

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5968-02
Bill No.: HCS for HB 2255
Subject: Department of Higher Education; Higher Education
Type: Original
Date: February 23, 2018

Bill Summary: This proposal modifies provisions relating to the Science, Technology, Engineering, and Mathematics Initiative.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Up to \$200,000)	(Up to \$204,000)	(Up to \$208,000)
Total Estimated Net Effect on General Revenue	(Up to \$200,000)	(Up to \$204,000)	(Up to \$208,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Science, Technology, Engineering, and Mathematics	Up to \$200,000	Up to \$204,000	Up to \$208,000
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$200,000	Up to \$204,000	Up to \$208,000

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

In response to a previous version, HB 2255 (LR 5968-02), officials from the **Department of Higher Education (DHE)** stated DHE would be in charge of reviewing institutional matching fund requests for the Science, Technology, Engineering, and Mathematics Fund (Sections 173.670.6). This would require the promulgation of rules to determine how applicants would be selected, which could be handled with existing staff, and the addition of ½ Research Associate FTE to handle the continuous influx of applications for the two new programs .

Costs are estimated at \$23,925 for FY 2019, \$28,126 for FY 2020, and \$28,366 for FY 2021. Costs for the ½ FTE are based upon OA budget guidelines for FY19 standards for ongoing supplies, IT cost per FTE, etc.

Oversight assumes the current FTE could handle the program with existing staff. Should a sufficient number of new matching fund requests be submitted to justify additional FTE, DHE could request the FTE through the appropriation process.

Officials from **Department of Revenue** assume this proposed section would allow any taxpayer hiring a person who is currently enrolled in a field of study related to science, technology, engineering, or mathematics to apply up to \$10,000 of their state tax liability to be transferred from general revenue and placed in a STEM Fund. These transfers may not exceed \$200,000. The proposed legislation may reduce GR by \$200,000, but will have no effect on total state revenues.

In response to a previous version, HB 2255 (LR 5968-01), officials from the **Office of Administration - Budget and Planning** assumed section 173.670 of this proposal provides a process whereby a qualifying taxpayer that selects a qualifying intern or full-time employee may apply to have, upon appropriation, up to \$10,000 of their tax liability transferred from the General Revenue Fund to the Science, Technology, Engineering and Mathematics (STEM) Fund, which may subsequently be appropriated to public higher education institutions. The taxpayer shall remit their tax liability before such funds are transferred. The annual limit on funds that may be moved from General Revenue under this proposal is \$200,000; such limit shall be annually adjusted by inflation which is assumed to be 2% per year. This proposal will have no direct impact on TSR or general revenue collections.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

In response to a previous version, HB 2255 (LR 5968-02), officials from **Missouri Western State University** assumed this proposal would have a minimal fiscal impact on the university. If implemented this initiative could provide needed funding to support STEM education through collaborative programs involving secondary education and higher education institutions, which would be a positive fiscal impact for all parties involved.

In response to a previous version, HB 2255 (LR 5968-02), officials from **University of Central Missouri** assumed this would not have a significant fiscal impact on the university.

In response to a previous version, HB 2255 (LR 5968-02), officials from the **University of Missouri System** and **State Technical College of Missouri** assumed there is no fiscal impact to their organizations.

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

In response to a previous version, HB 2255 (LR 5968-02), officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a previous version, HB 2255 (LR 5968-02), officials from the **Office of the Secretary of State (SOS)** stated 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.

ASSUMPTION (continued)

Oversight assumes this proposal allows for the transfer of a taxpayer's liability from General Revenue into the Science, Technology, Engineering and Mathematics (STEM) Fund, if the taxpayer provides education benefits or hires a student majoring in a STEM field as an intern or full-time position. Oversight will reflect the loss to General Revenue of Up to the \$200,000 which is the annual limit for tax year 2019 and grow by 2% inflation for years thereafter.

Officials from the **Department of Higher Education** and the **Office of Administration - Budget and Planning** did not respond to **Oversight's** request for fiscal impact for this proposal.

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, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, State Technology College of Missouri, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, the University of Central Missouri and the University of Missouri System did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Transfer Out</u> - to STEM Fund - taxpayer tax liability transferred for hiring an intern or full-time position §173.670.7	(Up to <u>\$200,000</u>)	(Up to <u>\$204,000</u>)	(Up to <u>\$208,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Up to <u>\$200,000</u>)	(Up to <u>(\$204,000)</u>)	(Up to <u>\$208,000</u>)
SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS FUND			
<u>Transfer In</u> - from General Revenue	Up to <u>\$200,000</u>	Up to <u>\$204,000</u>	Up to <u>\$208,000</u>
ESTIMATED NET EFFECT ON THE SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS FUND	<u>Up to \$200,000</u>	<u>Up to \$204,000</u>	<u>Up to \$208,000</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 changes the law regarding the Missouri Science, Technology, Engineering and Mathematics (STEM) Fund. Missouri taxpayers who provide educational benefits or hire a STEM student attending a Missouri college for an internship in Missouri, or a STEM graduate from a Missouri college for a full-time STEM position in Missouri, may apply to have \$10,000

FISCAL DESCRIPTION (continued)

of state tax liability placed in the fund, subject to appropriation by the General Assembly and approval by the Department of Higher Education. The cumulative amount of taxes transferred to the fund is capped at an annual total of \$200,000.

The bill removes endowed teaching professor programs and career enhancement programs from the list of programs eligible for moneys from the fund. Students demonstrating financial need shall benefit from 60% of any moneys granted to funded programs.

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
Department of Revenue
Office of Administration - Budget and Planning
Department of Insurance, Financial Institutions and Professional Registration
Office of the Secretary of State
Joint Committee on Administrative Rules
University of Missouri System
Missouri State University
University of Central Missouri
Missouri Western State University
State Technical College of Missouri

Ross Strobe



Acting Director
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