

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0952-01  
Bill No.: Perfected HB 575  
Subject: Higher Education; Law Enforcement Officers and Agencies  
Type: Original  
Date: April 3, 2019

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Bill Summary: This proposal modifies provisions relating to institutions of higher education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
General Revenue	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown, Could exceed \$100,000)</b>	<b>\$0 or (Unknown, Could exceed \$100,000)</b>	<b>\$0 or (Unknown, Could exceed \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
College & University Funds	(Could exceed \$10,000,000)	(Could exceed \$13,506,490)	(Could exceed \$13,506,490)
Dual Credit Scholarship Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Could exceed \$10,000,000)</b>	<b>(Could exceed \$13,506,490)</b>	<b>(Could exceed \$13,506,490)</b>

\*Transfers-in and distributions net to zero.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 13 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

**Oversight** was unable to receive some of the responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information or on information regarding a similar proposal. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Officials from the **Department of Public Safety - Office of the Director** and **Department of Higher Education** each assume the proposal will have no fiscal impact on their organization.

Officials from the **University of Missouri System** assume the fiscal impact on the University of Missouri System is expected to be approximately \$200,000-\$300,000. The estimate covers salaries to hire staff and to handle program administration. In addition, these costs would cover the cost for training for participants including pre-licensure drug and psychological testing, annual firearms proficiency testing at the same standard required for officers, CPR/AED training, ammunition, university-provided equipment and active shooter training, as well as instructor time.

This estimate fails to include costs associated with increased insurance premiums to cover liability issues and unknown legal costs to cover claims involving false arrests, use of excessive force, deadly force and constitutional issues.

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

**Oversight** assumes this proposal is permissive and will show a range of impact to public institutions of higher education of \$0 (not implemented) or an unknown cost to implement.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$5,000. 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

ASSUMPTION (continued)

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 require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

§173.2505 House Amendment 2

Officials from the **Department of Higher Education (DHE)** assume this provision would result in an unknown cost that could exceed \$100,000.

DHE is not aware that any college or university is currently offering a "STEM Studies Enhancement Program" as that is defined in the bill. Consequently, DHE does not know what coursework such a program might contain or even how many courses might be included in the program. DHE notes that those items might vary from institution to institution.

DHE has no way of knowing how many students might decide to enroll in such a program. Previous dual credit estimates have been based on actual student numbers and credit hours generated but because that data is aggregated by institution DHE has no way to know how many of those students might be interested/enrolling in STEM related dual credit.

DHE notes it is unclear how many high schools might have instructional staff qualified to teach dual credit in these areas. To teach in dual credit courses, the instructor must have Master's degree in that subject area or at least 18 graduate credit hours in the subject. DHE does not know how many teachers would have those credentials in that subject area. Actually, it is not clear that such a program would even be dual credit as the proposal does not specify who would teach the courses or where they might be offered, only that they be offered to high school students.

Additionally, the bill would set a need cutoff at 110% of the state median family income. Again, DHE does not have data at this time that would help us understand the number of students meeting that requirement. Additionally, it is not clear how this information would be collected

ASSUMPTION (continued)

since high school students cannot generally complete a FAFSA (except during their senior year) and even that document only provide adjusted gross income (AGI) information not household income.

**Oversight** notes the Dual Credit School Act was enacted in August 28, 2016. Oversight notes per DHE's FY 2020 budget book, the original program is listed as a new decision item with a funding request of \$3,777,680 in general revenue funds for scholarships and ITSD expenses. Oversight notes the existing program did not receive a governor recommendation, nor has it been appropriated in HCS for HB 3 (2019).

Oversight notes this provision expands eligibility under the Dual Credit School Act to students who meet four of the original requirements of the program, are enrolled in a STEM studies enhancement program and have a household income that does not exceed 110% of the state median household income according to the U.S. Census Bureau.

**Oversight** notes students who meet the new eligibility requirements can be reimbursed up to the average tuition cost for a community college course and are not subject to the existing limit of \$500 dollars annually for all dual credit courses taken by such student.

Oversight notes this proposal is subject to appropriation by the state. Therefore, Oversight will show a range of impact of \$0 (no appropriation) to an unknown cost that could exceed \$100,000.

§173.1598 House Amendment 4

Officials from the **Department of Higher Education** assume this provision will have no fiscal impact on their organization. Public institutions of higher education shall not require their students to pay fees related to health care if they show proof of health insurance coverage.

Officials from **Missouri State University** assume this proposal would have a negative fiscal impact on the university of greater than \$3 million.

In response to a similar proposal, HB 436 (2019), officials from **Missouri Western State University (MWSU)** assumed this could negatively impact the university. MWSU does not collect a "fee" for health care services, however, we do charge for services provided. The statute is unclear as to whether we can charge for services if the insurance does not cover the cost such as deductibles, co-pays and payments refused by the insurance company. The amount of impact is impossible to determine at this time.

ASSUMPTION (continued)

In response to a similar proposal, HB 436 (2019), officials from the **University of Missouri System (UM)** assumed this proposal would impact university revenue and student services with an impact of over \$7 million. Only international students are required to have insurance. The campuses have health centers that provide a variety of services and are funded by student fees such as:

- Monitoring vaccine preventable diseases such as meningococcal meningitis, measles, mumps and rubella and tuberculosis (TB) screening and that are not reimbursable through insurance. In addition, insurance does not reimburse for activities related to campus infectious disease outbreaks - coordinating with state and county public health officials and other campus health officials, quarantining as necessary/appropriate, mass immunization clinics, work with news and other departments to prepare communications to students, parents and the community, etc.
- Providing behavioral health services, including visits with licensed professionals (i.e.: psychologist, psychiatrist, licensed clinical social worker).
- Open year round and supports access to trained nurses, 24/7, and scheduling in primary care for same or next day appointments.
- Stress reduction strategies including health coaching, skill-building classes and mindfulness practices.

**Oversight** notes that according to their website, UM charges a prepaid health fee (\$87.50 per student) as well as International Student Insurance (\$770 to \$1,061 per semester).

In response to a similar proposal, HB 436 (2019), officials from the **State Technical College of Missouri** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes this proposal would allow a student with existing health insurance coverage to be excused from joining a public college or universities' health care and health insurance plan. Additionally, this proposal would excuse the student from the payment of fees, costs, or related expenses imposed by the institutions for health care. Oversight notes this proposal allows the institutions to offer a health insurance plan to students who are not covered under another plan.

**Oversight** found that the University of Missouri and University of Central Missouri require international students to provide proof of insurance or take the institution's health insurance plan. The institutions only require international students to take the health insurance plan. These institutions have no requirements for domestic students. Oversight assumes that if a student can show existing health insurance they would be excused from the purchase of the institution's health insurance plan. Oversight assumes this provision would not have a fiscal impact.

ASSUMPTION (continued)

**Oversight** notes that some of the institutions run health care clinics funded through student fees. Oversight assumes this proposal would excuse a student from paying any fees, costs, or related expenses imposed by the institutions for the provision of health care if the student shows proof of existing insurance. Oversight will show an impact to colleges and universities as could exceed \$10 million in lost revenue which is the amount reported by University of Missouri System and Missouri State University.

§173.1590 House Amendment 5

Officials from the **Department of Higher Education** assume this provision will result in no fiscal impact to their organization. In response to a similar proposal from 2018 (HB 1680) 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.

In response to a similar proposal, HB 435 (2019), officials from the **University of Central Missouri (UCM)** assumed the following revenue loss for double room and board plan (based on current 2018-2019 academic year rates):

	10 Students	50 Students	100 Students	150 Students	200 Students
Room (\$2,697 per Semester	\$27,910	\$137,550	\$275,100	\$412,650	\$550,200
Board (\$1,632 per Semester	\$16,320	\$81,600	\$163,200	\$244,800	\$326,400
<b>Total Loss per Semester</b>	<b>\$44,230</b>	<b>\$219,150</b>	<b>\$438,300</b>	<b>\$657,450</b>	<b>\$846,600</b>
<b>Total Loss per Year</b>	<b>\$88,460</b>	<b>\$438,300</b>	<b>\$876,600</b>	<b>\$1,314,900</b>	<b>\$1,753,200</b>

In response to a similar proposal, HB 435 (2019), officials from the **University of Missouri System (MU)** stated 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.

ASSUMPTION (continued)

The University has millions of dollars 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.

In response to a similar proposal, HB 435 (2019), officials from the **Missouri State University** and **State Technical College of Missouri** assumed the proposal would 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 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 enrollment for the University of Central Missouri and Missouri University of Science and Technology was 16,203 in 2014 (latest data available). Oversight assumes 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 proposal, the loss of revenue can be estimated at \$3,506,490 (405 x \$8,658) using the room and board rate provided by UCM. Based on these estimates, Oversight will show the direct impact as could exceed \$3,506,490 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.

§571.107 and §571.109 House Amendment 6

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



ASSUMPTION (continued)

Officials from **Missouri State University (MSU)** assume this amendment would have a negative fiscal impact of an undetermined amount. MSU notes the following impacts:

- Implementation of the bill would require staff investment into multiple policy changes that include (but also go beyond) the policies directly related to firearms on campus. Implementation would also involve changes to policies and procedures related to campus safety, residence halls, classroom management, and the like.
- Implementation of the bill would require retraining of our existing security and transportation staff on campus as well as police officers designated to our campus under the university's contract with the Springfield Police Department.
- The bill creates a new form of risk that the university must manage.
  - The financial impact of that risk would be borne entirely by the university unless the university purchases insurance to assist in managing the risk (at which point the financial impact of insurance policy premiums would be borne by the university).
  - One strategy that the university would likely evaluate to help manage the risk would be to modify our contract with the Springfield Police Department to provide more armed police officers on campus. We evaluated such a change in 2017 and determined that the expense at that time of adding 4 officers to the contract (to ensure that we have a police officer on campus at all times - 24/7/365) would be \$304,000 per year.
- The university policies implementing this bill would likely require appropriate firearm storage to be installed throughout campus in select areas where firearms cannot be safely carried (including but not limited to laboratories, swimming pools, etc.).
- Several employees have indicated that if firearms are permitted on campus, they will pursue employment at institutions in other states. Accordingly, some level of employment turnover (and the costs associated with on-boarding each new employee) will result.

**Oversight** assumes there could be costs to institutions of higher education related to policy changes, retraining of existing staff, and potential firearm storage. Oversight will show a range of cost of \$0 to unknown.

FISCAL IMPACT - State Government

FY 2020  
 (10 Mo.)

FY 2021

FY 2022

**GENERAL REVENUE**

	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )
<u>Transfer Out</u> - to the Dual Credit Scholarship Fund - HA2 (§173.2505)			

	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>			

**DUAL CREDIT SCHOLARSHIP  
FUND**

	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000
<u>Transfer In</u> - from General Revenue - HA2 (§173.2505)			

	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )	\$0 or (Unknown, Could exceed <u>\$100,000</u> )
<u>Cost</u> - payment of the Dual Credit Scholarship to students - HA2 (§173.2505)			

<b>ESTIMATED NET EFFECT ON DUAL CREDIT SCHOLARSHIP FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
Continued	(10 Mo.)		

**COLLEGE & UNIVERSITY FUNDS**

<u>Cost</u> - for administration and training (\$173.2551)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - fees and costs for health care - HA4 (\$173.1594)	(Could exceed \$10,000,000)	(Could exceed \$10,000,000)	(Could exceed \$10,000,000)
<u>Loss</u> - student housing payments - HA5 (\$173.1590)	\$0	(Could exceed \$3,506,490)	(Could exceed \$3,506,490)
<u>Cost</u> - policy changes, staff training and firearm storage - HA6 (\$571.109)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>COLLEGE &amp; UNIVERSITY FUNDS</b>	<b>(Could exceed \$10,000,000)</b>	<b>(Could exceed \$13,506,490)</b>	<b>(Could exceed \$13,506,490)</b>

<u>FISCAL IMPACT - Local Government</u>	FY 2020	FY 2021	FY 2022
	(10 Mo.)		
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></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 authorizes colleges and universities to designate faculty or staff members as campus protection officers. Any faculty or staff member seeking designation as a campus protection officer must submit a certificate of completion from a campus protection officer training program approved by the Department of Public Safety. A campus protection officer will be authorized to carry concealed firearms on campus after submitting proof that he or she has a valid concealed carry endorsement or permit.

FISCAL DESCRIPTION (continued)

HA 2 - This bill defines the "STEM Studies Enhancement Program," dealing with Science, Technology, Engineering or Math education and allows students meeting requirements of the bill to be eligible for a dual credit scholarship if they are enrolled in a STEM studies enhancement program and have a household income not exceeding 110% of the state median. Reimbursement under the program will be up to the average tuition cost of a community college course.

HA 4 - This bill specifies that any student who shows proof of existing health insurance coverage to a public institution of higher education is excused from paying any fees, costs, or related expenses imposed by the institution for the provision of health care or health insurance. These provisions do not preclude public institutions of higher education from offering students health insurance coverage and student health services and charging fees for such coverage and services.

HA5 - 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.

HA6 - This bill also prohibits public institutions of higher learning from imposing any policies or contractual requirements that would have the effect of prohibiting employees or students from the carrying of concealed firearms into locations where concealed carry is not otherwise prohibited by law.

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 Public Safety - Office of the Director  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Missouri State University  
State Technical College of Missouri  
University of Missouri System

SOURCES OF INFORMATION (continued)

University of Central Missouri  
Missouri Western State University



Kyle Rieman  
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April 3, 2019

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April 3, 2019