

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4102-02
Bill No.: SS for HB 1678
Subject: Boards, Commission, Committees, Councils; Children and Minors; Compacts; Education, Elementary and Secondary; Interstate Cooperation; Military Affairs; National Guard; Veterans
Type: Original
Date: April 30, 2008

Bill Summary: Enacts provisions relating to members of the military and their families.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$223,425 or up to \$628,119)	(\$416,847 or up to \$1,017,803)	(\$605,038 or up to \$1,384,067)
Total Estimated Net Effect on General Revenue Fund	(\$223,425 or up to \$628,119)	(\$416,847 or up to \$1,017,803)	(\$605,038 or up to \$1,384,067)

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 13 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
General Revenue	1 or 3.5 FTE	1 or 3.5 FTE	1 or 3.5 FTE
Total Estimated Net Effect on FTE	1 or 3.5 FTE	1 or 3.5 FTE	1 or 3.5 FTE

- 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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Office of the Adjutant General** and the **Department of Economic Development** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Secretary of State (SOS)** assume 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 to the SOS office for Administrative Rules for this proposal is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Missouri Veterans' Commission (VET)** assume they would incur \$2,500 per year in expenses from this proposal.

Oversight assumes the VET will be able to absorb an addition \$2,500 of expenses within their existing appropriations.

§160.2000 - Interstate Compact on Educational Opportunity for Military Children

Officials from the **Office of the Governor** state there should be no added cost to the Governor's Office as a result of this proposed legislation.

Officials from the **Department of Health and Senior Services, Missouri Veteran's Commission**, and the **Missouri National Guard** state there is no fiscal impact to their respective agencies.

Officials from the **Department of Social Services (DOS)** state that since the compact deals with children transferring from one state to another as a result of their parent's military services, these are children who would not normally be in the custody of the Children's Division or the Division of Youth Services. Therefore, there is no fiscal impact to DOS.

Officials from the **Office of Attorney General (AGO)** state that this proposal creates a new

ASSUMPTION (continued)

commission, for which it would provide legal counsel. AGO assumes it would need ½ Assistant Attorney General I to assist the commission in the rule-making process and legal representation.

Officials from the **Department of Elementary and Secondary Education (DESE)** state the proposal calls for two positions, the military family educational liaison and the compact commissioner.

There are costs associated with the state council; the cost of membership for the interstate compact is unknown. DESE does not expect the council costs to exceed \$100,000.

Oversight assumes the compact will not activate until ten or more states have adopted the language contained in this proposal. As of April 30, 2008 the proposal has been enacted in three states and sent to the governor in two states. For fiscal note purposes only, Oversight assumes the additional personal costs for DESE and AGO will not be incurred until the compact is activated. Personal costs will be shown as \$0 or the amount needed for personnel upon activation of the compact.

Officials from the **Knob Noster V-III** and the **Waynesville School Districts** state fiscal impact to their districts could include placement and attendance costs (Article V - C), excused absences (Article V - E), data collection (Article IX - I), and staff needs to handle special dispositions, resulting in substantial costs to their respective districts. Their districts could be more affected, due to their proximity to military installations.

§168.021- Certificates of license to teach

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal will have no fiscal impact on their agency or on local school districts. DESE assumes persons with out-of-state licenses are not delayed or hindered from getting Missouri teaching licenses due to background checks; therefore, the language in this session is not needed.

172.234 - Tuition Grant Program for spouses and children of war veterans

Officials from the **Coordinating Board for Higher Education (CBH)** state the bill would create a state-administered scholarship program for the survivors of certain veterans. The CBH and its administrative arm, the Missouri Department of Higher Education (DHE), are assigned responsibility for administering the program, including promulgating rules, providing forms, and determining application procedures.

ASSUMPTION (continued)

The Missouri Veterans' Commission or the federal Veterans' Administration are responsible for determining if a recipient qualifies as a "survivor" within the definitions in this bill. The DHE is responsible for determining if a recipient meets the other eligibility requirements.

The DHE would also be responsible for distributing the scholarships. The DHE assumes that it would award 25 scholarships each year. The worksheet submitted in connection with this note shows the range of expenses, depending on whether recipients attend the a college/university that is as expensive or more expensive than the University of Missouri-Columbia (\$8,093 for FY '08 - which is the highest amount of tuition for which a student can receive a scholarship in this bill), or the least expensive public institution in the state, East Central College (\$2,910.00 for FY '08). The DHE assumes that tuition at each institution will increase by 3% per year. We assume that each recipient would receive the full \$2,000 per semester for room and board, and the full \$500 per semester for books.

Based on those assumptions, the DHE concludes that the following costs would be associated with the scholarship benefits described in the bill (including books and expenses):

For FY 09, the cost will be between \$179,847.50 and \$333,532.77;
For FY 10, the cost will be between \$181,492.93 and \$339,788.75; and
For FY 11, the cost will be between \$183,187.71 and \$346,232.42.

In addition, the DHE assumes that it would need one additional staff person to administer the program. An additional staff person, hired at the level of program specialist, would be necessary for the proper administration of the program.

The tuition costs per student with FY 2008 as base year and assuming a 3% inflation rate.

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
East Central Tuition	\$2,130	\$2,194	\$2,260	\$2,328	\$2,397
UMC Tuition	\$8,098	\$8,341	\$8,592	\$8,849	\$9,115

ASSUMPTION (continued)

	FY '09 Low Est.	FY '09 High Est.	FY '10 Low Est.	FY '10 High Est.	FY '11 Low Est	FY '11 High Est.
Number of Grants	25	25	25	25	25	25
Tuition	\$54,848	\$208,533	\$56,493	\$217,789	\$58,188	\$221,232
Books	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Room & Board	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total	\$179,848	\$333,533	\$181,493	\$339,789	\$183,188	\$346,232

Oversight assumes 25 new scholarships will be awarded each year. Therefore, in year two, there will be 50 scholarship recipients, and 75 recipients in the third year. Therefore, Oversight will assume the following cost for the scholarship program;

	FY '09 Low Est.	FY '09 High Est.	FY '10 Low Est.	FY '10 High Est.	FY '11 Low Est	FY '11 High Est.
Number of Grants	25	25	50	50	75	75
Tuition	\$54,848	\$208,533	\$112,986	\$429,578	\$174,563	\$663,698
Books	\$25,000	\$25,000	\$50,000	\$50,000	\$75,000	\$75,000
Room & Board	\$100,000	\$100,000	\$200,000	\$200,000	\$300,000	\$300,000
Total	\$179,848	\$333,533	\$362,986	\$679,578	\$549,563	\$1,038,698

§173.900 - Missouri Returning Heroes' Education Act

Officials at the **Department of Public Safety** and the **Missouri Veterans Commission** assume that there is no fiscal impact from this proposal.

In response an identical proposal (HCS/SCS/SB 830 - 3051.05), officials at the **Department of Higher Education** (DHE) assume the provisions of this bill will require work on the part of DHE staff, but the DHE assumes these additional duties can be performed with existing resources.

ASSUMPTION (continued)

In response to the above referenced proposal, the following colleges and universities provided estimates of fiscal impact:

Officials at the **Linn State Technical College** assumed losses as follows:

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

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

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

Officials from **Metropolitan Community College** assumed 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 **University of Missouri (UM)** assumed 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 **University of Central Missouri (UCM)** assumed administrative costs to collect and review paperwork to determine eligibility would be \$8,721 to cover a half-time employee to do the work. Additionally, UCM assumes lost tuition revenue estimated at \$508,680 per year based on 108 students now enrolled in this category at 30 credit hours per year times \$157 lost per credit hour.

Officials at **Missouri State University** assumed at a current cost of \$175.00/credit, the savings to the student and cost to the institution would be \$129.00. Assuming 49 veterans, each taking an average of 30 credits at a discount of \$129.00 per credit the cost/loss of revenue to be made up by the institution would be $(49 \times 30 \times 129) = \$189,630$. If inflation is 3% per year, the cost to the

ASSUMPTION (continued)

institution in 2010 would be \$195, 319, and in 2011 would be \$201, 178.

Officials at **Lincoln University** assumed a possible modest fiscal impact in the form of lost tuition revenue.

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. This proposal does allow the universities to request the lost tuition funding from the state. Oversight assumes this is permissive.

§452.412 - Child custody and visitation orders

Officials from the **Office of State Courts Administrator** state this section has no fiscal impact on the Courts.

Officials from the **Department of Social Services (DOS)** state this provision is primarily concerned with child custody disputes between parents, not children in DOS custody; therefore, this provision will have no fiscal impact to DOS.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Elementary and Secondary Education - Personal Costs (\$160.2000)</u>			
Personal Service (2 FTE)	\$0 or (\$87,282)	\$0 or (\$107,881)	\$0 or (\$111,1117)
Fringe Benefits	<u>\$0 or (38,596)</u>	<u>\$0 or (\$47,705)</u>	<u>\$0 or (\$48,136)</u>
Total Personal Costs - DESE	\$0 or (\$125,878)	\$0 or (\$155,586)	\$0 or (\$160,253)
FTE Change - DESE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<u>Cost - Department of Elementary and Secondary Education - State Council costs (\$160.2000)</u>			
	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)
<u>Cost - Attorney General - Personal Costs (\$160.2000)</u>			
Personal Service (½ FTE)	\$0 or (\$13,948)	\$0 or (\$17,240)	\$0 or (\$17,757)
Fringe Benefits	\$0 or (\$6,168)	\$0 or (\$7,624)	\$0 or (\$7,852)
Equipment and Expense	<u>\$0 or (\$5,015)</u>	<u>\$0 or (\$3,914)</u>	<u>\$0 or (\$4,032)</u>
Total Personal Costs - AGO	\$0 or (\$25,131)	\$0 or (\$28,778)	\$0 or (\$29,641)
FTE Change - AGO	0 or .5 FTE	0 or .5 FTE	0 or .5 FTE
<u>Cost - Department of Higher Education - Annual grants for tuition, books, and room and board (\$173.234)</u>			
	(\$179,848 to \$333,533)	(\$362,986 to \$679,578)	(\$549,563 to \$1,038,698)
<u>Costs - Dept. of Higher Education</u>			
Personal Services (1 FTE)	(\$30,042)	(\$37,132)	(\$38,245)
Fringe Benefits	(\$13,285)	(\$16,420)	(\$16,912)
Expense and Equipment	<u>(\$250)</u>	<u>(\$309)</u>	<u>(\$318)</u>
Total Costs - DHE	(\$43,577)	(\$53,861)	(\$55,475)
FTE Change - DHE	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
EXPECTED NET EFFECT ON GENERAL REVENUE	<u>(\$223,425 or up to \$628,119)</u>	<u>(\$416,847 or up to \$1,017,803)</u>	<u>(\$605,038 or up to \$1,384,067)</u>

ESTIMATED NET FTE CHANGE FOR GENERAL REVENUE	1 or 3.5 FTE	1 or 3.5 FTE	1 or 3.5 FTE
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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LOCAL POLITICAL SUBDIVISIONS

<u>Cost - School Districts - Costs related to Interstate Compact (§160.2000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</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.

FISCAL DESCRIPTION

This proposal modifies various provisions of law relating to members of the military forces and their families.

§160.2000 - Interstate Compact on Educational Opportunity for Military Children

This section authorizes Missouri to enter into the Interstate Compact on Educational Opportunity for Military Children and establishes the Interstate Commission on Educational Opportunity for Military Children. The compact becomes effective upon its adoption by 10 states. Military children include the kindergarten through twelfth-grade children of active duty members of the armed services including the National Guard and the reserve, as well as the children of members who die while on active duty, retire, or are medically discharged, for a period of one year afterward. The compact covers issues including facilitation of enrollment, both in classes and extracurricular activities; placement; graduation; and information-sharing. The commission is

FISCAL DESCRIPTION (continued)

made up of one voting member from each participating state. The duties of the commission include dispute resolution between member states, enforcing the rules of the commission, and providing training and other administrative functions. The proposal contains provisions for the formation of the commission's executive committee and other aspects such as its budget, liability, and legal status.

172.234 - Tuition Grant Program for spouses and children of war veterans

This section of the proposal establishes a tuition grant program for spouses and children of war veterans who die, or who become eighty percent disabled, as the result of injury or illness sustained while serving in combat. Within the limits of amounts appropriated therefor, the Coordinating Board for Higher Education shall provide up to twenty-five tuition grants to the surviving spouses and children of any member of the military who served in armed combat and who was killed in the line of duty and who was a citizen of Missouri at the time of enlistment and at the time death or injury occurred. The grants shall pay an amount not to exceed the actual amount of tuition, the actual cost of books up to five hundred dollars per semester, and up to two thousand dollars per semester for room and board. The grant will continue to be awarded annually to eligible recipients as long as the recipient achieves and maintains a cumulative grade point average of at least two and one-half on a four point scale, or its equivalent. The grant may not be used for graduate study, and is not available to surviving children who are twenty-five years of age or older. The act delineates specific eligibility criteria for both the recipients and the higher education institutions.

The provisions of the new program authorized under this section shall sunset automatically in six years unless reauthorized.

§173.900 - Missouri Returning Heroes' Education Act

The "Missouri Returning Heroes' Education Act" provides that all public institutions of higher education that receive any state funds appropriated by the general assembly shall limit the tuition charged to combat veterans to fifty dollars per credit hour, for any program leading to a certificate, or an associate or baccalaureate degree. A "combat veteran" is 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.

Any other financial assistance for which the veteran is eligible must be reported to the Coordinating Board for Higher Education (CBH), and no combat veteran shall receive more than

FISCAL DESCRIPTION (continued)

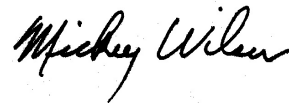
the actual cost of attendance when the limitation is combined with any other financial assistance made available to such veteran. The eligibility period for the tuition limitation shall expire ten years from the date of the veteran's last discharge from service.

Each institution may report to the CBH the amount of tuition waived in the previous fiscal year under this proposal, which may be included in each institution's request for appropriations to the board for the following year. The CBH may include information about the amount of tuition waived in the previous year in its appropriations recommendations to the governor and general assembly, and the general assembly may reimburse institutions for the cost of the waiver for the previous year as part of the operating budget.

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

Office of the Attorney General
Department of Elementary and Secondary Education
Department of Higher Education
Department of Social Services
Department of Health and Senior Services
Office of the Governor
Department of Public Safety
Missouri National Guard
Missouri Veteran's Commission
School Districts
 Knob Noster R-VIII School District
 Waynesville School District
Colleges and Universities
 Linn State Technical College
 University of Missouri
 Lincoln University
 University of Central Missouri
 Missouri State University



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