

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0324-05
Bill No.: HCS for SCS for SB 75
Subject: Education, Higher; Military Affairs; Higher Education Department
Type: Original
Date: May 9, 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 6 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 (DHE)** 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 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 \$42 to \$171.75 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.

This proposal will have no direct impact on DHE.

In response to a previous version of this proposal 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 25% of the credit hour cost it would mean a loss of \$129.75 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 \text{ hr} \times \$129.75 = \3114 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 \$890,000 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 they cannot predict what the proposal would cost the university since they cannot predict the number of individuals who would be eligible for the program. Based on the number of students currently enrolled who receive Veteran's Benefits for attendance at the UM, the total costs to the University would be

ASSUMPTION (continued)

approximately \$1,000,000.

Officials at the **University of Central Missouri (Central)** state that this would have minimal impact as their current policy is close to this proposal.

In response to a previous version of this proposal officials at **Linn State Technical College (LINN)** assume a lost of tuition of \$279,720. 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. The current hourly rate is \$136.

Officials at the **Metropolitan Community College (MCC)** assume this legislation would cost the MCC approximately \$190,000 in lost tuition and another \$10,000 in systems/miscellaneous costs to institute the policy.

In response to a previous version of this proposal officials at the **St. Louis Community College (SLCC)** assume this proposal will cost the college \$60.75 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.

In response to the previous version of this proposal officials at the **Lincoln University** assume a possible fiscal impact in the form of decreased tuition.

In response to a previous version of this proposal officials at the **Truman State University** assume they 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.

In response to a previous version of this proposal officials at the **Moberly Area Community College** assume a fiscal loss of \$25,000-\$100,000 annually.

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

ASSUMPTION (continued)

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 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.

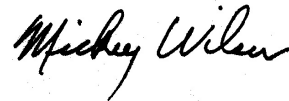
FISCAL DESCRIPTION

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



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