

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2478-01  
Bill No.: HB 957  
Subject: Higher Education  
Type: Original  
Date: February 16, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue Fund *	(\$0 to \$285,950)	(\$0 to \$300,250)	(\$0 to \$315,250)
<b>Total Estimated Net Effect on General Revenue Fund *</b>	<b>(\$0 to \$285,950)</b>	<b>(\$0 to \$300,250)</b>	<b>(\$0 to \$315,250)</b>

\* subject to appropriation.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Office of the Secretary of State (SOS)** assume this proposal would create the War on Terror Survivors 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. 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. These costs are estimated. The estimated cost of a page in the Code of State Regulations is \$27.00. The estimated cost of a page in the Missouri Register is \$23.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.  $((24 \times \$27) + \$36 \times \$23) = \$1,476$

### ASSUMPTIONS (continued)

**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.

Officials from the **Missouri Veterans Commission** assume this proposal would have no impact on their organization.

Officials from the **Department of Higher Education** (DHE) assume the proposed legislation would create the "War on Terror survivors scholarship" to pay tuition, other required fees, room and board, and books (up to \$500 maximum for books) at any public state college or university for any eligible student as defined by the legislation. The 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 could be utilized is currently unknown, as the number of potential applicants is unknown. If the fighting in Iraq and Afghanistan escalates or continues for an extended period, more Missourians would likely become eligible for this program. As of January 21, 2004, 18 Missouri soldiers have given their lives in Operations Enduring Freedom and Iraqi Freedom. It is difficult to determine which of those 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 average public 4-year tuition and fee amount for fall 2003 is \$5,219. DHE assumes that all of the eligible students would attend a public four-year institution. Room and board fees will vary based on the individual student's preferences. However, it is generally close to the same amount as tuition and fees, so for the purposes of this calculation we have doubled that amount to \$10,438. The bill indicates a maximum book allowance of \$500, but the legislation does not provide the time frame for that amount. Given the current cost of books, DHE assumes that to be per semester, bringing the total amount per eligible student to \$11,438 the first year.

**ASSUMPTIONS** (continued)

DHE assumes for FY 2005 and subsequent fiscal years that the maximum number of 25 awards is distributed. At an amount of \$11,438 per student, the first year of grants would total \$285,950. Assuming that the tuition and fees and room and board costs rise 5% for FY 2006, the total for that year would be \$11,960 per student for a grand total \$299,000 for all 25. Assuming another 5% increase, the FY 2007 cost would be \$12,508 per student for a grand total of \$312,700. According to the legislation, the number of recipients may exceed 25, which would increase the costs further in any given fiscal year.

DHE assumed a 1.0 FTE Research Associate position at an estimated salary of \$35,000 plus associated expense and equipment would be needed beginning in FY 2005. DHE submitted an estimated cost for administering this proposed program of \$49,525 for FY 2005, \$51,963 for FY 2006, and \$53,263 for FY 2007.

**Oversight** assumes that a scholarship program with a maximum number of 25 awards could be managed by existing staff. Any expansion of the program beyond 25 awards would only be available with specific legislative approval. For the purposes of this fiscal note, Oversight has shown a range from \$0 to \$285,950 for FY 2005, from \$0 to \$300,250 for FY 2006, and from \$0 to \$315,250 for FY 2007. The amount actually awarded would also be limited to the amount appropriated for the program.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Department of Higher Education</u>			
Scholarships *	<u>(\$0 to \$285,950)</u>	<u>(\$0 to 300,250)</u>	<u>(\$0 to \$315,250)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *</b>	<b><u>(\$0 to \$285,950)</u></b>	<b><u>(\$0 to \$300,250)</u></b>	<b><u>(\$0 to \$315,250)</u></b>

\* subject to appropriation.

FISCAL IMPACT - Local Government

FY 2005  
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

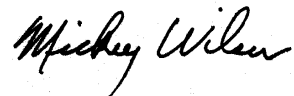
DESCRIPTION

This proposal would create a War on Terror scholarship program. The Department of Higher Education would award up to twenty-five scholarships each year to survivors of military personnel who were killed in a combat zone in Afghanistan or Iraq or who died of an illness that was or could have been contracted in Iraq or Afghanistan. The number and amount of the scholarships would be subject to appropriation.

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  
Office of the Secretary of State  
Department of Public Safety  
Missouri Veterans Commission



Mickey Wilson, CPA  
Director  
February 16, 2004