

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0276H.011  
 Bill No.: HB 682  
 Subject: Education, Higher  
 Type: Original  
 Date: February 2, 2021

Bill Summary: This proposal prohibits public institutions of higher education from requiring students to live on campus, except for first-year freshmen who may be required to live in campus housing for their first year.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
University Funds	\$0	(Could exceed \$3,200,208)	(Could exceed \$3,200,208)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Could exceed \$3,200,208)</b>	<b>(Could exceed \$3,200,208)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Higher Education and Workforce Development** assume the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **University of Missouri System** anticipate the fiscal impact to be greater than \$100,000 due to changes in student living behaviors. The exact extent of this revenue loss is difficult to determine and is based upon student preferences.

Officials from the **University of Central Missouri** state they would see a significant negative impact. The decrease in the number of students living in on-campus housing could jeopardize the University meeting its bond covenants and debt service obligation. Below is an estimate of the revenue loss for Double Room and Board Plan based on current 2020-2021 academic rates:

Semester Cost	10 Students	50 Students	100 Students	150 Students	200 Students
Room (\$2923)	\$29,230	\$146,150	\$292,300	\$438,450	\$584,600
Board (\$1675)	\$16,750	\$83,750	\$167,500	\$251,250	\$335,000
<b>Total per Semester</b>	<b>\$45,980</b>	<b>\$229,900</b>	<b>\$459,800</b>	<b>\$689,700</b>	<b>\$919,600</b>
<b>Total per Year</b>	<b>\$91,960</b>	<b>\$459,800</b>	<b>\$919,600</b>	<b>\$1,379,400</b>	<b>\$1,839,200</b>

Officials from **Missouri State University** assume the proposal will have no fiscal impact on their organization.

Upon further inquiry, **Missouri State University** state it is unlikely to have a significant impact on the number of students required to live on campus because of the exclusion for "first-time freshmen who may be required to live in campus housing during the first year of a student's attendance".

Officials from **Northwest Missouri State University** state they only require freshmen to live on-campus so this would have no fiscal impact.

Officials from the **State Technical College of Missouri** assume the proposal will have no fiscal impact on their organization.

**Oversight** notes this proposal would prohibit institutions of higher education from requiring students to live on campus after their freshmen year. Oversight notes that some institutions such as Missouri University of Science and Technology and the University of Central Missouri, require students to live on campus for the student's first two years. In addition, Oversight notes

this may exempt other students such as student athletes from being required to live in student housing after their freshmen year.

**Oversight** notes it is unable to determine how many students would give up living in a residential hall if this proposal passed. Oversight also notes the combined undergraduate full-time equivalent enrollment for the University of Central Missouri (UCM) and Missouri University of Science and Technology was 13,911 in 2020 (latest data available). Oversight assumes if 25% (3,478) of those enrolled students were sophomores required to live in student housing, and assuming 10% of those (348) choose not to live in campus housing because of this proposal, the loss of revenue can be estimated at \$3,200,208 (348 x \$9,196) using the room and board rate provided by UCM. Based on these estimates, Oversight will show the direct impact as could exceed \$3,200,208 to public universities.

Additionally, the institutions expressed concern that their bond payments are based on full occupancy of the residential halls. It is possible that if many students give up living in the residential halls that this could have an impact on the ability to make bond payments. However, Oversight considers these to be indirect impacts of the proposal and will not indicate an impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>UNIVERSITY FUNDS</b>			
<u>Revenue (Loss) - student housing payments (based on estimate of 348 students – see above)</u>	<u>\$0</u>	(Could exceed <u>\$3,200,208</u> )	(Could exceed <u>\$3,200,208</u> )
<b>ESTIMATED NET EFFECT ON UNIVERSITY FUNDS</b>	<u>\$0</u>	(Could exceed <u>\$3,200,208</u> )	(Could exceed <u>\$3,200,208</u> )

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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.

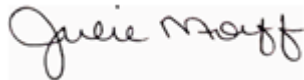
FISCAL DESCRIPTION

After July 1, 2022, this bill prohibits any public institution of higher education in this state from requiring students to live in campus housing except for first-time freshman. First-time freshman may be required to live in campus housing the first year of his or her attendance.

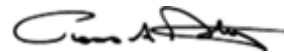
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development  
University of Missouri System  
Missouri State University  
Northwest Missouri State University  
State Technical College of Missouri  
University of Central Missouri



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Director  
February 2, 2021



Ross Strobe  
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