

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE, 2008 LEGISLATIVE SESSION

FISCAL NOTE 2008-SB201a

SB 201 revise certain eligibility requirements for the South Dakota opportunity scholarship.

1. SB201 would lower the eligibility requirement for the minimum ACT composite score from 24 to 23, and would lower the eligibility for the minimum SAT verbal-mathematics score from “1070-1100” to “1060 or higher”.

In 2007, there were 458 graduating seniors who scored a 23 composite score on the ACT exam. The estimate below assumes 44% of the ACT qualifying high school seniors will receive the scholarship, as was the rate in 2007. The estimate also reduces the number of eligible students each year caused by normal attrition. The estimate assumes that 63% of the seniors who received the scholarship as freshmen continue to receive it as seniors; 72% of the juniors who received the scholarship as freshmen continue to receive it as juniors; 83% of the sophomores who receive the scholarship as freshmen continue to receive it as sophomores; and 100% of the freshmen continue to receive the scholarship.

2. The bill would also change the requirement that the scholarship recipient complete at least 15 credit hours for eight consecutive semesters. The proposal allows the student to reduce the number of completed hours from 15 to 12 in two of the eight semesters. They must, however, *enroll* in 15 credit hours each semester of the eight semesters. If the student is a graduating senior, they do not need to enroll in courses that are not necessary to meet graduation requirements. The impact of this change would be similar to the impact of SB59. This estimate mirrors the SB59 estimated fiscal impact, however, these figures are probably on the high end because the student is allowed to take between 12 and 15 credit hours for only *two* of the eight semesters, where SB59 allows between 12 and 15 for *any and all* of the eight semesters.

The total estimated fiscal impact to the state for each of the next four fiscal years is calculated in the table below.

	Total Scholarships Awarded	Projected Students After Attrition and SB201	Scholarship Cost Per Year	Total Cost of Current SDOS Program	Fiscal Impact of ACT Score Change In SB201	Fiscal Impact of Credit Hour Change in SB201 (SB59)	TOTAL Fiscal Impact of SB201
Fall 2005 - Spring 2006	858	542	\$2,000	\$1,084,757	\$0	\$0	\$0
Fall 2006 - Spring 2007	983	706	\$1,000	\$705,744	\$0	\$0	\$0
Fall 2007 - Spring 2008	1,130	941	\$1,000	\$941,475	\$0	\$0	\$0
Fall 2008 - Spring 2009	1,266	1,467	\$1,000	\$1,266,000	\$201,000	\$0	\$201,000
FY2009 - Estimated Fiscal Impact				\$3,997,976	\$201,000	\$0	\$201,000
Fall 2006 - Spring 2007	983	621	\$2,000	\$1,242,793	\$0	\$142,769	\$142,769
Fall 2007 - Spring 2008	1,130	811	\$1,000	\$811,282	\$0	\$88,140	\$88,140
Fall 2008 - Spring 2009	1,266	1,222	\$1,000	\$1,054,785	\$167,466	\$41,208	\$208,674
Fall 2009 - Spring 2010	1,417	1,642	\$1,000	\$1,417,000	\$225,120	\$0	\$225,120
FY2010 - Estimated Fiscal Impact				\$4,525,860	\$392,586	\$272,117	\$664,703
Fall 2007 - Spring 2008	1,130	714	\$2,000	\$1,428,643	\$0	\$164,119	\$164,119
Fall 2008 - Spring 2009	1,266	1,053	\$1,000	\$908,923	\$144,308	\$98,748	\$243,056
Fall 2009 - Spring 2010	1,417	1,368	\$1,000	\$1,180,593	\$187,462	\$46,123	\$233,585
Fall 2010 - Spring 2011	1,588	1,822	\$1,000	\$1,588,000	\$233,528	\$0	\$233,528
FY2011 - Estimated Fiscal Impact				\$5,106,159	\$565,297	\$308,990	\$874,287
Fall 2008 - Spring 2009	1,266	927	\$2,000	\$1,600,586	\$254,121	\$183,871	\$437,993
Fall 2009 - Spring 2010	1,417	1,179	\$1,000	\$1,017,333	\$161,538	\$100,229	\$261,768
Fall 2010 - Spring 2011	1,588	1,518	\$1,000	\$1,323,064	\$194,567	\$42,454	\$237,020
Fall 2010 - Spring 2011	1,826	2,031	\$1,000	\$1,826,200	\$205,247	\$0	\$205,247
FY2012 - Estimated Fiscal Impact				\$5,767,183	\$815,474	\$326,554	\$1,142,028

This fiscal note was prepared in consultation with the Bureau of Finance and Management, pursuant to Chapter 6C of the Joint Rules of the Legislature.

APPROVED BY: Signed by Jim Fry - Director of LRC DATE: 2/07/2008