

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE, 2013 LEGISLATIVE SESSION

FISCAL NOTE 2013-HB1128A

HB 1128 allows certain students to participate in the opportunity scholarship program under certain circumstances.

Summary

The provisions of HB1128, in its amended form, would expand the requirements of the Opportunity Scholarship Program to include homeschooled students who score, or who have scored, between 24 and 27 on the ACT.

Background

Currently, as per SDCL 13-55-31.2, a South Dakota high school graduate can receive a \$5,000 scholarship if they receive an American College Testing (ACT) Program composite score of 24 or higher, and complete a set of specific, rigorous high school courses. In the 2010 Legislative Session, the program was amended to allow homeschooled students to participate if they received an ACT composite score of 28 or higher, or a score of 1250 or higher on the Scholastic Assessment Test (SAT). The new eligibility requirements, however, contained a delayed effective date of July 1, 2013, and therefore no scholarships have been awarded through this provision.

Proposed Change

HB1128, as amended, would allow homeschooled students to be eligible for the scholarship if they receive an ACT composite score of 24 or higher (currently 28 or higher), or a score of 1090 or higher (currently 1250 or higher) on the SAT. The new eligibility requirements would be effective on July 1, 2013 and would apply to any homeschooled student who was tested before graduation, which would include those in the 2013 graduating class as well as any current college student who had earned the required test scores.

Current law, SDCL 13-55-31, allows any student who would have been eligible for the scholarship, but who applies *after* completing one or more semesters at a university, to be admitted to the program if they have met the new requirements. This section of the law would also allow sophomores, juniors, and seniors who had been predominantly homeschooled to receive the Opportunity Scholarship in FY14 and each year of eligibility thereafter, however *not* retroactively (e.g. remaining payments going forward, but not missed payments going backward).

Supporting Data

Data from non-Opportunity Scholarship recipients within the Regental system who scored a 24 or greater, and less than a 28 on the ACT and met the college readiness benchmarks were evaluated. Based on data available from the South Dakota Board of Regents, there were 11 homeschooled students in the Regental system that met the criteria. Historically, the Regental system enrolls 82% of all scholarship recipients so it was further estimated that an additional 18% would be eligible at one of the nine other participating institutions. Therefore, it is estimated that there will be approximately 14 homeschooled students who will score 24 or more and less than 28 on the ACT test, or who will score more than 1090 and less than 1250 on the SAT test.

Fiscal Impact

Based on these facts and estimations, and using historical attrition rates for the students eligible and currently attending a qualified institution, the estimated fiscal impact of HB1128 considered solely on its direct application would be approximately \$49,000 in FY2014 and each year thereafter.

<u>Homeschooled Students</u> <u>w/ =>24 and <28 ACT</u>	<u>FY2014</u>
Freshmen	14
Sophomores	10
Juniors	9
Seniors	8
Total Students Receiving \$1,000	33
Total Students Receiving \$2,000	8
Estimated Fiscal Impact Per Year	<u>\$49,000</u>

Pursuant to Chapter 6C of the Joint Rules of the Legislature, this fiscal note was prepared in consultation with the Bureau of Finance and Management. However, BFM does not concur with this note as filed due to their interpretation of the legislative intent.

APPROVED BY: /S/ James Fry

DATE: 2/12/2013