

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3777-01
Bill No.: HB 1604
Subject: Education, Higher; Higher Education Department
Type: Original
Date: April 21, 2008

Bill Summary: This proposal allows eligible foster children to receive a waiver of tuition and fees at state-funded colleges or universities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$43,577)	(\$53,861)	(\$55,475)
Total Estimated Net Effect on General Revenue Fund	(\$43,577)	(\$53,861)	(\$55,475)

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
Department of Higher Education	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

☐ 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 the Coordinating Board for Higher Education (CBHE) and its administrative arm, DHE would be required to cause the state's public institutions of higher education to waive tuition and fees for all qualifying students. The DHE would also be required to make determinations as to each applicant's eligibility and to promulgate rules setting forth eligibility requirements and the community service and public internships that would satisfy the requirements of this program. Colleges and universities would have to collect information about students' participation in community service and public internships, and the DHE would have to receive and process that information.

It is difficult to estimate the statewide fiscal impact of this program because the number of students who might be able to take advantage of this program is unknown. In addition, the cost of tuition and fee waivers would be borne by the public institutions of higher education that the students attend.

The fiscal impact on the DHE would result from additional staff needed to administer the program. The DHE estimates that one FTE of a Program Specialist position at an estimated salary of \$35,000 plus associated expense and equipment would be needed in FY 2009 and beyond to implement this program. This Program Specialist would be responsible for overall administration of this program, reviewing each applicant's eligibility for the program.

Officials at the **Linn State Technical College, Department of Social Services, University of Central Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Metropolitan Community College** assume an approximately \$20,000 negative fiscal impact on the College.

Officials at the **Truman State University** assume they are unable to determine the fiscal impact.

Officials at the **University of Missouri** assume minimal administrative costs as a result of this proposal.

Officials at the **Missouri State University** assume an indeterminate amount of revenue would be lost due to this tuition waiver.

ASSUMPTION (continued)

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.

Oversight assumes that the costs of this proposal to Colleges and Universities is not state revenue. Additionally, Oversight assumes that the Colleges and Universities will raise tuition to cover costs associated with this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Costs - DHE</u>			
Personal Services	(\$30,042)	(\$37,132)	(\$38,245)
Fringe Benefits	(\$13,285)	(\$16,420)	(\$16,912)
Expense and Equipment	<u>(\$250)</u>	<u>(\$309)</u>	<u>(\$318)</u>
<u>Total Costs - DHE</u>	<u>(\$43,577)</u>	<u>(\$53,861)</u>	<u>(\$55,475)</u>
FTE Change - DHE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$43,577)</u>	<u>(\$53,861)</u>	<u>(\$55,475)</u>
Estimated Net FTE Change for General Revenue	1 FTE	1 FTE	1 FTE

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

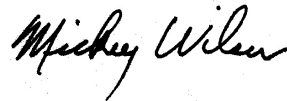
FISCAL DESCRIPTION

This bill establishes a tuition and fee waiver program beginning with the 2009 fall term for incoming Missouri resident college freshmen who have been in foster or residential care at certain times. To be eligible, applicants must have graduated from high school or passed the general educational development (GED) test within the last three years. The student must apply for admission to and be accepted at a state institution of higher education within the time frame specified by the bill, apply for financial aid, request a determination of eligibility from the Coordinating Board for Higher Education, and complete at least 100 hours of community service or public internship within the 12-month period beginning September 1 during the year of the tuition and fee waiver. Waivers will be awarded annually, subject to appropriations, for up to four years of undergraduate study and may only be used after other sources of financial aid intended for tuition and fees are exhausted.

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
Linn State Technical College
Metropolitan Community College
Department of Social Services
Missouri State University
Truman State University
University of Missouri
Office of the Secretary of State
University of Central Missouri

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

Mickey Wilson, CPA
Director
April 21, 2008