

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE, 2008 LEGISLATIVE SESSION

FISCAL NOTE 2008-SB59a (revised)

SB 59 revise certain provisions regarding the South Dakota opportunity scholarship program.

SB59 would revise three requirements of the current scholarship program:

1. Change the eligibility requirements from the Regents' Scholar curriculum to the Distinguished High School Graduation curriculum;
2. Change the continuing eligibility requirement from enrolling in 15 hours a semester to enrolling in 12 hours a semester; and
3. Allow eligibility for four years, regardless of whether the student has already graduated with a certificate or two-year degree.

Item 1. the change in curriculum, will have little, if any, fiscal impact on the general fund. The two curricula are nearly identical, however, the new requirement will increase the total number of credits from 18.5 to 22.0.

Item 2. the change from 15 to 12 hours per semester, will have **no fiscal impact in FY2009** because the current budget fully funds the seniors, juniors, and sophomores, while the freshmen historically do not have a problem meeting the 15 credit hour minimum. Each year thereafter, however, there would be a fiscal impact. Statistics from the Board of Regents indicate a total of 936 scholarship winners became ineligible last year. Of those ineligible, 160 were due to their failure to comply with the 15 credit hour requirement (311 were ineligible because of a combination of GPA and credit hour requirements).

It is reasonable to assume that this trend would continue, therefore it is estimated in FY2010, approximately 61 seniors, 67 juniors, and 32 sophomores would maintain their eligibility if the credit hour requirement was decreased from 15 to 12.

The full effect of the change on the student's GPA, which is another eligibility requirement, is not known. The additional hours out of the classroom could result in higher GPAs, or lower, depending on how the students use their spare time. The Legislative Research Council's estimated cost for **FY2009 is \$0** and for **FY2010 is \$272,117**. In **FY2011 the estimated cost is \$308,990**. (See table on Page 2.)

The Board of Regents estimated similar, but lower costs: FY2009- \$0; FY2010 - \$187,348; and FY2011 - \$301,972. The Bureau of Finance and Management estimates a higher figure based on the GPA ineligibles becoming eligible under this legislation. Their estimates are \$0 for FY2009; approximately \$536,000 for FY2010; and approximately \$610,000 for FY2011.

Item 3. the change for certificate recipients, will affect only those who are currently enrolled in a technical institute, or similar program that grants certificates, and who will continue their education at a four-year institute. Because the number of students who transfer from a technical institute to a four-year state university is relatively low, the estimated fiscal impact will be small.

		Total Scholar- ships Awarded	Percent Becoming Ineligible Due to Credit Hours	Number of Students Becoming Ineligible Due to Credit Hours	Scholarship Cost Per Year	Fiscal Impact of SB59
Fall 2005 - Spring 2006	Seniors	858	7.26%	61	\$2,000	\$0
Fall 2006 - Spring 2007	Juniors	983	7.80%	67	\$1,000	\$0
Fall 2007 - Spring 2008	Sophomores	1130	3.26%	32	\$1,000	\$0
Fall 2008 - Spring 2009	Freshmen	1266	0.00%	0	\$1,000	\$0
FY2009 - No Fiscal Impact (See Note Above)						\$0
Fall 2006 - Spring 2007	Seniors	983	7.26%	71	\$2,000	\$142,769
Fall 2007 - Spring 2008	Juniors	1130	7.80%	88	\$1,000	\$88,140
Fall 2008 - Spring 2009	Sophomores	1266	3.26%	41	\$1,000	\$41,208
Fall 2009 - Spring 2010	Freshmen	1417	0.00%	0	\$1,000	\$0
FY2010 - Fiscal Impact						\$272,117
Fall 2007 - Spring 2008	Seniors	1130	7.26%	82	\$2,000	\$164,119
Fall 2008 - Spring 2009	Juniors	1266	7.80%	99	\$1,000	\$98,748
Fall 2009 - Spring 2010	Sophomores	1417	3.26%	46	\$1,000	\$46,123
Fall 2010 - Spring 2011	Freshmen	1588	0.00%	0	\$1,000	\$0
FY2011 - Fiscal Impact						\$308,990

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: 1/29/08