

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3115-02  
Bill No.: SB 708  
Subject: Education, Higher; Health Care; Higher Education Dept.; Military Affairs;  
 Veterans  
Type: Original  
Date: January 4, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue *	(\$290,550)	(\$305,100)	(\$320,350)
<b>Total Estimated Net Effect on General Revenue Fund *</b>	<b>(\$290,550)</b>	<b>(\$305,100)</b>	<b>(\$320,350)</b>

\* subject to appropriation

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Higher Education (DHE)** assume the proposed legislation would make available a grant for war veterans who are currently serving or have served in Iraq. 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.

DHE assumes that a 1.0 FTE Research Associate position at an estimated salary of \$35,000 plus associated expense and equipment would be needed beginning in FY 2007. This Research Associate 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.

It is difficult to estimate the number of eligible recipients because the number of Missouri citizens that either are serving or have served in Iraq and would want to take advantage of this program is unknown. Given these limitations, for purposes of calculating this fiscal note, it is assumed for FY 2007 and subsequent fiscal years that a minimum of 50 awards is distributed.

ASSUMPTION (continued)

This fiscal note is calculated assuming that all of the eligible students go on to attend a public four-year institution. The average public 4-year tuition and fee amount for fall 2005 is \$5,811. At an amount of \$5,811 per student, the first year of grants would total \$290,550. Assuming that tuition and fees increase 5% for FY 2008, the total that year would be \$6,102 per student for a grand total of \$305,100 for all 50. Assuming another 5% increase, FY 2009 would cost \$6,407 per student for a grand total of \$320,350. The number of recipients is not capped at 50 and therefore may exceed 50, which could increase the costs in any given fiscal year.

**Oversight** assumes that processing for a limited number of grants could be performed by existing DHE staff. If several proposals requiring additional staff time are passed, or if DHE staff is required to perform other additional work, resources could be requested through the budget process.

Officials from the **Department of Public Safety, Missouri Veterans Commission and Office of the Adjutant General**, assume this proposal would have no fiscal impact on their organizations. Officials from the Missouri Veterans Commission provided information that 7,719 Missouri residents have served in Operations Iraqi Freedom and Enduring Freedom.

In response to a similar proposal, officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. SOS is provided with core funding to handle the normal activity resulting from each year's legislative session. The estimated fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$1,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills could be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>GENERAL REVENUE FUND</b>			
<u>Cost</u> - Department of Higher Education			
<u>Cost</u>			
Tuition grants *	<u>(\$290,550)</u>	<u>(\$305,100)</u>	<u>(\$320,350)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *</b>	<b><u>(\$290,550)</u></b>	<b><u>(\$305,100)</u></b>	<b><u>(\$320,350)</u></b>
* subject to appropriation			
 <u>FISCAL IMPACT - Local Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would provides tuition grants to veterans who served in Iraq. The Coordinating Board for Higher Education would create and administer the program.

- Any member of the military of the United States, whether active duty, reserve, or national guard, who served in Iraq during Operations Iraqi Freedom and Enduring Freedom, and is a citizen of the state of Missouri would be eligible.
- The student's grant would be limited to the lesser of the actual tuition, as defined in this section, charged at the qualifying institution where the eligible student is enrolled or accepted for enrollment; or the highest amount of tuition charged a Missouri resident for attendance as a full-time student at any campus within the University of Missouri system.

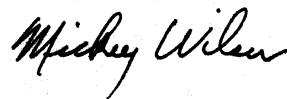
ASSUMPTION (continued)

- A student would remain eligible so long as that student is enrolled in a program leading to a certificate, or an associate or baccalaureate degree in a qualifying institution. In no event shall the eligible student receive a grant beyond the completion of the first baccalaureate degree. If an eligible student is granted financial assistance under any other student aid program, public or private, the full amount of such aid shall be reported to the board by the qualifying institution and the eligible student. No eligible student shall receive more than one hundred percent of tuition when combined with similar funds made available to such eligible student.
- The Coordinating Board for Higher Education would promulgate all necessary rules and regulations for the implementation of this section; determine minimum standards of performance in order for a student to remain eligible to receive a grant under this program; make funds available on behalf of the eligible student toward the eligible student's tuition.
- An eligible student who is a grant recipient may transfer from one qualifying institution to another without losing his or her entitlement under this section. The board would make any necessary adjustments in the amount of the grant. If a grant recipient withdraws from a qualifying institution, any refund due under the rules and regulations of that institution would be repaid to the Coordinating Board for Higher Education.

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  
Department of Public Safety  
Missouri Veterans Commission  
Office of the Adjutant General



Mickey Wilson, CPA  
Director

L.R. No. 3115-02  
Bill No. SB 708  
Page 6 of 6  
January 4, 2006

January 4, 2006

SS:LR:OD (12/02)