

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3150-01
Bill No.: HB 1307
Subject: Education, Higher; Higher Education Department; Military Affairs; Veterans
Type: Original
Date: January 4, 2008

Bill Summary: This proposal provides for a tuition limitation for certain combat veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education (DHE)** assume this bill would require public and private institutions of higher education in Missouri to charge combat veterans 25% of the institution's regular cost per credit hour or \$100 per credit hour, whichever is less. The Coordinating Board for Higher Education (CBHE) and its administrative arm, the DHE, would be responsible for ensuring that institutions of higher education comply with the requirements of the bill. The CBHE is also permitted to promulgate rules to implement the program.

The fiscal impact of this bill cannot be predicted with any degree of certainty. The number of veterans who currently qualify and who would take advantage of the reduced tuition is unknown. Perhaps more significantly, the number who would become eligible and take advantage of the reduced tuition in the future is impossible to predict. For fall 2007, undergraduate tuition at public institutions of higher education ranges from \$61 per credit hour to \$243 per credit hour, resulting in losses of \$45.75 to \$182.25 per credit hour. In addition, the bill does not limit the reduced tuition to only undergraduate courses or to courses taken at public institutions of higher education. Post-undergraduate education and private education are generally more expensive.

This proposal will have no direct impact on DHE.

Officials at the **Linn State Technical College** assume losses as follows:

FY 2009= \$294,840	39 students affected x 72 credit hours x \$140/credit hour = \$393,120
	x \$35/credit hour = <u>\$ 98,280</u>
	\$294,840

FY 2010= \$318,816	41 students affected x 72 credit hours x \$144/credit hour = \$425,088
	x \$36/credit hour = <u>\$106,272</u>
	\$318,816

FY 2011= \$343,656	43 students affected x 72 credit hours x \$148/credit hour = \$458,208
	x \$37/credit hour = <u>\$114,552</u>
	\$343,656

Officials at the **Metropolitan Community College** assume a negative fiscal impact of approximately \$525,000 in lost tuition revenue in the first year of the enactment of this proposal.

Officials at the **Truman State University** state they are unable to determine the fiscal impact of this proposal.

ASSUMPTION (continued)

Officials at the **Lincoln University** assume minimal impact in possible loss of tuition revenue, which may be partially offset by the increase in tuition revenue generated by the increased number of veterans who may attend the university.

Officials at the **University of Central Missouri (UCM)** assume they have identified 108 students that could potentially qualify. The savings to students and losses to UCM would be \$207.49 per credit hour (UCM's rate) @ 15 credit hours per student x 108 students x .75% tuition revenue lost = \$252,100.

Officials at the **University of Missouri (UM)** assume the total cost to the UM would be more than \$1.6 million if this proposal is adopted. The loss would be as follows:

University of Missouri - Columbia = \$387,466.

University of Missouri - Kansas City = \$500,773.

University of Missouri - Rolla = \$254,951.

University of Missouri - St. Louis = \$537,093.

This includes students at the undergraduate, graduate and professional level.

Officials at the **Missouri State University** assume this proposal provides for a 75% discount. If the university were required to offset this, the loss for FY 2009, assuming 49 eligible students, would be \$198,450. If costs were to increase by 3%, the loss in year 2 would be \$202,860 and in year 3, \$208,740. Total loss in 3 years would equal \$610,050.

Officials from the **Office of the Secretary of State (SOS)** state 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

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.

ASSUMPTION (continued)

Oversight assumes there would be no direct effect on state revenue. Oversight recognizes that the universities will lose tuition funding but tuition income is not general revenue or state money.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

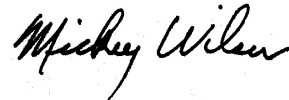
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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
Metropolitan Community College
Linn State Technical College
Lincoln University
Truman State University
University of Central Missouri
University of Missouri
Missouri State University

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 4, 2008