

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5602-02
Bill No.: HB 1635
Subject: Education, Higher, Higher Education Department
Type: Original
Date: February 8, 2014

Bill Summary: This proposal requires public institutions of higher education to adopt policies on student favoritism.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education (DHE)** state this bill requires institutions to establish policies relating to student favoritism. DHE can promulgate the rules for the implementation of this proposal. This proposal would have no fiscal impact on DHE.

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 act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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 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.

Officials from **Missouri State University, Linn State Technical College, and Missouri Western State University** state there will be no fiscal impact to their respective institutions.

Officials from the **Kansas City Metropolitan Community College** assume this proposal would have an adverse, but unquantified impact on their college due to administration and investigative requirements.

Officials from **Northwest Missouri State University** assume there could be significant financial impact in terms of legal fees and human resources; however, it is not possible to quantify the exact financial impact at this time.

ASSUMPTION (continued)

Officials from the **University of Missouri System** state this proposal would have a financial impact on the University. The exact cost is difficult to determine, but implementation of the requirements of the bill could be quite costly.

Officials from the following colleges and universities: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, and the University of Central Missouri did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
---	---------------------	---------	---------

GENERAL REVENUE

<u>Costs</u> - Universities - Implementation and administration of policy	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)
---	--	--	--

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - May exceed \$100,000)</u>	<u>(Unknown - May exceed \$100,000)</u>	<u>(Unknown - May exceed \$100,000)</u>
--	---	---	---

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
---	---------------------	---------	---------

LOCAL POLITICAL SUBDIVISIONS

<u>Costs</u> - Community Colleges - Implementation and administration of policy	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)
---	--	--	--

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown - May exceed \$100,000)</u>	<u>(Unknown - May exceed \$100,000)</u>	<u>(Unknown - May exceed \$100,000)</u>
---	---	---	---

FISCAL IMPACT - Small Business

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

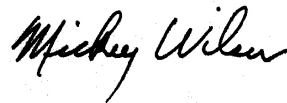
FISCAL DESCRIPTION

This bill requires each public institution of higher education in the state to adopt, prior to September 1, 2015, a policy on student favoritism. The policy must establish a procedure for addressing allegations of favoritism toward any student and must include, but not be limited to, a statement of the institution's commitment to a nondiscriminatory educational environment, a statement prohibiting unfair advantage to any student, provisions discouraging or prohibiting relationships or environments that encourage favoritism, a method for reporting an allegation of favoritism, and a method for resolving allegations. An institution must uniformly and consistently apply the policy, make it easily accessible, and train campus leaders about its contents.

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
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Colleges and Universities
 Linn State Technical College
 Missouri Western State University
 Kansas City Metropolitan Community College
 Northwest Missouri State University
 Missouri State University
 University of Missouri System



Mickey Wilson, CPA
Director
February 10, 2014

Ross Strobe
Assistant Director
February 10, 2014