

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2961-03
BILL NO.: HB 1365
SUBJECT: Education, Higher: Military Affairs
TYPE: Original
DATE: February 7, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$3,346,846)	(\$6,642,476)	(\$6,645,092)
Total Estimated Net Effect on <u>All</u> State Funds	(\$3,346,846)	(\$6,642,476)	(\$6,645,092)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Coordinating Board For Higher Education (CBHE)** assume the proposal would be administered and funded by and through the Office of the Adjutant General of the Missouri National Guard. The CBHE would not be involved in the program; therefore, the proposal would result in no fiscal impact to the CBHE.

Officials from the **Missouri National Guard (MNG)** assume this proposal would add the eligibility of approximately 14,000 reservists for the state-funded Missouri National Guard educational assistance program.

When the original program was passed in 1994 (SB 583), no additional staff were requested in the fiscal note. However, expanding the boundaries of the original bill with the approval of SB 385 (1995) and HB 1519 & 1165 (1998) has expanded the program to capacity. The increases proposed in the legislation (HB 1365) would make the requirement for additional staff and funding for the program necessary. Four additional personnel would be required. The cost for these FTE was established using the Uniform Pay Plan proposed for the Office of the Adjutant General and comparing the duties for new personnel to those of existing employees with comparable duties in the plan.

TITLE	RANGE	FTE	ANNUAL*
Program Administrator	22	1.00	\$ 34,992
Clerk Steno II/Secretary	10	1.00	20,172
Accountant I/Auditor	18	1.00	29,184
Account Clerk II/Voucher Processing	12	<u>1.00</u>	<u>22,164</u>
		4.00	\$106,512

*Annual salary computed from FY 00 pay grid – market step.

FY 00 Fringes:

Retirement	.1191	\$12,685.58
Social Security	.0765	8,148.17
Long Term Disability	.0053	564.51
Medical Insurance	\$197.00/month	9,456.00
Life Insurance	\$ 4.38/month	210.24
Deferred Comp	\$ 25.00/month	<u>1,200.00</u>
		\$32,264.50

ASSUMPTION (continued)

The **Oversight Division** has only included in the fiscal impact staff needed resulting from this proposal. Therefore, Oversight has included 1 FTE Program Administrator (\$34,992) in the fiscal impact.

Expenses and equipment costs were projected using the Office of Administration FY 2001 budget instructions as a guide in determining the estimated cost of educational assistance. It is projected that one-time equipment items (system furniture (4), lateral files (3), communication, facsimile, copier, and laptop computer) totaling \$43,187 would be required with recurring expense items for office expenses, communications, travel and educational assistance payments totaling \$6,595,832.

Army National Guard (8/31/99)	7,504
Air National Guard (8/31/99)	<u>2,544</u>
	10,048
*US Army Reserve	4,988
US Navy Reserve	1,845
US Marine Corp Reserve	5,964
US Air Force Reserve	1,011
US Coast Guard Reserve	146
US Public Health Service Reserve (not available)	<u>N/A</u>
	13,954

*The FY 98 year-end data of the Selective Reserve assigned strength for Missouri (received from the Department of Defense) was used.

MNG officials assume of the 13,954 reservist assigned Missouri units that 79% (national percentage) do not have college degrees and are eligible for state educational assistance: $79\% \times 13,954 = 11,024$ reservists eligible.

15% of those eligible participated in the program. The University of Missouri-Columbia tuition (FY 00 school year) of \$132.60 per credit hour equals \$3,978 for 30 hours per year. The full year educational assistance program costs would be as follows:

ASSUMPTION (continued)

<u>% PARTICIPATION</u>	<u>PARTICIPANTS</u>	<u>UMC TUITION</u>	<u>*TUITION</u>	<u>*TUITION</u>
		<u>FY 99</u>	<u>at 50%</u>	<u>at 100%</u>
15%	1,654	\$3,978	\$3,289,806	\$ 6,579,612
25%	2,756	\$3,978	\$5,481,684	\$10,963,368

*Potential cost to state at 15% and 25%. U.S. Reserve participation levels do not include impact of Missouri and non-Missouri reserve members attending Missouri approved institutions who are not members of Missouri reserve units. NOTE: if the actual percentage of reservist participation is higher than 25%, a significant cost increase for the program would be experienced.

The **Oversight Division** used 50% tuition for FY 2001, assuming funding would not be appropriated until the second college semester.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
GENERAL REVENUE FUND			
<u>Cost-Missouri National Guard</u>			
Personal Services (1 FTE)	(\$29,160)	(\$36,392)	(\$37,848)
Fringe Benefits	(\$8,967)	(\$11,191)	(\$11,638)
Expense and Equipment	(\$18,913)	(\$15,281)	(\$15,994)
Educational Assistance Payments	(\$3,289,806)	(\$6,579,612)	(\$6,579,612)
Total <u>Cost-MNG</u>	<u>(\$3,346,846)</u>	<u>(\$6,642,476)</u>	<u>(\$6,645,092)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
	<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.

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DESCRIPTION

The proposal would expand the National Guard scholarships to include members of the U.S. Army Reserve, U.S. Air Force Reserve, U.S. Navy Reserve, U.S. Marine Reserve, U.S. Coast Guard Reserve, and the U.S. Public Health Service Reserve.

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

Coordinating Board For Higher Education
Missouri National Guard



Jeanne Jarrett, CPA
Director
February 7, 2000