

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0783-01
Bill No.: HB 185
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Dept; Veterans
Type: Original
Date: February 7, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue *	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund *	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)

***Subject to appropriation**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** stated this proposal does not impact DESE or local schools.

According the officials from the **Department of Public Safety - Missouri Veterans Committee**, a Veteran Service Officer will be required to verify eligibility; however, no fiscal impact was indicated.

Officials from the **Office of Secretary of State (SOS)** assumed the rules, regulations and forms issued by the Department of Higher Education could require as many as 6 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 *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$369 for FY 2006. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

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

ASSUMPTION (continued)

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.

According to officials from the **Coordinating Board for Higher Education (CBH)**, to calculate tuition and fee costs, it is assumed that every eligible student attends the University of Missouri and is enrolled in a baccalaureate program. The annual fall 2004 tuition and fee total for a full-time Missouri resident at the University of Missouri-St. Louis is \$7,378 per year. At this cost, with only 14 eligible students participating the cost of this program would exceed \$100,0000.

CBH states it is impossible to accurately predict the future impact of this proposal, as the number of eligible recipients is not known. Further, it is difficult to determine which military personnel would qualify under the criteria (number of active duty, guard, and reservists who were killed in the line of duty and Missouri citizens at time of death), and the number of dependents per qualified military member, the number of dependents that would qualify and would want to take advantage of this program. Given these limitations, for purposes of calculating this fiscal note, it is assumed for FY 2006 and subsequent fiscal years that a minimum number of 14 students would qualify for awards each year. At an amount of \$7,378 per 14 students, the amount of grants in Year 1 would total \$103,292. Assuming that tuition and fees rise 5% for FY 2007, the total for Year 2 would be \$7,747 per student for 28 qualifying students; the cumulative total for students in Years 1 and 2 in FY 2007 is \$216,916. In Year 3 at another 5% increase, FY 2008 would cost \$8,134 per student for 42 qualifying students; the cumulative total for students in Years 1, 2, and 3 in FY 2008 is \$341,628. Year 4 would be the last year for those beginning the program in Year 1. In Year 4 at another 5% increase, FY 2009 would cost \$8,541 per student for 56 qualifying students; the cumulative total for students in Years 1, 2, 3, and 4 is \$478,296. As no limitations are placed on the number of eligible students, the number of recipients may easily exceed 14, which would increase the costs in any given fiscal year.

Oversight assumes that all eligible recipients would not attend the University of Missouri - St Louis which has a higher tuition cost than most other institutions of postsecondary education in this state; however, even at lower tuition rates, the cost of tuition and books for the cap of twenty-five grants would exceed \$100,000 in a given fiscal year.

CBH states that the Grant and Scholarship Program Administration would need 1.0 FTE of a Research Associate position at an estimated salary of \$35,000 plus associated expense and equipment beginning 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. **Oversight** assumes, for fiscal note purposes only, that

ASSUMPTION (continued)

one FTE is more than is needed to administer the grant program outlined in this proposal. Additional personal services can be requested through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
---	---------------------	---------	---------

GENERAL REVENUE FUND

<u>Cost - Department of Higher Education</u> Tuition grants *	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)
--	--------------------------------------	--------------------------------------	--------------------------------------

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(Expected to Exceed \$100,000)</u>	<u>(Expected to Exceed \$100,000)</u>	<u>(Expected to Exceed \$100,000)</u>
---	--	--	--

***Subject to appropriation**

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal allows children of veterans killed in combat to receive a scholarship for full tuition, an allowance of \$2,000 per semester for room and board, and reimbursement of up to \$500 per semester for the actual cost of books.

The Coordinating Board of Higher Education is required to award up to 25 grants annually. The survivor must be enrolled in a public Missouri college or university in a program that will lead to a certificate or an associate or baccalaureate degree. Any additional financial aid granted to a survivor must be reported to the board, and all sources of financial aid will be considered. The survivor cannot receive more than 100% of the cost of tuition and books.

DESCRIPTION (continued)

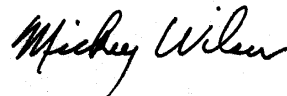
A scholarship does not guarantee that the student will be admitted to a state college or university. Survivors may apply for a scholarship until they are 25 years old.

The provisions of the bill will expire six years from the effective date.

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 Elementary and Secondary Education
Coordinating Board for Higher Education
Office of Secretary of State
 Administrative Rules Division
Department of Public Safety
 Missouri Veterans Commission



Mickey Wilson, CPA
Director
February 7, 2005