

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1022-03
Bill No.: SB 0276
Subject: Allows foster children to receive a “balance scholarship” to state-funded colleges.
Type: Updated
Date: February 14, 2001
Updated due to revised fiscal note statement by the Department of Higher Education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue#	(\$102,600)	(\$105,678)	(\$108,848)
Total Estimated Net Effect on <u>All</u> State Funds #	(\$102,600)	(\$105,678)	(\$108,848)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Central Missouri State University** and the **University of Missouri** stated they would incur no additional costs as a result of the proposed legislation.

Officials from the **Truman State University** stated they were unable to determine any institutional costs as a result of the proposed legislation.

Officials from the **Department of Social Services - Division of Family Services (DFS)** state that they do not anticipate a fiscal impact from this proposed legislation and that they assume the funds would be appropriated to the Coordinating Board for Higher Education.

The DFS officials state that as of December 31, 2000, there were 1388 foster children between the ages of 17-21; 698 youths that were 17 years old; 399 - 18 year olds; 191 - 19 year olds; and 100 - 20 year olds. In FY 2000, 137 foster care youth were attending state-funded colleges/universities. An additional 60 foster care youth attended technical/vocational schools. Fifty-six youths received financial assistance with tuition and books through the Independent Living Program (ILP). The requirements for tuition/books assistance are:

- the youth must be eligible for and a graduate of the ILP program;
- must demonstrate academic success in school (a "C" average or better) and;
- have explored and exhausted all other appropriate scholarships, grants, and other financial assistance.

The DFS officials also state that tuition costs ranges from \$1,250 for vocational/technical schools to \$4,800 for state-funded colleges and universities per academic year. The DFS officials assume that foster children will not have assets or resources and will qualify for the current maximum Pell Grant amount of \$3,300.

Officials from the **Department of Higher Education (CBH)** stated that according to the Department of Social Services (DOS), there are 690 foster children between the ages of 18 and 20, the age assumed for college enrollment. Of these, 399 are 18-year olds, 191 are 19-year olds, and 100 are 20-year olds. The CBH officials stated that according to DOS, 28% of foster children of these ages are covered by independent living funding for higher education. Also according to DOS, most foster children have few, if any, assets of their own that would impact eligibility for need-based financial aid and therefore would be eligible for a maximum Pell Grant.

The CBH officials stated that for FY 02, the maximum Pell Grant award will be \$3,750 and the tuition costs for one academic year are below \$3,750 for all state-funded institutions with the

ASSUMPTION (continued)

exception of the UM-system. Therefore, only foster children who attend the University of Missouri would require a "Balance Scholarship" to cover the costs of tuition. The CBH officials assume that foster children will enroll in the University of Missouri in the same proportion as the general student population. Therefore, it is estimated that 23% of all eligible students will enroll at the University of Missouri and consequently require aid above the maximum Pell Grant to cover tuition costs. The CBH officials estimate the fiscal impact as follows: 690 foster children - 28% whose costs are covered by independent living funding = 497 students. 497 students x 23% estimated to enroll in the University of Missouri = 114 students. The difference between the maximum Pell Grant for FY 02 (\$3,750) and tuition and fees costs at the University of Missouri (approx. \$4,650) is \$900. The CBH officials state the fiscal impact is estimated as 114 students x \$900 = 102,600. For subsequent years a 3% inflationary increase in tuition and fee charges at the University of Missouri is assumed with no increases in the maximum Pell Grant. The CBH officials state the Coordinating Board for Higher Education will not require additional resources to implement this proposal.

The fiscal impact provided by the CBH assumes the changes suggested in the comment memo regarding a limitation to Missouri resident foster children and insertion of "fees" in addition to tuition costs.

Oversight assumes that scholarship payments would be made based on semester rather than fiscal year, and therefore, would be \$102,600 for FY 02.

Officials from the **Southwest Missouri State University** did not respond to our request for a fiscal impact statement.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (12 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND #			
<u>Costs - Department of Higher Education</u>			
Balance Scholarships	(\$102,000)	(\$105,678)	(\$108,848)
Total <u>Costs</u> - Department of Higher Education	<u>(\$102,000)</u>	<u>(\$105,678)</u>	<u>(\$108,848)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND #	<u>(\$102,000)</u>	<u>(\$105,678)</u>	<u>(\$108,848)</u>

FISCAL IMPACT - Local Government

FY 2002
(12 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

The proposed legislation would add Section 173.270 which would allow any foster child accepted for admission to a state-funded institution of higher education needing financial assistance to receive a "balance scholarship" for tuition assistance. The foster child must first apply for tuition assistance through the financial aid office at the school or independent living funding through the federal Foster Care Independence Act.

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
Department of Higher Education
University of Missouri
Central Missouri State University
Truman State University

NOT RESPONDING: Southwest Missouri State University



Jeanne Jarrett, CPA
Director

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