

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0052-01
Bill No.: SB 66
Subject: Education, Higher; Military Affairs; Children & Minors; Higher Education
 Department
Type: Original
Date: January 4, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue *	(At least \$103,292)	(At least \$216,916)	(At least \$341,628)
Total Estimated Net Effect on General Revenue Fund *	(At least \$103,292)	(At least \$216,916)	(At least \$341,628)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* subject to appropriation.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of the Secretary of State (SOS)** assume this proposal would provides for the Coordinating Board for Higher Education to promulgate rules to implement the tuition grant program for dependents of deceased military members. These rules would be published in both the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Coordinating Board for Higher Education could require as many as 24 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Code of State Regulations is \$27.00. The estimated cost of a page in the Missouri Register is \$23.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

$((\$27 \times 24) + (\$23 \times 36)) = \$1,476$

ASSUMPTIONS (continued)

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Public Safety, Office of the Director, and State Emergency Management Agency**, and the **University of Missouri**, assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Public Safety, Missouri Veterans Commission**, told us that as of December 2004, a total of 28 Missouri resident active military, reserve, and national guard members have been killed in Iraq and Afghanistan. The Commission did not have information as to dependents of those military who were killed.

Officials from the **Department of Higher Education (DHE)** assume this proposal would create a tuition grant program for children of deceased military members. 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.

To estimate tuition and fee costs, DHE assumed that every eligible student would attend the University of Missouri and be enrolled in a baccalaureate program. The fall 2004 tuition and fee total for a full-time Missouri resident at the University of Missouri-St. Louis is \$7,378 per year. The cost of this program with only 14 eligible students participating would be \$103,292 per year.

ASSUMPTIONS (continued)

The number of eligible recipients is not known since it is difficult to determine the number of military personnel who would qualify under the criteria (active duty, guard, and reserve who were killed in the line of duty and Missouri citizens at time of death), and the number of dependents per qualified military member, the number of dependents that would qualify and would want to take advantage of this program. For purposes of calculating this fiscal note, it is assumed that a minimum number of 14 students would qualify for awards each year. At \$7,378 per student for 14 qualifying students, grants in Year 1 (2006) would total \$103,292. Assuming that tuition and fees rise 5% for FY 2007, the total for Year 2 would be \$7,747 per student for 28 qualifying students (the cumulative number of students in Years 1 and 2 in FY 2007), or \$216,916. In Year 3, assuming another 5% increase, the total for Year 3 (2008) would be \$8,134 per student for 42 qualifying students (the cumulative total for students in Years 1, 2, and 3 in FY 2008) or \$341,628. Year 4 would be the last year for those beginning the program in Year 1. In Year 4, assuming another 5% increase, the total for FY 2009 would be \$8,541 per student for 56 qualifying students (the cumulative total for students in Years 1, 2, 3, and 4) or \$478,296. As no limitations are placed on the number of eligible students, the number of recipients may easily exceed 14, which would increase the costs in any given fiscal year.

DHE assumes 1.0 FTE of a Research Associate position at an estimated salary of \$35,000 plus associated expense and equipment would be needed in FY 2005. This 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.

Oversight assumes that a program with fourteen participants could be managed with existing staff and has not included additional staff in this fiscal note; however, if the program has additional participants, if there are additional new programs or unanticipated program requirements, the staffing requirement would be addressed in the regular state budget process. Oversight assumes the program cost would be at least \$103,292 in FY 2006, \$216,916 in FY 2007, and \$341,628 in FY 2008.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Cost - Department of Higher Education</u> Tuition grants *	(At least <u>\$103,292</u>)	(At least <u>\$216,916</u>)	(At least <u>\$341,628</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	(At least <u>\$103,292</u>)	(At least <u>\$216,916</u>)	(At least <u>\$341,628</u>)
* subject to appropriation.			
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<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.

DESCRIPTION

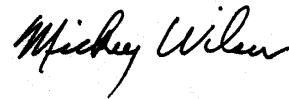
This proposal would establish a tuition grant program for children of deceased military members. An eligible student would be the child of a Missouri resident active duty, reserve, or national guard member killed in the line of duty, who is enrolled in a qualified public or private institution, and under the age of twenty-four. Individual tuition grants would be limited to the lesser of the actual tuition charged by the institution or the tuition for a full-time student at the University of Missouri. Program costs 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.

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SOURCES OF INFORMATION

Office of the Secretary of State
Department of Higher Education
Department of Public Safety
 Office of the Director
 Missouri Veterans Commission
 State Emergency Management Agency
University of Missouri

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

Mickey Wilson, CPA
Director
January 4, 2005