

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3308H.011  
 Bill No.: HB 1712  
 Subject: Department of Higher Education and Workforce Development; Education, Higher; Veterans  
 Type: Original  
 Date: February 16, 2024

Bill Summary: This proposal allows Missouri National Guard member educational assistance grants to be available for tuition at out-of-state educational institutions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Missouri National Guard Trust*	\$0	(\$124,279 to \$248,559)	(\$124,279 to \$248,559)
College & University*	\$0	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other State Funds</u>*</b>	<b>\$0</b>	<b>(Could exceed \$248,559)</b>	<b>(Could exceed \$248,559)</b>

\* Oversight assumes the cost/loss to the state could exceed the \$250,000 threshold annually.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §173.239 – MONG members to receive tuition assistance for out-of-state institutions

Officials from the **Missouri National Guard (MONG)** state the MONG's State Tuition Assistance (TA) program currently pays up to a total of 39 credit hours per state fiscal year and a lifetime limit of 150 credit hours toward a bachelor's degree. Per statute/policy, MONG pays up to \$346.00 per credit hour to awarded members.

During FY23, 991 MONG members utilized the State TA program and the total expenditure of funds was \$2,485,587. MONG estimates that this legislation could increase use of the State TA program by 5% - 10% due to additional out-of-state options for member attendance, including online options. The corresponding annual expenditure would be estimated at \$2,609,866 – \$2,734,145. The annual additional fiscal impact is estimated to be \$124,279 - \$248,559.

The tuition assistance program receives funding predominantly through general revenue, with a lesser amount of funding from the Missouri National Guard Trust Fund (0900). The Trust Fund is supported by a transfer from the Gaming Commission and that transfer remains relatively static while costs to administer the programs supported by the Fund have increased. Therefore, the additional fiscal impact would need to be supported by general revenue.

**Oversight** notes the following transfers from the Gaming Commission to the MONG Trust Fund for year ends 2020 – 2023:

FY 2020	\$4,008,032
FY 2021	\$4,010,365
FY 2022	\$4,010,749
FY 2023	\$4,008,842

The MONG's Tuition Assistance Program is the primary recruiting and retention tool for the Missouri National Guard as it builds troop strength and readiness. Maintaining Missouri's authorized Guard strength level is critical for the MONG to retain military units and related Federal Department of Defense funding. If Missouri is unable to maintain its authorized troop strength, funding will be withdrawn and allocated to states demonstrating the ability to maintain strength. Missouri will lose the federal resources, jobs, and dollars supporting those units, as well as the emergency response capability associated with them.

**Oversight** has no information to the contrary. Oversight notes the provisions of the proposal state for 2025-2026 academic years, the MONG member may use their grant at any educational institution in the United States and will present additional costs to the Missouri National Guard Trust Fund of \$124,279 - \$248,559 annually beginning FY 2026.

Officials from the **University of Missouri System (UM)** state the proposed legislation could have a negative financial impact on UM if MONG students with the educational assistance funding choose to attend institutions outside the state of Missouri. This previously has not been an option. The impact amount cannot be determined.

Officials from the **University of Central Missouri (UCM)** state UCM currently has 89 students using Missouri National Guard state tuition assistance. In all this provides \$300,000 in tuition support combined with \$91,000 of federal aid those students are also using. If this legislation was to pass, UCM would expect to see a loss of some of these students and their tuition assistance. The amount is unknown since there is no way to determine how many students could choose to use an out-of-state institution of higher education.

**Oversight** has no information to the contrary. It is also noted this proposal could negatively impact community colleges. Oversight assumes, for fiscal note purposes, an unknown loss of revenue to the College & University Fund as well as a loss of revenue to Local Governments.

Officials from the **Department of Higher Education and Workforce Development and Northwest Missouri State University** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>MISSOURI NATIONAL GUARD TRUST FUND (0900)</b>			
<u>Cost</u> – MONG (§173.239) – increased in tuition grant costs for out-of-state institutions p.3	\$0	(\$124,279 to \$248,559)	(\$124,279 to \$248,559)
<b>ESTIMATED NET EFFECT ON THE MISSOURI NATIONAL GUARD TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>(\$124,279 to \$248,559)</u></b>	<b><u>(\$124,279 to \$248,559)</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>COLLEGE &amp; UNIVERSITY FUNDS</b>			
<u>Loss – Colleges &amp; Universities</u> (§173.239) – reduction in tuition, fees and other revenues to out-of-state institutions p. 3&4	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON COLLEGE AND UNIVERSITY FUNDS</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL GOVERNMENTS – COMMUNITY COLLEGES</b>			
<u>Loss – Community Colleges</u> (§173.239) – reduction in tuition, fees and other revenues to out-of-state institutions p. 3&4	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

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

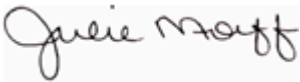
FISCAL DESCRIPTION

Currently, Missouri National Guard members can be awarded an educational assistance grant to an approved public institution or an approved private institution in Missouri. Beginning with the 2025-26 academic year, this bill allows those members to receive the grant for tuition costs at any public, private, or virtual postsecondary education institution in the United States.

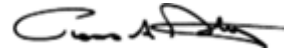
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development  
Missouri National Guard  
University of Missouri System  
Northwest Missouri State University  
University of Central Missouri



Julie Morff  
Director  
February 16, 2024



Ross Strobe  
Assistant Director  
February 16, 2024