

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4898H.011  
 Bill No.: HB 2326  
 Subject: Education, Higher; Department of Higher Education and Workforce Development  
 Type: Original  
 Date: January 26, 2024

Bill Summary: This proposal modifies provisions governing certain postsecondary education financial assistance awards.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	\$0 to (\$9,100,000)	\$0 to (\$10,000,000)	\$0 to (\$10,900,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$9,100,000)</b>	<b>\$0 to (\$10,000,000)</b>	<b>\$0 to (\$10,900,000)</b>

\* Any increase in tuition assistance awards (Access Missouri) would be subject to appropriations.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
College & University	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §173.1105 – Minimum and maximum Access Missouri financial assistance awards

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state this bill would modify §173.1105, RSMo, and increase the maximum awards for Access Missouri recipients starting with the 2024-25 academic year. For those attending an institution in the public two-year sector, that maximum award amount would be \$1,700 and the minimum would be \$500; for those attending a public four-year institution (including State Technical College of Missouri), approved private institutions, or approved virtual institutions, that maximum amount would be \$3,500 and the minimum would be \$1,750.

Additionally, all students with an expected family contribution (EFC) of \$12,000 or less will receive at least the minimum award, while maximum award amount for students with an EFC above \$7,000 will be reduce by ten percent by EFC increment groups, which are set at \$500 EFC increments.

Using FY 2024 data (the most recent data available), and applying award levels by EFC increments groups for students with an EFC at or below \$12,000, the DHEWD estimates this will cost an additional \$9.1 million in FY 2025 above the current appropriation levels, impacting over 35,000 students. While participation in the Access Missouri Scholarship program has been decreasing slightly over the past five years, this increase in award levels are likely to result in an increase in participation as well.

The DHEWD also estimates a one percent increase in participation each year. As a result, the department estimates these changes to cost between zero and \$9.1 million in FY 2025, between zero and \$10 million in FY 2026, and between zero and \$10.9 million in FY 2027. No additional costs are needed for IT changes or additional staffing.

**Oversight** notes (from DHEWD’s 2024 budget request) the Access Missouri Financial Assistance Program is a need-based program designed encourage low-income students to access higher education by reducing the costs of education. Within the pool of students determined to have financial need, award amounts are structured to provide the most assistance to the students with the greatest financial need. Award amounts are graduated, using the statutory formula, based on the student's EFC. Within available funding, eligible students receive the highest award possible, up to the maximum established by statute. For FY 2023, based upon state appropriations received, the program provided average awards of \$897 for students attending public 2-year institutions and \$2,279 for students attending public 4-year institutions, independent institutions, virtual institutions and State Technical College of Missouri. In FY 2023, 35,717 students received grants (FY 2022 - 36,083 students; FY 2021 - 41,236 students).

**Oversight** has no information to the contrary. Oversight notes increases in financial assistance awards are subject to appropriations. Therefore, if the Access Missouri financial award increases are not funded, the cost will be \$0. Therefore, Oversight will range the fiscal impact of this proposal from \$0 to the amount provided by DHEWD.

Officials from the **University of Central Missouri (UCM)** state UCM currently has roughly 1,600 eligible Access Missouri recipients. It is projected the minimal fiscal impact would be an increase in revenue of \$1,040,000 per academic year (1,600 \* \$650/recipient)

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

Officials from **Northwest 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** has no information to the contrary. Therefore, for fiscal note purposes, Oversight will show a \$0 to Unknown increase in funding for 4-year colleges and universities (College & University Funds) as well as a \$0 to Unknown increase in funding to Local Governments – Community Colleges.

**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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> – DHEWD (§173.1105) – Increase in Access Missouri financial awards p.3	\$0 to (\$9,100,000)	\$0 to (\$10,000,000)	\$0 to (\$10,900,000)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 to</u></b> <b><u>(\$9,100,000)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$10,000,000)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$10,900,000)</u></b>
<b>COLLEGE &amp; UNIVERSITY FUNDS</b>			
<u>Income</u> – Colleges & Universities (§173.1105) – increase in tuition and fees received p.4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>ESTIMATED NET EFFECT ON COLLEGE &amp; UNIVERSITY FUNDS</b>	<b><u>\$0 to</u></b> <b><u>Unknown</u></b>	<b><u>\$0 to</u></b> <b><u>Unknown</u></b>	<b><u>\$0 to</u></b> <b><u>Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL GOVERNMENTS – COMMUNITY COLLEGES</b>			
<u>Income</u> – Community Colleges (§173.1105) – increase in tuition and fees received p.4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0 to</u></b> <b><u>Unknown</u></b>	<b><u>\$0 to</u></b> <b><u>Unknown</u></b>	<b><u>\$0 to</u></b> <b><u>Unknown</u></b>

FISCAL IMPACT – Small Business

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

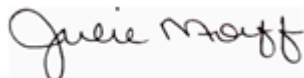
FISCAL DESCRIPTION

Beginning in the 2024-25 academic year, this bill specifies an increase for eligible recipients of the Access Missouri Financial Assistance Program. For public two-year institutions the maximum increases by \$400 to \$1,700 and the minimum by \$200 to \$500. For public four-year institutions and the State Technical College, and approved private and virtual institutions, the maximum increases by \$700 to \$3,500 and the minimum by \$250 to \$1,750.


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 System  
Northwest Missouri State University  
University of Central Missouri



Julie Morff  
Director  
January 26, 2024



Ross Strobe  
Assistant Director  
January 26, 2024