

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3244H.011  
Bill No.: HB 1790  
Subject: Education, Higher; Higher Education and Workforce Development, Department of  
Type: Original  
Date: December 29, 2021

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Bill Summary: This proposal modifies provisions relating to the "A+ schools program".

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
General Revenue*	(\$7,686,276)	(\$8,070,590)	(\$8,474,119)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$7,686,276)</b>	<b>(\$8,070,590)</b>	<b>(\$8,474,119)</b>

\* **Oversight** notes program expenditures are from the A+ Schools Fund, which is funded by the General Revenue Fund, the Lottery Proceeds Fund and the State Institutions Gift Trust Fund. For simplicity, Oversight will reflect the additional costs from this change to the General Revenue Fund.

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

Numbers within parentheses: () indicate costs or losses.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

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

## FISCAL ANALYSIS

### ASSUMPTION

#### §160.545 – A+ schools program

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state currently, A+ Scholarship awards cover only tuition and general fees actually paid by/charged of an eligible student. The award is reduced on a dollar for dollar basis for any federal non-loan student aid received by the student, which is typically the federal Pell grant. In many instances, this reduces an eligible student's A+ award to zero.

Paragraph 2 of subsection 160.545.8 would change that provision to require that the A+ award be applied to the eligible student's tuition and general fee costs "before any federal, private, or other state sources of funding have been applied." Paragraph 3 of that subsection reaffirms the current requirement that students complete the Free Application for Federal Student Aid in order to be eligible for the A+ scholarship.

The following estimate is based on data reported to the DHEWD by participating institutions for FY 2021, which is the most recent complete award year. This data is limited to information regarding students that received A+ awards for attendance at a public community college and State Technical College of Missouri. Other participating schools (area vocational technical schools and Ranken Technical College) are not included due to data limitations and the fact that those institutions enroll only two percent of students paid through the program.

This estimate is built upon two groups of impacted students: those whose award was reduced but still received some A+ payment, and those whose award was reduced to zero because of the receipt of federal student aid. Due to data limitations, it is very difficult to accurately determine the number of students that received a reduced award. However, based on the data reported by the institutions, total student awards for this group for FY 2021 were reduced by \$4,835,273 due to the receipt of federal student aid, not including student loans. Data indicate that 932 students had their A+ award reduced to zero due to receipt of federal aid. This reduction totaled \$3,217,526 for that fiscal year. It is assumed this amount would remain relatively stable, with the exception of inflation, over the period of the fiscal note. Based on these data, the proposal to calculate the A+ award for eligible students before other aid is applied would increase the cost of the program by \$8,052,799 (\$4,835,273 + \$3,217,526).

Section 173.1105.2. of the Access Missouri authorizing statute states in part that "Any award amount shall be reduced by the amount of a student's payment from the A+ schools program or any successor program to it." The proposed change to A+ would have an impact on A+ students that are also eligible for Access Missouri by reducing their Access Missouri award to zero. The DHEWD does not have sufficient data to estimate the impact on students that receive a partial

A+ award but assume that impact would be negligible. For the 932 students whose A+ award was reduced to zero in FY 2021, this would likely reduce their Access Missouri award to zero from the current FY 2022 maximum award at community colleges of \$1,160. This would reduce the cost of the Access Missouri program by \$1,081,120 (932 X \$1,160).

As a result, the net cost of the proposal to calculate A+ awards for eligible students before other aid is applied would be \$6,971,679 (\$8,052,799 - \$1,081,120) based on FY 2021 data. Due to enrollment fluctuations due to the COVID-19 pandemic, future enrollment trends in the program are very difficult to predict. However, at a minimum it is assumed program costs will continue to rise as a result of tuition and fee increases at participating institutions. Given recent trends, the dollar cost for this change to the A+ program should be incremented by five percent for each year reported in the fiscal note. Adjustments to the reduced cost to Access Missouri are not necessary as those awards are not impacted by tuition and fee changes.

Based on this inflationary assumption, estimates of the costs to the General Revenue Fund for FY 2023 and beyond are below.

FY 2023: \$7,686,276 (((\$6,971,679 X 1.05) X 1.05))

FY 2024: \$8,070,590 (\$7,686,276 X 1.05)

FY 2025: \$8,474,119 (8,070,590 X 1.05)

No additional staff are needed to implement these provisions.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the fiscal impact to the General Revenue Fund as provided by DHEWD.

Officials from the **University of Central Missouri (UCM)** state the proposal will have indeterminate fiscal costs due to the uncertainty of application.

**Oversight** assumes any negative fiscal impact to UCM would be minimal and absorbable within current funding levels.

Officials from the **University of Missouri** and **Missouri State University** 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.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

**Oversight** notes that program expenditures are from the A+ Schools Fund, which is funded by the General Revenue Fund, the Lottery Proceeds Fund and the State Institutions Gift Trust Fund. For simplicity, Oversight will reflect the additional costs from this change to the General Revenue Fund.

**Oversight** also notes, according to budget submissions, the A+ program had the following expenditures in recent years:

FY 2019      \$39,095,852 (actual) – for 13,039 students (avg. \$2,998)  
 FY 2020      \$42,953,985 (actual) – for 13,493 students (avg. \$3,183)  
 FY 2021      \$45,226,816 (actual) – for 14,809 students (avg. \$3,054)  
 FY 2022      \$60,900,000 (appropriation level)

<u>FISCAL IMPACT – State Government</u>	FY 2023	FY 2024	FY 2025
<b>GENERAL REVENUE FUND</b>			
<u>Costs – DHEWD (\$160.545)</u>			
Increase in A+ program costs	<u>(\$7,686,276)</u>	<u>(\$8,070,590)</u>	<u>(\$8,474,119)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$7,686,276)</u></b>	<b><u>(\$8,070,590)</u></b>	<b><u>(\$8,474,119)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

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

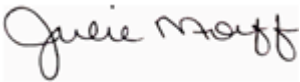
FISCAL DESCRIPTION

Currently, A+ funding disbursements to colleges take place after other sources of funding: federal, private, or other state sources. This bill requires that A+ reimbursement be made before any other sources are applied toward educational costs.

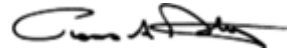
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development  
University of Missouri  
Missouri State University  
University of Central Missouri



Julie Morff  
Director  
December 29, 2021



Ross Strobe  
Assistant Director  
December 29, 2021