

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3409-01
Bill No.: SB 572
Subject: Children and Minors; Education, Higher; Higher Education Dept.; Military Affairs; Veterans.
Type: Original
Date: December 28, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue *	(\$0 to \$197,650)	(\$0 to \$207,525)	(\$0 to \$217,900)
Total Estimated Net Effect on General Revenue Fund *	(\$0 to \$197,650)	(\$0 to \$207,525)	(\$0 to \$217,900)

* subject to appropriation.

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education (DHE)** assume the proposal would make available a grant for children and spouses of veterans killed in combat to pay one-half tuition and fees, room and board (capped at \$2,000 per semester), and books (\$500 maximum for books per semester) at any public state college or university. 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.

The average public 4-year tuition and fee amount for fall 2005 is \$5,811, or \$2,906 for half. This fiscal note is calculated assuming that all of the eligible students go on to attend a public four-year institution. The maximum allowable expenses of \$2,000 per semester for room and board and \$500 per semester for books were utilized for this calculation. This brings the total amount per eligible student to \$7,906.

As it is impossible to predict the future, it is assumed for FY 2007 and subsequent fiscal years that the maximum of 25 awards is distributed. At an amount of \$7,906 per student, the first year of grants would total \$197,650. Assuming that the tuition and fees cost rise 5% for FY 2008, the total that year would be \$8,301 per student for a grand total of \$207,525 for all 25. At another 5% increase, FY 2009 would cost \$8,716 per student with a grand total of \$217,900.

ASSUMPTION (continued)

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

Oversight assumes that processing for a limited number of grants could be performed by existing DHE staff. Oversight also assumes that no more than 25 grants would be approved; therefore, Oversight has shown a range from \$0 to \$197,650 for FY 2007, from \$0 to \$207,525 for FY 2008, and from \$0 to \$217,900 for FY 2009. The amount awarded would also be limited to the amount appropriated for the program.

Officials from the **Department of Public Safety - Missouri Veterans Commission (VETS)** assumed this proposal would have no fiscal impact on their organizations. Officials from VETS provided a federal estimate of 7,719 Missouri military personnel who had served in Operation Iraqi Freedom and Operation Enduring Freedom.

In response to a similar proposal, officials from the **Office of the Secretary of State (SOS)** assumed this proposal would create a scholarship program. The Coordinating Board for Higher Education would promulgate rules for the implementation of this program. 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. The estimated cost of a page in the Code of State Regulations is \$27.00. 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. The estimated cost of a page in the Missouri Register is \$23.00. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. $((24 \times \$27) + 36 \times \$23) = \$1,476$

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.

	FY 2007	FY 2008	FY 2009
<u>FISCAL IMPACT - State Government</u>	(10 Mo.)		

GENERAL REVENUE FUND

<u>Cost - Department of Higher Education</u> Scholarships *	<u>(\$0 to \$197,650)</u>	<u>(\$0 to \$207,525)</u>	<u>(\$0 to \$217,900)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(\$0 to \$197,650)</u>	<u>(\$0 to \$207,525)</u>	<u>(\$0 to \$217,900)</u>
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* subject to appropriation.

<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
	(10 Mo.)		

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would create an educational grant for children and spouses of veterans killed in combat. Survivors would be eligible if the veteran died as a result of combat action or the veteran's death was certified by a Veterans' Administration medical authority to be attributable to an illness that was contracted while serving in combat. The benefits conferred by this section would be available to any academically qualified surviving spouse or children of war veterans. Surviving children who are eligible could apply for full benefits under by this section until they reach twenty-five years of age. A survivor could receive a grant pursuant to this section only so long as the survivor is enrolled in a program leading to a certificate, or an associate or baccalaureate degree. In no event shall a survivor receive a grant beyond the completion of the first baccalaureate degree, regardless of age.

In order to be eligible to receive a grant pursuant to this section, a survivor would be certified as eligible by the Missouri Veterans Commission. In the case of an illness-related death, such certification would be made upon qualified medical certification by a Veterans' Administration medical authority that the illness was both a direct result of the veteran's combat service and a substantial factor in the cause of the resulting death of the veteran.

DESCRIPTION (continued)

Within the limits of the amounts appropriated therefor, the Coordinating Board for Higher Education would award up to twenty-five grants each year to survivors of qualified war veterans, who attend institutions of postsecondary education in this state. A qualified survivor who is enrolled or has been accepted for enrollment as an undergraduate postsecondary student at an approved institution of postsecondary education, and who is selected to receive a grant under this section, would receive an amount not to exceed half of the survivor's actual tuition; an allowance of up to two thousand dollars per semester for room and board; and the actual cost of books, up to a maximum of five hundred dollars per semester. The grants would continue to be awarded annually to eligible recipients as long as those recipients meet standards of academic performance as determined by the Coordinating Board for Higher Education.

If the waiting list of eligible survivors exceeds fifty, the Coordinating Board for Higher Education could petition the general assembly to expand the quota. If the quota is not expanded, then the eligibility of survivors on the waiting list would be extended.

The Coordinating Board for Higher Education would:

- Promulgate all necessary rules and regulations for the implementation of this section;
- Determine minimum standards of academic performance in order for a survivor to remain eligible to receive a grant under this section;
- Provide the forms and determine the procedures necessary for a survivor to apply for and receive a grant under this section.

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

L.R. No. 3409-01
Bill No. SB 572
Page 6 of 6
December 28, 2005

SOURCES OF INFORMATION

Department of Higher Education
Department of Public Safety
Missouri Veterans Commission

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

Mickey Wilson, CPA
Director
December 28, 2005