



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0343

**Title:** Establish Montana TEC scholarship program to promote CTE

**Primary Sponsor:** O'Brien, Shannon

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Revenue:</b>				
General Fund	(\$500,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
State Special Revenue	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$500,000)</u>	<u>(\$1,000,000)</u>	<u>(\$1,000,000)</u>	<u>(\$1,000,000)</u>

**Description of fiscal impact:** SB 343 revises the Montana Science, Technology, Engineering, and Math (STEM) Scholarship program and creates an additional Technical Education and Career (TEC) scholarship. The Montana Lottery will allocate additional net revenue into the STEM/TEC scholarship programs. This will decrease the amount of net revenue from the Montana Lottery that is transferred to the state's general fund.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Administration**

1. This bill increases the net revenue amounts of the Montana Lottery (Lottery) that are transferred into the Montana STEM and TEC scholarship programs by an additional \$500,000 for fiscal year 2022 and an additional \$1 million for each fiscal year thereafter.
2. The net revenue in excess of those STEM/TEC scholarship program amounts will continue to be transferred into the state's general fund.
3. SB 343 only changes where the net revenue is allocated. It will have no impact on the Lottery operations budget.

**Office of the Commissioner of Higher Education**

4. In fiscal year 2022, the amount of \$500,000 of Lottery net revenue is allocated to the TEC scholarship and transferred to the STEM/TEC scholarship program's state special revenue account to fund the entering cohort of students beginning in fall 2023 (for fiscal year 2023). This amount increases to \$1,000,000 in fiscal year 2023 and for subsequent years.
5. The distribution of Lottery net revenue to the STEM/TEC scholarship account is made in equal quarterly installments each year.
6. Eligible students will be awarded \$1,000 each semester the student is enrolled in 12 or more credits. Each cohort is projected to complete their degree in five semesters (60 credit degree program/12 credits per semester = 5 semesters).
7. The cohort of entering students for fiscal year 2023 is estimated to be 97 eligible students. This is based on the number of students in the Montana University System (MUS) and community colleges that meet the eligibility requirements in fiscal year 2021, with a growth factor in dual enrollment of 10% annually.
8. Attrition rates of students between semesters are based on actual rates within the MUS and community colleges (e.g. Attrition Rates per Semester = Spring 25%, Fall 20%, Spring 15%, and Fall 8%).
9. The amount of scholarship awards will closely total the amount of revenue received.
10. As awareness of the program grows, and dual enrollment participation increases, demand is also projected to increase approximately 10% each year. Once this program has developed more historical data regarding the number of eligible students and attrition rates, the funding requirements should be reevaluated.
11. If the number of eligible students exceeds these projections (due to a growing number of dual enrollment participants and program awareness) the scholarships will be pro-rated to accommodate for the difference.
12. Up to 1% of the allocation per year may be used to cover the costs of staff and operational expenses for this program.

Fiscal Note Request – As Introduced

(continued)

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Scholarships Awarded - OCHE	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>TOTAL Expenditures</b>	<b>\$500,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$500,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$500,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
State Special Revenue (02)	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$500,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)

NO SPONSOR SIGNATURE 3/9/ AS for KA 3/1/21  
 Sponsor's Initials Date Budget Director's Initials Date