

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3807-02
Bill No.: HCS for HB 1078
Subject: Education, Higher; Higher Education Dept.; Military Affairs
Type: Original
Date: February 13, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue *	\$0 to (\$270,275)	\$0 to (\$283,800)	\$0 to (\$298,000)
Total Estimated Net Effect on General Revenue Fund *	\$0 to (\$270,275)	\$0 to (\$283,800)	\$0 to (\$298,000)

* 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 5 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 **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

ASSUMPTION (continued)

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 \$2000 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 could be utilized is currently unknown, as the potential applicants are unknown. As it is open to dependents of "any member of the military... who was killed in combat action after September 11, 2001, or who became eighty percent disabled as a result of injuries sustained in combat action after September 11, 2001," it is difficult to know the number of those currently eligible that would want to take advantage of a program such as this and impossible to predict those who may become eligible in the future.

The annual amount for a typical full-time undergraduate student at the University of Missouri-Columbia taking 15 credit hours per semester is \$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.

In response to a similar proposal, DHE noted that the average four-year public institution tuition and fee amount for fall 2005 is \$5,811. DHE assumed that each student would receive the maximum allowable expenses of \$2,000 per semester for room and board and \$500 per semester for books. This brings the total amount per eligible student to \$10,811 the first year.

DHE estimated that a 1.0 FTE Research Associate position would be required at an annual salary of \$35,000 plus associated expense and equipment beginning in FY 2006. The 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)

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 \$270,275 for FY 2007, from \$0 to \$283,800 for FY 2008, and from \$0 to \$298,000 for FY 2009. The amount actually awarded would also be limited to the amount appropriated for the program.

Officials from the **Department of Public Safety, Office of the Director, Office of the Adjutant General, and Missouri Veterans Commission (VETS)** assumed this proposal would have no fiscal impact on their organizations. Officials from VETS provided a federal estimate of 7,719 Missouri military personnel who had served in Operation Iraqi Freedom and Operation Enduring Freedom.

<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</u> Scholarships *	<u>\$0 to (\$270,275)</u>	<u>\$0 to (\$283,789)</u>	<u>\$0 to (\$298,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>\$0 to (\$270,275)</u>	<u>\$0 to (\$283,789)</u>	<u>\$0 to (\$298,000)</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.

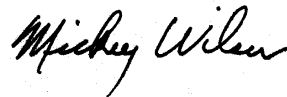
DESCRIPTION

This proposal would create a War on Terror scholarship program. The Department of Higher Education would award as many as 25 education grants each year to survivors of military personnel who were Missouri residents, and were killed or more than 80% disabled in combat action after September 11, 2001. The amount available for grants 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

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



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Director
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