

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6341-01  
Bill No.: HB 2649  
Subject: Higher Education; Department of Higher Education  
Type: Original  
Date: April 5, 2018

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Bill Summary: This proposal changes the cap on tuition charged at public institutions of higher education.

**FISCAL SUMMARY**

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
College & University Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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 \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Higher Education** assume the proposal will have no fiscal impact on their organization.

Officials from **State Technical College of Missouri** assume an unknown, positive impact.

Officials from the **University of Missouri System** assume every 1 percent above inflation we estimate will generate approximately \$2.5 million in gross tuition revenue (or \$2.0 net tuition revenue) based on our current Missouri resident students. A 1% change in the University's core state appropriations is \$3.4 million. The proposed legislation would need to consider these factors to determine impact.

Officials from **University of Central Missouri** assume the net impact is conditional on the extent to which appropriations were reduced.

**Oversight** notes this proposal allows public institutions of higher education to increase tuition by a percentage that would allow the institutions to offset a reduction in state operating support for the prior fiscal year (in addition to inflation). In the table below, Oversight compared the core appropriations for public institutions of higher education for FY 2018 (TAFP HB 3) and the proposed appropriations for FY 2019 (Perfected HCS for HB 2003 as amended). Oversight notes the potential increase in net tuition is the difference in the appropriation from FY 2019 to FY 2018.

ASSUMPTION (continued)

Table I

University	FY 2019 Appropriations	FY 2018 Appropriations	Change in State Appropriations
UCM	\$54,538,357	\$55,784,610	(\$1,246,253)
Southeast	\$45,079,469	\$46,073,968	(\$994,499)
MSU	\$84,351,060	\$85,620,837	(\$1,269,777)
Lincoln	\$20,070,193	\$20,332,513	(\$262,320)
Truman	\$40,860,322	\$41,742,526	(\$882,204)
Northwest	\$30,386,117	\$30,989,542	(\$603,425)
Southern	\$24,431,242	\$23,644,235	\$787,007
Western	\$21,446,755	\$21,812,252	(\$365,497)
Harris-Stowe	\$9,661,260	\$9,713,078	(\$51,818)
MU System	\$417,836,876	\$419,172,068	(\$1,335,192)
<b>Totals</b>	<b>\$748,663,670</b>	<b>\$754,887,647</b>	<b>(\$6,223,978)</b>

**Oversight** notes the potential increase in tuition is dependent on appropriations authorized by the General Assembly. Oversight will show a fiscal impact of \$0 (no reduction in state operating support) to an unknown increase in tuition revenue to offset a reduction in state support for public institutions of higher education.

FISCAL IMPACT - State Government

FY 2019  
(10 Mo.)

FY 2020

FY 2021

**COLLEGE & UNIVERSITY FUNDS**

Revenue - tuition increase to offset a  
 reduction of state operating support

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

**ESTIMATED NET EFFECT ON  
 COLLEGE & UNIVERSITY FUND**

**\$0 to Unknown**

**\$0 to Unknown**

**\$0 to Unknown**

FISCAL IMPACT - Local Government

FY 2019  
(10 Mo.)

FY 2020

FY 2021

\$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 changes the cap on tuition increases at public institutions of higher education. Currently, tuition increases are capped at the rate of inflation. This bill would permit institutions to increase their tuition by inflation plus an amount that would produce an increase in net tuition revenue no greater than the amount by which the state operating support was reduced in the previous fiscal year. The bill also repeals provisions permitting institutions to seek a waiver of the tuition increase cap.

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  
State Technical College of Missouri  
University of Missouri System  
University of Central Missouri

Ross Strobe



Acting Director  
April 5, 2018