

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6003-02
Bill No.: Perfected SCS for SB 968
Subject: Education, Higher; Veterans
Type: Original
Date: April 13, 2016

Bill Summary: This proposal allows current members of the Missouri National Guard and reserve components of the U.S. Armed Forces to receive in-state residency status for the purposes tuition at public higher education institutions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$289,400)	(Up to \$289,400)	(Up to \$289,400)
Total Estimated Net Effect on General Revenue	(Up to \$289,400)	(Up to \$289,400)	(Up to \$289,400)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
College & University	(Unknown over \$350,000)	(Unknown over \$350,000)	(Unknown over \$350,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown over \$350,000)	(Unknown over \$350,000)	(Unknown over \$350,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§173.1153 National Guard Tuition Assistance

Oversight notes this proposal allows members of the Missouri National Guard to pay in-state tuition at Missouri higher education institutions. This tuition limitation is applied after all other federal and state aid for which the individual is eligible is applied.

Oversight notes that tuition at the University of Missouri for 14 credit hours is estimated to be \$10,586 for in-state students and \$25,198 for out-of-state students. Oversight notes that the University of Central Missouri charges \$214.85 per credit hour for in-state students and \$429.70 for out-of-state students. Oversight is unable to determine how many Missouri National Guard members pay out-of-state tuition. Additionally, Oversight is unable to determine if the institutions currently have programs that would lower the amount paid by Missouri National Guard members when they enroll as a student.

Oversight notes that in this current version of the proposal (SCS), members of the reserve component of the Armed Forces of the United States are also allowed to receive this tuition limitation. Neither Oversight nor the Office of the Adjutant General are able to determine how many additional reserve members would apply for this tuition limitation. Oversight found an estimate of the number of Missouri National Guard members of 11,733 (2,293 Air National Guard and 9,440 Army National Guard). However, Oversight was unable to accurately determine how many individuals currently serve in the Reserves. Oversight found a report that in 2013, there were 20,159 U.S. Selected Reserves serving in Missouri. Additionally, there were 16,566 active duty military serving in Missouri.

Oversight notes the tuition limitation is only allowed at a Missouri public or private higher education institution. This program requires the individual who wants to be eligible for the program to demonstrate a presence in Missouri. Therefore, the number of eligible individuals could be 48,458 (11,733 + 16,566 + 20,159). Oversight will show the impact as Unknown over \$250,000.

Officials at the **Department of Higher Education** assume this would not fiscally impact the department; though they would need to promulgate rules for the program.

Officials at the **Office of the Adjutant General** assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials at the **University of Missouri** assumed the approximate cost would be \$250,000 at the Columbia campus assuming the numbers stay about the same with roughly 45 eligible students. At University of Missouri- St. Louis there are 36 eligible students and their cost would be \$0. At the Missouri University of Science and Technology report that their cost would be \$34,650. UMKC assumes this proposal would result in additional students being eligible.

Officials at the **State Technical College of Missouri** assume this would have a negative fiscal impact but the impact can not be determined at this time.

Officials at the **Missouri State University** assume this would have an unknown negative impact.

Officials at the **University of Central Missouri** assume there is no fiscal impact from this proposal.

Officials at the **Northwest Missouri State University** assume this would have an impact of \$35,000.

Officials at the **Metropolitan Community College** assume there is no fiscal impact from this proposal.

In response to the previous version of this proposal, officials at the **St. Louis Community College** assumed there was no fiscal impact from this proposal to their institution.

In response to similar legislation filed this year, HB 2155, officials at the **Missouri Western State University** and the **State Fair Community College** each assumed there was no fiscal impact from this proposal to their respective institutions.

Officials at the **Joint Committee on Administrative Rules** assumed there is no fiscal impact from this proposal.

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.

§173.900 Returning Heroes' Education Act (SA 1)

Oversight notes this proposal makes changes to the Missouri Returning Heroes' Education Act (Act). The Act requires that the public higher education institutions in this state limit the amount of tuition that is paid by combat veterans to \$50 per credit hour. Currently the tuition limitations are applied after all other federal and state aid is applied and no veteran can receive more aid than the actual cost of attendance. Oversight notes this proposal would apply the tuition limitation before other aid is calculated. Additionally, this proposal removes the restriction that total aid received can't be greater than actual tuition.

Oversight requested from the Department of Higher Education the amount of tuition and number of students whose tuition has been waived in the past under this program. The Department stated they do not routinely gather this information. The last time they asked the institutions for this information was 2011. At that time the institutions reported the one year tuition waiver listed below:

Table 1 - Tuition Waived

Institution	Tuition Waived	Number of Students
Crowder	\$3,967	11
East Central Community College	not reported	
Harris- Stowe	\$8,094	2
Jefferson College	\$12,215	24
Lincoln University	\$11,977	6
Metropolitan Community College	not reported	
Mineral Area Community College	\$608	1

Institution	Tuition Waived	Number of Students
Missouri Southern State University	\$7,690	10
Missouri State University	\$173,816	40
Missouri Western State University	\$18,311	12
Moberly Area Community College	\$28,935	40
North Central Community College	\$0	0
Northwest Missouri State University	\$9,730	4
Ozark Technical College	\$34,388	87
Southeast Missouri State University	\$84,766	56
St. Charles Community College	\$21,090	37
St. Louis Community College	not reported	
State Fair Community College	\$2,512	10
State Technical College of Missouri	\$33,061	11
Three Rivers Community Collegew	\$4,702	13
Truman State University	\$0	0
University of Central Missouri	\$75,485	22
University of Missouri	\$443,586	207
Total	\$974,933	593

Source: Department of Higher Education

Oversight will show the loss of tuition to the institutions as Unknown greater than \$100,000.

In response to similar legislation filed this year, HB 2156, officials at the **Department of Higher Education** assumed there is no fiscal impact from this proposal to the agency.

In response to similar legislation filed this year, HB 2156, officials at the **University of Central Missouri** assumed they already provide the recommended tuition rate to all active duty military personnel, so this proposal would have no fiscal impact.

ASSUMPTION (continued)

In response to similar legislation filed this year, HB 2156, officials at the **Missouri State University** assumed this would have a negative impact on the University but the amount cannot be determined at this time.

In response to similar legislation filed this year, HB 2156, officials at the **State Technical College of Missouri** assumed this will have an unknown negative impact on the College.

In response to similar legislation filed this year, HB 2156, officials at the **Missouri Western State University** assumed a loss of \$25,000 annually.

In response to similar legislation filed this year, HB 2156, officials at the **University of Missouri** assumed the approximate annual loss to the Columbia campus would be \$250,000. This assumes the number of students remain consistent at 45 current students. The St. Louis campus has 36 students but this would not impact them. The Kansas City campus assumes this may encourage more students to attend. The Science and Technology campus assumes this would be a loss of \$34,650.

§173.234 Veteran's Survivor's Grant (SA2)

Oversight notes this proposal extends the sunset on the Wartime Veterans Survivor Grant Program. The program provides up to 25 grants annually to the spouse or children of Missouri veterans who died or became disabled from combat. The grant includes tuition (capped at the rate charged by the University of Missouri) plus up to \$2,000 for room and board and \$500 for books per semester. Based on 12 semester hours, the maximum annual award is \$11,576 per grant.

Table 1 - Historical Data on Program

	FY 2012	FY 2013	FY 2014	FY 2015 Projected	FY 2016 Projected
Number of Individuals	10	9	7	15	15
Total Awards	\$40,285	\$216,717	\$191,682	\$241,250	\$241,250

Source: Department of Higher Education

In response to similar legislation filed this year, Officials at the **Department of Higher Education (DHE)** assume in FY 2014, DHE paid 7 students for a total cost of \$71,866. In FY 2015, the DHE paid 10 students for a total cost of \$83,202. Assuming three additional students

ASSUMPTION (continued)

receive the grant each year over the cost of the fiscal note period at an average award of \$9,000, the cost in FY 2017 would be \$144,000, the cost in FY 2018 would be \$171,000, and the cost in FY 2019 would be \$198,000.

DHE assumes this proposal would expand the definition of who is an eligible student; however, the exact number of students is difficult to calculate.

Oversight notes this grant program originally sunset on August 28, 2014. This proposal would extend the sunset until August 28, 2020.

Oversight assumes it is difficult to calculate the number of eligible students that may receive this award in the future. Oversight will show the impact as up to the maximum award amount of \$289,400 (25 awards x \$11,576 maximum award) allowed per statute.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Cost - Dept of Higher Education - extension of the wartime veterans grant program (SA2)</u>	(Up to <u>\$289,400</u>)	(Up to <u>\$289,400</u>)	(Up to <u>\$289,400</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Up to <u>\$289,400</u>)	(Up to <u>\$289,400</u>)	(Up to <u>\$289,400</u>)
COLLEGE & UNIVERSITY FUNDS			
<u>Loss - Institutions - loss of tuition §173.1153</u>	(Unknown over <u>\$250,000</u>)	(Unknown over <u>\$250,000</u>)	(Unknown over <u>\$250,000</u>)
<u>Loss - reduced tuition rate for veterans (SA1)</u>	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	(Unknown over <u>\$350,000</u>)	(Unknown over <u>\$350,000</u>)	(Unknown over <u>\$350,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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

This act allows current members of the Missouri National Guard and reserve components of the U. S. Armed Forces to receive in-state residency status for the purposes of tuition at any public four-year institution of higher education, or in-district residency status for any two-year public institution, as described in the act.

This bill changes provisions of the Missouri Returning Heroes' Education Act that limit the amount of tuition all public institutions of higher education must charge a veteran. Currently, the tuition limitation must be provided after all other federal and state aid for which the veteran is eligible is applied and no combat veteran is permitted to receive more than the actual cost of attendance when the limitation is combined with other available aid. The bill changes the law to require the tuition limitation be provided before all other aid is applied and repeals the provisions prohibiting a veteran from receiving more than the actual cost of attendance when the limitation is combined with other available aid.

The Wartime Veteran's Survivor Grant program sunset in 2014. This act re-authorizes the program, which provides higher education financial aid to the spouses and children of wartime veterans.

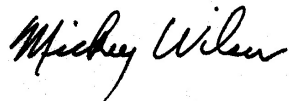
This act shall sunset on August 28, 2020, unless reauthorized by the General Assembly.

Section 173.234 (Veterans Survivor Grant Program) of this act contains an emergency clause.

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
Joint Committee on Administrative Rules
Metropolitan Community College
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of the Adjutant General
Office of the Secretary of State
State Fair Community College
State Technical College of Missouri
St. Louis Community College
University of Central Missouri
University of Missouri



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