

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3791-01
Bill No.: HB 1790
Subject: Higher Education
Type: Original
Date: March 3, 2020

Bill Summary: This proposal prohibits public institutions of higher education from requiring students to live on campus, except for first-year freshmen who may be required to live in campus housing for their first year.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
University Funds	\$0	(Could exceed \$3,602,724)	(Could exceed \$3,602,724)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Could exceed \$3,602,724)	(Could exceed \$3,602,724)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **University of Central Missouri (UCM)** assume the following revenue loss for double room and board plan (based on current 2019-2020 academic year rates):

	10 Students	50 Students	100 Students	150 Students	200 Students
Room (\$2,806 per Semester)	\$ 28,060	\$ 140,300	\$ 280,600	\$ 420,900	\$ 561,200
Board (\$1,675 per Semester)	\$ 16,750	\$ 83,750	\$ 167,500	\$ 251,250	\$ 335,000
Total Loss per Semester	\$ 44,820	\$ 224,100	\$ 448,200	\$ 672,300	\$ 896,400
Total Loss per Year	\$ 89,620	\$ 448,100	\$ 896,200	\$ 1,344,300	\$ 1,792,400

Officials from the **University of Missouri System** assume, as written, the proposed legislation will have a fiscal impact of greater than \$100,000. Determining the precise fiscal impact is difficult, as it is hard to know for certain how students will respond to the removal of the requirement. In addition, the University has millions of dollars in debt service (revenue bonds), and it's ability to meet its debt service commitments is based on stable occupancy. Any actions that would affect the occupancy could negatively affect these debt service commitments.

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

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 such as Missouri University of Science and Technology and the University of Central Missouri, 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.

ASSUMPTION (continued)

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 full-time equivalent enrollment for the University of Central Missouri and Missouri University of Science and Technology was 16,087 in 2018 (latest data available). Oversight assumes if 25% (4,022) of those enrolled students were sophomores required to live in student housing, and assuming 10% of those (402) choose not to live in campus housing because of this proposal, the loss of revenue can be estimated at \$3,602,724 (402 x \$8,962) using the room and board rate provided by UCM. Based on these estimates, Oversight will show the direct impact as could exceed \$3,602,724 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.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
UNIVERSITY FUNDS			
<u>Revenue (Loss) - student housing payments</u>	<u>\$0</u>	(Could exceed <u>\$3,602,724</u>)	(Could exceed <u>\$3,602,724</u>)
ESTIMATED NET EFFECT ON UNIVERSITY FUNDS	<u>\$0</u>	(Could exceed <u>\$3,602,724</u>)	(Could exceed <u>\$3,602,724</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses with rental property in certain cities with universities could be impacted by this proposal.

FISCAL DESCRIPTION

After July 1, 2021, 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.

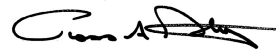
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development
University of Central Missouri
University of Missouri System
State Technical College of Missouri



Julie Morff
Director
March 3, 2020



Ross Strope
Assistant Director
March 3, 2020