

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5517-01
Bill No.: HB 1502
Subject: Education, Higher; Capital Improvements; Higher Education Department
Type: Original
Date: February 10, 2012

Bill Summary: This proposal creates the Higher Education Capital Fund to provide matching funds to public colleges and universities for capital projects under certain circumstances.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Higher Education Capital Fund*	\$0	\$0	\$0
State Universities	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on Other State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

* Offsetting transfers in and transfers out of the Higher Education Capital Fund would be \$0 to Unknown annually.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- 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 2013	FY 2014	FY 2015
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Senate** state this proposal either has no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Missouri House of Representatives** and the **Office of State Treasurer** indicated no fiscal impact to their respective agencies.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this proposed legislation should not result in additional costs or savings to BAP. The proposal establishes a new Higher Education Capital Fund, which is dependent upon future appropriations from the General Assembly.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. 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** responded that this proposal would have no direct foreseeable fiscal impact on their agency.

Oversight assumes the proposal is permissive and also, the amount of matching funds raised by colleges and universities for capital projects is unknown. For fiscal purposes only, Oversight will show a fiscal impact to General Revenue of \$0 or (Unknown)

Officials from **Northwest Missouri State University** stated their university has \$25 - \$50 million in deferred maintenance and other new capital needs.

ASSUMPTION (continued)

Officials from **Missouri State University** assume any additional revenues will dependent upon grants or private donations received by their university. Savings will be in the amount of matching funds received for new construction, rehabilitation, maintenance, renovations, or reconstruction projects.

Officials from the **University of Missouri** state this proposal would have a positive fiscal impact on the University System.

Officials from the **University of Central Missouri** assume this proposal would have a positive fiscal impact on their university, but are unable to quantify the fiscal impact at this time.

Officials from **Missouri Southern State University** state the fiscal impact to their university is indeterminate at this time.

Officials from **Missouri Western State University** assumed no fiscal impact.

Officials from **Linn State Technical College** assume the fiscal impact on their college is unknown.

In response to similar legislation from this year (SB 655 - FN 4680-01), officials from **Kansas City Metropolitan Community College** and **St Louis Community College** stated this proposed legislation would have a positive, but unknown, fiscal impact on their respective colleges.

This proposal was sent to the following colleges and universities who did not respond to a request for fiscal impact: Crowder College, East Central College, Harris-Stowe University, Jefferson College, Mineral Area College, Moberly Area Community College, North Central Missouri College, Southeast Missouri State University, State Fair Community College, St Charles Community College, Three Rivers Community College, Truman State University.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Cost - Higher Education Capital Fund - Matching funds</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
HIGHER EDUCATION CAPITAL FUND			
<u>Transfer In - General Revenue - Matching funds</u>	\$0 or Unknown	\$0 or Unknown	\$0 Unknown
<u>Transfer Out - Colleges and Universities - Matching funds</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON HIGHER EDUCATION CAPITAL FUND	\$0	\$0	\$0
COLLEGES AND UNIVERSITIES			
<u>Income - Higher Education Capital Fund - Matching funds for capital projects</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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LOCAL POLITICAL SUBDIVISIONS

<u>Income - Community Colleges - Matching funds</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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**ESTIMATED NET EFFECT ON
LOCAL POLITICAL SUBDIVISIONS** \$0 or Unknown \$0 or Unknown \$0 or Unknown

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

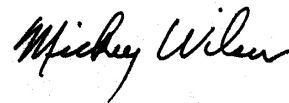
FISCAL DESCRIPTION

This proposed legislation creates the "Higher Education Capital Fund" to be administered by the Commissioner of Higher Education. The General Assembly may appropriate moneys to the fund to provide matching funds to public colleges or universities for capital projects. To receive matching funds, a public college or university must raise fifty percent of the cost of the capital project from private donations or grants. The General Assembly may appropriate the remaining fifty percent of the cost of project as matching funds to the institution. Public colleges and universities are prohibited from using operating budget funds, tuition, fees, or bond revenues to produce their portion of the capital project's cost.

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
Office of Administration
 Division of Budget and Planning
Joint Committee on Administrative Rules
Missouri House of Representatives
Missouri Senate
Office of Secretary of State
 Administrative Rules Division
Office of State Treasurer
Colleges and Universities
 Northwest Missouri State University
 Missouri State University
 Missouri Southern State University
 St Louis Community College
 Kansas City Metropolitan Community College
 Missouri Western State University
 University of Central Missouri
 Linn State University
 University of Missouri System



Mickey Wilson, CPA
Director
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