

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6330-01
Bill No.: HB 2464
Subject: Higher Education; Department of Higher Education
Type: Original
Date: March 12, 2018

Bill Summary: This proposal establishes the “Equity in Higher Education Funding Program”.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Equity in Higher Education Fund*	\$0	\$0	\$0
University Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

*Income and expenses net to zero.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education (DHE)** and **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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 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.

Officials from Harris-Stowe State University and Lincoln University did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight assumes, subject to appropriation, this proposal provides supplemental funding to public four-year historically black institutions (HBIs) so they are funded at the same level as the University of Missouri - Columbia on a per student basis. Oversight notes the following core funding and operating revenue on a per student basis in the tables below.

ASSUMPTION (continued)

Table I: State Funding (Core)

University	FY 2019 Core Funding Request	FY 2019 Core Funding (Governor Recommendation) 2018 HB 2003
Harris Stowe State University	\$9,913,078	\$8,929,745
Lincoln University	\$20,532,513	\$18,727,184
University of Missouri System	\$420,572,068	\$377,888,740

Source DHE budget books

Oversight cannot determine the level of funding required to ensure the state’s historically black institutions are comparable to and competitive with the Columbia campus of the University of Missouri. Oversight will show a range of \$0 (no money appropriated) to an unknown cost to general revenue.

Oversight assumes this provision creates the Equity in Higher Education Fund. Oversight assumes that all money will be used by the Fund in the year in which it is received.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Transfer Out</u> - supplemental funding for HBIs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021
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EQUITY IN HIGHER EDUCATION FUND

<u>Transfer In</u> - from General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer Out</u> - to University Funds	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

ESTIMATED NET EFFECT ON EQUITY IN HIGHER EDUCATION FUND

\$0 \$0 \$0

UNIVERSITY FUNDS

<u>Revenue</u> - supplemental funds for HBIs	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT ON UNIVERSITY FUNDS

\$0 to Unknown \$0 to Unknown \$0 to Unknown

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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\$0 \$0 \$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill establishes the "Equity in Higher Education Funding Program." The program, subject to appropriation, will provide supplemental funding to Lincoln University and Harris-Stowe University for the purposes of ensuring those universities are funded at the same level as the University of Missouri on a per student basis and compensating for historical disparity in funding the institutions.

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 the State Treasurer
Joint Committee on Administrative Rules
Office of the Secretary of State

Ross Strope



Acting Director
March 12, 2018