

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3410-02
Bill No.: SB 1029
Subject: Higher Education; Military Affairs
Type: Original
Date: February 24, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund*	(Unknown)	(Unknown)	(Unknown)

* Expected to exceed \$1,000,000

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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Veterans' Commission** and the **Office of the Adjutant General** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of 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 \$1,500. 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 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.

Officials from the **Coordinating Board for Higher Education (CBH)** state the impact of this legislation is unknown. The extent to which this tuition reduction would be utilized is currently unknown, as the potential applicants are unknown. As it is open to Missouri resident veterans

ASSUMPTION (continued)

that served in armed combat after September 11, 2001, it is difficult to know the number of those currently eligible that would want to take advantage of a program such as this and impossible to predict those who may become eligible in the future. The fall 2005 per credit hour range for public institutions is \$53 to \$223, resulting in losses of \$3 to \$173 per credit hour. According to Section 173.900.2, private institutions that receive state grant and scholarship funds may also face the negative impact of this legislation. In addition, nothing in the legislation limits the \$50 per credit hour amount to undergraduate courses. Therefore, it could have a greater negative impact if eligible veterans use this benefit for graduate and professional programs which typically have a higher per credit hour rate.

Officials from the **University of Missouri (MU)** state they cannot predict what Senate Bill 1029 would cost the university since they cannot predict the number of individuals who would be eligible for the program. However, MU can say that examining just the current enrollment of veterans at University of Missouri the bill would cost approximately \$1,908,259 per semester or \$3,816,518 for the fall and spring semesters.

The cost per semester would be as follows for each campus:

The University of Missouri - Columbia	\$554,140.80
The University of Missouri - Kansas City	\$386,235.40
The University of Missouri - Rolla	\$198,131.20
The University of Missouri - St. Louis	\$769,751.70

MU states they would expect the number of veterans enrolling at the University of Missouri to increase if Senate Bill 1029 were to pass.

Officials from **Missouri State University (MSU)** state this bill would affect their school greatly. MSU enrolls a larger number of Veterans (600) than any other institution in the state of Missouri. If indeed all of those students met the requirements (which they will not) and were taking 24 credits/year at our current tuition rate of \$164 we earn \$2.36 million. If this bill passes those same 600 students would pay \$720,000 (a loss of \$1.64 million to the institution). The true number of Veterans who might qualify for this may be no more than 40% of the total, so the cost to Missouri State would be \$756,000 (or at least somewhere between that number and the \$1.64 million). MSU assumes a loss of revenue of \$756,000 in FY 2007, \$794,000 in FY 2008 and \$834,000 in FY 2009.

Officials from **Lincoln University** assume the proposal would create a possible modest fiscal impact.

ASSUMPTION (continued)

Oversight assumes this proposal will cause a unknown amount of reduction in tuition moneys received from state colleges and universities. Oversight will reflect this as a loss to General Revenue collections since the state colleges and universities are funded from the General Revenue Fund. Oversight also assumes the proposal will result in a reduction in tuition revenues to institutions of higher education that are not state owned, but that do receive some state funds. Therefore, Oversight will also show a loss of revenue to those colleges that are considered local political subdivisions. Oversight assumes these losses will exceed \$1,000,000.

Officials from **Southeast Missouri State University** and **Missouri Southern State University** did not respond to our request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Loss</u> - Tuition reductions from state colleges and universities from combat veterans per credit hour capped at \$50	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE*	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

***Expected to exceed \$1,000,000**

FISCAL IMPACT - Local Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

**COMMUNITY COLLEGES AND
OTHER HIGHER EDUCATION
INSTITUTIONS THAT RECEIVE
STATE FUNDS**

Loss - Tuition reductions from state colleges and universities from combat veterans per credit hour capped at \$50

(Unknown)

(Unknown)

(Unknown)

**COMMUNITY COLLEGES AND
OTHER HIGHER EDUCATION
INSTITUTIONS THAT RECEIVE
STATE FUNDS**

(UNKNOWN)

(UNKNOWN)

(UNKNOWN)

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal provides that a "combat veteran" shall include any person who served in armed combat after September 11, 2001, who was a Missouri resident when first entering the military, and who was discharged from military service under honorable conditions. The act provides that all institutions of higher education that receive any state funds shall limit the tuition charged to combat veterans to fifty dollars per credit hour.

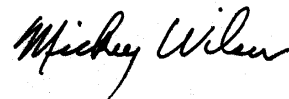
The Coordinating Board for Higher Education shall ensure that the institutions comply with the provision of this act, and the board may promulgate any rules for the efficient implementation of the act.

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

Coordinating Board for Higher Education
Office of the Secretary of State
Veterans' Commission
Office of the Adjutant General
Missouri State University
University of Missouri
Lincoln University

NOT RESPONDING: Southeast Missouri State University, Missouri Southern State University



Mickey Wilson, CPA
Director
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