

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3061-01
Bill No.: SB 830
Subject: Education, Higher; Military Affairs; Higher Education Department.
Type: Original
Date: January 4, 2008

Bill Summary: This proposal limits the tuition that may be charged by a higher education institution to certain combat veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education (DHE)** assume the impact of this bill is unknown. The extent to which this tuition reduction would be utilized is currently unknown, as the number of applicants is unknown. As it is open to all Missouri resident veterans who served in armed combat after September 11, 2001, it is difficult to know the number of those currently eligible that would take advantage of this program and impossible to predict the number who will become eligible in the future.

The fall 2007 per credit hour range for public institutions is \$61 to \$243, resulting in losses of \$11 to \$193 per credit hour. Private institutions that receive state grant and scholarship funds may also be negatively impacted by 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 **Linn State Technical College** assume losses as follows:

FY 2009=	\$252,720	39 students affected x 72 credit hours x \$140/credit hour =	\$393,120
		x \$50/credit hour =	<u>\$140,400</u>
			\$252,720

FY 2010=	\$277,488	41 students affected x 72 credit hours x \$144/credit hour =	\$425,088
		x \$50/credit hour =	<u>\$147,600</u>
			\$277,488

FY 2011=	\$303,408	43 students affected x 72 credit hours x \$148/credit hour =	\$458,208
		x \$50/credit hour =	<u>\$154,800</u>
			\$303,408

Officials at the **Metropolitan Community College** assume a negative fiscal impact of approximately \$335,000 in lost tuition revenue in the first year of the enactment of this proposal.

Officials at the **Lincoln University** assume a possible modest fiscal impact in the form of lost tuition revenue, however, this could result in more combat veterans enrolling than would have without the legislation.

ASSUMPTION (continued)

Officials at the **University of Missouri (UM)** assume the total cost to the UM would be more than \$2.4 million if this proposal is adopted. The loss would be as follows:

University of Missouri - Columbia = \$605,415.

University of Missouri - Kansas City = \$782,458.

University of Missouri - Rolla = \$398,362.

University of Missouri - St. Louis = \$839,208.

This includes students at the undergraduate, graduate and professional level.

Officials at the **Truman State University** state they are unable to determine the fiscal impact of this proposal.

Officials at the **University of Central Missouri** assume administrative costs to collect and review paperwork to determine eligibility would be \$8,721 to cover a half-time employee to do the work.

Officials at the **Missouri State University** assume an indeterminate amount of revenue would be lost due to this tuition waiver.

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.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

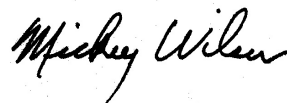
FISCAL DESCRIPTION

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
Truman State University
Linn State Technical College
Metropolitan Community College
University of Missouri
Lincoln University
University of Central Missouri
Office of the Secretary of State
Missouri State University



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January 4, 2008

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