

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0069-06
Bill No.: HCS #2 for HB 94 & 185
Subject: Education, Higher; Higher Education Department
Type: Original
Date: February 25, 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 **Department of Higher Education (DHE)** assume the proposed legislation would create the "military member survivor grant" to pay tuition, other required fees, room and board (capped at \$2000 per semester), and books (\$500 maximum per semester) at any public or private 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 program would be open to dependents of "any member of the military... who was killed in combat action after September 11, 2001, or who became eighty percent disabled as a result of injuries sustained in combat action after September 11, 2001." It is difficult to determine which soldiers would qualify under the criteria, and further the number of spouses or dependents that would qualify and would want to take advantage of this program.

ASSUMPTIONS (continued)

The average public 4-year tuition and fee amount for fall 2004 is \$5,619. The maximum allowable expenses of \$7100 for tuition and fees, \$2000 per semester for room and board, and \$500 per semester for books were utilized for this calculation, bringing the total amount per eligible student to \$12,700 the first year.

DHE did not estimate the amount of grants which might be awarded in this proposal, however, DHE estimated that a 1.0 FTE Research Associate position would be required at an annual salary of \$35,000 plus associated expense and equipment beginning in FY 2006. The Research Associate would be responsible for overall administration of this program, including reviewing applications and working with participating institutions in order to distribute funds accurately and smoothly.

Oversight assumes that processing for a limited number of grants could be performed by existing DHE staff. Oversight also assumes that the number and amount of grants awarded under this program would be no more than the amount estimated for previous versions of the proposal. 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.

Officials from the **Department of Public Safety, Missouri Veterans Commission** assume the proposal would have no fiscal impact on their organization.

In response to a previous version of the proposal, officials from the **Office of the Secretary of State (SOS)** assumed 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.

In response to a previous version of the proposal, 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**, assumed the proposal would have no fiscal impact on their organizations.

<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.

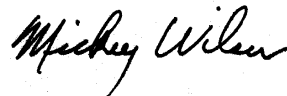
DESCRIPTION

This proposal would create a War on Terror scholarship program. The Department of Higher Education would award education grants each year to survivors of military personnel who were Missouri residents, and were killed or more than 80% disabled in combat action after September 11, 2001. The amount available for grants 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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