

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0721H.011
 Bill No.: HB 515
 Subject: Education, Higher; Department of Higher Education and Workforce Development;
 Science and Technology
 Type: Original
 Date: February 14, 2023

Bill Summary: This proposal establishes the science, technology, engineering, and mathematics (stem) grant program for Access Missouri Financial Assistance program award recipients.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	(\$14,216,000)	(\$14,216,000)	(\$14,216,000)
Total Estimated Net Effect on General Revenue	(\$14,216,000)	(\$14,216,000)	(\$14,216,000)

*The STEM grant program is subject to appropriation.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Colleges and Universities***	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

**It is assumed the additional tuition and fees would exceed \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- 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 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§173.685 – STEM grant program for Access Missouri Financial Assistance Program award recipients

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state this legislation would create a new statutory section (173.685) that would establish a grant for undergraduate students that receive an Access Missouri Financial Assistance Program award and are enrolled in certain fields of study identified in the bill as Science, Technology, Engineering, and Mathematics (STEM) fields. Those fields are as follows.

- Agriculture and related sciences
- Computer science
- Information technology and information systems
- STEM-related education
- Engineering
- Biological and biomedical sciences
- Mathematics and statistics
- Physical sciences

In addition to receiving an Access Missouri award, individuals must maintain a minimum cumulative grade point average (2.5 on a 4 point scale) and otherwise maintain satisfactory progress as defined by the institution the individual is attending. Postsecondary institutional participation in the program parallels Access Missouri. The award can be renewed for five semesters at a two-year institution or ten semesters (or 15 quarters) at a four-year institution. The proposed program would sunset after six years unless reauthorized by the General Assembly.

The proposal establishes the maximum award amount, subject to appropriation, at \$2,000. Based on the data available to DHEWD for the last two academic years, it is estimated that 19.7 percent of Access Missouri recipients are pursuing a postsecondary credential in one of the identified STEM program areas. Based on the number of Access Missouri recipients in FY 2022 (36,083), it is estimated that 7,108 (36,083 X 19.7%) individuals would be eligible for the STEM bonus award. It is assumed there will be little to no change in the number of Access Missouri recipients or the percent of recipients enrolled in eligible programs over the period of the fiscal note. On that basis, for FY 2024, the cost to fully fund this proposal would be \$14,216,000 (7,108 X \$2,000). Since the award amounts are subject to appropriation, the actual cost would be between zero and the amount identified above. Since the program is not dependent on tuition and fee changes, no inflationary increment is included and the estimated amount would be constant across the years contained in this fiscal estimate.

No additional staff would be needed to implement this program and only relatively minor changes to the administrative system (FAMOUS) would be necessary so no additional costs are included for those items.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect DHEWD's fiscal impact with a note the grant program is subject to appropriations.

Officials from the **University of Missouri System** state the proposed legislation could have a positive financial impact on the University of Missouri. The amount of the impact is undetermined.

Officials from the **University of Central Missouri (UCM)** state there is a potential for increased revenue if it leads to increased enrollment. There could also be the potential cost of administering this award on the school side, which will be dependent upon the workload required of our staff to process these awards with DHEWD.

Oversight does not have any information to the contrary. Oversight assumes this program would have an unknown positive fiscal impact on Colleges and Universities as more students may attend college with this additional assistance. It is further assumed the increase in tuition and fees would exceed \$250,000 annually.

According to HYPERLINK "<https://www.univstats.com/states/missouri/cost-of-attendance/?msckid=b86bd548b6ba11ec90cad8ed43758442>" [Average Cost of Attendance of Missouri Colleges | UnivStats](#) information available on DHEWD's website, the average cost of tuition for a four-year institution for Missouri residents for the 2023 academic year was \$9,729.69.

One-hundred and twenty five additional students would account for approximately \$1.2 million in additional tuition.

Officials from **St. Charles Community College** 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 this entity.

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 (MOLIS) database is available upon request.

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 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Costs</u> – DHEWD (§173.685) – STEM bonus awards	<u>(\$14,216,000)</u>	<u>(\$14,216,000)</u>	<u>(\$14,216,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$14,216,000)</u>	<u>(\$14,216,000)</u>	<u>(\$14,216,000)</u>
COLLEGES AND UNIVERSITIES			
<u>Income</u> – Colleges and Universities (§173.685) – increase in tuition and fees	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026

	<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.

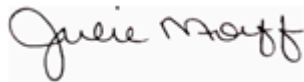
FISCAL DESCRIPTION

This bill directs the Department of Higher Education and Workforce Development (DHEWD) to make available a STEM grant for \$2,000 to eligible recipients. Eligibility for a STEM grant is outlined in the bill, and includes financial considerations similar to the Missouri Access Program under Sections 173.1101 to 173.1107, RSMo. Recipients must also be working toward a STEM degree, which includes science, technology, engineering, or mathematics fields as specified in the bill. Specific requirements for STEM grant renewal are also provided and include satisfactory academic progress, five or less semesters at a two-year institution, or a total of 10 semesters at an approved four-year institution, or a combination of the two. The bill contains a sunset provision and rule making authority for the DHEWD.

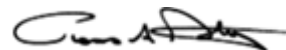
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development
Office of the Secretary of State
University of Missouri System
University of Central Missouri
St. Charles Community College
Joint Committee on Administrative Rules



Julie Morff
Director
February 14, 2023



Ross Strobe
Assistant Director
February 14, 2023