

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2158-01
Bill No.: HB 1019
Subject: Higher Education
Type: Original
Date: April 23, 2019

Bill Summary: This proposal modifies provisions relating to tuition limits for public institutions of higher education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$58,184)	(\$68,803)	(\$69,514)
Total Estimated Net Effect on General Revenue	(\$58,184)	(\$68,803)	(\$69,514)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
College & University Funds	\$0 to (Could exceed \$14,000,000)	\$0 to (Could exceed \$14,000,000)	\$0 to (Could exceed \$14,000,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Could exceed \$14,000,000)	\$0 to (Could exceed \$14,000,000)	\$0 to (Could exceed \$14,000,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

☒ 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
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Higher Education (DHE)** assume section 173.1003 expands the definition of tuition to include: supplementary fees, course fees, laboratory fees, and all other fees. This would require DHE to collect this detail level data for some 3,600 programs across the state. This would require one (1 FTE) additional research analyst to collect, compile and analyze this data for use in ensuring the HESFA data is collected and properly analyzed.

Oversight will show an impact as estimated by DHE for one Research Analyst with an annual salary of \$35,000.

Officials from **Northwest Missouri State University** assume the fiscal impact would be significant as fees proposed to be included in the legislation includes fees aligned with high demand high cost programs as well as pass through fees which are based on direct costs charged to the University. Limiting fees to CPI would shift the costs based on differentiated programs to all students. Limiting fees to CPI is not a viable business model as state funding has decreased over the last decade and not kept pace with CPI. Furthermore, it is anticipated that labor costs would increase for the institution to manage the requirements of the proposed legislation. Impact is significant and estimated to exceed \$1.0 million annually.

Officials from **University of Missouri System (UM)** assume this proposal would result in an estimated \$14 million loss in revenue annually, representing \$70 million in lost revenue over a 5 year period.

Officials from **Missouri State University** assume this proposal has a negative fiscal impact of an undetermined amount on the university.

Officials from **State Technical College of Missouri** assume this proposal will have a negative fiscal impact.

In response to a similar proposal, SB 496 (LR 2453-01), officials from **University of Central Missouri** stated, while the addition of supplemental fees, course fees, lab fees and other fees to the defined HESFA-relevant tuition calculation appears straightforward at first glance, in reality the variables involved in the calculation will likely lead to inconsistent and imprecise numbers. Unlike instructional fees and mandatory student general fees required and applicable to all on-campus resident undergraduates, these supplemental fees are not uniform to these students and can vary dramatically depending upon student program selection and course paths. Simple year-over-year comparison of average supplemental fees per student FTE has potential to yield

ASSUMPTION (continued)

large swings simply as a result of change in student mix (e.g., type, program, or course), even when there has been no rate adjustment.

"Graduate student" is being added into the definition of "tuition"; however, there is no specification of associated credit hours, and the term "net tuition revenue" appears only to be applied to resident undergraduate tuition and required fees. While the fiscal impact is uncertain, there is potential that the institution would forego millions of dollars in revenue over a few years.

Oversight assumes this proposal includes supplementary fees, course fees, laboratory fees, and all other fees in the definition of tuition. Oversight assumes by including these fees in the definition of tuition this proposal would cap these fees.

Additionally, **Oversight** assumes this proposal includes tuition and fees charged to undergraduates enrolled in less than 15 hours and tuition and fees charged to graduate students in the definition of tuition which is subject to an annual cap. After a brief review, Oversight notes the following fees:

University of Missouri Columbia - [Supplemental Course Fees](#)

College of Ag, Food and Natural Resources	Course Fee - Per Credit	\$53.20
College of Arts & Science (level 2000+)	Course Fee - Per Credit	\$40.80
School of Medicine (level 2000+)	Course Fee - Per Credit	\$40.80
College of Veterinary Medicine (level 2000+)	Course Fee - Per Credit	\$40.80
Trulaske College of Business (Undergraduate)	Course Fee - Per Credit	\$94.50
Trulaske College of Business (Graduate)	Course Fee - Per Credit	\$110.70
College of Education	Course Fee - Per Credit	\$52.00
College of Engineering	Course Fee - Per Credit	\$210.00
School of Health Professions	Course Fee - Per Credit	\$100.20
Health Management & Informatics	Course Fee - Per Credit	\$40.00
School of Journalism	Course Fee - Per Credit	\$80.80
Sinclair School of Nursing Clinical Nursing	Graduate Fee - Per Credit	\$209.20

Sinclair School of Nursing (Undergraduate)	Course Fee - Per Credit	\$108.20
College of Human Environmental Sciences	Course Fee - Per Credit	\$58.00
Truman School	Course Fee - Per Credit	\$43.30
Applied Music Fee	Flat Rate	\$263.10

Missouri State University - [Fee Schedule](#)

Advanced Technical Writing	Course Fee	\$75.00
Electrical Systems for Buildings	Course Fee	\$40.00
Food Science	Course Fee	\$30.00
Nursing: The Adult Client	Course Fee	\$100.00
Basic Astronomy	Course Fee	\$20.00
Genetics	Course Fee	\$35.00
Introduction to Cellular Biology	Course Fee	\$40.00
Introduction to Analytical Chemistry	Course Fee	\$40.00
Environmental Field Studies	Course Fee	\$300.00
Foundation of Physics I	Course Fee	\$30.00
Agricultural Industry Study	Course Fee	\$400.00
Soil Fertility/Plant Nutrition	Course Fee	\$20.00
Supervised Teaching	Course Fee	\$175.00
SQL Database Management (West Plains)	Course Fee	\$55.00
Computers for Learning (West Plains)	Course Fee	\$155.00
Media, Journalism and Film	Enrollment Fee - Per Credit Hour	\$25.00
College of Arts and Letters	Enrollment Fee - Per Credit Hour	\$15.00
College of Business (Upper Level)	Enrollment Fee - Per Credit Hour	\$40.00

Oversight will show a range of impact of \$0 (additional fees and charges do not exceed cap) to

ASSUMPTION (continued)

an unknown loss in revenue to colleges and universities - possibly exceeding the estimate provided by the University of Missouri System (\$14 million).

Oversight assumes this could have an unknown impact on the tuition reimbursement scholarships and grants offered by the State such as the A+ program and the Missouri State Tuition Assistance program. Oversight assumes this would be an indirect impact and will not show a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Cost - DHE</u>			
Personal Service	(\$29,167)	(\$35,350)	(\$35,704)
Fringe Benefits	(\$19,397)	(\$23,383)	(\$23,491)
Equipment and Expense	(\$9,620)	(\$10,070)	(\$10,319)
<u>Total Cost - DHE</u>	<u>(\$58,184)</u>	<u>(\$68,803)</u>	<u>(\$69,514)</u>
FTE Change - DHE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$58,184)</u>	<u>(\$68,803)</u>	<u>(\$69,517)</u>
Estimated Net FTE Change for General Revenue	1 FTE	1 FTE	1 FTE

COLLEGE AND UNIVERSITY FUNDS

<u>Loss</u> - of revenue from supplemental fees and other charges now included in the definition of tuition and subject to the tuition cap	\$0 to (Could exceed <u>\$14,000,000)</u>	\$0 to (Could exceed <u>\$14,000,000)</u>	\$0 to (Could exceed <u>\$14,000,000)</u>
ESTIMATED NET EFFECT ON COLLEGE AND UNIVERSITY FUNDS	<u>\$0 to (Could exceed \$14,000,000)</u>	<u>\$0 to (Could exceed \$14,000,000)</u>	<u>\$0 to (Could exceed \$14,000,000)</u>

FISCAL IMPACT - Local Government

FY 2020
(10 Mo.)

FY 2021

FY 2022

\$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 law regarding the definition of tuition for approved public institutions when reporting percentage changes from academic year to year.

Currently, the definition only includes tuition and required fees charged to a Missouri resident undergraduate student enrolled in 15 credit hours. This bill changes the definition by including supplementary fees, course fees, laboratory fees, and all other fees charged to a Missouri resident undergraduate or graduate student and removes the 15 credit hours requirement.

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



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April 23, 2019

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