

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1104-01
Bill No.: HB 421
Subject: Military Affairs; Higher Education.
Type: Original
Date: March 4, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue *	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Total Estimated Net Effect on General Revenue Fund *	(Unknown Exceeding \$100,000)	(Unknown Exceeding \$100,000)	(Unknown Exceeding \$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 6 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 Public Safety - Office of the Adjutant General** and the **Missouri Veterans Commission** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Coordinating Board for Higher Education's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 24 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 36 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$1,476, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

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.

Officials from the **Coordinating Board of Higher Education (CBHE)** state the proposed legislation would create the "Missouri national guard and Missouri reservists family education 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 state college or university for any eligible student as defined by the legislation. The CBHE 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 CBHE states that the average public 4-year tuition and fee amount for fall 2004 is \$5,619 annually. The fiscal note is calculated assuming that all of the eligible students attend a public four-year institution. 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 \$10,619 ($\$5,619 + \$2,000 + \$2,000 + \$500 + \500) the first year.

As it is impossible to predict the future, the number of eligible recipients is unknown. It is difficult to determine which soldiers would qualify under the criteria, the number of spouses or 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 due to providing benefits for children of deployed members and spouses of injured members that a minimum of 25 awards are distributed. At an amount of \$10,619 per student, the first year of grants would total \$265,475 ($\$10,619 \times 25$). Assuming that the tuition and fees cost rise 5% for FY 2007, the total that year would be \$10,900 per student for a grand total \$272,500 for all 25. At another 5% increase, FY 2008 would cost \$11,195 per student with a grand total of \$279,875. According to the 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.

CBHE assumes the need for 1 FTE of a Research Associate position at an estimated salary of \$35,000 plus associated expense and equipment would be needed. 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.

The CBHE assumes a total cost to the General Revenue Fund of \$314,606 to Unknown in FY 2006, \$325,268 to Unknown in FY 2007, and \$333,963 to Unknown in FY 2008.

ASSUMPTION (continued)

Oversight assumes with a cost of \$10,619 per student in the first year, that if ten or more students are awarded this scholarship, the appropriation needed would exceed \$100,000. Therefore, since the proposal does not limit the CBHE to a certain number of scholarships to award and also since the criteria for being eligible for a scholarship award in the program is less stringent than other proposals from this year (HB 94), Oversight will assume an unknown cost to the General Revenue Fund, exceeding \$100,000 per year. The amount actually awarded would be limited to the amount appropriated for the program.

Oversight will also assume the CBHE can administer the program with existing resources. However, if a large number of applicants as well as a large appropriation for the proposal coincide, Oversight assumes the CBHE could request additional FTE through the normal budgetary channels.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
Cost - Department of Higher Education Scholarships *	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)

* 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 a member of the Missouri National Guard or a Missouri reservist with the United States Reserves to receive a grant for tuition at a public college or university in Missouri if the parent is deployed in support of the war on terrorism. The child must meet specific financial guidelines established by the Coordinating Board for Higher Education to be eligible for the grant.

The spouse of a member of the Missouri National Guard or the reserves is also eligible to receive a grant if the guardsman or reservist is injured while deployed in support of the war on terrorism. The extent of the injury and its effect on the soldier's ability to return to his or her profession after discharge from the military must meet specific guidelines established by the board.

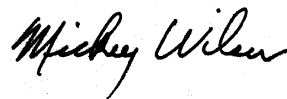
The grants will include the full cost of tuition at a public Missouri college or university, a \$2,000 allowance for room and board per semester, and the actual cost of books up to \$500 per semester. No grant will be awarded for more than 100% of the cost of tuition and books when combined with similar funds given to the grantee. In order to be eligible to receive a grant, the child or spouse must be certified by a Missouri National Guard officer or a designee of the Missouri Veterans Commission. Children will be eligible to apply for this grant until they are 25.

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 Public Safety
Office of the Adjutant General
Missouri Veterans Commission
Department of Higher Education
Office of the Secretary of State



Mickey Wilson, CPA
Director

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