

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0069-01
Bill No.: HB 94
Subject: Education, Higher; Higher Education Department
Type: Original
Date: January 21, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue *	(\$0 to \$265,475)	(\$0 to 272,500)	(\$0 to \$279,875)
Total Estimated Net Effect on General Revenue Fund *	(\$0 to \$265,475)	(\$0 to 272,500)	(\$0 to \$279,875)

* subject to appropriation.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of Administration, Division of Accounting and Division of Budget and Planning**, and the **Department of Public Safety, Office of the Director and Missouri Veterans Commission**, assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of the Secretary of State (SOS)** assume this proposal would create the War on Terror Survivors Scholarship Program. The Coordinating Board for Higher Education would promulgate rules for the implementation of this program. Based on experience with other divisions, the rules, regulations and forms issued by the Coordinating Board for Higher Education could require as many as 24 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Code of State Regulations is \$27.00. The estimated cost of a page in the Missouri Register is \$23.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. $((24 \times \$27) + 36 \times \$23) = \$1,476$

ASSUMPTIONS (continued)

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Higher Education** (DHE) assume the proposed legislation would create the "War on Terror survivors scholarship" to pay tuition, other required fees, room and board (up to \$2,000 maximum), and books (up to \$500 maximum for books) at any public state college or university for any eligible student as defined by the legislation. DHE would be responsible for promulgating rules and regulations for this program, establishing the minimum eligibility performance standards, administering the program, processing applications, and paying institutions.

The extent to which this program could be utilized is currently unknown, as the number of potential applicants is unknown. If the fighting in Iraq and Afghanistan escalates or continues for an extended period, more Missourians would likely become eligible for this program.

The average public 4-year tuition and fee amount for fall 2004 is \$5,619. DHE assumes that all of the eligible students would attend a public four-year institution. Assuming the maximum authorized 25 grants are awarded, and using an amount of \$10,619 per student, the first year grants would total \$265,475. Assuming a 5% increase in tuition and fees for 2007 and 2008, the total awards would be \$272,500 for 2007 and \$279,875 for 2008. According to the legislation, the number of awards could be increased beyond 25, which would increase the cost further.

DHE assumed a 0.5 FTE Research Associate position at an estimated salary of \$35,000 plus associated expense and equipment would be needed beginning in FY 2006. DHE submitted an estimated cost for administering this proposed program of \$27,806 for FY 2006, \$26,538 for FY 2007, and \$2,204 for FY 2008.

Oversight assumes that a scholarship program with a maximum number of 25 awards could be managed by existing staff. Any expansion of the program beyond 25 awards would only be available with specific legislative approval. For the purposes of this fiscal note, Oversight has shown a range from \$0 to \$265,475 for FY 2006, from \$0 to \$272,500 for FY 2007, and from \$0 to \$279,875 for FY 2008. The amount actually awarded would also be limited to the amount appropriated for the program.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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GENERAL REVENUE FUND

<u>Cost - Department of Higher Education Scholarships *</u>	<u>(\$0 to \$265,475)</u>	<u>(\$0 to 272,500)</u>	<u>(\$0 to \$279,875)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(\$0 to \$265,475)</u>	<u>(\$0 to \$272,500)</u>	<u>(\$0 to \$279,875)</u>
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* subject to appropriation.

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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<u>\$0</u>	<u>\$0</u>	<u>\$0</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.

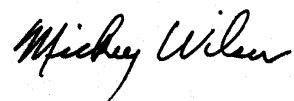
DESCRIPTION

This proposal would create a War on Terror scholarship program. The Department of Higher Education would award up to twenty-five scholarships each year to survivors of military personnel who were Missouri residents, and were killed in a combat zone in Afghanistan or Iraq or who died of an illness that was or could have been contracted in Iraq or Afghanistan. The number and amount of the scholarships would be subject to appropriation.

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 Secretary of State
Office of Administration
 Division of Accounting
 Division of Budget and Planning
Department of Higher Education
Department of Public Safety
 Office of the Director
 Missouri Veterans Commission



Mickey Wilson, CPA
Director
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