

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4323-01
Bill No.: HB 1680
Subject: Higher Education
Type: Original
Date: January 23, 2018

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

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
College & University Funds	\$0	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)

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** assume there is no fiscal impact from this proposal. DHE noted the proposal may exempt student athletes from living in student housing. DHE noted that the University of Central Missouri and the Missouri University of Science and Technology require sophomores to live on campus.

Officials from the **University of Central Missouri (UCM)** assume the following revenue loss for double room and board plan (based on current 2017-2018 academic year rates):

	10 Students	50 Students	100 Students	150 Students	200 Students
Board (\$2,697 per Semester	\$26,970	\$134,850	\$269,700	\$404,550	\$539,400
Room (\$1,571 per Semester	\$15,710	\$78,500	\$157,100	\$235,650	\$314,200
Total Loss per Semester	\$42,680	\$213,400	\$426,800	\$640,200	\$853,600
Total Loss per Year	\$85,360	\$426,800	\$853,600	\$1,280,400	\$1,707,200

Officials from the **University of Missouri System (MU)** state although the University has a general policy that encourages freshmen to live on campus, the university does not require it in cases where a student or their parents would prefer to live off campus. The university has significant data that shows students, particularly freshmen, who live on campus have a much higher success rate than those who choose to live off campus. Because of this, it would be challenging to determine the fiscal impact this bill would have given since the university has not rigidly enforced this policy.

MU has \$410 million in debt service (revenue bonds) with additional projects under consideration. The university's ability to meet its debt service commitments is based on stable occupancy. Any actions that would affect the occupancy, could negatively affect the debt service commitments.

ASSUMPTION (continued)

Officials from the **Missouri State University**, **State Technical College of Missouri** and **Missouri Western State University** assume the proposal will have no fiscal impact on their organizations.

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 require students to live on campus for the student's first two years. 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 the combined undergraduate enrollment for the University of Central Missouri and Missouri University of Science and Technology was 16,203 in 2014 (latest data available). If 25% (4,050) of those enrolled students were sophomores required to live in student housing, and assuming 10% of those (405) choose not to live in campus housing because of this bill, the loss of revenue can be estimated at \$3,457,080 (405 x \$8,536) using the room and board rate provided by UCM. Oversight is unable to determine how many students would give up living in a residential hall if this proposal passed. Oversight will show the direct impact as could exceed \$3 million to public universities. Oversight assumes public universities could increase room and board and other fees to other students to recoup at least some of this lost revenue.

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 dining plans and the bond payments. However, **Oversight** considers these to be indirect impacts of the proposal and will not indicate an impact in the fiscal note.

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

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
COLLEGE & UNIVERSITY FUNDS			
<u>Loss</u> - student housing payments	<u>\$0</u>	(Could exceed <u>\$3,000,000</u>)	(Could exceed <u>\$3,000,000</u>)
ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	<u>\$0</u>	(Could exceed <u>\$3,000,000</u>)	(Could exceed <u>\$3,000,000</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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

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 freshmen 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.

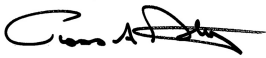
SOURCES OF INFORMATION

Department of Higher Education
 University of Central Missouri
 University of Missouri System

SOURCES OF INFORMATION (continued)

State Technical College of Missouri
Missouri Western State University
Missouri State University

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized, cursive script.

Acting Director
January 23, 2017