

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4096-02
Bill No.: HCS for HB 1518
Subject: Education, Higher; Higher Education Department
Type: Original
Date: March 3, 2008

Bill Summary: This proposal establishes a tuition grant program for survivors of war veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$223,424 to \$377,110)	(\$416,847 to \$733,439)	(\$605,038 to \$1,094,172)
Total Estimated Net Effect on General Revenue Fund	(\$223,424 to \$377,110)	(\$416,847 to \$733,439)	(\$605,038 to \$1,094,172)

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 7 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 this bill would create the Military Member Survivor Grant. Recipients would be the survivors of certain veterans who attend public or private institutions of higher education in Missouri. Twenty-five grants would be awarded annually and each grant would be in an amount not to exceed the actual tuition paid or the tuition charged a Missouri resident at the University of Missouri-Columbia. Each recipient would also receive up to \$2,000 per semester for room and board and up to \$500 per semester for books.

The Coordinating Board for Higher Education and the DHE, the CBHE's administrative arm, would be responsible for administering the program. Duties would include promulgating rules for the implementation of the program, determining each applicant's eligibility for the award, delivering funds to institutions on behalf of each recipient, and providing the forms and procedures for the overall operation of the grant program.

The following is the breakdown of the amount needed to fund the grants including the assumptions used to determine the costs.

	Tuition (assuming 3% inflationary increase)				
	FY 08	FY 09	FY 10	FY 11	FY 12
East Central Tuition	\$2,130.00	\$2,193.90	\$2,259.72	\$2,327.51	\$2,397.33
UCM Tuition	\$8,098.36	\$8,341.31	\$8,591.55	\$8,849.30	\$9,114.78

	Total Costs of Program (Tuition, Room & Board, Books)			
	FY 09	FY 10	FY 11	FY 12
East Central Rate	\$179,847.50	\$362,985.85	\$549,563.14	\$689,733.38
UCM Rate	\$333,532.77	\$679,577.51	\$1,038,697.25	\$1,411,477.55

(1) All 25 grant recipients would either attend East Central College (the least expensive institution of higher education in Missouri, with an in-taxing-district tuition of \$2,130 per year for FY 08) or would attend the University of Missouri-Columbia ("UMC") or a more expensive institution (and would thus receive a grant equal to the annual tuition at UMC, which is \$8,098.36 for FY08).

(2) Tuition at East Central College and UMC will increase at approximately the rate of inflation,

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ASSUMPTION (continued)

which for purposes of this fiscal note is estimated to be about 3% annually.

(3) 25 survivors would receive grants the first year; 25 additional survivors would receive grants the second year, for a total of 50 recipients; and 25 additional survivors would receive grants the third year, for a total of 75 recipients. Additionally (although this is not indicated on the fiscal note) 25 additional survivors would receive grants the fourth year, for a total of 100 recipients. The DHE predicts that there would likely be 100 recipients every year starting the fourth year and continuing for as long as the program is administered.

(4) Each recipient would receive the maximum reimbursement for room and board and for books.

In addition, a DHE staff person would be needed to administer the program. The DHE, therefore, estimates that 1.0 FTE of a Program Specialist position at an estimated salary of \$35,000 plus associated expense and equipment would be needed in FY 2009 to implement this program. This Program Specialist would be responsible for overall administration of this program, including reviewing institutional eligibility requirements and working with participating institutions in order to distribute funds accurately and smoothly.

Officials at the **University of Missouri, Metropolitan Community College, Linn State Technical College, Missouri Veterans Commission, Department of Public Safety, Missouri State University** and the Missouri State University assume that there is no fiscal impact from this proposal.

Officials at the **Lincoln University** assume minimal impact in the form of tuition and fees from enrolling students who have received scholarships.

Oversight assumes no fiscal impact to the Colleges and Universities as the program is administered by the DHE and the state will pay the eligible students tuition.

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

ASSUMPTION (continued)

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.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Costs - Dept. of Higher Education</u> annual grants for tuition, books, and room and board	(\$179,848 to \$333,533)	(\$362,986 to \$679,578)	(\$549,563 to \$1,038,697)
<u>Costs - Dept. of Higher Education</u> Personal Services	(\$30,042)	(\$37,132)	(\$38,245)
Fringe Benefits	(\$13,285)	(\$16,420)	(\$16,912)
Expense and Equipment	(\$250)	(\$309)	(\$318)
<u>Total Costs - Dept. of Higher Education</u>	<u>(\$43,577)</u>	<u>(\$53,861)</u>	<u>(\$55,475)</u>
FTE Change - Dept. of Higher Educ.	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$223,424 to \$377,110)</u>	<u>(\$416,847 to \$733,439)</u>	<u>(\$605,038 to \$1,094,172)</u>
Estimated Net FTE Change for General Revenue	1 FTE	1 FTE	1 FTE
<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

This bill allows the spouse and children of a soldier who is killed in action after September 11, 2001, or who becomes 80% disabled as the result of an injury sustained in combat action after September 11, 2001, to receive an educational grant for tuition at a public or private college or university in Missouri. The Coordinating Board of Higher Education will award up to 25 grants annually. If the waiting list of eligible survivors exceeds 50, the board can ask the General Assembly to increase the number of grants it is authorized to award. The tuition grant cannot exceed what is charged a resident by the University of Missouri-Columbia. The veteran must have been a Missouri resident when first entering military service and at the time of death or injury in order for his or her survivors to receive this grant. In addition to the full cost of tuition, the grant includes \$2,000 per semester for room and board and the actual cost of books up to \$500 per semester.

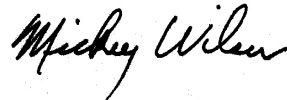
Children are eligible to receive the scholarship until age 25. Spouses are eligible until age 45. No eligible student will receive a grant for more than 100% of tuition when combined with similar funds given to the student.

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 Higher Education
University of Missouri
Linn State Technical College
Metropolitan Community College
Office of the Secretary of State
University of Central Missouri
Lincoln University
Missouri State University
Department of Public Safety
Missouri Veterans Commission

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

Mickey Wilson, CPA
Director
March 3, 2008