

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2318-02
Bill No.: Perfected HCS for HB 1099
Subject: Higher Education
Type: Original
Date: April 18, 2019

Bill Summary: This proposal creates new provisions relating to agreements between public institutions of higher education and private developers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 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
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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints of less than 24 hours, **Oversight** was unable to receive some of the agency 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 previous version of the proposal. Upon the receipt of additional 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 Higher Education** assume the proposal would have no fiscal impact on their organization.

Officials from **State Technical College of Missouri** assume there would be a positive fiscal impact on the college. The proposal would allow the college the opportunity to avoid capital expenditures related to constructing and maintaining new buildings by shifting that cost and risk to the private sector.

Officials from **University of Missouri System** assume this proposal had no significant cost impact on the university.

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

Oversight notes the competitive bidding process in section 227.601 requires a request for proposal to be published once a week for two consecutive weeks in a local newspaper and construction industry trade publication. Oversight assumes the publication costs would be minimal and therefore will not show a fiscal impact from this provision.

Oversight received a limited number of responses from colleges and universities related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional 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.

Oversight notes that State Technical College of Missouri stated the proposal would have a positive fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will show a range of impact to \$0 (no long-term concession agreements) to an unknown savings from reduced capital expenditures. Oversight notes this proposal is permissive.

ASSUMPTION (continued)

House Amendment 1 §174.255

Officials from **Southeast Missouri State University (SEMO)** assume there would be a potential positive impact of an undetermined amount on the University. The positive impact would be the result of revenue that may come due to any enrollment increases. SEMO is not seeking additional appropriations or state support in conjunction with this. This is consistent with the other schools that have a statewide mission in that the mere fact a school has a statewide mission does not mean additional state support follows to implement it. SEMO does not anticipate costs to implement the statewide mission beyond what SEMO already contributes from current resources to support marketing, recruitment, faculty development, program enhancement, etc.

Oversight assumes this proposal would exempt SEMO from having to submit an application for approval to the coordinating board for higher education in order to implement the statewide mission outlined in the proposal.

Oversight notes that SEMO stated the proposal would have a positive fiscal impact on their organization. However, Oversight assumes there could be costs associated with implementing the statewide mission. Therefore, Oversight will show a range of impact of \$0 (statewide mission not implemented) to an unknown increase in revenue from the expansion of its statewide mission to an unknown cost to implement the statewide mission. Oversight notes this proposal is permissive.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
COLLEGE & UNIVERSITY FUNDS			
<u>Savings</u> - potential reduced capital expenditure costs (HA 1)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost/Revenue</u> - increase in potential cost and/or revenue for SEMO from expansion of statewide mission (HA 1)	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>
ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<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 defines "concession agreement," as any license or lease between a private developer and an institution of higher education regarding capital projects. The bill allows institutions of higher education to enter into long-term concession agreements. Any concession agreement entered into shall follow the competitive bidding process.

HA1 - Southeast Missouri State University shall have authority to develop a statewide mission in visual and performing arts, computer science, and cybersecurity.

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
Missouri State University
Southeast Missouri State University



Kyle Rieman
Director
April 18, 2019

Ross Strobe
Assistant Director
April 18, 2019