

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0324-01
Bill No.: SB 75
Subject: Education, Higher; Military Affairs; Higher Education Department
Type: Original
Date: January 23, 2007

Bill Summary: This proposal provides for a tuition limitation for certain combat veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education** assume 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 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 2006 per credit hour range for public institutions is \$56 to \$229, resulting in losses of \$6 to \$179 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.

This proposal will have no direct impact on DHE.

Officials at the **Missouri State University (MSU)** assume there is no direct effect on state revenue. However, MSU is a state institution (along with the other dozen 4-year and higher institutions) and the income these colleges collect from tuition/fees might be considered a type of revenue.

This bill could result in a considerable loss in income for MSU, since it reduces the tuition charged to veterans. In the fall semester of 2006 MSU had 286 veterans registered for the present veterans programs, and the number has been showing a regular increase. The current undergraduate fee per credit hour is \$173, and since the bill would reduce this to \$50 it would mean a loss of \$123 per credit of enrollment. Most of these students enroll for 12 hours per semester for both fall and spring terms, indicating a potential loss of 24 hr x \$123 = \$2,952 per student. While no one can predict the precise effect of the bill, with almost 300 veterans MSU would have a fee lost of about \$850,000 in the current year. We predict a higher number of veterans in the next few years. This fee reduction would affect MSU in that the lost funding would need to be made up from augmenting state appropriations or other sources.

MSU anticipates there would be an ongoing loss of revenue for several years as veterans returning to civilian life would continue to seek higher education studies for many years into the future.

Officials at the **University of Missouri (UM)** assume based on the number of students currently enrolled who receive Veteran's Benefits for attendance at UM, the total costs to UM would be

ASSUMPTION (continued)

more than \$1.3 million if this proposal were to enacted.

The loss to each institution is:

University of Missouri – Columbia - \$300,000 to \$350,000; 100 to 150 students

University of Missouri – Kansas City - \$391,229; 159 students

University of Missouri – Rolla - \$199,181; 84 students

University of Missouri – St. Louis - \$419,604; 203 students

This includes students at the undergraduate, graduate and professional level. This does not include any increase over currently enrolled students. UM also has professional school tuition and fees which vary by professional school.

Educational fees vary depending on the program level and the specific program.

Tuition only:

Undergraduate - \$227.30 per credit hour

Graduate – general - \$276.40 per credit hour

All students also pay a per credit hour for technology fee.

There are a number of other fees which are associated with particular disciplines. Other fees include student activity fees, health care, recreation fees, etc. These fees are not the same on each campus.

Officials at the **University of Central Missouri (Central)** state that the per-credit-hour tuition for Missouri residents is currently \$194.50. If such students are charged only \$50/credit hour, there will be some loss of revenue, but likely less than \$65,000 per semester. However, it is possible that the loss of income should be offset by more combat veterans students electing to enroll at Central who might not have otherwise.

Officials at **Truman State University** are unable to determine the loss of tuition income. This proposal would add some administrative costs to track eligible students. The current tuition is \$248.50 per credit hour and they have 21 veterans enrolled.

Officials at **Linn State Technical College (LINN)** assume a lost of tuition of \$229,104. The information on the number of veterans served by LINN came from the Registrar's office. Over the last two years LINN has had 37 students leave the college for military service. LINN only used the 37 students in their calculation because they do not track how many veterans they have at any given time.

ASSUMPTION (continued)

The calculation for the fiscal note is as follows: 37 students x 72 credit hours over a two year period = 2,664 credit hours x \$50 = \$133,200. If the students were to pay LINN's current tuition rate, the same calculation would be: 37 students x 72 credit hours = 2,664 x \$136 (our current rate) = \$362,304. The potential difference in revenues would be a \$229,104

Officials at the **Metropolitan Community College (MCC)** assume this legislation would cost the MCC approximately \$87,000 in lost tuition and fee revenue (2,550 credit hours X \$34.00) plus another \$10,000 in systems/miscellaneous costs to institute the policy in the first year for a total cost of about \$97,000. MCC would have to program a new fee into their current PeopleSoft Student/Financial System because they don't have a veteran fee currently. With all the other affected areas, MCC's programming people think this would cost about \$10,000 in one-time programming costs. MCC currently estimates that they have about 400 veterans enrolled throughout their five colleges, approximately 30% of whom are post 9-11. That would come to about 116 post 9-11 vets.

Officials at the **St. Louis Community College (SLCC)** assume this proposal will cost the college \$30 per credit hour for each hour of enrollment by military students. SLCC currently charges \$78 per credit hour but will be charging \$81 per hour in the fall of 2007. SLCC currently tracks veteran students but not combat veterans. SLCC has 800 veteran students currently enrolled.

Officials at the **Moberly Area Community College** assume a fiscal loss of \$25,000-\$100,000 annually.

Officials at the **Missouri Veterans Commission** assume no fiscal impact from this proposal.

Oversight assumes there would be no direct effect on state revenue. Oversight recognizes that the universities will lose tuition funding but tuition income is not general revenue or state money.

Officials from the **Office of the 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 \$2,500. 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

ASSUMPTION (continued)

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.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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.

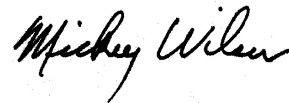
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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
Office of the Secretary of State
Missouri Veterans Commission
University of Missouri
University of Central Missouri
Missouri State University
Truman State University
Linn State Technical College
Moberly Area Community College
Metropolitan Community College
St. Louis Community College



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