

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4484-01
Bill No.: SB 876
Subject: Children and Minors; Education, Higher; Higher Education Dept.; Military Affairs; Veterans
Type: Original
Date: January 23, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue *	(\$0 to \$197,650)	(\$0 to \$207,525)	(\$0 to \$217,900)
Total Estimated Net Effect on General Revenue Fund *	(\$0 to \$197,650)	(\$0 to \$207,525)	(\$0 to \$217,900)

* subject to appropriation,

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Metropolitan Community College** assume this proposal could have a positive impact on their organization.

Officials from the **St. Louis Community College** assume this proposal would not negatively impact their organization.

Officials from the **University of Missouri** assume this proposal would not impose any additional costs on their organization.

Officials from **Missouri State University** and **Truman State University** stated they were unable to determine the impact of this proposal on their organizations.

Officials from **Linn State Technical College** (Linn State) assume they would need an administrator for this program at an annual starting salary of \$30,000 per year plus benefits. Linn State calculated a cost of \$36,557 for FY 2006, \$44,965 for FY 2007, and \$46,089 for FY 2008.

ASSUMPTION (continued)

Oversight assumes that any additional duties required of the educational institutions by this program could be absorbed with existing resources.

Officials from the **Department of Public Safety, Office of the Director, Office of the Adjutant General, and Missouri Veterans Commission** assume this proposal would have no impact on their organizations.

Officials from the **Department of Higher Education** (DHE) assume the proposed legislation would create the "military member survivor grant" to pay tuition, other required fees, room and board (capped at \$2,000 per semester), and books (\$500 maximum per semester) at any public or private college or university for any eligible student as defined by the legislation. DHE would be responsible for promulgating rules and regulations for this program, establishing the minimum eligibility performance standards, administering the program, processing applications, and paying institutions.

The extent to which this program would be utilized is currently unknown, as the potential applicants are unknown. It is difficult to determine which soldiers would qualify under the criteria, and further the number of spouses or dependents that would qualify and would want to take advantage of this program.

The annual amount for a typical full-time undergraduate student at the University of Missouri-Columbia taking 15 credit hours per semester was \$7,415 in fall 2005. The maximum allowable expenses of \$2000 per semester for room and board and \$500 per semester for books were utilized for this calculation, bringing the total amount per eligible student to \$12,415 the first year. Given the fact that the number of eligible recipients is unknown, for purposes of calculating this fiscal note, it is assumed for FY 2007 and subsequent fiscal years that there would be 25 awards distributed. At an amount of \$12,415 per student, the first year of grants would total \$310,375. Assuming tuition and fees cost rise 5% for FY 2008, the total that year would be \$12,786 per student for a grand total of \$319,650 for all 25. At another 5% increase, FY 2009 would cost \$13,175 per student with a grand total of \$329,375. According to this legislation, the number of recipients is not capped at 25 and therefore may exceed 25 which could increase the costs in any given fiscal year.

DHE assumes that a 1.0 FTE Research Associate at an estimated salary of \$35,000 plus associated expense and equipment would be needed in FY 2006. This Research Associate would be responsible for overall administration of this program, including reviewing applications and working with participating institutions in order to distribute funds accurately and smoothly.

ASSUMPTION (continued)

In response to a similar proposal, DHE noted that the average public 4-year tuition and fee amount for fall 2005 was \$5,811, or \$2,906 for half. The maximum allowable expenses of \$2,000 per semester for room and board and \$500 per semester for books were utilized for this calculation. This brings the total amount per eligible student to \$7,906. At an amount of \$7,906 per student, the first year of grants would total \$197,650. Assuming that the tuition and fees cost rise 5% for FY 2008, the total that year would be \$8,301 per student for a grand total of \$207,525 for all 25. At another 5% increase, FY 2009 would cost \$8,716 per student with a grand total of \$217,900.

Oversight assumes that processing for a limited number of grants could be performed by existing DHE staff. Oversight also assumes that no more than 25 grants would be approved; therefore, Oversight has shown a range from \$0 to \$197,650 for FY 2007, from \$0 to \$207,525 for FY 2008, and from \$0 to \$217,900 for FY 2009. The amount awarded would also be limited to the amount appropriated for the program.

In response to a similar proposal, officials from the **Office of the Secretary of State (SOS)** assumed this proposal would create a scholarship program. The Coordinating Board for Higher Education would promulgate rules for the implementation of this program. Based on experience with other divisions, the rules, regulations and forms issued by the Coordinating Board for Higher Education could require as many as 24 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27.00. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. $((24 \times \$27) + 36 \times \$23) = \$1,476$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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GENERAL REVENUE FUND

<u>Cost - Department of Higher Education Scholarships *</u>	<u>(\$0 to \$197,650)</u>	<u>(\$0 to \$207,525)</u>	<u>(\$0 to \$217,900)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(\$0 to \$197,650)</u>	<u>(\$0 to \$207,525)</u>	<u>(\$0 to \$217,900)</u>
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* subject to appropriation.

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would establish a tuition grant for dependants and spouses of certain military veterans. Within the limits of the amounts appropriated, the Coordinating Board for Higher Education would provide grants to eligible students who attend qualifying institutions of postsecondary education.

- A qualifying military member would be any member of the military of the United States, whether active duty, reserve, or national guard, who was killed or became eighty percent disabled as a result of the injuries sustained in combat action after September 11, 2001, and who was at the time of death or injury, a citizen of the state of Missouri.
- A qualifying dependent would be any natural, adopted, or stepchild of a qualifying military member who was a dependent of a qualifying military member at the time of death or injury would be eligible until the age of twenty-five. The spouse of a qualifying member would be eligible until the age of forty-five years.

DESCRIPTION (continued)

- A qualifying institution would be any Missouri public or private institution of postsecondary education approved by the Coordinating Board for Higher Education.
- An eligible student who is enrolled or has been accepted for enrollment at a qualifying institution would receive a tuition grant in an amount not to exceed the actual tuition or incidental fee, or both, charged at the qualifying institution where the eligible student is enrolled or accepted for enrollment. In addition, the tuition grant could not exceed the amount of tuition charged a Missouri resident at the University of Missouri - Columbia for attendance. Such student would receive an allowance of two thousand dollars per semester for room and board, and an allowance for the actual cost of books, up to five hundred dollars per semester.
- An eligible student could receive a grant under this section only so long as the eligible student is enrolled in a program leading to a certificate, or an associate or baccalaureate degree in a qualifying institution. In no event could the eligible student receive a grant beyond the completion of the first baccalaureate degree. No eligible student could receive more than one hundred percent of tuition when combined with similar funds made available to such eligible student.
- The Coordinating Board for Higher Education would promulgate all necessary rules for the implementation of this section; determine minimum standards of performance for a student to remain eligible to receive a grant under this program; make available on behalf of the eligible student an amount toward the eligible student's tuition which is equal to the grant to which the eligible student is entitled under the provisions of this section; and provide the forms and determine the procedures necessary for an eligible student to apply for and receive a grant under this program.
- An eligible student who is enrolled or has been accepted for enrollment at a qualifying institution would receive a tuition grant in an amount not to exceed the actual tuition charged at the qualifying institution where the eligible student is enrolled or accepted for enrollment. In addition, such student would receive an allowance of two thousand dollars per semester for room and board, and an allowance for the actual cost of books, up to five hundred dollars per semester.

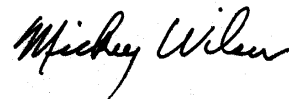
DESCRIPTION (continued)

- An eligible student who is a recipient of a grant could transfer from one qualifying institution to another without losing his or her entitlement under this section. The board would make necessary adjustments in the amount of the grant. If a grant recipient at anytime withdraws from a qualifying institution so that under the rules of such institution the student is entitled to a refund of any tuition, fees, or other charges, the institution would pay the portion of the refund attributable to the grant for that semester or similar grading period to the Coordinating Board for Higher Education.
- If an eligible student is granted financial assistance under any other student aid program, public or private, the full amount of such aid would be reported to the board by the institution and the student.
- The provisions of this new program authorized under this section would automatically sunset six years after the effective date of this section, unless reauthorized by an act of the general assembly; and if such program is reauthorized, the program authorized under this section would automatically sunset twelve years after the effective date of the reauthorization of this section; and this program would terminate on September first of the calendar year immediately following the calendar year in which the program is sunset.

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
Department of Public Safety
 Office of the Director
 Office of the Adjutant General
 Missouri Veterans Commission
Missouri State University
Truman State University
University of Missouri
Linn State Technical College
Metropolitan Community College
St. Louis Community College



Mickey Wilson, CPA
Director
January 23, 2006