \$50,000 for those not married or filing jointly, and the department believes those individuals are included, though likely undercounted, in the 12 percentage point change.

The department currently estimates there will be 1,900 Fast Track recipients in FY 2027. Adding 12 percent to this base, as a result of raising the income thresholds, would increase the number of recipients by 228 students. The estimated Fast Track award for FY 2027 is \$4,125. The department estimates the fiscal impact for FY 2027 to be approximately \$940,500.

While these are conservative estimates and likely underestimates the total change because it is not possible to accurately estimate the cost of the AGI threshold change from \$40,000 to \$50,000, the department estimates the fiscal impact for FY 2027 to be between zero and \$940,500. Assuming an annual tuition and fee increase of five percent per year, the fiscal impact for FY 2028 would range from zero to \$987,468 and for FY 2029 would range from zero to \$1,036,901.

An additional note to these estimates. Because Fast Track is still a new program, the department

believes there is still the potential for a large amount of growth. These estimates only take into consideration the impact of the changes due to this legislation, and most likely underestimate the changes that may occur due to overall large program growth.

Oversight notes, as shown in DHEWD's 2027 Budget Request, the Fast Track Workforce Incentive Grant was Implemented in FY 2020, this need-based program addresses workforce needs by encouraging adults who have not yet received a bachelor's degree to complete a certificate, degree, or industry-recognized credential in an area designated by the Coordinating Board for Higher Education as high need. Amendments to the program in 2022 increased the number of eligible training providers, expanded the grant to apprenticeships, and removed the loan-related requirements. For students, the award is based on remaining tuition and fees after all non-loan governmental sources of funding have been applied. If all tuition and fee costs are covered by other aid, the award is the lesser of \$500 or the student's remaining cost of attendance. For apprentices the award is based on the amount of related educational costs. Need is based on the individual's adjusted gross income.

Oversight notes that this legislation does not allow for the CPI adjustment as allotted in SB 1451 (2026).

Oversight has no information to the contrary. Therefore, Oversight will present the fiscal impact of this proposal as provided by DHEWD (excluding CPI adjustment). Oversight notes the Fast Track Incentive Grant is subject to appropriations and will present costs to General Revenue and the corresponding transfer to the Fast Track Workforce Incentive Grant Fund as \$0 or the amount provided by DHEWD. Oversight further assumes transfers-in and grants provided will net to \$0.

In response to the similar proposal, SB 1451 (2026), officials from the **University of Central Missouri (UCM)** stated there would be an indeterminate impact but potential increase in revenue because the income cap is expanded, making the opportunity available to more potential students.

In response to the similar proposal, SB 1451 (2026), officials from **Northwest Missouri State University** and the **University of Missouri** assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation, HB 2278 (2024), officials from **Missouri State University** assumed the proposal would have no fiscal impact on their organization.

Oversight does not anticipate a direct fiscal impact to colleges and universities. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other Colleges, Universities, and Community Colleges were requested to respond to this proposed legislation but did not. Upon receiving additional responses, Oversight

will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

§§620.511 – 620.514 - Grants for Certain Workforce Training Programs

In response to the previous version, officials from the **Department of Higher Education and Workforce Development (DHEWD)** assumed §620.514 (2-3) will require the State Workforce Development Board to coordinate approval of eligible workforce training programs with other state and federal workforce programs. Also requires eligible workforce training programs to provide verifiable data, as determined by the board, demonstrating program outcomes, including completion rates, job placement rates, and earnings. These requirements will necessitate two FTEs at DHEWD for data coordination and program review and approval. It is assumed that the positions will be at a Senior Program Specialist position level (\$64,000 starting salary). Funds will be needed for the new employees' computers and related equipment (\$1,943.59 each) and ongoing ITSD expenses (estimated at \$3,477.98 per year). Annual E&E expenses (professional development, supplies, etc.) must be considered for each FTE and those are estimated at \$5,000 per year. ITSD will be required to develop and maintain a data system to collect and store confidential PII, student records from public and private higher education institutions and training providers. ITSD estimates the initial cost to be \$88,452, with ongoing yearly maintenance costs of \$10,000 to \$12,000.

DHEWD is an ITSD Consolidated agency. ITSD costs for data collection, validation, and storage of new data collection from providers. It would require a front-end data ingestion tool, database structure, and on-going maintenance. Could be in-house or contracted.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimate as provided by DHEWD.

Oversight notes that §620.514 requires that any workforce training program created and approved by the state board must also comply with federal eligibility rules. For informational purposes, Oversight notes Section 83002 of Public Law 119-21 sets those federal rules for workforce programs that want students to use Pell Grants.

Officials from the **Department of Economic Development, Oversight Division, Northwest Missouri State University**, and **University of Central Missouri** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these respective agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Transfer-out – To Fast Track Workforce Incentive Grant Fund – DHEWD (§173.2553) Increase in number of grant recipients due to increase in AGI thresholds p.3-4</u>	\$0 to (\$940,500)	\$0 to (\$940,500)	\$0 to (\$940,500)
<u>Cost – DHEWD (§620.514) p.5</u>			
Personal Service	(\$117,333)	(\$130,560)	(\$133,171)
Fringe Benefits	(\$77,141)	(\$85,183)	(\$86,233)
Expense & Equipment	(\$19,430)	(\$17,295)	(\$17,641)
<u>Total Costs – DHEWD</u>	<u>(\$213,904)</u>	<u>(\$233,038)</u>	<u>(\$237,045)</u>
FTE Change – DHEWD	2 FTE	2 FTE	2 FTE
<u>Cost – DHEWD (§620.514) ITSD Data Collection System p.5</u>	<u>(\$88,452)</u>	<u>(\$12,000)</u>	<u>(\$10,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	Up to <u>(\$1,242,856)</u>	Up to <u>(\$1,185,538)</u>	Up to <u>(\$1,187,545)</u>
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE
FAST TRACK WORKFORCE INCENTIVE GRANT FUND			

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Transfer-in – From General Revenue</u> (\$173.2553) Increase in grants provided to qualifying recipients p.3-4	\$0 or \$940,500	\$0 or \$940,500	\$0 or \$940,500
<u>Costs – DHEWD</u> (\$173.2553) Increase in grants to students p.3-4	\$0 or (\$940,500)	\$0 or (\$940,500)	\$0 or (\$940,500)
ESTIMATED NET EFFECT ON THE FAST TRACK WORKFORCE INCENTIVE GRANT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

FAST TRACK WORKFORCE INCENTIVE GRANT

This act increases the maximum gross income for eligibility for the Fast Track Workforce Incentive Grant from \$80,000 to \$100,000 for taxpayers who are married filing jointly and from \$40,000 to \$50,000 for all other taxpayers. (Section 173.2553)

WORKFORCE PELL GRANTS

This act allows the Governor, in consultation with the Missouri Workforce Development Board, to approve all eligible workforce training programs for participation in the workforce Pell grant program. The Board shall coordinate approval of eligible workforce training programs with other state and federal workforce programs. (Sections 620.511 to 620.514)

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 Higher Education and Workforce Development
Joint Committee on Administrative Rules
Office of the Secretary of State
Department of Economic Development
Oversight Division
Northwest Missouri State University
University of Missouri
Missouri State University
University of Central Missouri



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April 2, 2026



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